JUDGE WOOD

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

14 CV 8175

ROYAL PARK INVESTMENTS SA/NV, Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

vs.

HSBC BANK USA, NATIONAL ASSOCIATION, as Trustee,

Defendant.

Civil Action No.

CLASS ACTION

CLASS ACTION COMPLAINT AND ALTERNATIVE VERIFIED DERIVATIVE ACTION FOR BREACH OF THE TRUST INDENTURE ACT, BREACH OF CONTRACT AND BREACH OF TRUST

DEMAND FOR JURY TRIAL

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1. Plaintiff Royal Park Investments SA/NV ("plaintiff" or "RPI") alleges the following based on information and belief and the investigation of plaintiff's counsel (except as to the allegations pertaining to plaintiff, which are based on personal knowledge), which included an investigation and review of information concerning defendant HSBC Bank USA, National Association ("HSBC" or "defendant"), a review and analysis of information and data concerning the "Covered Trusts" at issue herein, the "Mortgage Loans" within the Covered Trusts, the "Warrantors" and originators of the Mortgage Loans, and the "Master Servicers" and "Servicers" of the Mortgage Loans, as well as interviews and consultations with experts, consultants and others knowledgeable in the field of residential mortgage-backed securities ("RMBS"). Plaintiff and plaintiff's counsel believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. SUMMARY OF THE ACTION

2. Plaintiff brings this action on its own behalf and on behalf of a class of all RMBS investors in the following three substantially similar RMBS trusts for which defendant HSBC serves as Trustee (collectively, the "Covered Trusts"):

Covered Trust Name	Hereinafter Referred to as:
1. Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5	DBALT 2006-AR5
2. Fremont Home Loan Trust 2006-C	FHLT 2006-C
3. Wells Fargo Home Equity Asset-Backed Securities 2006-2 Trust	WFHET 2006-2

3. Alternatively, plaintiff brings this action derivatively in the right and for the benefit of the Covered Trusts against defendant HSBC.

4. Plaintiff sues HSBC for breach of contract, and for breach of HSBC's common law duty of trust, in connection with the Covered Trusts. Plaintiff also sues HSBC for violating the Trust Indenture Act of 1939 ("TIA"), 15 U.S.C. §77aaa, *et seq*. Plaintiff and the class are beneficiaries of

the Covered Trusts, which hold residential "Mortgage Loans."[1] Plaintiff and the class own RMBS "certificates" in the Covered Trusts, which are essentially bonds granting plaintiff and the class the right to receive monthly principal and interest payments generated by the Mortgage Loans.

5. As the Trustee for the Covered Trusts, HSBC owes plaintiff and the class certain contractual duties and obligations. In addition, HSBC owes plaintiff and the class similar statutory duties imposed on it by the TIA. HSBC also owes plaintiff and the class a "duty of trust" under the common law, which requires HSBC to avoid conflicts of interest with plaintiff and the class.

6. HSBC's contractual duties and obligations arise from and are contained within the Covered Trusts' "Governing Agreements," called "Pooling and Servicing Agreements" ("PSAs"), and other agreements related thereto, such as "Mortgage Loan Purchase Agreements" ("MLPAs") and "Servicing Agreements" ("SAs"). A copy of one of the Governing Agreements, the PSA for the DBALT 2006-AR5 Covered Trust (the "DBALT 2006-AR5 PSA"), is attached hereto as Exhibit A. All of the Governing Agreements for the other Covered Trusts are substantially similar to the PSA for the DBALT 2006-AR5 Covered Trust, and are incorporated herein by reference as if set forth fully herein.

7. The purpose of having Trustees, such as HSBC, for the Covered Trusts is to ensure that there is at least one independent party to the Governing Agreements that – unlike plaintiff and the class – does not face collective action, informational, or other limitations, thereby allowing the Trustee to protect the interests of plaintiff and the class and administer the Covered Trusts for their benefit.

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[1] Each of the Covered Trusts held thousands of residential mortgage loans that were transferred to them. These mortgage loans transferred to the Covered Trusts are referred to herein as the "Mortgage Loans."

8. The Governing Agreements, as modified by the TIA and common law, effectuate this purpose by granting HSBC certain powers and obligating it to exercise those powers for the benefit of plaintiff, the class and the Covered Trusts. For example, the Governing Agreements contain and/or reference representations and warranties ("R&Ws") from certain entities that aggregated the Mortgage Loans that were ultimately transferred to the Covered Trusts. These entities were the "Depositors," the "Sellers," the "Sponsors" and/or the originators of the Mortgage Loans and the Covered Trust securitizations (collectively referred to herein as the "Warrantors"). The Warrantors' R&Ws attested to the credit quality and characteristics of the Mortgage Loans.[2] If it turned out that any Mortgage Loan was in breach of the Warrantors' R&Ws, the offending Warrantor was required to cure the breach, or substitute or repurchase the defective Mortgage Loan.

9. Both the Governing Agreements and the TIA require HSBC – upon discovery of a breach of any R&W – to promptly provide notice of the breach to the offending Warrantor. If the Warrantor does not timely cure the breach, the Governing Agreements further require HSBC to enforce the breaching Warrantor's obligation to either substitute or repurchase any defective Mortgage Loans.

10. The veracity and accuracy of the R&Ws by the Warrantors were extremely important to both investors and the credit rating agencies that rated the RMBS certificates, because they conveyed information concerning the quality of the Mortgage Loans, and thus the level of risk of investing in the Covered Trusts' RMBS. The credit rating agencies relied on and assessed the quality

[2] As discussed more fully *infra*, the Warrantors' R&Ws attested to the credit characteristics of the Mortgage Loans and vouched for the accuracy of the data they provided about the Mortgage Loans. Generally, these R&Ws promised that the information the Warrantors provided about the Mortgage Loans was true and correct; that the Mortgage Loans were originated in accordance with, and complied with, all applicable laws; that the Mortgage Loans were not illegal predatory or "high costs" loans; that the Mortgage Loans were originated in accordance with specific underwriting guidelines; and that the Mortgage Loans were otherwise as represented in the offering documents used to sell the Covered Trusts' RMBS to investors.

of the Covered Trusts' Mortgage Loans and RMBS and issued the RMBS credit ratings – nearly all of which were high "investment grade" credit ratings – based on the Warrantors' R&Ws about the Mortgage Loans. In fact, the credit rating agencies ***required*** that such R&Ws be made by the Warrantors as a pre-condition to providing credit ratings for the RMBS. Given the critical importance of the Warrantors' R&Ws, the Governing Agreements obligated the Warrantors to timely cure, substitute or repurchase any Mortgage Loan that materially breached any of their R&Ws. In other words, the R&Ws served as insurance to plaintiff, the class and the Covered Trusts that the Mortgage Loans were as the Warrantors represented. Importantly, if they were not, HSBC was required by the Governing Agreements to make them so, by enforcing the Warrantors' obligations to cure any breaches, or substitute new, non-breaching loans in place of defective Mortgage Loans, or repurchase the defective Mortgage Loans.

11. As alleged more fully below, by no later than April 13, 2011, HSBC "discovered," as that term is used in the Governing Agreements, that the Warrantors had breached their R&Ws as to thousands of Mortgage Loans within the Covered Trusts. Despite HSBC's discovery and knowledge of the breaches, however, HSBC failed to notify the Warrantors of their breaches. Nor did HSBC enforce the Warrantors' obligations to cure, substitute or repurchase the breaching Mortgage Loans, including many Mortgage Loans that were so obviously defective that they had already been foreclosed on, liquidated and/or written off as losses long before April 2011. Instead, HSBC did nothing. HSBC's failure to comply with its duties under the Governing Agreements was a breach of the Governing Agreements and has resulted in hundreds of millions of dollars of damages to plaintiff, the class and the Covered Trusts. Moreover, HSBC engaged in multiple additional breaches of its continuing duties to enforce the Warrantors' obligations under the Governing Agreements by continuing to refuse to act after learning of the breaches, as well as failing to act after learning of new

breaches, causing the claims against the Warrantors to be lost to the statutes of limitations. HSBC's failure to act also violated the TIA, as the TIA required HSBC to perform any duties mandated by the Governing Agreements. Moreover, under the TIA, HSBC was further required to give plaintiff and the class notice of the Warrantors' defaults/breaches, which HSBC also failed to do, in violation of the TIA.

12. In addition to HSBC's obligations to enforce R&W claims against the Warrantors, HSBC also owed other critical duties to plaintiff, the class and the Covered Trusts under the Governing Agreements and the TIA. The Governing Agreements require HSBC to take steps to protect plaintiff, the class and the Covered Trusts whenever it becomes aware of loan servicing failures by the Covered Trusts' "Master Servicers" or "Servicers" that amount to "Events of Default" under the Governing Agreements. To explain, the Governing Agreements designated certain entities to be the Master Servicers and/or Servicers of the Mortgage Loans within the Covered Trusts (these Master Servicers and Servicers are sometimes collectively referred to herein as "Master Servicers/Servicers"). The Master Servicers/Servicers are responsible under the Governing Agreements to ensure that the Mortgage Loans within the Covered Trusts are properly and legally serviced and administered for the benefit of plaintiff and the class. An "Event of Default" occurs under the Governing Agreements whenever a Master Servicer or Servicer fails to ensure that the Mortgage Loans are being legally, "prudent[ly]" and properly serviced.[3] The Master

[3] This included, *inter alia*, ensuring the prompt and legal collection of payments from borrowers and the remittance of the same to the Covered Trusts; ensuring the proper and legal sending of notices to borrowers who were late or defaulted on their Mortgage Loan payments; ensuring the proper maintenance and reporting of accurate information regarding the Mortgage Loans; ensuring the proper and legal modification of Mortgage Loans when permitted and as necessary; ensuring the proper and legal institution and prosecution of foreclosure proceedings, when and as necessary, on behalf of HSBC as Trustee; and properly maintaining the Covered Trusts' "REO" properties (properties the Covered Trusts owned). In short, the Governing Agreements require the Master Servicers/Servicers to do whatever a "prudent" Master Servicer/Servicer would customarily do to

Servicers/Servicers also commit an Event of Default whenever they discover breaches of the Warrantors' R&Ws and fail to promptly give notice of those breaches to HSBC.

13. Under the Governing Agreements and the TIA, HSBC is required to act whenever it becomes aware of an Event of Default by the Master Servicers/Servicers. First, HSBC is required to notify the offending Master Servicer or Servicer of its Event of Default and demand that it be cured. Moreover, HSBC is also required to promptly give notice of uncured Events of Default to plaintiff and the class, so that they can mobilize and direct HSBC on how to deal with the offending Master Servicer or Servicer and the Event of Default. Finally, HSBC is allowed to take additional steps to protect plaintiff and the class if an Event of Default is not cured, including terminating and replacing the offending Master Servicer or Servicer or taking over its duties, in certain circumstances.

14. Importantly, under both the Governing Agreements and the TIA, the occurrence of an Event of Default that is known to HSBC dramatically increases HSBC's duties to plaintiff and the class. The occurrence of any such Event of Default ***requires HSBC to protect plaintiff and the class by exercising all of the rights and powers vested in HSBC by the Governing Agreements, as a reasonably prudent person would under the circumstances, and to act as if HSBC is protecting its own interests***. Essentially, when an Event of Default occurs, HSBC is required to act as a fiduciary for plaintiff and the class and take all prudent actions to protect them, as if HSBC is protecting its own interests.

15. It was critically important that HSBC act when it became aware of Events of Default because the proper servicing of the Mortgage Loans and the reporting of Warrantor R&W breaches to HSBC was vital to: (1) the ongoing financial viability of the Covered Trusts; (2) ensuring the Covered Trusts had sufficient cash flows to pay expenses and to fund payments to plaintiff and the

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ensure the proper servicing and administration of the Mortgage Loans in accordance with law, for the benefit of plaintiff and the class.

class; (3) avoiding and minimizing any losses to plaintiff, the class and the Covered Trusts from defaults, delinquencies or foreclosures of the Mortgage Loans or Warrantor R&W breaches; and (4) maintaining the credit ratings and market values of plaintiff's and the class's RMBS. Because of this, the Governing Agreements require HSBC to act as a quasi-fiduciary for plaintiff and the class whenever it becomes aware of an Event of Default by a Master Servicer or Servicer.

16. As alleged more fully below, HSBC obtained actual knowledge of widespread, rampant Events of Default by the Covered Trusts' Master Servicers and Servicers no later than April 13, 2011. By April 13, 2011, HSBC had actual knowledge that the Master Servicers and Servicers were engaging in numerous, widespread, improper and/or illegal foreclosure proceedings and other loan servicing misconduct with respect to the Mortgage Loans in the Covered Trusts that were Events of Default. In fact, HSBC even actively participated in the misconduct, including the making of false statements, the filing of false and illegal affidavits in foreclosure actions, and the participation in other improper or illegal loan servicing misconduct with the Master Servicers/Servicers, all of which were Events of Default. In addition, by April 13, 2011, HSBC also had actual knowledge that the Master Servicers/Servicers knew of widespread breaches of the Warrantors' R&Ws but had not reported those breaches to HSBC, which were also Events of Default. These Events of Default triggered HSBC's fiduciary-like duties under the Governing Agreements and the TIA to take action and protect plaintiff and the class as a prudent person would. However, HSBC did not do so, as it failed to do any of the things required of it by the Governing Agreements and the TIA. Instead, HSBC allowed the Events of Default to go on unchecked, thereby engaging in multiple breaches of its duties under the Governing Agreements and TIA. In fact, despite its knowledge of these Events of Default, and numerous new, additional Events of Default that have occurred repeatedly and continuously ***after*** April 13, 2011, HSBC has continued to fail to act, let alone act

prudently, and thus has engaged in multiple additional breaches of its duties under the Governing Agreements and the TIA, as the Covered Trusts continue to suffer from pervasive Events of Default.

17. HSBC's multiple failures to act have resulted in thousands of defective Mortgage Loans that breached their R&Ws not being cured, replaced or repurchased by the Warrantors, and also in Mortgage Loans being improperly, imprudently and illegally serviced, causing substantial damages to plaintiff, the class and the Covered Trusts. HSBC's failures to properly act with respect to the Warrantors' breaches of their R&Ws and the Master Servicers' and Servicers' Events of Default have resulted in, *inter alia*: (1) failures to have Mortgage Loans in breach of the Warrantors' R&Ws cured, replaced or repurchased; (2) numerous foreclosures of the Mortgage Loans being denied, invalidated and/or delayed, substantially driving up the Covered Trusts' expenses and losses; (3) numerous Mortgage Loan delinquencies being allowed to stretch on interminably without payments being remitted to the Covered Trusts, while the Master Servicers and Servicers continuously added improper and excessive fees and charges to such Mortgage Loans, which are paid to the Master Servicers and Servicers from the Covered Trusts; (4) numerous Mortgage Loans being modified or foreclosed, or not being modified or foreclosed, in a manner that financially benefitted the Master Servicers'/Servicers' financial interests but not plaintiff's and the class's financial interests; (5) the Master Servicers and Servicers entering into numerous settlements with governmental regulatory authorities because of their Events of Default wherein the Master Servicers and Servicers were required as part of the settlements to modify and reduce mortgage loan balances on loans they serviced – including the Mortgage Loans – which caused additional losses to plaintiff, the class and the Covered Trusts; and (6) various and numerous other illegal and improper servicing misconduct alleged herein amounting to Events of Default that caused millions of dollars in damages

to plaintiff, the class and the Covered Trusts. All of these foregoing events were caused by HSBC's breaches of the Governing Agreements and violations of the TIA.

18. As previously alleged, these uncured Events of Default require HSBC to use a heightened "prudent person" duty of care, like that of a fiduciary, and to exercise all of HSBC's rights and powers under the Governing Agreements for the benefit of the plaintiff and the class. ***This heightened duty of care does not apply only to the Master Servicers'/Servicers' Events of Default, however, it also applies to all of the Warrantors that have breached their R&Ws***. Thus, HSBC was also required to enforce the R&W claims against the Warrantors as a prudent person would, and seek to fully recover for those claims as though HSBC was seeking to recover for itself.

19. HSBC, however, ignored these duties and obligations owed to plaintiff, the class and the Covered Trusts under the Governing Agreements and the TIA, and did not exercise its rights and powers under the Governing Agreements, or exercise the degree of care and skill required of a prudent person in the conduct of his/her own affairs. As a result, HSBC breached the Governing Agreements and violated the TIA, and caused plaintiff, the class and the Covered Trusts to suffer over $1.25 billion in damages from the loss and non-prosecution of the R&W claims against the Warrantors (which are now time barred), and has further caused millions of dollars in additional damages resulting from the Master Servicers'/Servicers' uncured loan servicing Events of Default, which continue unabated. Plaintiff, the class and the Covered Trusts are entitled to recover damages caused by these breaches of the Governing Agreements by HSBC, and for its violations of the TIA.

20. HSBC's failure to act also breached its common law "duty of trust" owed to plaintiff and the class. Under this duty, HSBC was required to avoid conflicts of interest with plaintiff and the class. HSBC's failure to act as required under the Governing Agreements was a result of the fact that HSBC had fundamental conflicts of interest with plaintiff and the class.

21. To explain, HSBC had ongoing and prospective business relationships with the loan originators, Warrantors, Master Servicers and Servicers to the Covered Trusts (and the entities related to them). These were the decision-makers that selected RMBS trustees for RMBS trusts, and they had selected HSBC to be the Trustee of the Covered Trusts, as well as the trustee for hundreds, if not thousands, of other RMBS trusts. HSBC derived significant RMBS trustee business from such relationships, and it desired to continue profiting therefrom. Thus, HSBC did not want to disrupt its business relationships with these entities, or anger them, by seeking to enforce R&W claims against the Warrantors or declaring Events of Default against the Master Servicers/Servicers, as it would endanger HSBC's RMBS trustee business and the income derived therefrom, as well as future prospects for such financial gain.

22. HSBC also had another conflict with plaintiff and the class. HSBC's trustee fees for managing the Covered Trusts were paid by Wells Fargo Bank, N.A. ("Wells Fargo"). ***But Wells Fargo was the Master Servicer or Servicer for each of the three Covered Trusts.*** Thus, HSBC was not going to "bite the hand that fed it" by declaring Events of Default against Master Servicer/Servicer Wells Fargo, the payor of its trustee fees.

23. Moreover, HSBC had yet another conflict of interest with plaintiff and the class. HSBC itself was participating in the Master Servicers' and Servicers' Events of Default with respect to the Mortgage Loans in the Covered Trusts. Thus, disclosing such Events of Default would also expose HSBC's participation in that misconduct and further expose HSBC to liability to plaintiff and the class under the Governing Agreements and the TIA for such misconduct. HSBC therefore chose to remain silent in the face of known Events of Default.

24. Finally, HSBC had a conflict with plaintiff and the class because HSBC itself also serviced loans for other RMBS trusts and for U.S. Government agencies, and was engaging in the

same types of misconduct as the Covered Trusts' Master Servicers/Servicers were as to the Covered Trusts. Because it desired to keep its own loan servicing misconduct hidden, HSBC did not "rat out" its fellow misbehaving Master Servicers and Servicers for fear that HSBC's loan servicing misconduct would also be exposed by a retaliating Master Servicer or Servicer.[4]

25. Because of the foregoing conflicts of interest with plaintiff and the class, HSBC deliberately chose to refuse to perform its duties under the Governing Agreements and the TIA and thereby put its own interests ahead of plaintiff's and the class's, and benefitted therefrom, breaching its common law duty of trust to plaintiff and the class. Moreover, HSBC has engaged in multiple additional breaches of its duty of trust by continuing to put its interests ahead of those of plaintiff and the class by continuing to refuse to perform its duties under the Governing Agreements, allowing Warrantor R&W breaches and Master Servicer/Servicer Events of Default to go on unremedied.

26. Numerous media reports and RMBS experts have confirmed these conflicts of interest. For example, in December 2010, law professor Kurt Eggert appeared before the U.S. Senate's Banking, Housing and Urban Affairs Committee and testified that ***RMBS trustees like HSBC were not likely to be of "much help for investors," because "a trustee may derive much of its income from" those that set up the trusts and appoint the trustees***. In addition, an article in the *Yale Journal of Regulation* stated: "***[T]here is often a very close relationship between the servicer and the trustee; many originators and servicers have a 'pet' or 'pocket' trustee that they use for most of their deals***." Moreover, in a June 16, 2013 article, *The New York Times* reported the following:

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[4] HSBC was ultimately unsuccessful in hiding its misconduct. As alleged *infra*, in April 2011, HSBC (and most of the Covered Trusts' Master Servicers and Servicers) entered into consent orders with the Government wherein its misconduct was revealed. In addition, just very recently, in July 2014, HSBC ***admitted*** in a settlement with the U.S. Government that it was improperly charging inflated foreclosure-related fees and expenses. HSBC paid the Government $10 million to settle the July 2014 charges and much more to settle the April 2011 charges.

> ***[W]hen mortgages soured, trustees declined to pursue available remedies for investors, such as pushing a [Warrantor] to buy back loans that did not meet quality standards . . . because trustees are hired by the big banks that package and sell the securities[.] [Therefore] their allegiances are divided. Sure, investors are paying the fees, but if a trustee wants to be hired by sellers of securities in the future, being combative on problematic loan pools may be unwise.***

The article concluded that "***they [RMBS trustees like HSBC] are a dog that could have barked but didn't.***"

27. As a result of HSBC's failures to act with respect to Master Servicer/Servicer loan servicing Events of Default, the Mortgage Loans have experienced numerous illegal, invalid and improper foreclosures causing lengthy and expensive delays and delinquencies, the imposition of excessive and improper Master Servicer/Servicer fees, and the disposition of Mortgage Loans that financially benefitted the Master Servicers/Servicers but negatively impacted the interests of plaintiff and the class. As a further result of HSBC's failures to enforce the R&W claims (and the Master Servicers'/Servicers' Events of Default of failing to notify HSBC of Warrantor R&W breaches), the Covered Trusts are also full of defective Mortgage Loans that have experienced historically unprecedented numbers of defaults, delinquencies, foreclosures, liquidations and losses.

28. HSBC's failures to act as required by the Governing Agreements and the TIA have caused plaintiff, the class and the Covered Trusts to suffer over $1.25 billion in damages, caused failures and shortages in the payment of principal and interest to plaintiff and the class, and caused steep declines in the value of plaintiff's and the class's RMBS. Indeed, due to HSBC's inaction, ***all of RPI's RMBS in the Covered Trusts are now nearly or completely worthless***. Accordingly, HSBC is liable to plaintiff and the class for damages caused by its breaches of the Governing Agreements and its duty of trust, and its violations of the TIA.

II. JURISDICTION AND VENUE

29. This Court has federal question jurisdiction over this action pursuant to 28 U.S.C. §1331 for violations of the TIA, and supplemental jurisdiction over the breach of contract and breach of trust claims. The Court also has diversity jurisdiction pursuant to 28 U.S.C. §1332(a).

30. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), as HSBC's principal place of business is within this District and HSBC's contacts with this District are sufficient to confer personal jurisdiction over it here.

III. PARTIES

31. Plaintiff RPI is a limited liability company incorporated under the laws of Belgium, with its principal place of business in Brussels, Belgium. RPI acquired RMBS in each of the Covered Trusts on or about the dates indicated below, and has continuously held such RMBS since then:

Covered Trusts	Tranche/Class	Initial Face Amount of Certificate	Date Acquired
DBALT 2006-AR5	1A3	$30,000,000	May 12, 2009
FHLT 2006-C	M1	$15,000,000	May 6, 2010
WFHET 2006-2	M6	$6,757,000	June 23, 2010

32. All of the foregoing RMBS were initially rated as "investment grade" by the credit ratings agencies. However, because of HSBC's failures to act as alleged herein, each of the foregoing RMBS are now total or near total losses, having been written down to the point that they are worthless or virtually worthless, and each RMBS is now in default.

33. With respect to the above RMBS which RPI acquired on or about May 12, 2009, RPI acquired such RMBS from the initial purchaser of such RMBS, and the initial purchaser acquired such RMBS at or about the time the RMBS were offered to the investing public in 2006. The initial purchaser, when it transferred such RMBS to RPI on or about May 12, 2009, also transferred all right, title and interest in such RMBS to RPI, including all litigation rights and claims the initial purchaser

had, such as the initial purchasers' claims against HSBC asserted in this action. As to the remaining RMBS that were acquired by RPI in 2010, these RMBS were originally included within collateralized debt obligations ("CDOs") in which RPI acquired interests on or about May 12, 2009 from the initial purchasers. RPI was assigned all right, title and interest (including litigation and claim rights) the initial purchasers had in the interests in these CDOs at that time. Subsequently, the CDOs were liquidated in 2010 and RPI acquired the RMBS within the CDOs along with all rights, title and interest in such RMBS. Given that the CDOs were ***liquidated in full***, and thus the CDOs were selling ***all*** rights and interests in the RMBS within them, RPI also obtained all litigation rights and claims that the CDOs' initial purchasers had in the RMBS. Furthermore, pursuant to New York General Obligations Law §13-107, RPI obtained all the rights and causes of action against HSBC held by all of the previous holders of RPI's RMBS.

34. Defendant HSBC is a national association with its main offices in Virginia. Defendant HSBC conducts substantial business in this District. HSBC serves as trustee for hundreds, if not thousands, of RMBS trusts, including the Covered Trusts. HSBC has served as the Trustee for each of the Covered Trusts since they were formed in 2006.

IV. FACTUAL ALLEGATIONS

A. The Securitization Process for the Mortgage Loans

35. The Warrantors that sold the Mortgage Loans that were ultimately transferred into the Covered Trusts engaged in a nearly identical securitization process that was repeated thousands of times by them and others during 2006, the time period when the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. Investor demand for RMBS was skyrocketing during this period, and the Warrantors and other RMBS securitizers were hard pressed to meet that demand. RMBS securitizations proliferated during 2006 and were extremely profitable for all involved in their sale. Hundreds of billions of dollars of RMBS were packaged and sold to the

investing public, and billions of dollars in profits were pocketed by the Warrantors, Master Servicers/Servicers and other securitizers. HSBC also profited handsomely, and continues to profit, from the explosion in RMBS trusts caused by the skyrocketing sales, as it is an RMBS trustee to hundreds, if not thousands, of RMBS trusts, including the Covered Trusts.

36. RMBS securitizations involve the conversion of thousands of illiquid residential mortgage loans like the Mortgage Loans into bond-like instruments – the RMBS certificates at issue herein – which trade over the counter in capital markets.

37. The first step in creating RMBS is the "origination" of mortgage loans, that is, the lending of money to borrowers to purchase residences. The Mortgage Loans that were ultimately transferred to the Covered Trusts were originated by lenders that then sold them to the Warrantors, or were originated by the Warrantors themselves, and then ultimately transferred to the Covered Trusts.

38. Typically, after aggregating the Mortgage Loans, the Warrantors then grouped the Mortgage Loans into large pools, which they then sold and transferred to the Covered Trusts' "Depositors" for ultimate transfer to the Covered Trusts and HSBC as Trustee. In many cases, the Depositors were shell companies related to the Warrantors and/or Master Servicers/Servicers. These sales from the Warrantors to the Depositors were typically accomplished via agreements called "Mortgage Loan Purchase Agreements," or similarly titled agreements (collectively, the "MLPAs").

39. The Governing Agreements refer to and incorporate the MLPAs. In the Governing Agreements or MLPAs, the Warrantors: (i) make numerous R&Ws concerning the credit quality and characteristics of the Mortgage Loans and vouch for the accuracy of all data they provided about the Mortgage Loans; (ii) promise to cure, substitute or repurchase Mortgage Loans that do not comply with those R&Ws; and (iii) state that the Trustee will ultimately have the right to enforce the R&Ws against the Warrantors.

40. After the Mortgage Loans are sold and transferred from the Warrantors to the Covered Trusts' Depositors, the Depositors then transfer the Mortgage Loans, along with the rights to enforce the Warrantors' R&Ws, to the Trustee for the benefit of plaintiff and the class, and in exchange, the Trustee transfers the RMBS certificates to the Depositors.

41. The Depositors then sell the RMBS certificates to securities underwriters, in many cases another entity related to the Warrantors and Master Servicers/Servicers. The Depositors remit the money from those underwriter sales to the Warrantors so that they can purchase additional loans and repeat the RMBS securitization process. Meanwhile, the securities underwriter markets and sells the RMBS certificates to investors such as plaintiff and the class and retains a portion of the purchase price as its fee.

42. After the Covered Trusts' securitizations are closed and their RMBS certificates are sold to investors, the Mortgage Loans must be serviced. Thus, the Governing Agreements designate certain entities to be the Master Servicers and/or Servicers of the Mortgage Loans and require that they service the Mortgage Loans legally, and with the same degree of skill and care as ***"prudent"*** loan servicers. Whenever a Master Servicer/Servicer fails to ensure the legal and "prudent" servicing of the Mortgage Loans, an Event of Default occurs and the Trustee is required to take certain actions to protect plaintiff and the class when it becomes aware of the default.

43. Plaintiff's and the class's RMBS certificates entitle them to the cash flows generated by the Mortgage Loans. The Covered Trusts, as with other RMBS trusts, are structured such that the risk of loss is divided among different "classes" or "tranches" of RMBS in each Covered Trust. Each class or tranche of the Covered Trusts has a different level of credit risk and reward (the interest or yield), including different levels and types of credit enhancement or protection, and different priorities to payment from the cash flows generated by the Mortgage Loans (the payment priority and

distribution is called the payment "waterfall"). Because the classes/tranches have different credit enhancements and different priorities of claim to the cash flow, they are assigned different credit ratings by the credit rating agencies and they sell at different yields or coupons. However, nearly all of the classes/tranches of the RMBS are required to be rated as "investment grade" securities by a credit ratings agency before they can be sold. As previously alleged, the credit ratings agencies require that the Warrantors make R&Ws, and they base their credit ratings of the RMBS certificates on such R&Ws.

44. All of the classes/tranches of the RMBS certificates, as well as the plaintiff, the class and all of the Covered Trusts, are dependent on the Trustee to act as required under the Governing Agreements in order to ensure that the Covered Trusts and RMBS perform as expected and designed, and are profitable. Thus, the Trustee must act promptly to properly discharge its duties and obligations under the Governing Agreements. Here, HSBC utterly failed to discharge its duties mandated by the Governing Agreements and the TIA. Therefore, it breached the Governing Agreements and further violated the TIA, thus entitling plaintiff, the class and the Covered Trusts to damages. HSBC exacerbated this problem by having numerous improper conflicts of interest with plaintiff and the class which motivated HSBC to refrain from discharging its duties.

B. HSBC's Duties as Trustee for the Covered Trusts

45. The Governing Agreements set forth HSBC's powers and its duties to plaintiff and the class. All of the Covered Trusts are governed by PSAs (Pooling and Servicing Agreements) and related agreements such as the MLPAs (Mortgage Loan Purchase Agreements) and/or SAs (Servicing Agreements), which the PSAs reference and incorporate when relevant. Each Governing Agreement for each Covered Trust is substantially similar and imposes substantially similar duties on HSBC. Accordingly, the DBALT 2006-AR5 PSA (Exhibit A hereto) is incorporated herein by reference and is used as a representative example of all of the Governing Agreements for all of the Covered Trusts.

46. While the Governing Agreements set forth certain powers and responsibilities of HSBC, the TIA supplements the Governing Agreements. The TIA was enacted in 1939 because Congress recognized that previous abuses by trustees had adversely affected investors and the national interest. In enacting the TIA, Congress desired to ensure that there were certain minimum federal protections available to investors, which are deemed to be incorporated into the Governing Agreements. Those minimum protections are discussed *infra* at ¶¶60-63.

47. When the Covered Trusts were formed, the Covered Trusts' Depositors transferred the Mortgage Loans to HSBC along with "***all the right, title and interest . . . in and to the [Mortgage] Loans[,] . . . the rights of the Depositor under the Mortgage Loan Purchase Agreement, the Servicing Agreements [and] the Assignment Agreements [assigning the Servicing Agreements to the Depositor]***" "***for the benefit of the Certificateholders***." DBALT 2006-AR5 PSA §2.1. Furthermore, HSBC "***acknowledge[d] receipt" of all of the foregoing assets "and [further] declare[d] that it holds . . . all such assets . . . in trust for the exclusive use and benefit of all present and future Certificateholders,"*** *i.e.*, plaintiff and the class. *Id.* §2.2.

1. HSBC's Duty to Enforce the Warrantors' Obligations to Cure, Substitute or Repurchase Mortgage Loans that Breached Their R&Ws

48. The PSAs (and/or the related MLPAs), contained numerous R&Ws made by the Warrantors about the Mortgage Loans in the Covered Trusts. The Warrantors' R&Ws attested to the credit quality of the Mortgage Loans conveyed to the Covered Trusts and warranted the accuracy of the data the Warrantors conveyed about such Mortgage Loans. The Warrantors also attested to other characteristics of the Mortgage Loans and their origination. The following are examples of the R&Ws the Warrantors typically made: (1) that the data and other information the Warrantors conveyed concerning the Mortgage Loans in schedules, exhibits, and other compilations of data in connection with the transfer of the Mortgage Loans to the Covered Trusts was "true and correct"; (2)

that the Mortgage Loans complied with and were originated and serviced in compliance with all federal, state and local laws and "will not involve the violations of any such laws"; (3) that the Mortgage Loans were not "High-Cost," "High-Risk," "predatory" or "abusive" loans as defined by law; (4) that the Mortgage Loans were originated in accordance with the lender's underwriting guidelines; and (5) that each mortgaged property had an appraisal that conformed to certain standards and was performed by a qualified appraiser. *See, e.g.*, DBALT 2006-AR5 MLPA §6(i); §6(v); §6(xxiv); §6(xxvi); §6(xxix); §6(xxxiv); §6(xix) (Ex. B hereto). The Warrantors made numerous other R&Ws concerning the Mortgage Loans in the Covered Trusts, *see generally id.* §6(i)-(xliii), as well as R&Ws about the Warrantors themselves. *Id.* §5(i)-(x).

49. The Warrantors' R&Ws are specifically referenced in the Governing Agreements, along with the Warrantors' obligations to cure, substitute and/or repurchase any defective Mortgage Loans. *See* DBALT 2006-AR5 PSA §2.3(a).

50. Importantly, the Governing Agreements also provide that whenever HSBC discovers a breach of a Warrantor's R&Ws that materially affects plaintiff and the class, HSBC "***shall promptly notify***" the breaching Warrantor. *Id.* Thereafter, the breaching Warrantor is required to promptly "cure such defect or breach." *Id.* If the Warrantor fails to cure the breach within a specified time period, then "the Trustee shall ***enforce*** the obligations [of the Warrantor] under the [MLPA] to repurchase such Loan" or "substitute" a new loan in place of the defective Mortgage Loan. *Id.*

51. HSBC's foregoing duties are embodied in §2.3(a) of the DBALT 2006-AR5 PSA, which provides:

> ***Upon discovery . . . of a breach by the [Warrantor] of any representation, warranty or covenant under the [MLPA] in respect of any [Mortgage] Loan that materially and adversely affects the value of such [Mortgage] Loan or the interest therein of the Certificateholders, the Trustee shall promptly notify the [Warrantor] of such . . . breach and request that the [Warrantor] . . . cure such . . . breach within 60 days from the date the [Warrantor] was notified of such . . . breach, and if the***

> ***[Warrantor] does not . . . cure such . . . breach in all material respects during such period, the Trustee shall enforce the obligations of the [Warrantor] under the [MLPA] to repurchase such [Mortgage] Loan from the Trust Fund . . . within 90 days after the date on which the [Warrantor] was notified of such . . . breach . . . . In lieu of repurchasing any such [Mortgage] Loan as provided above, . . . the [Warrantor] may cause such [Mortgage] Loan to be removed from the Trust Fund . . . and substitute one or more Substitute Loans . . . .***

2. HSBC's Duties upon the Occurrence of an Event of Default

52. HSBC also has obligations under the Governing Agreements and TIA whenever it learns of an "Event of Default" by a Master Servicer or Servicer. Under the Governing Agreements, an "Event of Default" [5] by a Master Servicer or Servicer occurs whenever there is

> ***any failure on the part of the Master Servicer [or Servicer as applicable] duly to observe or perform in any material respect any other of the covenants or agreements on the part of the Master Servicer [or Servicer as applicable] contained in this Agreement, or the breach by the Master Servicer [or Servicer as applicable] of any representation and warranty contained in [the Governing Agreements], 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, shall have been given to the Master Servicer [or Servicer as applicable] by the . . . Trustee . . . .***

DBALT 2006-AR5 PSA §8.1(a)(ii).

53. The chief obligation of the Master Servicers and Servicers under the Governing Agreements is to ensure that the Mortgage Loans in the Covered Trusts are properly, legally and prudently serviced and administered. Thus, the Governing Agreements require the Master Servicers and Servicers (as well as any sub-servicers they use) to ensure the service of the Mortgage Loans "in a manner consistent with Accepted Master Servicing Practices." DBALT 2006-AR5 PSA §3.1. This

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[5] The Governing Agreements refer to the Master Servicers' or Servicers' "Events of Default" in different nomenclature, calling such Events of Default "Master Servicer Event of Default" (DBALT 2006-AR5 PSA §8.1), "Servicer Event of Default" (FHLT 2006-C PSA §7.01(a)), "Master Servicer Events of Termination" (*id.* §7.01(c)), or "Servicer Events of Termination" (WFHET 2006-2 PSA §7.01). Nonetheless, the terms are all used to describe the same failures by the Master Servicers or Servicers to service, or ensure the proper servicing of, the Mortgage Loans as required by the Governing Agreements. Thus, the term "Event of Default" is used herein to include all of the foregoing terms.

means that the Master Servicers/Servicers must service (or ensure the service of) the Mortgage Loans using "those customary mortgage servicing practices of ***prudent*** mortgage servicing institutions." *Id.* §1.1 (defining "Accepted Master Servicing Practices"). This also means that Master Servicers and Servicers are to service the Mortgage Loans legally. *See, e.g., id.* §2.5(iii) (Master Servicer represents and covenants that "fulfillment of or compliance" with its duties under the Governing Agreements "will not . . . result in a . . . violation . . . of . . . any statute, order or regulation . . . ."). If a Master Servicer or Servicer fails to do so, an Event of Default occurs. *Id.* §8.1(a)(ii).

54. In order to properly, legally and "prudently" service the Mortgage Loans pursuant to the Governing Agreements, the Master Servicers and Servicers must, *inter alia*: (1) ensure that the payments by borrowers are properly and legally collected and promptly submitted to the Covered Trusts; (2) ensure that timely and legal notices are sent to borrowers; (3) ensure that appropriate insurance is in place when required; (4) ensure that accurate information about the Mortgage Loans is maintained; (5) ensure that the Covered Trusts' "REO" properties[6] are properly maintained; (6) ensure that the Mortgage Loans are legally, prudently and properly modified or foreclosed; and (7) otherwise do whatever is needed to ensure that the Mortgage Loans are properly, legally and "prudent[ly]" serviced and administered for the benefit of plaintiff and the class. *See generally* DBALT 2006-AR5 PSA, Art. III; *id.* §2.5(iii)(B); *cf.* DBALT 2006-AR5 MLPA §6(v) (Mortgage Loans serviced in compliance with "any and all" laws).

55. In addition, Master Servicers and Servicers also commit an Event of Default whenever they discover breaches of the Warrantors' R&Ws but fail to promptly notify HSBC and the other parties to the Governing Agreements. *See* DBALT 2006-AR5 PSA §2.3(a) ("***should the Master***

[6] "REO" properties are "real estate owned" by the Covered Trusts. These properties typically have been vacated or abandoned and foreclosed on or otherwise taken back from defaulted borrowers.

Servicer become aware of . . . the breach of the representation or covenant of the [Warrantor] set forth in Section 5(x) of the [MLPA] which materially and adversely affects the interests of [certain Certificateholders] . . . the Master Servicer shall promptly notify the [Warrantor] and the Trustee of such breach"); *id.* §2.3(c) ("***Upon discovery by the . . . Master Servicer . . . that any [Mortgage] Loan does not constitute a 'qualified mortgage' within the meaning of Section 860G(a)(3) of the [Internal Revenue] Code, the party discovering such fact shall within two Business Days give written notice thereof to the other parties [to the Governing Agreements, including the Trustee]***.").

56. Because the failure to properly service the Mortgage Loans or report breaches of the Warrantors' R&Ws is so harmful to plaintiff, the class and the Covered Trusts, when HSBC becomes aware of an Event of Default it is required by the Governing Agreements to act quickly. Thus, upon becoming aware of an Event of Default, HSBC is required by the Governing Agreements and TIA: (1) to notify the offending Master Servicer or Servicer of its Event of Default and require its cure (DBALT 2006-AR5 PSA §8.1(a)(ii)); and (2) to give notice of uncured Events of Default to plaintiff and the class. *Id.* §8.3(b); *see also* 15 U.S.C. §77ooo(b). In addition, if the offending Master Servicer or Servicer does not cure its Event of Default within the prescribed period of time, the Governing Agreements give HSBC the power to terminate and replace the offending Master Servicer or Servicer, or take over its servicing duties. DBALT 2006-AR5 PSA §§8.1, 8.2.

3. HSBC's Heightened Duty to Prudently Protect Plaintiff's and the Class's Interests as Though They Were HSBC's Own Interests During an Event of Default

57. Moreover, once HSBC becomes aware that a Master Servicer or a Servicer is committing an Event of Default, HSBC's duty of care to plaintiff and the class – under both the Governing Agreements and the TIA – is significantly increased. In the case of a known Event of Default, the Governing Agreements mandate that HSBC ***"shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in its exercise as a***

prudent person would exercise or use under the circumstances in the conduct of such person's own affairs." DBALT 2006-AR5 PSA §9.1.[7] In other words, when HSBC learns of an Event of Default, it must act essentially like a fiduciary to plaintiff and the class and "***shall exercise" all*** of HSBC's rights and powers as Trustee under the Governing Agreements to prudently protect plaintiff's and the class's interests as though those interests were HSBC's very own. *Id.*

58. Moreover, this heightened duty is not limited or applied only to Master Servicers'/Servicers' Events of Default. Instead, under the Governing Agreements, once an Event of Default exists, "***[HSBC] shall exercise" all*** of the "***rights and powers vested in it by th[e] [Governing] Agreement[s]***," not just those pertaining to the Master Servicers/Servicers. *Id.* ***Thus, HSBC's heightened duty of care also requires it to prudently enforce the R&W claims against the Warrantors as though HSBC were seeking to protect its own interests.***

4. HSBC's "Duty of Trust" to Avoid Conflicts of Interest with Plaintiff and the Class

59. HSBC also has a common law "duty of trust" to plaintiff and the class. HSBC, as '"the trustee[,] ***is at all times obligated to avoid conflicts of interest with the beneficiaries [of the Covered Trusts, i.e., plaintiff and the class]***.'" *Knights of Columbus v Bank of N.Y. Mellon*, No. 651442/2011, slip op. at 15 (N.Y. Sup. Ct., N.Y. Cnty. Apr. 26, 2013) (order granting in part and denying in part motion to dismiss) (quoting *AMBAC Indem. Corp. v. Bankers Trust Co.*, 573 N.Y.S. 2d 204, 206-08 (Sup. Ct. 1991)). Under this duty to avoid conflicts of interest, HSBC is prohibited from advancing its own interests at the expense of plaintiff and the class, or benefitting from such actions at any time, including ***before, during and after any default***. *Id.*

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[7] As discussed *infra*, the TIA also requires the same heightened prudent person standard of care when a default of any kind occurs. *See* 15 U.S.C. §77ooo(c).

5. HSBC's Duties and Obligations Under the TIA

60. The TIA imputes certain terms into the Governing Agreements to protect investors. The TIA imposes two sets of duties and obligations on HSBC – one set "prior to default," and the other set "in case of default," much like the Governing Agreements.

61. Under the TIA, prior to a default, a Trustee must perform "such duties as are specifically set out in" the Governing Agreements. 15 U.S.C. §77ooo(a)(1). This requirement reflects the Governing Agreements' pre-default provisions that HSBC "perform such duties and only such duties as are specifically set forth in this Agreement." DBALT 2006-AR5 PSA §9.1. Thus, the TIA requires HSBC to perform the duties assigned to it by the Governing Agreements.

62. In addition, under the TIA, a Trustee must "give to the indenture security holders . . . notice of all defaults known to the trustee, within ninety days after the occurrence thereof." 15 U.S.C. §77ooo(b) (citing 15 U.S.C. §77mmm(c)). Thus, HSBC is required to inform plaintiff and the class of any Events of Default ***and any other "defaults," i.e., the Warrantors' breaches of their R&Ws, within 90 days***.

63. Moreover, whenever HSBC is aware of a default, it is required under the TIA (like the Governing Agreements) to exercise a fiduciary-like duty of care toward plaintiff and the class: ***HSBC is required to exercise "such of the rights and powers vested in it by [the Governing Agreements], and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs***." 15 U.S.C. §77ooo(c). Thus, upon the occurrence of a Master Servicer or Servicer Event of Default, or the Warrantors' R&W breaches alleged herein, HSBC was obligated to exercise a fiduciary-like "prudent person" duty of care to protect plaintiff and the class, and exercise ***all*** of the "rights and powers vested in it by" the Governing Agreements as though HSBC was protecting its own interests.

64. As set forth herein, HSBC is liable to plaintiff and the class for failing to discharge the duties required of it by the Governing Agreements, the TIA and common law. In addition, all of HSBC's duties mandated by the Governing Agreements, the common law, and the TIA as alleged herein were continuing in nature, and required HSBC to continuously discharge such duties as long as HSBC was Trustee of the Covered Trusts. When HSBC discovered R&W breaches by the Warrantors and learned of Events of Default by the Master Servicers/Servicers, as alleged herein, HSBC was required to act prudently, quickly and continuously to protect plaintiff and the class. HSBC utterly failed to act as required, thereby breaching the Governing Agreements and common law, and violating the TIA, causing plaintiff, the class and the Covered Trusts to suffer over $1.25 billion in damages.

C. The Covered Trusts Suffer from Serious Defects Because HSBC Failed to Perform the Duties Required of It Under the Governing Agreements, the TIA and Common Law

1. HSBC Discovered No Later than April 13, 2011 that the Covered Trusts' Warrantors Breached Their R&Ws, Thus Triggering HSBC's Duty to Enforce the R&W Claims

65. The Warrantors (and loan originators) to the Covered Trusts are set forth below:

Covered Trusts' Warrantors

	Covered Trust	Warrantors	Loan Originators Identified in Prospectuses or by Credit Rating Agencies
1.	DBALT 2006-AR5	▪ DB Structured Products, Inc. ("DBSP")	▪ IndyMac Bank FSB ("IndyMac") ▪ American Home Mortgage Corp. ("AHM") ▪ GreenPoint Mortgage Funding, Inc. ("GreenPoint")
2.	FHLT 2006-C	▪ Fremont Investment & Loan ("Fremont")	▪ Fremont
3.	WFHET 2006-2	▪ Wells Fargo ▪ Wells Fargo Asset Securities Corporation	▪ Wells Fargo

66. When the Covered Trusts were formed and settled in 2006, the global financial collapse occurred shortly thereafter. Later, most blamed the collapse on the residential lending industry and "Wall Street," claiming that they had corrupted lending standards and caused pervasive lending misconduct to occur because of Wall Street's insatiable demand for mortgage loans to securitize. ***The former Chairman of the Federal Reserve, Alan Greenspan, told Congress in October 2008 that "'[t]he evidence strongly suggests'" that "'excess demand from [RMBS] securitizers'" and "'subprime mortgage originations'" were "'undeniably the original source of the [global financial] crisis***.'" Facts then began to publicly emerge revealing endemic misconduct within the lending industry at the time the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. Many of the revelations disclosed that the Warrantors and loan originators to the Covered Trusts were involved in conduct which would have rendered their R&Ws highly suspect.

a. Prior to April 2011, HSBC Learned that Some of the Warrantors' R&Ws Were False

67. During the period from 2007 through 2008, numerous news stories were published, numerous private and governmental lawsuits were filed, and abundant congressional testimony was taken. The foregoing events revealed that many of the Warrantors to the Covered Trusts routinely engaged in lending practices that would have likely rendered their R&Ws false. A summary of the events are set forth in Appendix 1 to this Complaint. These events revealed that lending misconduct was widespread during the time period when the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. The events further revealed that Warrantors and loan originators to the Covered Trusts had engaged in, or were accused of engaging in, widespread lending misconduct, including the issuance of extremely risky, highly questionable, predatory and/or illegal loans; making loans to borrowers who could not afford them; committing, or acquiescing in the commission of, mortgage fraud; and abandoning the underwriting guidelines they represented that they and other

lenders followed. *See* Appendix 1. The events occurring during 2007 and 2008 also revealed that many of the Warrantors and loan originators to the Covered Trusts were routinely making loans based on applications that contained inflated appraisals and borrower incomes, understated borrower debts, and suspect qualifying documentation, as well as other lending misconduct. *Id.*

68. By the beginning of 2009, it became clear that the Warrantors and the loan originators for the Covered Trusts had engaged in conduct that would have rendered at least several of the Warrantors' R&Ws false, including R&Ws that: (1) the Mortgage Loans were originated in conformance with the lender's underwriting guidelines; (2) the Mortgage Loans were lawfully originated; (3) the Mortgage Loans were not "predatory" or "abusive"; (4) proper appraisals were performed; and (5) all of the data provided about the Mortgage Loans was true and correct.

69. By the beginning of 2009, the lending abuses described above, when coupled with the extremely poor performance of the Mortgage Loans in the Covered Trusts, also made it clear that the Warrantors had breached their R&Ws concerning the Mortgage Loans in the Covered Trusts, thus causing HSBC to have actual knowledge of such breaches. Indeed, by January 2009, the Covered Trusts had shockingly high Mortgage Loan default rates.[8] These historically unprecedented default rates were so incredibly high that it caused HSBC to have actual knowledge that the Warrantors' R&Ws were false. After all, if the R&Ws were accurate, the Mortgage Loans would not have defaulted at such astounding rates. All of the Covered Trusts had Mortgage Loan default rates that were much, much higher than historical averages. ***All of the Covered Trusts had Mortgage Loan default rates in excess of 40%, with two of the three Covered Trusts having default rates in excess of 51%, meaning that over half of the Mortgage Loans were in default in those two Covered Trusts.***

[8] The term "default rates," as used in this Complaint, refers to the percentage of the Mortgage Loans' aggregate principal balance for each Covered Trust that is delinquent, in bankruptcy, in foreclosure or REO at that particular point in time.

The Covered Trusts had also already sustained extraordinarily heavy losses by January 2009 – ***over $257 million in just a few years of existence*** – another indicator that the Warrantors' R&Ws were breached, because if the R&Ws were true, such heavy losses would not have occurred. HSBC was aware of all this information because it either prepared the monthly reports containing this information for the Covered Trusts or had access to such information. The chart below sets forth the Mortgage Loan default rates and the cumulative realized losses for each Covered Trust reported in January 2009:

Covered Trusts' Mortgage Loan Default Rates and Cumulative Realized Losses Reported in January 2009		
Covered Trust	**Mortgage Loan Default Rates**	**Cumulative Realized Losses**
DBALT 2006-AR5	40.42%	$ 64,839,294.56
FHLT 2006-C	52.09%	$ 167,297,355.69
WFHET 2006-2	51.46%	$ 25,738,782.31
Covered Trusts' Total Realized Losses:		**$ 257,875,432.56**

70. Thus, as early as January 2009, HSBC was aware that there were breaches of the Warrantors' R&Ws, although it may not then have realized the magnitude of the breaches. Even so, additional events occurred during 2009, 2010 and the beginning of 2011 that repeatedly alerted HSBC to the fact that the Warrantors' R&Ws were false and thus that the Warrantors were in breach. Those events also alerted HSBC to new and additional Warrantor R&W breaches. These events are set forth in Appendix 2 hereto, and they revealed that the Warrantors and the loan originators to the Covered Trusts had engaged in, or had been accused of engaging in, *inter alia*, the routine abandonment of their underwriting guidelines; the routine fabrication of borrower and loan information; massive breaches of their R&Ws; and the engagement in predatory and abusive lending. *See* Appendix 2 hereto. These additional events caused HSBC to discover that the Warrantors to the Covered Trusts had breached their R&Ws concerning the Mortgage Loans.

b. By April 13, 2011, HSBC Absolutely Knew that the Warrantors Had Breached Their R&Ws Concerning the Mortgage Loans in the Covered Trusts

71. By the beginning of 2011 there was little doubt that the Warrantors had breached their R&Ws concerning the Mortgage Loans in the Covered Trusts. And by April 13, 2011, HSBC absolutely ***knew,*** without a doubt, that the Warrantors had breached their R&Ws. This is so primarily because of two Government-issued reports – the "FCIC Report" and the "Senate Report" – which were released on January 27, 2011 and April 13, 2011, respectively. First, on January 27, 2011, the 633-page FCIC Report[9] was made available to the public, and between February 11 and 13, 2011, the FCIC also made public nearly 2,000 pages of supporting documentary evidence and more than 300 witness interviews. The FCIC Report was supported by voluminous evidence and confirmed in detail most if not all of the prior news accounts and events indicating that there were widespread lending

[9] The FCIC Report was authored by the Financial Crisis Inquiry Commission ("FCIC"). The FCIC was created to "examine the causes, domestic and global, of the . . . financial and economic crisis in the United States" that began in 2008. The FCIC was established as part of the Fraud Enforcement and Recovery Act (Public Law 111-21) passed by Congress and signed by the President in May 2009. The FCIC was composed of private citizens with experience in areas such as housing, economics, finance, market regulation, banking and consumer protection. The FCIC's statutory mandate set out 22 specific topics for inquiry and called for the examination of the collapse of major financial institutions that failed or would have failed if not for exceptional assistance from the government. These topics included, *inter alia*:

- fraud and abuse in the financial sector, including fraud and abuse toward consumers in the mortgage sector;
- federal and state financial regulators, including the extent to which they enforced, or failed to enforce, statutory, regulatory, or supervisory requirements;
- credit rating agencies in the financial system, including reliance on credit ratings by financial institutions and federal financial regulators, the use of credit ratings in financial regulation, and the use of credit ratings in the securitization markets;
- lending practices and securitization, including the "originate-to-distribute" model for extending credit and transferring risk;
- the legal and regulatory structure of the United States housing market;
- the legal and regulatory structure governing investor and mortgagor protection; and
- the quality of due diligence undertaken by financial institutions.

abuses that resulted in widespread breaches of the Warrantors' R&Ws regarding the Mortgage Loans in the Covered Trusts.

72. The FCIC Report confirmed the systemic breakdown in residential loan underwriting standards during the time period when the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. The FCIC Report described in detail the lending abuses that emerged and that were virtually universal during that time period. Significantly, ***for the first time, the FCIC Report also revealed evidence of a pervasive, deliberate and intentional fraud that was being committed by RMBS securitizers with respect to mortgage loans being transferred to RMBS trusts like the Covered Trusts. The FCIC Report specifically identified several of the Covered Trusts' Warrantors and loan originators as being active participants in this fraud. The conclusion from the FCIC Report was that the Covered Trusts had been intentionally filled with Mortgage Loans that breached the Warrantors' R&Ws***.

73. First, the FCIC confirmed the extraordinary numbers of R&W breaches that had occurred with respect to mortgage loans that were originated at the same time the Covered Trusts' Mortgage Loans were originated. The FCIC found, in light of the pervasive lending abuses that occurred during the period that "***in the years [thereafter], [loan] representations and warranties would prove to be inaccurate***." FCIC Report at 77.

74. The FCIC Report supported its findings by citing to evidence of massive R&W breaches, including breaches by one of the Warrantors to the Covered Trusts. The FCIC reported that Covered Trust Warrantor Wells Fargo had breached its R&Ws concerning billions of dollars of mortgage loans it sold to "government-sponsored entities" Fannie Mae and Freddie Mac (sometimes collectively referred to herein as the "GSEs"). The FCIC Report revealed that ***Wells Fargo faced $3.5 billion in repurchase claims*** from the GSEs because of its pervasive R&W breaches. FCIC

Report at 224-25. The FCIC Report also stated that "during the three years and eight months ending August 31, 2010, ***Freddie [Mac] and Fannie [Mae] required sellers to repurchase 167,000 loans totaling $34.8 billion***." *Id.* at 224. This showed that R&W breaches were endemic. Indeed, the sheer magnitude of the repurchase claims reported by the FCIC indicated that Warrantors and loan originators routinely issued false R&Ws in the normal course of their businesses. The FCIC Report further reported that "[a]s of mid-2010, ***court actions embroiled almost all major loan originators and underwriters [and] there were more than 400 lawsuits related to breaches of representations and warranties***." *Id.* at 225. Given the FCIC Report's revelation of the pervasive falsity of R&Ws issued at the same time the Mortgage Loans were similarly warranted, HSBC obtained knowledge that the Mortgage Loans in the Covered Trusts were similarly affected.[10]

75. The FCIC Report also specifically noted that RMBS trustees and servicers, such as HSBC and the Covered Trusts' Master Servicers/Servicers, were essentially assisting warrantors in defending R&W claims by refusing to provide information to investors from which the breaches could be established. FCIC Report at 225. The FCIC Report pointed to the situation of the GSEs and stated: "***Frustrated with the lack of information from the securities' servicers and trustees, in many cases large banks, on July 12, 2010, the GSEs through their regulator, the Federal Housing Finance Agency, issued 64 subpoenas to various trustees and servicers in transactions in which the GSEs lost money***." *Id.* Given the large number of subpoenas issued and the limited number of RMBS trustees and servicers, plaintiff alleges on information and belief that HSBC and the Covered Trusts' Master Servicers/Servicers were among the parties subpoenaed for refusing to provide

[10] The FCIC Report further revealed that "private mortgage insurance" ("PMI") companies – which insured lenders against defaults by borrowers – were finding extensive breaches of R&Ws concerning mortgage loans they had insured. FCIC Report at 225. The FCIC reported that, "[a]s of October 2010, the seven largest PMI companies, which share 98% of the market, had rejected about 25% of the claims (or $6 billion of $24 billion) brought to them, ***because of violations of origination guidelines, improper employment and income reporting, and issues with property valuation.***" *Id.*

information to the GSEs. Of course, if HSBC and the Master Servicers/Servicers were uncooperative, they were acting against the best interests of RMBS holders, *i.e.*, the GSEs, contrary to their mandate under RMBS governing agreements.

76. ***The FCIC also "conclude[d] that there was untrammeled growth in risky mortgages [and that] [u]nsustainable, toxic loans polluted the financial system and fueled the housing bubble," while government regulators "failed to . . . establish and maintain prudent mortgage lending standards and to protect against predatory lending***." FCIC Report at 101. The FCIC Report confirmed that "***[l]ending standards collapsed, and there was a significant failure of accountability and responsibility throughout each level of the lending system***." *Id.* at 125. In addition, testimony released in connection with the FCIC Report confirmed "***systemic***" misconduct which led to uniformly false loan R&Ws at the time the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. In testimony given to the FCIC, former Clayton Holdings, Inc. ("Clayton") executive D. Keith Johnson testified that he had previously worked at lender Washington Mutual Bank ("WaMu") as well as at WaMu's subsidiary, Long Beach Mortgage Company ("Long Beach"), prior to working for Clayton. When Johnson moved to Clayton, he was exposed to the lending practices of nearly all of the lenders in the mortgage loan industry because Clayton was hired by nearly all of the RMBS securitizers to sample and test mortgage loans that the securitizers were originating or purchasing from numerous lenders throughout the nation and then re-selling and transferring to RMBS trusts, including the Covered Trusts. WaMu and Long Beach were two of the worst lenders during 2005-2007, as they routinely engaged in egregiously fraudulent lending practices, as documented in the Senate Report discussed *infra.* Johnson testified in an interview with the FCIC on September 2, 2010, concerning the lending practices he observed both before and after he worked at WaMu/Long Beach and Clayton:

> ***I had a really unique perspective working in an environment that turned out bad loans, Long Beach, right? Then I go to Clayton and I'm dealing with the top factories in the world. And you know what? They're just like Long Beach. There's no difference. I mean, this was not a one-off situation; it was systemic. And all of them – a lot of them had quality control departments internal, but eventually all of those internal quality control departments became compromised.***

77. The FCIC Report further revealed that, in 2005, federal examiners and agencies conducted a "confidential . . . study of mortgage practices at six lenders that together had originated . . . ***almost half the national total***" of mortgage loans in 2005. FCIC Report at 172. ***The study "'showed a very rapid increase in the volume of these irresponsible loans, very risky loans,'"*** according to Sabeth Siddique, then head of credit risk at the Federal Reserve Board's Division of Banking Supervision and Regulation. *Id.* ***For "[a] large percentage of the[] loans" reviewed, "the underwriting standards . . . had deteriorated."*** *Id.* The lenders involved in making these "'irresponsible loans, very risky loans'" included Wells Fargo, a Warrantor and loan originator for the WFHET 2006-2 Covered Trust. *Id.*

78. The FCIC Report also confirmed that several of the Warrantors and loan originators to the Covered Trusts were deeply involved in lending abuses which resulted in pervasive breaches of their R&Ws. For example, Darcy Parmer, a former quality assurance and fraud analyst for Wells Fargo, reported to the FCIC that she was aware of "'***hundreds and hundreds and hundreds of fraud cases***'" in Wells Fargo's home equity loan division. FCIC Report at 162. She also told the FCIC that "***at least half the loans she flagged for fraud were nevertheless funded, over her objections.***" *Id.* This obviously led to "'hundreds and hundreds and hundreds'" of false loan R&Ws. *Id.*

79. The FCIC also found that Warrantor/loan originator Fremont had a company policy whereby any loan that was rejected by a securitizer because it did not comply with Fremont's underwriting guidelines (and therefore its R&Ws) was nonetheless put into a subsequent pool of Fremont loans and offered for sale to another securitizer. These defective loans remained in the pools

until they were either sold or were rejected by securitizers at least three times. This practice ensured that loans that did not comply with Fremont's R&Ws were included into RMBS trusts like the Covered Trusts. D. Keith Johnson, the former President of Clayton, jokingly called this practice the "'three strikes, you're out rule.'" FCIC Report at 168. In another instance, the FCIC reported on the case of a real estate appraiser in Bakersfield, California, that had discovered multiple instances of lending fraud. When he contacted a quality assurance officer at Fremont to inform him of the fraudulent activity he was told: "'Don't put your nose where it doesn't belong.'" *Id.* at 14-15. This indicated that Fremont intentionally made false R&Ws.

80. The FCIC Report also confirmed the industry-wide use of falsely inflated appraisals during the period when the Mortgage Loans were originated, which also resulted in false R&Ws. According to the FCIC Report, "***[a]s the housing market expanded, another problem emerged, in subprime and prime mortgages alike: inflated appraisals***." FCIC Report at 91. Testimony released with the FCIC Report confirmed the customary use of falsely inflated appraisals – which was a breach of the Warrantors' R&Ws – during the time the Mortgage Loans were originated. Jim Amorin, the President of the Appraisal Institute, testified to the FCIC that "***[i]n many cases, appraisers are ordered or severely pressured to doctor their reports and to convey a particular, higher value for a property, or else never see work from those parties again. . . . [T]oo often state licensed and certified appraisers are forced into making a 'Hobson's Choice***.'"

81. ***Most Importantly, the FCIC Report also specifically revealed for the first time that it was a customary and regular business practice of RMBS securitizers, including some of the Warrantors and loan originators to the Covered Trusts, to deliberately transfer thousands of mortgage loans that did not comply with applicable laws or underwriting guidelines (and therefore breached the R&Ws made about them) into RMBS trusts offered and sold to investors. This***

widespread intentionally fraudulent practice occurred during the exact same time period when the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. This startling revelation – that RMBS securitizations like the Covered Trusts had been ***deliberately filled with loans that breached their R&Ws*** – was based on Clayton's "Trending Reports," which were provided to the FCIC. As previously alleged, Clayton was hired by virtually every RMBS securitizer – ***including several Warrantors and loan originators to the Covered Trusts*** – during 2006 and 2007 to perform due diligence on mortgage loans that were being securitized, warranted and transferred to RMBS trusts. Clayton tested samples of the loans during the period from January 2006 through June 2007 to determine whether the loans complied with the applicable lending laws and underwriting guidelines (laws and guidelines that were designed to prevent the making of loans to borrowers who could not afford them), or were otherwise defective. Clayton's Trending Reports revealed that large percentages of the sampled loans ***for several of the Warrantors and loan originators*** did not comply with lending laws or the applicable underwriting guidelines, or were otherwise defective, *i.e.*, the loans were in breach of R&Ws made about them. ***Incredibly, even after being informed of the specific defective loans, these Warrantors and loan originators to the Covered Trusts did not remove all of the defective loans, but rather, "waived" a large portion of them in, i.e., transferred the breaching loans into the RMBS trusts, warranted them as being fine and then sold them to investors***! These same Warrantors and loan originators also did no further testing of the remaining loans in the pools – tens of thousands of loans – even though it was highly probable from a statistical perspective that they would have the same defect rates as the sampled loans. Instead, they bought the unsampled loans sight unseen, falsely warranted that the loans were free of defects, and dumped them into the RMBS trusts they were selling to investors like plaintiff and the class. The following chart summarizes the FCIC's findings concerning some of the Covered Trusts' specific Warrantors and

loan originators and their deliberate inclusion of defective loans breaching their R&Ws into RMBS trusts:

Covered Trust Loan Warrantor and/or Loan Originator Identified by FCIC Report	Covered Trusts Involving Identified Warrantor or Loan Originator	Percentage of Loans in Test Samples that Breached R&Ws	Percentage of Loans that Breached R&Ws but Were "Waived" into the RMBS Trusts and Sold to Investors
DBSP	DBALT 2006-AR5	34.9%	50.1%
Fremont	FHLT 2006-C	15%-25%	10%-35%

82. Indeed, the FCIC Report and Clayton Trending Reports revealed that even HSBC was engaged in the same fraudulent practices. HSBC was informed that 27% of its loans had R&W breaches yet it still "waived" 62% of those defective loans into its RMBS securitizations.

83. The FCIC Report, via the Clayton Trending Reports, also made it clear that the inclusion of defective, breaching mortgage loans into RMBS trusts was not limited only to those warrantors and loan originators specifically identified in the FCIC Report. Rather the FCIC Report made clear that this fraudulent behavior was ubiquitous. Clayton's Trending Reports included information about "***All Others***" that originated loans for RMBS trusts, or in other words, those lenders and warrantors that had not been specifically identified in Clayton's reports. Such information showed that all the other unidentified loan originators and warrantors had also deliberately transferred defective mortgage loans into RMBS trusts. On information and belief, and based on the evidence in the FCIC Report (including the Clayton Trending Reports and D. Keith Johnson's testimony that these abuses were "systemic"), plaintiff alleges that all of the Covered Trust Warrantors and loan originators were intentionally transferring defective mortgage loans into RMBS trusts – including the Covered Trusts – which breached their R&Ws. Indeed, the FCIC Report

revealed that false R&Ws permeated virtually every RMBS trust created during the time period the Covered Trusts were formed. Thus, HSBC learned from the FCIC Report (and also later, from the April 2011 Senate Report) that the Warrantors had breached their R&Ws concerning the Mortgage Loans in the Covered Trusts, particularly after comparing the soaring default rates of the Mortgage Loans in the Covered Trusts in April 2011 to historical averages, and from the Covered Trusts' obscene losses by then. *See infra* ¶93 (chart).

84. Then, on April 13, 2011, the Senate Report[11] was publicly released. The Senate Report confirmed (again) for HSBC that the lending industry in general, and the Warrantors to the Covered Trusts in particular, had uniformly breached their R&Ws. The 635-page Senate Report was supported by thousands of pages of documentary evidence and the testimony of numerous witnesses subpoenaed by the Senate Subcommittee on Investigations. The Senate Report not only confirmed the FCIC Report's findings, but also provided amplified additional evidence that the Warrantors had breached their R&Ws. The Senate Report also provided an inside look at a lending industry run amok during the period the Mortgage Loans were originated, warranted and transferred to the Covered Trusts, exposing an industry that uniformly and intentionally churned out thousands of defective mortgage loans in breach of the R&Ws made about them, leading to the inescapable conclusion that the Mortgage Loans in the Covered Trusts suffered from extensive breaches of the Warrantors' R&Ws.

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[11] The Senate Report was issued by U.S. Senators Carl Levin and Tom Coburn for the United States Senate Permanent Subcommittee on Investigations concerning their inquiry into key causes of the financial crisis. The Senate Report examined four aspects of the financial crisis: (1) high-risk mortgage lending; (2) regulatory inaction; (3) inflated credit ratings that misled investors; and (4) the role played by investment banks in creating and selling structured finance products such as RMBS that foisted billions of dollars of losses on investors while the banks profited from betting against the mortgage market.

85. First, the Senate Report re-confirmed that from 2005 through 2007 "***[l]enders introduced new levels of risk into the U.S. financial system by selling . . . home loans with . . . poor underwriting***," and that "***a host of financial institutions . . . knowingly originated, sold, and securitized billions of dollars in high risk, poor quality home loans***." Senate Report at 12, 50.

86. In addition, due in part to a lack of proper regulatory oversight by the Government, the Senate Report also found that, shortly after the Mortgage Loans in the Covered Trusts were originated, warranted and transferred to the trusts, there existed

> ***a mortgage market saturated with risky loans, and financial institutions [and investors] that were supposed to hold predominantly safe investments . . . instead held portfolios rife with high risk, poor quality mortgages. When those loans began defaulting in record numbers and mortgage related securities plummeted in value, financial institutions around the globe suffered hundreds of billions of dollars in losses, triggering an economic disaster.***

Senate Report at 5.

87. These conclusions caused HSBC to know that the Covered Trusts were also "rife with high risk, poor quality mortgages" in breach of the Warrantors' R&Ws.

88. The Senate Report also identified many of the abusive lenders that made loans that breached their R&Ws. Not surprisingly, the Senate Report singled out Covered Trust Warrantors and/or loan originators IndyMac and Fremont (among others), reporting that:

> ***The fact is that each of these lenders issued billions of dollars in high risk, poor quality home loans. By allowing these lenders, for years, to sell and securitize billions of dollars in poor quality, high risk home loans, regulators permitted them to contaminate the secondary market and introduce systemic risk throughout the U.S. financial system.***

Senate Report at 239.

89. The Senate Report also confirmed that Covered Trust Warrantor Fremont was "***known for issuing poor quality subprime loans," but "[d]espite [its] reputation[] for poor quality loans,***

leading investment banks [such as the other Warrantors] continued to do business with [it] and helped [it] sell or securitize . . . billions of dollars in home mortgages." Senate Report at 21.

90. The Senate Report also revealed that traders at Warrantor DBSP's related "Deutsche Bank" companies knew that AHM, an originator of Mortgage Loans in the DBALT 2006-AR5 Covered Trust which DBSP had warranted, was "considered bad" because of its defective loans. Senate Report at 338 & n.1277. Thus, the Deutsche Bank traders were recommending to their select clients that RMBS backed by AHM loans be shorted. *Id.* This should have indicated to HSBC that any R&Ws made by DBSP regarding the AHM Mortgage Loans in the DBALT 2006-AR5 Covered Trust were false.

91. Indeed, the Senate Report indicated that DBSP's sister companies had extensive knowledge that numerous RMBS – including DBSP's very own – were full of loans that breached DBSP's and other Warrantors' R&Ws. The Senate Report set forth several examples of Deutsche Bank's institutional knowledge that numerous mortgage loans underlying RMBS were defective, as illustrated by the following comments made by Deutsche Bank's traders about various RMBS and CDOs backed by loans from numerous lenders:

- ***"this bond blows"***
- ***"half of these are crap"***
- ***"weak"***
- ***"bad"***
- ***"pig"***
- ***"I can probably short this name to some … fool"***
- ***"This kind of stuff rarely trades in the synthetic market and will be tough for us to cover i.e. short to a … fool. That said if u gave us an order at 260 we would take it and try to dupe someone."***
- ***"crap bond"***
- ***"crap we shorted"***
- ***"this bond sucks"***
- ***"generally horrible"***
- ***"u have picked some crap"***
- ***"this is an absolute pig"***
- ***"crap deal"***

- ***"deal is a pig!"***

Senate Report at 338-40. Deutsche Bank took advantage of this inside information, as it bet that numerous RMBS (and their underlying loans) would fail. According to the Senate Report, Deutsche Bank made a massive $5 billion "short" bet on RMBS, from which it derived the largest profit ever made on a single position in Deutsche Bank's history when the mortgage loans ultimately failed, as Deutsche Bank knew they would, and the RMBS collapsed. *Id.* at 10.

92. The Senate Report served to make it exceedingly clear that the Mortgage Loans in the Covered Trusts were subjected to the same misconduct as reported therein. Therefore, by no later than April 13, 2011, the date of the Senate Report's release, and based on the tsunami of previously reported information, including the FCIC Report and the volumes of evidence it disclosed, HSBC "discovered," as that term is used in the Governing Agreements, that there were pervasive breaches of the Warrantors' R&Ws concerning thousands of Mortgage Loans within the Covered Trusts.

93. Further supporting the conclusion that HSBC discovered by April 2011 that thousands of Mortgage Loans in the Covered Trusts breached the Warrantors' R&Ws is the fact that, by that time, the Mortgage Loans in the Covered Trusts had continued to default at rates never seen before, and the Covered Trusts' losses were skyrocketing to levels that could only have been caused by massive breaches of the Warrantors' R&Ws. Indeed, by April 2011, the Covered Trusts' Mortgage Loan default rates ranged from 42% to over 54%.[12] In addition, the Covered Trusts' losses had

[12] It should be noted that the foregoing Mortgage Loan default rates actually ***understate the aggregate default rates for all of the Mortgage Loans that were originally within the Covered Trusts***. To explain, the foregoing default rates are derived from the monthly Covered Trust reports which disclose the default rates ***for only those Mortgage Loans still remaining within the Covered Trusts***. In other words, these default rates ***do not include all those Mortgage Loans that were originally within the Covered Trusts that had been in default and were already liquidated and therefore removed from the Covered Trusts before the specific report was issued***. Thus, the actual aggregate default rates for all of the Mortgage Loans that were originally in the Covered Trusts is actually ***much, much higher***.

mushroomed from approximately $257 million in January 2009 (*see supra* ¶69), to ***over $891 million by April 2011***, due in large part to HSBC's failure to enforce the Warrantors' R&W obligations. These default rates and losses were known to HSBC because it either prepared the monthly reports containing this information or it had access to such information. The Covered Trusts' default rates and losses reported in April 2011 were as follows:

Covered Trusts' Mortgage Loan Default Rates and Cumulative Realized Losses Reported in April 2011		
Covered Trust	**Mortgage Loan Default Rates**	**Cumulative Realized Losses**
DBALT 2006-AR5	42.87%	$292,187,299.54
FHLT 2006-C	54.50%	$503,911,099.31
WFHET 2006-2	44.52%	$ 95,200,573.89
Covered Trusts' Total Realized Losses:		**$891,298,972.74**

94. Even after April 2011, there were hundreds of additional events that came to light that publicly and repeatedly re-informed HSBC that the Warrantors had systematically breached their R&Ws concerning the Mortgage Loans in the Covered Trusts, and further educated HSBC about new and additional breaches. These events are far too numerous to list in this Complaint, but they all corroborated the fact that the Warrantors had breached their R&Ws concerning thousands of Mortgage Loans in the Covered Trusts.

c. Specific Claims Made About the Mortgage Loans in the Specific Covered Trusts Caused HSBC to Discover Breaches of the Warrantors' R&Ws

95. Two lawsuits also specifically informed HSBC of breaches of the Warrantors' R&Ws as to Mortgage Loans in two of the Covered Trusts. First, on April 20, 2011, the Federal Home Loan Bank of Boston filed an action in Massachusetts State Court against Covered Trust Warrantor DBSP, among others, alleging that it had made numerous misrepresentations about the Mortgage Loans within the DBALT 2006-AR5 Covered Trust. *See* Complaint, *Fed. Home Loan Bank of Boston v. Ally Financial, Inc., et al.*, No. SUCV-11-1533 (Mass. Super. Ct., Suffolk Cnty. Apr. 20, 2011). The

complaint in that action alleged that DBSP and other defendants had represented that the Mortgage Loans in the DBALT 2006-AR5 Covered Trust were originated pursuant to specific underwriting guidelines, when in fact such guidelines were ignored. The complaint further alleged that DBSP and others had falsely reported the loan-to-value ratios of many of the Mortgage Loans in the DBALT 2006-AR5 Covered Trusts by using falsely inflated appraisals. The complaint also alleged that many of the Mortgage Loans in the DBALT 2006-AR5 Covered Trust were illegal predatory loans. This lawsuit put HSBC on direct notice and caused it to discover that DBSP had breached its R&Ws as to numerous Mortgage Loans in the DBALT 2006-AR5 Covered Trust.

96. Then, on September 2, 2011, a lawsuit was filed by purchasers of the RMBS in the FHLT 2006-C Covered Trust alleging that numerous misrepresentations had been made about the specific Mortgage Loans in that specific Covered Trust. *See* Complaint, *Fed. Hous. Fin. Agency v. Barclays Bank PLC, et al.*, No. 11-cv-6190 (S.D.N.Y. Sept. 2, 2011). The lawsuit alleged that false statements had been made about the Mortgage Loans in the FHLT 2006-C Covered Trust, including that misrepresentations had been made to the effect that the Mortgage Loans had been originated pursuant to specific underwriting guidelines. Moreover, it was alleged that falsified Mortgage Loan data had been disseminated. These allegations indicated that the R&Ws about the Mortgage Loans in the FHLT 2006-C Covered Trust were false, and thus Fremont, the Warrantor for this Covered Trust, had breached its R&Ws under the Governing Agreements.

97. The foregoing lawsuits, involving the ***specific*** Covered Trusts at issue herein, and the ***specific*** Mortgage Loans within them, caused HSBC to discover that the Warrantors had breached their R&Ws as to the Mortgage Loans in those two Covered Trusts.

d. HSBC Also Learned of the Warrantors' R&W Breaches from Borrowers' Bankruptcies

98. In addition to all of the foregoing information that HSBC was aware of, HSBC was also aware of additional ***specific information about the specific Mortgage Loans in the specific Covered Trusts*** from the bankruptcies of the Mortgage Loans' borrowers, which also indicated that the Warrantors had breached their R&Ws. This information indicated that fraud or misrepresentations had occurred in connection with the origination of the Mortgage Loans, that borrowers were given Mortgage Loans they could not afford, that lenders' underwriting guidelines were ignored, and that the Mortgage Loans were not legally originated, as either predatory lending or mortgage fraud had occurred. Plaintiff's counsel has obtained information concerning Mortgage Loans within the Covered Trusts from bankruptcy filings by the borrowers. HSBC was aware of this information since it made appearances in, monitored, and/or made claims or filed or defended actions in the bankruptcies by or against the Mortgage Loans' borrowers. This information from the bankruptcies, as set forth below, shows that the Warrantors breached their R&Ws.

(i) DBALT 2006-AR5 Covered Trust

99. Two borrowers obtained a Mortgage Loan for $1,000,000 in 2006. The Mortgage Loan was purchased by Warrantor DBSP and transferred to the DBALT 2006-AR5 Covered Trust. The borrowers had joint income of $3,002 per month in 2006 – the year they obtained the Mortgage Loan – according to the borrowers' sworn bankruptcy filings. ***However, the borrowers' monthly debt payments were at least $15,495, far in excess of the borrowers' monthly income.*** The borrowers' monthly debt payments were in addition to the borrowers' monthly expenses for things such as taxes, utilities, groceries, health care, transportation, and the like. Clearly, these borrowers could not afford to repay this Mortgage Loan, and the Mortgage Loan was not originated under any lender's underwriting guidelines for such a loan, contrary to Warrantor DBSP's R&Ws. The

foregoing also appears to show that the Mortgage Loan was made in violation of predatory or abusive lending laws since the borrowers clearly could not afford the Mortgage Loan. In addition, the apparent misrepresentation of the borrowers' income and/or debts that occurred to "qualify" the borrowers for the Mortgage Loan in the first place appears to also violate mortgage fraud laws, and contradicts DBSP's representations that the Mortgage Loan data it provided was true and correct. The fact that the foregoing breaches of DBSP's R&Ws occurred is corroborated by the additional fact that the borrowers declared bankruptcy shortly after obtaining the Mortgage Loan at issue, in 2007.

(ii) FHLT 2006-C Covered Trust

100. A borrower obtained a Mortgage Loan for $706,350 in 2006 from Warrantor and loan originator Fremont, which was contained within the FHLT 2006-C Covered Trust. ***The borrower had income of $0 per month in 2006 according to the borrower's sworn bankruptcy filings. However, the borrower's monthly debt payments were at least $6,533, far in excess of the borrower's monthly income.*** The borrower's monthly debt payments were in addition to the borrower's monthly expenses for things such as taxes, utilities, groceries, health care, transportation, and the like. Clearly, this borrower could not afford to repay this Mortgage Loan, and the Mortgage Loan was not originated under any lender's underwriting guidelines for such a loan, contrary to Warrantor Fremont's R&Ws. The foregoing also appears to show that the Mortgage Loan was made in violation of predatory lending laws, also contrary to Fremont's R&Ws, since the borrower clearly could not afford the Mortgage Loan. In addition, the apparent misrepresentation of the borrower's income and/or debts that occurred to "qualify" the borrower for the Mortgage Loan in the first place appears to also violate mortgage fraud laws, and contradicts Fremont's representations that the Mortgage Loan data it provided was true and correct. The fact that the foregoing breaches of Fremont's R&Ws occurred is corroborated by the additional fact that the borrower declared bankruptcy shortly after obtaining the Mortgage Loan at issue, in 2007.

(iii) WFHET 2006-2 Covered Trust

101. A borrower obtained a Mortgage Loan for $552;000 in 2006 from Warrantor and loan originator Wells Fargo, which was contained within the WFHET 2006-2 Covered Trust. ***The borrower had income $0 per month in 2006 according to the borrower's sworn bankruptcy filings. However, the borrower's monthly debt payments were at least $7,332, far in excess of the borrower's monthly income.*** The borrower's monthly debt payments were in addition to the borrower's monthly expenses for things such as taxes, utilities, groceries, health care, transportation, and the like. The foregoing shows that the Mortgage Loan was made in violation of predatory and/or abusive lending laws since the borrower clearly could not afford the Mortgage Loan, contrary to Warrantor Wells Fargo's R&Ws. In addition, the apparent misrepresentation of the borrower's income and/or debts that must have occurred to "qualify" the borrower for the Mortgage Loan appears to contradict Wells Fargo's representations that the Mortgage Loan data it provided was true and correct. The fact that the foregoing breaches of Wells Fargo's R&Ws occurred is corroborated by the additional fact that the borrower declared bankruptcy shortly after obtaining the Mortgage Loan at issue, in 2007.

102. As the foregoing demonstrates, Mortgage Loans in the Covered Trusts were extended to borrowers who, in light of their extremely heavy pre-existing debt loads and/or lack of income, clearly had no ability to repay the Mortgage Loans. The foregoing information also reveals that: (1) the Mortgage Loans were obtained by providing falsified information; (2) lenders ignored their stated underwriting guidelines; and (3) illegal mortgage fraud and/or predatory or abusive lending by either lenders or borrowers, or both, had occurred.

103. The foregoing examples are not isolated or extreme, or aberrations or outliers. In fact, there are a large number of Covered Trust Mortgage Loan borrowers that went bankrupt under similar

circumstances, and HSBC learned of widespread breaches of the Warrantors' R&Ws through such bankruptcies.

104. Despite HSBC's discovery and actual knowledge of systemic R&W breaches concerning Mortgage Loans in the Covered Trusts by the Warrantors, HSBC did not enforce the Warrantors' obligations to cure, substitute or repurchase thousands of defective Mortgage Loans as required by the Governing Agreements and the TIA. Moreover, HSBC's continuing failure to act, after learning of the breaches and of new breaches, has resulted in HSBC engaging in numerous additional breaches of its continuing duties under the Governing Agreements and the TIA to enforce the R&W claims after April 2011, and has caused the loss of hundreds of millions of dollars in meritorious R&W claims that are now barred by the statute of limitations. By these failures, HSBC breached the Governing Agreements and violated the TIA, thereby causing plaintiff, the class and the Covered Trusts to suffer massive damages.

2. HSBC Had Actual Knowledge of Events of Default No Later than April 13, 2011, Thus Triggering Its Duties to Act Under the Governing Agreements and the TIA

105. As previously alleged, HSBC was also required by the Governing Agreements and the TIA to act as a quasi-fiduciary whenever it became aware of Events of Default by the Covered Trusts' Master Servicers or Servicers. That is, whenever the Master Servicers/Servicers failed to ensure that the Mortgage Loans in the Covered Trusts were being serviced in accordance with the law and as "prudent" servicers, an Event of Default occurred. In addition, an Event of Default occurred whenever HSBC learned that the Master Servicers/Servicers knew of Warrantor R&W breaches but did not report them to HSBC. When HSBC learned of these Events of Default, it was required to notify the offending Master Servicer or Servicer and require a cure of the default, and also notify plaintiff and the class of the Event of Default, and take other actions if necessary. ***Most importantly, HSBC was required to exercise all of its powers under the Governing Agreements as a "prudent***

person" would, and seek to protect plaintiff's and the class's interests as if they were HSBC's very own interests whenever there was an uncured Event of Default. HSBC's powers included terminating and replacing the offending Master Servicer or Servicer or taking over its responsibilities. However, as alleged more fully below, even though HSBC obtained actual knowledge of rampant Master Servicer/Servicer Events of Default with respect to the Mortgage Loans in the Covered Trusts by no later than April 13, 2011, HSBC breached the Governing Agreements and violated the TIA by failing to take any of the actions required of it or allowed by the Governing Agreements and the TIA. Moreover, even though numerous new Events of Default have occurred after April 13, 2011, HSBC has continued to fail to act, and thus has committed numerous additional breaches of its duties under the Governing Agreements and the TIA.

106. The Master Servicers and Servicers to the Covered Trusts as designated in the Governing Agreements, and their successors, if any, are set forth in the chart below. To plaintiff's knowledge, none of these Master Servicers or Servicers have been terminated or replaced by HSBC due to any of the Events of Default alleged herein, nor has HSBC notified plaintiff and the class of such Events of Default:

Covered Trusts' Master Servicers and Servicers

Covered Trust	Master Servicer	Original Servicer(s) and Successor Servicer(s)
DBALT 2006-AR5	▪ **Wells Fargo**	▪ **American Home Mortgage Servicing, Inc. ("AHM Servicing")** (AHM Servicing was acquired by **Ocwen Financial Corporation ("Ocwen")**[13] in 2012) ▪ **Countrywide Home Loan Servicing LP** (changed its name to BAC Home Loan Servicing LP after being acquired by Bank of America in 2008) **(hereinafter "CHLS/BACHLS")** ▪ **GMAC Mortgage, LLC ("GMAC")** ▪ **GreenPoint** ▪ **IndyMac** (IndyMac was acquired by **OneWest Bank ("OneWest")** in 2009; **Ocwen** acquired the loan servicing rights in 2013) ▪ **National City Mortgage Co. ("National City")** (National City was acquired by **PNC Financial Services ("PNC")** in 2008) ▪ **PHH Mortgage Corporation ("PHH")** ▪ **Select Portfolio Servicing Inc. ("SPS")** ▪ **Wells Fargo**
FHLT 2006-C	▪ **Wells Fargo**	▪ **Fremont** (the loan servicing rights were acquired by **Litton Loan Servicing ("Litton")** in 2008; **Litton** was acquired by **Ocwen** in 2011)
WFHET 2006-2	▪ **None**	▪ **Wells Fargo**

107. Due to the large number of defective Mortgage Loans in breach of the Warrantors' R&Ws that remained in the Covered Trusts because of HSBC's failures to act as alleged above, a flood of defaults started occurring in late 2007 and early 2008, which in turn led to a flood of subsequent foreclosure proceedings. Under the Governing Agreements, the Master Servicers/Servicers were responsible for properly instituting and prosecuting foreclosures on behalf of HSBC, and were required to conduct such foreclosures ***legally and "prudent[ly]***."[14] Another RMBS

[13] "Ocwen" is meant to refer to Ocwen Financial Corporation and all of its affiliates, subsidiaries and predecessor companies, including Ocwen Federal Bank FSB and Ocwen Loan Servicing LLC.

[14] *See* DBALT 2006-AR5 PSA §3.1 ("the Master Servicer shall act in a manner consistent with Accepted Master Servicing Practices"); *id.* §1.1 ("Accepted Master Servicing Practices" defined as "those customary mortgage servicing practices of ***prudent*** mortgage servicing institutions"); *id.* §2.5(iii)(B) (Master Servicer will not violate laws); *id.* §3.5 ("The Master Servicer shall … have full

trustee has characterized an RMBS trustee's and the master servicers'/servicers' duties with respect to servicing and foreclosing on loans as follows: "***our legal duty [is] to protect the interests of***" RMBS investors.

a. Shortly After the Covered Trusts Were Formed, HSBC Became Aware of Widespread Loan Servicing Abuses that May Have Affected the Covered Trusts, and by the End of October 2010, HSBC Learned that the Master Servicers and Servicers Were Committing Events of Default as to the Mortgage Loans in the Covered Trusts

108. Beginning as early as the summer of 2008 and continuing thereafter, HSBC became aware of several loan servicing issues involving several of the Covered Trust Master Servicers/Servicers. For example, as early as March 2008, news reports surfaced concerning SPS, a Servicer for the DBALT 2006-AR5 Covered Trust. The reports revealed that SPS had been sued by an RMBS investor alleging that ***SPS had engaged in predatory loan servicing practices, charging improper fees to borrowers, and making servicing advances that improperly diverted money from RMBS investors to SPS***.

109. In addition, in June 2010, the United States Trustee Program ("USTP"), a component of the U.S. Department of Justice, announced that it had conducted an investigation (with the FTC) of CHLS/BACHLS, also a Servicer for the DBALT 2006-AR5 Covered Trust. The USTP revealed that it had started its investigation of CHLS/BACHLS "***after receiving complaints of chronic . . . irregularities by mortgage servicing companies." CHLS/BACHLS was charged with "improper business practices" and "improper accounting and billing practices," including the filing of false and improper claims in bankruptcy proceedings against borrowers, inflating mortgage claims,***

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power and authority . . . to effectuate foreclosure . . . of the Mortgaged Property securing any Loan . . . ."); *id.* ("The Trustee shall furnish the Master Servicer . . . with any powers of attorney . . . empowering the Master Servicer or the related Servicer . . . to foreclose upon or otherwise liquidate Mortgaged Property . . . .").

failing to credit borrowers for payments made, and failing to notify borrowers of extra and/or improper charges added to their bills.[15] CHLS/BACHLS entered into a consent order promising to reform its loan servicing practices, compensate wronged borrowers, and establish internal controls to ensure that CHLS/BACHLS's bills and claims in bankruptcy were accurate and provided accurate and useful information to borrowers. ***CHLS/BACHLS paid $108 million to settle these charges.***

110. On July 1, 2010, it was reported that a regulatory agency of the State of Maryland required Covered Trust Servicer Litton (Litton was a Servicer for the FHLT 2006-C Covered Trust) to refund approximately $71,000 to borrowers for "***violations of Maryland law, primarily related to restrictions on the imposition of prepayment penalties.***"

111. Also in July 2010, excerpts of the deposition transcript of Jeffrey Stephan, an employee of GMAC, were made publicly available. GMAC was a Servicer for the DBALT 2006-AR5 Covered Trust. ***The deposition excerpts established that GMAC had a pattern and practice of signing and filing hundreds of false foreclosure affidavits without confirming the truth of the facts within them, without checking them to ensure the correct exhibits were even attached to the affidavits, and without personal knowledge of the facts asserted in the affidavits*** (this practice became known as "robo-signing"). Below are excerpts from Stephan's deposition:

> ***Q: In your capacity as the team leader for the document execution team, do you have any role in the foreclosure process, other than the signing of documents?***
>
> ***[Stephan:] No.***

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[15] The USTP also noted that, in 2009, U.S. bankruptcy trustees ***had taken "more than 9,000 formal and informal consumer protection actions, including a large number of actions against mortgage servicing companies.***" This demonstrated the enormity and reach of the improper loan servicing practices engaged in by some in the loan servicing industry and the fact that such misconduct was being committed by many of the Covered Trusts' Master Servicers and Servicers. ***The USTP also stated in its 2010 Annual Report that there were "pervasive and longstanding problems regarding mortgage loan servicing,"*** again revealing that these improper loan servicing practices were widespread.

* * *

Q: When you sign a summary judgment affidavit, do you check to see if all of the exhibits are attached to it?

[Stephan:] No.

Q: Does anybody in your department check to see if all the exhibits are attached to it at the time that it is presented to you for your signature?

[Stephan:] No.

Q: When you sign a summary judgment affidavit, do you inspect any exhibits attached to it?

[Stephan:] No.

* * *

Q: Is it fair to say when you sign a summary judgment affidavit, you don't know what information it contains, other than the figures that are set forth within it?

[Stephan:] Other than the borrower's name, and if I have signing authority for that entity, that is correct.

* * *

Q: Mr. Stephan, do you recall testifying in your Florida deposition in December with regard to your employees, and you said, quote, they do not go into the system and verify that the information is accurate?

[Stephan:] That is correct.

112. On August 30, 2010, the Attorney General of Texas charged AHM Servicing – another Servicer for the DBALT 2006-AR5 Covered Trust – "***with using illegal debt collection tactics and improperly misleading struggling homeowners***." The Attorney General's news released stated:

> ***According to state investigators, AHMS [i.e., AHM Servicing] collections agents used aggressive and unlawful tactics to collect payments from Texas homeowners who had difficulty meeting their payment obligations. The defendant also failed to credit homeowners who properly submitted their payments on time.***
>
> ***In other cases, AHMS agents falsely claimed that homeowners did not make payments so the agents could justify profitable late fees or escrow accounts. The defendant also failed to properly credit homeowners after AHMS agents withdrew funds from the homeowners' checking accounts. Because of the***

defendant's unlawful conduct, homeowners defaulted on their loans, leading to foreclosure proceedings.

Additionally, the defendant claimed to have a Home Retention Team to assist distressed homeowners. Many customers found that AHMS could not qualify homeowners and that they were of no help to halt the foreclosure process. ***Some homeowners who actually obtained loan modifications found that their monthly payments increased rather than decreased, which worsened their problem with foreclosure.***

Today's enforcement action charges AHMS with multiple violations of the Texas Debt Collection Act and the Texas Deceptive Trade Practices Act (DTPA). The State is also seeking civil penalties of up to $20,000 per violation of the DTPA.

113. The foregoing events put HSBC on notice that some Covered Trust Servicers were engaged in practices that amounted to Events of Default.

114. In addition, starting in 2008 and 2009, all RMBS trustees, including HSBC, were beginning to experience serious foreclosure issues. HSBC and the other RMBS trustees were having difficulties foreclosing on defaulted mortgage loans because of widespread loan servicing errors and misconduct. Courts were denying, delaying, halting, dismissing and even invalidating many foreclosures because of egregiously shoddy foreclosure practices or fraudulent misconduct by loan servicers. Because of these improper practices, RMBS trustees were having difficulties establishing that they owned or possessed the notes and mortgages at the time they filed suit or foreclosed, as required by law. In addition, RMBS trustees were facing long delays in foreclosing caused by faulty, or in many cases false or fraudulent, mortgage documentation created and filed by the master servicers and servicers, as well as their assertions of erroneous or deliberately false facts. Over time, and by the end of October 2010, it became apparent that loan servicers, including the Covered Trusts' Master Servicers and Servicers, were systematically filing fraudulent affidavits that were not legally notarized in many cases, and were also creating bogus mortgage and note assignments, as well as filing foreclosure complaints and other court documents that contained blatantly false allegations and

assertions. Such loan servicing practices were clearly not proper, legal or "prudent," as required by the Governing Agreements.

115. Indeed, HSBC has experienced hundreds, if not thousands, of denials, dismissals, delays and invalidations of its foreclosure proceedings filed by its servicers, and numerous motions for relief from bankruptcy stays being denied or delayed, because of misconduct by its loan servicers. By the end of October 2010, it was apparent that HSBC's loan servicers, including the Covered Trusts' Master Servicers and Servicers, were not foreclosing legally or "prudent[ly]" as required by the Governing Agreements. Instead, they were engaging in slipshod behavior, committing grossly negligent or intentional errors, filing defective documents, making inconsistent or deliberately fraudulent representations in pleadings and affidavits, and engaging in illegal, improper and deceptive behavior, including ignoring and violating court orders and violating state foreclosure laws, all of which were Events of Default.[16]

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[16] *See, e.g.*, *Davenport v. HSBC Bank USA*, 739 N.W.2d 383, 385 (Mich. Ct. App. 2007) ("***In this case, defendant [HSBC] did not own the mortgage or an interest in the mortgage on October 27, 2005. Nonetheless, defendant proceeded to commence foreclosure proceedings at that time. Quite simply, defendant did not yet own the indebtedness that it sought to foreclose***. The circuit court erred by determining that defendant's noncompliance with the statutory requirements did not nullify the foreclosure proceedings. ***Because defendant lacked the statutory authority to foreclose, the foreclosure proceedings were void ab initio. We vacate the foreclosure proceedings and remand for proceedings consistent with this opinion***."); *HSBC Bank USA v. Betts*, No. 21336/2007, 2008 N.Y. Misc. LEXIS 8051, at *8, *11-*13 (N.Y. Sup. Ct. Apr. 23, 2008) (HSBC's order of reference denied; court held HSBC's motion was defective because of ***suspicious and insufficient affidavits, assignments and issues related to Covered Trust Servicer Ocwen's employee Scott Anderson (who was later found to be a robo-signer in subsequent cases***); ***court held it was "concern[ed] about possible fraud by HSBC, or at least malfeasance***"), *aff'd in part and modified in part*, 888 N.Y.S.2d 203 (2d Dep't 2009); *HSBC Bank USA v. Valentin*, 873 N.Y.S. 512, 2008 N.Y. Misc. LEXIS 6385, at *4-*5 (Sup. Ct. 2008) (***court dismissed HSBC's foreclosure action because it failed to comply with court orders and submitted an affidavit from Covered Trust Servicer Ocwen employee Scott Anderson in which the court found Anderson "lied***" and had conflicts of interest by acting as both the assignor and assignee of the mortgage loan at issue); *HSBC Bank USA v. Miller*, 889 N.Y.S.2d 430, 431-32 (Sup. Ct. 2009) (court denied HSBC's motion for reargument, holding that "***[HSBC's] counsel is apparently abandoning the arguments which she made in opposition to the defendant's prior motion to dismiss, in which she first cited nonexistent language in the assignment, claiming***

that the assignment explicitly assigned the mortgage 'together with the bond or obligation described in said mortgage, and the moneys due to grow thereon with interest,'" and also asserted "that '[a]s a matter of course, the note also follows the mortgage,' and that 'title to the Note passed upon physical delivery from MERS to the Plaintiff,'" even though the "assertion that the note follows the mortgage is unsupported by any law, and the assertion that the original note was transferred by physical delivery to the plaintiff is . . . unsupported by any evidentiary factual support from a person with personal knowledge of the facts"); *HSBC Bank USA, N.A. v. Perez*, No. EQ4870, slip op. at 8-9 (Iowa Dist. Ct., Wash. Cnty. Dec. 17, 2009) (***HSBC's motion for summary judgment was denied because evidence provided by Covered Trust Servicer Litton showed that "this mortgage was inappropriately transferred to the Plaintiff [HSBC]"; the court also noted that HSBC (through Litton) requested an extension of time to supplement [its] summary judgment motion, which the court granted, "but the Plaintiff [HSBC] failed to do so. Nor did the Plaintiff request or apply for any further extension of time . . . .***"); Transcript at 5:24, 8:6-11, 9:18, 18:1-3, *HSBC Bank USA, N.A. v. Eslava*, No. 1-2008-CA-055313 (Fla. Cir. Ct., Miami-Dade Cnty. May 6, 2010) (***In a hearing on an order to show cause, the court sanctioned HSBC, holding that "[t]he basis for this sanction is the contemptuous noncompliance with the Court's order to post the bond." The court noted that HSBC (or its servicer) "lost the note" and "that notwithstanding whatever kind of sloppy operation the plaintiff [HSBC and its servicer] is running, . . . court orders [should be] complied with." The court's sanctions consisted of a dismissal of HSBC's case with prejudice, cancelling the borrower's note, finding it null and void and relieving the borrower of the debt. The court also granted the borrower's request for fees and costs***.) (hearing transcript is attached hereto as Ex. C); *HSBC Bank USA, N.A. v. Yeasmin*, 911 N.Y.S.2d 693, 2010 N.Y. Misc. LEXIS 1143, at *1-*4, *14-*16 (Sup. Ct. 2010) (***The court denied HSBC's renewed motion for order of reference, dismissed HSBC's case with prejudice, and cancelled notice of pendency on the subject property. The court held that HSBC and Covered Trust Master Servicer/Servicer Wells Fargo failed to comply with a court order, filed the renewed motion 204 days late, filed a defective affidavit from Wells Fargo, filed a defective assignment of the mortgage and note, and failed to properly address a blatant conflict of interest. The court further held that HSBC's/Wells Fargo's attorney's representations to the court "are so incredible, outrageous, ludicrous and disingenuous that they should have been authored by the late Rod Serling, creator of the famous science-fiction television series, The Twilight Zone. [HSBC's and Wells Fargo's] counsel . . . appears to be operating in a parallel mortgage universe, unrelated to the real universe***."); *HSBC Bank USA, N.A. v. Foreman*, No. 2008 CA 2076 S, slip op. at 5-6 (Fla. Cir. Ct., Okaloosa Cnty. July 28, 2010) (***court dismissed HSBC's action, finding that HSBC (or its servicer) failed to pay proper amount of Documentary Stamp Tax before instituting the action and, in addition, after receiving leave of court to file an amended complaint to omit a promissory note that was supposedly mistakenly attached to HSBC's original complaint, HSBC then failed to omit the purportedly mistaken note when it filed the amended complaint; court held that borrower is entitled to fees and costs***); Order Adjudicating Plaintiff's Attorneys in Contempt of Court, *HSBC Bank USA, N.A. v. De Freitas*, No. 2007-CA-007993 (Fla. Cir. Ct., Manatee Cnty. Sept. 2, 2010) (***court held HSBC's attorneys in contempt and sanctioned law firm $49,000 for intentional and flagrant violations of Florida creed of professionalism, Oath to Florida Bar, and court calendar and administrative rules***) (copy of July 30, 2010 hearing transcript attached hereto as Ex. D); *HSBC Bank USA, N.A. v. Thompson*, No. 23761, 2010 Ohio App. LEXIS 3525, at *12-*13, *19-*21, *30-*33 (Ohio Ct. App. Sept. 3, 2010) (***court of appeals affirmed trial court order granting summary judgment against***

HSBC and dismissing HSBC's complaint, holding that trial court properly struck affidavit of employee of Covered Trust Servicer Ocwen because it contained "inconsistencies," such as the affiant testifying in the affidavit that he signed the affidavit in Florida while the jurat to the affidavit certified that it was executed before a notary public in New Jersey; court further held that HSBC/Ocwen also filed two other defective affidavits that incorrectly identified the borrower, failed to establish that purported "allonges" were properly affixed to note or that note and mortgage were properly assigned to HSBC; court further held that "[c]onsistent with [its] observation, recent decisions in the State of New York have noted numerous irregularities in HSBC's mortgage documentation and corporate relationships with Ocwen" (citing numerous cases); ***court noted that Ocwen "Vice-President" Scott Anderson executed assignment on behalf of both the assignor and assignee (Anderson is identified as a "known robo-signer" in Taher action below***)); *Ruscalleda v. HSBC Bank USA*, 43 So. 3d 947, 948 (Fla. Dist. Ct. App. 2010) (***summary judgment in favor of HSBC reversed; appellate court found that both HSBC and Covered Trust Servicer AHM Servicing "were simultaneously attempting to foreclose the same mortgage," and "[t]he complaint filed by HSBC falsely alleged that it was the current owner and holder of the mortgage and note, when, in reality, [AHM Servicing] was still the holder of the note and mortgage***"); *Sandoro v. HSBC Bank*, 55 So. 3d 730, 731-32 (Fla. Dist. Ct. App. 2011) (***appeals court reversed summary judgment in HSBC's favor, holding that there were genuine issues of material fact concerning whether the mortgage was properly assigned to HSBC and whether "notice of acceleration" was properly provided to borrower by servicer; court noted that evidence regarding assignment supplied by HSBC/servicer sloppily stated that assignment was made on "'September November 11, 2006 [sic]'***"); *HSBC Bank USA, N.A. v. Palladino*, 1 N.E.3d 666, 2011 Ill. App. Unpub. LEXIS 931, at *11-*12 (Ill. App. Ct. 2011) (***Summary judgment in HSBC's favor was reversed*** and remanded; the court held: "In the present case, there are genuine issues of material fact with respect to whether there was an assignment of the mortgage and note from Fremont to HSBC Bank. ***Although HSBC Bank represents that it produced the assignment, the document on which it relies, by its very terms, was, at worst, not an assignment and, at best, inherently inconsistent as to whether it was an assignment. . . . In addition to the purported assignment's inconsistent terms, the document upon which HSBC Bank relies is vague with respect to the date of the purported assignment. The document has a stamp which appears to reflect that it was recorded on December 17, 2008, but states that the assignment was made "prior to" November 13, 2008. The document itself is undated, as is the notary's certificate. The date of the assignment is material because standing to sue must exist at the time the action is commenced.***"); Order for Sanctions, *HSBC Bank, N.A. v. Patton*, No. 2010-CA-010995 (Fla. Cir. Ct., Brevard Cnty. May 11, 2011) (***court sanctioned HSBC for willfully violating court order to provide discovery and dismissed HSBC's case***); *Morgan v. HSBC Bank USA, N.A.*, No. 2009-CA-000597-MR, 2011 Ky. App. Unpub. LEXIS 560, at *6-*8 (Ky. Ct. App. July 29, 2011) (***court reversed summary judgment in HSBC's favor, holding that it was "troubling" that HSBC provided two different versions of the note during the litigation; the first note did not indicate that it was transferred to HSBC; however, later, at summary judgment, HSBC magically produced another version of the note with an undated allonge transferring the note to HSBC signed by Covered Trust Servicer Litton***); *HSBC Bank USA, N.A. v. Taher*, 941 N.Y.S.2d 538, 2011 N.Y. Misc. LEXIS 6147, at *1-*2, *8-*9, *22-*24, *38 (Sup. Ct. Dec. 22, 2011) (***court cited numerous instances of misconduct by HSBC and Covered Trust Servicer Ocwen and imposed sanctions of $10,000 on HSBC for "'frivolous conduct'" in violation of 22 NYCRR §130-1.1(c), "because HSBC's use of robosigners in the***

instant action 'is completely without merit in law,'" and because HSBC "'asserts material factual statements that are false'"; court also sanctioned HSBC's counsel $5,000; court held that Ocwen employed numerous "robosigners" which executed false and/or defective documents in the case, including "known robosigner" Scott Anderson, who was identified in the Thompson and Valentin cases supra; court further held that "HSBC has a history of foreclosure actions before me with affidavits . . . that 'contain serious irregularities that make them inherently untrustworthy'"; court also noted that HSBC advanced a "Pontius Pilate and Sergeant Schultz" defense by claiming that Servicer Ocwen was responsible for the misconduct and did not inform HSBC about this action "'until last week,'" even though it filed action over two years beforehand; court held that HSBC's defense of the misconduct consists of "wash[ing] its hands of any responsibility and plac[ing] any blame upon OCWEN" while claiming ""I know nothing! Nothing!"; court further noted that HSBC's CEO failed to appear at hearing despite being ordered to do so, "demonstrating her personal contempt for the Supreme Court of New York"), *rev'd*, 104 A.D.3d 815, 962 N.Y.S.2d 301 (2d Dep't 2013) (reversed on the law but not on the facts); *HSBC Bank USA, N.A. v. Sene*, 950 N.Y.S.2d 608, 2012 N.Y. Misc. LEXIS 834, at *4-*6 (Sup. Ct. Feb. 28, 2012) (***Two different, conflicting versions of an assignment of a note to HSBC were filed with the court by Covered Trust Servicer Ocwen; the court held: "This Court emphatically now joins the judicial chorus who have been wary of the paperwork supplied by plaintiffs and their representatives. . . . It is clear in this case, without further hearings, that a fraud has been committed upon this Court. . . . This Court is . . . reporting the matter to the District Attorney, . . . the Attorney General of the State of New York and the U.S. Attorney*** . . . ."); *HSBC Bank USA v. Beirne*, No. 10CA0113-M, 2012 Ohio App. LEXIS 1200, at *13 (Ohio Ct. App. Mar. 30, 2012) (***Summary judgment for HSBC was reversed***; the court held: "In the affidavit that was attached to the supplement to the motion for summary judgment, ***Mr. Spradling averred that HSBC had been assigned the loan on June 5, 2009, and that '[a] true and accurate copy of the Assignment was attached to the Complaint filed by HSBC.' However, a review of the complaint and the exhibits attached thereto reveals that there was no evidence that the note had been assigned to HSBC. Moreover, an assignment dated June 5, 2009, could not have been attached to the complaint which was filed on May 11, 2009***."); *Richards v. HSBC Bank USA*, 91 So. 3d 233, 235 (Fla. Dist. Ct. App. 2012) (***The court reversed summary judgment for HSBC*** on appeal, holding: "While the assignment reflected that the mortgage had been assigned from Century 21 to HSBC, the allonge to the note reflected that Bishops Gate Residential Mortgage Trust was to be the note's payee. . . . ***Thus the allonge was inconsistent with the assignment and contradicted the allegation in the complaint that HSBC was the holder of the note. . . . Furthermore, the affidavits filed by HSBC did not explain the relationship between HSBC and Bishops Gate Residential Mortgage Trust, nor otherwise aver facts conclusively showing that HSBC was the holder of the note***."); *Gascue v. HSBC Bank*, 97 So. 3d 263, 264 (Fla. Dist. Ct. App. 2012) (reversing and remanding order denying motion to vacate judgment in HSBC's favor, holding that "***[t]here is no evidence on the record indicating that [HSBC] was the holder of the mortgage at the time the complaint was filed" as required by law***); *Serrano v. HSBC Bank USA*, 107 So. 3d 527 (Fla. Dist. Ct. App. Feb. 20, 2013) (***summary judgment in HSBC's favor reversed because genuine issue of fact existed concerning whether servicer provided required pre-suit notice of acceleration***); Complaint, *Lopez v. HSBC Bank USA, N.A.*, No. 1:13-cv-21104-KMW (S.D. Fla. Mar. 28, 2013) (class action complaint filed by borrowers against HSBC, its sister company and insurers alleging ***HSBC received illegal "kickbacks" from insurers by requiring borrowers to purchase grossly overpriced "force-placed" insurance; in August 2014, a settlement***

116. The foregoing cases, and others, also illustrate that not only was HSBC acutely aware of its loan Servicers' Events of Default, ***HSBC was also either acquiescing in or actively participating in such misconduct***, as HSBC itself was sometimes accused of, or found to have engaged in, fraud, sanctionable misconduct or contempt in connection with its foreclosures.[17]

117. HSBC was also aware that, in October and November 2010, a New York state court had issued scores of orders delaying foreclosures by HSBC and many other RMBS trustees and loan servicers because of these very same loan servicing issues. *See* Exhibit E hereto (numerous orders from Justice Tanenbaum of the Supreme Court of New York).[18]

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was announced wherein plaintiff announced it had obtained over $126 million in benefits for borrowers from HSBC and the other defendants); *HSBC Bank USA v. Hamilton*, 116 A.D. 3d 663, 983 N.Y.S.2d 585 (2d Dep't 2014) (***appellate division reversed order granting HSBC the right to foreclose*** because ***HSBC did not properly serve borrower with foreclosure action***); *HSBC Bank USA, N.A. v Gilbert*, 991 N.Y.S.2d 358 (App. Div., 2d Dep't 2014) (***summary judgment in favor of HSBC reversed because HSBC failed to establish it held the note at commencement of action***).

[17] *See supra* n. 16; *see also Canning v. Beneficial Maine, Inc.*, Adv. Pro. No. 09-02080, slip op. at 11 (Bankr. D. Me. Feb. 17, 2011) (***court held that HSBC's sister companies HSBC Mortgage Services, Inc. and HSBC Mortgage Corp. violated a bankruptcy discharge injunction by demanding payment from borrowers on a mortgage loan that was discharged in bankruptcy; court set hearing to address nature and extent of sanctions to be issued against HSBC companies***); *HSBC Mortg. Servs. v. Murphy*, 19 A.3d 815, 817, 821-22 (Me. 2011) (***HSBC's sister company had summary judgment in its favor reversed due to affidavits that contained numerous defects, such as "a notary's jurat dated . . . four days before [the affiant] signed the affidavit," and an affidavit falsely testifying to "information, vital to the entry of a judgment, that was not available until more than four months after the affidavit was sworn to by" the affiant; court "determine[d] that the affidavits submitted by HSBC are inherently untrustworthy***"); *Duke v. HSBC Mortg. Servs., LLC*, 79 So. 3d 778, 781 (Fla. Dist. Ct. App. 2012) (***court reversed summary judgment in favor of HSBC's sister company and denied motion for rehearing, holding that while HSBC's sister company claimed that the original note showed it was assigned to it, "neither the trial court file nor the appellate record contained the actual note," and thus there was no evidence supporting the claim***); Complaint, *Harry v. HSBC Mortg. Servs., Inc.*, No. 12-cv-00990-SRN-JJK (D. Minn. Apr. 20, 2012) (***class action complaint filed against HSBC's sister company alleging that it violated federal law by illegally foreclosing on hundreds of military servicemen and women; case settled for confidential amount in 2013***).

[18] Similarly, the *Mortgage Daily* reported in 2011 that New York Supreme Court Justice F. Dana Winslow "***dismissed or froze 20 percent of his [foreclosure] cases [in 2010] due to evidence disputes***."

118. By October 2010, a flood of news stories and other events began publicly revealing these illegal, improper and abusive practices (and others) by the Covered Trust Master Servicers/Servicers. *See* Appendix 3 hereto for a sample of some of the stories and events involving the Master Servicers/Servicers to the Covered Trusts that were reported during October 2010. By October 2010, the public became aware of what was called the "robo-signing" scandal, which involved the mass signing and filing of false affidavits and other false documents in foreclosure proceedings by either fictitious persons or persons without personal knowledge of the facts asserted in the affidavits, which were also improperly and illegally notarized. Robo-signing also included the filing of fraudulently altered note and mortgage assignments. These public revelations showed that many of the Covered Trust Master Servicers and Servicers were engaged in the robo-signing scandal. They also revealed that the Master Servicers/Servicers had been sued, or were being investigated, by multiple federal and state governmental agencies for loan servicing misconduct. Moreover, several Master Servicers/Servicers revealed that they were forced to halt or delay foreclosures, obviously because of their robo-signing misconduct, which drastically increased the time to foreclose and the expense to the Covered Trusts. *See generally* Appendix 3.

119. The upshot of these public revelations – when they were coupled with HSBC's firsthand experience with its master servicers and servicers, including the Covered Trusts' Master Servicers/Servicers, and the dismal performance of the Mortgage Loans in the Covered Trusts – was that HSBC had actual knowledge by the end of October 2010 that the Master Servicers and Servicers were engaged in pervasive Events of Default concerning the Mortgage Loans in the Covered Trusts. Indeed, by October 2010, the effects of the Master Servicers'/Servicers' Events of Default were graphically reflected in the Covered Trusts' continuing, extremely high Mortgage Loan default rates and mushrooming losses. In October 2010, the Mortgage Loan default rates were at unprecedented

levels (45+% to 59+%), while the Covered Trusts' cumulative realized losses by October 2010 ***increased to more than $797 million***, as set forth below. HSBC was aware of this information because it either prepared monthly reports containing this information or had access to such information:

Covered Trusts' Mortgage Loan Default Rates and Cumulative Realized Losses Reported in October 2010		
Covered Trust	**Default Rates**	**Cumulative Realized Losses**
DBALT 2006-AR6	45.76%	$252,028,533.06
FHLT 2006-C	59.44%	$461,376,911.42
WFHET 2006-2	47.41%	$ 84,225,694.32
Covered Trusts' Total Realized Losses:		**$797,631,138.80**

120. Nonetheless, even after October 2010, additional public events occurred that repeatedly confirmed for HSBC that the Master Servicers and Servicers were continuing to commit the same, as well as new and additional, Events of Default as to the Mortgage Loans in the Covered Trusts. *See* Appendix 4 hereto for a summary of such events. Several of these events specifically identified HSBC as a participant in conduct amounting to Events of Default. *See id.* at 1 (second and third bullet points) (New Jersey identifies HSBC as involved in robo-signing.).

121. Indeed, on February 28, 2011, a company affiliated with HSBC filed a Securities and Exchange Commission Form 10-K wherein it stated that HSBC had "***suspended foreclosures until such time as we have substantially addressed the noted deficiencies in our processes," essentially admitting that HSBC was having major issues with its loan servicers***. By April 13, 2011, however, there was absolutely no doubt that HSBC had actual knowledge of Master Servicer/Servicer Events of Default as to the Mortgage Loans in the Covered Trusts.

b. By April 13, 2011, HSBC Had Actual Knowledge that the Covered Trusts' Master Servicers and Servicers Had Committed Events of Default with Respect to the Mortgage Loans in the Covered Trusts

122. On April 13, 2011, major events never seen before transpired in the loan servicing industry, conclusively establishing that the Master Servicers and Servicers to the Covered Trusts were systematically engaging in the commission of Events of Default under the Governing Agreements, and that such misconduct extended to the Mortgage Loans in the Covered Trusts. On April 13, 2011, the U.S. Government released a report on an investigation it had conducted on loan servicers entitled the "Interagency Review of Foreclosure Policies and Practices" (hereinafter the "Government Foreclosure Report"). On the same day, it also took sweeping legal actions against 14 loan servicers, which comprised nearly 70% of the loan servicing industry and nearly 36.7 million mortgage loans. ***The Government's investigation found "foreclosure-processing weaknesses that [had] occurred industrywide***." Government Foreclosure Report at 1. The Government stated that it was taking action against the 14 loan servicers because it had identified "***unsafe and unsound [foreclosure] practices and violations of applicable . . . law" by them***. *Id.* at 3. Among the 14 offending loan servicers were ***nearly all of the Master Servicers and Servicers to the Covered Trusts*** (and/or their parent companies). Each had entered into "consent cease and desist orders" or "consent orders" with the U.S. Treasury's Office of the Comptroller of the Currency ("OCC"), the Federal Reserve, the Office of the Thrift Supervision ("OTS") and/or the Federal Deposit Insurance Corporation ("FDIC"), wherein they all essentially admitted to (*i.e.*, they did not deny or contest) facts that conclusively established that they had systematically failed to service mortgage loans in accordance with the standards set forth in the Governing Agreements. Acting Comptroller of the Currency, John Walsh, stated the following concerning the Government's investigations: "***We found significant deficiencies***

. . . . ***This is a very serious problem that servicers are going to have to do substantial work . . . to fix***."

123. The Master Servicers and Servicers to the Covered Trusts are set forth again in the chart below, and those that entered into consent orders with the Government appear in bold, italics and underline:

Covered Trusts' Master Servicers and Servicers Entering into Consent Orders

Covered Trust	Master Servicers	Servicers
DBALT 2006-AR5	▪ ***Wells Fargo***	▪ AHM Servicing ▪ ***CHLS/BACHLS (through its parent company Bank of America)*** ▪ ***GMAC*** ▪ GreenPoint ▪ ***IndyMac (through its parent company OneWest)*** ▪ ***National City (through its parent company PNC)*** ▪ PHH ▪ SPS ▪ ***Wells Fargo***
FHLT 2006-C	▪ ***Wells Fargo***	▪ Fremont*
WFHET 2006-2	▪ None	▪ ***Wells Fargo***
* Litton succeeded Fremont as the Servicer to the FHLT 2006-C Covered Trust in 2008 and entered into a substantially similar consent order, through its parent company Goldman Sachs, on September 1, 2011. *See* Appendix 5 at 5 (first bullet point). In addition, Ocwen, which later succeeded Litton as Servicer to the FHLT 2006-C Covered Trust, entered into a substantially similar consent order in December 2013. *See infra* ¶¶137-138.		

124. As the chart above shows, ***nearly all of the Master Servicers and Servicers to the Covered Trusts entered into consent orders with the Government***. In addition, the "***industrywide***" nature of the misconduct by these Master Servicers and Servicers made it clear that it reached the Mortgage Loans in the Covered Trusts. The misconduct described in the orders was an unequivocal Event of Default under the Governing Agreements.

125. In the 14 consent orders, each consenting Master Servicer and Servicer did not dispute the Government's findings that they had engaged in the following illegal and improper loan servicing practices (or misconduct substantially similar to it) that were ***not*** prudent or legal:

- engaging in "unsafe or unsound practices in residential mortgage servicing and . . . foreclosure proceedings";
- filing false affidavits in foreclosure proceedings in "which the affiant represented that the assertions in the affidavit were made based on personal knowledge . . . when . . . they were not based on . . . personal knowledge";
- filing false affidavits in foreclosure proceedings which were not legally or "properly notarized";
- "fail[ing] to devote to [their] foreclosure processes adequate oversight, internal controls, policies, and procedures, compliance risk management, internal audit, third party management, and training";
- "fail[ing] to sufficiently oversee outside counsel and other third-party providers handling foreclosure-related services"; and
- engaging in "unsafe or unsound banking practices."[19]

126. It was stunning that ***nearly 70% of the loan servicing industry had essentially admitted that they systematically engaged in widespread robo-signing, the filing of false affidavits, the filing of false foreclosure documents, improper notarizations, and other illegal conduct.*** It was even more stunning that nearly all of the Master Servicers and Servicers to the Covered Trusts essentially admitted that they had committed Events of Defaults by agreeing with the Government to form action plans to "***ensure compliance with . . . [the loan] servicing guides of . . . investors,*** ***" an***

[19] As previously alleged, Covered Trust Servicer Litton entered into a nearly identical consent order in September 2011 through its parent company Goldman Sachs. *See* Appendix 5 at 5 (first bullet point). And successor Covered Trust Servicer Ocwen also entered into a very similar order in 2013. *See infra* ¶¶137-138.

admission that they had not previously been complying with their duties mandated by the Governing Agreements.[20]

127. In light of the above information, HSBC unquestionably had actual knowledge no later than April 13, 2011 that Events of Default had been committed by the Master Servicers and Servicers with respect to Mortgage Loans within the Covered Trusts.

128. The Government Foreclosure Report further confirmed that the Master Servicers and Servicers to the Covered Trust had committed Events of Default. The Government Foreclosure Report, written by the Federal Reserve, OCC and OTS, found that the loan servicing industry in general – and the Master Servicers and Servicers that entered into the consent orders in particular –

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[20] The Master Servicers'/Servicers' improper servicing practices were so widespread and so severe that the Government required sweeping reforms. The Master Servicers/Servicers (and their related companies) were required by the consent orders to:

- submit a plan to the Government to strengthen their board of directors' oversight of loan servicing;
- submit a "comprehensive action plan" describing how they would comply with the consent orders and properly service loans;
- submit a compliance program designed to ensure the proper servicing and foreclosure of mortgage loans;
- submit policies and procedures to ensure the proper supervision of third-party vendors and outside law firms;
- submit a plan to ensure proper controls over and supervision of MERS, used by the Master Servicers/Servicers in connection with loan servicing, foreclosures and title transfers;
- retain an independent outside consultant to conduct a review of the Master Servicers'/Servicers' past foreclosure practices and submit a report to the Government concerning such review;
- submit a plan to ensure the proper functioning of the Master Servicers'/Servicers' MIS systems and the accuracy of loan data;
- submit a plan to ensure proper, timely and effective communications with borrowers and to prevent the impedance or discouragement of loan modifications;
- submit a risk assessment and management plan concerning the Master Servicers'/Servicers' loan servicing operations; and
- submit a quarterly progress report detailing all actions taken to comply with the consent orders.

had engaged in "***violations of applicable federal and state law requirements***" and "***notary practices which failed to conform to state legal requirements***." Government Foreclosure Report at 3, 8. These findings that the Master Servicers and Servicers operated illegally were absolute Events of Default.

129. The Government Foreclosure Report also specifically focused on facts that gave HSBC actual knowledge of numerous other Events of Default committed by the Master Servicers and Servicers with respect to the Mortgage Loans in the Covered Trusts. For example, the Government Foreclosure Report revealed the following "industrywide" practices by the Master Servicers and Servicers to the Covered Trusts that amounted to Events of Default under the Governing Agreements:

- "***violations of applicable federal and state law requirements," such as violations of the Service Members Civil Relief Act, the bankruptcy laws, and "notary practices which failed to conform to state legal requirements***";
- "***inadequate*** organization and staffing of foreclosure units";
- "***inadequate*** policies, procedures, and independent control infrastructure covering all aspects of the foreclosure process";
- "***inadequate*** monitoring and controls" over third-party vendors;
- "***lack of sufficient audit trails***" between information contained in affidavits and "the servicers' internal records";
- "***inadequate*** quality control and audit reviews to ensure compliance with legal requirements";
- "***inadequate*** identification of financial, reputational, and legal risks" by "boards of directors and senior management";
- ***false affidavits***;
- ***false mortgage documents***;
- ***improper notarizations***; and
- "***weaknesses in quality-control procedures at all servicers, which resulted in servicers not . . . ensuring accurate foreclosure documentation, including documentation pertaining to the fees assessed.***"

Id. at 3, 11.

130. ***The Government Foreclosure Report also specifically found that the Master Servicers' and Servicers" "industrywide" misconduct "pose[d] a variety of risks to [RMBS] investors***," *id.* at 6, ***because they had failed to satisfactorily "evaluat[e] and test[] compliance with applicable . . . pooling and servicing agreements***." *Id.* at 11. This finding unequivocally established that the Master Servicers and Servicers were engaging in Events of Default under the Governing Agreements.

131. Thus, between the consent orders entered into by nearly all of the Master Servicers and Servicers to the Covered Trusts on April 13, 2011 – consenting to conduct that demonstrated that they had not serviced loans legally or "prudent[ly]," and thus had committed Events of Default – and the Government Foreclosure Report's simultaneous finding that such Events of Default "***occurred industrywide***," HSBC had actual knowledge of Events of Default committed by the Master Servicers and Servicers concerning the Mortgage Loans in the Covered Trusts ***no later than April 13, 2011***.[21] The Covered Trusts' ridiculously high Mortgage Loan default rates (42+% to 54+%) and large losses (over $891 million) by April 2011, *see supra* ¶93 (chart), further confirmed the existence of the Master Servicers' and Servicers' Events of Default.

132. Indeed, HSBC had ***unique and direct knowledge of*** the improper loan servicing practices by the Master Servicers and Servicers to the Covered Trusts. ***HSBC obtained this unique***

[21] Later, it was announced that the consent orders had been amended because many of the Master Servicers and Servicers had agreed to pay $3.6 billion to borrowers and further provide borrowers with another $5.2 billion in relief through loan modifications and loan forgiveness, for a total of $8.8 billion in relief. Some news outlets reported that the actual total relief equaled $10 billion. Of course, the $5.2 billion in loan modifications and loan forgiveness improperly came mainly out of RMBS investors' pockets and not the Master Servicers'/Servicers'. *See* Appendix 5 at 10 (fourth bullet point) (June 7, 2012 testimony by Professor Levitin). In any event, this agreement to pay such a huge penalty was further proof that the Covered Trusts' Master Servicers/Servicers committed pervasive Events of Default which reached the Mortgage Loans in the Covered Trusts.

knowledge because it was also one of the loan servicers that was then engaged in the misconduct. To explain, HSBC was one of the 14 loan servicers that consented, on April 13, 2011, to the entry of a consent cease and desist order against it by the U.S. Government. Indeed, on April 13, 2011, HSBC consented to the entry of a consent order against it by the U.S. Government's OCC wherein HSBC did not dispute or contest that HSBC had engaged in "unsafe or unsound practices in residential mortgage servicing and in [HSBC's] initiation and handling of foreclosure proceedings," filed false affidavits that were not based on personal knowledge or properly or legally notarized, failed to devote adequate oversight, policies, controls, procedures, management and training in connection with its foreclosure processes, and failed to sufficiently oversee outside counsel and third-party providers handling foreclosure-related services, all of which resulted in "unsafe or unsound banking practices." HSBC was thus engaged in the same Events of Default as the Master Servicers and Servicers to the Covered Trusts, and HSBC knew from its own participation in the misconduct that such practices were occurring "industrywide."

133. However, notwithstanding HSBC's actual knowledge of these Events of Default, HSBC never did any of the things required of it under the Governing Agreements. HSBC's failures to act with respect to these known Events of Default breached the Governing Agreements and violated the TIA, and caused plaintiff and the class to suffer millions of dollars in damages, as foreclosures were stopped, withdrawn, dismissed, denied, delayed or invalidated due to the Master Servicers' and Servicers' misconduct, which HSBC was aware of and deliberately participated in. In addition, millions of dollars in bogus and excessive fees and costs were improperly charged to the Covered Trusts by the Master Servicers and Servicers because of their misconduct. Moreover, HSBC also knew that the Master Servicers and Servicers had engaged in other Events of Default by April 2011 – such as their failure to notify HSBC of the Warrantors' R&W breaches as alleged above (in

many cases the Master Servicers/Servicers were also the Warrantors and thus knew of their own breaches). This also caused plaintiff, the class and the Covered Trusts to suffer massive damages. HSBC also knew no later than April 13, 2011 of the Master Servicers'/Servicers' practice of servicing the Mortgage Loans for their own financial benefit instead of plaintiff's and the class's – which was also an Event of Default – yet failed to act in breach of the Governing Agreements and the TIA, which also caused plaintiff, the class and the Covered Trusts to suffer additional substantial damages.

c. After April 2011, HSBC Had Actual Knowledge that the Master Servicers and Servicers Were Continuing to Commit the Same Events of Default with Respect to the Mortgage Loans in the Covered Trusts and Were Also Committing New and Additional Events of Default

134. Incredibly, even ***after*** the U.S. Government's sweeping actions on April 13, 2011 against most of the Master Servicers and Servicers to the Covered Trusts, and even ***after*** those Master Servicers/Servicers promised to stop engaging in Events of Default via the consent orders, ***they thereafter continued to engage in the same Events of Default and also engaged in new Events of Default***. And, even though HSBC had actual knowledge of these continuing and new Events of Default, it did nothing, and has continued to do nothing, allowing the Events of Default to go on unabated and uncured to the present. HSBC thereby breached the Governing Agreements and violated the TIA numerous additional times after April 2011 by failing to fulfill its duties under the Governing Agreements and TIA to act when the new Events of Default occurred or the existing defaults continued. News and public information concerning the Master Servicers'/Servicers' numerous continuing and new Events of Default after April 13, 2011 are summarized in Appendix 5 hereto. Given the repeated, egregious, public nature of these numerous Events of Default, HSBC had actual knowledge of the new and continuing Events of Default also. *See* Appendix 5 hereto. Indeed, it was even reported that HSBC continued to illegally and improperly use "known robo-signers." *See id.* at 3-4 (*Reuters* special investigative report).

d. HSBC Also Knew that Successor Servicer Ocwen Was Committing Events of Default

135. Starting in 2011, many master servicers and servicers began selling their loan servicing rights to Ocwen. For example, Ocwen had become a Servicer to at least the DBALT 2006-AR5 and FHLT 2006-C Covered Trusts by 2012. *See supra* ¶106 (chart of Master Servicers/Servicers and their successors). Ocwen was a "non-bank" loan servicer and it was purchasing massive amounts of loan servicing rights from the much more heavily regulated "bank" master servicers and servicers during 2011, 2012 and 2013. Regulators were becoming increasingly concerned that Ocwen was growing too quickly to properly service the many loans it was acquiring. In addition, Ocwen, as a non-bank servicer, faced much less regulatory scrutiny than bank servicers, and Ocwen had already compiled a thoroughly infamous track record of loan servicing abuses. Thus, in February 2014, New York Superintendent of Financial Services, Benjamin Lawsky, halted Ocwen's attempted purchase of $39 billion in servicing rights from Covered Trust Master Servicer/Servicer Wells Fargo. Lawsky put a halt to the sale and ordered Ocwen to provide information sufficient to demonstrate that Ocwen could satisfactorily handle the increased loan servicing load, particularly in light of previous loan servicing misconduct Lawsky's office had discovered and taken Ocwen to task for, and for which Lawsky had required the appointment of a monitor to oversee Ocwen's conduct. *See* Appendix 6 at 8 (December 5, 2012 actions by N.Y. Dept. Fin. Servs.).[22]

136. In any event, well prior to Ocwen's acquisition of the servicing rights to the Mortgage Loans in the DBALT 2006-AR5 Covered Trust in 2012 and 2013 and in the FHLT 2006-C Covered Trust in 2011 (*see supra* ¶106 (chart)), HSBC had actual knowledge that Ocwen was an awful loan servicer that had a long history of loan servicing abuses amounting to Events of Default. *See, e.g.,*

[22] Shortly after Lawsky halted the Wells Fargo loan servicing rights sale to Ocwen and asked Ocwen for information, Ocwen announced that the Wells Fargo deal was on indefinite hold. To date, the acquisition has not been allowed to move forward.

Appendix 6 hereto. HSBC also knew that Ocwen's history of Events of Default continued after Ocwen began servicing the Mortgage Loans. *Id.* Indeed, HSBC had numerous experiences using Ocwen as a loan servicer where courts had invalidated foreclosures because of Ocwen's misconduct. *See supra* n.16 (several HSBC foreclosures dismissed or denied because of Ocwen's misconduct). As shown in Appendix 6 and in n.16 *supra*, Ocwen was found by governmental agencies, juries, courts and news reporters to have engaged in numerous instances of egregious, illegal and sanctionable misconduct meriting punitive damages in some cases for its loan servicing abuses, demonstrating that it routinely engaged in Events of Default.

137. The repeated misconduct by Ocwen alone should have alerted HSBC to the fact that Ocwen had a pattern and practice of committing Events of Default. However, if there was any doubt, it was erased by December 2013. At that time, Ocwen entered into a consent order with the U.S. Government's Consumer Financial Protection Bureau ("CFPB"), 49 States and the District of Columbia. Pursuant to the consent order, Ocwen did not dispute or contest any of the facts alleged against it by the multiple government entities, and it agreed to provide borrowers with an astounding ***$2 billion in principal reduction and further refund $127.3 million to nearly 185,000 borrowers it had improperly foreclosed on***. The misconduct covered by the consent order extended for an unlimited period of years, up to and including December 2013, and covered every State in the nation except one, demonstrating that Ocwen had engaged in serial Events of Default on a nationwide basis right up to the time it entered into the consent order in December 2013. Richard Cordray, the Director of the CFPB, stated in a conference call that "***[w]e believe that Ocwen violated federal consumer financial laws at every stage of the mortgage servicing process***," a clear Event of Default. The huge size of the relief agreed to by Ocwen (over $2 billion), the comprehensive misconduct "at every stage," the broad geographic scope (49 of 50 States and the District of Columbia), the

expansive temporal range of the misconduct ("years"), and the huge number of borrowers affected, confirmed that Ocwen's misconduct occurred nationwide and infected all of its loan servicing operations, including those provided to the DBALT 2006-AR5 and FHLT 2006-C Covered Trusts (and any other Covered Trusts it was sub-servicing). The CFPB stated that Ocwen had engaged in "***years of systemic***" misconduct amounting to Events of Default, including :

- ***Failing to timely and accurately apply payments made by borrowers and failing to maintain accurate account statements;***
- ***Charging borrowers unauthorized fees for default-related services;***
- ***Imposing force-placed insurance on consumers when Ocwen knew or should have known that they already had adequate home-insurance coverage; . . .***
- ***Providing false or misleading information in response to consumer complaints.***

* * *

- ***Failing to provide accurate information about loan modifications and other loss mitigation services;***
- ***Failing to properly process borrowers' applications and calculate their eligibility for loan modifications;***
- ***Providing false or misleading reasons for denying loan modifications;***
- ***Failing to honor previously agreed upon trial modifications with prior servicers; . . .***
- ***Deceptively seeking to collect payments under the mortgage's original unmodified terms after the consumer had already begun a loan modification with the prior servicer.***
- ***Engaged in illegal foreclosure practices*** . . . .
- ***Providing false or misleading information to consumers about the status of foreclosure proceedings where the borrower was in good faith actively pursuing a loss mitigation alternative also offered by Ocwen***; and

- ***Robo-signing foreclosure documents, including preparing, executing, notarizing, and filing affidavits in foreclosure proceedings with courts and government agencies without verifying the information.***

138. These "systemic" illegal and improper practices (which Ocwen did not deny), and which had gone on for "years" in 49 States and the District of Columbia, clearly imparted to HSBC actual knowledge that Ocwen was engaging in Events of Default as to the Covered Trusts' Mortgage Loans.

139. However, even after this massive settlement, Ocwen ***continued to commit Events of Default***. For example, *see* Appendix 7 hereto for a summary of such continuing Events of Default. These events caused HSBC to have actual knowledge of new and continuing Events of Default by Ocwen as to the Mortgage Loans in the Covered Trusts even after December 2013. In fact, these Events of Default, and other new ones, have continued unabated to the present.

140. As the numerous foregoing events demonstrate, the original Master Servicers and Servicers to the Covered Trusts and their successors engaged in, and have continued to engage in, numerous, repeated, systemic Events of Default as to the Mortgage Loans in the Covered Trusts. Such misconduct is so ingrained in their cultures that they do not know of any other way to "service" mortgage loans. Indeed, as recently as May 29, 2014, Ira Rheingold, Director of the National Association of Consumer Advocates in Washington, D.C., stated: "'***You've got a lot of people trying to clean up the servicing industry, but the truth is we are seeing the same servicing problems over and over*** . . . .'" Given this widespread, repetitious and brazen misconduct, which shows no signs of stopping and which has caused either long delays in foreclosures of the Mortgage Loans in the Covered Trusts or outright denials of HSBC's attempts to foreclose, along with extremely long delinquencies and excessive and improper fees and expenses added by the Master Servicers/Servicers during their induced delays, the Covered Trusts have experienced huge losses and persistently high

Mortgage Loan default rates. These large losses and unprecedented default rates corroborate and confirm to HSBC that the Mortgage Loans have suffered, and are continuing to suffer, from pervasive Events of Default by the Master Servicers and Servicers. The chart below sets forth the continuing high Mortgage Loan default rates and the Covered Trusts' cumulative realized losses, which exceeded $1.25 billion by September 2014. HSBC was well aware of this information because it prepared monthly reports containing this information, or had access to such information:

Covered Trusts' Mortgage Loans Default Rates and Cumulative Realized Losses Reported in September 2014		
Covered Trust	**Mortgage Loan Default Rates**	**Cumulative Realized Losses**
DBALT 2006-AR5	31.45%	$ 399,634,062.09
FHLT 2006-C	41.08%	$ 704,612,104.05
WFHET 2006-2	42.51%	$ 146,118,580.51
Covered Trusts' Total Realized Losses:		**$1,250,364,746.65**

3. HSBC Has Conflicts of Interest with Plaintiff and the Class and Improperly Put Its Interests Ahead of the Interests of Plaintiff and the Class to Benefit Itself

141. As previously alleged, HSBC also owes a common law "duty of trust" to plaintiff and the class. As such, HSBC is required to avoid conflicts of interest with plaintiff and the class. This means that HSBC is not permitted to put its interests ahead of plaintiff's and the class's, nor is HSBC permitted to benefit therefrom.

142. HSBC provides and has provided RMBS trustee services to the RMBS industry for some time and has derived substantial income from the RMBS trusts set up and "sponsored" by the Warrantors, loan originators, and Master Servicers and Servicers to the Covered Trusts, and their related companies. The Warrantors and loan originators to the Covered Trusts (and their related companies) handpicked HSBC for the RMBS trustee positions, as they knew that HSBC would not cause trouble for them by making significant R&W claims against them, to plaintiff's and the class's

detriment.[23] Similarly, the Master Servicers and Servicers (and their related companies) also handpicked HSBC because they knew HSBC would not accuse them of committing Events of Default, or replace them, as they too provided substantial RMBS trustee business to HSBC. The relationship between HSBC and the Warrantors, loan originators and Master Servicers/Servicers is exactly the type of relationship that the *Yale Journal of Regulation* warned of: "***[T]here is often a very close relationship between the servicer and the trustee; many originators and servicers have a 'pet' or 'pocket' trustee that they use for most of their deals***." HSBC, the "pet" or "pocket" Trustee for the Warrantors and Master Servicers/Servicers, put its financial interests ahead of plaintiff's and the class's, and refrained from discharging its duties under the Governing Agreements and the TIA.

143. Because the Warrantors and Master Servicers/Servicers to the Covered Trusts and their related companies were the source of substantial income for HSBC, HSBC did not seek to enforce the Warrantors' obligations to cure, substitute or repurchase Mortgage Loans in the Covered Trusts which breached their R&Ws, or declare Events of Default against the Master Servicers and Servicers or replace them. By doing so, HSBC put its own interests ahead of plaintiff's and the class's interests, and benefitted by doing so.

144. HSBC also had another conflict with plaintiff and the class. HSBC's trustee fees for managing the Covered Trusts were paid by Wells Fargo. *See, e.g.*, DBALT 2006-AR5 PSA §9.5 ("***[t]he fees of the Trustee . . . shall be paid . . . at the sole expense of the Master Servicer***"). ***Wells Fargo was a Master Servicer or Servicer for each of the three Covered Trusts***. Thus, "pet" or "pocket" trustee HSBC was not going to "bite the hand that fed it" by declaring Events of Default against Master Servicer/Servicer Wells Fargo, the payor of its trustee fees.

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[23] Indeed Warrantor DBSP installed HSBC as trustee to numerous RMBS trusts sponsored by DBSP.

145. HSBC also refrained from discharging its duties under the Governing Agreements and the TIA with respect to the Master Servicer/Servicer loan servicing Events of Default, because HSBC itself was also involved in and participated in their misconduct. By informing plaintiff and the class of such Events of Default, as it was required to do by the Governing Agreements and the TIA, HSBC would have also revealed its own participation in such wrongdoing and its failure to abide by the Governing Agreements, and thereby subjected itself to liability to plaintiff and the class. Given this conflict of interest, HSBC chose to protect its interests instead of plaintiff's and the class's, and refrained from doing anything that might reveal the Events of Default or HSBC's participation therein.

146. Finally, HSBC had a conflict of interest with plaintiff and the class because it was also a loan servicer involved in the very same misconduct as its fellow Master Servicers/Servicers. Thus, HSBC would not call Events of Default as to the Mortgage Loans by the Covered Trusts' Master Servicers/Servicers because: (1) HSBC did not want to "rat out" its industry colleagues; and (2) HSBC would then face retaliatory revelations of its own loan servicing misconduct by the Master Servicers/Servicers.

147. Because of the foregoing conflicts of interest, HSBC refused to perform its duties required by the Governing Agreements and the TIA for the benefit of plaintiff and the class, and instead put its own interests ahead of plaintiff's and the class's, which benefitted HSBC but injured plaintiff and the class.

D. HSBC Failed to Discharge Its Critical Duties and Obligations Under the Governing Agreements, the TIA and Common Law and Thereby Breached and Violated the Governing Agreements, the TIA and Common Law

148. Despite its discovery and actual knowledge of information requiring HSBC to act to protect plaintiff and the class under the Governing Agreements and the TIA, HSBC failed to act as

required and thus breached the Governing Agreements and violated the TIA. Moreover, by failing to avoid conflicts of interest with plaintiff and the class, HSBC breached the common law duty of trust it owed to plaintiff and the class. HSBC's failures to act, and its breaches and violations alleged herein, were grossly negligent and willful misconduct.

1. HSBC Failed to Enforce the Warrantors' Obligations to Cure, Substitute or Repurchase Mortgage Loans Breaching the Warrantors' R&Ws, as Required by the Governing Agreements and the TIA

149. As alleged above, HSBC discovered breaches of the Warrantors' R&Ws concerning thousands of Mortgage Loans in the Covered Trusts no later than April 13, 2011, yet failed to enforce the Warrantors' obligations to cure, substitute or repurchase the defective Mortgage Loans, as required by the Governing Agreements. HSBC discovered the breaches of the Warrantors' R&Ws concerning the Mortgage Loans through:

- The numerous news reports, congressional testimony and other information that publicly indicated that the lending industry in general was engaging in widespread lending abuses during the time the Mortgage Loans were originated, warranted and transferred to the Covered Trusts, thus making it highly likely that any R&Ws by the Warrantors concerning the Mortgage Loans were false;

- The numerous news stories, reports, lawsuits and governmental investigations and actions concerning most of the specific Warrantors to the Covered Trusts indicating that their R&Ws were systematically false;

- HSBC's participation in and monitoring of bankruptcy proceedings by the borrowers of the Mortgage Loans in the Covered Trusts, from which HSBC learned of specific R&W breaches by the Warrantors as to the Mortgage Loans;

- The lawsuits filed by others against the Warrantors detailing the high numbers of defective loans that breached their R&Ws;

- The lawsuits alleging misrepresentations concerning the specific Mortgage Loans in the specific Covered Trusts, which indicated that the Warrantors' R&Ws had been breached as to the Mortgage Loans;

- The Covered Trusts' historically unprecedented, extremely high, and prolonged Mortgage Loan default rates and huge realized losses;

- The OCC's "Worst Ten in the Worst Ten" report, identifying the areas of the United States with the highest foreclosure rates – rates that were from 13 to 22 times higher than historical averages – from loans originated by nearly all of the Covered Trusts' Warrantors and loan originators;

- Numerous governmental investigations of and actions against the Warrantors for lending abuses which rendered their R&Ws false;

- The FCIC Report detailing: (1) the huge numbers of loans Covered Trust Warrantor Wells Fargo was being required to repurchase because of systemic breaches of its R&Ws; (2) the fact that some of the Covered Trusts' Warrantors ***intentionally*** put defective loans that breached their R&Ws into RMBS trusts just like the Covered Trusts as a matter of course; and (3) the routine practice of many of the Covered Trusts' Warrantors of engaging in lending abuses and fraud that guaranteed their R&Ws would be false; and

- The Senate Report demonstrating that the lending industry in which the Covered Trusts' Warrantors participated was engaged in systematic lending abuses which rendered any R&Ws by those Warrantors false.

150. After discovering the breaches of the R&Ws by the Covered Trusts' Warrantors, HSBC breached the Governing Agreements and TIA and was grossly negligent and engaged in willful misconduct by failing and refusing to act as required by the Governing Agreements and the TIA. Moreover, after learning of the R&W breaches, as well as of new breaches of the Warrantors' R&Ws, HSBC has engaged in numerous new and additional breaches of the Governing Agreements and TIA by failing to perform its continuing duties to enforce the Warrantors' R&Ws, thereby engaging in continuous breaches of the Governing Agreements and the TIA. HSBC's failures to act caused the loss, to the statutes of limitations, of hundreds of millions of dollars of meritorious R&W claims against the Warrantors, and thereby caused substantial damages to plaintiff, the class and the Covered Trusts.

2. HSBC Failed to Perform Its Duties with Respect to Events of Default as Required by the Governing Agreements and the TIA

151. As previously alleged, HSBC obtained actual knowledge that the Master Servicers and Servicers committed Events of Default with respect to the Mortgage Loans in the Covered Trusts no

later than April 13, 2011, yet failed to: (1) notify the Master Servicers and Servicers and require them to cure such Events of Default; (2) give notice of the Events of Default to plaintiff and the class; and (3) take other prudent actions to remedy the Events of Default, such as terminating and replacing the defaulting Master Servicers or Servicers or assuming their duties. All of these failures to act breached the Governing Agreements and the TIA. As previously alleged, HSBC had actual knowledge of the Events of Default through:

- Numerous news reports, congressional testimony and governmental investigations and actions publicly indicating that there were systemic loan servicing abuses, including foreclosure fraud and robo-signing, throughout the loan servicing industry and the nation, and that most of the Master Servicers/Servicers were involved in such misconduct;

- Numerous news reports about and governmental investigations directed at many of the specific Master Servicers and Servicers to the Covered Trusts concerning their improper loan servicing practices;

- HSBC's firsthand experience with, observance of, and participation in, loan servicers' Events of Default through the many cases in which HSBC was an RMBS trustee in foreclosure actions and bankruptcy proceedings, wherein the loan servicers and/or HSBC made false statements, filed false affidavits and documents, and engaged in other misconduct that delayed, invalidated or led to dismissals of HSBC's foreclosures;

- HSBC's knowledge that the Master Servicers and Servicers were engaging in Events of Default by failing to report Warrantor R&W breaches to HSBC;

- HSBC's awareness that loan servicers' abuses were systemic and were similarly affecting all RMBS trustees;

- Numerous governmental enforcement actions against many of the specific Master Servicers and Servicers to the Covered Trusts for loan servicing abuses;

- The disclosure of deposition transcripts of employees of the Master Servicers and Servicers that indicated that they had engaged in pervasive robo-signing and loan servicing abuses;

- The large number of Mortgage Loans in the Covered Trusts that were extremely delinquent because of delays caused by the Master Servicers' and Servicers' Events of Default;

- The huge losses being suffered by the Covered Trusts due to the Master Servicers' and Servicers' robo-signing, foreclosure frauds and delays (during which they improperly imposed additional excessive fees and costs on the Covered Trusts);

- The FCIC Report (Appendix 4 at 4-5) and Legal Services of New Jersey Report (*see id.* at 1-2) confirming nationwide Events of Default by the Master Servicers and Servicers to the Covered Trusts;

- The April 13, 2011 consent orders entered into by many of the Master Servicers and Servicers to the Covered Trusts, ***and by HSBC***, in which they all essentially admitted that they committed Events of Default, and the Government Foreclosure Report, which confirmed "***industrywide***" Events of Default by the Master Servicers and Servicers to the Covered Trusts ***and HSBC***;

- HSBC's intimate knowledge of industrywide Events of Default through its own participation in such misconduct, and HSBC's entering into a consent order on April 13, 2011 concerning its ***own*** loan servicing misconduct;

- Covered Trust Servicer Litton's entry into a consent order in September 2011 (through its parent company Goldman Sachs) wherein it essentially admitted that Litton engaged in Events of Default (*see* Appendix 5 at 5);

- Covered Trust Servicer Ocwen's entry into a consent order with the CFPB, 49 States and the District of Columbia wherein it essentially admitted to company-wide Events of Default (*see supra* ¶¶137-138);

- The billions of dollars in settlement relief paid by many of the Covered Trusts' Master Servicers and Servicers to settle private and government claims that they engaged in company-wide loan servicing misconduct amounting to Events of Default; and

- The numerous and continuing news reports and governmental actions after April 2011 indicating that the Master Servicers and Servicers to the Covered Trusts were and are continuing to engage in loan servicing misconduct amounting to Events of Default.

152. Even after obtaining actual knowledge of Events of Default as to Mortgage Loans in the Covered Trusts, and even after obtaining actual knowledge that such Events of Default were continuing to the present, and that new Events of Default were also occurring, HSBC was and is grossly negligent and engaged and continues to engage in willful misconduct by refusing to do any of the things required of it by the Governing Agreements or TIA. Therefore, HSBC has breached the Governing Agreements and TIA numerous times by repeatedly failing to fulfill its duties with respect

to existing, new and continuing Events of Default, as it has allowed existing Events of Default, as well as new Events of Default, to continue unabated.

3. HSBC Failed to Exercise All of Its Rights and Duties Under the Governing Agreements as a Prudent Person Would, as Required by the Governing Agreements and the TIA

153. As alleged above, when HSBC became aware of the Events of Default and the Warrantors' breaches of their R&Ws alleged herein, HSBC was required to use all of its rights and powers under the Governing Agreements to protect plaintiff's and the class's interests, as a prudent person would and as though HSBC were attempting to protect its own interests. HSBC failed to act as required by the Governing Agreements by:

- Failing to enforce the Warrantors' obligations to cure, substitute or repurchase Mortgage Loans that breached the Warrantors' R&Ws after discovering such breaches, as a reasonable and prudent person would do in trying to protect his/her own interests; and

- Failing to discharge its contractual and statutory duties after obtaining knowledge of uncured Events of Default, as a reasonable and prudent person would do in trying to protect his/her own interests.

154. HSBC has continued its failure to act prudently while the Events of Default have continued unabated, and after it learned of the Warrantors' R&W breaches, and thus HSBC has engaged in numerous continuing and additional breaches of its duties under the Governing Agreements and the TIA. Such failures were grossly negligent and amounted to willful misconduct.

4. HSBC Failed to Discharge Its Common Law Duty of Trust Owed to Plaintiff and the Class

155. As alleged above, HSBC did not perform the duties required of it by the Governing Agreements and TIA because HSBC desired to economically benefit currently and in the future from its ongoing business relationships with the Covered Trusts' Warrantors, loan originators, Master Servicers and Servicers, from which HSBC derived significant amounts of its RMBS trustee business. HSBC also refrained from performing its duties under the Governing Agreements and TIA because

discharging such duties would have revealed that HSBC was participating in the Events of Default with the Master Servicers/Servicers and thus exposed its failure to act as required and its liability to plaintiff and the class under the Governing Agreements. HSBC also refrained from acting because it did not want to expose its fellow servicers' misconduct, and face retaliatory disclosures for its own loan servicing misconduct. Finally, HSBC was further motivated to refrain from discharging its duties as to Master Servicer/Servicer Wells Fargo because Wells Fargo paid HSBC its trustee fees.

156. By deliberately refraining from performing its duties mandated by the Governing Agreements and TIA, HSBC failed to avoid conflicts of interest with plaintiff and the class and benefitted thereby, breaching its duty of trust to plaintiff and the class. HSBC's failures to act were grossly negligent and amounted to willful misconduct. HSBC's continuing and repeated failures to properly discharge its duty of trust also resulted in new and additional breaches of its duty of trust up to and through the present.

E. Plaintiff and the Class Have Suffered Significant Damages Due to HSBC's Breaches of the Governing Agreements and Common Law and Its Violations of the TIA

157. Because HSBC has failed to act as required by the Governing Agreements as alleged herein, plaintiff, the class and the Covered Trusts have suffered over $1.25 billion in damages.

158. HSBC's failure to enforce the R&W claims against the Warrantors for thousands of breaching Mortgage Loans has caused plaintiff, the class and the Covered Trusts to suffer significant damages in the form of hundreds of millions of dollars in R&W claims that could have been successfully asserted against the Warrantors but were not. HSBC's failure to assert these claims was a breach of the Governing Agreements and the TIA for which HSBC could foresee that plaintiff, the class and the Covered Trusts would be damaged. Moreover, HSBC's continuing failure to act on those R&W claims, causing the claims to become time-barred, resulted in breaches of the Governing Agreements and TIA, and caused damages that were foreseeable to HSBC.

159. HSBC's failure to act as required by the Governing Agreements when Events of Default occurred has also caused plaintiff, the class and the Covered Trusts to suffer millions of dollars in additional damages. Such damages were foreseeable to HSBC.

160. HSBC's failures to act prudently during the Events of Default and R&W breaches as alleged herein also caused plaintiff, the class and the Covered Trusts to suffer damages. If HSBC had acted prudently as required by the Governing Agreements and the TIA, most, if not all, of the foregoing damages and losses to plaintiff, the class and the Covered Trusts could have been avoided. It was foreseeable to HSBC that plaintiff and the class would suffer such massive damages if it failed to act prudently, as required by the Governing Agreements and the TIA.

161. Similarly, HSBC's decision to repeatedly refuse to act and instead to put its financial interests ahead of plaintiff's and the class's because of its conflicts of interest, caused plaintiff, the class and the Covered Trusts to suffer damages which were foreseeable to HSBC.

162. By virtue of its breaches of the Governing Agreements and its common law duties, and its violations of the TIA, HSBC has caused at least $1.25 billion in damages to plaintiff, the class and the Covered Trusts for which HSBC is responsible.

F. Plaintiff May Sue HSBC as Trustee

163. The Governing Agreements provide certain limitations on the rights of RMBS holders like plaintiff and the class that are not applicable to this lawsuit. More specifically, the Governing Agreements may limit in part the rights of RMBS holders like plaintiff and the class to bring lawsuits relating to the Governing Agreements against the Depositor, the Securities Administrator, the Master Servicer or Servicer, or any successor to such parties.

164. However, the Governing Agreements do not so limit suit against HSBC. In fact, the Governing Agreements provide that "[n]o provision of this Agreement shall be construed to relieve

the Trustee . . . from liability for its own negligent action, its own negligent failure to act or its own misconduct." DBALT 2006-AR5 PSA §9.1.

165. Additionally, under the TIA and New York law, these so-called "no action" clauses do not apply to actions by RMBS owners like plaintiff and the class against trustees like HSBC for HSBC's own wrongdoing. This is not a situation where plaintiff and the class are demanding that HSBC initiate a suit in its own name to enforce their rights and obligations under the Governing Agreements. Rather, this is an instance where plaintiff and the class are bringing a direct action ***against*** HSBC for breaching its statutory, contractual and common law duties under the Governing Agreements, common law and the TIA. Because this is not an "action, suit or proceeding" that HSBC is capable of bringing in its own name as Trustee under the Governing Agreements, the "no action" clause of the Governing Agreements does not apply and does not bar plaintiff and the class from proceeding with this lawsuit.

V. CLASS ACTION ALLEGATIONS

166. Plaintiff brings this action as a class action on behalf of a class consisting of all current and former investors who acquired RMBS certificates in the Covered Trusts (the "class") and who held such certificates at or after the time when HSBC discovered breaches of the Warrantors' R&Ws or HSBC had actual knowledge of Events of Default by the Master Servicers and Servicers to the Covered Trusts, and suffered damages as a result of HSBC's breaches of the Governing Agreements, TIA and common law. Excluded from the class are HSBC, the loan originators, the Warrantors, the Master Servicers and the Servicers to the Covered Trusts, and their officers and directors, their legal representatives, successors or assigns, and any entity in which they have or had a controlling interest.

167. The members of the class are so numerous that joinder of all members is impracticable. While the exact number of class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are at least hundreds of

members of the proposed class. Record owners and other members of the class may be identified from records maintained by HSBC, Depository Trust Company, or others, and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

168. Plaintiff's claims are typical of the claims of the members of the class as: (1) they all acquired RMBS certificates in the Covered Trusts and held them at or after the time when HSBC discovered breaches of R&Ws concerning the Mortgage Loans by the Warrantors or HSBC had actual knowledge of Master Servicer and Servicer Events of Default and failed to act as required by the Governing Agreements, common law and TIA; (2) all the claims are based upon the Governing Agreements, substantially in the same form as the DBALT 2006-AR5 PSA (*see* Ex. A), the TIA and the same common law; (3) HSBC's alleged misconduct was substantially the same with respect to all class members; and (4) all class members suffered similar harm as a result. Thus, all members of the class are similarly affected by HSBC's statutory, contractual and common law breaches and violations that are alleged herein.

169. Plaintiff will fairly and adequately protect the interests of the members of the class and has retained counsel competent and experienced in class action and RMBS litigation.

170. Common questions of law and fact exist as to all members of the class and predominate over any questions solely affecting individual members of the class. Among the predominating questions of law and fact common to the class are:

(a) Whether HSBC breached its contractual duties under the Governing Agreements and its common law duties owed to plaintiff and the class by:

(i) failing to enforce R&W claims against the Covered Trusts' Warrantors when HSBC discovered breaches of the Warrantors' R&Ws;

(ii) failing to discharge its duties under the Governing Agreements when HSBC obtained actual knowledge of Events of Default;

(iii) failing to exercise the rights and powers vested in HSBC by the Governing Agreements, and failing to use the same degree of care and skill as a prudent person would under the circumstances in the conduct of his or her own affairs, after obtaining actual knowledge of Events of Default; and

(iv) failing to avoid conflicts of interest with plaintiff and the class while advancing its own interests at the expense of plaintiff and the class, and benefitting therefrom;

(b) Whether HSBC violated the TIA by:

(i) prior to default, failing to perform the duties specifically assigned to it under the Governing Agreements;

(ii) failing to inform the class of defaults under the Governing Agreements within 90 days after their occurrence; and

(iii) during a default, failing to exercise its rights and powers under the Governing Agreements as a prudent person would; and

(c) Whether and to what extent members of the class have suffered damages as a result of HSBC's breaches of its statutory, contractual and common law duties and the proper measure of damages.

171. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all class members is impracticable. There will be no difficulty in the management of this action as a class action.

VI. DERIVATIVE ACTION ALLEGATIONS

172. Alternatively, plaintiff brings this case as a derivative action against HSBC in the right and for the benefit of the Covered Trusts to redress losses suffered by the Covered Trusts as a direct

result of HSBC's breaches of the Governing Agreements and violations of the TIA. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

173. Plaintiff will adequately and fairly represent the interests of the Covered Trusts in enforcing and prosecuting their rights. Plaintiff is the owner of RMBS in each of the Covered Trusts during all or a large portion of HSBC's wrongful course of conduct alleged herein. Moreover, by operation of law, under New York General Obligations Law §13-107, RPI obtained all rights and causes of action of all prior holders of RPI's RMBS.

174. Plaintiff did not make a pre-suit demand on HSBC to pursue this action because such a demand would have been futile. The wrongful acts alleged herein were committed by HSBC itself and HSBC would not agree to sue itself, particularly since it faces claims for losses by the Covered Trusts in excess of $1.25 billion. In addition, since HSBC itself committed the wrongdoing complained of herein, and is accused of grossly negligent and willful misconduct, it therefore is not disinterested and lacks independence to exercise business judgment. Moreover, HSBC has benefitted from, and continues to benefit from, its wrongdoing as alleged herein (*i.e.*, failures to act), as HSBC has maintained and preserved its business relationships with the Warrantors, Master Servicers and Servicers and has thereby continued to derive financial benefits from serving as Trustee to the Covered Trusts, and many other RMBS trusts, due to its continuing wrongdoing as alleged herein.

175. The Covered Trusts can only act through HSBC since HSBC is the Trustee of each Covered Trust. When HSBC failed to act as required by the Governing Agreements and the TIA to protect the Covered Trusts and their assets –including the Mortgage Loans and the rights attendant to them – HSBC caused the Covered Trusts to suffer massive losses. HSBC deliberately failed to perform the following duties required of it under the Governing Agreements and the TIA, which injured the Covered Trusts: (1) enforce the Covered Trusts' rights to pursue and enforce breach of

R&W claims against the Warrantors; (2) notify and require that the Master Servicers and Servicers cure their Events of Default, provide notice of defaults to plaintiff and the class, and take further actions, such as terminating or replacing the Master Servicers and Servicers; and (3) act as a prudent person during the defaults.

176. HSBC's failures to act amounted to gross negligence and willful misconduct on its part and caused the Covered Trusts to suffer losses in excess of $1.25 billion. Plaintiff seeks to recover, for the benefit of the Covered Trusts: (i) the losses suffered by the Covered Trusts to date, which are in excess of $1.25 billion; (ii) all future losses caused by HSBC's failures to act as required by the Governing Agreements and the TIA; and (iii) equitable relief enjoining HSBC from continuing to breach the Governing Agreements and the TIA.

COUNT I
Violation of the Trust Indenture Act of 1939, 15 U.S.C. §77aaa, *et seq.*

177. Plaintiff repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

178. Congress enacted the TIA, 15 U.S.C. §77aaa, *et seq.*, to ensure, among other things, that investors in RMBS, bonds and similar instruments have adequate rights against, and receive adequate performance from, the responsible trustees. 15 U.S.C. §77bbb. The Covered Trusts' Governing Agreements are "indentures" and HSBC is an "indenture trustee" within the meaning of the TIA. 15 U.S.C. §77ccc(7), (10). Moreover, the TIA applies to and is deemed to be incorporated into the Governing Agreements and the related RMBS. 15 U.S.C. §77ddd(a)(1). HSBC violated multiple provisions of the TIA.

179. First, the TIA requires that, prior to default, the indenture trustee shall be liable for its failure to perform any duties specifically set out in the indenture. 15 U.S.C. §77ooo(a)(1). As

alleged above, HSBC failed to perform the following duties specifically assigned to it by the Governing Agreements, including the duties to:

(a) enforce the Warrantors' obligations to cure, substitute or repurchase Mortgage Loans when HSBC discovered breaches of the Warrantors' R&Ws concerning such Mortgage Loans;

(b) notify the Master Servicers and Servicers of their Events of Default and require a cure; and

(c) exercise the rights and powers conferred on it by the Governing Agreements to take further actions, including terminating or replacing a Master Servicer or Servicer that was engaging in an Event of Default, or assuming its duties.

180. Second, the TIA requires that HSBC inform plaintiff and the class of all defaults under the Governing Agreements known to HSBC within 90 days after their occurrence. 15 U.S.C. §77ooo(b) (citing 15 U.S.C. §77mmm(c)). As alleged herein, there were numerous Events of Default by the Master Servicers and Servicers under the Governing Agreements of which HSBC was aware. In addition, as alleged herein, HSBC had knowledge of massive breaches of the Warrantors' R&Ws, which were also defaults under the TIA. HSBC was required to provide notice of those defaults to plaintiff and the class within 90 days, yet HSBC failed to provide such notice to plaintiff and the class, thereby violating 15 U.S.C. §77ooo(b) of the TIA.

181. Third, during a default, the TIA requires HSBC to exercise all of its rights and powers under the Governing Agreements as a prudent person would in the conduct of his or her own affairs. 15 U.S.C. §77ooo(c). Given the obvious negative impacts of the defaults alleged herein, any prudent person under those circumstances would have exercised all of his or her rights and powers to, among other things, compel and enforce the cure, substitution or repurchase of defective Mortgage Loans

that breached the Warrantors' R&Ws in a timely fashion, and take actions to remedy the Master Servicer and Servicer Events of Default, and notify plaintiff and the class of the same. Indeed, with the huge numbers of breaching and defaulting Mortgage Loans in the Covered Trusts, and the pervasive Events of Default that were and are occurring, plaintiff, the class and the Covered Trusts could have been protected in large part from the damages they suffered only through HSBC's prompt and prudent exercise of those rights. By failing to prudently exercise its rights in those circumstances, HSBC violated 15 U.S.C. §77ooo(c) of the TIA.

182. HSBC is therefore liable to plaintiff, the class and the Covered Trusts for their actual losses and damages incurred as a result of HSBC's violations of the TIA.

COUNT II
Breach of Contract

183. Plaintiff repeats and realleges each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

184. As set forth above, the Governing Agreements are contracts setting forth the duties HSBC owed to plaintiff, the class and the Covered Trusts with respect to their RMBS and the Mortgage Loans in the Covered Trusts. As a matter of law, the Governing Agreements incorporate the provisions of the TIA. Under the Governing Agreements and the TIA, HSBC owed plaintiff, the class and the Covered Trusts duties to perform certain obligations, including, without limitation, the following:

(a) the duty to enforce the Warrantors' breaches of their R&Ws upon discovery, by seeking the cure, substitution or repurchase of any and all defective Mortgage Loans;

(b) the duty to notify the Master Servicers and Servicers of their Events of Default within the period prescribed in the Governing Agreements upon obtaining knowledge of such defaults and requiring the cure of said Events of Default;

(c) the duty to notify plaintiff and the class of Events of Default and the Warrantors' breaches/defaults;

(d) the duty to take additional actions during Events of Default, including taking actions to terminate or replace Master Servicers and Servicers that fail to cure their Events of Default, or assuming their responsibilities; and

(e) the duty to exercise all of HSBC's rights and powers under the Governing Agreements during Events of Default for the benefit of plaintiff and the class and as a reasonable and prudent person would in the conduct of his or her own affairs.

185. As alleged herein, HSBC failed to perform the above duties required of it by the Governing Agreements and therefore breached them. HSBC's breach of its duties set forth in the Governing Agreements deprived plaintiff, the class and the Covered Trusts of the benefit of their bargain, *i.e.*, they did not receive RMBS that were collateralized by Mortgage Loans that were warranted to be of a certain credit quality, and breaches of these R&Ws were not enforced as required by the Governing Agreements. These breaches of the Governing Agreements by HSBC caused plaintiff, the class and the Covered Trusts to suffer damages.

186. In addition, plaintiff and the class did not receive the benefit of their bargain under the Governing Agreements when HSBC failed to perform the obligations required of it by the Governing Agreements when it knew of uncured and ongoing Events of Default. HSBC's failure to act breached the Governing Agreements and caused plaintiff, the class and the Covered Trusts to suffer damages.

187. Furthermore, plaintiff, the class and the Covered Trusts did not receive the benefit of their bargain, to wit, that HSBC would act as a prudent person and exercise all of its rights and powers under the Governing Agreements to protect plaintiff and the class as though it were seeking to

protect its own interests when HSBC knew of Events of Default. HSBC's failure to so act breached the Governing Agreements and caused plaintiff, the class and the Covered Trusts to suffer damages.

188. HSBC and its responsible officers discovered and/or had actual knowledge of the Warrantors' breaches of their R&Ws and the Master Servicers' and Servicers' Events of Default, as they learned of them as alleged herein.

189. As a result of HSBC's multiple breaches of the Governing Agreements alleged herein, HSBC is liable to plaintiff, the class and the Covered Trusts for the damages they suffered as a direct result of HSBC's failure to perform its contractual obligations under the Governing Agreements.

190. In addition, HSBC has engaged in continuing breaches, as well as multiple new and additional breaches, of the Governing Agreements by failing to fulfill its duties to act as alleged herein and has caused plaintiff, the class and the Covered Trusts to suffer additional damages.

COUNT III
Breach of Trust

191. Plaintiff repeats and realleges each and every allegation set forth in the preceding paragraphs above as if fully set forth herein.

192. Under common law, HSBC had a duty to plaintiff and the class to affirmatively avoid conflicts of interest with them at all times. Further, that duty also required HSBC to refrain from advancing its own interests at the expense of plaintiff and the class, or benefitting therefrom.

193. HSBC breached its duty of trust owed to plaintiff and the class by failing to avoid conflicts of interest and by advancing its own interests at the expense of plaintiff and the class, by failing to demand that the Warrantors cure, substitute, or repurchase Mortgage Loans that breached their R&Ws, and by failing to act, and failing to act prudently, as was required when it became aware of uncured Events of Defaults by the Master Servicers and Servicers.

194. By doing so, HSBC breached its common law duty of trust to plaintiff and the class.

195. HSBC has continued to breach its duty of trust and has also engaged in new and additional breaches of its duty of trust, and thus has continually failed to fulfill its duty of trust.

196. As a result of HSBC's breaches of its duty of trust, defective Mortgage Loans were not remedied and Events of Default were not corrected, and continued unabated, causing plaintiff and the class to suffer damages.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure, and appointing the undersigned as class counsel;

B. Alternatively, allowing this action to proceed as a derivative action in the right and for the benefit of the Covered Trusts;

C. Awarding damages and/or equitable relief in favor of plaintiff, the class and/or the Covered Trusts against HSBC for breaches of its statutory, contractual and common law duties, in an amount to be proven at trial, including interest thereon;

D. Awarding plaintiff, the class and the Covered Trusts their reasonable costs and expenses incurred in this action, including counsel and expert fees; and

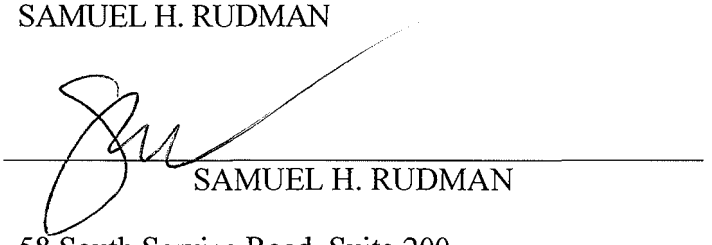
E. Such other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all claims so triable.

DATED: October 10, 2014

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN



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Attorneys for Plaintiff

VERIFICATION

I, Thierry Buytaert, hereby declare as follows:

I am a Member of the Board of Directors of Royal Park Investments SA/NV ("RPI"), plaintiff in the within entitled action. RPI owns the RMBS in the Covered Trusts alleged herein and owned such RMBS at the time of most of the wrongdoing complained of herein. RPI further understands that it has acquired the rights and claims of the previous holders of the RMBS that held during the time of the wrongdoing complained of herein either contractually or by operation of New York General Obligations Law § 13-107. RPI has continuously held such RMBS since acquiring them. RPI has retained competent counsel and is ready, willing and able to pursue this action vigorously on behalf of the Covered Trusts. I have read the Class Action Complaint and Alternative Verified Derivative Action for Breach of the Trust Indenture Act, Breach of Contract and Breach of Trust. Based upon discussion with, and reliance upon, my counsel, and as to those facts of which I have personal knowledge, the Complaint is true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Signed and Accepted:

DATED: 10 october 2014

ROYAL PARK INVESTMENTS SA/NV

By: _____

Thierry Buytaert
Board Member

APPENDIX 1

- **March 2007**: The FDIC issued a "***cease and desist***" order against ***Fremont, a Warrantor and loan originator for the FHLT 2006-C Covered Trust***. ***The FDIC required Fremont to end its lending business, due to "unsafe or unsound banking practices," "violations of law," "unsatisfactory lending practices," "approving borrowers without . . . verification of their income . . . [and] making mortgage loans without adequately considering the borrower's ability to repay the mortgage according to its terms***."

- **October 4, 2007**: The Massachusetts Attorney General sued ***Covered Trust Warrantor/loan originator Fremont for "unfair and deceptive business conduct," including: (a) "approv[ing] borrowers without considering or verifying the . . . borrower's income"; (b) "approv[ing] borrowers for loans . . . that [did] not properly consider the borrowers' ability to meet their overall level of indebtedness"; (c) "approv[ing] borrowers for these ARM loans . . . without regard for borrowers' ability to pay"; and (d) "mak[ing] loans based on information that Fremont knew or should have known was inaccurate or false, including, but not limited to, borrowers' income, property appraisals, and credit scores***."[1]

- **October 2007**: Alan Hummel, Chair of the Appraisal Institute, testified to a U.S. House Committee ***that appraisers "experience[d] systemic problems with coercion" and were "'ordered to doctor their reports' or else they would never 'see work . . . again' and/or would be placed on 'exclusionary appraiser lists***.'"

- **December 30, 2007**: *The Kansas City Star* reported that Kurt Eggert, a law professor and member of the Federal Reserve's Consumer Advisory Panel, stated: "'***Originators were making loans based on quantity rather than quality . . . . They made loans even when they didn't make sense from an underwriting standpoint***.'" The article also stated: "Mark Duda, a research affiliate at Harvard University's Joint Center for Housing Studies, said that because ***brokers were so intent to quickly sell off loans to investors, they had little incentive to make sure the loans were suitable for borrowers. 'They were setting people up to fail***,' Duda said."

- **January 2008**: It was reported that Cleveland, Ohio had sued 21 mortgage lenders and investment banking firms, alleging that ***they had caused "entire neighborhoods" in the city to become full of "abandoned and boarded up***

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[1] On December 9, 2008, a Massachusetts appeals court affirmed the lower court's order enjoining Fremont from foreclosing on thousands of its loans issued to Massachusetts residents. The appellate court found that the factual record supported the lower court's conclusions that "***Fremont made no effort to determine whether borrowers could 'make the scheduled payments under the terms of the loan,'" and that "Fremont knew or should have known that [its lending practices and loan terms] would operate in concert essentially to guarantee that the borrower would be unable to pay and default would follow***." *Commonwealth v. Fremont Inv. & Loan*, 897 N.E.2d 548, 556, 558 (Mass. 2008).

properties" because the lenders and investment bankers "routinely ma[de] loans to borrowers who had no ability to pay them back." ***The defendants included Warrantors and loan originators for each of the Covered Trusts (or their related companies): IndyMac, Wells Fargo, Fremont and DBSP (through related "Deutsche Bank" companies).[2] Even HSBC (through its parent company) was sued.***

- **March 2008**: An article in *The Wall Street Journal* reported on the criminal conviction of AHM sales executive Kourash Partow. ***AHM was a loan originator for the DBALT 2006-AR5 Covered Trust. Partow admitted that he falsified borrowers' incomes and assets in order to get loans approved.*** After his conviction, Partow sought a lighter sentence on the grounds that ***AHM had knowledge of the falsified incomes and assets and in fact encouraged manipulation by intentionally misrepresenting the performance of the loans and the adequacy of how the loans were underwritten.***

- **Early 2008 (and 2009)**: ***Wells Fargo – a Warrantor and loan originator for the WFHET 2006-2 Covered Trust*** – was sued by the Cities of Baltimore and Memphis, who alleged that Wells Fargo abandoned its underwriting guidelines and made fraudulent loans. The Cities alleged that ***Wells Fargo extended loans without regard to "the borrower's ability to repay," that borrowers' incomes were falsified, and that Wells Fargo "fail[ed] to underwrite African-American borrowers properly." The allegations were supported by sworn declarations from former Wells Fargo employees.***

- **June 30, 2008**: The Center for Responsible Lending issued a report on ***IndyMac – a Warrantor and loan originator for the DBALT 2006-AR5 Covered Trust***. The report was based on information obtained from 19 former IndyMac employees and reported that ***IndyMac "engaged in unsound and abusive lending," "routinely [made] loans without regard to borrowers' ability to repay," and "push[ed] through . . . loans based on bogus appraisals and income data that exaggerated borrowers' finances."***

- **November 13, 2008**: The U.S. Government's OCC released a report entitled the "Worst Ten in the Worst Ten," identifying the ten metropolitan areas in the United States with the highest foreclosure rates in the first half of 2008, and the lenders that made the loans. The report studied loans originated from 2005 through 2007 – covering the time period the Mortgage Loans were originated, warranted and transferred to the Covered Trusts – and revealed that they had astoundingly high foreclosure rates: ***from 13.9% to 22.9% of the loans were in foreclosure in the ten areas during the first half of 2008. These foreclosure rates were far higher than the historical average because "[p]rior to 2007, the foreclosure rate was historically less than 1%."*** FCIC Report at 402. ***The list of offending lenders identified in the OCC report included AHM, Fremont, GreenPoint, IndyMac and***

[2] DBSP was ultimately owned by Deutsche Bank AG.

Wells Fargo, every Warrantor and loan originator to the three Covered Trusts except one, DBSP. And even DBSP purchased loans from the previously mentioned entities (see, e.g., supra ¶65i8 (chart of Warrantors; DBALT 2006-AR5 Covered Trust Warrantor was DBSP and loan originators were IndyMac, AHM and GreenPoint).

- **November 2008**: *Business Week* published an exposé on the mortgage lending industry. The *Business Week* article reported that industry "***[loan] wholesalers . . . offered bribes to fellow employees [to approve unacceptable loan applications], fabricated documents, and coached brokers on how to break the rules. . . . [Loan] [b]rokers, who work directly with borrowers, altered and shredded documents. [In addition, loan] [u]nderwriters, the bank employees who actually approve mortgage loans, also skirted boundaries, demanding secret payments from wholesalers to green-light loans they knew to be fraudulent.*** " ***The Business Week article quoted a former Wells Fargo loan wholesaler (Wells Fargo was the Warrantor and loan originator for the WFHET 2006-2 Covered Trust) who admitted that "he regularly used the copiers at a nearby Kinko's to alter borrowers' pay stubs and bank statements. He would embellish job titles – turning a gardener, for instance, into the owner of a landscaping company – and inflate salaries." Said the former Wells Fargo employee: '"I knew how to work the system."' The article also discussed GreenPoint, a loan originator for the DBALT 2006-AR5 Covered Trust: "Employees who resisted making bad loans ran the risk of being penalized. Shortly after Rachel Steinmetz joined GreenPoint's Manhattan branch as a senior underwriter in September 2005, wholesalers at the bank started asking her to approve loans 'under terms that the borrower did not qualify for,' according to a wrongful termination suit filed in June by Steinmetz in New York federal court. She says she told her superiors that the applications contained suspect details and that the loan files didn't have enough paperwork to back up borrowers' claims. 'Notwithstanding [her] concerns, management overrode her decisions' and approved the loans anyway, the complaint says. In April 2006, Steinmetz claims, she rejected a loan application that inflated the borrower's income and the home's appraisal value. While Steinmetz was out of the office celebrating Passover, she says in the complaint, her superiors signed off on the loan. A month later, Steinmetz says, her boss asked her to compile the paperwork on the same loan in preparation for closing. 'Although she protested,' the complaint notes, 'the loan was funded in her name.' Steinmetz says through her attorney that there was retribution for her reluctance to make bad loans." The article further discussed Deutsche Bank (and therefore DBSP, the Warrantor for the DBALT 2006-AR5 Covered Trust) and how it pushed loan originators to churn out defective mortgage loans: "As a national account director for Deutsche Bank (DB), Mark D. Toomey bought loans from mortgage lenders to turn into securities. Sometimes, he says, he 'twisted arms' to get more loans. 'Nobody had the [guts] to say no,' says Toomey, who left the bank in 2007.***"

APPENDIX 2

- **February 5, 2009**: ***GreenPoint, a loan originator for the DBALT 2006-AR5 Covered Trust***, was sued for breach of its R&Ws. An RMBS trustee sought the repurchase of "***nearly 30,000 residential loans***" by GreenPoint due to breaches of GreenPoint's R&Ws, finding that ***an astounding "93% of a sample of 1,030 Loans . . . did not comply with GreenPoint's representations and warranties***." Complaint, *U.S. Bank, N.A., et al. v. GreenPoint Mortgage Funding, Inc.*, No. 600352/2009 (N.Y. Sup. Ct., N.Y. Cnty. Feb. 5, 2009), ¶¶1, 35. The complaint further alleged that the breaches of GreenPoint's R&Ws consisted of "***pervasive***" misrepresentations concerning borrowers' incomes, assets and employment, "***pervasive violations of GreenPoint's own underwriting guidelines***," and many falsely inflated appraisals. *Id.*, ¶35. The complaint also alleged: "***The large number and seriousness of the breaches . . . suggest a pervasive pattern of malfeasance, misconduct and/or negligence in connection with GreenPoint's loan-origination practices as a whole***." *Id.*, ¶36.

- **February 26, 2009**: The Office of Inspector General issued a report on ***IndyMac, a loan originator for the DBALT 2006-AR5 Covered Trust***. The report found that "***IndyMac often did not perform adequate underwriting," made loans with "little, if any, review of borrower qualifications, including income, assets, and employment***," and ***"made [loans] to many borrowers who simply could not afford to make their payments***."

- **March 2009**: A class action lawsuit was filed against JPMorgan on behalf of investors in its RMBS, alleging false and misleading statements in connection with the offering and sale of RMBS in numerous RMBS trusts. ***That action contained allegations concerning AHM, a loan originator for the DBALT 2006-AR5 Covered Trust***. The complaint alleged that AHM failed to follow its loan underwriting guidelines and fabricated loan information, obvious breaches of its R&Ws, when originating mortgage loans during much of the same period the Mortgage Loans in the Covered Trusts were originated. ***In 2010, an amended complaint was filed that contained detailed statements from numerous former AHM employees confirming the wholesale abandonment of AHM's origination guidelines and the widespread fabrication of loan data***. *See* Second Amended Complaint, *Fort Worth Employees' Retirement Fund v. J.P. Morgan Chase & Co., et al.*, No. 1:09-cv-03701-JGK (S.D.N.Y. July 8, 2010).

- **April 2009**: ***The SEC filed fraud charges against the former top executives of AHM's parent company***, American Home Investment Corp. ("American Home"), for their role in misleading investors regarding AHM's systematic disregard of sound underwriting standards and risky lending practices that led to the lender's bankruptcy in August of 2007. ***"'These senior [American Home] executives did not just occupy a front row seat to the mortgage meltdown – they were part of the show,'" said Robert Khuzami, Director of the SEC Division of Enforcement in a press release. The SEC charged that AHM was not the "prime" lender it claimed to be, but***

rather routinely issued high-risk loans to borrowers with poor credit in order to drive growth and capture additional market share. American Home's former CEO subsequently paid $2.5 million to settle the SEC's fraud charges.

- **May 2009**: A reporter for *The New York Times* published a news report recounting his experience in obtaining a loan from AHM. ***The reporter revealed how AHM actively concealed and omitted negative information on his loan application in order to qualify him for a loan.*** Not surprisingly, shortly after obtaining the AHM loan – a loan the reporter could not afford – the reporter defaulted.

- **July 31, 2009**: It was reported that ***Wells Fargo – a Warrantor and loan originator for the WFHET 2006-2 Covered Trust*** – was sued by the Attorney General of Illinois and charged with "'***engag[ing] in unfair and deceptive business practices by misleading Illinois borrowers about their mortgage terms,'" and placing borrowers into loans that were "'unaffordable and unsustainable.***'" Wells Fargo was also sued in a separate class action on behalf of RMBS purchasers alleging that ***Wells Fargo had misrepresented that the loans in its RMBS trusts were originated in conformance with Wells Fargo's underwriting guidelines.*** Wells Fargo subsequently paid $125 million to settle the case.

- **September 2009**: National Public Radio interviewed former Morgan Stanley employee Mike Francis, who worked as an Executive Director on Morgan Stanley's residential mortgage trading desk. Francis revealed that there was ***industrywide*** misconduct occurring during the time period the Mortgage Loans were originated, warranted and transferred to the Covered Trusts. Francis stated: "***No income no asset loans, that's a liar's loan. We are telling you to lie to us, effectively. I mean, we're hoping you don't lie, but – tell us what you make. Tell us what you have in the bank. But we're not going to actually verify it? We're setting you up to lie. Something about that transaction feels very wrong. It felt wrong way back when. And I wish we had never done it. Unfortunately what happened, we did it because everybody else was doing it.***"

- **June 23, 2010:** ***DBSP, the Warrantor for the DBALT 2006-AR5 Covered Trust,*** was sued by an RMBS insurer alleging that DBSP breached its R&Ws as to hundreds of loans within an RMBS trust in which ***Covered Trust loan originator GreenPoint originated the loans.*** *See* Complaint, *Assured Guar. Mun. Corp. v. DB Structured Prods., Inc., et al.*, No. 650705/2010 (N.Y. Sup. Ct., N.Y. Cnty. June 23, 2010). The complaint alleged that ***nearly 95% of the reviewed loans breached the R&Ws DBSP had made about them, and that the R&W breaches consisted of items such as "[r]ampant fraud" and "[p]ervasive violations of GreenPoint's own underwriting guidelines.***"

- **October 25, 2010**: ***DBSP was sued again by the same RMBS insurer,*** alleging that DBSP breached its R&Ws as to thousands of loans in two other RMBS trusts. *See* Complaint, *Assured Guar. Corp. v. DB Structured Prods., Inc., et al.*, No. 651824/2010 (N.Y. Sup. Ct., N.Y. Cnty. Oct. 25, 2010). ***The complaint alleged that in one trust over 83% of the reviewed loans breached DBSP's R&Ws and in the***

other trust more than 86% of the reviewed loans were in breach. The complaint alleged that the breaches consisted of "***[r]ampant fraud***" and "***[p]ervasive violations of underwriting guidelines***."

- **December 2010**: It was reported that JPMorgan analysts estimated "that 'put-back risk'" for loan warrantors, *i.e.*, loans subject to repurchase demands due to breaches of R&Ws, ranged ***from $60 to $110 billion for RMBS trusts like the Covered Trusts***.

APPENDIX 3

- **October 4, 2010**: California state assemblyman Ted Lieu, in discussing the rash of improper loan servicing and foreclosure issues, stated: "***[W]hat we have here is massive fraud being perpetrated on the courts. . . . We're talking about hundreds of thousands of foreclosures that are now at risk because of what these robo-signers are doing. . . . [Credit rating agency] Fitch . . . has come out and stated that they believe that this is an industry wide practice. . . . [Y]ou just had [a] basic level failure to follow existing laws. And you have people that are falsifying documents in front of judges. . . . [Just] [y]ou imagine what is going on in [the] 27 other [non-judicial foreclosure] states where you don't have any judicial oversight.***"

- **October 2010**: ***The Ohio Attorney General sued GMAC – a Servicer for the DBALT 2006-AR5 Covered Trust – charging it with routinely filing false affidavits in foreclosure proceedings. The Ohio Attorney General stated the following with respect to GMAC's conduct: "This is fraud being perpetuated against the courts." In addition, the Ohio Attorney General began scrutinizing CHLS/BACHLS (through its parent Bank of America) and Wells Fargo, sending them letters seeking information about their robo-signing practices. CHLS/BACHLS was a Servicer for the DBALT 2006-AR5 Covered Trust, and Wells Fargo was the Master Servicer and/or Servicer for each of the three Covered Trusts.***

- **October 2010**: ***The U.S. House Judiciary Committee sent similar letters to*** most of the major loan servicers demanding the production of documents relating to their robo-signing and foreclosure practices. ***Master Servicers and Servicers to the Covered Trusts receiving letters from the House Judiciary Committee included Wells Fargo, PNC (and thus Covered Trust Servicer National City), GMAC and CHLS/BACHLS (through its parent company Bank of America)***.

- **October 2010**: The *Miami Daily Business Review* reported on a Florida attorney who had 150 deposition transcripts from people who robo-signed false foreclosure affidavits for loan servicers. ***The news article reported that the deposition transcripts included testimony from employees of Covered Trust Master Servicers/Servicers CHLS/BACHLS, AHM Servicing and Wells Fargo***. The attorney was quoted as saying that the 150 depositions "***prove flawed foreclosure documents are part of a fraudulent system***, not sloppy procedures" by loan servicers. The attorney stated: "'***We are not talking about a mistake. We are talking about perjury, crime . . . . This is system-wide*** . . . .'" The *Miami Daily Business Review* article reported the following information concerning Wells Fargo, the Master Servicer and/or Servicer for each of the Covered Trusts:

> In one of the depositions provided by [attorney] Tiktin, a Wells Fargo employee, Xee Moua, admitted signing 300 to 500 documents including affidavits, substitutions of plaintiff, deeds and judgment affidavits in a two hour period on any given day.

> Moua said she only attended six months of college before dropping out. She then worked as an office clerk and customer service representative at a medical supplies firm and a blinds and shades company in North Carolina before she was hired by Wells Fargo as a document processor. ***According to the transcript of the deposition, asked if she checked the information on the documents she was signing, Moua said, "I do not. That's not part of my job."***
>
> She said she only checked to see if her own information, such as her title, was correct.
>
> Her understanding, she said, was that either the law firm handling the foreclosure or a Wells Fargo processor assigned to the loan had checked the information. Yet, she was the person authorized by the bank to sign the documentation.
>
> ***The documents she signed identified her as vice president of loan documentation, according to the transcript, but that wasn't her actual title.***
>
> ***She said she was given that title to sign documents. She said other employees were given the same title for signing court documents.***

- **October 2010**: It was reported that ***U.S. regulators were "conducting an intensive probe of reportedly false foreclosure affidavits used by major U.S. financial institutions to evict thousands of American homeowners."***

- **October 2010**: Multiple news reports surfaced about many of the Master Servicers or Servicers to the Covered Trusts, reporting that they were widely and routinely engaged in robo-signing and other improper loan servicing practices. For example, ***it was reported that Covered Trust Master Servicer/Servicer Wells Fargo admitted that its employees signed hundreds of foreclosure documents daily without reading them.*** In addition, ***it was reported that Covered Trust Servicer AHM Servicing was using false, robo-signed foreclosure documents.*** A separate news report in October 2010 revealed that ***Covered Trust Servicer IndyMac was also using false affidavits in foreclosure proceedings, even after IndyMac had been taken over by the FDIC.*** The *Providence Journal* reported that ***a former IndyMac employee involved in signing the false affidavit had previously admitted in a deposition to signing about 6,000 documents a week which she did not read before signing.***

- **October 2010**: ***Covered Trust Servicers CHLS/BACHLS (through its parent company Bank of America), National City (through its parent PNC), Litton and GMAC were forced to halt their foreclosures on hundreds of thousands of mortgage loans. Similarly, Covered Trust Master Servicer/Servicer Wells Fargo submitted revised documents for approximately 55,000 of its foreclosures.***

- **October 2010**: The *Mortgage Daily* reported that ***Covered Trust Servicer CHLS/BACHLS's parent company, Bank of America, had released statistics indicating that "80 percent of its borrowers who faced foreclosure had not even made a payment in more than a year, while the average foreclosed loan was 560 days past due,***" or over 18 months past due, graphically illustrating the long delays caused by CHLS/BACHLS's servicing misconduct. Similarly, ***Covered Trust Master Servicer/Servicer Wells Fargo reported that its average foreclosed loan as of September 2010 was 16 months past due, obviously due to its servicing misconduct which caused long delays.***[1]

- **October 28, 2010**: ***Bloomberg reported that Covered Trust Servicer AHM Servicing was facing a barrage of lawsuits, including lawsuits by the States of Texas and Ohio, at least one class action, and numerous individual suits, alleging that it was engaged in widespread loan servicing misconduct that amounted to Events of Default.***

- **Late October 2010**: It was reported that ***the Attorneys General of all 50 states were investigating "whether mortgage lenders falsified affidavits attesting to their review and verification of foreclosure documents, as well as whether they failed to sign the affidavits in the presence of a notary public.***" Illinois Attorney General Lisa Madigan stated: "***The same mortgage giants and big banks that fraudulently put people into unfair loans are now fraudulently throwing people out of their homes. They should not be above the law. Illinois homeowners are legally entitled to a foreclosure process that is transparent, accurate and fair.***"

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[1] Subsequently, a report by Amherst Securities Group LP ("Amherst") in February 2012 noted that the average delinquency time for liquidated loans grew from 21 months in September 2010 to 26 months by February 2012, an increase in delays of nearly 25%. In addition, Amherst reported that the average delinquency time for non-performing (*i.e.*, non-liquidated) loans increased from 19 months in September 2010 to 24 months by February 2012, an increase in delays of over 26%. Amherst reported that these statistics ***demonstrated "the delay created by the [loan servicers'] robo-signing actions.***" The report further stated that "***we believe the remaining loans will stay in the [delinquency] pipeline for another 12-15 months,***" further demonstrating the compounding effect of the delays caused by the Master Servicers'/Servicers' ongoing robo-signing.

APPENDIX 4

- **November 2010**: ***U.S. Treasury Department Assistant Secretary Michael Barr*** provided an update on the investigation of loan servicers by U.S. banking regulators. Barr announced that they were uncovering "***widespread" and "inexcusable" breakdowns in loan servicing practices***. Barr stated: "***These problems must be fixed***."

- **November 4, 2010**: ***Legal Services of New Jersey provided a report to the New Jersey Supreme Court*** detailing numerous instances of robo-signing and false affidavits in connection with foreclosure proceedings in New Jersey and throughout the nation. The report, which was supported by evidentiary exhibits such as deposition transcripts of robo-signers indicating that they lied in court documents and falsified and back-dated documents, and other evidence of fraud, ***concluded that "[a] great volume of national information . . . suggests a pervasive, industry-wide pattern of false statements and certifications at various stages of foreclosure proceedings***." ***The report specifically implicated many of the Covered Trusts Master Servicers and Servicers in the misconduct, including CHLS/BACHLS, GMAC, IndyMac, PHH, AHM Servicing and Wells Fargo, and even noted that HSBC was involved in a number of fraudulent foreclosures***.[1]

- **December 20, 2010**: New Jersey Administrative Director of the Courts, Judge Grant, issued an administrative order requiring 24 loan servicers and RMBS trustees to file certifications demonstrating that there were no irregularities in the handling of their foreclosure proceedings. The order was directed at, among others, ***PHH and National City (through its parent PNC), Servicers to the Covered Trusts. The order was also directed at HSBC and its sister companies, because they had been involved in numerous questionable foreclosures. Judge Grant's order cited specific instances of improper foreclosures by Covered Trust Master Servicers/Servicers CHLS/BACHLS (through Bank of America), GMAC, IndyMac (through OneWest) and Wells Fargo, and also cited cases in which HSBC was involved with improper foreclosures. Judge Grant's order identified Covered Trust Master Servicers and Servicers who collectively serviced Mortgage Loans in each of the three Covered Trusts***.

- **December 20, 2010**: Judge Jacobson of the Superior Court of New Jersey in Mercer County ***issued an order to show cause directed at, inter alia, Covered Trust Master Servicers/Servicers CHLS/BACHLS, GMAC, IndyMac (through OneWest) and***

[1] The report noted that the "***[c]ommon practices and characteristics***" that Legal Services of New Jersey found in its nationwide investigation included: (a) affiants claiming personal knowledge of facts that the affiant had no personal knowledge of; (b) failure to review documents and evidence on which certifications were based; (c) false statements about when and how a loan was transferred;(d) false identification of signatories (*e.g.*, an employee of a servicer will be identified as a vice president, or similar title, of the foreclosing mortgagee); (e) forged signatures; and (f) improperly and illegally notarized documents.

Wells Fargo. ***The order to show cause held that these Master Servicers and Servicers were selected for scrutiny because of their "public record of questionable practices," "deposition testimony provided by employees" of these Master Servicers and Servicers that "raised serious questions about the accuracy and reliability of documents submitted to courts," and "the execution of affidavits, certifications, assignments, and other documents in numerous residential mortgage foreclosure actions in New Jersey and elsewhere [that] may not have been based on personal knowledge in violation of the Rules of Court and may thus be unreliable***."

- **December 2010**: In testimony before the U.S. House Judiciary Committee, Thomas Cox, an attorney for the Maine Attorneys Saving Homes Project, presented compelling evidence against ***Covered Trust Servicer GMAC***, revealing that it was engaged in systemic foreclosure fraud. ***Cox revealed how GMAC used thousands of false foreclosure affidavits signed by "robo-signer" Jeffrey Stephan, which falsely attested under oath that he had personal knowledge of the facts in his affidavits, that he had custody and control of loan documents, and that the documents attached to his affidavits were "true and accurate" copies of notes or mortgages. Cox testified that GMAC "filed thousands of Stephan's [false] affidavits in foreclosure cases all over the country in cases involving its own loans as well in cases where it was servicing loans for Fannie Mae, Freddie Mac, and trustees of mortgage-backed securitized trusts***." Cox also testified to the prevalence of foreclosure fraud by the loan servicing industry in general: "***I know from my personal experience over the past two and one half years that this kind of servicer fraud-on-the-court activity is not isolated to GMAC Mortgage. It has been the norm across the entire foreclosure industry, including the other servicers represented here today, JPMorgan Chase and Bank of America [and thus Covered Trust Servicer CHLS/BACHLS]***." Cox's testimony expressly stated that fraudulent foreclosure practices amounting to Events of Default were occurring "***across the entire foreclosure industry***" and were thus not isolated or infrequent. Indeed, over two years later, after the massive scope of this misconduct finally became known to those outside of the loan servicing and RMBS trustee industries, Yale Law School Professor Raymond Brescia stated: "'***I think it's difficult to find a fraud of this size on the U.S. court system in U.S. history . . . . I can't think of one where you have literally tens of thousands of fraudulent documents filed in tens of thousands of cases***.'"

- **December 2010**: An article published in the *Yale Journal on Regulation* and written by law professor Adam Levitin and attorney Tara Twomey concluded:

> ***[T]he residential mortgage servicing business . . . suffers from an endemic principal-agent conflict between investors and servicers. Securitization separates the ownership interest in a mortgage loan and the management of the loan. Securitization structures incentivize servicers to act in ways that do not track investors' interests, and these structures limit investors' ability to monitor servicer behavior.***

* * *

As a result, servicers are frequently incentivized to foreclose on defaulted loans rather than restructure the loan, even when the restructuring would be in the investors' interest.

- **December 2010**: In a U.S. Senate Banking, Housing and Urban Affairs Committee hearing, law professor Kurt Eggert testified that ***loan servicers were incentivized to initiate foreclosures and then extend them for long periods of time since it allowed the servicers time to add improper and excessive "junk fees" to the amounts owed by borrowers***. Then, when the mortgages were finally foreclosed and the properties sold, the loan servicers' improper "junk fees" would be paid first, before the remaining amounts, if any, were remitted to the RMBS trusts, thus generating substantial (but bogus) fees for the servicers while improperly diverting money away from RMBS investors like plaintiff and the class.

- **December 2010**: Professor Eggert also testified that ***loan servicers were often also the originators and warrantors of the mortgage loans in the trusts, and therefore would have firsthand knowledge of any breaches of their R&Ws (similarly, many of the Warrantors to the Covered Trusts were also the Master Servicers or Servicers of the very same Mortgage Loans they warranted)***. Under RMBS trust agreements, master servicers and servicers were required to notify the trustee whenever they discovered breaches of their own (or their related companies') R&Ws. *See, e.g.*, DBALT 2006-AR5 PSA §2.3(a), (c). Eggert testified that ***master servicers and servicers of RMBS did not notify anyone of their own breaches, because they would basically be turning themselves in and, therefore, would have to pay for their breaches*** by curing, substituting or repurchasing defective loans. ***Two of the Covered Trusts – the FHLT 2006-C and WFHET 2006-2 Covered Trusts – had at least one Warrantor that was also a Master Servicer or Servicer to the Covered Trusts at the same time***.

- **December 2010**: Professor Eggert further testified that loan servicers owned large numbers of second lien loans while the RMBS trusts owned the majority of first lien loans. ***This incentivized loan servicers to refuse to modify first lien loans in ways that would benefit RMBS investors because it would harm the servicers' interests in their second lien loans***, which second liens were typically extinguished in a modification of a first lien loan, causing losses to the loan servicers. Thus, ***loan servicers would encourage borrowers of second lien loans owned by the servicers to make payments due on such second lien loans instead of the RMBS trusts' first lien loans***. These perverse incentives, which caused loan servicers to service the mortgage loans in ways which hurt RMBS investors, instead of benefitting them as required by the Governing Agreements, were yet additional Events of Default under the Governing Agreements.

- **January 26, 2011**: ***The U.S. Inspector General released a report*** in which the following observations were made about the loan servicing industry:

> ***Anecdotal evidence of [loan servicers'] failures [have] been well chronicled. From the repeated loss of borrower paperwork, to blatant failure to follow program standards, to unnecessary delays that severely harm borrowers while benefiting servicers themselves, stories of servicer negligence and misconduct are legion, and . . . they too often have financial interests that don't align with those of either borrowers or investors.***

- **January 27, 2011**: ***The FCIC Report further confirmed the existence of loan servicers' conflicts of interests with RMBS investors which led to Events of Default by the Covered Trusts' Master Servicers/Servicers***. The FCIC reported that loan servicers were improperly denying borrowers' loan modifications under the U.S. Government's "HAMP" program, which was created to assist borrowers with obtaining mortgage loan modifications to avoid foreclosures. FCIC Report at 405. Most of the Master Servicers and Servicers had joined the HAMP program and had agreed to modify qualifying loans and borrowers in exchange for monetary incentives from the government. The FCIC Report noted that Diane Thompson of the National Consumer Law Center had testified before the U.S. Senate's Banking, Housing, and Urban Affairs Committee, and had stated that "'[o]nly a very few of the potentially eligible borrowers have been able to obtain permanent modifications. ***Advocates continue to report that borrowers are denied improperly for HAMP . . . and that some servicers persistently disregard HAMP applications***.'" *Id.* The FCIC Report also noted that a Moody's Investors Service managing director "***learned that a survey of servicers indicated that very few troubled mortgages were being modified***." *Id.* at 223.

- **January 27, 2011**: ***The FCIC Report confirmed that loan servicers had incentives to push loans into foreclosure rather than to modify them in a manner that would benefit RMBS investors because the servicers collected large fees from foreclosures***. Loan modifications in many cases were beneficial to RMBS investors because a borrower that continued to make loan payments – even reduced modified payments – could be much more profitable to RMBS investors over time than a borrower who had ceased making payments and who was foreclosed on in a depressed real estate market with excessive loan servicing fees being deducted from the proceeds going to the RMBS trusts.

- **January 27, 2011**: ***The FCIC Report further re-confirmed the robo-signing scandal***, noting testimony given by New York State Supreme Court Justice F. Dana Winslow to the U.S. House Judiciary Committee. Justice Winslow testified that the loan servicing issues had become so prevalent in New York that an RMBS trustee's standing to foreclose had "'become . . . a pervasive issue.'" FCIC Report at 407. The FCIC Report further documented numerous other improper loan servicing practices that Justice Winslow had observed in foreclosure cases, such as:

> ***[T]he failure to produce the correct promissory notes in court during foreclosure proceedings; gaps in the chain of title, including printouts of the title that have differed substantially from***

> ***information provided previously; retroactive assignments of notes and mortgages in an effort to clean up the paperwork problems from earlier years; questionable signatures on assignments and affidavits attesting to the ownership of the note and mortgage; and questionable notary stamps on assignments.***

Id. at 407-08.

- **March 23, 2011**: ***It was reported that a Fort Benning soldier was awarded more than $20 million by a jury in a trial against Covered Trust Servicer PHH. The award included punitive damages due to PHH's egregious loan servicing conduct – conduct that was an Event of Default.***

APPENDIX 5

- **April 14, 2011**: ***Just one day after the April 13, 2011 consent orders***, ***Covered Trust Servicer IndyMac*** (through its parent company OneWest) had an order to show cause issued against it because of its misconduct, which mirrored that described in the consent orders. *See In re Doble*, No. 10-11296-MM13, 2011 Bankr. LEXIS 1449 (Bankr. S.D. Cal. Apr. 14, 2011). The bankruptcy court pointed out that in bankruptcy proceedings "***servicers routinely file inaccurate claims, some of which may not be lawful***." *Id.* at *21.

- **May 2011**: ***Just one month after the April 2011 consent orders, Covered Trust Servicer CHLS/BACHLS entered into an additional consent order*** with the U.S. Department of Justice for additional loan servicing misconduct. CHLS/BACHLS was charged by the Department of Justice with wrongfully and ***intentionally foreclosing on active duty servicemembers in violation of federal law***, clear Events of Default. CHLS/BACHLS paid $20 million to compensate and resolve claims that it illegally foreclosed on approximately 160 servicemembers between January 2006 and May 2009. It also agreed to extensive loan servicing reforms and agreed to pay additional compensation to any other servicemembers it illegally foreclosed on between June 2009 through 2010.

- **June 23, 2011**: The Illinois Department of Financial and Professional Regulation fined ***PHH – a Servicer for the DBALT 2006-AR5 Covered Trust*** – $290,000 for signing foreclosure affidavits that the company knew would later be altered by its attorneys and for signing affidavits using someone else's name. The Illinois regulator found that "***at least four different people used one employee's name to sign . . . affidavits," and also "discovered other evidence of improprieties on the part of PHH employees***." It further found that PHH had violated Illinois law.

- **June 2011**: Bank of America entered into an ***$8.5 billion settlement concerning 530 RMBS trusts arising out of loan servicing abuses by Covered Trust Servicer CHLS/BACHLS***. (A portion of the settlement was also for massive breaches of Countrywide's R&Ws.)

- **July 2011**: The *Associated Press* reported that "***[m]ortgage industry employees are still signing documents they haven't read and using fake signatures more than eight months after big banks and mortgage companies promised to stop the illegal practices that led to a nationwide halt of home foreclosures***." The *Associated Press* article further reported:

> ***County officials in at least three states say they have received thousands of mortgage documents with questionable signatures since last fall, suggesting that the practices, known collectively as "robo-signing," remain widespread in the industry.***

* * *

> ***Lenders say they are working with regulators to fix the problem but cannot explain why it has persisted.***
>
> ***Last fall, the nation's largest banks and mortgage lenders, including . . . [Covered Trust Master Servicers/Servicers] Wells Fargo, [CHLS/BACHLS through] Bank of America and [Litton] an arm of Goldman Sachs, suspended foreclosures as they investigated how corners were cut to keep pace with the crush of foreclosure paperwork.***
>
> ***Critics say the new findings point to a systemic problem with the paperwork involved in home mortgages and titles. And they say it shows that banks and mortgage processors haven't acted aggressively enough to put an end to widespread document fraud in the mortgage industry.***
>
> ***"Robo-signing is not even close to over," says Curtis Hertel, the recorder of deeds in Ingham County, Mich., which includes Lansing. "It's still an epidemic."***

- **July 2011**: Michael Calhoun, President of the Center for Responsible Lending, told the U.S. Senate Banking, Housing and Urban Affairs Committee that "***[a]busive [loan servicing] practices have become so ingrained in the servicing culture that they are now endemic to the industry***." He then testified concerning multiple ongoing servicing abuses he had observed, such as:

  - "dual track[ing]," an improper servicing practice where the borrower is foreclosed on in the middle of ongoing loan modification negotiations or after a trial modification was agreed to and being performed by the borrower;
  - "[f]oreclosing even when [RMBS] investors would receive more from a sustainable modification";
  - "[i]mproper denial and delay of loan modification requests . . . because fees, which eventually flow directly to servicers . . . continue to accrue";
  - "[f]orcing homeowners into multiple temporary modifications [which is] a best-of-both-worlds situation for servicers, who continue to charge fees";
  - "[f]orce-placed insurance [which is] very expensive . . . often driving an otherwise current borrower into delinquency and even foreclosure";
  - "[i]mproper fees";
  - "[m]isapplication of borrower payments";
  - "[m]ismanaged escrow accounts";
  - "[f]ailing or refusing to provide payoff quotations to borrowers";
  - "[a]buses in the default and delinquency process"; and
  - ***"fail[ure] to adhere to loss mitigation requirements of [RMBS] investors," i.e., failure to abide by the Governing Agreements.***

- **July 18, 2011**: ***In a special investigative report titled "Banks continue robo-signing," Reuters reported that many of the Master Servicers and Servicers to the Covered Trusts were continuing to engage in Events of Default on a grand scale.*** *Reuters*' investigation found that loan servicers "***continue[d] to file questionable foreclosure documents with courts and county clerks***," and that "***servicers have filed thousands of documents that appear to have been fabricated or improperly altered, or have sworn to false facts***." *Reuters* also reported that "***[o]ne of the industry's top representatives admits that the federal settlements [in April 2011] haven't put a stop to questionable practices***," and that "***many [servicers] are still taking the same shortcuts they promised to shun, from sketchy paperwork to the use of 'robo-signers.'***" ***The Reuters investigative report cited multiple examples of continuing improper loan servicing by many of the Master Servicers and Servicers to the Covered Trusts, including Bank of America (CHLS/BACHLS), IndyMac (through OneWest), GMAC, SPS, Wells Fargo and Ocwen***. *Reuters* reported that ***Master Servicer/Servicer Wells Fargo*** had assigned mortgages on behalf of lender New Century to others in 2011, four years ***after*** New Century ceased to exist, and that in "***court files of Florida foreclosure cases by Wells Fargo . . . none of the promissory notes filed as exhibits in 10 cases found by Reuters had any endorsements on them.***" ***Wells Fargo was a Master Servicer and/or Servicer to each of the three Covered Trusts***. ***Bank of America (which includes Covered Trust Servicer CHLS/BACHLS)*** was also singled out by the *Reuters* article:

> ***Bank of America [and thus CHLS/BACHLS], meanwhile, is coming under fire from a New York federal bankruptcy judge.***
>
> ***Last Tuesday, Judge Robert Drain ordered an investigation involving a foreclosure case brought by the bank. Two earlier copies of a promissory note filed in court had lacked any endorsement, but then one appeared on the note when bank lawyers produced the original.***
>
> ***The judge said the sudden appearance of an endorsement, and his own close look at it, raised questions about whether it had been added illegally to make the note look legitimate.***
>
> ***It "raises a sufficiently serious issue as to when and more importantly by whom this note was endorsed," the judge said.***

The *Reuters* article confirmed ongoing, rampant Events of Default:

> Reuters reviewed records of individual county clerk offices in five states – Florida, Massachusetts, New York, and North and South Carolina – with searchable online databases. Reuters also examined hundreds of documents from court case files, some obtained online and others provided by attorneys.

> ***The searches found more than 1,000 mortgage assignments that for multiple reasons appear questionable: promissory notes missing required endorsements or bearing faulty ones; and "complaints" (the legal documents that launch foreclosure suits) that appear to contain multiple incorrect facts.***

The Reuters article also reported that defendant HSBC was taken to task by a judge for using "known robo-signer[s]."

- **August 4, 2011**: ***Covered Trust Master Servicer/Servicer CHLS/BACHLS was again caught engaging in Events of Default.*** In states providing for non-judicial foreclosures, Bank of America (and thus CHLS/BACHLS) utilized a subsidiary of Bank of America called ReconTrust Company, N.A. ("ReconTrust"), to foreclose on homeowners. On August 4, 2011, ***the Attorney General for the State of Washington filed an action against ReconTrust alleging that the company "failed to comply with the procedures of [Washington state foreclosure laws] in each and every foreclosure it has conducted since at least June 12, 2008" and "systematically conceals, misrepresents or inaccurately divulges the true parties to the mortgage transaction," including misrepresenting the ownership of mortgage notes.***

- **August 2011**: *American Banker* reported that "***the largest mortgage servicers are still fabricating documents***" filed in foreclosure proceedings. The article reported the following:

> ***Several dozen documents reviewed by American Banker show that as recently as August some of the largest U.S. banks, including Bank of America Corp. [CHLS/BACHLS], Wells Fargo, Ally Financial Inc. [aka GMAC] and OneWest [IndyMac's successor] were essentially backdating paperwork necessary to support their right to foreclose.***
>
> ***Some of documents reviewed by American Banker included signatures by current bank employees claiming to represent lenders that no longer exist.***
>
> * * *
>
> ***"It's one thing to not have the documents you're supposed to have even though you told investors and the SEC you had them," says Lynn E. Szymoniak, a plaintiff's lawyer in West Palm Beach, Fla. "But they're making up new documents."***
>
> * * *
>
> ***North Carolina consumer bankruptcy lawyer O. Max Gardner III says servicers and trustees often submit promissory notes in court without proper endorsements, which show the chain of title from one lender to another. Then, after the fact, there will be***

> ***"a magically appearing note with a stamped endorsement," Gardner said.***
>
> ***When plaintiff's lawyers then try to depose the person whose name is stamped on the endorsement, "we're being told the person is no longer employed by the servicer or by the party for whom they signed," Gardner says.***
>
> ***Linda Tirelli, a New York bankruptcy lawyer, calls such mortgage documents "Ta-Da!" assignments because they seem to appear out of nowhere.***
>
> ***"Why are they creating their own assignments to begin with?" asks Tirelli, who represents borrowers. "Why is this even an issue?"***

- **September 1, 2011**: ***Goldman Sachs entered into a consent order with the Federal Reserve for Covered Trust Servicer Litton's loan servicing misconduct. The consent order entered into by Goldman Sachs on behalf of Litton was virtually identical to the April 13, 2011 consent orders entered into by other Covered Trust Master Servicers/Servicers, as it did not contest the Federal Reserve's findings that Litton had engaged in the filing of false affidavits in foreclosure proceedings which were not made on personal knowledge and which were not properly notarized, engaged in "unsafe or unsound" foreclosure practices, and failed to devote sufficient resources and oversight to Litton's foreclosures. Goldman Sachs also agreed to institute major remedial measures and to obtain an independent consultant to review Litton's practices and make payments to aggrieved borrowers.***

- **September 1, 2011**: The New York Department of Financial Services announced that it had entered into an agreement with ***Covered Trust Servicers Ocwen and Litton***, as well as Litton's parent company, Goldman Sachs, to have Ocwen and Litton refrain from committing numerous types of loan servicing misconduct amounting to Events of Default. The agreement was required by the New York regulator as a pre-condition to Ocwen's acquisition of Litton from Goldman Sachs. In addition, ***Goldman Sachs was required to forgive $53 million in loan principal balances that were owned by Goldman Sachs and serviced by Litton, because of Litton's servicing misconduct.*** The New York regulator's news release indicated that the agreement was intended to put an end to Litton's and Ocwen's misconduct amounting to Events of Default:

> ***The new Agreement on Mortgage Servicing Practices that Goldman, Ocwen and Litton have signed makes important changes in the mortgage servicing industry which, as a whole, has been plagued by troublesome and unlawful practices. Those practices include: "Robo-signing," referring to affidavits in foreclosure proceedings that were falsely executed by servicer staff without personal review of the borrower's loan documents and were not***

> ***notarized in accordance with state law; weak internal controls and oversight that compromised the accuracy of foreclosure documents; unfair and improper practices in connection with eligible borrowers' attempts to obtain modifications of their mortgages or other loss mitigation, including improper denials of loan modifications, and imposition of improper fees by servicers.***

- **September 1, 2011**: ***The Federal Reserve issued a press release lambasting Goldman Sachs and Covered Trust Servicer Litton's loan servicing practices. The press release stated***:

> ***The Federal Reserve Board on Thursday announced a formal enforcement action against the Goldman Sachs Group, Inc. and Goldman Sachs Bank USA to address a pattern of misconduct and negligence relating to deficient practices in residential mortgage loan servicing and foreclosure processing involving its former subsidiary, Litton Loan Servicing LP.***
>
> * * *
>
> ***The action orders Goldman Sachs to retain an independent consultant to review foreclosure proceedings initiated by Litton that were pending at any time in 2009 and 2010. The review is intended to provide remediation to borrowers who suffered financial injury as a result of wrongful foreclosures or other deficiencies identified in a review of the foreclosure process. The foreclosure review will be conducted consistent with the reviews currently underway at the 14 large mortgage servicers that consented to enforcement actions brought by the banking agencies on April 13, 2011.***
>
> * * *
>
> ***As noted in the April press release, the Federal Reserve believes monetary sanctions are appropriate and plans to announce monetary penalties. These monetary penalties against Goldman Sachs will be in addition to the corrective actions that Goldman Sachs will be taking pursuant to today's action. Goldman Sachs has acknowledged in today's action that it will be responsible for satisfying any civil money penalty that the Board of Governors could have assessed against Litton for its conduct.***

- **October 6, 2011**: Neil Barofsky, former Special Inspector General for the Troubled Asset Relief Program, or TARP, testified before a U.S. House Financial Services Subcommittee and stated that the Government Accountability Office ("GAO") "***confirmed . . . widespread anecdotal evidence of [loan] servicers' failures***" to properly service mortgage loans. Barofsky also confirmed that "***the widespread abuse suffered . . . at the hands of the mortgage servicers . . . has gone largely***

unaddressed . . . even though [the Government] has been aware of servicer misconduct since 2009," and further confirmed that "***rampant mortgage servicer abuse that has so strongly characterized the [financial] crisis . . . continues to go unpunished***."

- **November 10, 2011**: New York's Department of Financial Services announced it had entered into an agreement with ***Covered Trust Servicer AHM Servicing*** and several other loan servicers, to reform their loan servicing practices. Benjamin Lawsky, Superintendent of Financial Services, stated: "'***Today's agreements are an important step forward in cleaning up some of the mortgage industry's most troubling practices***.'" According to the Department of Financial Services' press release, the agreements were made to address the following misconduct by AHM Servicing and the other loan servicers:

  - "Robo-signing," where servicer staff signed affidavits stating they reviewed loan documents when they had not actually done so.
  - Weak internal controls and oversight that compromise the accuracy of foreclosure documents.
  - Referring borrowers to foreclosure at the same time as those borrowers are attempting to obtain modifications of their mortgages or other loss mitigation.
  - Improper denials of loan modifications.
  - Failing to provide borrowers with access to a single customer service representative, resulting in delays or failure of the loss mitigation process.
  - Imposition of improper fees by servicers.

The press release further outlined the servicers' agreements to reform their practices as follows:

1. End Robo-signing and impose staffing and training requirements that will prevent Robo-signing.

2. Require servicers to withdraw any pending foreclosure actions in which filed affidavits were Robo-signed or otherwise not accurate.

3. End "dual tracking," i.e., referring a borrower to foreclosure while the borrower is pursuing loan modification or loss mitigation, and prohibit foreclosures from advancing while denial of a borrower's loan modification is under an independent review, which is also required by the agreements.

4. Provide a dedicated single point of contact representative for all borrowers seeking loan mitigation or in foreclosure so borrowers are able to speak to the same person who knows their file every time they call.

5. Require servicers to ensure that any force-placed insurance be reasonably priced in relation to claims incurred, and prohibit force-placing insurance within an affiliated insurer.

6. Impose more rigorous pleading requirements in foreclosure actions to ensure that only parties and entities possessing the legal right to foreclose can sue borrower.

7. For borrowers found to have been wrongfully foreclosed, require servicers to ensure that their equity in the property is returned, or, if the property was sold, compensate the borrower.

8. Impose new standards on servicers for application of borrowers' mortgage payments to prevent layering of late fees and other servicer fees and use of suspense accounts in ways that compounded borrower delinquencies and defaults.

9. Require servicers to strengthen oversight of foreclosure counsel and other third party vendors, and impose new obligations on servicers to conduct regular reviews of foreclosure documents prepared by counsel and to terminate foreclosure attorneys whose document practices are problematic or who are sanctioned by a court.

- **December 2011**: It was reported that ***an Alabama bankruptcy court judge ruled that Wells Fargo, a Master Servicer and/or Servicer for each of the Covered Trusts, had filed at least 630 sworn foreclosure affidavits containing false facts***, including claims that borrowers were in arrears for amounts not actually due. Judge Margaret A. Mahoney had declared that "***Wells Fargo 'took the law into its own hands'" and disregarded perjury laws***.

- **December 28, 2011**: ***A United States Bankruptcy Court issued an order sanctioning Covered Trust Servicer AHM Servicing*** based on numerous instances of loan servicing misconduct that were Events of Default. ***The court held that AHM Servicing's "conduct [was] willful" in violating the court's Chapter 13 reorganization plan repeated times, and "that AHM[] [Servicing's] attitude and conduct in this matter is indefensible." The court awarded the borrowers $10,000 in damages and $40,000 in punitive damages, payable by AHM Servicing. The court further awarded the borrowers their attorneys' fees and prohibited AHM Servicing from raising the borrowers' payments without court approval***.

- **January 2012**: The *Chicago Tribune* reported:

> ***Foreclosure-related case files in just one New York federal bankruptcy court, for example, hold at least a dozen mortgage documents known as promissory notes bearing evidence of recently forged signatures and illegal alterations, according to a judge's rulings and records reviewed by Reuters. Similarly altered notes have appeared in courts around the country.***
>
> ***Banks in the past two years have foreclosed on the houses of thousands of active-duty U.S. soldiers who are legally eligible to have foreclosures halted. Refusing to grant foreclosure stays is a misdemeanor under federal law.***
>
> ***The U.S. Treasury confirmed in November that it is conducting a civil investigation of 4,500 such foreclosures. Attorneys representing service members estimate banks have foreclosed on up to 30,000 military personnel in potential violation of the law.***
>
> * * *
>
> ***And in thousands of cases, documents required to transfer ownership of mortgages have been falsified. Lacking originals needed to foreclose, mortgage servicers drew up new ones, falsely signed by their own staff as employees of the original lenders – many of which no longer exist.***

- **February 9, 2012**: The U.S. Department of Justice and 49 states obtained "***a landmark $25 billion settlement," "the largest federal-state civil settlement ever obtained***," against the nation's five largest loan servicers for continuing "***mortgage loan servicing and foreclosure abuses***" (hereafter the "National Mortgage Settlement"). U.S. Attorney General Eric Holder called the servicers' misconduct "***reckless and abusive mortgage practices***." ***The five loan servicers charged by the U.S. and 49 states were repeat offenders – they had previously entered into the April 13, 2011 consent orders. Three of the five serial offenders were Bank of America (which includes Covered Trust Servicer CHLS/BACHLS), Ally Financial (which includes Covered Trust Servicer GMAC) and Covered Trust Master Servicer/Servicer Wells Fargo***. These repeat offenders were charged with

> ***violations of state and federal law[;] . . . [the] use of "robo-signed" affidavits in foreclosure proceedings; deceptive practices in the offering of loan modifications; failures to offer non-foreclosure alternatives before foreclosing on borrowers with federally insured mortgages; and filing improper documentation in federal bankruptcy court.***

- **February 2012**: ***The New York Attorney General sued Covered Trust Master Servicers/Servicers Wells Fargo and Bank of America (and therefore CHLS/BACHLS)***. The New York Attorney General also sued MERSCORP Inc. and its subsidiary Mortgage Electronic Registration Systems, Inc. (collectively, "MERS"). The lawsuit alleged that these Master Servicers and Servicers and MERS repeatedly submitted documents to courts in foreclosure proceedings that contained misleading and false information. The New York Attorney General stated: "'***Once the mortgages went sour, these same banks brought foreclosure proceedings en masse based on deceptive and fraudulent court submissions, seeking to take homes away from people with little regard for basic legal requirements or the rule of law.***'"

- **February 2012**: ***PNC, which had acquired National City, a Servicer for the DBALT 2006-AR5 Covered Trust, reported that it was accruing $240 million of expenses related to "residential mortgage foreclosure-related expenses, primarily as a result of ongoing governmental matters," a confession that it was engaged in widespread Events of Default***.

- **March 5, 2012**: U.S. Secretary of Housing and Urban Development, Shaun Donovan, stated in televised comments that "***as high as 60 percent of foreclosures were [still] being done wrong***."

- **June 7, 2012**: Law professor Adam Levitin testified before a U.S. House Subcommittee, stating that ***the National Mortgage Settlement would "not deter future consumer fraud by too-big-to-fail" master servicers/servicers***, calling their conduct "***one of the most pervasive violations of procedural rights in history," supported by "evidence of widespread fraud [that] was too great to ignore***." Regarding the National Mortgage Settlement, Professor Levitin stated: "Critically for the purposes of this hearing, ***the settlement permits the banks to receive credit under the settlement by reducing principal or refinancing on mortgages that they service, but do not own," and therefore "servicers have strong incentives not to engage in principal write-downs on loans they own"; instead, "it appears likely that most of the principal reductions will come from investor-owned mortgages," i.e., Mortgage Loans like those in the Covered Trusts***. Professor Levitin concluded: "***I would expect servicers to perform some [principal reductions] that violate PSAs in order to get . . . settlement credit***."

- **January 2013**: ***Bank of America (and therefore Covered Trust Servicers CHLS/BACHLS) was reported to still be committing Events of Default, as it had to pay Fannie Mae $1.3 billion "to make up for dropping the ball on servicing mortgages . . . by delaying contacts with delinquent borrowers or failing to process foreclosures properly***."

- **February 2013**: In a lawsuit to approve an $8.5 billion settlement between Bank of America and an RMBS trustee concerning, *inter alia*, improper loan servicing by ***Covered Trust Servicer CHLS/BACHLS*** in 530 RMBS trusts, ***objectors to the settlement provided evidence to the court establishing that CHLS/BACHLS***

breached the PSAs for 468 of the 530 trusts by improperly modifying first lien loans owned by the trusts, and thus causing losses to the investors, while simultaneously refusing to modify second lien loans it or Bank of America owned in order to avoid losses to themselves.

- **June 2013**: The *Charlotte Business Journal* reported that the monitor overseeing the administration of the National Mortgage Settlement found that ***Bank of America (and thus Covered Trust Servicer CHLS/BACHLS) was not complying with the required servicing standards***. The article stated: "***These aren't new allegations.***"[1] *The New York Times* reported that, in addition to Bank of America, ***Covered Trust Master Servicers/Servicers Wells Fargo and GMAC were also not complying with the settlement***. *The New York Times* reported that the servicers had received "***almost 60,000 complaints***" from borrowers about their servicing misconduct, while

> ***state officials have expressed deep disappointment with the banks' performance in other areas. Last month, lawyers in the office of Martha Coakley, the attorney general of Massachusetts, detailed what they said were hundreds of violations of the settlement, including a failure to adhere to the required timetable or provide reasons for the denial of an application.***
>
> ***They also pointed to cases where they said banks had improperly inflated the value of a loan before writing it down so as to claim a greater amount of relief, or where they had reverted to a higher interest rate while delaying, for months, the decision to make a trial loan modification permanent.***
>
> ***Soon after, Eric T. Schneiderman, the attorney general of New York, announced plans to sue Bank of America [and therefore Covered Trust Servicer CHLS/BACHLS] and [Master Servicer/Servicer] Wells Fargo, saying they were repeatedly violating the terms of the settlement.***
>
> ***Lisa Madigan, the attorney general of Illinois, said there was an "alarming pattern" of violations of the servicing standards. In a review of servicer handling of loan modification requests in Illinois, she found that in 60 percent, servicers failed to comply with the time frame for notifying borrowers of missing documents and in 45 percent they made multiple requests for the same documents.***
>
> ***Pam Bondi, the attorney general of Florida, has written letters to Bank of America and Wells Fargo detailing similar complaints that are resolved only by the intervention of her office.***

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[1] In fact, Bank of America/CHLS/BACHLS would subsequently be found to not be in compliance by the monitor several additional times.

- **June 2013**: *CBC News* reported that ***former employees of Bank of America (which included Covered Trust Servicer CHLS/BACHLS) had filed sworn affidavits in cases against the bank revealing conduct amounting to Events of Default***:

> ***Former Bank of America employees say in court documents that the bank routinely lies to customers about their mortgages, and denies their requests for modifications without even looking at the paperwork.***
>
> ***In sworn affidavits, four former employees, for example, describe policies in place at the bank that they say are designed to subvert the Home Affordable Modification Program (HAMP), 2009 government-sponsored initiative that was designed to keep distressed homeowners above water during the depths of the housing crises.***
>
> ***The affidavits are part of multiple court cases against the bank brought by homeowners who say they were unfairly foreclosed upon.***
>
> * * *
>
> ***The former workers allege there's a bank-wide policy that encourages mortgage officers to delay and avoid that process as much as possible, to foreclose on customers who shouldn't have been, and to generally lie and mislead.***
>
> ***According to one affidavit, a mortgage processor who put 10 or more houses into foreclosure in any given month was eligible for a $500 cash bonus, or gift cards at a major retailer.***
>
> ***The sworn affidavits were made public recently on the website of ProPublica, an independent, non-profit news service that produces investigative journalism in the public interest.***
>
> ***The employees say the bank also went out of its way to mislead, stall and delay paperwork so that customers would be denied changes to their mortgages, and forced into arrangements that were more profitable to the bank than HAMP arrangements were.***
>
> ***"We were told to lie to customers and claim that Bank of America had not received documents it had requested, and that it had not received trial payments [when in fact it had]," said Simone Gordon, a senior collector of loss mitigation at the bank for five years until early 2012.***

Another ex-worker, Theresa Terrelonge, agreed that subverting HAMP to the bank's benefit was an overarching goal for the bank.

"*Based on what I observed, Bank of America was trying to prevent as many homeowners as possible from obtaining permanent HAMP loan modifications while leading the public and the government to believe that it was making efforts to comply with HAMP," she said.*

* * *

"*It was well known among managers and many employees that the overriding goal was to extend as few HAMP loan modifications to homeowners as possible.*"

She also said that Bank of America "collectors" who failed to meet their quotas were fired for not putting enough customers into foreclosure. "Several of my colleagues were terminated on that basis," she said.

Another former employee, William Wilson, said the bank would routinely delay filing appropriate paperwork after receiving it, in order to have certain penalties kick in. After waiting 60 days, the bank would automatically reject them all.

"*During a blitz, a single team would decline between 600 and 1,500 modification files at a time for no reason other than the documents were more than 60 days old," Wilson said.*

"*Once an applicant was finally rejected after a long delay, the bank would offer them an alternative. Bank of America would charge a higher interest rate . . . .*"

Wilson alleges he was fired in August 2012 for refusing to go along with the scheme any longer.

* * *

The employees allege the bank would routinely file false paperwork [with] [the] government suggesting it had far more HAMP-backed loans on its books than was the reality.

"*It was well known among Bank of America employees that the numbers Bank of America was reporting to the government and to the public were simply not true," Steven Cupples said. Cupples worked at the bank until June 2012. He previously worked at Countrywide, the lender at the center of America's subprime*

mortgage crisis that was subsequently taken over by Bank of America.

- **November 2013**: Standard & Poor's estimated that the largest loan servicers' exposure for improper loan servicing conduct was ***an astounding $30 billion.***

- **December 2013**: *The Star-Ledger* reported that the New Jersey Attorney General had charged ***Covered Trust Servicer PHH*** with misleading borrowers and violating New Jersey law by "***not giving homeowners accurate information about how long it would take to process loan modifications, misleading them about foreclosure proceedings and imposing improper fees.***" PHH paid $6.35 million to settle the charges which affected "***[a]t least 2,000 borrowers,***" demonstrating a company-wide pattern of misconduct by PHH.

- **January 29, 2014**: ***The CFPB announced it was initiating administrative proceedings against Covered Trust Servicer PHH, charging it with inducing borrowers to purchase mortgage insurance at inflated prices in order to "collect illegal kickback payments and unearned fees" over a 15-year period.***

- **February 2014**: Steven Antonakes, Deputy Director of the CFPB, confirmed that the loan servicing industry as a whole was continuing its servicing abuses and Events of Default. At the Mortgage Bankers Association's National Mortgage Servicing Conference in February 2014, Antonakes gave a speech which took the industry to task, stating: "***Nearly eight years have passed and I remain deeply disappointed by the lack of progress the mortgage servicing industry has made***." Antonakes stated that ***the CFPB was still receiving "around 4,900 complaints per month" concerning mortgage servicing, and "too many [borrowers] continue to receive erratic and unacceptable treatment. . . . This kind of continued sloppiness is difficult to comprehend and not acceptable. It is time for the paper chase to end. . . . It has felt like 'Groundhog Day' with mortgage servicing for far too long***." Antonakes also said the pervasive practice of successor servicers failing to honor loan modification agreements with prior servicers "would not be tolerated," and that the servicing industry's continuing deceptive practices would not be allowed: "***There will be no more shell games where the first servicer says the transfer ended all of its responsibility . . . and the second servicer" claims ignorance about the modification.*** Antonakes summed up his speech as follows, which clearly indicated that the industry still had not stopped committing Events of Default:

> ***My message to you today is a tough one. I don't expect a standing ovation when I leave. But I do want you to understand our perspective. I would be remiss if I did not share it with you.***
>
> ***In our view, the intense human suffering inflicted on American consumers by an all-too-frequently indifferent mortgage servicing system has required us to change the paradigm in mortgage servicing forever. Frankly, the notion that government***

> ***intervention has been required to get the mortgage industry to perform basic functions correctly – like customer service and record keeping – is bizarre to me but, regrettably, necessary. . . .***
>
> ***But please understand: if you choose to operate in this space, the fundamental rules have changed forever. It's not just about collecting payments. It's about recognizing that you must treat Americans who are struggling to pay their mortgages fairly before exercising your right to foreclose. We have raised the bar in favor of American consumers and we are ready, willing and able to vigorously enforce that bar.***
>
> ***Ultimately, these profound changes will be good for all Americans, including industry. But please understand, business as usual has ended in mortgage servicing. Groundhog Day is over. Thank you.***

- **March 2014**: ***The Washington Post reported on a foreclosure lawsuit filed in federal court in New York in which an internal "foreclosure manual" of Covered Trust Master Servicer/Servicer Wells Fargo was obtained and filed. The borrower's attorney asserted that the internal manual instructed attorneys working for Wells Fargo on how to essentially perform robo-signing and create false foreclosure documents***. The borrower's attorney was reported to have stated: "'***This is a blueprint for fraud. . . . The idea that this bank is instructing people how to produce these documents is appalling***.'" *The Washington Post* further reported that ***the borrower's attorney "has long suspected Wells Fargo of manufacturing documents. A number of her past cases involving the bank featured mortgage notes that were not endorsed by anyone, but when she brought it to Wells Fargo's attention the bank would 'magically' produce[] the document." It happened so frequently to this attorney and her colleagues "that they started to call paperwork 'ta-da' documents***." This revealed unequivocal evidence that Wells Fargo had an established, uniform ***and written practice manual*** that directed the company-wide manufacture of falsified, robo-signed documents, a clear Event of Default.

- **May 23, 2014:** ***Covered Trust Master Servicer/Servicer Wells Fargo settled a derivative action by its shareholders*** against Wells Fargo executives ***alleging they allowed foreclosure abuses to occur, including improper robo-signing and the filing of false affidavits not based on personal knowledge. Wells Fargo paid $67 million to settle the case***.

- **May 29, 2014:** ***News reports indicated that the U.S. Attorney's office in Manhattan was investigating five loan servicers, including Covered Trust Servicers PHH and National City (through PNC), for overcharging the Government for expenses incurred during foreclosures***.

- **July 21, 2014**: ***It was reported that Covered Trust Servicer PHH was ordered to pay $16 million to a borrower by a California jury – including punitive damages of***

$15.7 million – for its egregious conduct in servicing the borrower's mortgage loan. The report also stated "PHH is no stranger to legal woes. In January, the company was accused of orchestrating a massive kickback scheme. The company is also being investigated by the US Attorney's Office for allegedly overcharging the government for foreclosure expenses on federally backed mortgages."

- **September 10, 2014**: A *Bloomberg* article discussed the recent financial crisis and made the following observations about loan servicers' ongoing misconduct:

> ***[T]he banks took many short cuts and did so on purpose and with the goal of improperly expediting the process. They failed to review the documents of the mortgages they were foreclosing on, then told the courts they had. They didn't verify information, but claimed to have done so in sworn affidavits. They hired $8 an hour burger-flippers to "robosign" these documents, pretending the underlying legal work had been done. They knowingly used falsified records, some of which they bought en masse. They were aided by a company called DocX, which had a price list of fabricated documents for use in court. (DocX, by the way was eventually indicted on charges of mortgage fraud).***
>
> ***After creating phony dossiers on borrowers, the banks signed and notarized affidavits stating they had taken all of the legal steps. In many cases, even the notarizations were fakes. Submitting a falsified notarized affidavit to a court is perjury and fraud.***

APPENDIX 6

- **April 2004**: The OTS instituted an enforcement action against Ocwen Federal Bank. The OTS found that Ocwen had ***engaged in illegal, unsafe and unsound loan collection practices***. As a result, Ocwen entered into a written "supervisory agreement" with the OTS, in which it agreed to improve its compliance with numerous federal laws, including the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act and the Fair Credit Reporting Act. The *Palm Beach Post* reported that Ocwen entered into the agreement with the OTS after being ***"[f]looded" with "hundreds" of complaints by borrowers, consumer advocates and class-action attorneys, and "several proposed class-action suits against Ocwen."*** [1]

- **November 29, 2005**: In a lawsuit in which an RMBS trustee, Ocwen and others were co-defendants, a jury rendered ***an $11.5 million verdict in favor of a borrower and against Ocwen arising out of Ocwen's mis-servicing of the loan***. *See Davis v. Ocwen Loan Servicing LLC, et al.*, No. 2004 CV 1469 (Tex. Dist. Ct., Galveston Cnty. Nov. 29, 2005) (Criss, J.). The jury award included $10 million in punitive damages against Ocwen because of the egregious misconduct it engaged in (the jury award was later reduced to $1.8 million by agreement of the parties). According to borrower Davis's attorney, in February 2002, Davis, 64, took out a $31,000 home equity loan on the Texas City residence where she had lived since 1942. In 2003, Davis became ill and spent four days in the hospital, which forced her to miss one loan payment. Ocwen told her it would put her on a payment plan, but never did. Ocwen also failed to credit Davis for the money she paid and began to foreclose on her house while continuing to falsely assure her she was on a payment plan. Ocwen eventually foreclosed on Davis's home, and she filed for bankruptcy in the hopes of ending Ocwen's harassment. During the bankruptcy, however, Ocwen requested an additional $390 to cover its costs and fees related to a default she had already cured. ***At trial, a former Ocwen employee provided uncontradicted testimony concerning Ocwen's unfair business practices, which included paying incentives to its loan collectors for improperly moving loans on properties with equity into foreclosure. The former employee testified that Ocwen employees would review their records to identify loans in which the borrowers had equity, and then prey on the borrowers by improperly manufacturing ways to falsely foreclose on them***. The former employee testified that they selected loans with equity because it ensured that there was money to pay the Ocwen employees their incentive payments once they wrongfully foreclosed. The evidence also showed that ***Ocwen engaged in predatory servicing by not informing borrowers of how to make their loans current, and failing to give credit for payments when they were made, in order to artificially manufacture foreclosures. The jury found that Ocwen made fraudulent, deceptive and***

[1] In order to escape further scrutiny from the OTS, and to avoid being held accountable under the supervisory agreement, Ocwen then quickly dissolved Ocwen Federal Bank and created non-bank loan servicer Ocwen Loan Servicing LLC, taking itself outside of the OTS's jurisdiction. In this way, Ocwen could continue to operate its fraudulent business model without OTS interference.

misleading representations to Davis when she missed her loan payment while hospitalized in 2003. Davis's attorney, Robert Hilliard of Corpus Christi, said: "***The jury believed that Ocwen has a scheme of stealing homes" by classifying timely payments as late and then beginning foreclosure proceedings***.

- **January 23, 2006**: The *South Florida Business Journal* reported:

> ***The Business Journal's review of court filings shows Ocwen and affiliates are defendants in more than 500 civil suits filed in federal courts since 2002. Many of the cases have more than one customer among plaintiffs. About 100 of the cases are still pending***.
>
> * * *
>
> ***Plaintiff lawyers are currently seeking class action status for 57 federal cases being consolidated in Chicago and the West Palm Beach company says it is facing 331 lawsuits altogether. . . .***
>
> ***The allegations are sometimes harsh - one plaintiff describes the company's actions as "naked fraud"*** . . . .
>
> * * *
>
> ***Ocwen probably isn't done with [Attorney] Hilliard. The attorney said he is preparing to file about 100 suits for Texas residents who claim Ocwen falsified mortgage payments and began foreclosure proceedings***.

- **March 2009**: *ProPublica* published an article examining Ocwen, which stated:

> ***[Ocwen's] business practices have also drawn a wide array of criticism from customers, consumer advocates and the federal government itself***.
>
> * * *
>
> Ocwen got a lucrative contract in 2003 to manage and sell thousands of foreclosed properties owned by the Department of Veterans Affairs, but a report from the Government Accountability Office in 2007 panned Ocwen's performance and said the "***VA also has not been satisfied with Ocwen's performance***": Ocwen racked up $1.3 million in penalties from the VA in the last three quarters of 2005 (at the height of the housing boom) for failing to meet sales targets.
>
> There were other problems too: ***Ocwen charged the VA for home-upkeep repairs that were never made, the GAO reported.***

Houses fell into disrepair and were covered in "trash and debris," which the GAO suspects might have lowered property values.

* * *

But that wasn't Ocwen's only run-in with the federal government.

In 2000, Ocwen Federal Bank, a now-defunct subsidiary, paid $50,000 to settle . . . charges from HUD concerning various rule violations on its loan servicing. Four years later, the Office of Thrift Supervision forced Ocwen Federal Bank to sign an agreement . . . promising to improve its compliance with fair-lending laws.

John Taylor, president of the National Community Reinvestment Coalition, cited those regulatory actions when criticizing the VA's choice of Ocwen in 2003. "Why would you want, when you have a repeated history of problems, to expose VA housing to a potential predator?" he asked in American Banker.

* * *

Ocwen has ranked last in J.D. Power and Associates' survey of customer service at mortgage servicers for the last three years in a row. Frustrated customers point specifically to its tortuous and unhelpful phone services.

* * *

Ocwen didn't fare much better with the Better Business Bureau of Central Florida, which has received 520 complaints about Ocwen in the last 36 months and slapped it with an F, its lowest rating.

* * *

Ocwen has in fact been accused of predatory practices in a slew of lawsuits in the last few years. Frequent allegations include that Ocwen falsely classifies timely payments as late, charges unwarranted fees and improperly starts foreclosure proceedings.

- **May 2009**: A Louisiana bankruptcy court judge blasted Ocwen after being subjected to its repeated violations of the bankruptcy code for which the court had repeatedly sanctioned it. *See In re McKain*, No. 08-10411, 2009 Bankr. LEXIS 2519, at *5-*8, *10-*11 (Bankr. E.D. La. May 1, 2009), *rev'd on other grounds*, *Ocwen Loan Servicing, LLC v. McKain*, No. 09-3662, slip op. (E.D. La. Aug. 15, 2011). The court held:

Ocwen's History

> ***This is not the first time Ocwen has appeared before the Court for improperly administering a loan or attempting to collect fees and costs to which it was not entitled. The Court has been involved with six other cases [fn] in the last four years where Ocwen either included improper fees in its claim; attempted to collect, post-discharge, fees and costs that were undisclosed but assessed during a bankruptcy; or attempted to foreclose on disallowed or discharged debt.***
>
> * * *
>
> ***Ocwen has consistently shown an inability or refusal to comply with the[] basic statutory tenets [of the bankruptcy code]. As a result, discharged debtors have continued to incur the threat of foreclosure and collection of debts that have been discharged or disallowed. Ocwen has failed to disclose the assessment of postpetition charges to others, misleading them into a false sense that a fresh start was theirs to enjoy.***
>
> * * *
>
> ***Ocwen has repeatedly abused the claims process and failed to honor the discharge injunction by attempting to collect from debtors and their bankruptcy estate disallowed or undisclosed debts. The Court finds that this practice is in bad faith. . . . The record reflects that this is an ongoing pattern . . . . The Court has repeatedly struck improper charges and has issued monetary sanctions against Ocwen. Ocwen's continuing disregard for bankruptcy law and procedure is a clear indication that monetary sanctions are simply ineffective.***
>
> * * *
>
> ***[fn]It is likely that there are many additional cases where this activity has occurred, but not all debtors' counsel carefully monitor creditors' proof of claims.***

- **August 2009**: The *Southeast Texas Record* reported on a lawsuit filed against Ocwen for ***wrongfully foreclosing on a borrower even though she was current on her mortgage loan payments***. The complaint alleged that Ocwen did not properly apply loan payments that were made in order to improperly manufacture a foreclosure, fraudulently assessed improper fees, costs, interest and charges, and violated state laws.

- **December 2010**: The Florida Attorney General's office compiled a presentation titled "Unfair, Deceptive and Unconscionable Acts in Foreclosure Cases." The Attorney General's presentation contained "copies of allegedly forged signatures, false notarizations, bogus witnesses and improper mortgage assignments," including ***documents signed by Ocwen employee "Scott Anderson." Anderson's signature had been signed by at least four different persons, an obvious act of robo-signing***.

- **January 2011**: The United States District Court for the Eastern District of North Carolina entered an order affirming a bankruptcy court order ***holding Ocwen in contempt of court for violating a discharge injunction and a bankruptcy court order***. *See In Re Adams*, No. 5:10-CV-340-BR, 2011 U.S. Dist. LEXIS 158090, at *13 (E.D.N.C. Jan. 24, 2011). The District Court held that "***Ocwen's conduct was . . . reprehensible***" and that Ocwen "transmitted an inaccurate payoff quote and loan history; . . . assessed discharged principal, fees, and costs; reported inaccurate information to credit reporting agencies; ***and, most importantly, after the inaccurate information had been brought to its attention a number of times, failed to correct the information." The District Court found that the foregoing misconduct by Ocwen was "willful and intentional," id. at *21, and thus merited punitive damages***.

- **March 2011**: The FTC began investigating Ocwen's foreclosure practices and demanded the production of documents relating to Ocwen's loan servicing activities.

- **June 2011**: The U.S. Treasury Department found that Ocwen's loan servicing practices were in need of "substantial improvement."

- **July 2011**: ***A foreclosure action by HSBC was dismissed with prejudice by a New York State court judge in large part because three Ocwen employees had improperly "robo-signed" foreclosure documents in the case***. *See HSBC Bank USA, N.A. v. Taher*, 932 N.Y.S.2d 760, 2011 N.Y. Misc. LEXIS 3171 (Sup. Ct. July 1, 2011), *rev'd*, 104 A.D.3d 815, 962 N.Y.S.2d 301 (2d Dep't 2013) (reversed on the law, not the facts). ***The court specifically singled out the aforementioned Ocwen robo-signer, Scott Anderson, and noted that it too had observed that there were at least four different variations of his signature in the cases before the court***.

- **July 2011**: *Reuters* reported that Ocwen was still engaging in widespread robo-signing:

> ***Reuters . . . identified at least six "robo-signers," individuals who in recent months have each signed thousands of mortgage assignments – legal documents which pinpoint ownership of a property. These same individuals have been identified – in depositions, court testimony or court rulings – as previously having signed vast numbers of foreclosure documents that they never read or checked***.

> ***Among them: Christina Carter, an employee of Ocwen. . . . Her signature – just two "C"s – has appeared on thousands of mortgage assignments and other documents this year.***
>
> ***In a case involving a foreclosure [the HSBC action discussed above], a New York state court judge called Carter a "known robo-signer" and said he'd found multiple variations of her two-letter signature on documents, raising questions about whether others were using her name.***

Reuters also reported that it had found that "in recent months," ***Ocwen "filed foreclosure documents of questionable validity.***"

- **September 1, 2011**: In connection with Ocwen's acquisition of Covered Trust Servicer Litton, the New York Department of Financial Services required Ocwen to enter into an agreement to reform its robo-signing practices by, among other things, ensuring that foreclosure affidavits were true, accurate and correct, were based on personal knowledge and were properly notarized, and by withdrawing any of its pending foreclosure proceedings that used false affidavits, as well as agreeing to a host of other reforms designed to stop its improper loan servicing activities.

- **September 2011**: ***Ocwen was held in contempt by the court in In re Phillips, No. 02-66299, 2011 Bankr. LEXIS 3780 (Bankr. N.D. Ohio Sept. 29, 2011)*** (Ocwen and an RMBS trustee both held in contempt for Ocwen's violations of bankruptcy discharge injunction). *See also In re Englert*, 495 B.R. 266, 269 (Bankr. W.D. Pa. 2013) ("***[T]he Court . . . found Ocwen in further contempt for which further sanctions would be addressed at the Rule to Show Cause hearing.***").

- **April 30, 2012**: The Sixth Circuit Court of Appeals reversed an order dismissing a borrowers' complaint alleging that an RMBS trustee and Ocwen were violating the Fair Debt Collection Practices Act. *See Bridge v. Ocwen Fed. Bank, FSB*, 681 F.3d 355, 356-57 (6th Cir. 2012). The Court of Appeals held:

> ***The Fair Debt Collection Practices Act was passed to protect consumers against both abusive and mistaken collection activity. This case reveals why. It began with seemingly innocuous accounting errors on the part of a bank that were corrected. Despite repeated proof of that correction, unremitting collection activity was undertaken, foreclosure proceedings were instituted, and the credit of two consumers was seriously impaired.***
>
> * * *
>
> ***Ocwen . . . began dunning Bridge and her husband, who is not a co-borrower on the mortgage loan, for the May payment claimed to be overdue, despite proof [that is was not overdue because] of the double payment submitted by Bridge to Ocwen and Aames. Since***

> ***then Ocwen has: made endless collection calls by phone to Mr. and Mrs. Bridge, despite cease and desist requests and registry on the federal "Do Not Call" directory; threatened foreclosure; assessed monthly late fees; and reported derogatory information to the credit reporting agencies. Additionally, the law firm . . . allegedly retained by Ocwen, sent a collection letter to Bridge threatening foreclosure.***

- **July 19, 2012**: A bankruptcy court in Kentucky issued its decision, findings of fact and conclusions of law after a trial in an adversary proceeding involving Ocwen and a borrower. *See In re Tolliver*, No. 09-21742, 2012 Bankr. LEXIS 3333, at *3, *6-*7 (Bankr. E.D. Ky. July 19, 2012). ***The court blasted Ocwen for its misconduct***:

> ***Defendants [Ocwen and the co-defendant RMBS trustee] breached the terms of the Note and Mortgage by applying unauthorized late charges, costs and fees to [the borrower's] account and breached an implied contractual duty of good faith and fair dealing. . . . Ocwen misrepresented the status of the Plaintiff's Loan to fraudulently induce her to enter into [improper forbearance] agreements when, but for Ocwen's unauthorized acts, the Plaintiff had paid her Loan in full. The Plaintiff, having overpaid her Loan, is entitled to compensatory and punitive damages for the Defendants' breach of contract and implied covenant of good faith and fair dealing, fraud, and conversion.***
>
> * * *
>
> ***Ocwen proceeded to mishandle the servicing of the Plaintiff's Loan by misapplying her payments contrary to the terms of the Note and Mortgage and assessing unauthorized fees and charges. This forced the Plaintiff into a constant state of default, allowing Ocwen to profit by continuing to assess more fees and charges based on her default status. Ocwen knew or should have known that it could not charge these fees and charges, yet Ocwen misrepresented to the Plaintiff that her Loan was in default thereby forcing the Plaintiff to enter into a series of meaningless oral and written forbearance agreements, none of which allowed her to cure her alleged default and two of which contained provisions that Ocwen ultimately argues excuses its misbehavior. These provisions, found in the 2004 and 2005 written forbearance agreements, allowed Ocwen to charge these unauthorized fees to the Plaintiff's account and required the Plaintiff to waive any claims it had against Ocwen. But for Ocwen's misapplication of her payments, and contrary to Ocwen's representations, the Plaintiff had actually paid her Loan in full by October 2004. As a result of Ocwen's actions, the Plaintiff has overpaid her Loan by thousands of dollars.***

- **December 5, 2012**: ***The New York Department of Financial Services announced that Ocwen was violating its prior agreement with the Department to refrain from engaging in loan servicing misconduct. The Department's press release stated***:

> "***[W]e conducted a targeted exam of Ocwen's performance and discovered gaps in the company's compliance. The Department is requiring the company to hire a monitor so that we can be sure that the reforms are implemented and homeowners have a real chance to avoid foreclosure***."
>
> * * *
>
> ***The Department's examination of Ocwen's mortgage servicing practices found that, in some instances, the company failed to demonstrate that it had sent out required 90-day notices before commending foreclosure proceedings or even that it had standing to bring the foreclosure actions. The exam also revealed gaps in Ocwen's Servicing Practices, including indications that in some instances it failed to provide the single point of contact for borrowers; pursued foreclosure against borrowers seeking a loan modification; failed to conduct an independent review of denials of loan modifications; and failed to ensure that borrower and loan information was accurate and up-to-date.***

APPENDIX 7

- **February 2014**: Large institutional investors Pimco and BlackRock were reported to be considering legal action against Ocwen concerning its misconduct relating to loan modifications.

- **February 12, 2014**: *National Mortgage News* reported that New York banking Superintendent Benjamin Lawsky "unleashed a verbal assault on nonbank servicer Ocwen" in a speech to the New York Bankers Association. The article reported:

> ***Lawsky said Ocwen's public documents make "for startling reading." He sees "corners being cut," by nonbank servicers that have touted their ability to help distressed borrowers.***
>
> ***"We have serious concerns that some of these nonbank mortgage servicers are getting too big, too fast," Lawsky told New York bankers. . . . "We see far too many struggling homeowners getting caught in a vortex of lost paperwork, unexplained fees and avoidable foreclosures."***
>
> * * *
>
> ***But he took particular umbrage by Ocwen's assertions that it can service delinquent loans at a cost that is 70% lower than the rest of the industry, calling into question its entire servicing model.***
>
> ***"Those kinds of cost-saving claims bear special scrutiny," Lawsky said. "Regulators have to ask whether the purported efficiencies at nonbank mortgage servicers are too good to be true."***
>
> * * *
>
> Lawsky made specific references to servicers' difficulty in handling the transfer of documents and dealing with distressed borrowers.
>
> "***We see electronic loan files strewn around the globe with no one who knows how to pull them together," Lawsky said. "We see a virtual potpourri of computer systems containing critical borrower information, but no one who knows how to extract that information at the right time and for the right purpose***."

- **February 26, 2014**: Lawsky's office sent a letter to Ocwen. As reported by *HousingWire*, Lawsky was very concerned about a

> "***number of potential conflicts of interest" [Ocwen had] with other public companies it's dealing with, and he wants his questions answered.***
>
> * * *
>
> Lawsky's letter demands that Ocwen more specifically detail the relationship and financial connection between the companies' executives and employees, and for information regarding any other agreements between Ocwen and other companies.
>
> "***Presently, Ocwen's management owns stock or stock options in the affiliated companies. This raises the possibility that management has the opportunity and incentive to make decisions concerning Ocwen that are intended to benefit the share price of affiliated companies, resulting in harm to borrowers, mortgage investors, or Ocwen shareholders as a result***."
>
> In addition to information on Ocwen's officers, directors and employees, Lawsky's office wants all documents sufficient to show the nature and extent of services provided to Ocwen by each of the affiliated companies, including all agreements for such services, and copies of all agreements between Ocwen and the affiliated companies concerning procurement of third party services. Ocwen is also being probed about its agreements concerning the outsourcing of information management to the affiliated companies.

- **February 27, 2014**: *Bloomberg BusinessWeek* reported:

> ***As of mid-February, American homeowners had filed more than 9,000 mortgage-related complaints against Ocwen – the highest number of any non-bank servicer, according to data from the Consumer Financial Protection Bureau in Washington***.
>
> * * *
>
> "***Ocwen is one of the most complained about servicers when we ask housing counselors and lawyers what they are seeing," said Kevin Stein, associate director of the California Reinvestment Coalition, a San Francisco-based consumer advocacy group. "We're hearing a lot about foreclosing because of bad servicing practices***."

- **March 2014**: A New York federal court denied Ocwen's motion to dismiss and allowed a class action to proceed against it and others alleging that Ocwen misled

borrowers about loan modifications. *See Dumont v. Litton Loan Servicing, LP*, No. 12-cv-2677-ER-LMS, 2014 U.S. Dist. LEXIS 26880 (S.D.N.Y. Mar. 3, 2014).

- **April 2014**: *Reuters* reported that New York Banking Superintendent Lawsky was going after Ocwen again and demanding information. The *Reuters* article stated:

> ***New York's banking regulator is probing Ocwen Financial Corp, which collects mortgage payments, for potentially over charging borrowers and investors to auction off foreclosed properties it services***.
>
> Benjamin Lawsky, superintendent of New York's Department of Financial Services, sent a letter to Ocwen saying ***he was concerned the company and an affiliate, Altisource Portfolio Solutions SA, were engaged in so-called self-dealing through an online auction site called Hubzu***.
>
> Self-dealing is when a company represents its own interests in a transaction, rather than those of a client.
>
> Ocwen uses Hubzu, an Altisource Portfolio subsidiary, to auction off borrower homes facing foreclosure and foreclosed investor-owned properties. When Ocwen selects Hubzu to host foreclosure or short sale auctions, the letter said, the Hubzu auction fee is 4.5 percent; when Hubzu is competing for business on the open market, its fee is as low as 1.5 percent.
>
> "***The relationship between Ocwen, Altisource Portfolio and Hubzu raises significant concerns regarding self-dealing," the letter said, adding that it raises questions about whether the companies are charging inflated fees through conflicted business relationships that may hurt homeowners and investors***.

- **May 2014**: Superintendent Lawsky spoke at the Mortgage Bankers Association Secondary Market Conference on May 20, 2014. *HousingWire* reported the following:

> ***Lawsky says that part of the DFS's focus on Ocwen is because his office's review of nonbank servicers has also turned up another enormous profit center associated with these MSRs that could put homeowners and mortgage investors at risk: the provision of what they call ancillary services.***
>
> ***"Now, in most circumstances, there's nothing inherently wrong with companies and their affiliates providing a range of ancillary services," Lawsky said. "This is the extraordinary circumstance where there effectively is no customer to select its***

> ***vendor for ancillary services. Nonbank servicers have a captive and often confused consumer in the homeowner.***
>
> ***"So who makes the decision about where to procure these ancillary services, and how much of the investor's or the borrower's money to pay for them? It's usually the servicer, seemingly with no oversight whatsoever. The very same servicer that benefits – either directly or indirectly – from the profitability of the affiliated companies that provide these services," Lawsky said.***
>
> ***Specifically, Lawsky is referring to the latest move DFS made against Ocwen, when it sent a letter to Ocwen's general counsel demanding answers to questions about Ocwen and how it operates in relation to its subsidiaries, Hubzu and Altisource.***
>
> ***"The potential for conflicts of interest and self-dealing here are perfectly clear. Servicers have every incentive to use these affiliated companies exclusively for their ancillary services, and they often do. The affiliated companies have every incentive to provide low-quality services for high fees, and they appear in some cases to be doing so," Lawsky said. "In the context of the nonbank mortgage servicing market, homeowners and investors are at risk of becoming fee factories."***

- **May 2014**: Ocwen was sued again by another class of borrowers alleging Ocwen failed to timely file notices of satisfaction of loans the borrowers had paid off in violation of federal and state laws. *See* Complaint, *Dempsey v. Ocwen Loan Servicing LLC*, No. 14-CV-2824 (E.D. Pa. May 15, 2014).

- **August 4, 2014**: *Bloomberg* news service reported that New York banking Superintendent Lawsky asked Ocwen "about an insurance agreement" between Ocwen and one of its affiliates. ***The report stated that Lawsky "says [the agreement is] designed to funnel [inflated] fees to [the] affiliate for minimal work."*** The report also indicated that Ocwen's chairman, William Erbey, owns 27% of the affiliate and that ***Lawsky's department had "'serious concerns about the apparently conflicted role' played by Erbey and potentially other officers and directors [of Ocwen] in directing profits to" the affiliate. The news report also indicated that such conduct violated state laws. These conflicts of interest and inflated fees indicated yet another situation where Servicers such as Ocwen were improperly and illegally profiting at the expense of plaintiff and the class.***

EXHIBIT A

DEUTSCHE ALT-A SECURITIES, INC.

Depositor

and

WELLS FARGO BANK, N.A.

Master Servicer and Securities Administrator

and

HSBC BANK USA, NATIONAL ASSOCIATION

Trustee

POOLING AND SERVICING AGREEMENT

Dated as of October 1, 2006

Mortgage Pass-Through Certificates

Series 2006-AR5

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This Pooling and Servicing Agreement, dated and effective as of October 1, 2006 (this "Agreement"), is executed by and among Deutsche Alt-A Securities, Inc., as depositor (the "Depositor"), Wells Fargo Bank, N.A., as master servicer (the "Master Servicer") and as securities administrator (the "Securities Administrator"), and HSBC Bank USA, National Association, as trustee (the "Trustee"). Capitalized terms used in this Agreement and not otherwise defined have the meanings ascribed to such terms in Article I hereof.

PRELIMINARY STATEMENT

The Trustee shall elect that each of REMIC I, REMIC II, REMIC III, REMIC IV, REMIC V, and REMIC VI be treated as a REMIC under Section 860D of the Code. Any inconsistencies or ambiguities in this Agreement or in the administration of this Agreement shall be resolved in a manner that preserves the validity of such REMIC elections. Each of REMIC I, REMIC II, REMIC III, and REMIC IV (each a "Group I REMIC") shall relate to Group I, and each of REMIC V and REMIC VI (each a "Group II REMIC") shall relate to Group II. The assets of REMIC I shall include the portion of the Trust Fund related to Group I (other than the Reserve Fund, the Cap Account and both Swap Accounts). The REMIC I Regular Interests shall constitute the assets of REMIC II. The REMIC II Regular Interests shall constitute the assets of REMIC III. The REMIC III Regular Interests shall constitute the assets of REMIC IV (the "Group I Master REMIC"). The Class I-R Certificate shall represent ownership of the sole class of residual interest in each Group I REMIC formed hereby. The assets of REMIC V shall include the portion of the Trust Fund related to Group II. The REMIC V Regular Interests shall constitute the assets of REMIC VI (the "Group II Master REMIC"). The Class II-R Certificate shall represent ownership of the sole class of residual interest in each Group II REMIC

formed hereby. For purposes of satisfying Treasury regulation Section 1.860G-1(a)(4)(iii), the "latest possible maturity date" for each regular interest created hereby shall be the 36th month following the latest maturity date of any Loan held in the Trust on the Closing Date.

REMIC I:

The following table sets forth the designations, principal balances, and interest rates for each interest in REMIC I, each of which (other than the R-I interest) is hereby designated as a regular interest in REMIC I (the "REMIC I Regular Interests"):

REMIC Interest	Initial Principal Balance of REMIC Interest	Interest Rate
T1-A	(4)	(1)
T1-F1	$ 17,360,447.50	(2)
T1-V1	$ 17,360,447.50	(3)
T1-F2	$ 18,441,935.00	(2)
T1-V2	$ 18,441,935.00	(3)
T1-F3	$ 19,643,538.75	(2)
T1-V3	$ 19,643,538.75	(3)
T1-F4	$ 20,915,683.75	(2)
T1-V4	$ 20,915,683.75	(3)
T1-F5	$ 21,925,758.75	(2)
T1-V5	$ 21,925,758.75	(3)
T1-F6	$ 24,008,306.25	(2)
T1-V6	$ 24,008,306.25	(3)
T1-F7	$ 23,340,577.50	(2)
T1-V7	$ 23,340,577.50	(3)
T1-F8	$ 23,893,533.75	(2)
T1-V8	$ 23,893,533.75	(3)
T1-F9	$ 22,941,495.00	(2)
T1-V9	$ 22,941,495.00	(3)
T1-F10	$ 21,846,492.50	(2)
T1-V10	$ 21,846,492.50	(3)
T1-F11	$ 20,763,907.50	(2)
T1-V11	$ 20,763,907.50	(3)
T1-F12	$ 19,753,130.00	(2)
T1-V12	$ 19,753,130.00	(3)
T1-F13	$ 18,791,546.25	(2)
T1-V13	$ 18,791,546.25	(3)
T1-F14	$ 17,876,762.50	(2)
T1-V14	$ 17,876,762.50	(3)
T1-F15	$ 17,006,501.25	(2)

T1-V15	**$ 17,006,501.25**	**(3)**
T1-F16	**$ 16,178,597.50**	**(2)**
T1-V16	**$ 16,178,597.50**	**(3)**
T1-F17	**$ 15,390,987.50**	**(2)**
T1-V17	**$ 15,390,987.50**	**(3)**
T1-F18	**$ 14,700,067.50**	**(2)**
T1-V18	**$ 14,700,067.50**	**(3)**
T1-F19	**$ 13,926,068.75**	**(2)**
T1-V19	**$ 13,926,068.75**	**(3)**
T1-F20	**$ 14,813,905.00**	**(2)**
T1-V20	**$ 14,813,905.00**	**(3)**
T1-F21	**$ 12,698,700.00**	**(2)**
T1-V21	**$ 12,698,700.00**	**(3)**
T1-F22	**$ 11,908,498.75**	**(2)**
T1-V22	**$ 11,908,498.75**	**(3)**
T1-F23	**$ 11,328,733.75**	**(2)**
T1-V23	**$ 11,328,733.75**	**(3)**
T1-F24	**$ 10,777,187.50**	**(2)**
T1-V24	**$ 10,777,187.50**	**(3)**
T1-F25	**$ 10,252,488.75**	**(2)**
T1-V25	**$ 10,252,488.75**	**(3)**
T1-F26	**$ 9,753,328.75**	**(2)**
T1-V26	**$ 9,753,328.75**	**(3)**
T1-F27	**$ 9,278,465.00**	**(2)**
T1-V27	**$ 9,278,465.00**	**(3)**
T1-F28	**$ 8,838,586.25**	**(2)**
T1-V28	**$ 8,838,586.25**	**(3)**
T1-F29	**$ 8,463,450.00**	**(2)**
T1-V29	**$ 8,463,450.00**	**(3)**
T1-F30	**$ 8,189,101.25**	**(2)**
T1-V30	**$ 8,189,101.25**	**(3)**
T1-F31	**$ 10,304,027.50**	**(2)**
T1-V31	**$ 10,304,027.50**	**(3)**
T1-F32	**$ 21,275,771.25**	**(2)**
T1-V32	**$ 21,275,771.25**	**(3)**
T1-F33	**$ 6,342,388.75**	**(2)**
T1-V33	**$ 6,342,388.75**	**(3)**
T1-F34	**$ 5,738,396.25**	**(2)**
T1-V34	**$ 5,738,396.25**	**(3)**

T1-F35	$ 5,459,002.50	(2)
T1-V35	$ 5,459,002.50	(3)
T1-F36	$ 5,193,211.25	(2)
T1-V36	$ 5,193,211.25	(3)
T1-F37	$ 4,940,355.00	(2)
T1-V37	$ 4,940,355.00	(3)
T1-F38	$ 4,699,808.75	(2)
T1-V38	$ 4,699,808.75	(3)
T1-F39	$ 4,470,972.50	(2)
T1-V39	$ 4,470,972.50	(3)
T1-F40	$ 4,253,275.00	(2)
T1-V40	$ 4,253,275.00	(3)
T1-F41	$ 4,046,175.00	(2)
T1-V41	$ 4,046,175.00	(3)
T1-F42	$ 3,849,156.25	(2)
T1-V42	$ 3,849,156.25	(3)
T1-F43	$ 3,661,730.00	(2)
T1-V43	$ 3,661,730.00	(3)
T1-F44	$ 3,483,426.25	(2)
T1-V44	$ 3,483,426.25	(3)
T1-F45	$ 3,313,803.75	(2)
T1-V45	$ 3,313,803.75	(3)
T1-F46	$ 3,152,437.50	(2)
T1-V46	$ 3,152,437.50	(3)
T1-F47	$ 2,998,928.75	(2)
T1-V47	$ 2,998,928.75	(3)
T1-F48	$ 2,852,891.25	(2)
T1-V48	$ 2,852,891.25	(3)
T1-F49	$ 2,713,966.25	(2)
T1-V49	$ 2,713,966.25	(3)
T1-F50	$ 2,585,743.75	(2)
T1-V50	$ 2,585,743.75	(3)
T1-F51	$ 2,455,877.50	(2)
T1-V51	$ 2,455,877.50	(3)
T1-F52	$ 2,341,965.00	(2)
T1-V52	$ 2,341,965.00	(3)
T1-F53	$ 2,238,491.25	(2)
T1-V53	$ 2,238,491.25	(3)
T1-F54	$ 2,116,332.50	(2)

T1-V54	**$ 2,116,332.50**	**(3)**
T1-F55	**$ 3,180,185.00**	**(2)**
T1-V55	**$ 3,180,185.00**	**(3)**
T1-F56	**$ 38,082,221.25**	**(2)**
T1-V56 (6)	**$ 38,082,221.25**	**(3)**
R-I	**(5)**	**(5)**

(1) The interest rate with respect to any Distribution Date (and the related Interest Accrual Period) for the T1-A Interest is a per annum rate equal to the weighted average of the Group I Loans (the "REMIC I Net WAC Rate").

(2) The interest rate with respect to any Distribution Date (and the related Interest Accrual Period) for this interest is a per annum rate equal to the lesser of (i) the Certificate Swap Rate, and (ii) the product of (a) the REMIC I Net WAC Rate and (b) 2.

(3) For any Distribution Date (and the related Interest Accrual Period) the interest rate for each of these Lower Tier Interests shall be the excess, if any, of (i) the product of (a) the REMIC I Net WAC Rate and (b) 2, over (ii) the Certificate Swap Rate.

(4) This interest shall have an initial principal balance equal to the excess of (i) the aggregate initial principal balance of the Group I Loans over (ii) the aggregate initial principal balance of all remaining REMIC I Regular Interests.

(5) The R-I interest shall not have a principal balance and shall not bear interest. The R-I interest is hereby designated as the sole class of residual interest in REMIC I.

(6) This interest shall also be entitled to all Trust Prepayment Charges received in respect of the Group I Loans.

On each Distribution Date, interest shall be allocated with respect to the interests in REMIC I based on the above-described interest rates.

On each Distribution Date, all Realized Losses and all payments of principal with respect to the Group I Loans shall be allocated in the following order of priority:

(a) First, to the T1-A interest until the outstanding principal balance of such interest is reduced to zero, and

(b) Second, sequentially, to the other REMIC I Regular Interests in ascending order of their numerical designation, and, with respect to each pair of REMIC I Regular Interests having the same numerical designation, in equal amounts to each such REMIC I Regular Interest, until the principal balance of each is reduced to zero.

REMIC II:

The following table sets forth the designations, principal balances, and interest rates for each interest in REMIC II, each of which (other than the R-II interest) is hereby designated as a regular interest in REMIC II (the "REMIC II Regular Interests"):

REMIC Interest	Initial Principal Balance of REMIC Interest	Interest Rate
T2-A	**(4)**	**(1)**
T2-F1	**$ 24,000,000.00**	**(2)**
T2-V1 (6)	**$ 24,000,000.00**	**(3)**
T2-IO	**(7)**	**(7)**
R-II	**(5)**	**(5)**

(1) The interest rate (the "REMIC II Net WAC Rate") with respect to any Distribution Date (and the related Interest Accrual Period) for the T2-A Interest is a per annum rate equal to the weighted average of the interest rates of the regular interests in REMIC I provided , however , that for any Distribution Date on which the Class T1-IO Interest is entitled to a portion of the interest accruals on a REMIC I Regular Interest having an "F" in its class designation, as described in footnote seven below, such weighted average shall be computed by first subjecting the rate on such REMIC II interest to a cap equal to the product of the interest rate used to compute the Net Swap Payment for the Certificate Swap Agreement adjusted to

reflect the day count convention used for such interest rate ("Certificate Swap LIBOR") for such Distribution Date and 2.

(2) The interest rate with respect to any Distribution Date (and the related Interest Accrual Period) for this interest is a per annum rate equal to the lesser of (i) the Class I-A-1 Swap Rate, and (ii) the product of (a) the REMIC II Net WAC Rate and (b) 2.

(3) For any Distribution Date (and the related Interest Accrual Period) the interest rate for each of these Lower Tier Interests shall be the excess, if any, of (i) the product of (a) the REMIC II Net WAC Rate and (b) 2, over (ii) the Class I-A-1 Swap Rate.

(4) This interest shall have an initial principal balance equal to the excess of (i) the aggregate initial principal balance of the REMIC I Regular Interests over (ii) the aggregate initial principal balance of all remaining REMIC II Regular Interests.

(5) The R-II interest shall not have a principal balance and shall not bear interest. The R-II interest is hereby designated as the sole class of residual interest in REMIC II.

(6) This interest shall also be entitled to all Trust Prepayment Charges received in respect of the Loans.

(7) The Class T2-IO is an interest only class that does not have a principal balance. For only those Distribution Dates listed in the first column in the table below, the Class T2-IO shall be entitled to interest accrued on the REMIC I Regular Interest listed in the second column in the table below at a per annum rate equal to the excess, if any, of (i) the interest rate for such REMIC I Regular Interest for such Distribution Date over (ii) Certificate Swap LIBOR for such Distribution Date.

Distribution Dates	REMIC II Designation
2	T2-F1
2-3	T2-F2
2-4	T2-F3
2-5	T2-F4
2-6	T2-F5
2-7	T2-F6
2-8	T2-F7
2-9	T2-F8
2-10	T2-F9
2-11	T2-F10
2-12	T2-F11
2-13	T2-F12
2-14	T2-F13
2-15	T2-F14
2-16	T2-F15
2-17	T2-F16
2-18	T2-F17
2-19	T2-F18
2-20	T2-F19
2-21	T2-F20
2-22	T2-F21
2-23	T2-F22
2-24	T2-F23
2-25	T2-F24
2-26	T2-F25
2-27	T2-F26
2-28	T2-F27
2-29	T2-F28
2-30	T2-F29
2-31	T2-F30
2-32	T2-F31
2-33	T2-F32
2-34	T2-F33
2-35	T2-F34
2-36	T2-F35

2-37	T2-F36
2-38	T2-F37
2-39	T2-F38
2-40	T2-F39
2-41	T2-F40
2-42	T2-F41
2-43	T2-F42
2-44	T2-F43
2-45	T2-F44
2-46	T2-F45
2-47	T2-F46
2-48	T2-F47
2-49	T2-F48
2-50	T2-F49
2-51	T2-F50
2-52	T2-F51
2-53	T2-F52
2-54	T2-F53
2-55	T2-F54
2-56	T2-F55
2-57	T2-F56

On each Distribution Date, interest shall be allocated with respect to the interests in REMIC II based on the above-described interest rates.

On each Distribution Date, distributions of principal on the interests in REMIC II shall be allocated in the following order of priority:

(a) First, to the T2-F1 and T2-V1 interests, in equal amounts, until their aggregate principal balance equals the Principal Balance of the Class I-A-1 Certificate, and

(b) Second, to the T2-A interest until the outstanding principal balance of such interest is reduced to zero.

REMIC III:

The following table sets forth the designations, principal balances, and interest rates for each interest in REMIC III, each of which (other than the R-III interest) is hereby designated as a regular interest in REMIC III (the "REMIC III Regular Interests"):

REMIC III Interest	Initial Principal Balance of REMIC Interest	Interest Rate	Corresponding Class of Certificate
T3-I-A-1 (5)			I-A-1
T3-I-A-2 (5)			I-A-2
T3-I-A-3 (5)	(6)	(1)	I-A-3
T3-I-A-4 (5)	(6)	(1)	I-A-4
T3-I-M-1 (5)	(6)	(1)	I-M-1
T3-I-M-2 (5)	(6)	(1)	I-M-2

T3-I-M-3 [5]	**(6)**	**(1)**	**I-M-3**
T3-I-M-4 [5]	**(6)**	**(1)**	**I-M-4**
T3-I-M-5 [5]	**(6)**	**(1)**	**I-M-5**
T3-I-M-6 [5]	**(6)**	**(1)**	**I-M-6**
T3-I-M-7 [5]	**(6)**	**(1)**	**I-M-7**
T3-I-M-8 [5]	**(6)**	**(1)**	**I-M-8**
T3-I-M-9 [5]	**(6)**	**(1)**	**I-M-9**
T3-I-M-10 [5]	**(6)**	**(1)**	**I-M-10**
T3-I-P [5]	**(6)**	**(1)**	**I-P**
T3-Accrual Interest [8]	**(7)**	**(1)**	**N/A**
T3-IO	**(2)**	**(2)**	**N/A**
T3-AIO	**(3)**	**(3)**	**N/A**
R-III	**(4)**	**(4)**	**N/A**

(1) The interest rate for each of these interests (the "REMIC Maximum Rate") with respect to any Distribution Date (and the related Interest Accrual Period) is a per annum rate equal to the weighted average of the interest rates on the REMIC II Regular Interests (other than any interest-only regular interest), provided , however , that for any Distribution Date on which the Class T3-AIO Interest is entitled to a portion of the interest accruals on the T2-F1 interest, such weighted average shall be computed by first subjecting the rate on such REMIC II interest to a cap equal to the product of the interest rate used to compute the Net Swap Payment for the Class I-A-1 Swap Agreement adjusted to reflect the day count convention used for such interest rate ("Class I-A-1 Swap LIBOR") for such Distribution Date and 2.

(2) The Class T3-AIO is an interest only class that does not have a principal balance. For each Distribution Date on which the Class I-A-1 Certificates are outstanding, the Class T3-AIO shall be entitled to interest accrued on the T2-F1 interest at a per annum rate equal to the excess, if any, of (i) the interest rate for such REMIC II Regular Interest for such Distribution Date over (ii) the product of the Class I-A-1 Swap LIBOR for such Distribution Date, and 2.

(3) This interest shall be an interest-only interest. This interest shall be entitled to receive all interest that accrues on the T2-IO interest.

(4) The R-III interest shall not have a principal amount and shall not bear interest. The R-III interest is hereby designated as the sole class of residual interest in REMIC III.

(5) This interest is a REMIC III Accretion Directed Class.

(6) This interest shall have an initial principal balance equal to one-half of the initial Certificate Principal Balance of its Corresponding Class of Certificates.

(7) This interest shall have an initial principal balance equal to the excess of (i) the aggregate initial principal balance of the REMIC II Regular Interests over (ii) the aggregate initial principal balance of the REMIC III Accretion Directed Classes.

(8) This interest shall also be entitled to all Trust Prepayment Charges received in respect of the Loans.

On each Distribution Date, interest shall be allocated with respect to the interests in REMIC III based on the above-described interest rates, provided however, that interest that accrues on the T3-Accrual Interest shall be deferred to the extent necessary to make the distributions of principal described below. Any interest so deferred shall itself bear interest at the interest rate for the T3-Accrual Interest.

On each Distribution Date the principal distributed on the interests in REMIC II (together with an amount equal to the interest deferred on the T3-Accrual Interest for such Distribution Date) shall be distributed, and Realized Losses shall be allocated, among the interests in REMIC III in the following order of priority:

(a) First, to each interest in REMIC III having a Corresponding Class in REMIC IV until the outstanding principal amount of each such interest equals one-half of the outstanding principal amount of such Corresponding Class for such interest immediately after such Distribution Date; and

(b) Second, to the T3-Accrual Interest, any remaining amounts.

REMIC IV:

The following table sets forth characteristics of the interests in the Master REMIC, each of which, except for the

Class I-R-IV interest, is hereby designated as a "regular interest" in REMIC IV (the "REMIC IV Regular Interests"):

REMIC Interests	Initial Balance	Interest Rate	Corresponding Subgroup (6)
T4-I-A-1	(1)	(3)	I-A-1
T4-I-A-2	(1)	(3)	I-A-2
T4-I-A-3	(1)	(3)	I-A-3
T4-I-A-4	(1)	(3)	I-A-4
T4-I-M-1	(1)	(3)	I-M-1
T4-I-M-2	(1)	(3)	I-M-2
T4-I-M-3	(1)	(3)	I-M-3
T4-I-M-4	(1)	(3)	I-M-4
T4-I-M-5	(1)	(3)	I-M-5
T4-I-M-6	(1)	(3)	I-M-6
T4-I-M-7	(1)	(3)	I-M-7
T4-I-M-8	(1)	(3)	I-M-8
T4-I-M-9	(1)	(3)	I-M-9
T4-I-M-10	(1)	(3)	I-M-10
T4-I-P	(1)	(4)	I-P
T4-X	(1)	(2)	I-CE
R-IV	(5)	(5)	I-R

(1) This interest shall have an initial principal balance equal to the Initial Certificate Principal Balance of its Corresponding Class of Certificates.

(2) The T4-X interest has a notional balance equal to the aggregate initial principal balance of the REMIC III Regular Interests. The interest rate of the T4-X interest shall be a rate sufficient to cause all net interest from the Loans to accrue on the T4-X interest that is in excess of the total amount of interest that accrues on each other regular interest in REMIC IV. For any Distribution Date, the interest rate in respect of the T4-X interest shall be the excess of: (i) the weighted average interest rate of all interests in REMIC III (other than any interest-only regular interest) over (ii) the product of: (A) two and (B) the weighted average interest rate of the REMIC III Accretion Directed Classes and the T3-Accrual Interest, where the T3-Accrual Interest is subject to a cap equal to zero and each REMIC III Accretion Directed Class is subject to a cap equal to the Pass-Through Rate on its Corresponding Class of Certificates, provided that, for purposes of determining the Pass-Through Rate, (i) the REMIC Maximum Rate shall be substituted for the Net WAC Pass-Through Rate in the definition thereof and (ii) the margin of the Pass-Through Rate of the Class I-A-1 Certificates shall be computed as if the Swap Agreement had been terminated. The T4-X interest shall also be entitled to principal equal to the excess of the sum of the aggregate Principal Balance of the Loans as of the Cut-off Date over the aggregate Initial Certificate Principal Balance of the other Certificates the Closing Date. Such principal balance shall not bear interest. In addition, the T4-X interest shall be entitled to receive interest accrued on the Class T3-I-A-1 interest at a per annum rate equal to 0.06% per annum on or before the first Optional Termination Date and 0.12% thereafter. Finally, the T4-X Interest shall be entitled to receive all amounts payable on the T3-IO and T3-AIO interests.

(3) This interest shall bear interest at the Pass-Through Rate for its Corresponding Class of Certificates, provided that, for purposes of determining the Pass-Through Rate, the REMIC Maximum Rate shall be substituted for the Net WAC Pass-Through Rate in the definition thereof and, in the case of the Class I-A-1 Certificates, such rate shall be determined as if the Swap Agreement had been terminated.

(4) The T4-I-P interest shall not be entitled to payments of interest, but shall be entitled to receive all Trust Prepayment Charges in respect of the Loans.

(5) REMIC IV shall also issue the R-IV interest, which shall not have a principal amount and shall not bear interest. The R-IV interest is hereby designated as the sole class of residual interest in REMIC IV.

(6) For purposes of the REMIC Provisions, the Class of Certificates corresponding to an interest in the Group I Master REMIC shall represent beneficial ownership of such interest in the Group I Master REMIC. Any amount distributed on a Corresponding Class of Certificates on any Distribution Date in excess of the amount distributable on each interest in the Group I Master REMIC corresponding to such Class of Certificates shall be treated as having been paid from the Reserve Fund or the Supplemental Interest Trust, as applicable, and any amount distributable on each interest in the Group I Master REMIC corresponding to such Class of Certificates on such Distribution Date in excess of the amount distributable on that Class of Certificates on such Distribution Date shall be treated as having been paid to the Supplemental Interest Trust, all pursuant to and as further provided in Section 11.1(l) hereof.

On each Distribution Date, interest shall be allocated with respect to the interests in REMIC IV based on the

above-described interest rates.

On each Distribution Date, the principal distributed on the REMIC III interests shall be distributed, and Realized Losses shall be allocated, among the interests in REMIC IV in an amount equal to the principal distributions and Realized Loss allocations for such Distribution Date with respect to the Corresponding Class of Certificates related to such interests, determined without regard to either Swap Agreement.

REMIC V:

The following table sets forth the designations, principal balances, and interest rates for each interest in REMIC V, each of which (other than the R-I interest) is hereby designated as a regular interest in REMIC V (the "REMIC V Regular Interests"):

REMIC Interests	Initial Balance	Interest Rate	Corresponding Subgroup
T5-1-A	(1)	6.000%	II-1
T5-1-B	(1)	6.000%	II-1
T5-1-C (7)	(1)	6.000%	II-1
T5-2-A	(1)	5.500%	II-2
T5-2-B	(1)	5.500%	II-2
T5-2-C (7)	(1)	5.500%	II-2
T5-3-A	(1)	6.000%	II-3
T5-3-B	(1)	6.000%	II-3
T5-3-C (7)	(1)	6.000%	II-3
T5-X1	(2)	(3)	II-1, II-3
T5-X2	(2)	(4)	II-2
T5-PO	(5)	(3)	II-1, II-2, II-3
R-V	(6)	(6)	R

(1) Each Interest with "A" in its designation shall have a principal balance initially equal to 0.9% of the Subordinate Component of its corresponding Loan Subgroup. Each Interest with "B" in its designation shall have a principal balance initially equal to 0.1% of the Subordinate Component of its corresponding Loan Subgroup. The initial principal balance of each interest with "C" in its designation shall equal the excess of the Principal Balance of its corresponding Loan Subgroup over the sum of (i) the initial principal balances of the interests with "A" or "B" in their designations corresponding to such Loan Subgroup, and (ii) the portion of the T5-PO Interest attributable to the Discount Loans in the Loan Subgroup corresponding to such interest.

(2) This interest shall not have any principal balance.

(3) This interest shall be entitled to receive all interest accrued at the related Stripped Interest Rate on each Subgroup II-1 or Subgroup II-3 Non-Discount Mortgage Loan.

(4) This interest shall be entitled to receive all interest accrued at the related Stripped Interest Rate on each Subgroup II-2 Non-Discount Mortgage Loan.

(5) The T5-PO Interest shall have an initial principal balance equal to the initial balance of the Class PO Certificate.

(6) The R-V interest shall not have a principal balance and shall not bear interest. The R-V interest is hereby designated as the sole class of residual interest in REMIC V.

(7) This interest shall also be entitled to all Trust Prepayment Charges received in respect of the Loans in the related Subgroup.

Unless a Cross-over Situation (as defined below) exists, principal and Realized Losses arising with respect to each Loan Subgroup shall be allocated first to cause the interests with "A" and "B" in their designations corresponding to

such loan Subgroup to equal 0.9% and 0.1% of the Subordinate Component of such Loan Subgroup as of such Distribution Date and all excess principal and Realized Losses shall be allocated to the interest with "C" in its designation corresponding to such Loan Subgroup. An interest with "A", "B", or "C" in its designation that is allocated principal on any Distribution Date shall receive such principal, and have its principal balance reduced by the amount of such principal, on such Distribution Date. Similarly, an interest with "A", "B", or "C" in its designation that is allocated a Realized Loss on any Distribution Date shall have its principal balance reduced by the amount of such Realized Loss on such Distribution Date.

A "Cross-over Situation" exists if on any Distribution Date (after taking into account distributions of principal and allocations of Realized Losses on such Distribution Date) the interests with "A" or "B" in their designation corresponding to any Loan Subgroup are in the aggregate less than 1% of the Subordinate Component of the Loan Subgroups to which they correspond. In the event that a Cross-Over Situation exists on any Distribution Date, and the weighted average rate of the outstanding interests with "A" or "B" in their designation related to a Class of Group II Subordinate Certificates is less than the Pass-Through Rate for such class of Group II Subordinate Certificates, a Principal Relocation Payment (as defined below) shall be made proportionately to such outstanding interests with "A" in their prior to any other distributions of principal from each such Loan Subgroup. In the event that a Cross-Over Situation exists on any Distribution Date, and the weighted average rate of the outstanding interests with "A" and "B" in their designation related to a Class of Group II Subordinate Certificates is greater than the Pass-Through Rate for such class of Group II Subordinate Certificates, a Principal Relocation Payment shall be made proportionately to such outstanding interests with "B" in its designation prior to any other distributions of principal from each such Loan Subgroup. A "Principal Relocation Payment" is a distribution of principal that causes the Calculation Rate (as defined below) on the outstanding interest with "A" or "B" in its designation related to a Class of Group II Subordinate Certificates to equal the Pass-Through Rate for such class of Group II Subordinate Certificates. The "Calculation Rate" shall equal the product of (i) 10 and (ii) the weighted average rate of the outstanding interests with "A" or "B" in their designations related to a Class of Group II Subordinate Certificates, treating each interest with "A" in its designation as capped at zero or reduced by a fixed percentage of 100% of the interest accruing on such class. Principal Relocation Payments shall be made from principal received on the Loans from the related Loan Subgroup and shall also consist of a proportionate allocation of Realized Losses from the Loans of the related Loan Subgroup. For purposes of making Principal Relocation Payments, to the extent that the principal received during the Collection Period from the related Loan Subgroup and Realized Losses are insufficient to make the necessary reduction of principal, then interest shall accrue on the interest with "C" in its designation related to a Loan Subgroup (and be added to their principal balances) that are not receiving a Principal Relocation Payment to allow the necessary Principal Relocation Payment to be made.

If a Cross-Over Situation exists, the outstanding aggregate principal balance of the related interests with "A" or "B" in their designations shall not be reduced below one percent of the aggregate principal balance of the related Loan Subgroup as of the end of any Collection Period in excess of the Group II Senior Certificates related to such Loan Subgroup as of the related Distribution Date (after taking into account distributions of principal and allocations of Realized Losses on such Distribution Date). To the extent this limitation prevents the distribution of principal to the interests with "A" or "B" in their designations of a Loan Subgroup and the related interest with "C" in its designation has already been reduced to zero, such excess principal from the other Loan Subgroups shall be paid proportionately to the interests with "C" in their designation of the Loan Subgroups whose aggregate interests with "A" or "B" in their designations are less than one percent of the Group II Subordinate Principal Amount for the related Loan Subgroup. Any such shortfall as a result of the Loan Subgroups receiving the extra payment having a Ratio-strip Rate (as defined below) lower than the weighted average Ratio-strip Rate of the Loan Subgroup from which the payment was relocated shall be treated as a Realized Loss and if excess arises as a result of the Loan Subgroup receiving the extra payment having a Ratio-strip Rate higher than the Loan Subgroup from which the payment was relocated it shall reimburse REMIC V for prior Realized Losses. The "Ratio-strip Rate" for each Loan Subgroup shall be equal to 6.000% for Loan Subgroups II-1 and II-3 and 5.500% for Loan Subgroup II-2.

The Class T5-PO interest shall be entitled to receive the Discount Fractional Principal Amount for each Loan Subgroup.

REMIC VI:

The following table sets forth characteristics of the interests in the Master REMIC, each of which, except for the Class II-R-VI interest, is hereby designated as a "regular interest" in REMIC VI (the "REMIC VI Regular Interests"):

REMIC Interests	Initial Balance	Interest Rate	Corresponding Subgroup (5)
T6-II-1A	(1)	(2)	**II-1A**
T6-II-2A	(1)	(2)	**II-2A**
T6-II-3A	(1)	(2)	**II-3A**
T6-II-X1	(1)	(2)	**II-X1**
T6-II-X2	(1)	(2)	**II-X2**
T6-II-PO	(1)	(2)	**II-PO**
T6-II-M	(1)	(2)	**II-M**
T6-II-B-1	(1)	(2)	**II-B-1**
T6-II-B-2	(1)	(2)	**II-B-2**
T6-II-B-3	(1)	(2)	**II-B-3**
T6-II-B-4	(1)	(2)	**II-B-4**
T6-II-B-5	(1)	(2)	**II-B-5**
T6-II-P	(3)	(3)	**II-P**
R-VI	(1)	(2)	**II-R**

(1) This interest shall have an initial principal balance equal to the Initial Certificate Principal Balance of its Corresponding Class of Certificates.

(2) This interest shall bear interest at the Pass-Through Rate for its Corresponding Class of Certificates.

(3) The T6-II-P interest shall not be entitled to payments of interest, but shall be entitled to receive all Trust Prepayment Charges in respect of the Loans in Group II.

(4) REMIC VI shall also issue the R-IV interest, which shall not have a principal amount and shall not bear interest. The R-VI interest is hereby designated as the sole class of residual interest in REMIC VI.

(5) For purposes of the REMIC Provisions, the Class of Certificates corresponding to an interest in the Group II Master REMIC shall represent beneficial ownership of such interest in the Group II Master REMIC.

On each Distribution Date, interest shall be allocated with respect to the interests in REMIC VI based on the above-described interest rates.

On each Distribution Date, the principal distributed on the REMIC V interests shall be distributed, and Realized Losses shall be allocated, among the interests in REMIC VI in an amount equal to the principal distributions and Realized Loss allocations for such Distribution Date with respect to the Corresponding Class of Certificates related to such interests.

The Certificates:

The following table irrevocably sets forth the designations, initial Certificate Principal Balance or Notional Amount and Pass-Through Rate for each Class of Certificates:

Class Designation	Initial Certificate Principal Balance	Pass-Through Rate	Assumed Final Maturity Date (1)
I-A-1	$48,000,000	(2)	October 2036
I-A-2	$950,396,000	(2)	October 2036
I-A-3	$105,600,000	(2)	October 2036

I-A-4	$122,666,000	(2)	October 2036
II-1A	$27,769,000	6.000%	October 2021
II-2A	$33,406,000	5.500%	October 2021
II-3A	$54,618,000	6.000%	October 2021
II-X1	(3)	6.000%	October 2021
II-X2	(4)	5.500%	October 2021
II-PO	$1,067,408	N/A (5)	October 2021
II-AR	$100	6.000%	October 2021
I-M-1	$16,417,000	(2)	October 2036
I-M-2	$16,417,000	(2)	October 2036
I-M-3	$8,537,000	(2)	October 2036
I-M-4	$7,880,000	(2)	October 2036
I-M-5	$6,567,000	(2)	October 2036
I-M-6	$5,910,000	(2)	October 2036
I-M-7	$4,597,000	(2)	October 2036
I-M-8	$4,597,000	(2)	October 2036
I-M-9	$4,597,000	(2)	October 2036
I-M-10	$6,567,000	(2)	October 2036
I-CE	$4,594,226	(6)	N/A
I-P	$100	(7)	N/A
I-R	$0	(7)	October 2036
II-M	$2,929,700	(8)	October 2021
II-B-1	$732,300	(8)	October 2021
II-B-2	$610,300	(8)	October 2021
II-B-3	$366,150	(8)	October 2021
II-B-4	$305,200	(8)	October 2021
II-B-5	$244,203	(8)	October 2021
II-P	$100	(7)	N/A

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(1) Solely for purposes of Section 1.860G-1(a)(4)(iii) of the Treasury regulations, the Distribution Date in the 36 th month following the maturity date for the Loan held in the Trust on the Closing Date with the latest maturity date has been designated as the "latest possible maturity date" for each Class of Certificates.

(2) The Pass-Through Rate for each Group I Senior Certificate and Group I Mezzanine Certificate are as set forth in the definition of "Pass-Through Rate" herein.

(3) The Class II-X1 Certificates are Interest Only Certificates, will not be entitled to distributions in respect of principal and will bear interest on the Class II-X1 Notional Amount (initially approximately $8,508,669).

(4) The Class II-X2 Certificates are Interest Only Certificates, will not be entitled to distributions in respect of principal and will bear interest on the Class II-X2 Notional Amount (initially approximately $786,021).

(5) The Class II-PO Certificates are Principal-Only Certificates and are not entitled to any distributions of interest.

(6) The Class I-CE Certificates will not accrue interest on its Certificate Principal Balance, but will be entitled to 100% of amounts distributed on the [T4-X interest in REMIC IV].

(7) The Class I-P, Class II-P and Class I-R Certificates will not accrue interest.

(8) The interest rate for the Class II-M, Class II-B-1, Class II-B-2, Class II-B-3, Class II-B-4 and Class II-B-5 Certificates is equal to the weighted average of (i) with respect to the Subgroup II-1 and Subgroup II-3 Mortgage Loans, 6.00% and (ii) with respect to the Subgroup II-2 Mortgage Loans, 5.50%, weighted in proportion to the results of subtracting the current aggregate certificate principal balance of the related senior certificates (other than the Class II-X1 and Class II-X2 Certificates) from the aggregate principal balance of each loan subgroup.

W I T N E S S E T H

In consideration of the mutual agreements herein contained, the Depositor, the Master Servicer, the Securities Administrator and the Trustee agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 General Definitions and Group I Definitions .

Whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Article:

Accepted Master Servicing Practices : With respect to any Loan, as applicable, those customary mortgage servicing practices of prudent mortgage servicing institutions that master service mortgage loans of the same type and quality as such Loan in the jurisdiction where the related Mortgaged Property is located, to the extent applicable to the Master Servicer (except in its capacity as successor to a Servicer).

Account : The Distribution Account, the Cap Account, each Swap Account, the Reserve Fund and any Protected Account as the context may require.

Additional Disclosure Notification: Has the meaning set forth in Section 3.29(a)(ii) of this Agreement.

Additional Form 10-D Disclosure : Has the meaning set forth in Section 3.29(a)(i) of this Agreement.

Additional Form 10-K Disclosure : Has the meaning set forth in Section 3.29(d)(i) of this Agreement.

Adjustment Date : With respect to each Group I Loan, the first day of the month in which the Mortgage Rate of such Group I Loan changes pursuant to the related Mortgage Note. The first Adjustment Date following the Cut-off Date as to each Group I Loan is set forth in the Loan Schedule.

Adjustable Rate Certificates : The Group I Senior Certificates and the Group I Mezzanine Certificates.

Administration Fee: W ith respect to the Group I Loan and any Distribution Date, will be equal to the product of one-twelfth of (x) the Administration Fee Rate for such Group I Loan multiplied by (y) the principal balance of that Group I Loan as of the last day of the immediately preceding Due Period (or as of the Cut-Off Date with respect to the first Distribution Date), after giving effect to principal prepayments received during the related Prepayment Period.

Administration Fee Rate : With respect to the Group I Loan will be equal to the sum of (i) the Servicing Fee Rate, (ii) the Master Servicing Fee Rate, (iii) the Credit Risk Management Fee Rate and (iv) the rate at which the premium payable in connection with any lender paid primary mortgage insurance policy is calculated, if applicable.

Advance : Either (i) a Monthly Advance made by a Servicer as such term is defined in and pursuant to the related Servicing Agreement or (ii) a Monthly Advance made by the Master Servicer or the Trustee pursuant to Section 4.4.

Adverse REMIC Event : As defined in Section 11.1(f).

Affiliate : With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing. The Trustee may obtain and rely on an Officer’s Certificate of a Servicer or the Depositor to determine whether any Person is an Affiliate of such party.

Agreement : This Pooling and Servicing Agreement and all amendments and supplements hereto.

Allocated Realized Loss Amount : With respect to any Class of Adjustable-Rate Certificates (other than the Class I-A-1, Class I-A-2 and Class I-P Certificates) and any Distribution Date, an amount equal to the sum of any Realized Loss allocated to that Class of Group I Certificates on all prior Distribution Dates minus the sum of all payments in respect of Allocated Realized Loss Amounts distributed to that Class in connection with any Net Monthly Excess Cashflow on all previous Distribution Dates.

American Home: American Home Mortgage Servicing, Inc.

American Home Servicing Agreement: Master Mortgage Loan Purchase and Servicing Agreement, dated as of May 1, 2006, between the Seller, American Home Mortgage Corp. and American Home.

Anniversary : Each anniversary of the Cut-Off Date.

Appraised Value : The amount set forth in an appraisal made by or for the mortgage originator in connection with its origination of each Loan.

Assignment : An assignment of the Mortgage, notice of transfer or equivalent instrument, in recordable form, sufficient under the laws of the jurisdiction where the related Mortgaged Property is located to reflect of record the sale and assignment of the Loan to the Trustee, which assignment, notice of transfer or equivalent instrument may, if permitted by law, be in the form of one or more blanket assignments covering Mortgages secured by Mortgaged Properties located in the same county.

Assignment Agreements : Shall mean (i) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and American Home, pursuant to which the American Home Servicing Agreement was assigned to the Depositor, (ii) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor, Countrywide Home Loans Servicing LP and Countrywide, pursuant to which the Countrywide Servicing Agreement was assigned to the Depositor, (iii) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006 among the Seller, the Depositor and GMACM pursuant to which the GMACM Servicing Agreement was assigned to the Depositor, (iv) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and GreenPoint, pursuant to which the GreenPoint Servicing Agreement was assigned to the Depositor, (v) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and IndyMac, pursuant to which the IndyMac Servicing Agreement was assigned to the Depositor, (vi) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and National City, pursuant to which the National City Servicing Agreement was assigned to the Depositor, (vii) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor, Bishop's Gate Residential Mortgage Trust and PHH, pursuant to which the PHH Servicing Agreement was assigned to the Depositor, (viii) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and SPS, pursuant to the SPS Servicing Agreement was assigned to the Depositor, (ix) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and Wells Fargo, pursuant to which the Wells Fargo Servicing Agreement was assigned to the Depositor, and (x) the Assignment, Assumption and Recognition Agreement, dated as of October 31, 2006, among the Seller, the Depositor and Wells Fargo, pursuant to which the Wells Fargo Warranties and Servicing Agreement was assigned to the Depositor,.

Authorized Denomination : With respect to the Group I Senior Certificates and the Group I Mezzanine Certificates, minimum initial Certificate Principal Balances of $25,000 and integral multiples of $1.00 in excess thereof. With respect to the Class I-P Certificates, minimum initial Certificate Principal Balances of $20 and integral multiples thereof. With respect to the Class I-CE Certificates, minimum initial Certificate Principal Balances of $10,000 and integral multiples of $1.00 in excess thereof. With respect to the Class I-R Certificate, a single denomination of 100% Percentage Interest in such Certificate.

Bankruptcy Loss : A loss on a Group I Loan as reported by the related Servicer, arising out of (i) a reduction in

the scheduled Monthly Payment for such Group I Loan by a court of competent jurisdiction in a case under the United States Bankruptcy Code, other than any such reduction that arises out of clause (ii) of this definition of "Bankruptcy Loss," including, without limitation, any such reduction that results in a permanent forgiveness of principal, or (ii) with respect to any Group I Loan, a valuation, by a court of competent jurisdiction in a case under such Bankruptcy Code, of the related Mortgaged Property in an amount less than the then outstanding Principal Balance of such Group I Loan.

Beneficial Holder : A Person holding a beneficial interest in any Book-Entry Certificate as or through a Depository Participant or an Indirect Depository Participant or a Person holding a beneficial interest in any Definitive Certificate.

Book-Entry Certificates : The Senior Certificates (other than the Class II-AR Certificates) and the Mezzanine Certificates (other than the Class II-B-3, Class II-B-4 and Class II-B-5 Certificates), beneficial ownership and transfers of which shall be made through book entries as described in Section 6.1 and Section 6.3.

Business Day : Any day other than a Saturday, a Sunday, or a day on which banking institutions in the States of Maryland, Minnesota or New York are authorized or obligated by law or executive order to be closed.

Cap Account : A segregated trust account established and maintained by the Securities Administrator pursuant to Section 4.10 of this Agreement.

Cap Agreement: The cap agreement between the Securities Administrator on behalf of the Supplement Interest Trust and the Cap Provider relating to the Group I Certificates (other than the Class I-P and Class I-R Certificates) in the form attached hereto as Exhibit R.

Cap Agreement Report : The report to be delivered at least four Business Days prior to each Distribution Date by the Cap Provider to the Securities Administrator containing the amount of any payment payable by the Cap Provider to the Supplemental Interest Trust with respect to the Cap Agreement for that Distribution Date.

Cap Provider: The cap provider under the Cap Agreement and any successor in interest or assign. Initially, the Certificate Swap Provider shall be The Bank of New York.

Certificate : Any one of the Certificates issued pursuant to this Agreement, executed and authenticated by or on behalf of the Securities Administrator hereunder in substantially one of the forms set forth in Exhibits A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9 and A-10 hereto.

Certificate Register : The register maintained pursuant to Section 6.3.

Certificateholder or Holder : The person in whose name a Certificate is registered in the Certificate Register, except that solely for the purposes of giving any consent pursuant to this Agreement, any Certificate registered in the name of the Depositor, the Master Servicer, the Securities Administrator, the Trustee or any Affiliate thereof shall be deemed not to be outstanding and the Percentage Interest evidenced thereby shall not be taken into account in determining whether the requisite percentage of Percentage Interests necessary to effect any such consent has been obtained. The Trustee or the Securities Administrator may conclusively rely upon a certificate of the Depositor, the Seller or the Master Servicer in determining whether a Certificate is held by an Affiliate thereof. All references herein to "Holders" or "Certificateholders" shall reflect the rights of Certificate Owners as they may indirectly exercise such rights through the Depository and participating members thereof, except as otherwise specified herein; provided, however, that the Trustee or the Securities Administrator shall be required to recognize as a "Holder" or "Certificateholder" only the Person in whose name a Certificate is registered in the Certificate Register.

Certificate Owner : With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Certificate as reflected on the books of the Depository or on the books of a Depository Participant or on the books of an Indirect Depository Participant.

Certificate Swap Account: A segregated trust account established and maintained by the Securities Administrator pursuant to Section 4.8 of this Agreement.

Certificate Swap Agreement: The Interest Rate Swap Agreement, dated as of October 31, 2006, between HSBC Bank USA, National Association, as trustee on behalf of the Supplemental Interest Trust, and the Certificate Swap Provider, together with any schedules, confirmations or other agreements relating thereto. A copy of the Certificate Swap Agreement relating to the Group I Senior Certificates and Group I Mezzanine Certificates in the form attached hereto as Exhibit P.

Certificate Swap Provider: The swap provider under the Certificate Swap Agreement and any successor in interest or assign. Initially, the Certificate Swap Provider shall be Deutsche Bank, AG New York Branch, a banking institution and a stock corporation incorporated under the laws of Germany.

Certificate Swap Report : The report to be delivered at least four Business Days prior to each Distribution Date by the Certificate Swap Provider to the Securities Administrator containing the amount of any Net Swap Payment payable by the Supplemental Interest Trust or the Certificate Swap Provider to the other party, as the case may be, with respect to the Certificate Swap Agreement for that Distribution Date.

Class : All Certificates having the same priority and rights to payments from the Group I Available Distribution Amount and Group II Available Distribution Amount, designated as a separate Class under the heading Certificates in the preliminary statement, as set forth in the forms of Certificates attached hereto as Exhibits A-1, A-2, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-10 as applicable.

Class I-A-1 Amount : For any Distribution Date, the sum of (a) the amount, if any, distributed to the Class I-A-1 Certificates in accordance with Section 4.1(a)(vi) hereof and (b) the amount, if any, distributed to the Class I-A-1 Certificates in accordance with Section 4.1(a)(vii) hereof.

Class I-A-1 REMIC Swap Rate : For each Distribution Date (and the related Interest Accrual Period), a per annum rate equal to the product of (i) the rate used to calculate the amount payable by the Supplemental Interest Trust on the Class I-A-1 Swap Agreement, (ii) 2, and (iii) the quotient of (a) the actual number of days in the Interest Accural Period divided by (b) 30.

Class I-A-1 Swap Account: A segregated trust account established and maintained by the Securities Administrator pursuant to Section 4.9 of this Agreement.

Class I-A-1 Swap Agreement: The Interest Rate Swap Agreement, dated as of October 31, 2006, between HSBC Bank USA, National Association, as trustee on behalf of the Supplemental Interest Trust, and the Class I-A-1 Swap Provider, together with any schedules, confirmations or other agreements relating thereto. A copy of the Class I-A-1 Swap Agreement is attached hereto as Exhibit Q.

Class I-A-1 Swap Provider: The swap provider under the Class I-A-1 Swap Agreement and any successor in interest or assign. Initially, the Class I-A-1 Swap Provider shall be Deutsche Bank, AG New York Branch, a banking institution and a stock corporation incorporated under the laws of Germany.

Class I-CE Certificates : The Class I-CE Certificates designated as such on the face thereof in substantially the form attached hereto as Exhibit A-8.

Class I-M-1 Principal Distribution Amount : The Class I-M-1 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date and (ii) the Certificate Principal Balance of the Class I-M-1 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 89.30% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled

collections of principal received during the related Prepayment Period) and (B) the excess, if any, of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate principal balance of the Group I Loans as of the Cut-Off Date.

Class I-M-2 Principal Distribution Amount : The Class I-M-2 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date and (iii) the Certificate Principal Balance of the Class I-M-2 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 91.80% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-3 Principal Distribution Amount : The Class I-M-3 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date and (iv) the Certificate Principal Balance of the Class I-M-3 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 93.10% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) excess, if any, of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-4 Principal Distribution Amount **:** The Class I-M-4 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date and (v) the Certificate Principal Balance of the Class I-M-4 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 94.30% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I

Loans as of the Cut-Off Date.

Class I-M-5 Principal Distribution Amount : The Class I-M-5 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date and (vi) the Certificate Principal Balance of the Class I-M-5 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 95.30% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-6 Principal Distribution Amount : The Class I-M-6 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date, (vi) the Certificate Principal Balance of the Class I-M-5 Certificates after taking into account the payment of the Class I-M-5 Principal Distribution Amount on the Distribution Date and (vii) the Certificate Principal Balance of the Class I-M-6 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 96.20% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-7 Principal Distribution Amount : The Class I-M-7 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date, (vi) the Certificate Principal Balance of the Class I-M-5 Certificates after taking into account the payment of the Class I-M-5 Principal Distribution Amount on the Distribution

Date, (vii) the Certificate Principal Balance of the Class I-M-6 Certificates after taking into account the payment of the Class I-M-6 Principal Distribution Amount on the Distribution Date and (viii) the Certificate Principal Balance of the Class I-M-7 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 96.90% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-8 Principal Distribution Amount : The Class I-M-8 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date, (vi) the Certificate Principal Balance of the Class I-M-5 Certificates after taking into account the payment of the Class I-M-5 Principal Distribution Amount on the Distribution Date, (vii) the Certificate Principal Balance of the Class I-M-6 Certificates after taking into account the payment of the Class I-M-6 Principal Distribution Amount on the Distribution Date, (viii) the Certificate Principal Balance of the Class I-M-7 Certificates after taking into account the payment of the Class I-M-7 Principal Distribution Amount on the Distribution Date and (ix) the Certificate Principal Balance of the Class I-M-8 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 97.60% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-9 Principal Distribution Amount : The Class I-M-9 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date, (vi) the Certificate Principal Balance of the Class I-M-5 Certificates after taking into account the payment of the Class I-M-5 Principal Distribution Amount on the Distribution Date, (vii) the Certificate Principal Balance of the Class I-M-6 Certificates after taking into account the payment of the Class I-M-6 Principal Distribution Amount on the Distribution Date, (viii) the Certificate Principal Balance of the Class I-M-7 Certificates after taking into account the payment of the Class I-M-7 Principal Distribution Amount on the Distribution Date, (ix) the Certificate Principal Balance of the Class I-M-8 Certificates immediately prior to the Distribution Date, and (x) the Certificate Principal Balance of the Class I-M-9 Certificates immediately prior to the Distribution Date, over (y) the lesser of (A) the product of (i) 98.30% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of

principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-M-10 Principal Distribution Amount : The Class I-M-9 Principal Distribution Amount for any Distribution Date is an amount equal to the excess of (x) the sum of (i) the aggregate Certificate Principal Balance of the Group I Senior Certificates after taking into account the payment of the Group I Senior Principal Distribution Amount on the Distribution Date, (ii) the Certificate Principal Balance of the Class I-M-1 Certificates after taking into account the payment of the Class I-M-1 Principal Distribution Amount on the Distribution Date, (iii) the Certificate Principal Balance of the Class I-M-2 Certificates after taking into account the payment of the Class I-M-2 Principal Distribution Amount on the Distribution Date, (iv) the Certificate Principal Balance of the Class I-M-3 Certificates after taking into account the payment of the Class I-M-3 Principal Distribution Amount on the Distribution Date, (v) the Certificate Principal Balance of the Class I-M-4 Certificates after taking into account the payment of the Class I-M-4 Principal Distribution Amount on the Distribution Date, (vi) the Certificate Principal Balance of the Class I-M-5 Certificates after taking into account the payment of the Class I-M-5 Principal Distribution Amount on the Distribution Date, (vii) the Certificate Principal Balance of the Class I-M-6 Certificates after taking into account the payment of the Class I-M-6 Principal Distribution Amount on the Distribution Date, (viii) the Certificate Principal Balance of the Class I-M-7 Certificates after taking into account the payment of the Class I-M-7 Principal Distribution Amount on the Distribution Date, (ix) the Certificate Principal Balance of the Class I-M-8 Certificates immediately prior to the Distribution Date, (x) the Certificate Principal Balance of the Class I-M-9 Certificates immediately prior to the Distribution Date, and (xi) the Certificate Principal Balance of the Class I-M-9 Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 99.30% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any, of, the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) over the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Class I-P Certificates : The Class I-P Certificates, and designated as such on the face thereof in substantially the form attached hereto as Exhibit A-9.

Class I-R Certificate : The Certificate designated as “Class I-R” on the face thereof in substantially the form attached hereto as Exhibit A-10, which has been designated as the sole Class of “residual interests” in each Group I REMIC.

Class I-R Certificateholder : The registered Holder of the Class I-R Certificate.

Clearing Agency : An organization registered as a “clearing agency” pursuant to Section 17A of the Securities and Exchange Act of 1934, as amended, which initially shall be the Depository.

Closing Date : October 31, 2006.

Code : The Internal Revenue Code of 1986, as amended.

Commission: Means the United States Securities and Exchange Commission.

Compensating Interest : For any Distribution Date and (i) each Servicer, as set forth in the related Servicing Agreement and (ii) the Master Servicer, the amount described in Section 3.21.

Controlling Person : Means, with respect to any Person, any other Person who controls such Person within the meaning of the Securities Act.

Corporate Trust Office : The principal corporate trust office of the Trustee or the Securities Administrator, as the case may be, at which at any particular time its corporate trust business in connection with this Agreement shall be administered, which office at the date of the execution of this instrument is located at (i) with respect to the Trustee, HSBC Bank USA, National Association, 452 Fifth Avenue, New York, New York 10018, or at such other address as the Trustee may designate from time to time by notice to the Certificateholders, the Depositor, the Master Servicer and the Securities Administrator, or (ii) with respect to the Securities Administrator, (A) for Certificate transfer and surrender purposes, Wells Fargo Bank, N.A., Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: DBALT 2006-AR5 and (B) for all other purposes, Wells Fargo Bank, N.A., 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: DBALT 2006-AR5, or at such other address as the Securities Administrator may designate from time to time by notice to the Certificateholders, the Depositor, the Master Servicer and the Trustee.

Corresponding Class of Certificate : With respect to each REMIC III, REMIC IV, and REMIC VI Regular Interest, the Class of Certificate with the corresponding designation.

Countrywide: Countrywide Home Loans, Inc., or any successor thereto.

Countrywide Servicing: Countrywide Home Loans Servicing LP, or any successor thereto.

Countywide Servicing Agreement: The Amended and Restated Master Mortgage Loan Purchase and Servicing Agreement dated as of May 1, 2004, as amended and restated to and including August 1, 2005 as further amended by the Amendment Reg AB dated as of January 31, 2006, between the Seller and Countrywide, as assigned the servicing rights to Countrywide Servicing pursuant to section 7.05 of the Countrywide Servicing Agreement.

Credit Enhancement Percentage : for any Distribution Date is the percentage obtained by dividing (x) the aggregate Certificate Principal Balance of the Group I Subordinate Certificates (which includes the Overcollateralization Amount) by (y) the sum of the aggregate Principal Balance of the group I Loans, calculated after taking into account distributions of principal on the Group I Loans and distribution of the Group I Principal Distribution Amount to the holders of the Certificates then entitled to distributions of principal on the Distribution Date.

Credit Risk Management Agreement or Credit Risk Management Agreements : Each agreement between the Credit Risk Manager and a Servicer or the Master Servicer, regarding the loss mitigation and advisory services to be provided by the Credit Risk Manager.

Credit Risk Management Fee : The amount payable to the Credit Risk Manager on each Distribution Date as compensation for all services rendered by it in the exercise and performance of any and all powers and duties of the Credit Risk Manager under any Credit Risk Management Agreement, which amount shall equal one twelfth of the product of (i) the Credit Risk Management Fee Rate multiplied by (ii) the aggregate of the Scheduled Principal Balance of each Loan and any related REO Properties as of the first day of the related Due Period.

Credit Risk Management Fee Rate : [0.009]% per annum.

Credit Risk Manager : Clayton Fixed Income Services Inc., a Colorado corporation formerly known as The Murrayhill Company, and its successors and assigns.

Curtailment : Any voluntary payment of principal on a Loan, made by or on behalf of the related Mortgagor, other than a Monthly Payment, a Prepaid Monthly Payment or a Payoff, which is applied to reduce the outstanding Principal Balance of the Loan.

Curtailment Shortfall : With respect to any Distribution Date and any Curtailment received during the related Prepayment Period, an amount equal to one month’s interest on such Curtailment at the applicable Mortgage Interest

Rate on such Loan, net of the related Servicing Fee Rate.

Custodial Agreement : Either (i) the DBNTC Custodial Agreement or (ii) the Wells Fargo Custodial Agreement.

Custodian : DBNTC or Wells Fargo or any other custodian appointed under any custodial agreement entered into after the date of this Agreement.

Cut-Off Date : October 1, 2006; except that with respect to each Substitute Loan, the Cut-Off Date shall be the date of substitution.

DBNTC : Deutsche Bank National Trust Company, a national banking association, or its successor in interest.

DBNTC Custodial Agreement : The Custodial Agreement, dated as of October 1, 2006, among DBNTC, American Home, Countrywide Servicing, GMAC, IndyMac and Wells Fargo as may be amended from time to time.

Definitive Certificates : As defined in Section 6.3.

Deleted Loan : A Loan replaced or to be replaced by a Substitute Loan.

Delinquency Percentage: As of the last day of the related Due Period, the percentage equivalent of a fraction, the numerator of which is the Principal Balance of all Loans that, as of the last day of the previous calendar month, are 60 or more days delinquent, are in foreclosure, have been converted to REO Properties or have been discharged by reason of bankruptcy, and the denominator of which is the aggregate Principal Balance of the Loans and REO Properties as of the last day of the previous calendar month.

Depositor : Deutsche Alt-A Securities, Inc., a Delaware corporation, or its successor-in-interest.

Depository : The Depository Trust Company, or any successor Depository hereafter named. The nominee of the initial Depository, for purposes of registering those Certificates that are to be Book-Entry Certificates, is CEDE & Co. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(3) of the Uniform Commercial Code of the State of New York and a Clearing Agency.

Depository Agreement : The Letter of Representations, dated October [30], 2006 by and among the Depository, the Depositor and the Trustee.

Depository Participant : A broker, dealer, bank, other financial institution or other Person for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

Determination Date : With respect to each Servicer, the day of the month set forth as the Determination Date in the related Servicing Agreement. With respect to Article XI hereto, the fifteenth (15th) day of the month or if such day is not a Business Day, the Business Day immediately following such fifteenth (15th) day.

Disqualified Organization: A "disqualified organization" as defined in Section 860E(e)(5) of the Code, and, for purposes of Article VII herein, any Person which is not a Permitted Transferee; provided, that a Disqualified Organization does not include any Pass-Through Entity which owns or holds a Class I-R Certificate and if which a Disqualified Organization, directly or indirectly, may be a stockholder, partner or beneficiary.

Distribution Account : The trust account or accounts created and maintained by the Securities Administrator pursuant to Section 3.23 for the benefit of the Certificateholders and designated "Wells Fargo Bank, N.A., as Securities Administrator, in trust for registered holders of Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5". Funds in the Distribution Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement. The Distribution Account must be an Eligible Account.

Distribution Account Deposit Date : With respect to any Distribution Date, the Business Day prior to such

Distribution Date.

Distribution Date : The 25th day (or, if such 25th day is not a Business Day, the Business Day immediately succeeding such 25th day) of each month, with the first such date being November 27, 2006.

Due Date : The first day of each calendar month, which is the day on which the Monthly Payment for each Loan is due, exclusive of any days of grace. The "related Due Date" for any Distribution Date is the Due Date immediately preceding such Distribution Date.

Due Period: With respect to any Distribution Date and the Loans, the period commencing on the second day of the month immediately preceding the month in which such Distribution Date occurs and ending on the first day of the month in which such Distribution Date occurs.

Eligible Account : Any account or accounts (1) maintained by the Securities Administrator with a federal or state chartered depository institution or trust company that complies with the definition of "Eligible Institution," or (2) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 10.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

Eligible Institution : An institution having both (a) (i) the highest short-term debt rating, and one of the two highest long-term debt ratings of Fitch and Moody's, (ii) with respect to the Distribution Account, an unsecured long-term debt rating of at least one of the two highest unsecured long-term debt ratings of Fitch and Moody's, or (iii) the approval of Fitch and S&P and (b) (i) commercial paper, short-term debt obligations, or other short-term deposits rated at least 'I-A-1+' or long-term unsecured debt obligations rated at least 'AA-' by S&P, if the amounts on deposit are to be held in the account for no more than 365 days; or (ii) commercial paper, short-term debt obligations, or other short-term deposits rated at least 'I-A-1' by S&P, if the amounts on deposit represent less than 20% of the initial par value of the securities, are not intended to be used as credit enhancement, and are to be held in the account for less than 30 days.

Eligible Investments : Any one or more of the following obligations or securities payable on demand or having a scheduled maturity on or before the Business Day preceding the following Distribution Date (or, with respect to the Distribution Account maintained with the Securities Administrator, having a scheduled maturity on or before the following Distribution Date; provided that, such Eligible Investments shall be managed by, or an obligation of, the institution that maintains the Distribution Account if such Eligible Investments mature on the Distribution Date), regardless of whether any such obligation is issued by the Depositor, the applicable Servicer, the Trustee, the Master Servicer, the Securities Administrator or any of their respective Affiliates and having at the time of purchase, or at such other time as may be specified, the required ratings, if any, provided for in this definition:

(a) direct obligations of, or guaranteed as to full and timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided, that such obligations are backed by the full faith and credit of the United States of America;

(b) direct obligations of, or guaranteed as to timely payment of principal and interest by, Freddie Mac, Fannie Mae or the Federal Farm Credit System, provided, that any such obligation, at the time of purchase or contractual commitment providing for the purchase thereof, is qualified by each Rating Agency as an investment of funds backing securities rated "AAA" in the case of S&P and "Aaa" in the case of Moody's (the initial rating of the Group I Senior Certificates);

(c) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, provided, that the short-term deposit ratings and/or long-term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institutions in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company) have, in the case of commercial paper, the highest rating available for such securities by each Rating Agency and, in the case of long-term unsecured debt obligations, one of the two highest ratings available for such securities by each Rating Agency, or in each case such lower rating as will not result in the

downgrading or withdrawal of the rating or ratings then assigned to any Class of Certificates by any Rating Agency but in no event less than the initial rating of the Group I Senior Certificates;

(d) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated by each Rating Agency in its highest short-term unsecured rating category at the time of such investment or contractual commitment providing for such investment, and is issued by a corporation the outstanding senior long-term debt obligations of which are then rated by each Rating Agency in one of its two highest long-term unsecured rating categories, or such lower rating as will not result in the downgrading or withdrawal of the rating or ratings then assigned to any Class of Certificates by any Rating Agency but in no event less than the initial rating of the Group I Senior Certificates;

(e) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation rated in one of the two highest rating levels available to such issuers by each Rating Agency at the time of such investment, provided, that any such agreement must by its terms provide that it is terminable by the purchaser without penalty in the event any such rating is at any time lower than such level;

(f) repurchase obligations with respect to any security described in clause (a) or (b) above entered into with a depository institution or trust company (acting as principal) meeting the rating standards described in (c) above;

(g) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any State thereof and rated by each Rating Agency in one of its two highest long-term unsecured rating categories at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Eligible Investments to the extent that investment therein would cause the outstanding principal amount of securities issued by such corporation that are then held as part of the Distribution Account to exceed 20% of the aggregate principal amount of all Eligible Investments then held in the Distribution Account;

(h) units of taxable money market funds (including those for which the Trustee, the Securities Administrator, the Master Servicer or any affiliate thereof receives compensation with respect to such investment) which funds have been rated by each Rating Agency rating such fund in its highest rating category or which have been designated in writing by each Rating Agency as Eligible Investments with respect to this definition;

(i) if previously confirmed in writing to the Trustee and the Securities Administrator, any other demand, money market or time deposit, or any other obligation, security or investment, as may be acceptable to each Rating Agency as a permitted investment of funds backing securities having ratings equivalent to the initial rating of the Group I Senior Certificates; and

(j) such other obligations as are acceptable as Eligible Investments to each Rating Agency;

provided, however, that such instrument continues to qualify as a "cash flow investment" pursuant to Code Section 860G(a)(6) and that no instrument or security shall be an Eligible Investment if (i) such instrument or security evidences a right to receive only interest payments or (ii) the right to receive principal and interest payments derived from the underlying investment provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment.

ERISA : The Employee Retirement Income Security Act of 1974, as amended.

ERISA-Qualifying Underwriting: With respect to any ERISA-Restricted Certificate, a best efforts or firm commitment underwriting or private placement that meets the requirements of the Underwriters' Exemption.

ERISA-Restricted Certificate: The Class I-CE, the Class I-P, the Class I-R, the Class II-P, the Class B-3, the Class B-4 and the Class B-5 Certificates and Certificates of any Class that no longer satisfy the applicable rating

requirements of the Underwriters' Exemption as specified in the Preliminary Statement.

ERISA-Restricted Trust Certificate: Any Group I Senior Certificate and Group I Mezzanine Certificates that is not an ERISA-Restricted Certificate.

Exchange Act : The Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

Fannie Mae : Fannie Mae, formerly known as the Federal National Mortgage Association, or any successor thereto.

FDIC : Federal Deposit Insurance Corporation, or any successor thereto.

Fitch: Fitch Ratings or any successor thereto.

Form 8-K Disclosure Information : Has the meaning set forth in Section 3.29(b) of this Agreement.

Freddie Mac : The Federal Home Loan Mortgage Corporation, or any successor thereto.

GMACM : GMAC Mortgage, LLC, or any successor thereto.

GMACM Servicing Agreement : The Servicing Agreement, dated as of August 5, 2005, as amended by Amendment Number One, dated January 31, 2006, between the Seller and GMACM and as modified pursuant to the related Assignment Agreement.

GreenPoint : GreenPoint Mortgage Funding, Inc. or any successor thereto.

GreenPoint Servicing Agreement : The Amended and Restated Master Mortgage Loan Purchase and Servicing Agreement, dated as of January 1, 2005, between the Seller and GreenPoint, as amended by Amendment One, dated as of April 8, 2005, Amendment Two, dated as of June 30, 2005, Amendment Three, dated as of October 7, 2005, Amendment Four, dated as of March 7, 2006, and Amendment Five, dated as of June 9, 2006, each between the Seller and GreenPoint (as modified pursuant to the related Assignment Agreement).

Gross Margin : With respect to each Loan, the fixed percentage set forth in the related Mortgage Note that is added to the Index on each Adjustment Date in accordance with the terms of the related Mortgage Note used to determine the Mortgage Rate for such Loan.

Group I Available Distribution Amount : With respect to a Distribution Date, the sum of the following amounts:

(1) the total amount of all cash received by or on behalf of each Servicer with respect to the Group I Loans by the Determination Date for such Distribution Date and not previously distributed (including Liquidation Proceeds, Insurance Proceeds and Subsequent Recoveries and, and proceeds received in connection with the repurchase of a Group I Loans and,

(a) all Prepaid Monthly Payments;

(b) all Curtailments received after the applicable Prepayment Period, together with all interest paid by the related Mortgagor in connection with such Curtailments;

(c) all Payoffs received after the applicable Prepayment Period, together with all interest paid by the related Mortgagor in connection with such Payoffs;

(d) Insurance Proceeds, Liquidation Proceeds and Subsequent Recoveries on the Group I Loans received after the applicable Prepayment Period;

(e) all amounts which are due and reimbursable to the related Servicer pursuant to the terms

of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodian pursuant to the terms of this Agreement or the Custodial Agreements;

(f) the Servicing Fee, the Master Servicing Fee and the Credit Risk Management Fee for each such Group I Loan for such Distribution Date;

(g) all investment earnings, if any, on amounts on deposit in the Distribution Account and each Protected Account;

(h) any premiums payable in connection with any lender paid primary mortgage insurance policies; and

(i) the amount of any Prepayment Charges collected by the related Servicer in connection with the Principal Prepayment of any of the Group I Loans.

(2) to the extent advanced by the related Servicer and/or the Master Servicer and not previously distributed, the amount of any Advance made by the related Servicer and/or the Master Servicer or Trustee with respect to such Distribution Date relating to the Group I Loans;

(3) to the extent advanced by the related Servicer and/or the Master Servicer and not previously distributed, any amount payable as Compensating Interest by the related Servicer and/or the Master Servicer on such Distribution Date relating to the Group I Loans; and

(4) the total amount, to the extent not previously distributed, of all cash received by the Distribution Date by the Trustee or the Master Servicer, in respect of a Purchase Obligation under Section 2.3 or any permitted repurchase of a Group I Loan or a purchase by the Special Servicer pursuant to Section 7.11.

Group I Certificates: The Group I Senior Certificates, Group I Subordinate Certificates, Class I-P Certificates and Class I-R Certificates.

Group I Certificate Principal Balance : The Certificate Principal Balance with respect to a Group I Senior Certificate, Group I Mezzanine Certificate or Class I-P Certificate outstanding at any time, represents the then maximum amount that the holder of such Certificate is entitled to receive as distributions allocable to principal from the cash flow on the Group I Loans and the other assets in the Trust Fund. The Certificate Principal Balance of a Group I Senior Certificate, Group I Mezzanine Certificate or Class I-P Certificate as of any date of determination is equal to the initial Certificate Principal Balance of such Certificate reduced by the aggregate of (i) all amounts allocable to principal previously distributed with respect to that Certificate, and (ii) any reductions in the Certificate Principal Balance of such Certificate deemed to have occurred in connection with allocations of Realized Losses, if any, plus any Subsequent Recoveries added to the Certificate Principal Balance of such Certificate pursuant to Section 6.4. The Certificate Principal Balance of the Class I-CE Certificates as of any date of determination is equal to the excess, if any, of (i) the then aggregate Principal Balance of the Group I Loans over (ii) the then aggregate Certificate Principal Balance of the Group I Senior Certificates, the Group I Mezzanine Certificates and the Class I-P Certificates. The initial Certificate Principal Balance of each Class of Group I Certificates is set forth in the Preliminary Statement hereto. When used in reference to a Class, the term Certificate Principal Balance means the aggregate of the Certificate Principal Balances of all Group I Certificates of such Class, and when used in reference to a group of Classes (such as the Group I Senior Certificates and Group I Mezzanine Certificates) shall mean the aggregate Certificate Principal Balances of all Classes of Group I Certificates included in such group.

Group I Interest Distribution Amount : On any Distribution Date, for any Class of Group I Certificates (other than the Class I-CE Certificates, the Class I-P Certificates and the Class I-R Certificates), the amount of interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of that Class which shall be an amount, not less than zero, equal to (a) the product of (1) 1/12th of the Pass-Through Rate for such Class and (2) the Certificate Principal Balance for such Class before giving effect to allocations of Realized Losses in connection with

such Distribution Date or distributions to be made on such Distribution Date, reduced by (b) Uncompensated Interest Shortfalls allocated to such Class pursuant to Section 1.2 and the interest portion of Realized Losses allocated to such Class pursuant to Section 1.2. On any Distribution Date, for the Class I-CE Certificates, the amount of interest accrued during the related Interest Accrual Period with respect to the [T4-X interest in REMIC IV], reduced by Uncompensated Interest Shortfalls allocated to the Class I-CE Certificates pursuant to Section 1.2 and the interest portion of Realized Losses allocated to the Class I-CE Certificates pursuant to Section 1.2.

Group I Interest Remittance Amount : For any Distribution Date, the sum of the following amounts:

(1) all interest received by or on behalf of each Servicer with respect to the Group I Loans by the Determination Date for such Distribution Date and not previously distributed;

(2) all Advances in respect of interest made by a Servicer and/or the Master Servicer with respect to Group I Loans for that Distribution Date;

(3) any amounts paid as Compensating Interest on the Group I Loans by a Servicer and/or the Master Servicer for that Distribution Date;

(4) the interest portions of the total amount deposited in the Distribution Account in connection with a Purchase Obligation under Section 2.3, any permitted purchase of a Group I Loan pursuant to Section 3.31 or any permitted repurchase of a Loan;

(5) the interest portions of the Termination Price;

minus the sum of the following amounts:

(1) the interest portion of all Prepaid Monthly Payments;

(2) the interest portion of all Curtailments received after the related Prepayment Period, together with all interest paid by the related Mortgagor in connection with such Curtailments;

(3) the interest portion of all Payoffs received after the related Prepayment Period, together with all interest paid by the related Mortgagor in connection with such Payoffs;

(4) all amounts (other than Advances in respect of principal) reimbursable to a Servicer pursuant to the terms of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to this Agreement or the Custodial Agreements; and

(5) the Servicing Fee, the Master Servicing Fee and the Credit Risk Management Fee for each Group I Loan and any premiums payable in connection with any lender paid primary mortgage insurance policies for the related Due Period.

Group I Last Scheduled Distribution Date : The Distribution Date in [September] 2036, which is the Distribution Date immediately following the maturity date for the Group I Loan with the latest maturity date.

Group I Loans : The Mortgages and the related Mortgage Notes, each transferred and assigned to the Trustee pursuant to the provisions hereof as from time to time are held as part of the Trust Fund, as so identified in the Loan Schedule with respect to the Group I. Each of the Group I Loans is referred to individually in this Agreement as a "Group I Loan".

Group I Mezzanine Certificates : The Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, collectively, and designated as such on the face thereof in substantially the form attached hereto as Exhibit A-6.

Group I Optional Termination Date : The Distribution Date on which the aggregate Scheduled Principal

Balance of the Group I Loans (and REO Properties acquired in respect thereof) remaining in the Trust Fund as of the last day of the related Due Period is reduced to less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Group I Principal Distribution Amount : For any Distribution Date is the sum of (i) the Group I Principal Remittance Amount for such Distribution Date plus (ii) any Overcollateralization Increase Amount *minus* (iii) the amount of any Overcollateralization Reduction Amount for such Distribution Date and any amounts payable or reimbursable therefrom to the Servicers, the Trustee, the Custodians, the Master Servicer or the Securities Administrator prior to distributions being made on the Certificates. In no event will the Principal Distribution Amount with respect to any Distribution Date be (x) less than zero or (y) greater than the then outstanding aggregate Certificate Principal Balance of the Group I Certificates.

Group I Principal Remittance Amount: With respect to any Distribution Date, the sum of the following amounts:

(1) the total amount of all principal received by or on behalf of each Servicer with respect to the Group I Loans by the Determination Date for such Distribution Date and not previously distributed (including Liquidation Proceeds, Insurance Proceeds and Subsequent Recoveries);

(2) all Advances in respect of principal made by a Servicer and/or the Master Servicer with respect to Group I Loans for that Distribution Date;

(3) the principal portions of the total amount deposited in the Distribution Account in connection with a Purchase Obligation under Section 2.3, any permitted repurchase of a Group I Loan or purchase of a Loan pursuant to Section 3.31; and

(4) the principal portions of the Termination Price;

minus, the sum of the following amounts:

(1) the principal portion of all Prepaid Monthly Payments;

(2) the principal portion of all Curtailments received after the related Prepayment Period;

(3) the principal portion of all Payoffs received after the related Prepayment Period;

(4) the principal portion of Liquidation Proceeds, Insurance Proceeds, and Subsequent Recoveries received on the Group I Loans after the related Prepayment Period;

(5) all Advances in respect of principal to a Servicer pursuant to the terms of the related servicing agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to the terms of this Agreement or the Custodial Agreements; and

(6) all other amounts reimbursable to a Servicer pursuant to the terms of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to the terms of this Agreement or the Custodial Agreements for the related Due Period to the extent not reimbursed from the Group I Interest Remittance Amount for the related Due Period.

Group I Senior Certificates : The Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates, collectively, and designated as such on the face thereof in substantially the form attached hereto as Exhibits A-1.

Group I Senior Interest Distribution Amount **:** With respect to any Distribution Date, an amount equal to the sum of (i) the Group I Interest Distribution Amount for such Distribution Date for the Group I Senior Certificates and (ii) the Interest Carry Forward Amount, if any, for such Distribution Date for the Group I Senior Certificates.

Group I Senior Principal Distribution Amount : With respect to any Distribution Date is an amount equal to the excess of (x) the aggregate Certificate Principal Balance of the Group I Senior Certificates immediately prior to the Distribution Date over (y) the lesser of (A) the product of (i) 86.80% on or after the Stepdown Date and (ii) the aggregate Scheduled Principal Balance of the Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) and (B) the excess, if any of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period) minus the product of (i) 0.35% and (ii) the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

Group I Subordinate Certificates : The Group I Mezzanine Certificates and the Class I-CE Certificates.

Independent : When used with respect to any specified Person, any such Person who (i) is in fact independent of the Depositor, each Servicer, the Master Servicer and the Securities Administrator, (ii) does not have any direct financial interest or any material indirect financial interest in the Depositor, any Servicer, the Master Servicer, the Securities Administrator or any Affiliate of any such party and (iii) is not connected with the Depositor, any Servicer, the Master Servicer or the Securities Administrator as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions. When used with respect to any accountants, a Person who is "independent" within the meaning of Rule 2-01(B) of the Securities and Exchange Commission's Regulation S-X. Independent means, when used with respect to any other Person, a Person who (A) is in fact independent of another specified Person and any affiliate of such other Person, (B) does not have any material direct or indirect financial interest in such other Person or any affiliate of such other Person, (C) is not connected with such other Person or any affiliate of such other Person as an officer, employee, promoter, underwriter, Securities Administrator, partner, director or Person performing similar functions and (D) is not a member of the immediate family of a Person defined in clause (B) or (C) above.

Index : As of any Adjustment Date, the index applicable to the determination of the Mortgage Rate on each Group I Loan will generally be the average of the interbank offered rates for six-month United States dollar deposits in the London market as published in The Wall Street Journal and as most recently available either (a) as of the first Business Day forty-five (45) days prior to such Adjustment Date or (b) as of the first Business Day of the month preceding the month of such Adjustment Date, as specified in the related Mortgage Note.

Indirect Depository Participants : Entities such as banks, brokers, dealers or trust companies that clear through or maintain a custodial relationship with a Depository Participant, either directly or indirectly.

IndyMac: IndyMac Bank, F.S.B., or any successor thereto.

IndyMac Servicing Agreement : The First Amended and Restated Master Mortgage Loan Purchase and Servicing Agreement, dated as of June 1, 2005, as amended and rested to and including December 1, 2005, between the Seller and IndyMac (as modified pursuant to the related Assignment Agreement).

Insurance Proceeds : Proceeds of any title policy, hazard policy, mortgage guaranty policy or other insurance policy covering a Loan, to the extent such proceeds are not to be applied to the restoration of the related Mortgaged Property or released to the Mortgagor in accordance with the applicable Servicing Agreement.

Interest Accrual Period : With respect to the Group I Senior Certificates and the Group I Mezzanine Certificates, (i) with respect to the first Distribution Date, the period commencing on October 31, 2006 and ending on November 24, 2006 and (ii) with respect to any Distribution Date thereafter, the period commencing on the Distribution Date in the month immediately preceding the month in which that Distribution Date occurs and ending on the day preceding that Distribution Date. Interest on each such Class of Group I Certificates will be calculated based on a 360-day year and the actual number of days elapsed in the related Interest Accrual Period. With respect to any Distribution Date and each REMIC Regular Interest, the one-month period ending on the last day of the calendar month immediately preceding the month in which such Distribution Date occurs.

Interest Carry Forward Amount : With respect to any Distribution Date and any Class of Group I Senior Certificates or Group I Mezzanine Certificates, the sum of (i) the amount, if any, by which (a) the Group I Interest Distribution Amount for such Class of Group I Certificates as of the immediately preceding Distribution Date exceeded (b) the actual amount distributed on such Class of Group I Certificates in respect of interest on such immediately preceding Distribution Date and (ii) the amount of any Interest Carry Forward Amount for such Class of Group I Certificates remaining unpaid from the previous Distribution Date, plus accrued interest on such sum calculated at the related Pass-Through Rate for the most recently ended Interest Accrual Period.

Investment Withdrawal Distribution Date : As defined in Section 3.23(c).

Issuing Entity : Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5.

LIBOR Business Day : Any day on which dealings in United States dollars are transacted in the London interbank market.

LIBOR Determination Date : With respect to each Interest Accrual Period (other than the initial Interest Accrual Period) and the Adjustable Rate Certificates, the second LIBOR Business Day preceding such Interest Accrual Period on which the Securities Administrator will determine One-Month LIBOR for such Interest Accrual Period.

Liquidated Loan : A Group I Loan as to which the related Servicer has determined in accordance with its customary servicing practices that all amounts which it expects to recover from or on account of such Group I Loan, whether from Insurance Proceeds, Liquidation Proceeds or otherwise, have been recovered. For purposes of this definition, acquisition of a Mortgaged Property by the Trust Fund shall not constitute final liquidation of the related Group I Loan.

Liquidation Proceeds : The amount (other than Insurance Proceeds or amounts received in respect of the rental of any REO Property prior to REO Disposition) received by the applicable Servicer pursuant to the related Servicing Agreement or the Master Servicer in connection with (i) the taking of all or a part of a Mortgaged Property by exercise of the power of eminent domain or condemnation, (ii) the liquidation of a defaulted Loan through a trustee's sale, foreclosure sale or otherwise, or (iii) the repurchase, substitution or sale of a Group I Loan or an REO Property pursuant to or as contemplated by Section 2.3 or Section 10.1.

Loan Documents : The documents evidencing or relating to each Loan delivered to the Custodian under the Custodial Agreement on behalf of the Trustee.

Loan Schedule : The schedule, as amended from time to time, of Loans, attached hereto as Schedule One, which shall set forth as to each Loan the following, among other things:

(i) the loan number of the Loan and name of the related Mortgagor;

(ii) the street address of the Mortgaged Property including city, state and zip code;

(iii) the Mortgage Interest Rate as of the Cut-Off Date;

(iv) the original term and maturity date of the related Mortgage Note;

(v) the original Principal Balance;

(vi) the first payment date;

(vii) the Monthly Payment in effect as of the Cut-Off Date;

(viii) the date of the last paid installment of interest;

(ix) the unpaid Principal Balance as of the close of business on the Cut-Off Date;

(x) the Loan-to-Value ratio at origination;

(xi) the type of property and the Original Value of the Mortgaged Property;

(xii) whether a primary mortgage insurance policy is in effect as of the Cut-Off Date;

(xiii) the nature of occupancy at origination;

(xiv) the first Adjustment Date, if applicable;

(xv) the Gross Margin, if applicable;

(xvi) the Maximum Mortgage Rate under the terms of the Mortgage Note, if applicable;

(xvii) the Minimum Mortgage Rate under the terms of the Mortgage Note, if applicable;

(xviii) the Periodic Rate Cap, if applicable;

(xix) the first Adjustment Date immediately following the Cut-off Date, if applicable;

(xx) the Index, if applicable;

(xxi) a code indicating whether the Loan is subject to Prepayment Charge, the term of such Prepayment Charge and the amount of such Prepayment Charge;

(xxii) the Servicer;

(xxiii) the Servicing Fee Rate; and

(xxiv) the Custodian.

Loans : The Group I Loans and the Group II Loans.

Loan-to-Value Ratio : The original principal amount of a Loan divided by the Original Value; however, references to "current Loan-to-Value Ratio" shall mean the then current Principal Balance of a Loan divided by the Original Value.

Majority Class I-CE Certificateholder : The Holder of a 50.01% or greater Percentage Interest in the Class I-CE Certificates.

Master Servicer : As of the Closing Date, Wells Fargo Bank, N.A., and thereafter, its respective successors in interest who meet the qualifications of this Agreement. The Master Servicer and the Securities Administrator shall at all times be the same Person.

Master Servicer Event of Default : One or more of the events described in Section 8.1 hereof.

Master Servicing Compensation: As defined in Section 3.14(a).

Master Servicing Fee: As to each Loan and any Distribution Date, an amount equal to one twelfth of the product of the Master Servicing Fee Rate multiplied by the Scheduled Principal Balance of such Loan as of the Due Date in the month preceding the month of such Distribution Date.

Master Servicing Fee Rate: 0.00% per annum.

Maximum Mortgage Rate : With respect to each Loan, the percentage set forth in the related Mortgage Note as the maximum Mortgage Rate thereunder.

Minimum Mortgage Rate : With respect to each Loan, the percentage set forth in the related Mortgage Note as the minimum Mortgage Rate thereunder.

Monthly Advance : As to any Loan or REO Property, any advance made by a Servicer in respect of any Determination Date or in respect of any Distribution Date by a successor Servicer (including the Master Servicer) or by the Master Servicer or Trustee pursuant to Section 4.4 of this Agreement (which advances shall not include principal or interest shortfalls due to bankruptcy proceedings or application of the Relief Act or similar state or local laws).

Monthly Payment : The scheduled payment of principal and interest on a Loan which is due on any Due Date for such Loan after giving effect to any reduction in the amount of interest collectible from any Mortgagor pursuant to the Relief Act.

Moody's : Moody's Investors Service, Inc. or its successor in interest.

Mortgage : The mortgage, deed of trust or other instrument creating a first lien on, or first priority security interest in, a Mortgaged Property securing a Mortgage Note.

Mortgage File : The Loan Documents pertaining to a particular Loan.

Mortgage Interest Rate : For any Loan, the per annum rate at which interest accrues on such Loan pursuant to the terms of the related Mortgage Note without regard to any reduction thereof as a result of the Relief Act.

Mortgage Loan Purchase Agreement : The Mortgage Loan Purchase Agreement dated as of October 31, 2006, between the Depositor and the Seller, a copy of which is attached hereto as Exhibit J hereto.

Mortgage Note : The note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Loan.

Mortgage Pool : All of the Loans.

Mortgaged Property : With respect to any Loan, the real property, together with improvements thereto, securing the indebtedness of the Mortgagor under the related Loan.

Mortgagor : The obligor on a Mortgage Note.

National City: National City Mortgage Co., or any successor thereto.

National City Servicing Agreement : The Master Seller's Warranties and Servicing Agreement, dated as of January 1, 2005 between the Seller and National City, as amended by Amendment Number One, dated as of January 24, 2006 and as modified pursuant to the related Assignment Agreement.

Net Monthly Excess Cashflow: With respect to any Distribution Date, the sum of (i) any Overcollateralization Reduction Amount and (ii) the excess of (x) the Group I Available Distribution Amount for the Distribution Date over (y) the sum for the Distribution Date of the Group I Senior Interest Distribution Amount payable to the Holders of the Group I Senior Certificates, the aggregate of the Group I Interest Distribution Amounts payable to the Holders of the Group I Mezzanine Certificates, the Group I Principal Remittance Amount and any Net Swap Payment or Swap Termination Payment (not caused by the occurrence of a Swap Provider Trigger Event) owed to either Swap Provider.

Net Mortgage Rate: For each Group I Loan and for any date of determination, a per annum rate equal to the Mortgage Interest Rate for such Loan less the Administration Fee Rate.

Net Swap Payment : With respect to each Distribution Date and either Swap Agreement, the net payment required to be made pursuant to the terms of such Swap Agreement by either the related Swap Provider or the Supplemental Interest Trust, which net payment shall not take into account any related Swap Termination Payment.

Net WAC Pass-Through Rate : For any Distribution Date and the Group I Senior Certificates and Group I Mezzanine Certificates is a rate per annum equal to a fraction, expressed as a percentage, the numerator of which is the product of (A) 12 and (B) the amount of interest which accrued on the Group I Loans during the related Interest Accrual Period for such Distribution Date minus (x) the aggregate Administration Fee for each Group I Loan and (y) the sum of any Net Swap Payments payable to either Swap Provider or Swap Termination Payments payable to either Swap Provider which was not caused by the occurrence of a Swap Provider Trigger Event for such Distribution Date times 12, and the denominator of which is the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the immediately preceding Due Period (or as of the Cut-Off Date with respect to the first Distribution Date), after giving effect to Payoffs and Curtailments received during the related Prepayment Period.

Net WAC Rate Carryover Amount: With respect to any Class of the Group I Senior Certificates (other than the Class I-A-1 certificates) or any Class of the Group I Mezzanine Certificates and any Distribution Date on which the related Pass-Through Rate is limited to the Net WAC Pass-Through Rate, an amount equal to the sum of (i) the excess of (x) the amount of interest such Group I Senior Certificates or Group I Mezzanine Certificates would have been entitled to receive on such Distribution Date if the Net WAC Pass-Through Rate had not been applicable to such Class of Certificates on such Distribution Date over (y) the amount of interest accrued on such Class of Certificates for Distribution Date at the Net WAC Pass-Through Rate plus (ii) the related Net WAC Rate Carryover Amount for the previous Distribution Date not previously distributed, together with interest thereon at a rate equal to the related Pass-Through Rate for such Class of Certificates for the most recently ended Interest Accrual Period determined without taking into account the Net WAC Pass-Through Rate.

Nonrecoverable Advance : With respect to any Loan, any Advance or Servicing Advance which the related Servicer shall have determined to be a Nonrecoverable Advance as defined in and pursuant to the related Servicing Agreement, or which the Master Servicer (including the Trustee as successor Master Servicer) shall have determined to be nonrecoverable pursuant to Section 4.4, respectively, and which was or is proposed to be made by such Servicer or the Master Servicer (including the Trustee as successor Master Servicer) .

Non-U.S. Person : A Person that is not a U.S. Person.

Officer's Certificate : With respect to any Person, a certificate signed by the Chairman of the Board, the President or a Vice-President, however denominated, of such Person (or, in the case of a Person which is not a corporation, signed by the person or persons having like responsibilities), and delivered to the Trustee.

One-Month LIBOR : For the initial Interest Accrual Period, the Securities Administrator will determine One-Month LIBOR for such Interest Accrual Period based on information available on the second LIBOR Business Day preceding the Closing Date with respect to the Adjustable Rate Certificates, and for any Interest Accrual Period thereafter, on the second LIBOR Business Day preceding the related Interest Accrual Period, the one month rate which appears on the Dow Jones Telerate System, page 3750, as of 11:00 a.m., London time on the LIBOR Determination Date. If such rate is not provided, One-Month LIBOR shall mean the rate determined by the Securities Administrator (or a calculation agent on its behalf) in accordance with the following procedure:

(i) The Securities Administrator on the LIBOR Determination Date will request the principal London offices of each of four major Reference Banks in the London interbank market, as selected by the Securities Administrator, to provide the Securities Administrator with its offered quotation for deposits in United States dollars for the upcoming one-month period, commencing on the second LIBOR Business Day immediately following such LIBOR Determination Date, to prime banks in the London interbank market at approximately 11:00 a.m. London time on such LIBOR Determination Date and in a principal amount that is representative for a single transaction in United States dollars in such market at such time. If at least two such quotations are provided, One-Month LIBOR determined on such LIBOR Determination Date will be the arithmetic mean of such quotations.

(ii) If fewer than two quotations are provided, One-Month LIBOR determined on such LIBOR Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. in New York City on such LIBOR Determination Date by three major banks in New York City selected by the Securities Administrator for one-month United States dollar loans to lending European banks, in a principal amount that is representative for a

single transaction in United States dollars in such market at such time; provided, however, that if the banks so selected by the Securities Administrator are not quoting as mentioned in this sentence, One-Month LIBOR determined on such LIBOR Determination Date will continue to be One-Month LIBOR as then currently in effect on such LIBOR Determination Date.

(iii) The establishment of One-Month LIBOR and each Pass-Through Rate for the Certificates by the Securities Administrator shall (in the absence of manifest error) be final, conclusive and binding upon each Holder of an Adjustable Rate Certificate and the Securities Administrator.

Opinion of Counsel : A written opinion of counsel, who may, without limitation, be salaried counsel for the Depositor, a Servicer, the Securities Administrator or the Master Servicer acceptable to the Trustee, except that any opinion of counsel relating to (a) the qualification of any REMIC as a REMIC or (b) compliance with the REMIC Provisions must be an opinion of Independent counsel.

Original Value : With respect to any Loan other than a Loan originated for the purpose of refinancing an existing mortgage debt, the lesser of (a) the Appraised Value (if any) of the Mortgaged Property at the time the Loan was originated or (b) the purchase price paid for the Mortgaged Property by the Mortgagor. With respect to a Loan originated for the purpose of refinancing existing mortgage debt, the Original Value shall be equal to the lesser of (a) the Appraised Value of the Mortgaged Property at the time the Loan was originated or (b) the appraised value at the time the refinanced mortgage debt was incurred.

OTS : The Office of Thrift Supervision, or any successor thereto.

Overcollateralization Amount: With respect to any Distribution Date following the Closing Date will be an amount by which the aggregate Scheduled Principal Balance of the Group I Loans immediately following the Distribution Date exceeds the sum of the Certificate Principal Balances of the Group I Senior Certificates, the Group I Mezzanine Certificates and the Class I-P Certificates after taking into account distribution of the Principal Distribution Amount on such Distribution Date.

Overcollateralization Increase Amount : With respect to any Distribution Date, the amount, if any, by which the Required Overcollateralization Amount exceeds the Overcollateralization Amount (calculated for this purpose only after assuming that 100% of the Group I Principal Remittance Amount on such Distribution Date has been distributed).

Overcollateralization Reduction Amount: With respect to any Distribution Date, the lesser of (i) the Group I Principal Remittance Amount and (ii) excess, if any, of (a) the Overcollateralization Amount for such Distribution Date (calculated for this purpose only after assuming that 100% of the Group I Principal Remittance Amount on such Distribution Date has been distributed) over (b) the Required Overcollateralization Amount; provided however that on any Distribution Date on which a Trigger Event is in effect, the Overcollateralization Reduction Amount shall equal zero.

Ownership Interest : With respect to any Residual Certificate, any ownership or security interest in such Residual Certificate, including any interest in a Residual Certificate as the Holder thereof and any other interest therein whether direct or indirect, legal or beneficial, as owner or as pledge.

Pass-Through Entity : Any regulated investment company, real estate investment trust, common trust fund, partnership, trust or estate, and any organization to which Section 1381 of the Code applies.

Pass-Through Rate : The Pass-Through Rate with respect to each Class of Adjustable Rate Certificates (other than the Class I-A-1 Certificates) for each Distribution Date through and including the Group I Optional Termination Date will be the least of (i) One-Month LIBOR plus the applicable margin set forth below for such Class, (ii) the related Net WAC Pass-Through Rate and (iii) 10.50% per annum. The Pass-Through Rate with respect to the Class I-A-1 Certificates for each Distribution Date through and including the Group I Optional Termination Date will be the lesser of (i) One-Month LIBOR plus the applicable margin set forth below for such Class and (ii) the related Net WAC Pass-Through Rate; provided, however, that the margins applicable to each of the Group I Senior Certificates will

increase by 100% and the margins applicable to each of the Group I Mezzanine Certificates will increase by 50% on the Distribution Date following the first possible Group I Optional Termination Date with respect to the Group I Loans; provided, further, that in the event that the Class I-A-1 Swap Agreement is terminated early, the current margin for the Class I-A-1 Certificates will increase by 0.06% per annum on or before the first possible Group I Optional Termination Date and will increase by 0.12% per annum after the first possible Group I Optional Termination Date; and provided further, that for the first Distribution Date of November 2006, the margin for each such Class will be as set forth below:

Class	Margin
I-A-1	0.13%
I-A-2	0.19%
I-A-3	0.23%
I-A-4	0.26%
I-M-1	0.31%
I-M-2	0.33%
I-M-3	0.35%
I-M-4	0.44%
I-M-5	0.47%
I-M-6	0.52%
I-M-7	0.90%
I-M-8	1.30%
I-M-9	2.10%
I-M-10	2.25%

Payoff : Any voluntary payment of principal on a Loan by a Mortgagor equal to the entire outstanding Principal Balance of such Loan, if received in advance of the last scheduled Due Date for such Loan and is not accompanied by scheduled interest due on any date or dates in any month or months subsequent to the month of such payment-in-full.

PCAOB : Means the Public Company Accounting Oversight Board.

Percentage Interest: With respect to any Class of Certificates (other than the Residual Certificates) and any date of determination, the undivided percentage ownership in such Class evidenced by such Certificate, expressed as a percentage, the numerator of which is the initial Certificate Principal Balance represented by such Certificate and the denominator of which is the aggregate initial Certificate Principal Balance of all of the Certificates of such Class. Each Certificate is issuable only in minimum Percentage Interests corresponding to the Authorized Denomination of the related Class of Certificates; provided, however, that a single Certificate of each such Class of Certificates may be issued having a Percentage Interest corresponding to the remainder of the aggregate initial Certificate Principal Balance of such Class or to an otherwise Authorized Denomination for such Class plus such remainder. With respect to any Residual Certificate, the undivided percentage ownership in such Class evidenced by such Certificate, is as set forth on the face of such Certificate.

Periodic Rate Cap : With respect to each Loan and any Adjustment Date therefor, the fixed percentage set forth in the related Mortgage Note, which is the maximum amount by which the Mortgage Rate for such Loan may increase or decrease (without regard to the Maximum Mortgage Rate or the Minimum Mortgage Rate) on such Adjustment Date from the Mortgage Rate in effect immediately prior to such Adjustment Date.

Permitted Transferee : With respect to the holding or ownership of any Residual Certificate, any Person other than (i) the United States, a State or any political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government or International Organization, or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in Code Section 521) which is exempt from the taxes imposed by Chapter 1 of the Code (unless such organization is subject to the tax imposed by Section 511 of the Code on unrelated business taxable income), (iv) rural electric and telephone cooperatives described in Code Section 1381(a)(2)(C), (v) any electing large partnership under Section 775 of the Code, (vi) any Person from whom

the Trustee or the Securities Administrator has not received an affidavit to the effect that it is not a "disqualified organization" within the meaning of Section 860E(e)(5) of the Code, and (vii) any other Person so designated by the Depositor based upon an Opinion of Counsel that the transfer of an Ownership Interest in a Residual Certificate to such Person may cause any REMIC created hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in Code Section 7701 or successor provisions. A corporation shall not be treated as an instrumentality of the United States or of any State or political subdivision thereof if all of its activities are subject to tax, and, with the exception of Freddie Mac, a majority of its board of directors is not selected by such governmental unit.

Person : Any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

PHH : PHH Mortgage Corporation, or any successor thereto.

PHH Servicing Agreement : Mortgage Loan Flow Purchase, Sale & Servicing Agreement, dated as of December 1, 2005 among PHH, Bishop's Gate Residential Mortgage Trust and the Seller.

Plan : An employee benefit plan or arrangement which is subject to Section 406 of ERISA and/or Section 4975 of the Code or an entity whose underlying assets include such plan's or arrangement's assets by reason of their investment in the entity.

Prepaid Monthly Payment : Any Monthly Payment received prior to its scheduled Due Date, which is intended to be applied to a Loan on its scheduled Due Date and held in the related Protected Account until the related Servicer Remittance Date following its scheduled Due Date.

Prepayment Charge: With respect to any Principal Prepayment, any prepayment premium, penalty or charge payable by a Mortgagor in connection with any Principal Prepayment on a Loan pursuant to the terms of the related Mortgage Note, as set forth on the Prepayment Charge Schedule.

Prepayment Charge Schedule: As of any date, the list of Loans providing for a Prepayment Charge included in the Trust Fund on such date, attached hereto as Schedule Two (including the prepayment charge summary attached thereto). The Depositor shall deliver or cause the delivery of the Prepayment Charge Schedule to the Master Servicer, the Trustee and the Credit Risk Manager on the Closing Date. The Prepayment Charge Schedule shall set forth the following information with respect to each Prepayment Charge:

(i) the Loan identifying number;

(ii) a code indicating the type of Prepayment Charge;

(iii) the date on which the first Monthly Payment was due on the related Mortgaged Loan;

(iv) the term of the related Prepayment Charge;

(v) the original Principal Balance of the related Loan; and

(vi) the Principal Balance of the related Loan as of the Cut-Off Date.

Prepayment Interest Shortfall : For any Distribution Date and any Loan on which a Payoff was made by a Mortgagor during the related Prepayment Period, an amount equal to one month's interest at the applicable Net Mortgage Rate on such Loan less the amount of interest actually paid by the Mortgagor with respect to such Payoff.

Prepayment Period : With respect to each Servicer, as set forth in the related Servicing Agreement.

Principal Balance : For any Loan and at the time of any determination, the principal balance of such Loan remaining to be paid at the close of business on the Cut-Off Date, after deduction of all principal payments due on or

before the Cut-Off Date, whether or not received, reduced by the principal portion of all amounts received with respect to such Loan after the Cut-Off Date, and distributed or to be distributed to Certificateholders through the Distribution Date in the month of such determination. In the case of a Substitute Loan, "Principal Balance" shall mean, at the time of any determination, the principal balance of such Substitute Loan on the related Cut-Off Date, reduced by the principal portion of all amounts received with respect to such Loan after the Cut-Off Date, and distributed or to be distributed to Certificateholders through the Distribution Date in the month of determination. The Principal Balance of a Liquidated Loan shall be zero.

Principal Prepayment : Any payment of principal on a Loan which constitutes a Payoff or a Curtailment.

Protected Account : An account or accounts established and maintained for the benefit of the Certificateholders by each Servicer with respect to the related Loans and with respect to REO Property pursuant to the applicable Servicing Agreement and which are Eligible Accounts.

Purchase Obligation : An obligation of the Depositor or the Seller to repurchase Loans under the circumstances and in the manner provided in Section 2.3.

Purchase Price : With respect to any Loan to be purchased pursuant to a Purchase Obligation, any Loan to be purchased pursuant to Section 3.31, or any Loan to be purchased or repurchased relating to an REO Property, and as confirmed by an Officers' Certificate from the Master Servicer to the Trustee and the Securities Administrator, an amount equal to the sum of (i) 100% of the Principal Balance thereof as of the date of purchase (or in the case of an REO Property being purchased as provided in Section 10.1, 100% of the fair market value of such REO Property, such valuation to be conducted by an appraiser mutually agreed upon between the Terminator and the Securities Administrator, in their reasonable discretion), (ii) in the case of (x) a Loan, accrued interest on such Principal Balance at the applicable Net Mortgage Rate from the date interest was last paid by the related Mortgagor or the date an Advance was last made by the applicable Servicer or the Master Servicer, which payment or Advance had as of the date of purchase been distributed pursuant to Section 4.1, through the end of the calendar month in which the purchase is to be effected and (y) an REO Property, the sum of (1) accrued interest on such Principal Balance at the applicable Net Mortgage Rate from the date interest was last paid by the related Mortgagor or the date an Advance was last made by the applicable Servicer or the Master Servicer through the end of the calendar month immediately preceding the calendar month in which such REO Property was acquired, plus (2) REO Imputed Interest for such REO Property for each calendar month commencing with the calendar month in which such REO Property was acquired and ending with the calendar month in which such purchase is to be effected, net of the total of all net rental income, Insurance Proceeds, Liquidation Proceeds and Advances that as of the date of purchase had been distributed as or to cover REO Imputed Interest in accordance with the applicable Servicing Agreement, (iii) any unreimbursed Servicing Advances and Advances (including Nonrecoverable Advances) and any unpaid Servicing Fees or Master Servicing Fees allocable to such Loan or REO Property, any amounts due and owing to the Trustee, the Custodians, the Servicers, the Master Servicer and the Securities Administrator as of the Group I Optional Termination Date and either Swap Termination Payments payable to either Swap Provider not due to a Swap Provider Trigger Event which remain unpaid or which is due to the exercise of the optional termination right and (iv) in the case of a Loan required to be purchased pursuant to Section 2.3, expenses reasonably incurred or to be incurred by the Master Servicer, the Servicers, the Trustee or the Securities Administrator in respect of the breach or defect giving rise to a Purchase Obligation and any costs and damages incurred by the Trust Fund in connection with any violation by any such Loan of any predatory or abusive lending law.

Rating Agency : Initially, each of S&P and Moody's; thereafter, each nationally recognized statistical rating organization that has rated the Certificates at the request of the Depositor, or their respective successors in interest.

Ratings : As of any date of determination, the ratings, if any, of the Certificates as assigned by each Rating Agency.

Realized Loss : For any Distribution Date and any Group I Loan which became a Liquidated Loan during the related Prepayment Period, the sum of (i) the Principal Balance of such Group I Loan remaining outstanding (after all recoveries of principal, including net Liquidation Proceeds, have been applied thereto) and the principal portion of

Advances which have been reimbursed with respect to such Group I Loan, and (ii) the accrued interest on such Group I Loan remaining unpaid and the interest portion of Advances which have been reimbursed from Liquidation Proceeds with respect to such Group I Loan. The amounts described in clause (i) shall be the principal portion of Realized Losses and the amounts described in clause (ii) shall be the interest portion of Realized Losses. For any Distribution Date and any Group I Loan which is not a Liquidated Loan, the amount of any Bankruptcy Loss incurred with respect to such Group I Loan as of the related Due Date shall be treated as a Realized Loss.

Record Date : With respect to each Distribution Date, the Business Day preceding the related Distribution Date.

Reference Banks: Barclays Bank PLC, The Tokyo Mitsubishi Bank and National Westminster Bank PLC and their successors in interest; provided, however, that if any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Securities Administrator which are engaged in transactions in Eurodollar deposits in the International Eurocurrency market (i) with an established place of business in London, (ii) not controlling, under the control of or under common control with the Depositor or any Affiliate thereof and (iii) which have been designated as such by the Securities Administrator

Regular Interest Certificates: The Certificates (other than the Class I-R Certificates).

Regulation AB : Means Subpart 229.1100 - Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

Relevant Servicing Criteria : Means the Servicing Criteria applicable to the various parties, as set forth on Exhibit M attached hereto. For clarification purposes, multiple parties can have responsibility for the same Relevant Servicing Criteria. With respect to a Servicing Function Participant engaged by the Master Servicer, the Securities Administrator, the Custodian or the Servicer, the term "Relevant Servicing Criteria" may refer to a portion of the Relevant Servicing Criteria applicable to such parties.

Relief Act : The Servicemembers Civil Relief Act, or similar state or local laws.

Relief Act Interest Shortfall : With respect to any Distribution Date and a Loan, the reduction in the amount of interest collectible on such Loan for the most recently ended calendar month immediately preceding such Distribution Date as a result of the application of the Relief Act.

REMIC : A "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

REMIC Provisions : Provisions of the United States federal income tax law relating to real estate mortgage investment conduits, which appear at Section 860A through 860G of the Code, and related provisions, and proposed, temporary and final regulations and published rulings, notices and announcements promulgated thereunder, as the foregoing may be in effect from time to time.

REMIC Regular Interest : A REMIC I Regular Interest, REMIC II Regular Interest, REMIC III Regular Interest, REMIC IV Regular Interest, REMIC V Regular Interest, or a REMIC VI Regular Interest.

Certificate REMIC Swap Rate : For each Distribution Date (and the related Interest Accrual Period), a per annum rate equal to the product of: (i) [5.20]%, (ii) 2, and (iii) the quotient of (a) the actual number of days in the related Interest Accrual Period divided by (b) 30.

Remittance Report : A report by the Securities Administrator pursuant to Section 4.3.

REO Disposition : The sale or other disposition of an REO Property on behalf of [REMIC I].

REO Imputed Interest : As to any REO Property, for any calendar month during which such REO Property was at any time part of REMIC I, one month's interest at the applicable Net Mortgage Rate on the Scheduled Principal Balance of such REO Property (or, in the case of the first such calendar month, of the related Loan, if appropriate) as of the close of business on the Distribution Date in such calendar month.

REO Property : A Mortgaged Property, title to which has been acquired by a Servicer on behalf of the Trust Fund through foreclosure, deed in lieu of foreclosure or otherwise.

Required Overcollateralization Amount: With respect to any Distribution Date, (a) if such Distribution Date is prior to the Stepdown Date, 0.35% of the sum of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date, or (b) if such Distribution Date is on or after the Stepdown Date, the greater of (i) 0.70% of the aggregate Scheduled Principal Balance of the Group I Loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses on the Loans incurred during the related Prepayment Period), and (ii) 0.35% of the sum of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date. If a Trigger Event is in effect on any Distribution Date, the Required Overcollateralization Amount will be the same as the Required Overcollateralization Amount for the previous Distribution Date.

Reportable Event : Has the meaning set forth in Section 3.29(b) of this Agreement.

Residual Certificate : The Class I-R and Class II-R Certificates, which are being issued in a single Class. The R-I, R-II, R-III, R-IV, R-V and R-VI interests are hereby each designated the sole Class of "residual interests" in REMIC I, REMIC II, REMIC III, REMIC IV, REMIC V and REMIC VI, respectively, for purposes of Section 860G (a)(2) of the Code.

Reserve Fund : Shall mean the separate trust account created and maintained by the Securities Administrator pursuant to Section 3.25 hereof.

Reserve Interest Rate : The rate per annum that the Securities Administrator determines to be either (i) the arithmetic mean of the one-month U.S. dollar lending rates which New York City banks selected by the Securities Administrator are quoting on the relevant LIBOR Determination Date to the principal London offices of leading banks in the London interbank market or (ii) in the event that the Securities Administrator can determine no such arithmetic mean, the lowest one-month U.S. dollar lending rate which New York City banks selected by the Securities Administrator are quoting on such Interest Determination Date to leading European banks.

Responsible Officer : When used with respect to the Trustee, any officer in the corporate trust department or similar group of the Trustee with direct responsibility for the administration of this Agreement and also, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject. When used with respect to the Master Servicer or the Securities Administrator, the Chairman or Vice-Chairman of the Board of Directors or Trustees, the Chairman or Vice-Chairman of the Executive or Standing Committee of the Board of Directors or Trustees, the President, the Chairman of the Committee on Trust Matters, any Vice-President, any Assistant Vice-President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, the Controller, any Assistant Controller or any other officer customarily performing functions similar to those performed by any of the above-designated officers and in each case having direct responsibility for the administration of this Agreement, and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject. When used with respect to the Depositor or any other Person, the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of any executive committee of the Board of Directors, the President, any Vice-President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, or any other officer of the Depositor customarily performing functions similar to those performed by any of the above-designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

S&P : Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. provided, that at any time it is a Rating Agency.

Sarbanes-Oxley Act : Means the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Commission promulgated thereunder (including any interpretations thereof by the Commission's staff).

Sarbanes-Oxley Certification : A written certification signed by an officer of the Master Servicer that complies with (i) the Sarbanes-Oxley Act of 2002, as amended from time to time, and (ii) Exchange Act Rules 13a-14(d) and 15d-14(d), as in effect from time to time; provided that if, after the Closing Date (a) the Sarbanes-Oxley Act of 2002 is amended, (b) the Rules referred to in clause (ii) are modified or superseded by any subsequent statement, rule or regulation of the Commission or any statement of a division thereof, or (c) any future releases, rules and regulations are published by the Commission from time to time pursuant to the Sarbanes-Oxley Act of 2002, which in any such case affects the form or substance of the required certification and results in the required certification being, in the reasonable judgment of the Master Servicer, materially more onerous than the form of the required certification as of the Closing Date, the Sarbanes-Oxley Certification shall be as agreed to by the Master Servicer, the Depositor and the Seller following a negotiation in good faith to determine how to comply with any such new requirements.

Scheduled Principal Balance : With respect to any Loan and a Due Date, the unpaid principal balance of such Loan as specified in the amortization schedule (before any adjustment to such schedule by reason of bankruptcy or similar proceeding or any moratorium or similar waiver or grace period) for such Due Date, after giving effect to any previously applied Curtailments, the payment of principal on such Due Date and any reduction of the principal balance of such Loan by a bankruptcy court, irrespective of any delinquency in payment by the related Mortgagor.

Securities Act : The Securities Act of 1933, as amended, and the rules and regulations thereunder.

Securities Administrator : As of the Closing Date, Wells Fargo Bank, N.A., and thereafter, its respective successors in interest who meet the qualifications of this Agreement. The Securities Administrator and the Master Servicer shall at all times be the same Person.

Seller : DB Structured Products, Inc., or its successor in interest, in its capacity as seller under the Mortgage Loan Purchase Agreement and in its capacity as assignor under the Assignment Agreements.

Senior Certificates: The Group I Senior Certificates and Group II Senior Certificates.

Servicer : American Home, Countrywide Servicing, GMACM, GreenPoint, IndyMac, National City, PHH, SPS or Wells Fargo, as applicable, or any successor appointed under the applicable Servicing Agreement.

Servicer Remittance Date : With respect to each Servicer, as set forth in the related Servicing Agreement.

Servicing Advances : The customary reasonable and necessary "out-of-pocket" costs and expenses incurred by the applicable Servicer in connection with a default, delinquency or other unanticipated event by the applicable Servicer in the performance of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any enforcement or judicial proceedings, including foreclosures, in respect of a particular Loan and (iii) the management (including reasonable fees in connection therewith) and liquidation of any REO Property. No Servicer shall be required to make any Servicing Advance in respect of a Loan or REO Property that, in the good faith business judgment of such Servicer, would not be ultimately recoverable from related Insurance Proceeds or Liquidation Proceeds on such Loan or REO Property as provided herein.

Servicing Agreement : The American Home Servicing Agreement, Countrywide Servicing Agreement, GMACM Servicing Agreement, GreenPoint Servicing Agreement, IndyMac Servicing Agreement, National City Servicing Agreement, PHH Servicing Agreement, SPS Servicing Agreement, Wells Fargo Servicing Agreement and Wells Fargo Warranties and Servicing Agreement, as applicable.

Servicing Criteria : The servicing criteria set forth in Item 1122(d) of Regulation AB, as such may be amended from time to time.

Servicing Fee : With respect to each Loan and for any Distribution Date, an amount equal to one twelfth of the product of the related Servicing Fee Rate multiplied by the Scheduled Principal Balance of such Loan as of the Due Date in the month preceding the month of such Distribution Date. The Servicing Fee is payable solely from collections of interest on the Loans or as otherwise provided in the related Servicing Agreement.

Servicing Fee Rate : With respect to each Loan, the related per annum rate for such Loan, as set forth on the Loan Schedule.

Servicing Function Participant : Means any Sub-Servicer, Subcontractor, each Servicer, the Master Servicer, each Custodian, the Securities Administrator and any other Person that is deemed to be 'participating in the servicing function" within the meaning of Item 1122 of Regulation AB.

Servicing Officer : Any individual involved in, or responsible for, the administration and servicing of the Loans whose name and specimen signature appear on a list of servicing officers furnished to the Trustee, the Depositor and the Securities Administrator on the Closing Date by each Servicer and the Master Servicer, as such lists may from time to time be amended.

Special Servicer : A designee of the Majority Class I-CE Certificateholder appointed hereunder that (i) (A) is an affiliate of the Master Servicer and services mortgage loans similar to the Loans in the jurisdictions in which the related Mortgaged Properties are located or (B) has a rating of at least "Above Average" by S&P or a rating of at least "SQ2" as a special servicer by Moody's, (ii) the Rating Agencies have confirmed to the Trustee that such appointment will not result in the reduction or withdrawal of the then current ratings of any of the Certificates, (iii) has a net worth of at least $25,000,000, (iv) agrees to the conditions set forth in Section 7.10 of this Agreement and (v) is reasonably acceptable to the Master Servicer.

Special Servicer Agreement : An agreement among the Special Servicer, the Majority Class I-CE Certificateholder, the Master Servicer and the Trustee which will (i) contain (a) special servicing terms, provisions and conditions for the servicing and administration of defaulted Loans for which the servicing obligations have been transferred to the Special Servicer pursuant to this Agreement and (b) certain representations and warranties of the Special Servicer regarding the Special Servicer and the performance of its servicing obligations and (ii) be reasonably acceptable to the Master Servicer, the Trustee and the Rating Agencies.

SPS: Select Portfolio Servicing, Inc., or any successor thereto.

SPS Servicing Agreement : The Servicing Agreement dated January 1, 2005, between the Seller and SPS, as modified pursuant to the related Assignment Agreement.

Startup Day : With respect to each REMIC, the day designated as such pursuant to Section 11.1(b) hereof.

Stepdown Date: The earlier to occur of (1) the Distribution Date on which the aggregate Certificate Principal Balance of the Group I Senior Certificates has been reduced to zero and (2) the later to occur of (x) the Distribution Date in October 2009 and (y) the first Distribution Date on which the Credit Enhancement Percentage of the Group I Senior Certificates (calculated for this purpose only after taking into account distributions of principal on the Loans, but prior to any distribution of the Principal Distribution Amount to the Certificateholders then entitled to distributions of principal on such Distribution Date) is greater than or equal to [12.30]%.

Subcontractor : Means any vendor, subcontractor or other Person that is not responsible for the overall servicing of Mortgage Loans but performs one or more discrete functions identified in Item 1122(d) of Regulation AB with respect to Mortgage Loans under the direction or authority of any Servicer (or a Sub-Servicer of any Servicer), the Master Servicer, the Trustee, the Custodian or the Securities Administrator.

Subordinate Certificates: The Group I Mezzanine Certificates and Group II Subordinate Certificates.

Subsequent Recoveries : With respect to any Distribution Date, all amounts received during the related Prepayment Period by the related Servicer specifically related to a defaulted Loan or disposition of an REO Property prior to the related Prepayment Period that resulted in a Realized Loss, after the liquidation or disposition of such defaulted Loan.

Sub-Servicer : Means any Person that (i) services Mortgage Loans on behalf of any Servicer or any party hereto, and (ii) is responsible for the performance (whether directly or through Sub-Servicers or Subcontractors) of servicing functions required to be performed under this Agreement, any related Servicing Agreement or any sub-servicing agreement that are identified in Item 1122(d) of Regulation AB.

Substitute Loan: A mortgage loan substituted for a Deleted Loan pursuant to the terms of this Agreement which must, on the date of such substitution, (i) have an outstanding principal balance, after application of all scheduled payments of principal and interest due during or prior to the month of substitution, not in excess of the Scheduled Principal Balance of the Deleted Loan as of the Due Date in the calendar month during which the substitution occurs, (ii) have a Mortgage Interest Rate not less than (and not more than one percentage point in excess of) the Mortgage Interest Rate of the Deleted Loan, (iii) have a remaining term to maturity not greater than (and not more than one year less than) that of the Deleted Loan, (iv) have the same Due Date as the Due Date on the Deleted Loan, (v) have a Loan-to-Value Ratio as of the date of substitution equal to or lower than the Loan-to-Value Ratio of the Deleted Loan as of such date, (vi) have a risk grading at least equal to the risk grading assigned on the Deleted Loan, (vii) is a "qualified mortgage" as defined in the REMIC Provisions and (viii) conform to each representation and warranty set forth in Section 6 of the Mortgage Loan Purchase Agreement applicable to the Deleted Loan. In the event that one or more mortgage loans are substituted for one or more Deleted Loans, the amounts described in clause (i) hereof shall be determined on the basis of aggregate principal balances, the Mortgage Interest Rates described in clause (ii) hereof shall be determined on the basis of weighted average Mortgage Interest Rates, the terms described in clause (iii) hereof shall be determined on the basis of weighted average remaining term to maturity, the Loan-to-Value Ratios described in clause (v) hereof shall be satisfied as to each such Substitute Loan, the risk gradings described in clause (vi) hereof shall be satisfied as to each such Substitute Loan and, except to the extent otherwise provided in this sentence, the representations and warranties described in clauses (vii) and (viii) hereof must be satisfied as to each Substitute Loan or in the aggregate, as the case may be.

Substitution Shortfall Amount: Has the meaning set forth in Section 2.3(b) of this Agreement.

Supplemental Interest Trust : Has the meaning set forth in Section 4.11 of this Agreement.

Swap Account: Either the Certificate Swap Account or the Class I-A-1 Swap Account, as applicable.

Swap Agreement: Either of the Class I-A-1 Swap Agreement or the Certificate Swap Agreement, as applicable.

Swap Provider: Either of the Certificate Swap Provider or the Class I-A-1 Swap Provider, as applicable.

Swap Provider Trigger Event: With respect to either Swap Provider and the related Swap Agreement, a Swap Provider Trigger Event shall have occurred if any of the following has occurred: (i) an Event of Default under such Swap Agreement with respect to which such Swap Provider is a Defaulting Party (as defined in such Swap Agreement), (ii) a Termination Event under such Swap Agreement with respect to which such Swap Provider is the sole Affected Party (as defined in such Swap Agreement) or (iii) an Additional Termination Event under such Swap Agreement with respect to which such Swap Provider is the sole Affected Party.

Swap Termination Payment: With respect to either Swap Agreement, upon the designation of an "Early Termination Date" as defined in such Swap Agreement, the payment to be made by the Supplemental Interest Trust to the related Swap Provider, or by the related Swap Provider to the Supplemental Interest Trust, as applicable, pursuant to the terms of such Swap Agreement.

Tax Matters Person : The Holders of the Class I-R and Class II-R Certificates issued hereunder or any Permitted Transferee of such Class I-R and Class II-R Certificateholder shall be the initial "tax matters person" for each Group I or Group II REMIC, respectively within the meaning of Section 6231(a)(7) of the Code. For tax years commencing after any transfer of such Residual Certificate, the holder of the greatest Percentage Interest in the applicable Residual Certificate at year end shall be designated as the Tax Matters Person with respect to that year. If the Tax Matters Person becomes a Disqualified Organization, the last preceding Holder of such Authorized Denomination of the applicable Residual Certificate that is not a Disqualified Organization shall be Tax Matters Person pursuant to Section 6.3(e). If any Person is appointed as tax matters person by the Internal Revenue Service pursuant to the Code, such Person shall be Tax Matters Person.

Termination Price : As defined in Section 10.1(a).

Terminator : As defined in Section 10.1(a).

Transfer : Any direct or indirect transfer, sale, pledge or other disposition of, or directly or indirectly transferring, selling or pledging, any Ownership Interest in a Class I-CE Certificate, a Class P Certificate or a Residual Certificate.

Transferee : Any Person who is acquiring by Transfer any Ownership Interest in a Class I-CE Certificate, a Class I-P Certificate or a Residual Certificate.

Trigger Event: With respect to any Distribution Date, a Trigger Event is in effect if (x) the percentage obtained by dividing (i) the aggregate Scheduled Principal Balance of Loans delinquent 60 days or more (including Group I Loans in foreclosure, bankruptcy and REO) by (ii) the aggregate Scheduled Principal Balance of the Group I Loans, in each case, as of the last day of the previous calendar month, exceeds 40% of the Credit Enhancement Percentage with respect to the prior Distribution Date or (y) the aggregate amount of Realized Losses incurred since the Cut-Off Date through the last day of the related Due Period divided by the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date exceeds the applicable percentages set forth below with respect to such Distribution Date:

Distribution Date		Percentage
November 2008 to October 2009		0.25% plus 1/12 of 0.35% for each month thereafter
November 2009 to October 2010		0.60% plus 1/12 of 0.45% for each month thereafter
November 2010 to October 2011		1.05% plus 1/12 of 0.40% for each month thereafter
November 2011 to October 2012		1.45% plus 1/12 of 0.30% for each month thereafter
November 2012 and thereafter		1.75%

Trust Fund : Collectively, all of the assets of each REMIC created hereby, the Reserve Fund and any amounts on deposit therein and any proceeds thereof and the Prepayment Charges. For avoidance of doubt, the Trust Fund does not include the Supplemental Interest Trust.

Trust Prepayment Charge : Any Prepayment Charge with respect to a Loan listed on the Trust Prepayment Charge Schedule.

Trust Prepayment Charge Schedule : As of any date, the list of Loans providing for a Prepayment Charge which are payable to the Trust Fund, as owner of such Prepayment Charge, included in the Trust Fund on such date, attached hereto as Schedule Five.

Trustee : HSBC Bank USA, National Association, a national banking association, or its successor in interest, or any successor trustee appointed as herein provided.

Uncollected Interest : With respect to any Distribution Date, the sum of (i) the aggregate Prepayment Interest Shortfalls with respect to the Loans for such Distribution Date and (ii) the aggregate Curtailment Shortfalls with respect

to the Loans for such Distribution Date.

Uncompensated Interest Shortfall : For any Distribution Date, the excess, if any, of (i) the sum of (a) the related Uncollected Interest for such Distribution Date, and (b) any shortfall in interest collections for the Loans in the calendar month immediately preceding such Distribution Date resulting from a Relief Act Interest Shortfall over (ii) the aggregate Compensating Interest paid by the Servicers and the Master Servicer with respect to the Loans for such Distribution Date, which excess shall be allocated to each Class of Certificates, pro rata, according to the amount of interest accrued thereon in reduction thereof.

Underwriter : Deutsche Bank Securities Inc.

Underwriters' Exemption: Prohibited Transaction Exemption 2002-41, 67 Fed. Reg. 54487 (2002), as amended (or any successor thereto), or any substantially similar administrative exemption granted by the U.S. Department of Labor.

Uninsured Cause : Any cause of damage to a Mortgaged Property such that the complete restoration of such property is not fully reimbursable by the hazard insurance policies required to be maintained pursuant to Section 3.9.

U.S. Person : A citizen or resident of the United States, a corporation or partnership (including an entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in, or under the laws of, the United States or any state thereof or the District of Columbia (except, in the case of a partnership, to the extent provided in regulations) or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more such U.S. Persons have the authority to control all substantial decisions of the trust. To the extent prescribed in regulations by the Secretary of the Treasury, which have not yet been issued, 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 1 of subchapter J of chapter 1 of the Code), and which was treated as a U.S. Person on August 20, 1996 may elect to continue to be treated as a U.S. Person notwithstanding the previous sentence.

Verification Agent : As defined in Section 3.28.

Verification Report : As defined in Section 3.28.

Voting Rights : The portion of the voting rights of all of the Group I Certificates which is allocated to any such Group I Certificate. With respect to any date of determination, 98% of all Voting Rights will be allocated among the Holders of the Group I Senior Certificates, the Group I Mezzanine Certificates and the Class I-CE Certificates in proportion to the then outstanding Certificate Principal Balances of their respective Group I Certificates, 1% of all Voting Rights will be allocated among the Holders of the Class I-P Certificates and 1% of all Voting Rights will be allocated among the Holders of the Class I-R Certificates. The Voting Rights allocated to each Class of Group I Certificates shall be allocated among Holders of each such Class in accordance with their respective Percentage Interests as of the most recent Record Date.

Wells Fargo : Wells Fargo Bank, N.A., or any successor thereto.

Wells Fargo Custodial Agreement : The Custodial Agreement, dated as of October 1, 2006, among Wells Fargo as custodian and as servicer, GMACM, GreenPoint, IndyMac, National City, PHH and SPS.

Wells Fargo Servicing Agreement : The Servicing Agreement, dated as of December 1, 2005, between the Seller and Wells Fargo.

Wells Fargo Warranties and Servicing Agreement : The Seller's Warranties and Servicing Agreement, dated as of January 1, 2006, between the Seller and Wells Fargo.

Section 1.2 Group II Definitions

Whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Article:

Aggregate Senior Percentage : With respect to any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Certificate Principal Balance of the Group II Senior Certificates (other than the Interest Only Certificates and Class II-PO Certificates) immediately prior to that Distribution Date, and the denominator of which is the sum of the Scheduled Principal Balances of the Group II Loans as of the first day of the related Due Period (exclusive of the related Discount Fraction of the Scheduled Principal Balance of each Discount Loan).

Aggregate Subordinate Amount : With respect to any date of determination, an amount equal to the excess of the aggregate Scheduled Principal Balance of the Group II Loans (exclusive of the related Discount Fraction of the Scheduled Principal Balance of each Discount Loan) over the aggregate Certificate Principal Balance of the Group II Senior Certificates (other than the Interest Only Certificates and Class II-PO Certificates) then outstanding.

Aggregate Subordinate Percentage : With respect to any Distribution Date, 100% minus the Aggregate Senior Percentage for that Distribution Date.

Available Distribution Amount : Any of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount or Subgroup II-3 Available Distribution Amount.

Bankruptcy Coverage : As of the Cut-Off Date, $150,000. Bankruptcy Coverage will be reduced, from time to time, by the amount of Bankruptcy Losses allocated to the Group II Certificates.

[Bankruptcy Loss : Any Debt Service Reduction or Deficient Valuation.]

Class B Certificates : The Class II-B-1, Class II-B-2, Class II-B-3, Class II-B-4 and Class II-B-5 Certificates.

Class II-X1 Notional Amount: With respect to any Distribution Date will be the product of: (x) the aggregate principal balance of the Subgroup II-1 Non-Discount Loans and Subgroup II-3 Non-Discount Loans as of the last day of the related Due Period, or for the initial Distribution Date, as of the Cut-off Date (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period); and (y) a fraction, the numerator of which is the weighted average of the related Stripped Interest Rates for the Subgroup II-1 Non-Discount Loans and Subgroup II-3 Non-Discount Loans and the denominator of which is 6.000%.

Class II-X2 Notional Amount: With respect to any Distribution Date will be the product of: (x) the aggregate principal balance of the Subgroup II-2 Non-Discount Loans as of the last day of the related Due Period, or for the initial Distribution Date, as of the Cut-off Date (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period); and (y) a fraction, the numerator of which is the weighted average of the related Stripped Interest Rates for the Subgroup II-2 Non-Discount Loans and the denominator of which is 5.500%.

Clearing Agency Participant : A broker, dealer, bank, other financial institution or other Person for whom the Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

Clearstream: Clearstream, Luxembourg, socíeté anonyme (formerly known as Cedelbank), a corporation organized under the laws of the Duchy of Luxembourg.

Collateral Deficiency Amount: With respect to a Loan Subgroup and any Distribution Date prior to the Credit Support Depletion Date, the amount by which (i) the aggregate Certificate Principal Balance of the related Group II Senior Certificates (other than the Class II-X1 and Class II-X2 Certificates), after giving effect to payments of principal (other than the related Collateral Deficiency Amount) on that Distribution Date exceeds (ii) the Scheduled

Principal Balance of the Group II Loans in the related Loan SubgGroup as of the last day of the related Due Period.

[Component R-1 : The uncertificated residual interest in REMIC I.]

Credit Support Depletion Date : The Distribution Date on which the aggregate Certificate Principal Balance of the Group II Subordinate Certificates has been reduced to zero, prior to giving effect to principal distributions thereon and the allocation of Realized Losses on such Distribution Date.

***[Cross Payment Trigger Date* : Any Distribution Date on which (i) the aggregate Certificate Principal Balance of the Senior Certificates related to a Loan Subgroup (other than the Class II-X1 and Class II-X2 Certificates) have been reduced to zero and (ii) either (a) the Subordinate Percentage of a Loan Subgroup is less than 200% times the related Subordinate Percentage as of the Closing Date, or (b) the aggregate Principal Balance of the Loans (including Loans in bankruptcy, foreclosure and REO) which are 60 or more days delinquent (averaged over the preceding six-month period), as a percentage of the Subordinate Amount of a Loan Group, is equal to or greater than 50% as of such Distribution Date].**

Discount Loan : Any Subgroup II-1 Discount Loan, Subgroup II-2 Discount Loan or Subgroup II-3 Discount Loan, as applicable.

Discount Fraction: means, (a) with respect to any Subgroup II-1 Discount Loan will be the Subgroup II-1 Discount Fraction for such Subgroup II-1 Discount Loan; (b) with respect to any Subgroup II-2 Discount Loan will be the Subgroup II-2 Discount Fraction for such Subgroup II-2 Discount Loan; and (c) with respect to any Subgroup II-3 Discount Loan will be the Subgroup II-3 Discount Fraction for such Subgroup II-3 Discount Loan.

Discount Fractional Principal Amount: means the Subgroup II-1 Discount Fractional Principal Amount, the Subgroup II-2 Discount Fractional Principal Amount and the Subgroup II-3 Discount Fractional Principal Amount.

Discount Fractional Principal Shortfall: means, (a) the Subgroup II-1 Discount Fractional Principal Shortfall with respect to Loan Subgroup II-1, (b) the Subgroup II-2 Discount Fractional Principal Shortfall with respect to Loan Subgroup II-2 and (c) the Subgroup II-3 Discount Fractional Principal Shortfall with respect to Loan Subgroup II-3.

Debt Service Reduction : Any reduction of the amount of the monthly payment on a Group II Loan made by a bankruptcy court in connection with a personal bankruptcy of a Mortgagor.

Deficient Valuation: In connection with a personal bankruptcy of a Mortgagor on a Loan, the positive difference, if any, resulting from the outstanding principal balance on a group II Loan less a bankruptcy court's valuation of the related Mortgaged Property.

[Eligible Investments] : Any one or more of the following obligations or securities payable on demand or having a scheduled maturity on or before the Business Day preceding the following Distribution Date (or, with respect to the Distribution Account maintained with the Securities Administrator, having a scheduled maturity on or before the following Distribution Date; provided that, such Eligible Investments shall be managed by, or an obligation of, the institution that maintains the Distribution Account if such Eligible Investments mature on the Distribution Date), regardless of whether any such obligation is issued by the Depositor, the Trustee, the Master Servicer, the Securities Administrator or any of their respective Affiliates and having at the time of purchase, or at such other time as may be specified, the required ratings, if any, provided for in this definition:

(a) direct obligations of, or guaranteed as to full and timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided, that such obligations are backed by the full faith and credit of the United States of America;

(b) direct obligations of, or guaranteed as to timely payment of principal and interest by, Freddie

Mac, Fannie Mae or the Federal Farm Credit System, provided, that any such obligation, at the time of purchase or contractual commitment providing for the purchase thereof, is qualified by each Rating Agency as an investment of funds backing securities rated "AAA" and "Aaa" in the case of S&P and Moody's (the initial rating of the Senior Certificates (other than the Class I-A-8 Certificates, which are rated "Aa1" by Moody's));

(c) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, provided, that the short-term deposit ratings and/or long-term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institutions in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company) have, in the case of commercial paper, the highest rating available for such securities by each Rating Agency and, in the case of long-term unsecured debt obligations, one of the two highest ratings available for such securities by each Rating Agency, or in each case such lower rating as will not result in the downgrading or withdrawal of the rating or ratings then assigned to any Class of Certificates by any Rating Agency but in no event less than the initial rating of the Senior Certificates;

(d) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving one of the two highest long-term debt ratings available for such securities by each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the rating or ratings then assigned to any Class of Certificates by any Rating Agency;

(e) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated by each Rating Agency in its highest short-term unsecured rating category at the time of such investment or contractual commitment providing for such investment, and is issued by a corporation the outstanding senior long-term debt obligations of which are then rated by each Rating Agency in one of its two highest long-term unsecured rating categories, or such lower rating as will not result in the downgrading or withdrawal of the rating or ratings then assigned to any Class of Certificates by any Rating Agency but in no event less than the initial rating of the Senior Certificates;

(f) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation rated in one of the two highest rating levels available to such issuers by each Rating Agency at the time of such investment, provided, that any such agreement must by its terms provide that it is terminable by the purchaser without penalty in the event any such rating is at any time lower than such level;

(g) repurchase obligations with respect to any security described in clause (a) or (b) above entered into with a depository institution or trust company (acting as principal) meeting the rating standards described in (c) above;

(h) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any State thereof and rated by each Rating Agency in one of its two highest long-term unsecured rating categories at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be Eligible Investments to the extent that investment therein would cause the outstanding principal amount of securities issued by such corporation that are then held as part of the Distribution Account to exceed 20% of the aggregate principal amount of all Eligible Investments then held in the Distribution Account;

(i) units of taxable money market funds (including those for which the Trustee, the Securities Administrator, the Master Servicer or any affiliate thereof receives compensation with respect to such investment) which funds have been rated by each Rating Agency rating such fund in its highest rating category or which have been designated in writing by each Rating Agency as Eligible Investments with respect to this definition;

(j) if previously confirmed in writing to the Trustee and the Securities Administrator, any other demand, money market or time deposit, or any other obligation, security or investment, as may be acceptable to each Rating Agency as a permitted investment of funds backing securities having ratings equivalent to the initial rating of

the Senior Certificates; and

(k) such other obligations as are acceptable as Eligible Investments to each Rating Agency;

provided, however, that such instrument continues to qualify as a "cash flow investment" pursuant to Code Section 860G(a)(6) and that no instrument or security shall be an Eligible Investment if (i) such instrument or security evidences a right to receive only interest payments or (ii) the right to receive principal and interest payments derived from the underlying investment provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment.

Euroclear : Euroclear Bank SA/NV, Brussels office, as operator of the Euroclear system.

Excess Loss : A Special Hazard Loss incurred on a Group II Loan in excess of the Special Hazard Coverage, a Fraud Loss incurred on a Group II in excess of the Fraud Coverage and a Bankruptcy Loss incurred on a Group II Loan in excess of the Bankruptcy Coverage.

Fraud Coverage: As of the Cut-Off Date, will be $[_____]. As of any date of determination after the Cut-Off Date, the Fraud Coverage will generally be equal to:

(1) on and after the first Anniversary, an amount equal to:

(a) 2.00% of the aggregate Principal Balance of the Group II Loans as of the Cut-Off Date, minus

(b) the aggregate amounts allocated to the Certificates with respect to Fraud Losses on the Group II Loans up to such date of determination;

(2) from the second to and including the fifth Anniversary, an amount equal to:

(a) 1.00% of the aggregate Principal Balance of the Group II Loans as of the Cut-Off Date, minus

(b) the aggregate amounts allocated to the Certificates with respect to Fraud Losses on the Group II Loans up to such date of determination;

(3) after the fifth Anniversary, the Fraud Coverage will be zero.

Fraud Loss : The occurrence of a loss on a Group II Loan, as reported by the related Servicer, arising from any action, event or state of facts with respect to such Group II Loan which, because it involved or arose out of any dishonest, fraudulent, criminal, negligent or knowingly wrongful act, error or omission by the Mortgagor, originator (or assignee thereof) of such Loan, or the related Servicer, would result in an exclusion from, denial of, or defense to coverage which otherwise would be provided by an insurance policy previously issued with respect to such Loan.

Freddie Mac : The Federal Home Loan Mortgage Corporation, or any successor thereto.

Group II Certificates: The Group II Senior Certificates, Group II Subordinate Certificates and Class II-P Certificates.

[Group II Interest Distribution Amount: On any Distribution Date, the sum of (i) interest accrued on the Group II Certificates (other than the Class II-PO and Class II-P Certificates) which shall be equal to (a) the product of (1) 1/12 th of the Pass-Through Rate for such Class and (2) the aggregate Certificate Principal Balance or Notional Amount, as applicable, for such Class before giving effect to allocations of Realized Losses in connection with such Distribution Date or distributions to be made on such Distribution Date, reduced by (b) Net Interest Shortfalls allocated to such Class pursuant to the definition of "Net Interest Shortfall", including the interest portion of Realized Losses

allocated to such Class pursuant to Section 4.2 and (ii) the amount of interest accrued but unpaid to such Class from prior Distribution Dates.]

Group II Last Scheduled Distribution Date : The Distribution Date in [September] 2021, which is the Distribution Date immediately following the maturity date for the Group II Loan with the latest maturity date.

Group II Loans: With respect to the Subgroup II-1 Loans, the Subgroup II-2 Loans and the Subgroup II-3 Loans, the Mortgages and the related Mortgage Notes, each transferred and assigned to the Trustee pursuant to the provisions hereof as from time to time are held as part of the Trust Fund, as so identified in the Loan Schedule. Each of the Group II Loans is referred to individually in this Agreement as a " Group II Loan".

Group II Principal Distribution Amount: With respect to any Distribution Date and a Loan Group, the sum of:

(1) scheduled principal payments on the Group II Loans in the related Loan Subgroup due during the related Due Period;

(2) the principal portion of repurchase proceeds received with respect to the Group II Loans in the related Loan Subgroup which were repurchased as permitted or required by this Agreement during the related Prepayment Period; and

(3) any other unscheduled payments of principal which were received on the Group II Loans in the related Loan Subgroup during the related Prepayment Period, other than Payoffs, Curtailments or Liquidation Principal.

Group II Optional Termination Date: The Distribution Date on which the aggregate Scheduled Principal Balance of the Group II Loans (and REO Properties acquired in respect thereof) remaining in the Trust Fund as of the last day of the related Due Period is reduced to less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loans as of the Cut-Off Date.

Group II Senior Certificates : The Class II-A1, Class II-A2, Class II-A3, Class II-X1, Class II-X2 and Class II-PO Certificates.

Group II Senior Principal Distribution Amount : With respect to any Distribution Date and a Loan Group, the sum of the following for that Distribution Date:

(1) the related Senior Percentage of the related Group II Principal Distribution Amount (exclusive of the portion thereof attributable to the related Discount Fractional Principal Amount, as applicable);

(2) the related Senior Prepayment Percentage of the related Principal Prepayment Amount (exclusive of the portion thereof attributable to the related Discount Fractional Principal Amount, as applicable); and

(3) the related Senior Liquidation Amount.

Group II Subordinate Certificates : The Class II-M and Class B Certificates.

Interest Only Certificates: means the Class II-X1 and Class II-X2 Certificates, as applicable.

[Independent] : When used with respect to any specified Person, any such Person who (i) is in fact independent of the Depositor, any Servicer, the Master Servicer and the Securities Administrator, (ii) does not have any direct financial interest or any material indirect financial interest in the Depositor, any Servicer, the Master Servicer or the Securities Administrator or any Affiliate of the aforementioned and (iii) is not connected with the Depositor, any Servicer, the Master Servicer or the Securities Administrator as an officer, employee, promoter, underwriter, trustee,

partner, director or person performing similar functions.

Insurance Proceeds: Proceeds of any title policy, hazard policy or other insurance policy covering a Loan, to the extent such proceeds are not to be applied to the restoration of the related Mortgaged Property or released to the Mortgagor in accordance with the applicable Servicing Agreement.

[Interest Accrual Period : For any Group II Certificates will be the calendar month preceding the month in which that Distribution Date occurs.]

Liquidated Loan : A Group II Loan as to which the related Servicer has determined in accordance with its customary servicing practices that all amounts which it expects to recover from or on account of such Group II Loan, whether from Insurance Proceeds, Liquidation Proceeds or otherwise, have been recovered. For purposes of this definition, acquisition of a Mortgaged Property by the Trust Fund shall not constitute final liquidation of the related Group II Loan.

Liquidation Principal : With respect to any Distribution Date and any Group II Loan, the principal portion of net Liquidation Proceeds received with respect to each such Group II Loan which became a Liquidated Loan (but not in excess of the Principal Balance thereof) during the related Prepayment Period.

Liquidation Proceeds: The amount (other than Insurance Proceeds or amounts received in respect of the rental of any REO Property prior to REO Disposition) received by the related Servicer pursuant to the related Servicing Agreement in connection with (i) the taking of all or a part of a Mortgaged Property by exercise of the power of eminent domain or condemnation, (ii) the liquidation of a defaulted Group II Loan through a trustee's sale, foreclosure sale or otherwise, or (iii) the repurchase, substitution or sale of a Group II Loan or an REO Property pursuant to or as contemplated by Section [2.3] or Section [10.1], in each case net of any portion thereof that represents a recovery of principal or interest for which an Advance was made by a Servicer or the Master Servicer.

Loan Subgroup : Any of the Subgroup II-1 Loans, Subgroup II-2 Loans and Subgroup II-3 Loans, as applicable.

[Loan Schedule] : The schedule, as amended from time to time, of Loans, attached hereto as Schedule One, which shall set forth as to each Loan the following, among other things:

(i) the loan number of the Loan and name of the related Mortgagor;

(ii) the street address of the Mortgaged Property including city, state and zip code;

(iii) the Mortgage Interest Rate as of the Cut-Off Date;

(iv) the original term and maturity date of the related Mortgage Note;

(v) the original Principal Balance;

(vi) the first payment date;

(vii) the Monthly Payment in effect as of the Cut-Off Date;

(viii) the date of the last paid installment of interest;

(ix) the unpaid Principal Balance as of the close of business on the Cut-Off Date;

(x) the Loan-to-Value ratio at origination;

(xi) the type of property and the Original Value of the Mortgaged Property;

(xii) whether a primary mortgage insurance policy is in effect as of the Cut-Off Date;

(xiii) the nature of occupancy at origination;

(xiv) the related Loan Group;

(xv) the applicable Servicer; and

(xvi) the applicable Custodian.

Mortgage File : The Loan Documents pertaining to a particular Loan.

Net Interest Shortfall : For any Distribution Date, the sum of (i) any Prepayment Interest Shortfall for such Distribution Date, (ii) any Relief Act Interest Shortfall for such Distribution Date and (iii) the portion of Realized Losses attributable to interest allocated to the Certificates.

Net Mortgage Rate: For each Group II Loan and for any date of determination, a per annum rate equal to the Mortgage Interest Rate for such Group II Loan less the related Servicing Fee Rate, the Master Servicing Fee Rate, the Credit Risk Management Fee Rate and the rate at which any lender paid mortgage insurance is calculated.

Notional Amount: The amount of the Class II-X1 Notional Amount and Class II-X2 Notional Amount.

Pass-Through Rate : (i) with respect to each class of Group II Senior Certificates (other than the Class II-PO Certificates) and any Distribution Date will be the interest rate as set forth below and (ii) with respect to each class of Group II Subordinate Certificates and any Distribution Date will be the weighted average of (i) with respect to the Subgroup II-1 Mortgage Loans and Subgroup II-3 Mortgage Loans, 6.00% and (ii) with respect to the Subgroup II-2 Mortgage Loans, 5.50%, weighted on the basis of the related Subordinate Component for each Subgroup.

Class	Interest Rate
II-1A	6.000%
II-2A	5.500%
II-3A	6.000%
II-X1	6.000%
II-X2	5.500%
II-AR	6.000%

Permitted Transferee : With respect to the holding or ownership of any Residual Certificate, any Person other than (i) the United States, a State or any political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government or International Organization, or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in Code Section 521) which is exempt from the taxes imposed by Chapter 1 of the Code (unless such organization is subject to the tax imposed by Section 511 of the Code on unrelated business taxable income), (iv) rural electric and telephone cooperatives described in Code Section 1381(a)(2)(C), (v) any electing large partnership under Section 775 of the Code, (vi) any Person from whom the Trustee or the Securities Administrator has not received an affidavit to the effect that it is not a "disqualified organization" within the meaning of Section 860E(e)(5) of the Code, and (vii) any other Person so designated by the Depositor based upon an Opinion of Counsel (which shall not be an expense of the Securities Administrator or the Trustee) that the transfer of an Ownership Interest in a Residual Certificate to such Person may cause any REMIC hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in Code Section 7701 or successor provisions. A corporation shall not be treated as an instrumentality of the United States or of any State or political

subdivision thereof if all of its activities are subject to tax, and, with the exception of Freddie Mac, a majority of its board of directors is not selected by such governmental unit.

Principal Prepayment Amount : On any Distribution Date and for any Loan Subgroup, the sum of (i) Curtailments received during the related Prepayment Period, (ii) Payoffs received during the related Prepayment Period and (iii) Liquidation Proceeds, Insurance Proceeds and Subsequent Recoveries received during the related Prepayment Period.

Pro Rata Allocation : On any Distribution Date with respect to (a) the allocation of the principal portion of certain losses relating to a Group II Loan to the related Group II Senior Certificates (other than the Interest Only Certificates and Class II-PO Certificates) and/or to the Group II Subordinate Certificates, as applicable, pro rata according to their respective aggregate Certificate Principal Balances on such date of allocation (except that if the loss is incurred with respect to a Discount Loan, the related Discount Fraction of such loss will be allocated to the Class II-PO Certificates, and the remainder of such loss will be allocated as described above in this definition without regard to this parenthetical), and (b) the allocation of interest portion of certain losses relating to a Group II Loan to the related Group II Senior Certificates (other than the Class II-PO Certificates) and/or to the Group II Subordinate Certificates, as applicable, pro rata, first according to the Group II Interest Distribution Amounts due to such Classes on such date of allocation, in reduction thereof until the amount of interest accrued but unpaid on such Distribution Date has been reduced to zero and then pro rata, according to their outstanding Certificate Principal Balances in reduction thereof until the Certificate Principal Balances thereof have been reduced to zero.

Realized Loss : With respect to any Distribution Date and any Liquidated Loan which became a Liquidated Loan during the related Prepayment Period, the sum of (i) the Principal Balance of such Group II Loan remaining outstanding (after all recoveries of principal, including net Liquidation Proceeds, have been applied thereto) and the principal portion of Nonrecoverable Advances with respect to such Group II Loan which have been reimbursed from amounts received in respect of the Group II Loans in such Loan Subgroup other than the related Group II Loan, and (ii) the accrued interest on such Group II Loan remaining unpaid and the interest portion of Nonrecoverable Advances with respect to such Group II Loan which have been reimbursed from amounts received in respect of the Group II Loans in such Loan Subgroup other than the related Group II Loan. The amounts described in clause (i) shall be the principal portion of Realized Losses and the amounts described in clause (ii) shall be the interest portion of Realized Losses. In addition, to the extent a Servicer receives Subsequent Recoveries with respect to any defaulted Loan, the amount of the Realized Loss with respect to that defaulted Group II Loan will be reduced to the extent such recoveries are applied to reduce the Certificate Principal Balance of any Class of Certificates on any Distribution Date.

[Record Date]: With respect to the Adjustable Rate Certificates, the Business Day prior to the related Distribution Date and with respect to the Certificates other than the Adjustable Rate Certificates, the last Business Day of the month immediately preceding the month in which the related Distribution Date occurs.

[Release Date: The 40 th day after the later of (i) commencement of the offering of the Certificates and (ii) the Closing Date.]

REMIC Opinion : An Opinion of Counsel stating that, under the REMIC Provisions, any contemplated action will not cause any REMIC to fail to qualify as a REMIC or result in the imposition of a tax upon the Trust Fund (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC set forth in Section 860G(d) of the Code).

Remittance Report : A report by the Securities Administrator pursuant to Section [__].

Senior Interest Shortfall Amount: For any Distribution Date and the Group II Senior Certificates of a Loan Subgroup (other than the Class II-PO Certificates Certificates) will be equal to that amount by which the Group II Interest Distribution Amount payable to the related Group II Senior Certificates (other than the Class II-PO Certificates) on such Distribution Date exceeds the related Subgroup Available Distribution Amount.

Senior Liquidation Amount : For any Distribution Date and a Loan Group, the aggregate with respect to

each related Loan which became a Liquidated Loan during the related Prepayment Period, of the lesser of: (i) the related Senior Percentage of the Principal Balance of such Group II Loan (exclusive of the related Discount Fraction thereof, if such Group II Loan is a Discount Loan), and (ii) the related Senior Prepayment Percentage of the Liquidation Principal with respect to such Group II Loan (exclusive of the related Discount Fraction thereof, if such Group II Loan is a Discount Loan).

Senior Percentage : As of the Closing Date, [___]%, with respect to the Subgroup II-1 Loans, [___]% with respect to the Subgroup II-2 Loans and [___]% with respect to the Subgroup II-3 Loans; thereafter, for any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Certificate Principal Balance of the related Group II Senior Certificates (other than the Interest Only Certificates and Class II-PO Certificates), immediately preceding such Distribution Date, and the denominator of which is the aggregate Scheduled Principal Balance of the Group II Loans in such Loan Group, in each case as of the first day of the related Due Period (exclusive of the related Discount Fraction of any such Group II Loan, if such Group II Loan is a Discount Loan).

Senior Prepayment Percentage : For any [Group II] Loan and any Distribution Date, the percentage indicated in the following table:

Distribution Date Occurring In	Senior Prepayment Percentage
November 2006 through October 2011	100%
November 2011 through October 2012	Senior Percentage + 70% of the Subordinate Percentage
November 2012 through October 2013	Senior Percentage + 60% of the Subordinate Percentage
November 2013 through October 2014	Senior Percentage + 40% of the Subordinate Percentage
November 2014 through October 2015	Senior Percentage + 20% of the Subordinate Percentage
November 2015 and thereafter	Senior Percentage

Notwithstanding the foregoing, the Senior Prepayment Percentage with respect to each Group II Loan, will be equal to 100% on any Distribution Date on which (i) the Aggregate Senior Percentage for that Distribution Date exceeds the Aggregate Senior Percentage as of the Closing Date or (ii) the aggregate Scheduled Principal Balance of the Group II Loans (including Group II Loans in bankruptcy, foreclosure and related REO Property) which are 60 or more days delinquent (averaged over the preceding six-month period), as a percentage of the Aggregate Subordinate Amount, is equal to or greater than 50% as of such Distribution Date, or cumulative Realized Losses on the Group II Loans allocated to the Group II Subordinate Certificates are greater than the following amounts:

Distribution Date Occurring In	Percentage of the Aggregate Subordinate Amount as of the Cut-Off Date
November 2011 through October 2012	30%
November 2012 through October 2013	35%

November 2013 through October 2014	40%
November 2014 through October 2015	45%
November 2015 and thereafter	50%

If on any Distribution Date the allocation to the Group II Senior Certificates of a Loan Subgroup (other than the Interest Only Certificates and Class II-PO Certificates) of Principal Prepayments in the percentage required would reduce the sum of the aggregate Certificate Principal Balances of the related Group II Senior Certificates (other than the Interest Only Certificates and Class II-PO Certificates) below zero, the Senior Prepayment Percentage for such Distribution Date shall be limited to the percentage necessary to reduce such sum to zero.

Shift Percentage : Shall be 0% for the first 5 years following the Closing Date, 30% in the sixth year following the Closing Date, 40% in the seventh year following the Closing Date, 60% in the eighth year following the Closing Date, 80% in the ninth year following the Closing Date and 100% for any year thereafter.

Special Hazard Coverage: As of the Cut-Off Date $3,422,165. On each Anniversary, the Special Hazard Coverage will be reduced to an amount equal to the lesser of:

(1) the greatest of:

(a) the aggregate Principal Balance of the Group II Loans located in the zip code containing the largest aggregate Principal Balance of the Group II Loans;

(b) 1.0% of the aggregate Principal Balance of the Group II Loans; and

(c) twice the Principal Balance of the largest Group II Loan, calculated as of the Due Date in the immediately preceding month (after giving effect to all scheduled payments whether or not received); and

(2) the Special Hazard Coverage as of the Cut-Off Date as reduced by the Special Hazard Losses allocated to the Group II Certificates since the Cut-Off Date.

Special Hazard Loss : The occurrence of any direct physical loss or damage to a Mortgaged Property relating to a Liquidated Loan, as reported by the related Servicer, not covered by a standard hazard maintenance policy with extended coverage which is caused by or results from any cause except: (i) fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, vandalism, aircraft, vehicles, smoke, sprinkler leakage, except to the extent of that portion of the loss which was uninsured because of the application of a co-insurance clause of any insurance policy covering these perils; (ii) normal wear and tear, gradual deterioration, inherent vice or inadequate maintenance of all or part thereof; (iii) errors in design, faulty workmanship or materials, unless the collapse of the property or a part thereof ensues and then only for the ensuing loss; (iv) nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled and whether such loss be direct or indirect, proximate or remote or be in whole or in part caused by, contributed to or aggravated by a peril covered by this definition of Special Hazard Loss; (v) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (dejure or defacto), or by an authority maintaining or using military, naval or air forces, (b) by military, naval or air forces, or (c) by an agent of any such government, power, authority or forces; (vi) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (vii) insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such occurrence; or (viii) seizure or destruction under quarantine or customs regulations, or confiscation by order of any government or public authority.

Stripped Interest Rate: means, for each Subgroup II-1 Non-Discount Loan and Subgroup II-3 Non-

Discount Loan, the excess of the Net Mortgage Rate for that Loan over 6.000%, and for each Subgroup II-2 Non-Discount Loan, the excess of the Net Mortgage Rate for that Loan over 5.500%.

Subgroup Available Distribution Amount: any of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and the Subgroup II-3 Available Distribution Amount, as applicable.

Subgroup II-1 Available Distribution Amount : With respect to a Distribution Date, the sum of the following amounts that are related to the Subgroup II-1 Loans:

(1) the total amount of all cash received by or on behalf of each Servicer with respect to the Subgroup II-1 Loans by the Determination Date for such Distribution Date and not previously distributed (including Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries), except:

(a) all scheduled payments of principal and interest collected on the Subgroup II-1 Loans but due on a date after the related Due Date;

(b) all Curtailments received with respect to the Subgroup II-1 Loans after the related Prepayment Period, together with all interest paid by the Mortgagors in connection with such Curtailments;

(c) all Payoffs received with respect to the Subgroup II-1 Loans after the related Prepayment Period, together with all interest paid by the Mortgagors in connection with such Payoffs;

(d) Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries received on the Subgroup II-1 Loans after the related Prepayment Period;

(e) all amounts reimbursable to the related Servicer with respect to the Subgroup II-1 Loans pursuant to the terms of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to the terms of this Agreement or the Custodial Agreements;

(f) reinvestment income on the balance of funds, if any, in the Protected Accounts or the Distribution Account;

(g) any fees payable to the Master Servicer (including any Master Servicing Fees), the Servicers and the Credit Risk Manager with respect to the Subgroup II-1 Loans, and any premiums payable in connection with any lender paid primary mortgage insurance policies maintained on the Subgroup II-1 Loans; and

(h) all Prepayment Charges received in connection with the Subgroup II-1 Loans;

(2) all Advances made by a Servicer and/or the Master Servicer or the Trustee with respect to the Subgroup II-1 Loans for that Distribution Date;

(3) any amounts paid as Compensating Interest on the Subgroup II-1 Loans by a Servicer and/or the Master Servicer for that Distribution Date;

(4) the total amount of any cash related to the Subgroup II-1 Loans deposited in the Distribution Account in connection with the repurchase of any Subgroup II-1 Loan by the Depositor or the related [Loan seller]; and

(5) the total amount of any cash related to the Subgroup II-1 Loans deposited in the Distribution Account in connection with an optional termination of the Trust Fund.

Subgroup II-1 Discount Fraction : With respect to any Distribution Date and a Subgroup II-1 Discount Loan, will be a fraction, the numerator of which is 6.000% minus the Net Mortgage Rate as of the Cut-Off Date of such Subgroup II-1 Discount Loan, and the denominator of which is 6.000%.

Subgroup II-1 Discount Fractional Principal Amount : For any Distribution Date and the Subgroup II-1 Loans will be the aggregate of the following with respect to each Subgroup II-1 Discount Loan: the Subgroup II-1 Discount Fraction of the amounts described in the definition of Group II Principal Distribution Amount, Principal Prepayment Amount and Liquidation Principal.

Subgroup II-1 Discount Fractional Principal Shortfall : For any Distribution Date (i) prior to the Credit Support Depletion Date, an amount generally equal to the sum of:

(1) the aggregate of the following with respect to each Subgroup II-1 Discount Loan: the Subgroup II-1 Discount Fraction of any loss (meaning a Fraud Loss, Special Hazard Loss, Bankruptcy Loss or the amount by which the outstanding Principal Balance thereof exceeded the Liquidation Principal and Insurance Proceeds received in respect thereof) on such Subgroup II-1 Discount Loan, other than a Special Hazard Loss in excess of the Special Hazard Coverage, a Fraud Loss in excess of the Fraud Coverage or a Bankruptcy Loss in excess of the Bankruptcy Coverage; and

(2) the amounts described in clause (1) above for all prior Distribution Dates to the extent not previously distributed, and

(ii) for any Distribution Date on or after the Credit Support Depletion Date, zero.

Subgroup II-1 Discount Loan : Any Subgroup II-1 Loan with a Net Mortgage Rate as of the Cut-Off Date of less than 6.000% per annum.

Subgroup II-1 Loan : Any Loans having original terms to maturity not greater than fifteen (15) years and identified on the Loan Schedule as Subgroup II-1 Loans.

Subgroup II-1 Non-Discount Loan : Any Subgroup II-1 Loan with a Net Mortgage Rate as of the Cut-Off Date greater than or equal to 6.000% per annum.

Subgroup II-2 Available Distribution Amount : With respect to a Distribution Date, the sum of the following amounts that are related to the Subgroup II-2 Loans:

(1) the total amount of all cash received by or on behalf of each Servicer with respect to the Subgroup II-2 Loans by the Determination Date for such Distribution Date and not previously distributed (including Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries), except:

(a) all scheduled payments of principal and interest collected on the Subgroup II-2 Loans but due on a date after the related Due Date;

(b) all Curtailments received with respect to the Subgroup II-2 Loans after the related Prepayment Period, together with all interest paid by the Mortgagors in connection with such Curtailments;

(c) all Payoffs received with respect to the Subgroup II-2 Loans after the related Prepayment Period, together with interest paid by the Mortgagors in connection with such Payoffs;

(d) Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries received on the Subgroup II-2 Loans after the related Prepayment Period;

(e) all amounts reimbursable to the related Servicer pursuant to the terms of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to the terms of this Agreement or the Custodial Agreements;

(f) reinvestment income on the balance of funds, if any, in the Protected Accounts or the Distribution Account;

(g) any fees payable to the Master Servicer (including any Master Servicing Fees), the Servicers and the Credit Risk Manager with respect to the Subgroup II-2 Loans, and any premiums payable in connection with any lender paid primary mortgage insurance policies maintained on the Subgroup II-2 Loans; and

(h) all Prepayment Charges received in connection with the Subgroup II-2 Loans;

(2) All Advances made by a Servicer and/or the Master Servicer or the Trustee with respect to the Subgroup II-2 Loans for that Distribution Date;

(3) Any amounts paid as Compensating Interest on the Subgroup II-2 Loans by a Servicer and/or the Master Servicer for that Distribution Date;

(4) The total amount of any cash related to the Subgroup II-2 Loans deposited in the Distribution Account in connection with the repurchase of any Subgroup II-2 Loan by the Depositor or the related [Loan seller]; and

(5) the total amount of any cash related to the Subgroup II-2 Loans deposited in the Distribution Account in connection with an optional termination of the Trust Fund.

Subgroup II-2 Discount Fraction : With respect to any Distribution Date and a Subgroup II-2 Discount Loan, will be a fraction, the numerator of which is 5.500% minus the Net Mortgage Rate as of the Cut-Off Date of such Subgroup II-2 Discount Loan, and the denominator of which is 5.500%.

Subgroup II-2 Discount Fractional Principal Amount : For any Distribution Date and the Subgroup II-2 Loans will be the aggregate of the following with respect to each Subgroup II-2 Discount Loan: the Subgroup II-2 Discount Fraction of the amounts described in the definition of Principal Distribution Amount, Principal Prepayment Amount and Liquidation Principal.

Subgroup II-2 Discount Fractional Principal Shortfall : For any Distribution Date (i) prior to the Credit Support Depletion Date, an amount generally equal to the sum of:

(1) the aggregate of the following with respect to each Subgroup II-2 Discount Loan: the Subgroup II-2 Discount Fraction of any loss (meaning a Fraud Loss, Special Hazard Loss, Bankruptcy Loss or the amount by which the outstanding Principal Balance thereof exceeded the Liquidation Principal and Insurance Proceeds received in respect thereof) on such Subgroup II-2Discount Loan, other than a Special Hazard Loss in excess of the Special Hazard Coverage, a Fraud Loss in excess of the Fraud Coverage or a Bankruptcy Loss in excess of the Bankruptcy Coverage; and

(2) the amounts described in clause (1) above for all prior Distribution Dates to the extent not previously distributed, and

(ii) for any Distribution Date on or after the Credit Support Depletion Date, zero.

Subgroup II-2 Discount Loan : Any Subgroup II-2 Loan with a Net Mortgage Rate as of the Cut-Off Date of less than 5.500% per annum.

Subgroup II-2 Loans: Any Loans having original terms to maturity not greater than fifteen (15) years and identified on the Loan Schedule as Subgroup II-2 Loans.

Subgroup II-2 Non-Discount Loan : Any Subgroup II-2Loan with a Net Mortgage Rate as of the Cut-Off Date greater than or equal to 5.500% per annum.

Subgroup II-3 Available Distribution Amount : With respect to a Distribution Date, the sum of the following amounts that are related to the Subgroup II-3 Loans:

(1) the total amount of all cash received by or on behalf of each Servicer with respect to the Subgroup II-3 Loans by the Determination Date for such Distribution Date and not previously distributed (including Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries), except:

(a) all scheduled payments of principal and interest collected on the Subgroup II-3 Loans but due on a date after the related Due Date;

(b) all Curtailments received with respect to the Subgroup II-3 Loans after the related Prepayment Period, together with all interest paid by the Mortgagors in connection with such Curtailments;

(c) all Payoffs received with respect to the Subgroup II-3 Loans after the related Prepayment Period, together with interest paid by the Mortgagors in connection with such Payoffs;

(d) Liquidation Proceeds, Insurance Proceeds, condemnation proceeds and Subsequent Recoveries received on the Subgroup II-3 Loans after the related Prepayment Period;

(e) all amounts reimbursable to the related Servicer pursuant to the terms of the related Servicing Agreement or to the Master Servicer, the Securities Administrator, the Trustee or the Custodians pursuant to the terms of this Agreement or the Custodial Agreements;

(f) reinvestment income on the balance of funds, if any, in the Protected Accounts or the Distribution Account;

(g) any fees payable to the Master Servicer (including any Master Servicing Fees), the Servicers and the Credit Risk Manager with respect to the Subgroup II-3 Loans, and any premiums payable in connection with any lender paid primary mortgage insurance policies maintained on the Subgroup II-3 Loans; and

(h) all Prepayment Charges received in connection with the Subgroup II-3 Loans;

(2) All Advances made by a Servicer and/or the Master Servicer or the Trustee with respect to the Subgroup II-3 Loans for that Distribution Date;

(3) Any amounts paid as Compensating Interest on the Subgroup II-3 Loans by a Servicer and/or the Master Servicer for that Distribution Date;

(4) The total amount of any cash related to the Subgroup II-3 Loans deposited in the Distribution Account in connection with the repurchase of any Subgroup II-2 Loan by the Depositor or the related [Loan seller]; and

(5) the total amount of any cash related to the Subgroup II-3 Loans deposited in the Distribution Account in connection with an optional termination of the Trust Fund.

Subgroup II-3 Discount Fraction : With respect to any Distribution Date and a Subgroup II-3 Discount

Loan, will be a fraction, the numerator of which is 6.000% minus the Net Mortgage Rate as of the Cut-Off Date of such Subgroup II-1Discount Loan, and the denominator of which is 6.000%.

Subgroup II-3 Discount Fractional Principal Amount : For any Distribution Date and the Subgroup II-3 Loans will be the aggregate of the following with respect to each Subgroup II-3 Discount Loan: the Subgroup II-3 Discount Fraction of the amounts described in the definition of Principal Distribution Amount, Principal Prepayment Amount and Liquidation Principal.

Subgroup II-3 Discount Fractional Principal Shortfall : For any Distribution Date (i) prior to the Credit Support Depletion Date, an amount generally equal to the sum of:

(1) the aggregate of the following with respect to each Subgroup II-3 Discount Loan: the Subgroup II-3 Discount Fraction of any loss (meaning a Fraud Loss, Special Hazard Loss, Bankruptcy Loss or the amount by which the outstanding Principal Balance thereof exceeded the Liquidation Principal and Insurance Proceeds received in respect thereof) on such Subgroup II-3 Discount Loan, other than a Special Hazard Loss in excess of the Special Hazard Coverage, a Fraud Loss in excess of the Fraud Coverage or a Bankruptcy Loss in excess of the Bankruptcy Coverage; and

(2) the amounts described in clause (1) above for all prior Distribution Dates to the extent not previously distributed, and

(ii) for any Distribution Date on or after the Credit Support Depletion Date, zero.

Subgroup II-3 Discount Loan : Any Subgroup II-3 Loan with a Net Mortgage Rate as of the Cut-Off Date of less than 6.000% per annum.

Subgroup II-3 Loans: Any Loans having original terms to maturity not greater than fifteen (15) years and identified on the Loan Schedule as Subgroup II-3 Loans.

Subgroup II-3 Non-Discount Loan : Any Subgroup II-3 Loan with a Net Mortgage Rate as of the Cut-Off Date greater than or equal to 6.000% per annum.

Subordinate Component : Means (1) with respect to Loan Subgroup II-1 and any Distribution Date, the excess, if any, of (a) aggregate scheduled principal balances of the Subgroup II-1 Loans as of the first day of the related Due Period over (b) the certificate principal balance of the Class II-1A immediately prior to such Distribution Date; (2) with respect to Loan Subgroup II-2 and any Distribution Date, the excess, if any, of (a) aggregate scheduled principal balances of the Subgroup II-2 Loans as of the first day of the related Due Period over (b) the certificate principal balance of the Class II-2A immediately prior to such Distribution Date; and (3) with respect to Loan Subgroup II-3 and any Distribution Date, the excess, if any, of (a) aggregate scheduled principal balances of the Subgroup II-3 Loans as of the first day of the related Due Period over (b) the certificate principal balance of the Class II-3A immediately prior to such Distribution Date.

Subordinate Liquidation Amount : For a Distribution Date and a Loan Group, the excess, if any, of (i) the aggregate Liquidation Principal for all Group II Loans in such Loan Subgroup which became Liquidated Loans during the related Prepayment Period, over (ii) the related Senior Liquidation Amount for such Distribution Date and the related Discount Fraction of Liquidation Principal with respect to each Discount Loans, as applicable, received during the related Prepayment Period.

Subordinate Percentage : For any Distribution Date and a Loan Group, 100% minus the related Senior Percentage for such date. As of the Closing Date, the Subordinate Percentage will be [___]% with respect to the Subgroup II-1 Loans, [___]% with respect to the Subgroup II-2 Loans and [___]% with respect to the Subgroup II-3 Loans.

Subordinate Prepayment Percentage : For any Distribution Date and a Loan Group, 100% minus the related Senior Prepayment Percentage. As of the Closing Date, the Subordinate Prepayment Percentage will be 0% for each Loan Group.

Subordinate Principal Distribution Amount : With respect to any Distribution Date and a Loan Group, an amount equal to the sum of the following for that Distribution Date:

(1) the related Subordinate Percentage of the related Group II Principal Distribution Amount (exclusive of the portion thereof attributable to the related Discount Fractional Principal Amount for such Loan Group, as applicable);

(2) the related Subordinate Principal Prepayment Amount (exclusive of the portion thereof attributable to the related Discount Fractional Principal Amount for such Loan Group, as applicable); and

(3) the related Subordinate Liquidation Amount.

provided, however, that the Subordinate Principal Distribution Amount for each Group Loans shall be reduced by the amounts required to be distributed to the Class II-PO Certificates with respect to the related Discount Fractional Principal Shortfall for such Loan Subgroup on such Distribution Date and the amounts required to be distributed to the Senior Certificates of a Loan Subgroup in connection with any Collateral Deficiency Amount; provided further that the Subordinate Principal Distribution Amount for each Loan Subgroup shall be reduced by the amounts required to be distributed to the Class II-PO Certificates with respect to the related Discount Fractional Principal Shortfall for such Loan Subgroup on such Distribution Date and the amounts required to be distributed to the Group II Senior Certificates of a Loan Subgroup in connection with any Collateral Deficiency Amount. Any reduction in the Subordinate Principal Distribution Amount pursuant to the foregoing provision shall offset the amount calculated pursuant to clause (1), clause (3) and clause (2) above, in that order.

Subordinate Principal Prepayment Amount : For any Distribution Date and a Loan Group, the related Subordinate Prepayment Percentage of the Principal Prepayment Amount for such Distribution Date (exclusive of the portion thereof attributable to the related Discount Fractional Principal Amount for such Loan Subgroup for that Distribution Date, as applicable).

Subordination Level : On any specified date with respect to any Class of Group II Subordinate Certificates, the percentage obtained by dividing: (1) the sum of the aggregate Certificate Principal Balances of all Classes of Group II Subordinate Certificates which are subordinate in right of payment to such Class as of such date, before giving effect to distributions of principal or allocations of related Realized Losses on such date; by (2) the sum of the aggregate Certificate Principal Balances of all Classes of Group II Certificates (other than the Interest Only Certificates) as of such date, before giving effect to distributions of principal or allocations of related Realized Losses on such date.

Transferee : Any Person who is acquiring by an Ownership Interest in a Junior Subordinate Certificate or Residual Certificate.

Uncertificated Accrued Interest : With respect to each REMIC Regular Interest on each Distribution Date, an amount equal to one month's interest at the related Uncertificated Pass-Through Rate on the Uncertificated Principal Balance of such REMIC Regular Interest. In each case, Uncertificated Accrued Interest will be reduced by any Prepayment Interest Shortfalls and shortfalls resulting from application of the Relief Act.

Undercollateralized Group : Means a Loan Subgroup for which the aggregate certificate principal balance of the Group II Senior Certificates related to such Loan Subgroup (other than the Interest Only Certificates, and after giving effect to distributions of principal on that Distribution Date from amounts received or advanced with respect to the related Group II Loans in that Loan Subgroup other than cross-collateralization payments) is greater than the scheduled principal balance of the related Group II Loans in that Loan Subgroup on such Distribution Date.

Uninsured Cause : Any cause of damage to a Mortgaged Property such that the complete restoration of such property is not fully reimbursable by the hazard insurance policies required to be maintained pursuant to Section 3.9.

Section 1.3 Allocation of Certain Interest Shortfalls .

[For purposes of calculating the Group I Interest Distribution Amount for the Group I Senior Certificates, the Group I Mezzanine Certificates and the Class I-CE Certificates for any Distribution Date, (1) the aggregate amount of any Prepayment Interest Shortfalls and Curtailment Interest Shortfalls to the extent not covered by payment by the related Servicer pursuant to the related Servicing Agreement or the Master Servicer pursuant to Section 3.21 shall first, reduce the Net Monthly Excess Cashflow for such Distribution Date, second, reduce the Overcollateralization Amount on the related Distribution Date, third, reduce the Group I Interest Distribution Amount payable to each Class of Group I Mezzanine Certificates in reverse order of payment priority and fourth, reduce the Group I Interest Distribution Amount payable to the Group I Senior Certificates (on a *pro rata* basis based on their respective Group I Senior Interest Distribution Amounts before such reduction), (2) any Relief Act Interest Shortfalls on the Group I Loans shall be allocated to the Certificates on a pro rata basis based on their respective Group I Interest Distribution Amounts before such reduction, and (3) the aggregate amount of the interest portion of Realized Losses allocated to the Group I Mezzanine Certificates and Net WAC Rate Carryover Amounts paid to the Group I Senior Certificates and the Group I Mezzanine Certificates on any Distribution Date shall be allocated to the Class I-CE Certificates to the extent of the related Group I Interest Distribution Amount for such Distribution Date.] [Group II]

ARTICLE II
CONVEYANCE OF TRUST FUND;
ORIGINAL ISSUANCE OF CERTIFICATES

Section 2.1 Conveyance of Trust Fund .

The Depositor, concurrently with the execution and delivery hereof, does hereby transfer, assign, set over and otherwise convey to the Trustee, on behalf of the Trust, without recourse, for the benefit of the Certificateholders, all the right, title and interest of the Depositor, including any security interest therein for the benefit of the Depositor, in and to the Loans identified on the Loan Schedule, the rights of the Depositor under the Mortgage Loan Purchase Agreement, the Servicing Agreements, the Assignment Agreements, and such assets as shall from time to time be credited or required by the terms of this Agreement to be credited to the Cap Account, Certificate Swap Account and Class I-A-1 Swap Account (including, without limitation the right to enforce the obligations of the other parties thereto thereunder), and all other assets included or to be included in REMIC I. Such assignment includes all interest and principal received by the Depositor or the applicable Servicer on or with respect to the Loans (other than payments of principal and interest due on such Loans on or before the Cut-Off Date). The Depositor herewith delivers to the Trustee executed copies of the Mortgage Loan Purchase Agreement and the Assignment Agreements (with copies of the related Servicing Agreements attached thereto).

In connection with such transfer and assignment, the Depositor does hereby deliver to, and deposit with the applicable Custodian pursuant to the related Custodial Agreement the documents with respect to each Loan as described under Section 2 of the related Custodial Agreement (the “Loan Documents”). In connection with such delivery and as further described in the related Custodial Agreement, the applicable Custodian will be required to review such Loan Documents and deliver to the Trustee, the Depositor, the Master Servicer and the Seller certifications (in the forms attached to the related Custodial Agreement) with respect to such review with exceptions noted thereon. In addition, the Depositor under the Custodial Agreements will have to cure certain defects with respect to the Loan Documents for the related Loans after the delivery thereof by the Depositor to the Custodians as more particularly set forth therein.

Notwithstanding anything to the contrary contained herein, the parties hereto acknowledge that the functions of the Trustee with respect to the custody, acceptance, inspection and release of the Mortgage Files, including, but not

limited to certain insurance policies and documents contemplated by Section 3.12, and preparation and delivery of the certifications shall be performed by the related Custodian pursuant to the terms and conditions of the related Custodial Agreement.

The Depositor shall deliver or cause the related originator to deliver to the related Servicer copies of all trailing documents required to be included in the related Mortgage File at the same time the originals or certified copies thereof are delivered to the Trustee or related Custodian, such documents including the mortgagee policy of title insurance and any Loan Documents upon return from the recording office. The Servicers shall not be responsible for any custodian fees or other costs incurred in obtaining such documents and the Depositor shall cause the Servicers to be reimbursed for any such costs the Servicers may incur in connection with performing its obligations under this Agreement.

The Loans permitted by the terms of this Agreement to be included in the Trust are limited to (i) Loans (which the Depositor acquired pursuant to the Mortgage Loan Purchase Agreement, which contains, among other representations and warranties, a representation and warranty of the Seller that no Loan sold by the Seller to the Depositor is a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003, as defined in the New Mexico Home Loan Protection Act effective March 1, 2004, as defined in the Massachusetts Predatory Home Loan Practices Act, effective November 7, 2004 (Mass. Ann. Laws Ch. 183C) or as defined in the Indiana Home Loan Practices Act, effective March 1, 2005 (Ind. Code Ann. Sections 24-9-1 through 24-9-9)) and (ii) Substitute Loans (which, by definition as set forth herein and referred to in the Mortgage Loan Purchase Agreement, are required to conform to, among other representations and warranties, the representation and warranty of the Seller that no Substitute Loan sold by the Seller to the Depositor is a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003, as defined in the New Mexico Home Loan Protection Act effective March 1, 2004, as defined in the Massachusetts Predatory Home Loan Practices Act, effective November 7, 2004 (Mass. Ann. Laws Ch. 183C) or as defined in the Indiana Home Loan Practices Act, effective March 1, 2005 (Ind. Code Ann. Sections 24-9-1 through 24-9-9)). The Depositor and the Trustee on behalf of the Trust understand and agree that it is not intended that any mortgage loan be included in the Trust that is a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003, as defined in the New Mexico Home Loan Protection Act effective March 1, 2004, as defined in the Massachusetts Predatory Home Loan Practices Act, effective November 7, 2004 (Mass. Ann. Laws Ch. 183C) or as defined in the Indiana Home Loan Practices Act, effective March 1, 2005 (Ind. Code Ann. Sections 24-9-1 through 24-9-9).

Section 2.2 Acceptance by Trustee .

The Trustee acknowledges receipt, subject to the provisions of Section 2.1 hereof and Section 2 of the Custodial Agreements, of the Loan Documents and all other assets included in the definition of "Trust Fund" and declares that it holds (or the applicable Custodian on its behalf holds) and will hold such documents and the other documents delivered to it constituting a Loan Document, and that it holds (or the applicable Custodian on its behalf holds) or will hold all such assets and such other assets included in the definition of "Trust Fund" in trust for the exclusive use and benefit of all present and future Certificateholders.

Section 2.3 Repurchase or Substitution of Loans .

(a) Upon discovery or receipt of notice of any materially defective document in, or that a document is missing from, a Mortgage File or of a breach by the Seller of any representation, warranty or covenant under the Mortgage Loan Purchase Agreement in respect of any Loan that materially and adversely affects the value of such Loan or the interest therein of the Certificateholders, the Trustee shall promptly notify the Seller of such defect, missing document or breach and request that the Seller deliver such missing document, cure such defect or breach within 60 days from the date the Seller was notified of such missing document, defect or breach, and if the Seller does not deliver such missing document or cure such defect or breach in all material respects during such period, the Trustee shall enforce the obligations of the Seller under the Mortgage Loan Purchase Agreement to repurchase such Loan from the Trust Fund at the Purchase Price within 90 days after the date on which the Seller was notified of such missing document, defect or breach, if and to the extent that the Seller is obligated to do so under the Mortgage Loan Purchase Agreement. The Purchase Price for the repurchased Loan shall be deposited in the Distribution Account and the

Trustee, upon receipt of written certification from the Securities Administrator of such deposit and receipt by the Custodian of a properly completed request for release for such Loan in the form of Exhibit 3 to the related Custodial Agreement, shall release or cause the applicable Custodian to release to the Seller the related Mortgage File and the Trustee shall execute and deliver such instruments of transfer or assignment, in each case without recourse, representation or warranty, as the Seller shall furnish to it and as shall be necessary to vest in the Seller any Loan released pursuant hereto, and the Trustee shall not have any further responsibility with regard to such Mortgage File. In lieu of repurchasing any such Loan as provided above, if so provided in the Mortgage Loan Purchase Agreement, the Seller may cause such Loan to be removed from the Trust Fund (in which case it shall become a Deleted Loan) and substitute one or more Substitute Loans in the manner and subject to the limitations set forth in Section 2.3(b). It is understood and agreed that the obligation of the Seller to cure or to repurchase (or to substitute for) any Loan as to which a document is missing, a material defect in a constituent document exists or as to which such a breach has occurred and is continuing shall constitute the sole remedy respecting such omission, defect or breach available to the Trustee and the Certificateholders. Notwithstanding the foregoing, if the representation made by the Seller in Section 6(xxiv) of the Mortgage Loan Purchase Agreement is breached, the Trustee shall enforce the obligation of the Seller to repurchase such Loan at the Purchase Price, or to provide a Substitute Loan (plus any costs and damages incurred by the Trust Fund in connection with any violation by any such Loan of any predatory or abusive lending law) within 90 days after the date on which the Seller was notified of such breach.

In addition, should the Master Servicer become aware of or in the event of its receipt of notice by a Responsible Officer of the Master Servicer of the breach of the representation or covenant of the Seller set forth in Section 5(x) of the Mortgage Loan Purchase Agreement which materially and adversely affects the interests of the Holders of the Class I-P or Class II-P Certificates in any Prepayment Charge, the Master Servicer shall promptly notify the Seller and the Trustee of such breach. The Trustee shall enforce the obligations of the Seller under the Mortgage Loan Purchase Agreement to remedy such breach to the extent and in the manner set forth in the Mortgage Loan Purchase Agreement.

(b) Any substitution of Substitute Loans for Deleted Loans made pursuant to Section 2.3(a) must be effected prior to the date which is two years after the Startup Day for any REMIC created hereby.

As to any Deleted Loan for which the Seller substitutes a Substitute Loan or Loans, such substitution shall be effected by the Seller delivering to the Trustee or the applicable Custodian on behalf of the Trustee, for such Substitute Loan or Loans, the Mortgage Note, the Mortgage, the Assignment to the Trustee, and such other documents and agreements, with all necessary endorsements thereon, as are required by Section 2 of the Custodial Agreements, as applicable, together with an Officers' Certificate providing that each such Substitute Loan satisfies the definition thereof and specifying the Substitution Shortfall Amount (as described below), if any, in connection with such substitution. The applicable Custodian on behalf of the Trustee shall acknowledge receipt of such Substitute Loan or Loans and, within ten Business Days thereafter, review such documents and deliver to the Depositor, the Trustee and the Master Servicer, with respect to such Substitute Loan or Loans, an initial certification pursuant to the related Custodial Agreement, with any applicable exceptions noted thereon. Within one year of the date of substitution, the Custodian on behalf of the Trustee shall deliver to the Depositor, the Trustee and the Master Servicer a final certification pursuant to the Custodial Agreement with respect to such Substitute Loan or Loans, with any applicable exceptions noted thereon. Monthly Payments due with respect to Substitute Loans in the month of substitution are not part of REMIC I and shall be retained by the Seller. For the month of substitution, distributions to Certificateholders shall reflect the Monthly Payment due on such Deleted Loan on or before the Due Date in the month of substitution, and the Seller shall thereafter be entitled to retain all amounts subsequently received in respect of such Deleted Loan. The Depositor shall give or cause to be given written notice to the Certificateholders that such substitution has taken place, shall amend the Loan Schedule to reflect the removal of such Deleted Loan from the terms of this Agreement and the substitution of the Substitute Loan or Loans and shall deliver a copy of such amended Loan Schedule to the Trustee and the Master Servicer. Upon such substitution, such Substitute Loan or Loans shall constitute part of the Trust Fund and shall be subject in all respects to the terms of this Agreement and the Mortgage Loan Purchase Agreement including all applicable representations and warranties thereof included herein or in the Mortgage Loan Purchase Agreement.

For any month in which the Seller substitutes one or more Substitute Loans for one or more Deleted Loans, the Master Servicer shall determine the amount (the "Substitution Shortfall Amount"), if any, by which the aggregate Purchase Price of all such Deleted Loans exceeds the aggregate of, as to each such Substitute Loan, the Scheduled Principal Balance thereof as of the Due Date in the month of substitution, together with one month's interest on such Scheduled Principal Balance at the applicable Net Mortgage Rate, plus all outstanding Advances and Servicing Advances (including Nonrecoverable Advances) related thereto. On the date of such substitution, the Seller shall deliver or cause to be delivered to the Securities Administrator for deposit in the Distribution Account an amount equal to the Substitution Shortfall Amount, if any, and the Trustee or the applicable Custodian on behalf of the Trustee, upon receipt of the related Substitute Loan or Loans and certification by the Securities Administrator of such deposit and receipt by the applicable Custodian of a properly completed request for release for such Loan in the form of Exhibit 3 to the related Custodial Agreement, shall release to the Seller the related Mortgage File or Files and the Trustee shall execute and deliver such instruments of transfer or assignment, in each case without recourse, representation or warranty, as the Seller shall deliver to it and as shall be necessary to vest therein any Deleted Loan released pursuant hereto.

In addition, the Seller shall obtain at its own expense and deliver to the Trustee an Opinion of Counsel to the effect that such substitution will not cause (a) any federal tax to be imposed on any REMIC, including without limitation, any federal tax imposed on "prohibited transactions" under Section 860F(a)(1) of the Code or on "contributions after the startup date" under Section 860G(d)(1) of the Code, or (b) any REMIC to fail to qualify as a REMIC at any time that any Certificate is outstanding.

(c) Upon discovery by the Depositor, the Seller, the Master Servicer or the Trustee that any Loan does not constitute a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code, the party discovering such fact shall within two Business Days give written notice thereof to the other parties. In connection therewith, the Seller shall repurchase or substitute one or more Substitute Loans for the affected Loan within 90 days of the earlier of discovery or receipt of such notice with respect to such affected Loan. Such repurchase or substitution shall be made by (i) the Seller, if the affected Loan's status as a non-qualified mortgage is or results from a breach of any representation, warranty or covenant made by the Seller under the Mortgage Loan Purchase Agreement or (ii) the Depositor, if the affected Loan's status as a non-qualified mortgage does not result from a breach of representation or warranty. Any such repurchase or substitution shall be made in the same manner as set forth in Section 2.3(a). The Trustee shall reconvey to the Seller or the Depositor the Loan to be released pursuant hereto in the same manner, and on the same terms and conditions, as it would a Loan repurchased for breach of a representation or warranty.

(d) Within 90 days of the earlier of discovery by the Master Servicer or receipt of notice by the Master Servicer of the breach of any representation, warranty or covenant of the Master Servicer set forth in Section 2.5 which materially and adversely affects the interests of the Certificateholders in any Loan or Prepayment Charge, the Master Servicer shall cure such breach in all material respects.

Section 2.4 Authentication and Delivery of Certificates; Designation of Certificates as REMIC Regular and Residual Interests .

(a) The Trustee acknowledges the transfer to the extent provided herein and assignment to it of the Trust Fund and, concurrently with such transfer and assignment, has caused the Securities Administrator to execute and authenticate and has delivered to or upon the order of the Depositor, in exchange for the Trust Fund, Certificates evidencing the entire ownership of the Trust Fund.

(b) This Agreement shall be construed so as to carry out the intention of the parties that each REMIC created hereby be treated as a REMIC at all times prior to the date on which the Trust Fund is terminated.

Section 2.5 Representations and Warranties of the Master Servicer .

The Master Servicer hereby represents, warrants and covenants to the Trustee, for the benefit of each of the Trustee, the Certificateholders and the Depositor that as of the Closing Date or as of such date specifically provided herein:

(i) The Master Servicer is a national banking association duly formed, validly existing and in good standing under the laws of the United States of America and is duly authorized and qualified to transact any and all business contemplated by this Agreement to be conducted by the Master Servicer;

(ii) The Master Servicer has the full power and authority to conduct its business as presently conducted by it and to execute, deliver and perform, and to enter into and consummate, all transactions contemplated by this Agreement. The Master Servicer has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by the Depositor and the Trustee, constitutes a legal, valid and binding obligation of the Master Servicer, enforceable against it in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity;

(iii) The execution and delivery of this Agreement by the Master Servicer, the consummation by the Master Servicer of any other of the transactions herein contemplated, and the fulfillment of or compliance with the terms hereof are in the ordinary course of business of the Master Servicer and will not (A) result in a breach of any term or provision of charter and by-laws of the Master Servicer or (B) conflict with, result in a breach, violation or acceleration of, or result in a default under, the terms of any other material agreement or instrument to which the Master Servicer is a party or by which it may be bound, or any statute, order or regulation applicable to the Master Servicer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Master Servicer; and the Master Servicer is not a party to, bound by, or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it, which materially and adversely affects or, to the Master Servicer's knowledge, would in the future materially and adversely affect, (x) the ability of the Master Servicer to perform its obligations under this Agreement or (y) the business, operations, financial condition, properties or assets of the Master Servicer taken as a whole;

(iv) The Master Servicer does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant made by it and contained in this Agreement;

(v) No litigation is pending against the Master Servicer that would materially and adversely affect the execution, delivery or enforceability of this Agreement or the ability of the Master Servicer to perform any of its other obligations hereunder in accordance with the terms hereof,

(vi) There are no actions or proceedings against, or investigations known to it of, the Master Servicer before any court, administrative or other tribunal (A) that might prohibit its entering into this Agreement, (B) seeking to prevent the consummation of the transactions contemplated by this Agreement or (C) that might prohibit or materially and adversely affect the performance by the Master Servicer of its obligations under, or validity or enforceability of, this Agreement; and

(vii) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Master Servicer of, or compliance by the Master Servicer with, this Agreement or the consummation by it of the transactions contemplated by this Agreement, except for such consents, approvals, authorizations or orders, if any, that have been obtained prior to the Closing Date.

It is understood and agreed that the representations, warranties and covenants set forth in this Section 2.5 shall inure to the benefit of the Trustee, the Depositor and the Certificateholders.

Section 2.6 [Reserved].

Section 2.7 Establishment of the Trust .

The Depositor does hereby establish, pursuant to the further provisions of this Agreement and the laws of the State of New York, an express trust to be known, for convenience, as "Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5" and does hereby appoint HSBC Bank USA, National Association as Trustee in accordance with the provisions of this Agreement.

Section 2.8 Purpose and Powers of the Trust .

(a) The purpose of the common law trust, as created hereunder, is to engage in the following activities:

(b) acquire and hold the Loans and the other assets of the Trust Fund and the proceeds therefrom;

(c) to issue the Certificates sold to the Depositor in exchange for the Loans;

(d) to make payments on the Certificates;

(e) to engage in those activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith; and

(f) subject to compliance with this Agreement, to engage in such other activities as may be required in connection with conservation of the Trust Fund and the making of distributions to the Certificateholders.

The trust is hereby authorized to engage in the foregoing activities. The Trustee shall not cause the trust to engage in any activity other than in connection with the foregoing or other than as required or authorized by the terms of this Agreement while any Certificate is outstanding, and this Section 2.8 may not be amended without the consent of the Certificateholders evidencing 51% or more of the aggregate Voting Rights of the Certificates.

ARTICLE III
ADMINISTRATION AND SERVICING OF THE LOANS; ACCOUNTS

Section 3.1 Master Servicer .

The Master Servicer shall supervise, monitor and oversee the obligation of the Servicers to service and administer their respective Loans in accordance with the terms of the applicable Servicing Agreement and shall have full power and authority to do any and all things which it may deem necessary or desirable in connection with such master servicing and administration. In performing its obligations hereunder, the Master Servicer shall act in a manner consistent with Accepted Master Servicing Practices. Furthermore, the Master Servicer shall oversee and consult with each Servicer as necessary from time-to-time to carry out the Master Servicer's obligations hereunder, shall receive, review and evaluate all reports, information and other data provided to the Master Servicer by each Servicer and shall cause each Servicer to perform and observe the covenants, obligations and conditions to be performed or observed by such Servicer under the applicable Servicing Agreement. The Master Servicer shall independently and separately monitor each Servicer's servicing activities with respect to each related Loan, reconcile the results of such monitoring with such information provided in the previous sentence on a monthly basis and coordinate corrective adjustments to the Servicers' and Master Servicer's records, and based on such reconciled and corrected information, prepare the statements specified in Section 4.3 and any other information and statements required to be provided by the Master Servicer hereunder. The Master Servicer shall reconcile the results of its Loan monitoring with the actual remittances of the Servicers to the Distribution Account pursuant to the applicable Servicing Agreements.

Notwithstanding anything in this Agreement or any Servicing Agreement to the contrary, the Master Servicer shall not have any duty or obligation to enforce any Credit Risk Management Agreement that a Servicer is a party to (a "Servicer Credit Risk Management Agreement") or to supervise, monitor or oversee the activities of the Credit Risk Manager under any such Servicer Credit Risk Management Agreement with respect to any action taken or not taken by the applicable Servicer pursuant to a recommendation of the Credit Risk Manager.

The Trustee shall furnish the Servicers and the Master Servicer with any limited powers of attorney and other documents in form reasonably acceptable to it necessary or appropriate to enable the Servicers and the Master Servicer to service or master service and administer the related Loans and REO Property. The Trustee shall have no responsibility for any action of the Master Servicer or any Servicer pursuant to any such limited power of attorney and shall be indemnified by the Master Servicer or such Servicer for any cost, liability or expense arising from the misuse thereof by the Master Servicer or such Servicer.

The Trustee, the Custodians and the Securities Administrator shall provide access to the records and documentation in possession of the Trustee, the Custodians or the Securities Administrator regarding the related Loans and REO Property and the servicing thereof to the Certificateholders, the FDIC, and the supervisory agents and examiners of the FDIC, such access being afforded only upon reasonable prior written request and during normal business hours at the office of the Trustee, the Custodians or the Securities Administrator; provided, however, that, unless otherwise required by law, none of the Trustee, the Custodians or the Securities Administrator shall be required to provide access to such records and documentation if the provision thereof would violate the legal right to privacy of any Mortgagor. The Trustee, the Custodians and the Securities Administrator shall allow representatives of the above entities to photocopy any of the records and documentation and shall provide equipment for that purpose at a charge that covers the Trustee's, a Custodian's or the Securities Administrator's actual costs.

The Trustee shall execute and deliver to the related Servicer or the Master Servicer upon request any court pleadings, requests for trustee's sale or other documents necessary or desirable and, in each case, provided to the Trustee by such Servicer or Master Servicer to (i) the foreclosure or trustee's sale with respect to a Mortgaged Property; (ii) any legal action brought to obtain judgment against any Mortgagor on the Mortgage Note or any other Loan Document; (iii) obtain a deficiency judgment against the Mortgagor; or (iv) enforce any other rights or remedies provided by the Mortgage Note or any other Loan Document or otherwise available at law or equity. The Trustee shall have no responsibility for the willful malfeasance or any wrongful or negligent actions taken by the Master Servicer or any Servicer in respect of any document delivered by the Trustee under this paragraph, and the Trustee shall be indemnified by the Master Servicer or such Servicer, as applicable, for any cost, liability or expense arising from the misuse thereof by the Master Servicer or such Servicer.

Section 3.2 REMIC-Related Covenants .

For as long as each REMIC shall exist, the Trustee and the Securities Administrator shall treat such REMIC as a REMIC, and the Trustee and the Securities Administrator shall comply with any directions of the Seller, the related Servicer or the Master Servicer to assure such continuing treatment. In particular, the Trustee shall not (a) sell or permit the sale of all or any portion of the Loans or of any investment of deposits in an Account unless such sale is as a result of a repurchase of the Loans pursuant to this Agreement or the Trustee has received an Opinion of Counsel stating that such sale will not result in an Adverse REMIC Event as defined in Section 11.1(f) hereof prepared at the expense of the Trust Fund, and (b) other than with respect to a substitution pursuant to the Mortgage Loan Purchase Agreement, the Assignment Agreements or Section 2.3 of this Agreement, as applicable, accept any contribution to any REMIC after the Startup Day without receipt of an Opinion of Counsel stating that such contribution will not result in an Adverse REMIC Event as defined in Section 11.1(f) hereof.

Section 3.3 Monitoring of Servicers .

(a) The Master Servicer shall be responsible for monitoring the compliance by each Servicer with its duties under the related Servicing Agreement. In the review of each Servicer's activities, the Master Servicer may rely upon an officer's certificate of any Servicer with regard to such Servicer's compliance with the terms of its Servicing Agreement. In the event that the Master Servicer, in its judgment, determines that a Servicer should be terminated in accordance with its Servicing Agreement, or that a notice should be sent pursuant to such Servicing Agreement with respect to the occurrence of an event that, unless cured, would constitute grounds for such termination, the Master Servicer shall notify the Seller and the Trustee thereof and the Master Servicer shall issue such notice or take such other action as it deems appropriate; provided, however that if the defaulting Servicer is Wells Fargo, the Trustee shall issue such notice or take such other action as it deems appropriate.

(b) The Master Servicer, for the benefit of the Trustee and the Certificateholders, shall enforce the obligations of each Servicer under the related Servicing Agreement, and shall, in the event that a Servicer (other than Wells Fargo) fails to perform its obligations in accordance with the related Servicing Agreement, subject to the preceding paragraph, terminate the rights and obligations of such Servicer thereunder and act as servicer of the related Loans or to cause the Trustee to enter in to a new Servicing Agreement with a successor servicer selected by the Master Servicer; provided however that if the defaulting servicer is Wells Fargo, the Trustee shall terminate the rights and obligations of such Servicer and enter into a new Servicing Agreement with a successor servicer selected by it provided, further that, it is understood and acknowledged by the parties hereto that there will be a period of transition (not to exceed ninety (90) days) before the actual servicing functions can be fully transferred to such successor servicer. Such enforcement, including, without limitation, the legal prosecution of claims, termination of Servicing Agreements and the pursuit of other appropriate remedies, shall be in such form and carried out to such an extent and at such time as the Master Servicer or the Trustee, as applicable, in its good faith business judgment, would require were it the owner of the related Loans. The Master Servicer or the Trustee, as applicable shall pay the costs of such enforcement at its own expense, provided that the Master Servicer or the Trustee, as applicable shall not be required to prosecute or defend any legal action except to the extent that the Master Servicer shall have received indemnity reasonably acceptable to it for its costs and expenses in pursuing such action.

(c) To the extent that the costs and expenses of the Master Servicer or the Trustee, if applicable, related to any termination of a Servicer, appointment of a successor servicer or the transfer and assumption of servicing by the Master Servicer or the Trustee, if applicable with respect to any Servicing Agreement (including, without limitation, (i) all legal costs and expenses and all due diligence costs and expenses associated with an evaluation of the potential termination of the related Servicer as a result of an event of default by such Servicer and (ii) all costs and expenses associated with the complete transfer of servicing, including all servicing files and all servicing data and the completion, correction or manipulation of such servicing data as may be required by the successor servicer to correct any errors or insufficiencies in the servicing data or otherwise to enable the successor servicer to service the Loans in accordance with the related Servicing Agreement) are not fully and timely reimbursed by the terminated Servicer, the Master Servicer or the Trustee, if applicable, shall be entitled to reimbursement of such costs and expenses from the Distribution Account.

(d) The Master Servicer shall require each Servicer to comply with the remittance requirements and other obligations set forth in the related Servicing Agreement.

(e) If the Master Servicer or the Trustee, as applicable, acts as successor Servicer, it shall not assume liability for the representations and warranties of the Servicer, if any, that it replaces.

Section 3.4 Fidelity Bond .

The Master Servicer, at its expense, shall maintain in effect a blanket fidelity bond and an errors and omissions insurance policy that would meet the requirements of Fannie Mae or Freddie Mac, affording coverage with respect to all directors, officers, employees and other Persons acting on such Master Servicer's behalf, and covering errors and omissions in the performance of the Master Servicer's obligations hereunder. The errors and omissions insurance policy and the fidelity bond shall be in such form and amount generally acceptable for entities serving as master servicers or trustees. Any such errors and omissions policy and fidelity bond may not be cancelable without thirty (30) days' prior written notice to the Trustee.

Section 3.5 Power to Act; Procedures .

The Master Servicer shall master service the Loans and shall have full power and authority, subject to the REMIC Provisions and the provisions of Article XI hereof, to do any and all things that it may deem necessary or desirable in connection with the master servicing and administration of the Loans, including but not limited to the power and authority (i) to execute and deliver, on behalf of the Certificateholders and the Trustee, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages, (iii) to collect any Insurance Proceeds and Liquidation Proceeds, and (iv) to effectuate foreclosure or other conversion of the ownership of the Mortgaged Property securing

any Loan, in each case, in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable; provided, however, that the Master Servicer shall not (and, consistent with its responsibilities under Section 3.3, shall not permit any Servicer to) knowingly or intentionally take any action, or fail to take (or fail to cause to be taken) any action reasonably within its control and the scope of duties more specifically set forth herein, that, under the REMIC Provisions, if taken or not taken, as the case may be, would cause any REMIC to fail to qualify as a REMIC or result in the imposition of a tax upon the Trust Fund (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC set forth in Section 860G(d) of the Code) unless the Master Servicer has received an Opinion of Counsel (but not at the expense of the Master Servicer) to the effect that the contemplated action will not cause any REMIC to fail to qualify as a REMIC or result in the imposition of a tax upon any REMIC. The Trustee shall furnish the Master Servicer, upon written request from a Servicing Officer, with any powers of attorney, in form acceptable to the Trustee, empowering the Master Servicer or the related Servicer to execute and deliver instruments of satisfaction or cancellation, or of partial or full release or discharge, and to foreclose upon or otherwise liquidate Mortgaged Property, and to appeal, prosecute or defend in any court action relating to the Loans or the Mortgaged Property, in accordance with the applicable Servicing Agreement and this Agreement, and the Trustee shall execute and deliver such other documents, as the Master Servicer or the related Servicer may request, to enable the Master Servicer to master service and administer the Loans and carry out its duties hereunder, in each case in accordance with Accepted Master Servicing Practices (and the Trustee shall have no liability for the misuse of any such powers of attorney or any other executed documents delivered by the Trustee pursuant to this paragraph by the Master Servicer or any Servicer and shall be indemnified by the Master Servicer or such Servicer for any costs, liabilities or expenses incurred by the Trustee in connection with such misuse). If the Master Servicer or the Trustee has been advised that it is likely that the laws of the state in which action is to be taken prohibit such action if taken in the name of the Trustee or that the Trustee would be adversely affected under the "doing business" or tax laws of such state if such action is taken in its name, the Master Servicer shall join with the Trustee in the appointment of a co-trustee pursuant to Section 9.10 hereof. In the performance of its duties hereunder, the Master Servicer shall be an independent contractor and shall not, except in those instances where it is taking action authorized pursuant to this Agreement to be taken by it in the name of the Trustee, be deemed to be the agent of the Trustee.

Section 3.6 Due-on-Sale Clauses; Assumption Agreements .

To the extent provided in the applicable Servicing Agreement and to the extent Loans contain enforceable due-on-sale clauses, the Master Servicer shall cause the Servicers to enforce such clauses in accordance with the applicable Servicing Agreement. If applicable law prohibits the enforcement of a due-on-sale clause or such clause is otherwise not enforced in accordance with the applicable Servicing Agreement, and, as a consequence, a Loan is assumed, the original Mortgagor may be released from liability in accordance with the applicable Servicing Agreement.

Section 3.7 Release of Mortgage Files .

(a) Upon becoming aware of a Payoff with respect to any Loan, or the receipt by any Servicer of a notification that a Payoff has been escrowed in a manner customary for such purposes for payment to Certificateholders on the next Distribution Date, the applicable Servicer will (or if the applicable Servicer does not, the Master Servicer may), if required under the applicable Servicing Agreement, promptly furnish to the applicable Custodian, on behalf of the Trustee, two copies of a request for release substantially in the form attached to the related Custodial Agreement, and signed by a Servicing Officer or in a mutually agreeable electronic format which will, in lieu of a signature on its face, originate from a Servicing Officer (which certification shall include a statement to the effect that all amounts received in connection with such payment that are required to be deposited in the Protected Account maintained by the applicable Servicer pursuant to its Servicing Agreement have been or will be so deposited) and shall request that the applicable Custodian, on behalf of the Trustee, deliver to the applicable Servicer the related Mortgage File. Upon receipt of such certification and request, the applicable Custodian, on behalf of the Trustee, shall promptly release the related Mortgage File to the applicable Servicer and the Trustee and applicable Custodian shall have no further responsibility with regard to such Mortgage File. Upon any such Payoff, each Servicer is authorized to give, as agent for the Trustee, as the mortgagee under the Mortgage that secured the Loan, an instrument of satisfaction (or assignment of mortgage without recourse) regarding the Mortgaged Property subject to the Mortgage, which instrument

of satisfaction or assignment, as the case may be, shall be delivered to the Person or Persons entitled thereto against receipt therefor of such payment, it being understood and agreed that no expenses incurred in connection with such instrument of satisfaction or assignment, as the case may be, shall be chargeable to the Distribution Account.

(b) From time to time and as appropriate for the servicing or foreclosure of any Loan and in accordance with the applicable Servicing Agreement, the Trustee shall execute such documents as shall be prepared and furnished to the Trustee by a Servicer or the Master Servicer (in form reasonably acceptable to the Trustee) and as are necessary to the prosecution of any such proceedings. The applicable Custodian, on behalf of the Trustee, shall, upon the request of a Servicer or the Master Servicer, and delivery to the applicable Custodian, on behalf of the Trustee, of two copies of a request for release signed by a Servicing Officer substantially in the form attached to the related Custodial Agreement (or in a mutually agreeable electronic format which will, in lieu of a signature on its face, originate from a Servicing Officer), release the related Mortgage File held in its possession or control to the related Servicer or the Master Servicer, as applicable. Such request for release shall obligate such Servicer or the Master Servicer to return the Mortgage File to the applicable Custodian on behalf of the Trustee, when the need therefor by the related Servicer or the Master Servicer no longer exists unless the Loan shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer similar to that hereinabove specified, the Mortgage File shall be released by the applicable Custodian, on behalf of the Trustee, to such Servicer or the Master Servicer.

Section 3.8 Documents, Records and Funds in Possession of Master Servicer To Be Held for Trustee .

(a) The Master Servicer and each Servicer (to the extent required by the related Servicing Agreement) shall transmit to the Trustee or the applicable Custodian such documents and instruments coming into the possession of the Master Servicer or such Servicer from time to time as are required by the terms hereof, or in the case of the Servicers, the applicable Servicing Agreement, to be delivered to the Trustee or the applicable Custodian. Any funds received by the Master Servicer or a Servicer in respect of any Loan or which otherwise are collected by the Master Servicer or a Servicer as Liquidation Proceeds, Insurance Proceeds or Subsequent Recoveries in respect of any Loan shall be held for the benefit of the Trustee and the Certificateholders subject to the Master Servicer's right to retain or withdraw from the Distribution Account the Master Servicing Compensation and other amounts provided in this Agreement, and to the right of each Servicer to retain its Servicing Fee and other amounts as provided in the applicable Servicing Agreement. The Master Servicer shall, and (to the extent provided in the applicable Servicing Agreement) shall cause each Servicer to, provide access to information and documentation regarding the Loans to the Trustee, its agents and accountants at any time upon reasonable request and during normal business hours, and to Certificateholders that are savings and loan associations, banks or insurance companies, the OTS, the FDIC and the supervisory agents and examiners of such Office and Corporation or examiners of any other federal or state banking or insurance regulatory authority if so required by applicable regulations of the OTS or other regulatory authority, such access to be afforded without charge but only upon reasonable request in writing and during normal business hours at the offices of the Master Servicer designated by it. In fulfilling such a request the Master Servicer shall not be responsible for determining the sufficiency of such information.

(b) All Mortgage Files and funds collected or held by, or under the control of, the Master Servicer or any Servicer, in respect of any Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds, Insurance Proceeds or Subsequent Recoveries shall be held by the Master Servicer or such Servicer, as applicable, for and on behalf of the Trustee and the Certificateholders and shall be and remain the sole and exclusive property of the Trustee; provided, however, that the Master Servicer and each Servicer shall be entitled to setoff against, and deduct from, any such funds any amounts that are properly due and payable to the Master Servicer or such Servicer under this Agreement or the applicable Servicing Agreement.

Section 3.9 Standard Hazard Insurance and Flood Insurance Policies .

(a) For each Loan, the Master Servicer shall enforce any obligation of the Servicers under the related Servicing Agreements to maintain or cause to be maintained standard fire and casualty insurance and, where applicable, flood insurance, all in accordance with the provisions of the related Servicing Agreements. It is understood and agreed

that such insurance shall be with insurers meeting the eligibility requirements set forth in the applicable Servicing Agreement and that no earthquake or other additional insurance is to be required of any Mortgagor or to be maintained on property acquired in respect of a defaulted loan, other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance.

(b) Pursuant to Section 3.23, any amounts collected by the Master Servicer, or by any Servicer, under any insurance policies (other than amounts to be applied to the restoration or repair of the property subject to the related Mortgage or released to the Mortgagor in accordance with the applicable Servicing Agreement) shall be deposited into the Distribution Account, subject to withdrawal pursuant to Section 3.24. Any cost incurred by the Master Servicer or any Servicer in maintaining any such insurance if the Mortgagor defaults in its obligation to do so shall be added to the amount owing under the Loan where the terms of the Loan so permit; provided, however, that the addition of any such cost shall not be taken into account for purposes of calculating the distributions to be made to Certificateholders and shall be recoverable by the Master Servicer or such Servicer pursuant to Section 3.24.

Section 3.10 Presentment of Claims and Collection of Proceeds .

The Master Servicer shall (to the extent provided in the applicable Servicing Agreement) cause the related Servicer to, prepare and present on behalf of the Trustee and the Certificateholders all claims under any insurance policies and take such actions (including the negotiation, settlement, compromise or enforcement of the insured's claim) as shall be necessary to realize recovery under such policies. Any proceeds disbursed to the Master Servicer (or disbursed to a Servicer and remitted to the Master Servicer) in respect of such policies, bonds or contracts shall be promptly deposited in the Distribution Account upon receipt, except that any amounts realized that are to be applied to the repair or restoration of the related Mortgaged Property as a condition precedent to the presentation of claims on the related Loan to the insurer under any applicable insurance policy need not be so deposited (or remitted).

Section 3.11 Maintenance of the Primary Mortgage Insurance Policies .

(a) The Master Servicer shall not take, or permit any Servicer (to the extent such action is prohibited under the applicable Servicing Agreement) to take, any action that would result in noncoverage under any primary mortgage insurance policy or any loss which, but for the actions of such Master Servicer or Servicer, would have been covered thereunder. The Master Servicer shall use its best reasonable efforts to cause each Servicer (to the extent required under the related Servicing Agreement) to keep in force and effect (to the extent that the Loan requires the Mortgagor to maintain such insurance) primary mortgage insurance applicable to each Loan in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable. The Master Servicer shall not, and shall not permit any Servicer (to the extent required under the related Servicing Agreement) to, cancel or refuse to renew any primary mortgage insurance policy that is in effect at the date of the initial issuance of the Mortgage Note and is required to be kept in force hereunder except in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable.

(b) The Master Servicer agrees to cause each Servicer (to the extent required under the related Servicing Agreement) to present, on behalf of the Trustee and the Certificateholders, claims to the insurer under any primary mortgage insurance policies and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any primary mortgage insurance policies respecting defaulted Loans. Pursuant to Section 3.22 and 3.23, any amounts collected by the Master Servicer or any Servicer under any primary mortgage insurance policies shall be deposited by the related Servicer in its Protected Account or by the Master Servicer in the Distribution Account, subject to withdrawal pursuant to Sections 3.22 or 3.24, as applicable.

Section 3.12 Trustee to Retain Possession of Certain Insurance Policies and Documents .

The Trustee or the applicable Custodian, shall retain possession and custody of the originals (to the extent available) of any primary mortgage insurance policies, or certificate of insurance if applicable, and any certificates of renewal as to the foregoing as may be issued from time to time as contemplated by this Agreement. Until all amounts distributable in respect of the Certificates have been distributed in full and the Master Servicer otherwise has fulfilled its obligations under this Agreement, the Trustee or the applicable Custodian shall also retain possession and custody of

each Mortgage File in accordance with and subject to the terms and conditions of this Agreement and the applicable Custodial Agreement. The Master Servicer shall promptly deliver or cause to be delivered to the Trustee or the applicable Custodian, upon the execution or receipt thereof the originals of any primary mortgage insurance policies, any certificates of renewal, and such other documents or instruments that constitute Loan Documents that come into the possession of the Master Servicer from time to time.

Section 3.13 Realization Upon Defaulted Loans .

The Master Servicer shall cause each Servicer (to the extent required under the related Servicing Agreement) to foreclose upon, repossess or otherwise comparably convert the ownership of Mortgaged Properties securing such of the Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments, all in accordance with the applicable Servicing Agreement.

Section 3.14 Compensation for the Master Servicer .

(a) The Master Servicer shall have the right to receive all income and gain realized from any investment of funds in the Distribution Account as well as the Master Servicing Fee as compensation (collectively, the "Master Servicing Compensation"). Servicing compensation in the form of assumption fees, if any, late payment charges, as collected, if any, or otherwise (but not including any Prepayment Charges) shall be retained by the applicable Servicer and shall not be deposited in the related Protected Account. The Master Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder and shall not be entitled to reimbursement therefor except as provided in this Agreement.

(b) The amount of the Master Servicing Compensation payable to the Master Servicer in respect of any Distribution Date shall be reduced in accordance with Section 3.22.

Section 3.15 REO Property .

(a) In the event the Trust Fund acquires ownership of any REO Property in respect of any related Loan, the deed or certificate of sale shall be issued to the Trustee, or to its nominee, on behalf of the Certificateholders. The Master Servicer shall, to the extent provided in the applicable Servicing Agreement, cause the applicable Servicer to sell any REO Property as expeditiously as possible and in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable. Further, the Master Servicer shall, to the extent provided in the related Servicing Agreement, cause the applicable Servicer to sell any REO Property prior to three years after the end of the calendar year of its acquisition by the Trust Fund unless (i) the Trustee and the Securities Administrator shall have been supplied with an Opinion of Counsel to the effect that the holding by the Trust Fund of such REO Property subsequent to such three-year period will not result in the imposition of taxes on "prohibited transactions" of any REMIC hereunder as defined in Section 860F of the Code or cause any REMIC hereunder to fail to qualify as a REMIC at any time that any Certificates are outstanding, in which case the Trust Fund may continue to hold such Mortgaged Property (subject to any conditions contained in such Opinion of Counsel) or (ii) the applicable Servicer shall have applied for, prior to the expiration of such three-year period, an extension of such three-year period in the manner contemplated by Section 856(e)(3) of the Code, in which case the three-year period shall be extended by the applicable extension period. The Master Servicer shall cause the applicable Servicer (to the extent provided in the related Servicing Agreement) to protect and conserve, such REO Property in the manner and to the extent required by the applicable Servicing Agreement, in accordance with the REMIC Provisions and in a manner that does not result in a tax on "net income from foreclosure property" or cause such REO Property to fail to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code.

(b) The Master Servicer shall, to the extent required by the related Servicing Agreement, cause the applicable Servicer to deposit all funds collected and received in connection with the operation of any REO Property in the Protected Account.

(c) The Master Servicer and the related Servicer, as applicable, upon the final disposition of any REO Property, shall be entitled to reimbursement for any related unreimbursed Advances and other unreimbursed

advances as well as any unpaid Servicing Fees from Liquidation Proceeds received in connection with the final disposition of such REO Property; provided, that any such unreimbursed Advances as well as any unpaid Servicing Fees may be reimbursed or paid, as the case may be, prior to final disposition, out of any net rental income or other net amounts derived from such REO Property.

(d) To the extent provided in the related Servicing Agreement, the Liquidation Proceeds from the final disposition of the REO Property, net of any payment to the Master Servicer and the applicable Servicer as provided above shall be deposited in the Protected Account on or prior to the Determination Date in the month following receipt thereof and be remitted by wire transfer in immediately available funds to the Master Servicer for deposit into the Distribution Account on the next succeeding Remittance Date.

Section 3.16 Annual Statement as to Compliance.

(a) The Master Servicer and the Securities Administrator shall deliver (and the Master Servicer and Securities Administrator shall cause any Servicing Function Participant engaged by it to deliver) to the Depositor and the Securities Administrator and, in the case of the Master Servicer, to the Trustee, on or before March 15 of each year, commencing in March 2007, an Officer's Certificate stating, as to the signer thereof, that (A) a review of such party's activities during the preceding calendar year or portion thereof and of such party's performance under this Agreement, or such other applicable agreement in the case of a Servicing Function Participant, has been made under such officer's supervision and (B) to the best of such officer's knowledge, based on such review, such party has fulfilled all its obligations under this Agreement, or such other applicable agreement in the case of any such Servicing Function Participant, in all material respects throughout such year or portion thereof, or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof. Promptly after receipt of each such Officer's Certificate, the Depositor shall review such Officer's Certificate and, if applicable, consult with each such party, as applicable, as to the nature of any failures by such party, in the fulfillment of any of such party's obligations hereunder.

(b) The Master Servicer shall enforce the obligation of each Servicer as set forth in the related Servicing Agreement to deliver to the Master Servicer an annual statement of compliance within the time frame set forth in, and in such form and substance as may be required pursuant to, the related Servicing Agreement The Master Servicer shall include such annual statements of compliance with its own annual statement of compliance to be submitted to the Securities Administrator pursuant to this Section.

(c) Failure of the Master Servicer to comply timely with this Section 3.16 shall be deemed a Master Servicer Event of Default, automatically, without notice and without any cure period, and the Trustee may, in addition to whatever rights the Trustee may have under this Agreement and at law or in equity or to damages, including injunctive relief and specific performance, terminate all the rights and obligations of the Master Servicer under this Agreement and in and to the Loans and the proceeds thereof without compensating the Master Servicer for the same. This paragraph shall supersede any other provision in this Agreement or any other agreement to the contrary.

(d) Unless available on the Securities Administrator's website, copies of such Master Servicer annual statements of compliance shall be provided to any Certificateholder upon request, by the Master Servicer or by the Trustee at the Master Servicer's expense if the Master Servicer failed to provide such copies (unless (i) the Master Servicer shall have failed to provide the Trustee with such statement or (ii) the Trustee shall be unaware of the Master Servicer's failure to provide such statement).

Section 3.17 Assessments of Compliance .

(a) By March 15 of each year, commencing in March 2007, the Master Servicer and the Securities Administrator, each at its own expense, shall furnish, and each such party shall cause any Servicing Function Participant engaged by it to furnish, each at its own expense, to the Securities Administrator and the Depositor, a report on an assessment of compliance with the Relevant Servicing Criteria that contains (A) a statement by such party of its responsibility for assessing compliance with the Relevant Servicing Criteria, (B) a statement that such party used the Relevant Servicing Criteria to assess compliance with the Relevant Servicing Criteria, (C) such party's assessment of

compliance with the Relevant Servicing Criteria as of and for the fiscal year covered by the Form 10-K required to be filed pursuant to Section 3.29(d), including, if there has been any material instance of noncompliance with the Relevant Servicing Criteria, a discussion of each such failure and the nature and status thereof, and (D) a statement that a registered public accounting firm has issued an attestation report on such party's assessment of compliance with the Relevant Servicing Criteria as of and for such period.

(b) No later than the end of each fiscal year for the Trust for which a Form 10-K is required to be filed, the Master Servicer shall forward to the Securities Administrator the name of each Servicing Function Participant engaged by it and what Relevant Servicing Criteria will be addressed in the report on assessment of compliance prepared by such Servicing Function Participant. When the Master Servicer and the Securities Administrator (or any Servicing Function Participant engaged by them) submit their assessments to the Securities Administrator, such parties will also at such time include the assessment (and attestation pursuant to Section 3.18) of each Servicing Function Participant engaged by it.

(c) Promptly after receipt of each such report on assessment of compliance, (i) the Depositor shall review each such report and, if applicable, consult with the Master Servicer, the Securities Administrator and any Servicing Function Participant engaged by such parties as to the nature of any material instance of noncompliance with the Relevant Servicing Criteria by each such party, and (ii) the Securities Administrator shall confirm that the assessments, taken as a whole, address all of the Servicing Criteria and taken individually address the Relevant Servicing Criteria for each party as set forth on Exhibit M and notify the Depositor of any exceptions.

(d) The Master Servicer shall enforce the obligation of each Servicer as set forth in the related Servicing Agreement to deliver to the Master Servicer an annual report on assessment of compliance within the time frame set forth in, and in such form and substance as may be required pursuant to, the related Servicing Agreement. The Master Servicer shall include such annual reports on assessment of compliance with its own assessment of compliance to be submitted to the Securities Administrator pursuant to this Section.

(e) Failure of the Master Servicer to comply timely with this Section 3.17(a) shall be deemed a Master Servicer Event of Default, automatically, without notice and without any cure period, and the Trustee may, in addition to whatever rights the Trustee may have under this Agreement and at law or in equity or to damages, including injunctive relief and specific performance, terminate all the rights and obligations of the Master Servicer under this Agreement and in and to the Loans and the proceeds thereof without compensating the Master Servicer for the same. This paragraph shall supersede any other provision in this Agreement or any other agreement to the contrary.

Section 3.18 Master Servicer and Securities Administrator Attestation Reports .

(a) By March 15 of each year, commencing in March 2007, the Master Servicer and the Securities Administrator, each at its own expense, shall cause, and each such party shall cause any Servicing Function Participant engaged by it to cause, each at its own expense, a registered public accounting firm (which may also render other services to the Master Servicer, the Securities Administrator, or such other Servicing Function Participants, as the case may be) and that is a member of the American Institute of Certified Public Accountants to furnish a report to the Securities Administrator and the Depositor, to the effect that (i) it has obtained a representation regarding certain matters from the management of such party, which includes an assertion that such party has complied with the Relevant Servicing Criteria, and (ii) on the basis of an examination conducted by such firm in accordance with standards for attestation engagements issued or adopted by the PCAOB, it is expressing an opinion as to whether such party's compliance with the Relevant Servicing Criteria was fairly stated in all material respects, or it cannot express an overall opinion regarding such party's assessment of compliance with the Relevant Servicing Criteria. In the event that an overall opinion cannot be expressed, such registered public accounting firm shall state in such report why it was unable to express such an opinion. Such report must be available for general use and not contain restricted use language.

(b) Promptly after receipt of such report from the Master Servicer, the Securities Administrator or any Servicing Function Participant engaged by such parties, (i) the Depositor shall review the report and, if applicable, consult with such parties as to the nature of any defaults by such parties, in the fulfillment of any of each such party's obligations hereunder or under any other applicable agreement, and (ii) the Securities Administrator shall confirm that

each assessment submitted pursuant to Section 3.17 is coupled with an attestation meeting the requirements of this Section and notify the Depositor of any exceptions.

(c) The Master Servicer shall enforce the obligation of each Servicer as set forth in the related Servicing Agreement to deliver to the Master Servicer an attestation within the time frame set forth in, and in such form and substance as may be required pursuant to, the related Servicing Agreement. The Master Servicer shall include each such attestation with its own attestation to be submitted to the Securities Administrator pursuant to this Section.

(d) Failure of the Master Servicer to comply timely with this Section 3.18(a) shall be deemed a Master Servicer Event of Default, automatically, without notice and without any cure period, and the Trustee may, in addition to whatever rights the Trustee may have under this Agreement and at law or in equity or to damages, including injunctive relief and specific performance, terminate all the rights and obligations of the Master Servicer under this Agreement and in and to the Loans and the proceeds thereof without compensating the Master Servicer for the same. This paragraph shall supersede any other provision in this Agreement or any other agreement to the contrary.

Section 3.19 Annual Certification .

(a) Each Form 10-K required to be filed for the Trust pursuant to Section 3.29 shall include a certification (the "Sarbanes-Oxley Certification") required to be included therewith pursuant to the Sarbanes-Oxley Act. Each of the Master Servicer and the Securities Administrator shall, and shall cause any Servicing Function Participant engaged by it to provide, to the Person who signs the Sarbanes-Oxley Certification (the "Certifying Person"), by March 15 of each year in which the Trust is subject to the reporting requirements of the Exchange Act and otherwise within a reasonable period of time upon request, a certification (each, a "Back-Up Certification"), in the form attached hereto as Exhibit L, upon which the Certifying Person, the entity for which the Certifying Person acts as an officer, and such entity's officers, directors and Affiliates (collectively with the Certifying Person, "Certification Parties") can reasonably rely. The senior officer of the Master Servicer in charge of the master servicing function shall serve as the Certifying Person on behalf of the Trust. Such officer of the Certifying Person can be contacted by e-mail at www.cts.sec.notifications@wellsfargo.com or by facsimile at 410-715-2380. In the event the Master Servicer, the Securities Administrator or any Servicing Function Participant engaged by parties is terminated or resigns pursuant to the terms of this Agreement, or any applicable subservicing agreement, as the case may be, such party shall provide a Back-Up Certification to the Certifying Person pursuant to this Section 3.19 with respect to the period of time it was subject to this Agreement or any applicable subservicing agreement, as the case may be, and a compliance statement, an assessment of compliance and attestation pursuant to Sections 3.16, 3.17 and 3.18, notwithstanding such termination or resignation. Notwithstanding the foregoing, (i) the Master Servicer and the Securities Administrator shall not be required to deliver a Back-Up Certification to each other if both are the same Person and the Master Servicer is the Certifying Person and (ii) the Master Servicer shall not be obligated to sign the Sarbanes-Oxley Certification in the event that it does not receive any Back-Up Certification required to be furnished pursuant to this Section or any Servicing Agreement or Custodial Agreement.

(b) The Master Servicer shall enforce the obligation of each Servicer as set forth in the related Servicing Agreement to deliver to the Master Servicer a certification similar to the Back-Up Certification within the time frame set forth in, and in such form and substance as may be required pursuant to, the related Servicing Agreement.

Section 3.20 Intention of the Parties and Interpretation and Additional Information; Notice.

Each of the parties acknowledges and agrees that the purpose of Sections 3.16, 3.17, and 3.18 of this Agreement is to facilitate compliance by the Master Servicer and the Securities Administrator with the provisions of Regulation AB promulgated by the SEC under the Exchange Act (17 C.F.R. §§ 2210.1100 - 2210.1123), as such may be amended from time to time and subject to clarification and interpretive advice as may be issued by the staff of the SEC from time to time. Therefore, each of the parties agrees that (a) the obligations of the parties hereunder shall be interpreted in such a manner as to accomplish that purpose, (b) the parties' obligations hereunder will be supplemented and modified as necessary to be consistent with any such amendments, interpretive advice or guidance, convention or consensus among active participants in the asset-backed securities markets, advice of counsel, or otherwise in respect of the

requirements of Regulation AB, (c) the parties shall comply with requests made by the Seller or the Depositor for delivery of additional or different information as the Seller or the Depositor may determine in good faith is necessary to comply with the provisions of Regulation AB, and (d) no amendment of this Agreement shall be required to effect any such changes in the parties' obligations as are necessary to accommodate evolving interpretations of the provisions of Regulation AB.

Each of the parties agrees to provide to the Securities Administrator such additional information related to such party as the Securities Administrator may reasonably request, with respect to evidence of the authorization of the person signing any certificate or statement, financial information and reports, and such other information related to such party or its performance hereunder.

Any notice or notification required to be delivered by the Securities Administrator to the Depositor pursuant to this Article III may be delivered via facsimile to (212) 797-5152 , via email to susan.valenti@db.com or telephonically by calling Susan Valenti at (212) 250-3456.

Section 3.21 Obligation of the Master Servicer in Respect of Compensating Interest .

The Master Servicer shall deposit in the Distribution Account not later than each Distribution Account Deposit Date an amount equal to the lesser of (i) the aggregate amounts required to be paid by the Servicers under the Servicing Agreements with respect to Compensating Interest on the related Loans for the related Distribution Date, and not so paid by the related Servicers and (ii) the Master Servicing Compensation for such Distribution Date without reimbursement therefor.

Section 3.22 Protected Accounts .

(a) The Master Servicer shall enforce the obligation of each Servicer to establish and maintain a Protected Account in accordance with the applicable Servicing Agreement, with records to be kept with respect thereto on a Loan by Loan basis, into which accounts shall be deposited within 48 hours (or as of such other time specified in the related Servicing Agreement) of receipt all collections of principal and interest on any Loan and with respect to any REO Property received by a Servicer, including Principal Prepayments, Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries and advances made from the Servicer's own funds (less servicing compensation as permitted by the applicable Servicing Agreement in the case of any Servicer) and all other amounts to be deposited in the Protected Account. Each Servicer is hereby authorized to make withdrawals from and deposits to the related Protected Account for purposes required or permitted by the related Servicing Agreement. To the extent provided in the related Servicing Agreement, the Protected Account shall be held in a depository institution and segregated on the books of such institution in the name of the Trustee for the benefit of Certificateholders.

(b) To the extent provided in the related Servicing Agreement, amounts on deposit in a Protected Account may be invested in Eligible Investments in the name of the Trustee for the benefit of Certificateholders and, except as provided in the preceding paragraph, not commingled with any other funds, such Eligible Investments to mature, or to be subject to redemption or withdrawal, no later than the date on which such funds are required to be withdrawn for deposit in the Distribution Account, and shall be held until required for such deposit. The income earned from Eligible Investments made pursuant to this Section 3.22 shall be paid to the related Servicer under the applicable Servicing Agreement, and the amounts required to be distributed to the Certificateholders resulting from the loss of monies on such investments shall be borne by and be the risk of the related Servicer. The related Servicer (to the extent provided in the Servicing Agreement) shall deposit the amount of any such loss in the Protected Account within two Business Days of receipt of notification of such loss but not later than the second Business Day prior to the Distribution Date on which the moneys so invested are required to be remitted to the Master Servicer or the Securities Administrator.

(c) To the extent provided in the related Servicing Agreement and subject to this Article III, on or before each Servicer Remittance Date, the related Servicer shall withdraw or shall cause to be withdrawn from the

Protected Accounts and shall immediately deposit or cause to be deposited in the Distribution Account amounts representing the following collections and payments (other than with respect to principal of or interest on the Loans due on or before the Cut-Off Date):

(i) Monthly Payments on the Loans received or any related portion thereof advanced by the Servicers pursuant to the Servicing Agreements which were due on or before the related Due Date, net of the amount thereof comprising the Servicing Fees;

(ii) Principal Prepayments, Liquidation Proceeds, Insurance Proceeds and Subsequent Recoveries received by the Servicers with respect to such Loans in the related Prepayment Period, Compensating Interest and the amount of any related Prepayment Charges; and

(iii) Any amount to be used as an Advance.

(d) Withdrawals may be made from a Protected Account or the Distribution Account only to make remittances as provided in Sections 3.23(c) and 3.24 or as otherwise provided in the Servicing Agreements, to reimburse the Master Servicer or a Servicer for Advances which have been recovered by subsequent collection from the related Mortgagor, to remove amounts deposited in error; to remove fees, charges or other such amounts deposited on a temporary basis, or to clear and terminate the account at the termination of this Agreement in accordance with Section 10.1. As provided in Sections 3.23(c) and 3.24(b) or as otherwise provided in the Servicing Agreements certain amounts otherwise due to the Servicers may be retained by them and need not be deposited in the Distribution Account.

Section 3.23 Distribution Account .

(a) The Securities Administrator shall establish and maintain, for the benefit of the Certificateholders, the Distribution Account as a segregated trust account or accounts. The Master Servicer shall deposit in the Distribution Account as identified by the Master Servicer and as received by the Master Servicer, the following amounts:

(i) Any amounts withdrawn from a Protected Account;

(ii) Any Advance and any amounts in respect of Prepayment Interest Shortfalls or Curtailment Shortfalls;

(iii) Any Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries received by or on behalf of the Master Servicer;

(iv) The Purchase Price with respect to any Loans purchased by the Seller pursuant to Section 2.3 and all proceeds of any Loans or property acquired with respect thereto purchased by the Terminator pursuant to Section 10.1;

(v) Any amounts required to be deposited by the Master Servicer or any Servicer with respect to losses on investments of deposits in an Account; and

(vi) Any other amounts received by or on behalf of the Master Servicer and required to be deposited in the Distribution Account pursuant to this Agreement.

(b) All amounts deposited to the Distribution Account shall be held by the Securities Administrator in trust for the benefit of the Certificateholders in accordance with the terms and provisions of this Agreement. The requirements for crediting the Distribution Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature of late payment charges or assumption, tax service, statement account or payoff, substitution, satisfaction, release and other like fees and charges, need not be credited by the Master Servicer or the related Servicer to the Distribution Account. In the event that the Master Servicer shall deposit or cause to be deposited to the Distribution Account any amount not required to be credited thereto, the

Securities Administrator, upon receipt of a written request therefor signed by a Servicing Officer of the Master Servicer, shall promptly transfer such amount to the Master Servicer, any provision herein to the contrary notwithstanding.

(c) The Distribution Account shall constitute a trust account of the Trust Fund segregated on the books of the Securities Administrator and held by the Securities Administrator in trust in its Corporate Trust Office, and the Distribution Account and the funds deposited therein shall not be subject to, and shall be protected from, all claims, liens, and encumbrances of any creditors or depositors of the Securities Administrator (whether made directly, or indirectly through a liquidator or receiver of the Securities Administrator). The amount at any time credited to the Distribution Account shall be invested in the name of the Master Servicer, in such Eligible Investments selected by the Master Servicer or deposited in demand deposits with such depository institutions as selected by the Master Servicer, provided that time deposits of such depository institutions would be an Eligible Investment. All Eligible Investments shall mature or be subject to redemption or withdrawal on or before, and shall be held until, the Distribution Date following the date of the investment of such funds (the "Investment Withdrawal Distribution Date") if the obligor for such Eligible Investment is the Securities Administrator or, if such obligor is any other Person, the Business Day preceding such Investment Withdrawal Distribution Date. All investment earnings on amounts on deposit in the Distribution Account from time to time shall be for the account of the Master Servicer. The Master Servicer shall be permitted to receive distribution of any and all investment earnings from the Distribution Account on each Distribution Date. If there is any loss on an Eligible Investment or demand deposit, the Master Servicer shall deposit such amount from its own funds in the Distribution Account. With respect to the Distribution Account and the funds deposited therein, the Securities Administrator shall take such action as may be necessary to ensure that the Certificateholders shall be entitled to the priorities afforded to such a trust account (in addition to a claim against the estate of the Securities Administrator) as provided by 12 U.S.C. § 92a(e), and applicable regulations pursuant thereto, if applicable, or any applicable comparable state statute applicable to state chartered banking corporations.

Section 3.24 Permitted Withdrawals and Transfers from the Distribution Account .

(a) The Securities Administrator shall, from time to time on demand of the Master Servicer make or cause to be made such withdrawals or transfers from the Distribution Account as the Master Servicer has designated for such transfer or withdrawal pursuant to the Servicing Agreements for the following purposes, not in any order of priority:

(i) to reimburse the Master Servicer or any Servicer for any Advance of its own funds, the right of the Master Servicer or a Servicer to reimbursement pursuant to this subclause (i) being limited to amounts received on a particular Loan (including, for this purpose, the Purchase Price therefor, Insurance Proceeds and Liquidation Proceeds) which represent late payments or recoveries of the principal of or interest on such Loan respecting which such Advance was made;

(ii) to reimburse the Master Servicer or any Servicer from Insurance Proceeds or Liquidation Proceeds relating to a particular Loan for amounts expended by the Master Servicer or such Servicer in good faith in connection with the restoration of the related Mortgaged Property which was damaged by an Uninsured Cause or in connection with the liquidation of such Loan;

(iii) to reimburse the Master Servicer or any Servicer from Insurance Proceeds relating to a particular Loan for insured expenses incurred with respect to such Loan and to reimburse the Master Servicer or such Servicer from Liquidation Proceeds from a particular Loan for Liquidation Expenses incurred with respect to such Loan;

(iv) to pay the Master Servicer or any Servicer, as appropriate, from Liquidation Proceeds or Insurance Proceeds received in connection with the liquidation of any Loan, the amount which it or such Servicer would have been entitled to receive under subclause (vii) of this Subsection (a) as servicing compensation on account of each defaulted scheduled payment on such Loan if paid in a timely manner by the related Mortgagor;

(v) to pay the Master Servicer or any Servicer from the Purchase Price for any Loan, the amount which it or such Servicer would have been entitled to receive under subclause (vii) of this Subsection (a) as servicing compensation;

(vi) to reimburse the Master Servicer or any Servicer for any Nonrecoverable Advance, after a Realized Loss has been allocated with respect to the related Loan if the Advance or Servicing Advance has not been reimbursed pursuant to clause (i);

(vii) to pay the Master Servicing Compensation to the Master Servicer, the Servicing Fee to the Servicers (to the extent such Servicing Fee was not retained by a Servicer pursuant to the related Servicing Agreement), the Credit Risk Management Fee to the Credit Risk Manager for such Distribution Date and to reimburse the Master Servicer for premiums payable in connection with any lender paid mortgage insurance and for expenses, costs and liabilities incurred by and reimbursable to it pursuant to Sections 3.3, 7.3, 9.5 and 11.1.

(viii) to reimburse or pay any Servicer any such amounts as are due thereto under the applicable Servicing Agreement and have not been retained by or paid to the Servicer, to the extent provided in the related Servicing Agreement;

(ix) to reimburse the Trustee, the Custodians and the Securities Administrator for expenses, costs and liabilities, if any, incurred by or reimbursable to such parties pursuant to this Agreement and the Custodial Agreements;

(x) to remove amounts deposited in error; and

(xi) to clear and terminate the Distribution Account pursuant to Section 10.1.

(b) The Master Servicer shall keep and maintain separate accounting, on a Loan by Loan basis, for the purpose of accounting for any reimbursement from the Distribution Account pursuant to subclauses (i) through (v), inclusive, or with respect to any such amounts which would have been covered by such subclauses had the amounts not been retained by the Master Servicer without being deposited in the Distribution Account under Section 3.23(b).

(c) On each Distribution Date, the Securities Administrator shall distribute the Available Distribution Amount to the Holders of the Certificates in accordance with Section 4.1.

Section 3.25 Reserve Fund .

(a) No later than the Closing Date, the Securities Administrator shall establish and maintain a separate, segregated trust account titled, “Reserve Fund, Wells Fargo Bank, National Association, in trust for the registered holders of Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates”. On the Closing Date, the Depositor will deposit or cause to be deposited into the Reserve Fund an amount equal to $1,000.

(b) On each Distribution Date as to which there is a Net WAC Rate Carryover Amount payable to the Group I Senior Certificates or the Group I Mezzanine Certificates, the Securities Administrator will deposit into the Reserve Fund the amounts described in Section 4.1(a)(iii)(f), rather than distributing such amounts to the Class I-CE Certificateholders. On each such Distribution Date, the Securities Administrator shall hold all such amounts for the benefit of the Holders of the Group I Senior Certificates and the Group I Mezzanine Certificates, and will distribute such amounts to the Holders of the Group I Senior Certificates and the Group I Mezzanine Certificates in the amounts and priorities set forth in Section 4.1(a)(iv).

(c) For federal and state income tax purposes, the Class I-CE Certificateholders will be deemed to be the owners of the Reserve Fund and all amounts deposited into the Reserve Fund shall be treated as amounts distributed by REMIC IV to the Holders of the Class I-CE Certificates. Upon the termination of the Trust Fund, or the payment in

full of the Group I Senior Certificates and the Group I Mezzanine Certificates, all amounts remaining on deposit in the Reserve Fund will be released by the Trust Fund and distributed to the Class I-CE Certificateholders or their designees. The Reserve Fund will be part of the Trust Fund but not part of any REMIC and any payments to the Holders of the Group I Senior Certificates or the Group I Mezzanine Certificates of Net WAC Rate Carryover Amounts will not be payments with respect to a "regular interest" in a REMIC within the meaning of Code Section 860(G)(a)(1).

(d) By accepting a Class I-CE Certificate, each Class I-CE Certificateholder hereby agrees that the Securities Administrator will deposit into the Reserve Fund the amounts described above on each Distribution Date rather than distributing such amounts to the Class I-CE Certificateholders. By accepting a Class I-CE Certificate, each Class I-CE Certificateholder further agrees that its agreement to such action by the Securities Administrator is given for good and valuable consideration, the receipt and sufficiency of which is acknowledged by such acceptance.

(e) The Securities Administrator, as directed by the majority Holder of the Class I-CE Certifictaes, shall direct any depository institution maintaining the Reserve Fund to invest the funds in such account in one or more Permitted Investments bearing interest or sold at a discount, and maturing, unless payable on demand, (i) no later than the Business Day immediately preceding the date on which such funds are required to be withdrawn from such account pursuant to this Agreement, if a Person other than the Securities Administrator or an Affiliate manages or advises such investment, and (ii) no later than the date on which such funds are required to be withdrawn from such account pursuant to this Agreement, if the Securities Administrator or an Affiliate manages or advises such investment. If the Holders of a majority in Percentage Interest in the Class I-CE Certificates fail to provide investment instructions, funds on deposit in the Reserve Fund shall be held uninvested by the Securities Administrator without liability for interest or compensation. All income and gain earned upon such investment shall be deposited into the Reserve Fund. In no event shall the Securities Administrator be liable for any investments made pursuant to this clause (e).

Section 3.26 [Reserved] .

Section 3.27 [Reserved].

Section 3.28 Prepayment Penalty Verification .

On or prior to each Servicer Remittance Date, each Servicer shall, to the extent provided in the respective Servicing Agreement, provide in an electronic format acceptable to the Master Servicer the data necessary for the Master Servicer to perform its verification duties agreed to by the Master Servicer and the Depositor. The Master Servicer or a third party reasonably acceptable to the Master Servicer and the Depositor (the " **Verification Agent** ") will perform such verification duties and will use its best efforts to issue its findings in a report (the " **Verification Report** ") delivered to the Master Servicer and the Depositor within ten (10) Business Days following the related Distribution Date; provided, however, that if the Verification Agent is unable to issue the Verification Report within ten (10) Business Days following the Distribution Date, the Verification Agent may issue and deliver to the Master Servicer and the Depositor the Verification Report upon the completion of its verification duties. The Master Servicer shall forward the Verification Report to the respective Servicer and shall notify such Servicer if the Master Servicer has determined that such Servicer did not deliver the appropriate Prepayment Charges to the Master Servicer in accordance with the respective Servicing Agreement. Such written notification from the Master Servicer shall include the loan number, prepayment penalty code and prepayment penalty amount as calculated by the Master Servicer or the Verification Agent, as applicable, of each Loan for which there is a discrepancy. If the respective Servicer agrees with the verified amounts, such Servicer shall adjust the immediately succeeding Remittance Report and the amount remitted to the Master Servicer with respect to prepayments accordingly. If the respective Servicer disagrees with the determination of the Master Servicer, such Servicer shall, within five (5) Business Days of its receipt of the Verification Report, notify the Master Servicer of such disagreement and provide the Master Servicer with detailed information to support such Servicer's position. The respective Servicer and the Master Servicer shall cooperate to resolve any discrepancy on or prior to the immediately succeeding Servicer Remittance Date, and such Servicer will indicate the effect of such resolution on the related Remittance Report and shall adjust the amount remitted with respect to prepayments on such Servicer Remittance Date accordingly.

During such time as the respective Servicer and the Master Servicer are resolving discrepancies with respect to the Prepayment Charges, no payments in respect of any disputed Prepayment Charges will be remitted to the Distribution Account and the Master Servicer shall not be obligated to remit such payments, unless otherwise required pursuant to Section 8.1 hereof. In connection with such duties, the Master Servicer shall be able to rely solely on the information provided to it by the respective Servicer in accordance with this Section. The Master Servicer shall not be responsible for verifying the accuracy of any of the information provided to it by the respective Servicer or for performing the Master Servicer's duties under this Section 3.28 with respect to a Servicer if such Servicer is unable or unwilling to provide the required data to the Master Servicer or is not required to provide such information to the Master Servicer.

Section 3.29 Reports Filed with Securities and Exchange Commission .

(a) (i) Within 15 days after each Distribution Date (subject to permitted extensions under the Exchange Act), the Securities Administrator shall prepare and file on behalf of the Trust any Form 10-D required by the Exchange Act, in form and substance as required by the Exchange Act. The Securities Administrator shall file each Form 10-D with a copy of the related Remittance Report attached thereto. Any disclosure in addition to the Monthly Statement that is required to be included on Form 10-D (" **Additional Form 10-D Disclosure** ") shall be reported by the parties set forth on Exhibit K-1 to the Depositor and the Securities Administrator and directed and approved by and at the direction of the Depositor pursuant to the following paragraph, and the Securities Administrator will have no duty or liability for any failure hereunder to determine or prepare any Additional Form 10-D Disclosure, except as set forth in the next paragraph.

(ii) As set forth on Exhibit K-1 hereto, within 5 calendar days after the related Distribution Date, (A) the parties to the Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 transaction shall be required to provide to the Securities Administrator and the Depositor, to the extent known by a responsible officer thereof, in EDGAR-compatible form, or in such other form as otherwise agreed upon by the Securities Administrator and such party, the form and substance of any Additional Form 10-D Disclosure, if applicable, together with an Additional Disclosure Notification in the form of Exhibit N hereto (an " **Additional Disclosure Notification** ") and (B) the Depositor will approve, as to form and substance, or disapprove, as the case may be, the inclusion of the Additional Form 10-D Disclosure on Form 10-D. The Depositor will be responsible for any reasonable fees and expenses assessed or incurred by the Securities Administrator in connection with including any Additional Form 10-D Disclosure on Form 10-D pursuant to this paragraph.

(iii) After preparing the Form 10-D, the Securities Administrator shall forward electronically a copy of the Form 10-D to the Depositor (provided that such Form 10-D includes any Additional Form 10-D Disclosure). Within two Business Days after receipt of such copy, but no later than the 12 th calendar day after the Distribution Date, the Depositor shall notify the Securities Administrator in writing (which may be furnished electronically) of any changes to or approval of such Form 10-D. In the absence of receipt of any written changes or approval, the Securities Administrator shall be entitled to assume that such Form 10-D is in final form and the Securities Administrator may proceed with the execution and filing of the Form 10-D. An authorized representative of the Master Servicer shall sign the Form 10-D. If a Form 10-D cannot be filed on time or if a previously filed Form 10-D needs to be amended, the Securities Administrator will follow the procedures set forth in Section 3.29(c)(ii). Promptly (but no later than 1 Business Day) after filing with the Commission, the Securities Administrator will make available on its internet website a final executed copy of each Form 10-D that has been prepared and filed by the Securities Administrator. Each party to this Agreement acknowledges that the performance by the Securities Administrator of its duties under this Section 3.29(a) related to the timely preparation, execution and filing of Form 10-D is contingent upon such parties strictly observing all applicable deadlines in the performance of their duties as set forth in this Agreement. Neither the Securities Administrator nor the Master Servicer shall have any liability for any loss, expense, damage, claim arising out of or with respect to any failure to properly prepare, execute and/or timely file such Form 10-D, where such failure results from the Securities Administrator's inability or failure to obtain or receive, on a timely basis, any information from any other party hereto needed to prepare, arrange for execution or file such Form 10-D, not resulting from its own negligence, bad faith or willful misconduct.

(iv) Form 10-D requires the registrant to indicate (by checking "yes" or "no") that it (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. The Depositor hereby instructs the Securities Administrator, with respect to each Form 10-D, to check "yes" for each item unless the Securities Administrator has received timely prior written notice from the Depositor that the answer should be "no" for an item. The Depositor hereby represents to the Securities Administrator that the Depositor has filed all such required reports during the preceding 12 months and that it has been subject to such filing requirement for the past 90 days. The Depositor shall notify the Securities Administrator in writing, no later than the fifth calendar day after the related Distribution Date with respect to the filing of a report on Form 10-D, if the answer to the questions should be "no" as a result of filings that relate to other securitization transactions of the Depositor for which the Securities Administrator does not have the obligation to prepare and file Exchange Act reports. The Securities Administrator shall be entitled to rely on such representations in preparing, executing and/or filing any such report.

(b) (i) Within four (4) Business Days after the occurrence of an event requiring disclosure on Form 8-K (each such event, a " **Reportable Event** "), and if requested by the Depositor, the Securities Administrator shall prepare and file on behalf of the Trust any Form 8-K, as required by the Exchange Act, provided that the Depositor shall file the initial Form 8-K in connection with the issuance of the Certificates. Any disclosure or information related to a Reportable Event or that is otherwise required to be included on Form 8-K (" **Form 8-K Disclosure Information** ") shall be reported by the parties set forth on Exhibit K-3 to the Depositor and the Securities Administrator and directed and approved by the Depositor pursuant to the following paragraph and the Securities Administrator will have no duty or liability for any failure hereunder to determine or prepare any Form 8-K Disclosure Information or any Form 8-K, except as set forth in the next paragraph.

(ii) As set forth on Exhibit K-3 hereto, for so long as the Trust is subject to the Exchange Act reporting requirements, no later than the close of business New York time on the 2nd Business Day after the occurrence of a Reportable Event (i) the parties to the Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 transaction shall be required to provide to the Securities Administrator and the Depositor, to the extent known by a responsible officer thereof, in EDGAR-compatible form, or in such other form as otherwise agreed upon by the Securities Administrator and such party, the form and substance of any Form 8-K Disclosure Information, if applicable, together with an Additional Disclosure Notification and (ii) the Depositor will approve, as to form and substance, or disapprove, as the case may be, the inclusion of the Form 8-K Disclosure Information. The Depositor will be responsible for any reasonable fees and expenses assessed or incurred by the Securities Administrator in connection with including any Form 8-K Disclosure Information on Form 8-K pursuant to this paragraph.

(iii) After preparing the Form 8-K, the Securities Administrator shall forward electronically a copy of the Form 8-K to the Depositor. Promptly, but no later than the close of business on the third Business Day after the Reportable Event, the Depositor shall notify the Securities Administrator in writing (which may be furnished electronically) of any changes to or approval of such Form 8-K. In the absence of receipt of any written changes or approval, the Securities Administrator shall be entitled to assume that such Form 8-K is in final form and the Securities Administrator may proceed with the execution and filing of the Form 8-K. A duly authorized representative of the Master Servicer shall sign the Form 8-K. If a Form 8-K cannot be filed on time or if a previously filed Form 8-K needs to be amended, the Securities Administrator will follow the procedures set forth in Section 3.29(c)(ii). Promptly (but no later than 1 Business Day) after filing with the Commission, the Securities Administrator will, make available on its internet website a final executed copy of each Form 8-K that has been prepared and filed by the Securities Administrator. The parties to this Agreement acknowledge that the performance by the Master Servicer and the Securities Administrator of their respective duties under this Section 3.29(b) related to the timely preparation, execution and filing of Form 8-K is contingent upon such parties strictly observing all applicable deadlines in the performance of their duties under this Agreement. Neither the Master Servicer nor the Securities Administrator shall have any liability for any loss, expense, damage, claim arising out of or with respect to any failure to properly prepare, execute and/or timely file such Form 8-K, where such failure results from the Securities Administrator's inability or failure to obtain or receive, on a timely basis, any information from any other party hereto needed to prepare, arrange for execution or file such Form 8-K, not resulting from its own negligence, bad faith or willful misconduct.

(c) (i) On or prior to January 30 of the first year in which the Securities Administrator is able to do so under applicable law, the Securities Administrator shall prepare and file a Form 15 relating to the automatic suspension of reporting in respect of the Trust under the Exchange Act.

(ii) In the event that the Securities Administrator is unable to timely file with the Commission all or any required portion of any Form 8-K, 10-D or 10-K required to be filed by this Agreement because required disclosure information was either not delivered to it or delivered to it after the delivery deadlines set forth in this Agreement or for any other reason, the Securities Administrator will promptly electronically notify the Depositor. In the case of Form 10-D and 10-K, the parties to this Agreement will cooperate to prepare and file a Form 12b-25 and a 10-DA and 10-KA as applicable, pursuant to Rule 12b-25 of the Exchange Act. In the case of Form 8-K, the Securities Administrator will, upon receipt of all required Form 8-K Disclosure Information and upon the approval and direction of the Depositor, include such disclosure information on the next Form 10-D. In the event that any previously filed Form 8-K, 10-D or 10-K needs to be amended in connection with any Additional Form 10-D Disclosure (other than for the purpose of restating any Remittance Report), any Additional Form 10-K Disclosure or any Form 8-K Disclosure Information or any amendment to such disclosure, the Securities Administrator will electronically notify the Depositor and such other parties to this transaction as are affected by such amendment, and such parties will cooperate with the Securities Administrator to prepare any necessary 8-KA, 10-DA or 10-KA. Any Form 15, Form 12b-25 or any amendment to Form 8-K, 10-D or 10-K shall be signed by a duly authorized representative of the Master Servicer or an officer of the Master Servicer in charge of the master servicing function, as applicable. The parties to this Agreement acknowledge that the performance by the Securities Administrator of its duties under this Section 3.29(c) related to the timely preparation, execution and filing of Form 15, a Form 12b-25 or any amendment to Form 8-K, 10-D or 10-K is contingent upon each such party performing its duties under this Agreement. Neither the Master Servicer nor the Securities Administrator shall have any liability for any loss, expense, damage, claim arising out of or with respect to any failure to properly prepare, execute and/or timely file any such Form 15, Form 12b-25 or any amendments to Forms 8-K, 10-D or 10-K, where such failure results from the Securities Administrator's inability or failure to obtain or receive, on a timely basis, any information from any other party hereto needed to prepare, arrange for execution or file such Form 15, Form 12b-25 or any amendments to Forms 8-K, 10-D or 10-K, not resulting from its own negligence, bad faith or willful misconduct.

(d) (i) On or prior to the 90 th day after the end of each fiscal year of the Trust or such earlier date as may be required by the Exchange Act (the " **10-K Filing Deadline** ") (it being understood that the fiscal year for the Trust ends on December 31st of each year), commencing in March 2007, the Securities Administrator shall prepare and file on behalf of the Trust a Form 10-K, in form and substance as required by the Exchange Act. Each such Form 10-K shall include the following items, in each case to the extent they have been delivered to the Securities Administrator within the applicable time frames set forth in this Agreement and the Servicing Agreements, (i) an annual compliance statement for each Servicer, the Master Servicer, the Securities Administrator and any Servicing Function Participant engaged by such parties (together with the Custodians, each, a " **Reporting Servicer** ") as described under the related Servicing Agreement and Section 3.16, (ii)(A) the annual reports on assessment of compliance with servicing criteria for each Reporting Servicer, as described in the related Servicing Agreement or Custodial Agreement and Section 3.17, and (B) if each Reporting Servicer's report on assessment of compliance with servicing criteria described under the related Servicing Agreement or Custodial Agreement and Section 3.17 identifies any material instance of noncompliance, disclosure identifying such instance of noncompliance, or if any Reporting Servicer's report on assessment of compliance with servicing criteria described thereunder is not included as an exhibit to such Form 10-K, disclosure that such report is not included and an explanation why such report is not included, (iii) (A) the registered public accounting firm attestation report for each Reporting Servicer, as described in the related Servicing Agreement or Custodial Agreement or under Section 3.18, and (B) if any registered public accounting firm attestation report described in the related Servicing Agreement identifies any material instance of noncompliance, disclosure identifying such instance of noncompliance, or if any such registered public accounting firm attestation report is not included as an exhibit to such Form 10-K, disclosure that such report is not included and an explanation why such report is not included, and (iv) the Sarbanes-Oxley Certification as described in Section 3.19 (provided , however , that the Securities Administrator, at its discretion, may omit from the Form 10-K any annual compliance statement, assessment of compliance or attestation report that is not required to be filed with such Form 10-K pursuant to Regulation AB). Any disclosure or information in addition to (i) through (iv) above that is required to be included

on Form 10-K (" **Additional Form 10-K Disclosure** ") shall be determined and prepared by and at the direction of the Depositor pursuant to the following paragraph and the Securities Administrator will have no duty or liability for any failure hereunder to determine or prepare any Additional Form 10-K Disclosure, except as set forth in the next paragraph.

(ii) As set forth on Exhibit K-2 hereto, no later than March 15 of each year (including all applicable grace periods) that the Trust is subject to the Exchange Act reporting requirements, commencing in 2007, (i) certain parties to the Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 transaction shall be required to provide to the Securities Administrator and the Depositor, to the extent known to a responsible officer thereof, in EDGAR-compatible form, or in such other form as otherwise agreed upon by the Securities Administrator and such party, the form and substance of any Additional Form 10-K Disclosure, if applicable, together with an Additional Disclosure Notification and (ii) the Depositor will approve, as to form and substance, or disapprove, as the case may be, the inclusion of the Additional Form 10-K Disclosure on Form 10-K. The Depositor will be responsible for any reasonable fees and expenses assessed or incurred by the Securities Administrator in connection with including any Additional Form 10-K Disclosure on Form 10-K pursuant to this paragraph.

(iii) After preparing the Form 10-K, the Securities Administrator shall forward electronically a copy of the Form 10-K to the Depositor. Within three Business Days after receipt of such copy, but no later than March 25 th , the Depositor shall notify the Securities Administrator in writing (which may be furnished electronically) of any changes to or approval of such Form 10-K. In the absence of receipt of any written changes or approval, the Securities Administrator shall be entitled to assume that such Form 10-K is in final form and the Securities Administrator may proceed with the execution and filing of the Form 10-K. An officer of the Master Servicer in charge of the master servicing function shall sign the Form 10-K. If a Form 10-K cannot be filed on time or if a previously filed Form 10-K needs to be amended, the Securities Administrator will follow the procedures set forth in Section 3.29(c)(ii). Promptly (but no later than 1 Business Day) after filing with the Commission, the Securities Administrator will make available on its internet website a final executed copy of each Form 10-K that has been prepared and filed by the Securities Administrator. The parties to this Agreement acknowledge that the performance by the Master Servicer and the Securities Administrator of their respective duties under this Section 3.29(d) related to the timely preparation, execution and filing of Form 10-K is contingent upon such parties (and any Servicing Function Participant) strictly observing all applicable deadlines in the performance of their duties under this Section 3.29(d), the related Servicing Agreement, Section 3.17, Section 3.18 and Section 3.19. Neither the Master Servicer nor the Securities Administrator shall have any liability for any loss, expense, damage or claim arising out of or with respect to any failure to properly prepare , execute and/or timely file such Form 10-K, where such failure results from the Securities Administrator's inability or failure to obtain or receive, on a timely basis, any information from any other party hereto needed to prepare, arrange for execution or file such Form 10-K, not resulting from its own negligence, bad faith or willful misconduct.

(iv) Form 10-K requires the registrant to indicate (by checking "yes" or "no") that it (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. The Depositor hereby instructs the Securities Administrator, with respect to each Form 10-K, to check "yes" for each item unless the Securities Administrator has received timely prior written notice from the Depositor that the answer should be "no" for an item. The Depositor hereby represents to the Securities Administrator that the Depositor has filed all such required reports during the preceding 12 months and that it has been subject to such filing requirement for the past 90 days. The Depositor shall notify the Securities Administrator in writing, no later than March 15th with respect to the filing of a report on Form 10-K, if the answer to the questions should be "no" as a result of filings that relate to other securitization transactions of the Depositor for which the Securities Administrator does not have the obligation to prepare and file Exchange Act reports. The Securities Administrator shall be entitled to rely on such representations in preparing, executing and/or filing any such report.

Each of the Depositor, Master Servicer, Securities Administrator and any Servicing Function Participant engaged by such party, respectively, shall indemnify and hold harmless the Master Servicer, the Securities Administrator and the Depositor, respectively, and each of their directors, officers, employees, agents, and affiliates from and against any and

all claims, loses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments and other costs and expenses arising out of or based upon (a) any breach by such party of any if its obligations hereunder, including particularly its obligations to provide any Assessment of Compliance, Attestation Report, Compliance Statement or any information, data or materials required to be included in any 1934 Act report, (b) any material misstatement or omission in any information, data or materials provided by such party (or, in the case of the Securities Administrator or Master Servicer, any material misstatement or material omission in (i) any Compliance Statement, Assessment of Compliance or Attestation Report delivered by it, or by any Servicing Function Participant engaged by it, pursuant to this Agreement, or (ii) any Additional Form 10-D Disclosure, Additional Form 10-K Disclosure or Form 8-K Disclosure), (c) any claim arising out of or with respect to any failure to properly prepare, execute and/or timely file such Form 10-D, where such failure results from the Securities Administrator's inability or failure to obtain or receive, on a timely basis, any information from any other party hereto needed to prepare, arrange for execution or file such Form 10-D, not resulting from its own negligence, bad faith or willful misconduct or (d) the negligence, bad faith or willful misconduct of such indemnifying party in connection with its performance hereunder. If the indemnification provided for herein is unavailable or insufficient to hold harmless the Master Servicer, the Securities Administrator or the Depositor, as the case may be, then each such party agrees that it shall contribute to the amount paid or payable by the Master Servicer, the Securities Administrator or the Depositor, as applicable, as a result of any claims, losses, damages or liabilities incurred by such party in such proportion as is appropriate to reflect the relative fault of the indemnified party on the one hand and the indemnifying party on the other. This indemnification shall survive the termination of this Agreement or the termination of any party to this Agreement.

Notwithstanding the provisions of Section 12.1, this Section 3.29 may be amended without the consent of the Certificateholders.

Section 3.30 Special Servicing .

Upon any Mortgage Loan becoming ninety (90) days or more delinquent, the Majority Class I-CE Certificateholder shall have the option to transfer servicing with respect to such delinquent Mortgage Loan to a Special Servicer. Immediately upon the transfer of servicing to the Special Servicer with respect to any Mortgage Loan, the Special Servicer shall service such Mortgage Loan in accordance with (i) all provisions of this Agreement which were applicable to the former Servicer prior to such transfer of servicing and (ii) any Special Servicer Agreement. Upon the exercise of such option and with respect to Mortgage Loans that currently or subsequently become ninety (90) days or more delinquent, servicing on such Mortgage Loans will transfer to the Special Servicer, upon prior written notice to the Master Servicer and Credit Risk Manager, without any further action by the Majority Class I-CE Certificateholder. Any Special Servicer Agreement shall be acceptable to the Master Servicer, the Trustee and the Rating Agencies and will not modify any material terms of this Agreement, including but not limited to, increasing the Servicing Fee payable to the Special Servicer under this Agreement. If any Mortgage Loan is serviced by the Special Servicer and subsequently becomes less than ninety (90) days delinquent, such Mortgage Loan shall be serviced by the Special Servicer in accordance with this Agreement exclusively, without regard to any Special Servicer Agreement. Upon the appointment of the Special Servicer, all provisions of this Agreement shall be binding on and enforceable against the Special Servicer as if such Special Servicer were an original signatory and party to this Agreement. Notwithstanding anything to the contrary contained herein, upon the transfer of servicing with respect to any such Mortgage Loan to the Special Servicer, the former Servicer (or any successor thereto other than the Special Servicer) shall have no further rights, obligations or liabilities with respect to such Mortgage Loan. Any costs and expenses of the Master Servicer in connection with the negotiation, execution and delivery of any Special Servicer Agreement and the transfer of servicing to a Special Servicer shall be an expense of the Majority Class I-CE Certificateholder (or, if the Majority Class I-CE Certificateholder fails to make prompt reimbursement, then from amounts due to the Class I-CE Certificates under this Agreement). In the event that a Special Servicer is appointed under this Agreement, the Master Servicer and the Securities Administrator shall be entitled with respect to such Special Servicer and its related Special Servicer Agreement, to all the benefits, rights, indemnities and limitations on liability accorded to them under this Agreement in respect of the Servicer.

Section 3.31 Purchase of Delinquent Loans .

Upon a Mortgage Loan becoming ninety (90) days or more delinquent, the Servicer (or any successor thereto other than the Special Servicer) may be terminated as Servicer with respect to that Mortgage Loan at the sole option of the Majority Class I-CE Certificateholder and all servicing rights and responsibilities, with respect to such Mortgage Loan, upon prior written notice to the Master Servicer, will transfer to the Special Servicer pursuant to Section 3.30. If the Majority Class I-CE Certificateholder does not exercise such option with respect to any such Mortgage Loan and has not exercised such option previously, within ninety (90) days following the date on which such Mortgage Loan became 90 days delinquent, the Servicer shall have the right to purchase such Mortgage Loan from the Trust Fund at a price equal to the Purchase Price; provided, however that prior to such purchase the Servicer shall have (i) determined in good faith that such Mortgage Loan would otherwise become subject to foreclosure proceedings and (ii) provided evidence of such determination in writing to the Trustee, in form and substance satisfactory to the Servicer and the Trustee. The Purchase Price for any Mortgage Loan purchased hereunder shall be deposited in the Collection Account, and the Trustee, upon receipt of written certification from the Servicer of such deposit, shall release or cause to be released to the Servicer the related Mortgage File and the Trustee shall execute and deliver such instruments of transfer or assignment, in each case without recourse, representation or warranty, as the Servicer shall furnish and as shall be necessary to vest in the Servicer title to any Mortgage Loan released pursuant hereto. For the avoidance of doubt, once the Majority Class I-CE Certificateholder exercises its rights under Section 3.30, the Servicer will no longer have the right to purchase any Mortgage Loans that become ninety (90) days or more delinquent.

ARTICLE IV

GROUP I—P AYMENTS TO CERTIFICATEHOLDERS; ADVANCES; STATEMENTS AND REPORTS

Section 4.1 Group I—Distributions to Certificateholders .

(a) On each Distribution Date, the Securities Administrator, to the extent on deposit therein and based solely upon the Remittance Report for such Distribution Date, shall withdraw from the Distribution Account the Group I Available Distribution Amount for such Distribution Date and distribute to each Certificateholder by wire transfer in immediately available funds for the account of the Certificateholder, or by any other means of payment acceptable to each Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 10.1 respecting the final distribution), as specified by each such Certificateholder, and at the address of such Holder appearing in the Certificate Register, with respect to such Certificateholder, from the amount so withdrawn and to the extent of such Group I Available Distribution Amount, such Certificateholder's Percentage Interest of the following amounts and in the following order and priority:

(i) On each Distribution Date, the Securities Administrator shall distribute the Group I Interest Remittance Amount for such Distribution Date in the following order of priority, in each case to the extent of the Group I Interest Remittance Amount remaining for such Distribution Date:

(a) first , to the applicable Swap Account in the Supplemental Interest Trust, an amount equal to the sum of any Net Swap Payment owed to the Swap Providers and any Swap Termination Payment owed to the Swap Providers not due to a Swap Provider Trigger Event for such Distribution Date;

(b) second , concurrently to the Holders of the Group I Senior Certificates, the related Group I Senior Interest Distribution Amount for such Distribution Date to the extent of the Group I Interest Remittance Amount on a pro rata basis based on the entitlement of each such Class; and

(c) third , to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, sequentially, in that order, the related Group I Interest Distribution Amount allocable to each such Class to the extent of the Group I Interest Remittance Amount for such Distribution Date remaining after distribution of the Group I Senior Interest Distribution Amount to the Group I Senior Certificates and distribution of the

Group I Interest Distribution Amount to any Class of Group I Mezzanine Certificates with a higher payment priority.

(ii) (A) On each Distribution Date (i) prior to the Stepdown Date or (ii) on which a Trigger Event is in effect, the Securities Administrator shall distribute the Group I Principal Distribution Amount for that Distribution Date in the following amounts and order of priority:

(a) first , to the applicable Swap Account in the Supplemental Interest Trust, an amount equal to the sum of any Net Swap Payment owed to the Swap Providers and any Swap Termination Payment owed to the Swap Providers not due to a Swap Provider Trigger Event to the extent not paid from the Interest Remittance Amount on such Distribution Date;

(b) second , concurrently, and on a pro rata basis, to the Holders of the Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates based on the Certificate Principal Balance of each such Class until the Certificate Principal Balance of each such Class has been reduced to zero; and

(c) third , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, the Group I Principal Distribution Amount remaining after the distributions in clause second above, until the Certificate Principal Balance of each such Class has been reduced to zero.

(B) On each Distribution Date (i) on or after the Stepdown Date and (ii) on which a Trigger Event is not in effect, the Securities Administrator shall distribute the Group I Principal Distribution Amount for that Distribution Date in the following amounts and order of priority:

(a) first , to the applicable Swap Account in the Supplemental Interest Trust, an amount equal to the sum of any Net Swap Payment owed to the Swap Providers and any Swap Termination Payment owed to the Swap Providers not due to a Swap Provider Trigger Event to the extent not paid from the Group I Interest Remittance Amount on such Distribution Date;

(b) second , concurrently, and on a pro rata basis, to the Holders of the Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates based on the Group I Certificate Principal Balance of each such Class until the Group I Certificate Principal Balance of each such Class has been reduced to zero;

(c) third , to the Holders of the Class I-M-1 Certificates, the Class I-M-1 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-1 Certificates has been reduced to zero;

(d) fourth , to the Holders of the Class I-M-2 Certificates, the Class I-M-2 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-2 Certificates has been reduced to zero;

(e) fifth , to the Holders of the Class I-M-3 Certificates, the Class I-M-3 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-3 Certificates has been reduced to zero;

(f) sixth , to the Holders of the Class I-M-4 Certificates, the Class I-M-4 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-4 Certificates has been reduced to zero;

(g) seventh , to the Holders of the Class I-M-5 Certificates, the Class I-M-5 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-5 Certificates has been reduced to zero;

(h) eighth , to the Holders of the Class I-M-6 Certificates, the Class I-M-6 Principal

Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the group I Certificate Principal Balance of the Class I-M-6 Certificates has been reduced to zero;

(i) ninth , to the Holders of the Class I-M-7 Certificates, the Class I-M-7 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-7 Certificates has been reduced to zero;

(j) tenth , to the Holders of the Class I-M-8 Certificates, the Class I-M-8 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-8 Certificates has been reduced to zero;

(k) eleventh , to the Holders of the Class I-M-9 Certificates, the Class I-M-9 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-9 Certificates has been reduced to zero; and

(l) twelfth , to the Holders of the Class I-M-10 Certificates, the Class I-M-10 Principal Distribution Amount in reduction of the Group I Certificate Principal Balance thereof, until the Group I Certificate Principal Balance of the Class I-M-10 Certificates has been reduced to zero.

(iii) On each Distribution Date, the Securities Administrator shall distribute any Net Monthly Excess Cashflow for such Distribution Date in the following order of priority:

(a) first , to the holders of the Classes of Group I Certificates then entitled to receive distributions in respect of principal, in an amount equal to the Overcollateralization Increase Amount for such Distribution Date, distributable as part of the Group I Principal Distribution Amount for that Distribution Date in accordance with the priorities set forth in Section 4.1(a)(ii) above;

(b) second , concurrently, to the Holders of the Group I Senior Certificates, the related Group I Senior Interest Distribution Amount for such Distribution Date remaining unpaid, on a pro rata basis based on the entitlement of each such Class;

(c) third , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, the related Interest Carry Forward Amount for each such Class for such Distribution Date;

(d) fourth , sequentially, to the Holders of the Class I-A-3 and Class I-A-4 Certificates, in that order, the Allocated Realized Loss Amount for each such Class and such Distribution Date;

(e) fifth , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, the Allocated Realized Loss Amount for each such Class and such Distribution Date;

(f) sixth , to the Reserve Fund, the amount by which the Net WAC Rate Carryover Amounts, if any, with respect to the Group I Senior Certificates and Group I Mezzanine Certificates exceeds the amount in the Reserve Fund that was not distributed on prior Distribution Dates;

(g) seventh , to the applicable Swap Account in the Supplemental Interest Trust, an amount equal to either Swap Termination Payment owed to either Swap Provider due to a Swap

Provider Trigger Event pursuant to the related Swap Agreement;

(h) eighth , to the Holders of the Class I-CE Certificates, the Group I Interest Distribution Amount for such Class and any Overcollateralization Reduction Amount for such Distribution Date; and

(i) ninth , to the Holders of the Class I-R Certificates, any remaining amounts; provided that if such Distribution Date is the Distribution Date immediately following the expiration of the latest Prepayment Charge Term as identified on the Loan Schedule or any Distribution Date thereafter, then any such remaining amounts will be distributed first, to the Holders of the Class I-P Certificates, until the Group I Certificate Principal Balance of each Class I-P Certificate has been reduced to zero; and second, to the Holders of the Class I-R Certificates.

(iv) On each Distribution Date, the Securities Administrator, after making the required distributions of interest and principal to the Certificates as described in Section 4.1(a)(i) and (a)(ii) above, and after the distribution of the Net Monthly Excess Cashflow as described in Section 4.1(a)(iii), will withdraw from the Reserve Fund the amounts on deposit therein and distribute such amounts to the Group I Senior Certificates, on a pro rata basis, and the Group I Mezzanine Certificates in respect of any Net WAC Rate Carryover Amounts due to each such Class in the following manner and order of priority: first, concurrently to the Group I Senior Certificates on a pro rata basis, the related Net WAC Rate Carryover Amount remaining unpaid for such Distribution Date for each such Class; second, sequentially to the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, sequentially, in that order, the related Net WAC Rate Carryover Amount remaining unpaid for such Distribution Date for such Class.

(v) On each Distribution Date, the Securities Administrator shall withdraw any amounts then on deposit in the Distribution Account that represent Trust Prepayment Charges and shall distribute such amounts to the Class I-P Certificates.

(vi) On each Distribution Date, to the extent required, following the distribution of the Group I Interest Remittance Amount, Group I Principal Distribution Amount, Net Monthly Excess Cashflow and withdrawals from the Reserve Fund, the Securities Administrator will withdraw from amounts, if any, in the Cap Account to distribute to the Group I Senior Certificates, Group I Mezzanine Certificates and Class I-CE Certificates in the following order of priority:

(a) first , concurrently, to the Holders of the Group I Senior Certificates, the related Group I Senior Interest Distribution Amount remaining undistributed after the distribution of the Group I Interest Remittance Amount, on a pro rata basis based on such respective remaining Group I Senior Interest Distribution Amount;

(b) second , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, the related Group I Interest Distribution Amount and Interest Carry Forward Amount, to the extent remaining undistributed after the distributions of the Group I Interest Remittance Amount and the Net Monthly Excess Cashflow;

(c) third , to the holders of the class or classes of Group I Certificates then entitled to receive distributions in respect of principal, in an amount necessary to maintain the Required Overcollateralization Amount after taking into account distributions made pursuant to Section 4.1(a)(iii)(a) above;

(d) fourth , to the Holders of the Class I-A-3 and Class I-A-4 Certificates, sequentially, in that order, in each case up to the related Allocated Realized Loss Amount related to each such

certificates for such Distribution Date remaining undistributed after distribution of the Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above;

(e) fifth , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, in each case up to the related Allocated Realized Loss Amount related to such certificates for such Distribution Date remaining undistributed after distribution of the Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above;

(f) sixth , concurrently, to the Holders of the Group I Senior Certificates, on a pro rata basis based on such respective Net WAC Rate Carryover Amount, to the extent remaining undistributed after distributions of Net Monthly Excess Cashflow on deposit in the Reserve Fund;

(g) seventh , sequentially, to the Holders of the Group I Mezzanine Certificates, in the order of their numerical class designations, the related Net WAC Rate Carryover Amount, to the extent remaining undistributed after distributions of Net Monthly Excess Cashflow on deposit in the Reserve Fund; and

(h) eighth , to the Holders of the Class I-CE Certificates, any remaining amount.

(vii) On each Distribution Date, to the extent required, following the distribution of the Group I Interest Remittance Amount, Group I Principal Distribution Amount, Net Monthly Excess Cashflow, withdrawals from the Reserve Fund and withdrawals from the Cap Account, as described in this Section 4.1 above, the Securities Administrator will withdraw any amounts in the Certificate Swap Account and distribute such amounts in the following order of priority:

(a) first , to the Certificate Swap Provider, any Net Swap Payment owed to the Certificate Swap Provider pursuant to the Certificate Swap Agreement for such Distribution Date;

(b) second , to the Certificate Swap Provider, any Swap Termination Payment owed to the Certificate Swap Provider not due to a Swap Provider Trigger Event pursuant to the Certificate Swap Agreement;

(c) third , concurrently, to the Holders of the Group I Senior Certificates, the related Group I Senior Interest Distribution Amount remaining undistributed after the distribution of the Group I Interest Remittance Amount, on a pro rata basis based on such respective remaining Group I Senior Interest Distribution Amount;

(d) fourth , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, the related Group I Interest Distribution Amount and Interest Carry Forward Amount, to the extent remaining undistributed after the distributions of the Group I Interest Remittance Amount and the Net Monthly Excess Cashflow;

(e) fifth , to the holders of the class or classes of Group I Certificates then entitled to receive distributions in respect of principal, in an amount necessary to maintain the Required Overcollateralization Amount after taking into account distributions made pursuant to Section 4.1(a)(iii)(a) above;

(f) sixth , sequentially, to the Holders of the Class I-A-3 and Class I-A-4 Certificates, in that order, up to the related Allocated Realized Loss Amount related to each such certificates for such Distribution Date remaining undistributed after distribution of the Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above;

(g) seventh , sequentially, to the Holders of the Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9 and Class I-M-10 Certificates, in that order, in each case up to the related Allocated Realized Loss Amount related to such certificates for such Distribution Date remaining undistributed after distribution of the Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above;

(h) eighth , concurrently, to the Holders of the Group I Senior Certificates, on a pro rata basis based on such respective Net WAC Rate Carryover Amounts, to the extent remaining undistributed after distributions of Net Monthly Excess Cashflow on deposit in the Reserve Fund;

(i) ninth , sequentially, to the Holders of the Group I Mezzanine Certificates, in the order of their numerical class designations, the related Net WAC Rate Carryover Amount, to the extent remaining undistributed after distributions of Net Monthly Excess Cashflow on deposit in the Reserve Fund;

(j) tenth , to the Certificate Swap Provider, an amount equal to the Swap Termination Payment owed to the Certificate Swap Provider due to a Swap Provider Trigger Event pursuant to the Certificate Swap Agreement; and

(k) eleventh , to the Holders of the Class I-CE Certificates, any remaining amount.

(viii) On each Distribution Date, to the extent required, following the distribution of the Group I Interest Remittance Amount, Group I Principal Distribution Amount, Net Monthly Excess Cashflow, withdrawals from the Reserve Fund, Cap Account and Certificate Swap Account, as described in this Section 4.1 above, the Securities Administrator will withdraw any amounts in the Class I-A-1 Swap Account and distribute such amounts in the following order of priority:

(a) first , to the Class I-A-1 Swap Provider, any Net Swap Payment owed to the Class I-A-1 Swap Provider pursuant to the Class I-A-1 Swap Agreement for such Distribution Date;

(b) second , to the Class I-A-1 Swap Provider, any Swap Termination Payment owed to the Class I-A-1 Swap Provider not due to a Swap Provider Trigger Event pursuant to the Class I-A-1 Swap Agreement;

(c) third , to the Holders of the Class I-A-1 Certificates, the related Group I Senior Interest Distribution Amount remaining undistributed after the distributions of the Group I Interest Remittance Amount, distributions of Net Monthly Excess Cashflow, withdrawals from the Reserve Fund, withdrawals from the Cap Account and withdrawals from the Certificate Swap Account; provided, that for purposes of this clause (c) the Pass-Through Rate for the Class I-A-1 Certificates will only be subject to the Net WAC Pass-Through Rate if payments are not made under the Swap Agreement or the Swap Agreement is terminated early;

(d) fourth , to the Holders of the Class I-A-1 Certificates, the related Net WAC Rate Carryover Amount, to the extent remaining undistributed after the distributions of the Net Monthly Excess Cashflow and withdrawals from the Reserve Fund;

(e) fifth , to the Class I-A-1 Swap Provider, an amount equal to any Swap Termination Payment owed to the Class I-A-1 Swap Provider due to a Swap Provider Trigger Event pursuant to the Class I-A-1 Swap Agreement; and

(f) sixth , to the Holders of the Class I-CE Certificates, any remaining amount.

(b) The final distribution of principal of each Group I Certificate (and the final distribution with respect to the Class I-R Certificate upon termination of the Trust Fund) shall be payable in the manner provided in Section 4.1

only upon presentation and surrender thereof on or after the Distribution Date therefor at the office or agency of the Securities Administrator specified in the notice delivered pursuant to the next succeeding paragraph or Section 10.1.

Whenever, on the basis of Curtailments, Payoffs and Monthly Payments on the Group I Loans and Insurance Proceeds and Liquidation Proceeds received and expected to be received during the applicable Prepayment Period, the Securities Administrator believes that the entire remaining unpaid Group I Certificate Principal Balance of any Class of Group I Certificates shall become distributable on the next Distribution Date, the Securities Administrator shall, as early as practicable prior to the Determination Date of the month of such Distribution Date, mail or cause to be mailed to each Person in whose name a Group I Certificate to be so retired is registered at the close of business on the Record Date, to the Underwriter, and to each Rating Agency a notice to the effect that: (i) it is expected that funds sufficient to make such final distribution shall be available in the Distribution Account on such Distribution Date, and (ii) if such funds are available, (A) such final distribution shall be payable on such Distribution Date, but only upon presentation and surrender of such Group I Certificate at the office or agency of the Securities Administrator maintained for such purpose (the address of which shall be set forth in such notice), and (B) no interest shall accrue on such Group I Certificate after such Distribution Date.

Section 4.2 Group I—Allocation of Realized Losses .

Prior to each Distribution Date, the Master Servicer, based solely on the information provided by the related Servicer, shall determine the amount of Realized Losses, if any, with respect to each Group I Loan.

Realized Losses on the Group I Loans for any Distribution Date will first , cause a reduction in Net Monthly Excess Cash Flow for that Distribution Date, second , reduce the available cap payments from the Cap Provider and available Net Swap Payments from the Swap Providers, if any, for that Distribution Date, and third cause a reduction in the Group I Certificate Principal Balance of the Class I-CE Certificates for that Distribution Date, until the Group I Certificate Principal Balance thereof has been reduced to zero. To the extent that Realized Losses on a Distribution Date cause the aggregate Group I Certificate Principal Balance of the Group I Senior Certificates, Group I Mezzanine Certificates and Class I-P Certificates, after taking into account all distributions on such Distribution Date, to exceed the aggregate Principal Balance of the Group I Loans as of the last day of the related Due Period, such excess will be allocated first , to the Class I-M-10 Certificates, second , to the Class I-M-9 Certificates, third , to the Class I-M-8 Certificates, fourth , to the Class I-M-7 certificates, fifth to the Class I-M-6 Certificates; sixth , to the Class I-M-5 Certificates, seventh , to the Class I-M-4 Certificates; eighth , to the Class I-M-3 Certificates, ninth , to the Class I-M-2, tenth , to the Class I-M-1 Certificates, eleventh , to the Class I-A-4 Certificates and in each case to reduce the Group I Certificate Principal Balance thereof until it has been reduced to zero and twelfth , to the Class I-A-3 Certificates, in an amount equal to the Realized Losses otherwise allocable to the Class I-A-2 and Class I-A-3 Certificates assuming that such Realized Losses were allocated to the Class I-A-1, Class I-A-2 and Class I-A-3 Certificates on a pro rata basis, based on the Group I Certificate Principal Balance of each such Certificates, until the Class Certificate Balance of the Class I-A-3 Certificates is reduced to zero. In addition, to the extent the related Servicer receives Subsequent Recoveries with respect to any defaulted Group I Loan, the amount of the Realized Loss with respect to that defaulted Group I Loan will be reduced to the extent such Subsequent Recoveries are applied to reduce the Group I Certificate Principal Balance of any Class of Adjustable Rate Certificates on any Distribution Date.

Any allocation of Realized Losses to a Class I-A-3 Certificate, Class I-A-4 Certificate or Group I Mezzanine Certificate on any Distribution Date shall be made by reducing the Group I Certificate Principal Balance thereof by the amount so allocated as of such Distribution Date after all distributions on such Distribution Date have been made. Any allocation of Realized Losses to a Class I-CE Certificates shall be made by reducing the amount otherwise payable in respect thereof pursuant to Section 4.1(a)(iii)(h). No allocations of Realized Losses shall be made to the Class I-A-1, Class I-A-2 and Class I-P Certificates. Notwithstanding anything to the contrary in this Agreement, in no event will the Group I Certificate Principal Balance of any Class I-A-3 Certificate, Class I-A-4 Certificate or Group I Mezzanine Certificate be reduced more than once in respect of any particular amount both (i) allocable to the Class I-A-3 Certificate, Class A-I-4 Certificate or Group I Mezzanine Certificate in respect of Realized Losses and (ii) payable as principal to the Holder of the such Certificate from Net Monthly Excess Cashflow.

As used herein, any allocation of a Realized Loss on a "pro rata basis" among two or more specified Classes of Certificates means an allocation on a pro rata basis, among the various Classes so specified, to each such Class of Certificates on the basis of their then outstanding Certificate Principal Balances prior to giving effect to distributions to be made on such Distribution Date. All Realized Losses and all other losses allocated to a Class of Certificates hereunder will be allocated among the Certificates of such Class in proportion to the Percentage Interests evidenced thereby.

Any Subsequent Recoveries collected by the Servicers will be distributed as part of the Available Distribution Amount in accordance with the priorities described under Section 4.1. In addition, the Group I Certificate Principal Balance of each Class of Certificates that has been reduced by the allocation of a Realized Loss to such Certificate will be increased, on a pro rata basis based on the related Allocated Realized Loss Amount with respect to the Group I Senior Certificates, and in order of seniority with respect to the Group I Mezzanine Certificates, by the amount of such Subsequent Recoveries, but only to the extent that such Certificate has not been reimbursed for the amount of such Realized Loss (or a portion thereof) allocated to such Certificate from Net Monthly Excess Cashflow. Holders of such Certificates will not be entitled to any payment in respect of current interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs.

All reductions in the Group I Certificate Principal Balance of a Certificate effected by distributions of principal or allocations of Realized Losses with respect to Group I Loans made on any Distribution Date shall be binding upon all Holders of such Certificate and of any Certificate issued upon the registration of transfer or exchange therefor or in lieu thereof, whether or not such distribution is noted on such Certificate.

Section 4.3 Group I—Statements to Certificateholders .

On each Distribution Date, the Securities Administrator shall provide or make available, upon request to each Holder of a Group I Certificate, a statement (each, a " **Remittance Report** ") as to the distributions made to such Certificateholders on such Distribution Date setting forth:

1. the applicable Interest Accrual Periods and general Distribution Dates;

2. the total cash flows received and the general sources thereof;

3. the amount, if any, of fees or expenses accrued and paid, with an identification of the payee and the general purpose of such fees;

4. the amount of the related distribution to holders of the Group I Certificates (by Class) allocable to principal, separately identifying (A) the aggregate amount of any Principal Prepayments included therein, (B) the aggregate of all scheduled payments of principal included therein and (C) any Overcollateralization Increase Amount included therein;

6. the amount of such distribution to holders of the Certificates (by Class) allocable to interest;

7. the Interest Carry Forward Amounts and any Net WAC Rate Carryover Amounts for the related Group I Certificates (if any);

8. the Group I Certificate Principal Balance of the Group I Certificates before and after giving effect to the distribution of principal and allocation of Allocated Realized Loss Amounts on such Distribution Date;

9. the number and Scheduled Principal Balance of all the Group I Loans for the following Distribution Date;

10. the Pass-Through Rate for each Class of Group I Certificates for such Distribution Date;

11. the aggregate amount of Advances included in the distributions on the Distribution Date (including the general purpose of such Advances);

12. the number and aggregate principal balance of any Group I Loans that were (A) delinquent (exclusive of Group I Loans in foreclosure) using the "OTS" method (1) one Monthly Payment is delinquent, (2) two Monthly Payments are delinquent, (3) three Monthly Payments are delinquent and (4) foreclosure proceedings have been commenced, and loss information for the period;

12. the amount of, if any, of Net Monthly Excess Cashflow or excess spread and the application of such Net Monthly Excess Cashflow;

13. with respect to any Group I Loan that was liquidated during the preceding calendar month, the loan number and Scheduled Principal Balance of, and Realized Loss on, such Group I Loan as of the end of the related Prepayment Period;

14. whether the Stepdown Date has occurred or whether a Trigger Event is in effect;

16. the total number and principal balance of any REO Properties as of the end of the related Prepayment Period;

17. the cumulative Realized Losses through the end of the preceding month;

18. the three-month rolling average of the percent equivalent of a fraction, the numerator of which is the aggregate Scheduled Principal Balance of the Group I Loans that are 60 days or more delinquent or are in bankruptcy or foreclosure or are REO Properties, and the denominator of which is the Scheduled Principal Balances of all of the Group I Loans;

19. the amount of the Prepayment Charges remitted by the Servicers;

110. the amount of any Net Swap Payment payable to the Supplemental Interest Trust by either Swap Provider, any related Net Swap Payment payable to either Swap Provider, any Swap Termination Payment payable to the Supplemental Interest Trust by either Swap Provider, and any Swap Termination Payment payable to either Swap Provider from the Supplemental Interest Trust; and

20. the amount of any payment payable to the Supplemental Interest Trust by the Cap Provider pursuant to the Cap Agreement.

The Securities Administrator shall make such statement (and, at its option, any additional files containing the same information in an alternative format) available each month to the Certificateholders, the Trustee, and the Rating Agencies via the Securities Administrator's internet website. The Securities Administrator's internet website shall initially be located at http:\\www.ctslink.com and assistance in using the website can be obtained by calling the Securities Administrator's customer service desk at 1-301-815-6600. 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 indicating such. The Securities Administrator shall have the right to change the way such statements are distributed in order to make such distribution more convenient and/or more accessible to the above parties and the Securities Administrator shall provide timely and adequate notification to all above parties regarding any such changes.

In the case of information furnished pursuant to subclauses (4) and (5) above, the amounts shall be expressed as a dollar amount per single Certificate of the relevant Class.

Within a reasonable period of time after the end of each calendar year, the Securities Administrator shall furnish to each Person who at any time during the calendar year was a Holder of a Regular Interest Certificate a statement containing the information set forth in subclauses (4) and (5) above, aggregated for such calendar year or applicable portion thereof during which such person was a Certificateholder. Such obligation of the Securities Administrator shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Securities Administrator pursuant to any requirements of the Code as from time to time are in force.

Within a reasonable period of time after the end of each calendar year, the Securities Administrator shall furnish

to each Person who at any time during the calendar year was a Holder of a Residual Certificate a statement setting forth the amount, if any, actually distributed with respect to the Residual Certificates, as appropriate, aggregated for such calendar year or applicable portion thereof during which such Person was a Certificateholder.

The Securities Administrator shall, upon request, furnish to each Certificateholder, during the term of this Agreement, such periodic, special, or other reports or information, whether or not provided for herein, as shall be reasonable with respect to the Certificateholder, or otherwise with respect to the purposes of this Agreement, all such reports or information to be provided at the expense of the Certificateholder in accordance with such reasonable and explicit instructions and directions as the Certificateholder may provide.

On each Distribution Date the Securities Administrator shall provide Bloomberg Financial Markets, L.P. (" **Bloomberg** ") CUSIP level factors for each Class of Certificates as of such Distribution Date, using a format and media mutually acceptable to the Securities Administrator and Bloomberg.

Section 4.4 Group I—Advances .

If the Monthly Payment on a Group I Loan or a portion thereof is delinquent as of its Due Date, other than as a result of interest shortfalls due to bankruptcy proceedings or application of the Relief Act, and the related Servicer fails to make a Monthly Advance pursuant to the related Servicing Agreement, the Master Servicer shall deposit in the Distribution Account, from its own funds or from amounts on deposit in the Distribution Account that are held for future distribution, not later than the Distribution Account Deposit Date immediately preceding the related Distribution Date an amount equal to such delinquency, net of the Servicing Fee and Master Servicing Fee for such Group I Loan except to the extent the Master Servicer determines any such Advance to be a Nonrecoverable Advance. Any amounts held for future distribution and so used shall be appropriately reflected in the Master Servicer's records and replaced by the Master Servicer by deposit in the Distribution Account on or before any future Distribution Account Deposit Date to the extent that the Group I Available Distribution Amount for the related Distribution Date (determined without regard to Advances to be made on the Distribution Account Deposit Date) shall be less than the total amount that would be distributed to the Classes of Certificateholders pursuant to Section 4.1 on such Distribution Date if such amounts held for future distributions had not been so used to make Advances. Subject to the foregoing, the Master Servicer shall continue to make such Advances through the date that the related Servicer is required to do so under its Servicing Agreement. In the event the Master Servicer elects not to make an Advance because the Master Servicer deems such Advance to be a Nonrecoverable Advance pursuant to this Section 4.4, on the Distribution Account Deposit Date, the Master Servicer shall present an Officer's Certificate to the Trustee (i) stating that the Master Servicer elects not to make an Advance in a stated amount and (ii) detailing the reason it deems the Advance to be a Nonrecoverable Advance.

Section 4.5 Group I—Compliance with Withholding Requirements .

Notwithstanding any other provision of this Agreement, the Trustee and the Securities Administrator shall comply with all federal withholding requirements respecting payments to Certificateholders of interest or original issue discount that the Trustee and the Securities Administrator reasonably believe are applicable under the Code. The consent of Certificateholders shall not be required for such withholding. In the event the Securities Administrator does withhold any amount from interest or original issue discount payments or advances thereof to any Certificateholder pursuant to federal withholding requirements, the Securities Administrator shall indicate the amount withheld to such Certificateholders.

Section 4.6 Group I—REMIC Distributions .

(a) On each Distribution Date, amounts shall be allocated to the interests in each of the REMICs as set forth in the Preliminary Statement hereto.

(b) Notwithstanding the distributions described in this Section 4.6, distributions of funds shall be made to Certificateholders only in accordance with Section 4.1.

Section 4.7 Group I—Compliance with Withholding Requirements .

Notwithstanding any other provision of this Agreement, the Trustee and the Securities Administrator shall comply with all federal withholding requirements respecting payments to Certificateholders of interest or original issue discount that the Trustee and the Securities Administrator reasonably believe are applicable under the Code. The consent of Certificateholders shall not be required for such withholding. In the event the Securities Administrator does withhold any amount from interest or original issue discount payments or advances thereof to any Certificateholder pursuant to federal withholding requirements, the Securities Administrator shall indicate the amount withheld to such Certificateholders.

Section 4.8 Group I—Certificate Swap Account .

No later than the Closing Date, the Securities Administrator shall establish and maintain with itself, as agent for the Trustee, on behalf of the Supplement Interest Trust, a separate, segregated trust account (the " **Certificate Swap Account** ") titled, "Wells Fargo Bank, N.A. as Securities Administrator, in trust for the registered holders of Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates—Certificate Swap Account". Such account shall be an Eligible Account and amounts therein shall be held uninvested.

For federal and state income tax purposes, the Class I-CE Certificateholders shall be deemed to be the owners of the Certificate Swap Account. The Certificate Swap Account shall be an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h). Upon the termination of the Trust, or the payment in full of the Group I Senior Certificates and the Group I Subordinate Certificates, all amounts remaining on deposit in the Certificate Swap Account shall be released by the Trust and distributed to the Class I-CE Certificateholders. The Certificate Swap Account shall be part of the Trust but not part of any REMIC.

Upon receipt of any amounts paid under the Certificate Swap Agreement, and following any distributions of Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above, withdrawals from the Reserve Fund pursuant to Section 4.1(a)(iv) above and withdrawals from the Cap Account pursuant to Section 4.1(a)(vi) above, the Securities Administrator shall deposit such amounts into the Certificate Swap Account for distribution pursuant to Section 4.1(a)(vii) above.

In the event that the Certificate Swap Agreement is terminated prior to the Termination Date (as defined in the Certificate Swap Agreement), the Trustee on behalf of the Supplemental Interest Trust, at the direction of the Depositor, shall use reasonable efforts to appoint a successor swap provider using any Swap Termination Payments paid by the Certificate Swap Provider. To the extent the Supplemental Interest Trust is required to pay a Swap Termination Payment to the Certificate Swap Provider, all or a portion of such amount received from a replacement swap provider upon entering into a replacement interest rate swap agreement or similar agreement will be applied to the Swap Termination Payment owing to the Certificate Swap Provider, and any remaining portion will be distributed to Certificateholders according to the order of priorities of Section 4.1(a)(vii) above. If the Trustee on behalf of the Supplemental Interest Trust is unable to locate a qualified successor swap provider, any such Swap Termination Payments will be deposited in the Certificate Swap Account and the Securities Administrator, on each subsequent Distribution Date (until the termination date of the Certificate Swap Agreement or the appointment of a successor swap provider), will withdraw the amount of any Net Swap Payment due to the Supplemental Interest Trust (calculated in accordance with the terms of the Certificate Swap Agreement) and distribute such Net Swap Payment to the holders of the Certificates in accordance with Section 4.1.

Section 4.9 Group I—Class I-A-1 Swap Account .

No later than the Closing Date, the Securities Administrator shall establish and maintain with itself, as agent for the Trustee, on behalf of the Supplement Interest Trust and the Class I-A-1 and Class I-CE Certificateholders, a separate, segregated trust account (the " **Class I-A-1 Swap Account** ") titled, "Wells Fargo Bank, N.A. as Securities Administrator, in trust for the registered holders of Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates, Class I-A-1 and Class I-CE Certificates—Class I-A-1 Swap Account". Such account shall be an Eligible Account and amounts therein shall be held uninvested.

For federal and state income tax purposes, the Class I-CE Certificateholders shall be deemed to be the owners of the Class I-A-1 Swap Account. The Class I-A-1 Swap Account shall be an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h). Upon the termination of the Trust, or the payment in full of the Group I Senior Certificate and the Group I Subordinate Certificates, all amounts remaining on deposit in the Class I-A-1 Swap Account shall be released by the Trust and distributed to the Class I-CE Certificateholders. The Class I-A-1 Swap Account shall be part of the Trust but not part of any REMIC.

Upon receipt of any amounts paid under the Class I-A-1 Swap Agreement, and following any distributions of Net Monthly Excess Cashflow pursuant to Section 4.1(a)(iii) above, withdrawals from the Reserve Fund pursuant to Section 4.1(a)(iv) above, the Cap Account pursuant to Section 4.1(a)(vi) above and Certificate Swap Account, pursuant to Section 4.1(a)(vii) above, the Securities Administrator shall deposit such amounts into the Class I-A-1 Swap Account for distribution pursuant to Section 4.1(a)(viii) above.

In the event that the Class I-A-1 Swap Agreement is terminated prior to the Termination Date (as defined in the Class I-A-1 Swap Agreement), the Trustee on behalf of the Supplemental Interest Trust, at the direction of the Depositor, shall use reasonable efforts to appoint a successor swap provider using any Swap Termination Payments paid by the Class I-A-1 Swap Provider. To the extent the Supplemental Interest Trust is required to pay a Swap Termination Payment to the Class I-A-1 Swap Provider, all or a portion of such amount received from a replacement swap provider upon entering into a replacement interest rate swap agreement or similar agreement will be applied to the Swap Termination Payment owing to the Class I-A-1 Swap Provider, and any remaining portion will be distributed to Certificateholders according to the order of priorities of Section 4.1(a)(viii) above. If the Trustee on behalf of the Supplemental Interest Trust is unable to locate a qualified successor swap provider, any such Swap Termination Payments will be deposited in the Class I-A-1 Swap Account and the Securities Administrator, on each subsequent Distribution Date (until the termination date of the Class I-A-1 Swap Agreement or the appointment of a successor swap provider), will withdraw the amount of any Net Swap Payment due to the Supplemental Interest Trust (calculated in accordance with the terms of the Class I-A-1 Swap Agreement) and distribute such Net Swap Payment to the holders of the Certificates in accordance with Section 4.1.

Three Business Days prior to each Distribution Date on which any amount will be distributed from the Class I-A-1 Swap Account to the Class I-A-1 Certificates in accordance with Section 4.1(a)(viii), the Securities Administrator shall determine the amount of any Class I-A-1 Amount for that Distribution Date and report such Class I-A-1 Amount to the Class I-A-1 Swap Provider on that same day in accordance with the notice provisions contained in Section 12.5 hereof; provided, however, that the Securities Administrator shall be under no obligation to report such Class I-A-1 Amount to the Class I-A-1 Swap Provider unless it has first received the Cap Agreement Report or Certificate Swap Report for such Distribution Date.

Section 4.10 Group I—Cap Account.

No later than the Closing Date, the Securities Administrator shall establish and maintain with itself, as agent for the Trustee, on behalf of the Supplement Interest Trust, a separate, segregated trust account (the " **Cap Account** ") titled, "Wells Fargo Bank, N.A. as Securities Administrator, in trust for the registered holders of Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates—Cap Account". Such account shall be an Eligible Account and amounts therein shall be held uninvested.

For federal and state income tax purposes, the Class I-CE Certificateholders shall be deemed to be the owners of the Cap Account. The Cap Agreement shall be an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h). Upon the termination of the Trust, or the payment in full of the Group I Senior Certificate and the Group I Subordinate Certificates, all amounts remaining on deposit in the Cap Account shall be released by the Trust and distributed to the Class I-CE Certificateholders. The Cap Account shall be part of the Trust but not part of any REMIC and any payments to the holders of the Group I Senior Certificates and the Group I Subordinate Certificates from the Cap Account shall not be payments with respect to a "regular interest" in a REMIC within the meaning of Code Section 860G(a)(1).

Upon receipt of any amounts paid under the Cap Agreement, and following any distributions of Net Monthly

Excess Cashflow pursuant to Section 4.1(a)(iii) above and withdrawals from the Reserve Fund pursuant to Section 4.1(a)(iv) above, the Securities Administrator shall deposit such amounts into the Cap Account for distribution pursuant to Section 4.1(a)(vi) above.

Section 4.11 Group I—Supplemental Interest Trust

A separate trust is hereby established (the " **Supplemental Interest Trust** "), for the benefit of the Holders of the Class I-CE Certificates. The Supplemental Interest Trust shall hold the Cap Account, the Certificate Swap Account and the Class I-A-1 Swap Account. The Supplemental Interest Trust shall not be a part of any REMIC created by this Agreement.

ARTICLE V
GROUP II—P AYMENTS TO CERTIFICATEHOLDERS; ADVANCES;
STATEMENTS AND REPORTS

Section 5.1 Group II—Distributions to Certificateholders .

On each Distribution Date, the Securities Administrator, to the extent on deposit therein and based solely upon the Remittance Report for such Distribution Date, shall withdraw from the Distribution Account the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount for such Distribution Date and distribute to each related Certificateholder, by wire transfer in immediately available funds for the account of the Certificateholder or by any other means of payment acceptable to each Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 10.1 respecting the final distribution) as specified by each such Certificateholder and at the address of such Holder appearing in the Certificate Register, from the amount so withdrawn and to the extent of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount, as applicable, such Certificateholder's Percentage Interest of the following amounts and in following order and priority:

(a) On each Distribution Date prior to the Credit Support Depletion Date, the Securities Administrator will distribute the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount in the following order and priority:

(i) On each Distribution Date, the Subgroup II-1 Available Distribution Amount shall be distributed as follows:

(a) first, to the Class II-1A and Class II-X1 Certificates the related Group II Interest Distribution Amount on a pro rata basis based on the related Group II Interest Distribution Amount with respect to each such class; provided, that for purposes of distributions pursuant to this clause (a)(i), the Group II Interest Distribution Amount for the Class II-X1 Certificates will be calculated solely on the basis of that portion of the Class II-X1 Notional Amount attributable to the Subgroup II-1 Loans;

(b) second , to the Class II-PO Certificates, the Subgroup II-1 Discount Fractional Principal Amount until the certificate principal balance of the Class II-PO Certificates has been reduced to zero;

(c) third , to the Class II-AR Certificates, the related Group II Senior Principal Distribution Amount until the certificate principal balance of the Class II-AR Certificates has been reduced to zero;

(d) fourth , to the Class II-1A Certificates, the related Group II Senior Principal Distribution Amount remaining after payments pursuant to clause (i)(b) above, until the

certificate principal balance of the Class II-1A Certificates has been reduced to zero; and

(e) fifth , the Subgroup II-1 Discount Fractional Principal Shortfall to the Class II-PO Certificates, but not more than an amount equal to the Subordinate Principal Distribution Amount related to the Subgroup II-1 Loans for such Distribution Date (without regard to the provision of such definition).

(ii) On each Distribution Date, the Subgroup II-2 Available Distribution Amount shall be distributed as follows:

(a) first, to the Class II-2A Certificates and Class II-X2 Certificates, the related Group II Interest Distribution Amount on a pro rata basis based on the related Group II Interest Distribution Amount with respect to each such class;

(b) second , to the Class II-PO Certificates, the Subgroup II-2 Discount Fractional Principal Amount until the certificate principal balance of the Class II-PO Certificates has been reduced to zero;

(c) third , to the Class II-2A Certificates, the related Group II Senior Principal Distribution Amount until the certificate principal balance of the Class II-2A Certificates has been reduced to zero; and

(d) fourth, the Subgroup II-2 Discount Fractional Principal Shortfall to the Class II-PO Certificates, but not more than an amount equal to the Subordinate Principal Distribution Amount related to the Subgroup II-2 Loans for such Distribution Date (without regard to the proviso of such definition).

(iii) On each Distribution Date, the Subgroup II-3 Available Distribution Amount will be distributed in the following manner and order of priority:

(a) first , to the Class II-3A Certificates and Class II-X1 Certificates, the related Group II Interest Distribution Amount on a pro rata basis based on the related Group II Interest Distribution Amount with respect to each such class; provided, that for purposes of distributions pursuant to this clause (iii)(a), the Interest Distribution Amount for the Class II-X1 Certificates will be calculated solely on the basis of that portion of the Class II-X1 Notional Amount attributable to the Subgroup II-3 Mortgage Loans;

(b) second , to the Class II-PO Certificates, the Subgroup II-3 Discount Fractional Principal Amount until the certificate principal balance of the Class II-PO Certificates has been reduced to zero;

(c) third , to the Class II-3A Certificates, the related Group II Senior Principal Distribution Amount until the certificate principal balance of the Class II-3A Certificates has been reduced to zero; and

(d) fourth , the Subgroup II-3 Discount Fractional Principal Shortfall to the Class II-PO Certificates, but not more than an amount equal to the Subordinate Principal Distribution Amount related to the Subgroup II-3 Loans for such Distribution Date (without regard to the proviso of such definition).

(iv) From the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount remaining after payments pursuant to clauses (i), (ii) and (iii) above, (a) first , the Senior Interest Shortfall Amount for each Class of Group II Senior

Certificates (other than the Class II-PO Certificates) for such Distribution Date, if any, pro rata according to the amount of interest to which each such Class would otherwise be entitled, (b) second , an amount equal to the Collateral Deficiency Amount, if any, to the Group II Senior Certificates (other than the Interest Only Certificates), pro rata among the Group II Senior Certificates (other than the Interest Only Certificates) based on the related Collateral Deficiency Amount and within each subgroup of Certificates, on a pro rata basis, if applicable, based on the certificate principal balance of each such Class, as a payment of principal and (c) third , if such Distribution Date is a Cross Payment Trigger Date, the Principal Prepayment Amount distributable to the Group II Senior Certificates (other than the Interest Only Certificates) that have been paid in full, will be paid as principal to the related Group II Senior Certificates (other than the Interest Only Certificates) that have not been paid in full in accordance with the priorities set forth in clauses (i), (ii) and (iii) above.

(v) From the sum of the remaining Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount, after payments pursuant to clauses (i) through (iv) above, to the Class II-M, Class II-B-1, Class II-B-2, Class II-B-3, Class II-B-4 and Class II-B-5 Certificates, sequentially, in that order, an amount equal to their respective Group II Interest Distribution Amounts for such Distribution Date and their pro rata share, based on the outstanding certificate principal balance of each such Class, of the Subordinate Principal Distribution Amount; provided, however, that on any Distribution Date on which the Subordination Level for any Class of Group II Subordinate Certificates is less than the Subordination Level as of the Closing Date, the portion of the Subordinate Principal Prepayment Amount otherwise payable to the Class or Classes of the Group II Subordinate Certificates junior to such Class will be distributed to the most senior Class of Group II Subordinate Certificates for which the Subordination Level is less than such percentage as of the Closing Date, and to the Class or Classes of Group II Subordinate Certificates senior thereto, pro rata based on the certificate principal balance of each such Class.

(vi) To the Group II Senior Certificates (other than the Interest Only Certificates), from the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount, respectively, remaining after distributions pursuant to clauses (i) through (v) above, by Pro Rata Allocation, the amount of any unreimbursed losses previously allocated to such classes of certificates, and then to the Group II Subordinate Certificates, in the order of their seniority, the amount of any unreimbursed losses previously allocated to such classes of certificates.

(vii) To the Class II-AR Certificates, the remainder (which is expected to be zero), if any of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount remaining after distributions pursuant to clauses (i) through (vi) above.

On each Distribution Date on or after the Credit Support Depletion Date, to the extent of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount on such Distribution Date, distributions will be made to the Group II Senior Certificates in the following order of priority:

(1) first , (a) to the Class II-1A and Class II-X1 Certificates, from the Subgroup II-1 Available Distribution Amount, the related Group II Interest Distribution Amount on a pro rata basis based on the amount payable to each such class, provided, that for purposes of distributions pursuant to this clause (1)(a), the Group II Interest Distribution Amount for the Class II-X1 Certificates will be calculated solely on the basis of that portion of the Class II-X1 Notional Amount attributable to the Subgroup II-1 Loans; (b) to the Class II-2A and Class II-X2 Certificates, from the Subgroup II-2 Available Distribution Amount, the related Group II Interest Distribution Amount on a pro rata basis based on the amount payable to each such class, and (c) to the Class II-3A and Class II-X1 Certificates from the Subgroup II-3 Available Distribution Amount, the related Group II Interest Distribution Amount on a pro rata basis based on the amount payable to each such class provided, that for purposes of distributions pursuant to this clause (1)(c), the Interest

Distribution Amount for the Class II-X1 Certificates will be calculated solely on the basis of that portion of the Class II-X1 Notional Amount attributable to the Subgroup II-3 Loans; in each case of clauses (1)(a), (b) and (c) above, to the extent of amounts available;

(2) second , (a) from the Subgroup II-1 Available Distribution Amount remaining after payments in clause (1)(a) above, the Subgroup II-1 Discount Fractional Principal Amount to the Class II-PO Certificates, (b) from the Subgroup II-2 Available Distribution Amount remaining after payments in clause (1)(b) above, the Subgroup II-2 Discount Fractional Principal Amount to the Class II-PO Certificates; and (c) from the Subgroup II-3 Available Distribution Amount remaining after payments in clause (1)(c) above, the Subgroup II-3 Discount Fractional Principal Amount to the Class II-PO Certificates;

(3) third , (a) to the Class II-1A Certificates, the Subgroup II-1 Available Distribution Amount remaining after payments pursuant to clauses (1)(a) and (2)(a) above, (b) to the Class II-2A Certificates, the Subgroup II-2 Available Distribution Amount remaining after payments pursuant to clauses (1)(b) and (2)(b) above and (c) to the Class II-3A Certificates, the Subgroup II-3 Available Distribution Amount remaining after payments pursuant to clauses (1)(c) and (2)(c) above, in each case until the certificate principal balance of each such class has been reduced to zero;

(4) fourth , from the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount remaining after payments pursuant to clauses (1), (2) and (3) above, to each class of certificates for which a Senior Interest Shortfall Amount exists, the Senior Interest Shortfall Amount for such Distribution Date, pro rata, based on such Senior Interest Shortfall Amount;

(5) fifth , (a) from the Subgroup II-1 Available Distribution Amount remaining after payments pursuant to clauses (1) through (4) above, to the Class II-1A Certificates, the amount of any unreimbursed losses previously allocated to each such class, (b) from the Subgroup II-2 Available Distribution Amount remaining after payments pursuant to clauses (1) through (4) above, to the Class II-2A Certificates, the amount of any unreimbursed losses previously allocated to each such class and (c) from the Subgroup II-3 Available Distribution Amount remaining after payments pursuant to clauses (1) through (4) above, to the Class II-3A Certificates, the amount of any unreimbursed losses previously allocated to each such class; and

(6) sixth , to the Class II-AR Certificates, the remainder, if any (which is expected to be zero), of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount and Subgroup II-3 Available Distribution Amount remaining after distributions pursuant to clauses (1) through (5) above.

(b) [Holders of the Group II Certificates (other than the Class II-PO and Class II-P Certificates) will be entitled to receive interest distributions on each Distribution Date, in an aggregate amount equal to interest accrued during the related Interest Accrual Period on the related Certificate Principal Balance or Notional Amount at the then-applicable Pass-Through Rates.]

(c) On each Distribution Date, Securities Administrator will distribute to the Class II-P Certificates any Trust Prepayment Charges received in respect of the Group II Loans, [except such Prepayment Charges that are to be paid to the related Servicer.] On the Distribution Date in November 2011, prior to making any distributions to the Class II-AR Certificates, the Securities Administrator shall make a payment of principal to the Class II-P Certificates in reduction of the certificate principal balance of such class.

Section 5.2 Group II—Allocation Realized Losses .

(a) Prior to each Distribution Date, the Master Servicer, based solely on the information provided by the related Servicer, shall determine the amount of Realized Losses, if any, with respect to each Group II Loan.

(b) Realized Losses, other than Excess Losses, on Group II Loans shall be allocated as follows: (i) for losses allocable to principal, (A) first, sequentially, to the Class II-B-5, Class II-B-4, Class II-B-3, Class II-B-2, Class II-B-1 and Class II-M Certificates, in that order, until the certificate principal balance of each such Class been reduced to zero and (B) second, (1) with respect to Realized Losses related to the Subgroup II-1 Loans, to the Class II-A1 Certificate until its certificate principal balance has been reduced to zero; (2) with respect to Realized Losses related to the Subgroup II-2 Loans, Class II-A2 Certificates until its certificate principal balance has been reduced to zero, and (3) with respect to Realized Losses related to the Subgroup II-3 Loans, Class II-A3 Certificates until its certificate principal balance has been reduced to zero; *provided, however*, that following the Credit Support Depletion Date, if any loss is incurred (x) with respect to a Subgroup II-1 Discount Loan, the Subgroup II-1 Discount Fraction of such loss will first be allocated to the Class II-PO Certificates and the remainder of such loss will be allocated as described above in clause (i)(B)(1); (y) with respect to a Subgroup II-2 Discount Loan, the Subgroup II-2 Discount Fraction of such loss will first be allocated to the Class II-PO Certificates and the remainder of such loss will be allocated as described above in clause (i)(B)(2), (z) with respect to a Subgroup II-3 Discount Loan, the Subgroup II-3 Discount Fraction of such loss will first be allocated to the Class II-PO Certificates and the remainder of such loss will be allocated as described above in clause (i)(B)(3); and (ii) for losses allocable to interest, (a) first, sequentially, to the Class II-B-5, Class II-B-4, Class II-B-3, Class II-B-2, Class II-B-1 and Class II-M Certificates, in that order, in reduction of accrued but unpaid interest thereon until the amount of interest accrued on such Certificate on such Distribution Date has been reduced to zero, and then in reduction of the certificate principal balance of such Certificate until the certificate principal balance thereof has been reduced to zero, and (b) second, to the Group II Senior Certificates relating to the Loan Subgroup for which such Realized Losses were incurred, by Pro Rata Allocation, in reduction of accrued but unpaid interest thereon until the amount of interest accrued on such Certificate has been reduced to zero and then with respect to the Group II Senior Certificates (other than the Interest only Certificates and Class II-PO Certificates), in reduction of the certificate principal balance of each such Certificate until the aggregate of the Certificate Principal Balances thereof have been reduced to zero; [In addition, to the extent the related Servicer receives Subsequent Recoveries with respect to any defaulted Loan, the amount of the Realized Loss with respect to that defaulted Loan will be reduced to the extent such Subsequent Recoveries are applied to reduce the certificate principal balance of any Class of Certificates on any Distribution Date. In the event that a Servicer receives any Subsequent Recoveries, such Subsequent Recoveries shall be distributed as part of the Subgroup II-1 Available Distribution Amount, Subgroup II-2 Available Distribution Amount or Subgroup II-3 Available Distribution Amount, as applicable, in accordance with the priorities in Section 5.1, and the certificate principal balance of each Class of Group II Subordinate Certificates that has been reduced by the allocation of a Realized Loss to such Certificate shall be increased, in order of seniority, by the amount of such Subsequent Recoveries. Holders of such Certificates are not entitled to any payment in respect of current interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs.]

(c) Excess Losses with respect to the Group II Loans will be allocated to the outstanding Class or Classes of Group II Senior Certificates (other than the Interest Only Certificates) of the related Loan Subgroup and to the Group II Subordinate Certificates by Pro Rata Allocation.

(d) On each Distribution Date, if the aggregate certificate principal balance of the Group II Senior Certificates (other than the Interest Only Certificates) and Group II Subordinate Certificates exceeds the aggregate Principal Balance of the Group II Loans (after giving effect to distributions of principal and the allocation and reimbursement of all losses on the related Certificates on such Distribution Date), such excess will be deemed a principal loss and will be allocated to the Group II Subordinate Certificates in reverse order of seniority until the certificate principal balance of each such Class has been reduced to zero. If the certificate principal balance of each Class of Group II Subordinate Certificates has been reduced to zero and the aggregate certificate principal balance of the Group II Senior Certificates (other than the Interest Only Certificates) exceeds the aggregate Principal Balance of the Group II Loans (after giving effect to distributions of principal and the allocation and reimbursement of all losses on the Certificates on such Distribution Date), such excess will be deemed a principal loss and, (i) if attributable to the

Subgroup II-1 Loans, will be allocated to Class II-1A Certificates, until its certificate principal balance of such Class has been reduced to zero; (ii) if attributable to the Subgroup II-2 Loans, will be allocated to the Class II-2A Certificates, until its certificate principal balance of such Class has been reduced to zero; and (iii) if attributable to the Subgroup II-3 Loans, will be allocated to the Class II-3A Certificates, until its certificate principal balance of such Class has been reduced to zero.

[Realized Losses from the Group II Loans shall be applied after all distributions have been made on each Distribution Date, to each REMIC I Regular Interest in the same manner and priority as Realized Losses are allocated to the Corresponding Certificates.]

Section 5.3 Group II—Reduction of Certificate Principal Balances on the Certificates .

(a) All reductions in the certificate principal balance of a Group II Certificate effected by distributions of principal or allocations of Realized Losses with respect to the related Group II Loans made on any Distribution Date shall be binding upon all Holders of such Certificate and of any Certificate issued upon the registration of transfer or exchange therefor or in lieu thereof, whether or not such distribution is noted on such Certificate. Holders of such Certificates will not be entitled to any payment in respect of current interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs.

(b) The final distribution of principal of each Certificate (and the final distribution with respect to the Residual Certificates upon termination of the Trust Fund) shall be payable in the manner provided above only upon presentation and surrender thereof on or after the Distribution Date therefor at the office or agency of the Securities Administrator specified in the notice delivered pursuant to Section 4.6 or Section 10.1.

(c) Whenever, on the basis of Curtailments, Payoffs and Monthly Payments on the Group II Loans and related Insurance Proceeds and Liquidation Proceeds received and expected to be received during the applicable Prepayment Period, the Securities Administrator believes that the entire remaining unpaid aggregate certificate principal balance of any Class of Certificates shall become distributable on the next Distribution Date, the Securities Administrator shall, no later than the Determination Date of the month of such Distribution Date, mail or cause to be mailed to each Person in whose name a Certificate to be so retired is registered at the close of business on the Record Date, to the Underwriter and to each Rating Agency a notice to the effect that:

(i) it is expected that funds sufficient to make such final distribution shall be available in the Distribution Account on such Distribution Date, and

(ii) if such funds are available, (A) such final distribution shall be payable on such Distribution Date, but only upon presentation and surrender of such Certificate at the office or agency of the Securities Administrator maintained for such purpose (the address of which shall be set forth in such notice), and (B) no interest shall accrue on such Certificate after such Distribution Date.

Section 5.4 Group II—Compliance with Withholding Requirements .

Notwithstanding any other provision of this Agreement, the Trustee and the Securities Administrator shall comply with all federal withholding requirements respecting payments to Certificateholders of interest or original issue discount that the Trustee and the Securities Administrator reasonably believe are applicable under the Code. The consent of Certificateholders shall not be required for such withholding. In the event the Securities Administrator does withhold any amount from interest or original issue discount payments or advances thereof to any Certificateholder pursuant to federal withholding requirements, the Securities Administrator shall indicate the amount withheld to such Certificateholders.

Section 5.5 [Reserved] .

Section 5.6 Group II—Statements to Certificateholders .

On each Distribution Date, the Securities Administrator shall provide or make available, upon request to each Holder of a Certificate and the Credit Risk Manager, a statement (each, a "Remittance Report") as to the distributions made to such Certificateholders on such Distribution Date setting forth:

(i) the amount of the distribution made on such Distribution Date to the Holders of the Certificates allocable to principal;

(ii) the amount of the distribution made on such Distribution Date to the Holders of the Certificates allocable to interest;

(iii) the aggregate Servicing Fee received by each Servicer and the Master Servicing Compensation received by the Master Servicer during the related Due Period;

(iv) the number and aggregate Principal Balance of the Group II Loans in a Loan Subgroup delinquent one, two and three months or more;

(v) the (A) number and aggregate Principal Balance of Group II Loans with respect to which foreclosure proceedings have been initiated, and (B) the number and aggregate Principal Balance of Mortgaged Properties acquired through foreclosure, deed in lieu of foreclosure or other exercise of rights respecting the Trustee's security interest in the Group II Loans;

(vi) the aggregate Principal Balance of the Group II Loans as of the close of business on the last day of the related Prepayment Period;

(vii) the amount of Special Hazard Coverage available to the Group I Senior Certificates and Group II Senior Certificates remaining as of the close of business on the applicable Determination Date;

(viii) the amount of Bankruptcy Coverage available to the Group I Senior Certificates and Group II Senior Certificates remaining as of the close of business on the applicable Determination Date;

(ix) the amount of Fraud Coverage available to the Group I Senior Certificates and Group II Senior Certificates remaining as of the close of business on the applicable Determination Date;

(x) the amount of Realized Losses with respect to the Subgroup II-1 Loans, Subgroup II-2 Loans and Subgroup II-3 Loans allocable to the related Certificates on the related Distribution Date and the cumulative amount of Realized Losses incurred and allocated to the related Certificates since the Cut-Off Date;

(xi) the amount of interest accrued but not paid to each Class of Certificates entitled to interest since (a) the prior Distribution Date and (b) the Closing Date;

(xii) the amount of funds advanced by each Servicer and the Master Servicer for such Distribution Date with respect to the Group II Loans in each Loan Subgroup;

(xiii) the total amount of Payoffs and Curtailments received during the related Prepayment Period with respect to Group II Loans in each Loan Subgroup and the aggregate amount of any Prepayment Charges received in respect thereof;

(xiv) with respect to any Loan that became an REO Property during the preceding calendar month, the loan number of such Loan, the Principal Balance and the Scheduled Principal Balance of such Loan;

(xv) to the extent provided by the related Servicer, the book value of any REO

Property as of the close of business on the last Business Day of the calendar month preceding the Distribution Date with respect to the Group II Loans in each Loan Subgroup;

(xvi) the aggregate amount of Extraordinary Trust Fund expenses withdrawn from the Distribution Account for such Distribution Date;

(xvii) the aggregate certificate principal balance of each Class of Certificates, after giving effect to the distributions and allocations of Realized Losses made on such Distribution Date, separately identifying any reduction thereof due to allocations of Realized Losses;

(xviii) the aggregate amount of any Prepayment Interest Shortfalls for such Distribution Date on the Group II Loans in each Loan Subgroup, to the extent not covered by payments by the Master Servicer pursuant to Section 3.20;

(xix) the aggregate amount of Relief Act Interest Shortfalls for such Distribution Date with respect to the Group II Loans in each Loan Subgroup;

(xx) the respective Pass-Through Rates applicable to each Class of Certificates as of such Distribution Date;

(xxi) the Basis Risk Carryover Amount, if any, for such Distribution Date;

(xxii) the Basis Risk Carryover Amount, if any, outstanding after reimbursements therefor on such Distribution Date;

(xxiii) the balance of each Reserve Fund after all deposits and withdrawals on such Distribution Date.

The Securities Administrator shall make such statement (and, at its option, any additional files containing the same information in an alternative format) available each month to the Certificateholders, the Trustee and the Rating Agencies via the Securities Administrator's internet website. The Securities Administrator's internet website shall initially be located at http:\\www.ctslink.com and assistance in using the website can be obtained by calling the Securities Administrator's customer service desk at 1-301-815-6600. 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 indicating such. The Securities Administrator shall have the right to change the way such statements are distributed in order to make such distribution more convenient and/or more accessible to the above parties and the Securities Administrator shall provide timely and adequate notification to all above parties regarding any such changes.

In the case of information furnished pursuant to subclause (i) above, the amounts shall be expressed as a dollar amount per single Certificate of the relevant Class.

Within a reasonable period of time after the end of each calendar year, the Securities Administrator shall furnish to each Person who at any time during the calendar year was a Holder of a Regular Interest Certificate a statement containing the information set forth in subclause (i) above, aggregated for such calendar year or applicable portion thereof during which such person was a Certificateholder. Such obligation of the Securities Administrator shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Securities Administrator pursuant to any requirements of the Code as from time to time are in force.

Within a reasonable period of time after the end of each calendar year, the Securities Administrator shall furnish to each Person who at any time during the calendar year was a Holder of a Class II-R Certificate a statement setting forth the amount, if any, actually distributed with respect to the Class II-R Certificates aggregated for such calendar year or applicable portion thereof during which such Person was a Certificateholder.

The Securities Administrator shall, upon request, furnish to each Certificateholder, during the term of this Agreement, such periodic, special, or other reports or information, whether or not provided for herein, as shall be

reasonable with respect to the Certificateholder, as applicable, or otherwise with respect to the purposes of this Agreement, all such reports or information to be provided at the expense of the Certificateholder, in accordance with such reasonable and explicit instructions and directions as the Certificateholder may provide.

On each Distribution Date, the Securities Administrator shall provide Bloomberg Financial Markets, L.P. ("Bloomberg") CUSIP level factors for each Class of Certificates as of such Distribution Date, using a format and media mutually acceptable to the Securities Administrator and Bloomberg.

Section 5.7 Group II—Advances .

If the Monthly Payment on a Loan or a portion thereof is delinquent as of its Due Date, other than as a result of interest shortfalls due to bankruptcy proceedings or application of the Relief Act, and the related Servicer fails to make an advance of the delinquent amount pursuant to the related Servicing Agreement, the Master Servicer shall deposit in the Distribution Account, from its own funds or from amounts on deposit in the Distribution Account that are held for future distribution, not later than the Distribution Account Deposit Date immediately preceding the related Distribution Date an amount equal to such delinquency, net of the Servicing Fee and Master Servicing Fee for such Loan except to the extent the Master Servicer determines any such advance to be nonrecoverable from Liquidation Proceeds, Insurance Proceeds, or future payments on the Loan for which such Advance was made. Any amounts held for future distribution and so used shall be appropriately reflected in the Master Servicer's records and replaced by the Master Servicer by deposit in the Distribution Account on or before any future Distribution Account Deposit Date to the extent that related Available Distribution Amount (determined without regard to Advances to be made on the related Distribution Account Deposit Date) shall be less than the total amount that would be distributed to the related Classes of Certificateholders pursuant to Section 4.1 on such Distribution Date if such amounts held for future distributions had not been so used to make Advances. Subject to the foregoing, the Master Servicer shall continue to make such Advances through the date that the related Servicer is required to do so under its Servicing Agreement. In the event the Master Servicer elects not to make an Advance because the Master Servicer deems such Advance nonrecoverable pursuant to this Section 4.7, on the related Distribution Account Deposit Date, the Master Servicer shall present an Officer's Certificate to the Trustee (i) stating that the Master Servicer elects not to make an Advance in a stated amount and (ii) detailing the reason it deems the advance to be nonrecoverable.

ARTICLE VI
THE CERTIFICATES

Section 6.1 The Certificates .

(a) Each of the Certificates shall be substantially in the forms annexed hereto as exhibits, and shall, on original issue, be executed and authenticated by the Securities Administrator and delivered by the Trustee to or upon the receipt of a written order to authenticate from the Depositor concurrently with the sale and assignment to the Trustee of the Trust Fund.

(b) The Certificates shall be executed by manual or facsimile signature on behalf of the Trust Fund by a Responsible Officer of the Securities Administrator. Certificates bearing the manual or facsimile signatures of individuals who were, at the time such signatures were affixed, authorized to sign on behalf of the Securities Administrator shall bind the Trust Fund, notwithstanding that such individuals or any of them have ceased to be so authorized prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such Certificate. No Certificate shall be entitled to any benefit under this Agreement or be valid for any purpose, unless such Certificate shall have been manually authenticated by the Securities Administrator substantially in the form provided for herein, and such authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder. All Certificates shall be dated the date of their authentication. Subject to Section 6.3, the Senior Certificates and Subordinate Certificates shall be Book-Entry Certificates. On the Closing Date, the Class I-CE, Class I-P, Class I-R, Class II-R, Class II-P, Class II-B-3, Class II-B-4 and Class II-B-5 Certificates shall not be Book-Entry Certificates but shall be issued in fully registered certificate form.

(c) Neither the Trustee nor the Securities Administrator shall have any liability to the Trust Fund

and shall be indemnified by the Trust Fund for, any cost, liability or expense incurred by them arising from a registration of a Certificate or transfer, pledge sale or other disposition of a Certificate in reliance upon a certification, Officer's Certificate, affidavit, ruling or Opinion of Counsel described in this Article VI.

Section 6.2 Certificates Issuable in Classes; Distributions of Principal and Interest; Authorized Denominations .

The aggregate principal amount of Certificates that may be authenticated and delivered under this Agreement is limited to the aggregate Principal Balance of the Loans as of the Cut-Off Date, as specified in the Preliminary Statement to this Agreement, except for Certificates authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Certificates pursuant to Section 6.3. Such aggregate principal amount shall be allocated among one or more Classes having designations, types of interests, initial per annum Pass-Through Rates, initial Certificate Principal Balances, Group I Last Scheduled Distribution Dates and Group II Last Scheduled Distribution Dates, as specified in the Preliminary Statement to this Agreement. The aggregate Percentage Interest of each Class of Certificates of which the Certificate Principal Balance equals zero as of the Cut-Off Date that may be authenticated and delivered under this Agreement is limited to 100%. Certificates shall be issued in Authorized Denominations.

Section 6.3 Registration of Transfer and Exchange of Certificates .

(a) The Securities Administrator shall cause to be kept at its Corporate Trust Office a Certificate Register in which, subject to such reasonable regulations as it may prescribe, the Securities Administrator shall provide for the registration of Certificates and of transfers and exchanges of Certificates as herein provided.

Upon surrender for registration of transfer of any Certificate at the Corporate Trust Office of the Securities Administrator maintained for such purpose pursuant to the foregoing paragraph for certificate transfer and surrender purposes, and, in the case of the Class I-CE Certificates, the Class I-P Certificates or the Residual Certificates, upon satisfaction of the conditions set forth in Sections 6.3(d), (e) and (f) below, as applicable, the Securities Administrator on behalf of the Trust shall execute, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of the same aggregate Percentage Interest.

At the option of the Certificateholders, Certificates may be exchanged for other Certificates in Authorized Denominations and the same aggregate Percentage Interests, upon surrender of the Certificates to be exchanged at any such office or agency. Whenever any Certificates are so surrendered for exchange, the Securities Administrator shall execute, authenticate and deliver the Certificates which the Certificateholder making the exchange is entitled to receive. Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Securities Administrator) be duly endorsed by, or be accompanied by a written instrument of transfer satisfactory to the Securities Administrator duly executed by, the Holder thereof or his attorney duly authorized in writing.

(b) Except as provided herein, the Book-Entry Certificates shall at all times remain registered in the name of the Depository or its nominee and at all times: (i) registration of such Certificates may not be transferred by the Securities Administrator except to another Depository; (ii) the Depository shall maintain book-entry records with respect to the Certificate Owners and with respect to ownership and transfers of such Certificates; (iii) ownership and transfers of registration of such Certificates on the books of the Depository shall be governed by applicable rules established by the Depository; (iv) the Depository may collect its usual and customary fees, charges and expenses from its Depository Participants; (v) the Trustee and the Securities Administrator shall for all purposes deal with the Depository as representative of the Certificate Owners of the Certificates for purposes of exercising the rights of Holders under this Agreement, and requests and directions for and votes of such representative shall not be deemed to be inconsistent if they are made with respect to different Certificate Owners; (vi) the Trustee and the Securities Administrator may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its Depository Participants and furnished by the Depository Participants with respect to indirect participating firms and Persons shown on the books of such indirect participating firms as direct or indirect Certificate Owners; and (vii) the direct participants of the Depository shall have no rights under this Agreement under or with respect to any of the Certificates held on their behalf by the Depository, and the Depository may be treated by the Trustee, the Securities

Administrator and either the Trustee's or the Securities Administrator's agents, employees, officers and directors as the absolute owner of the Certificates for all purposes whatsoever.

All transfers by Certificate Owners of Book-Entry Certificates shall be made in accordance with the procedures established by the Depository Participant or brokerage firm representing such Certificate Owners. Each Depository Participant shall only transfer Book-Entry Certificates of Certificate Owners that it represents or of brokerage firms for which it acts as agent in accordance with the Depository's normal procedures. The parties hereto are hereby authorized to execute a Letter of Representations with the Depository or take such other action as may be necessary or desirable to register a Book-Entry Certificate to the Depository. In the event of any conflict between the terms of any such Letter of Representation and this Agreement, the terms of this Agreement shall control.

(c) If (i)(x) the Depository or the Depositor advises the Securities Administrator in writing that the Depository is no longer willing or able to discharge properly its responsibilities as Depository and (y) the Securities Administrator or the Depositor is unable to locate a qualified successor, (ii) the Depositor, at its sole option, with the consent of the Securities Administrator, elects to terminate the book-entry system through the Depository or (iii) after the occurrence of a Master Servicer Event of Default, the Certificate Owners of the Book-Entry Certificates representing Percentage Interests of such Classes aggregating not less than 66% advise the Securities Administrator and Depository through the Depository Participants in writing that the continuation of a book-entry system through the Depository is no longer in the best interests of the Certificate Owners, the Securities Administrator shall notify all Holders of Book-Entry Certificates of the occurrence of any such event and of the availability of definitive, fully registered Certificates (" **Definitive Certificates** ") to Certificate Owners requesting the same. Upon surrender to the Securities Administrator of the Book-Entry Certificates by the Depository, accompanied by registration instructions from the Depository for registration, the Securities Administrator shall, at the Depositor's expense, in the case of (i) and (ii) above, or the Master Servicer's expense, in the case of (iii) above, execute on behalf of the Trust and authenticate the Definitive Certificates. None of the Depositor, the Master Servicer, the Trustee or the Securities Administrator shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Certificates, the Trustee, the Securities Administrator, the Master Servicer and the Depositor shall recognize the Holders of the Definitive Certificates as Certificateholders hereunder.

(d) No Transfer of a Class I-CE Certificate, Class P Certificate or Residual Certificate shall be made unless such Transfer is made pursuant to an effective registration statement under the Securities Act of 1933, as amended (the " **1933 Act** ") and any applicable state securities laws or is exempt from the registration requirements under the 1933 Act and such state securities laws. In the event of any such transfer in reliance upon an exemption from the 1933 Act and such state securities laws, in order to assure compliance with the 1933 Act and such state securities laws, the Certificateholder desiring to effect such Transfer and such Certificateholder's prospective Transferee shall each certify to the Securities Administrator in writing the facts surrounding the Transfer in substantially the forms set forth in Exhibit D (the " **Transferor Certificate** ") and (x) deliver a letter in substantially the form of either Exhibit E (the " **Investment Letter** ") or Exhibit F (the " **Rule 144A Letter** ") or (y) there shall be delivered to the Depositor and the Securities Administrator an Opinion of Counsel acceptable to and in form reasonably satisfactory to the Depositor and the Securities Administrator that such Transfer may be made pursuant to an exemption from the Securities Act, which Opinion of Counsel shall not be an expense of the Depositor, the Seller, the Master Servicer, the Securities Administrator or the Trustee. Each Holder of a Class I-CE Certificate, Class P Certificate or Class I-R Certificate desiring to effect such Transfer shall, and does hereby agree to, indemnify the Trustee, the Depositor, the Seller, the Securities Administrator and the Master Servicer against any liability that may result if the Transfer is not so exempt or is not made in accordance with such federal and state laws.

(e) No transfer of an ERISA-Restricted Certificate shall be made unless the Securities Administrator shall have received in accordance with Exhibit C or Exhibit O as applicable, either (i) a representation letter from the transferee of such Certificate, acceptable to and in form and substance satisfactory to the Securities Administrator, to the effect that such transferee is not a Plan or a Person acquiring such ERISA-Restricted Certificate for, on behalf of or with the assets of, any such Plan, (a " **Benefit Plan Investor** "), which representation letter shall not be an expense of the Trustee or the Trust Fund, (ii) in the case of an ERISA-Restricted Certificate, if the purchaser is an insurance

company and the Certificate has been the subject of an ERISA-Qualifying Underwriting, a representation that the purchaser is an insurance company which is purchasing such Certificates with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 (" **PTCE 95-60** ")) and that the purchase and holding of such Certificates are covered under Sections I and III of PTCE 95-60 or (iii) in the case of any ERISA-Restricted Certificate presented for registration in the name of a Benefit Plan Investor without a representation as required above, an Opinion of Counsel satisfactory to the Securities Administrator to the effect that the purchase or holding of such Certificate will not result in prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and will not subject the Depositor, the Seller, the Trustee, the Master Servicer or the Securities Administrator to any obligation in addition to those undertaken in this Agreement, which Opinion of Counsel shall not be an expense of such parties. In the event the representations referred to in the preceding sentence are not furnished, such representations shall be deemed to have been made to the Trustee and the Securities Administrator by the transferee's acceptance of an ERISA-Restricted Certificate by any beneficial owner who purchases an interest in such Certificate in book-entry form. In the event that a representation is violated, or any attempt to transfer an ERISA-Restricted Certificate to a Benefit Plan Investor is attempted without the delivery to the Securities Administrator of the Opinion of Counsel described above, the attempted transfer or acquisition of such Certificate shall be void and of no effect.

No transfer of an ERISA-Restricted Trust Certificate prior to the termination of the Cap Agreement, the Swap Agreement and, in the case of the Class I-A-1 Certificates, the Class I-A-1 Swap Agreement shall be made unless the Trustee and Securities Administrator shall have received a representation letter from the transferee of such Certificate, substantially in the form set forth in Exhibit O, to the effect that either (i) such transferee is neither a Plan nor a Person acting on behalf of any such Plan or using the assets of any such Plan to effect such transfer or (ii) prior to the termination of the Cap Agreement and the Swap Agreement (and, in the case of the Class I-A-1 Certificates, the termination of the Class I-A-1 Swap Agreement, the Cap Agreement and the Swap Agreement), the acquisition and holding of the ERISA-Restricted Trust Certificate are eligible for exemptive relief under Prohibited Transaction Class Exemption (" **PTCE** ") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23, the statutory exemption in the non-fiduciary service providers under Section 408(b)(17) of ERISA or some other applicable statutory or administrative exemption. Notwithstanding anything else to the contrary herein, any purported transfer of an ERISA-Restricted Trust Certificate on behalf of a Plan without the delivery to the Trustee and the Securities Administrator of a representation letter as described above shall be void and of no effect. If the ERISA-Restricted Trust Certificate is a Book-Entry Certificate, the transferee will be deemed to have made a representation as provided in this paragraph.

If any ERISA-Restricted Trust Certificate, or any interest therein, is acquired or held in violation of the provisions of the preceding paragraph, the next preceding permitted beneficial owner will be treated as the beneficial owner of that Certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of an ERISA-Restricted Trust Certificate, or interest therein, was effected in violation of the provisions of the preceding paragraph shall indemnify to the extent permitted by law and hold harmless the Depositor, the Seller, the Trustee, the Master Servicer or the Securities Administrator from and against any and all liabilities, claims, costs or expenses incurred by such parties as a result of such acquisition or holding.

Neither the Trustee nor the Securities Administrator shall have any liability to any Person for any registration of transfer of any ERISA-Restricted Certificate or ERISA-Restricted Trust Certificate that is in fact not permitted by this Section 6.3(e) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the transfer was registered by the Securities Administrator in accordance with the foregoing requirements.

(f) Each Transferee of a Residual Certificate shall be deemed by the acceptance or acquisition of the related Ownership Interest to have agreed to be bound by the following provisions and to have irrevocably appointed the Depositor or its designee as its attorney-in-fact to negotiate the terms of any mandatory sale under clause (v) below and to execute all instruments of transfer and to do all other things necessary in connection with any such sale, and the rights of each Transferee of a Residual Certificate are expressly subject to the following provisions:

(i) Each such Transferee shall be a Permitted Transferee and shall promptly notify the Securities

Administrator of any change or impending change in its status as a Permitted Transferee.

(ii) No Person shall acquire an Ownership Interest in a Residual Certificate unless such Ownership Interest is a *pro rata* undivided interest.

(iii) In connection with any proposed transfer of any Ownership Interest in a Class I-R Certificate, the Securities Administrator shall as a condition to registration of the transfer, require delivery to it, in form and substance satisfactory to it, of each of the following:

(A) an affidavit in the form of Exhibit C hereto from the proposed Transferee to the effect that such Transferee is a Permitted Transferee and that it is not acquiring its Ownership Interest in the Residual Certificate that is the subject of the proposed transfer as a nominee, trustee or agent for any Person who is not a Permitted Transferee; and

(B) a covenant of the proposed Transferee to the effect that the proposed Transferee agrees to be bound by and to abide by the transfer restrictions applicable to the Residual Certificates.

(iv) Any attempted or purported transfer of any Ownership Interest in a Residual Certificate in violation of the provisions of this Section shall be absolutely null and void and shall vest no rights in the purported Transferee. If any purported Transferee shall, in violation of the provisions of this Section, become a Holder of a Residual Certificate, then the prior Holder of such Residual Certificate that is a Permitted Transferee shall, upon discovery that the registration of transfer of such Residual Certificate was not in fact permitted by this Section, be restored to all rights as Holder thereof retroactive to the date of registration of transfer of such Residual Certificate. The Securities Administrator shall be under no liability to any Person for any registration of transfer of a Residual Certificate that is in fact not permitted by this Section or for making any distributions due on such Residual Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the Securities Administrator received the documents specified in clause (iii). The Securities Administrator shall be entitled to recover from any Holder of a Residual Certificate that was in fact not a Permitted Transferee at the time such distributions were made all distributions made on such Residual Certificate. Any such distributions so recovered by the Securities Administrator shall be distributed and delivered by the Securities Administrator to the prior Holder of such Residual Certificate that is a Permitted Transferee.

(v) If any Person other than a Permitted Transferee acquires any Ownership Interest in a Residual Certificate in violation of the restrictions in this Section, then the Securities Administrator shall have the right but not the obligation, without notice to the Holder of such Residual Certificate or any other Person having an Ownership Interest therein, to notify the Depositor to arrange for the sale of such Residual Certificate. The proceeds of such sale, net of commissions (which may include commissions payable to the Depositor or its affiliates in connection with such sale), expenses and taxes due, if any, will be remitted by the Securities Administrator to the previous Holder of such Residual Certificate that is a Permitted Transferee, except that in the event that the Securities Administrator determines that the Holder of such Residual Certificate may be liable for any amount due under this Section or any other provisions of this Agreement, the Securities Administrator may withhold a corresponding amount from such remittance as security for such claim. The terms and conditions of any sale under this clause (v) shall be determined in the sole discretion of the Securities Administrator and it shall not be liable to any Person having an Ownership Interest in a Residual Certificate as a result of its exercise of such discretion.

(vi) If any Person other than a Permitted Transferee acquires any Ownership Interest in a Residual Certificate in violation of the restrictions in this Section, then the Securities Administrator upon receipt of reasonable compensation will provide to the Internal Revenue Service, and to the persons specified in Sections 860E(e)(3) and (6) of the Code, information needed to compute the tax imposed under Section 860E(e)(5) of the Code on transfers of Residual interests to Disqualified Organizations.

The foregoing provisions of this Section shall cease to apply to transfers occurring on or after the date on which

there shall have been delivered to the Securities Administrator, in form and substance satisfactory to the Securities Administrator, (i) written notification from each Rating Agency that the removal of the restrictions on transfer set forth in this Section will not cause such Rating Agency to downgrade its rating of the Certificates and (ii) an Opinion of Counsel to the effect that such removal will not cause any REMIC created hereunder to fail to qualify as a REMIC. The Holder of each Residual Certificate issued hereunder, while not a Disqualified Organization, is the Tax Matters Person with respect to the related REMICs.

(g) No service charge shall be made for any registration of transfer or exchange of Certificates of any Class, but the Securities Administrator may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

All Certificates surrendered for registration of transfer or exchange shall be canceled by the Securities Administrator and disposed of pursuant to its standard procedures.

Section 6.4 Mutilated, Destroyed, Lost or Stolen Certificates .

If (i) any mutilated Certificate is surrendered to the Securities Administrator, or (ii) the Securities Administrator receives evidence to its satisfaction of the destruction, loss or theft of any Certificate, and there is delivered to the Trustee and the Securities Administrator such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Securities Administrator that such Certificate has been acquired by a protected purchaser, the Securities Administrator shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like Percentage Interest. Upon the issuance of any new Certificate under this Section 6.4, the Trustee or the Securities Administrator may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. Any replacement Certificate issued pursuant to this Section 6.4 shall constitute complete and indefeasible evidence of ownership in the Trust Fund, as if originally issued, whether or not the lost or stolen Certificate shall be found at any time.

Section 6.5 Persons Deemed Owners .

The Depositor, the Securities Administrator, the Master Servicer, the Trustee and any agent of any of them may treat the Person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.1 and for all other purposes whatsoever, and none of the Depositor, the Securities Administrator, the Master Servicer, the Trustee, or any agent of the Depositor, the Securities Administrator, the Master Servicer or the Trustee shall be affected by notice to the contrary.

ARTICLE VII
THE DEPOSITOR, MASTER SERVICER AND THE CREDIT RISK MANAGER

Section 7.1 Liability of the Depositor and the Master Servicer .

The Depositor and the Master Servicer each shall be liable in accordance herewith only to the extent of the obligations specifically imposed by this Agreement upon them in their respective capacities as Depositor and Master Servicer and undertaken hereunder by the Depositor and the Master Servicer herein.

Section 7.2 Merger or Consolidation of the Depositor or the Master Servicer .

Subject to the following paragraph, the Depositor shall keep in full effect its existence, rights and franchises as a corporation under the laws of the jurisdiction of its incorporation. Subject to the following paragraph, the Master Servicer shall keep in full effect its existence, rights and franchises as a corporation under the laws of the jurisdiction of its formation. The Depositor and the Master Servicer each shall obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the Certificates or any of the Loans and to perform its respective duties under this

Agreement.

The Depositor or the Master Servicer may be merged or consolidated with or into any Person, or transfer all or substantially all of its assets to any Person, in which case any Person resulting from any merger or consolidation to which the Depositor or the Master Servicer shall be a party, or any Person succeeding to the business of the Depositor or the Master Servicer, shall be the successor of the Depositor or the Master Servicer, as the case may be, hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, that the Rating Agencies' ratings of the Certificates in effect immediately prior to such merger or consolidation will not be qualified, reduced or withdrawn as a result thereof (as evidenced by a letter to such effect from the Rating Agencies).

Section 7.3 Limitation on Liability of the Depositor, the Master Servicer, the Servicers, the Securities Administrator and Others .

None of the Depositor, the Master Servicer, the Securities Administrator, the Servicers or any of the directors, officers, employees or agents of the Depositor, the Master Servicer, the Securities Administrator or the Servicers shall be under any liability to the Trust Fund or the Certificateholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement or the Servicing Agreements, or for errors in judgment; provided, however, that this provision shall not protect the Depositor, the Master Servicer, the Securities Administrator, the Servicers or any such person against any breach of warranties, representations or covenants made herein or in the Servicing Agreements, or against any specific liability imposed on the Master Servicer, the Securities Administrator or the Servicers pursuant hereto or pursuant to the Servicing Agreements, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder or under the Servicing Agreements. The Depositor, the Master Servicer, the Securities Administrator, the Servicers and any director, officer, employee or agent of the Depositor, the Master Servicer, the Securities Administrator or the Servicers may rely in good faith on any document of any kind which, *prima facie* , is properly executed and submitted by any Person respecting any matters arising hereunder or under the Servicing Agreements. The Depositor, the Master Servicer, the Servicers, the Securities Administrator, the Custodian and any director, officer, employee or agent of the Depositor, the Master Servicer, the Servicers, the Custodians or the Securities Administrator shall be indemnified and held harmless by the Trust Fund against any loss, liability or expense incurred in connection with any legal action relating to this Agreement, the Certificates or any Servicing Agreement, or any loss, liability or expense incurred by any of such Persons other than by reason of such Person's willful misfeasance, bad faith or gross negligence in the performance of its duties hereunder or by reason of reckless disregard of its obligations and duties hereunder. None of the Depositor, the Master Servicer, the Securities Administrator, any Custodian or any Servicer shall be under any obligation to appear in, prosecute or defend any legal action unless such action is related to its respective duties under this Agreement, the Custodial Agreement or the applicable Servicing Agreement and, in its opinion, does not involve it in any expense or liability; provided, however, that each of the Depositor, the Master Servicer, the Custodians and the Securities Administrator may in its discretion undertake any such action which it may deem necessary or desirable with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Certificateholders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom (except any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder) shall be expenses, costs and liabilities of the Trust Fund, and the Depositor, the Master Servicer, the Custodians, the Servicers and the Securities Administrator shall be entitled to be reimbursed therefor from the Distribution Account as and to the extent provided in Article III, any such right of reimbursement being prior to the rights of the Certificateholders to receive any amount in the Distribution Account.

Section 7.4 Limitation on Resignation of the Master Servicer .

The Master Servicer shall not resign from the obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination pursuant to the preceding sentence permitting the resignation of the Master Servicer shall be evidenced by an Opinion of Counsel to such effect obtained at the expense of the Master Servicer and delivered to the Trustee and the Rating

Agencies. No resignation of the Master Servicer shall become effective until the Trustee or a successor Master Servicer shall have assumed the Master Servicer's responsibilities, duties, liabilities (other than those liabilities arising prior to the appointment of such successor) and obligations under this Agreement.

Section 7.5 Assignment of Master Servicing .

The Master Servicer may sell and assign its rights and delegate its duties and obligations in its entirety as Master Servicer under this Agreement; provided, however, that: (i) the purchaser or transferee accepting such assignment and delegation (a) shall be a Person which shall be qualified to service mortgage loans for Fannie Mae or Freddie Mac; (b) shall have a net worth of not less than $25,000,000 (unless otherwise approved by each Rating Agency pursuant to clause (ii) below); (c) shall be reasonably satisfactory to the Trustee (as evidenced in a writing signed by the Trustee); and (d) shall execute and deliver to the Trustee an agreement, in form and substance reasonably satisfactory to the Trustee, which contains an assumption by such Person of the due and punctual performance and observance of each covenant and condition to be performed or observed by it as master servicer under this Agreement, any custodial agreement from and after the effective date of such agreement; (ii) each Rating Agency shall be given prior written notice of the identity of the proposed successor to the Master Servicer and each Rating Agency's rating of the Certificates in effect immediately prior to such assignment, sale and delegation will not be downgraded, qualified or withdrawn as a result of such assignment, sale and delegation, as evidenced by a letter to such effect delivered to the Master Servicer and the Trustee; and (iii) the Master Servicer assigning and selling the master servicing shall deliver to the Trustee an officer's certificate and an Opinion of Independent counsel, each stating that all conditions precedent to such action under this Agreement have been completed and such action is permitted by and complies with the terms of this Agreement. No such assignment or delegation shall affect any liability of the Master Servicer arising prior to the effective date thereof.

Section 7.6 Rights of the Depositor in Respect of the Master Servicer .

The Master Servicer shall afford the Depositor and the Trustee, upon reasonable notice, during normal business hours, access to all records maintained by the Master Servicer in respect of the Master Servicer's rights and obligations hereunder and access to officers of the Master Servicer responsible for such obligations. Upon request, the Master Servicer shall furnish to the Depositor and the Trustee the most recent financial statements of its parent and such other information relating to the Master Servicer's capacity to perform its obligations under this Agreement as it possesses. To the extent the Depositor and the Trustee are informed that such information is not otherwise available to the public, the Depositor and the Trustee shall not disseminate any information obtained pursuant to the preceding two sentences without the Master Servicer's written consent, except as required pursuant to this Agreement or to the extent that it is appropriate to do so (i) in working with legal counsel, auditors, taxing authorities or other governmental agencies or (ii) pursuant to any law, rule, regulation, order, judgment, writ, injunction or decree of any court or governmental authority having jurisdiction over the Depositor, the Trustee or the Trust Fund, and in any case, the Depositor or the Trustee, as the case may be, shall use its best efforts to assure the confidentiality of any such disseminated non-public information. The Depositor may, but is not obligated to, enforce the obligations of the Master Servicer under this Agreement and may, but is not obligated to, perform, or cause a designee to perform, any defaulted obligation of the Master Servicer under this Agreement or exercise the rights of the Master Servicer under this Agreement; provided that the Master Servicer shall not be relieved of any of its obligations under this Agreement by virtue of such performance by the Depositor or its designee. The Depositor shall not have any responsibility or liability for any action or failure to act by the Master Servicer and is not obligated to supervise the performance of the Master Servicer under this Agreement or otherwise.

Section 7.7 Duties of the Credit Risk Manager

For and on behalf of the Depositor, pursuant to the Credit Risk Management Agreements the Credit Risk Manager will provide reports and recommendations concerning certain delinquent and defaulted Loans, and as to the collection of any Prepayment Charges with respect to the Loans. Such reports and recommendations will be based upon information provided to the Credit Risk Manager pursuant to the related Credit Risk Management Agreement, and the Credit Risk Manager shall look solely to the related Servicer and/or Master Servicer for all information and

data (including loss and delinquency information and data) relating to the servicing of the related Loans. Upon any termination of the Credit Risk Manager or the appointment of a successor Credit Risk Manager, the Depositor shall give written notice thereof to the Servicers, the Master Servicer, the Trustee, the Certificate Insurer and each Rating Agency. Notwithstanding the foregoing, the termination of the Credit Risk Manager pursuant to this Section shall not become effective until the appointment of a successor Credit Risk Manager.

Section 7.8 Limitation Upon Liability of the Credit Risk Manager .

Neither the Credit Risk Manager, nor any of its directors, officers, employees, or agents shall be under any liability to the Trustee, the Certificateholders, the Certificate Insurer or the Depositor for any action taken or for refraining from the taking of any action made in good faith pursuant to this Agreement, in reliance upon information provided by a Servicer under a Credit Risk Management Agreement, or for errors in judgment; provided , however , that this provision shall not protect the Credit Risk Manager or any such person against liability that would otherwise be imposed by reason of willful malfeasance or bad faith in its performance of its duties. The Credit Risk Manager and any director, officer, employee, or agent of the Credit Risk Manager may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder, and may rely in good faith upon the accuracy of information furnished by a Servicer pursuant to a Credit Risk Management Agreement in the performance of its duties thereunder and hereunder.

Section 7.9 Removal of the Credit Risk Manager .

The Credit Risk Manager may be removed as Credit Risk Manager by Certificateholders evidencing, in aggregate, not less than 66 2/3% of the aggregate Percentage Interests of all Classes of Certificates, in the exercise of its or their sole discretion. The Certificateholders shall provide written notice of the Credit Risk Manager's removal to the Trustee. Upon receipt of such notice, the Trustee shall provide written notice to the Credit Risk Manager of its removal, which shall be effective upon receipt of such notice by the Credit Risk Manager.

Section 7.10 Transfer of Servicing by the Seller of Certain Loans Serviced by GMAC; Special Servicer.

(a) The Seller may, at its option, transfer the servicing responsibilities of GMACM as a Servicer with respect to the Loans serviced pursuant to the GMACM Servicing Agreement at any time without cause. No such transfer shall become effective unless and until a successor to GMACM shall have been appointed to service and administer the related Loans pursuant to the terms and conditions of the GMACM Servicing Agreement or a servicing agreement that is reasonably acceptable to the Seller, the Master Servicer and the Rating Agencies. No appointment shall be effective unless (i) such successor to GMACM meets the eligibility criteria set forth in this Section 7.10, (ii) the Master Servicer shall have consented to such appointment, (iii) the Rating Agencies have confirmed in writing that such appointment will not result in a downgrade, qualification or withdrawal of the then current ratings assigned to the Certificates and (iv) all amounts reimbursable to GMACM under the GMACM Servicing Agreement shall have been paid to GMACM, and all servicing transfer costs incurred by the Master Servicer shall have been paid to it, by the successor appointed pursuant to the terms of this Section 7.10 or by the Seller including without limitation, all unreimbursed Monthly Advances and Servicing Advances made by GMACM and all out-of-pocket expenses of GMACM incurred in connection with the transfer of servicing to such successor. The Seller shall provide a copy of the written confirmation of the Rating Agencies and the servicing agreement executed by such successor to the Trustee, the Securities Administrator, the Credit Risk Manager and the Master Servicer. In connection with such appointment and assumption described herein, the Seller may make such arrangements for the compensation of such successor out of payments on Loans as it and such successor shall agree; provided, however, that no such compensation shall be in excess of that permitted GMACM under the GMACM Servicing Agreement. The Seller shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession.

Notwithstanding the foregoing, any successor to GMACM appointed under this Agreement with respect to the Loans serviced pursuant to the GMACM Servicing Agreement must (i) be an established mortgage loan servicing institution that is a Fannie Mae and Freddie Mac approved seller/servicer, (ii) be approved by each Rating Agency by a written confirmation from each Rating Agency that the appointment of such successor Servicer would not result in the reduction or withdrawal of the then current ratings of any outstanding Class of Certificates, (iii) have a net worth of not less than $25,000,000 and (iv) assume all the responsibilities, duties or liabilities of GMACM (other than liabilities of GMACM incurred prior to the transfer of servicing from GMACM) under the GMACM Servicing

Agreement in connection with the servicing and administration of the related Loans or a servicing agreement that is reasonably acceptable to the Seller, the Master Servicer and the Rating Agencies.

(b) In addition, if any Loan serviced by GMACM becomes ninety (90) days or more delinquent, the Seller shall have the option to transfer servicing with respect to such delinquent Loan to a Special Servicer. Immediately upon the transfer of servicing to the Special Servicer with respect to any Loan, the Special Servicer shall service such Loan in accordance with the GMACM Servicing Agreement and a Special Servicer Agreement. Upon the exercise of such option and with respect to Loans that currently or subsequently become ninety (90) days or more delinquent, servicing on such Loans will transfer to the Special Servicer, upon prior written notice to the Master Servicer, without any further action by the Seller. Any Special Servicer Agreement shall be acceptable to the Master Servicer, the Trustee and the Rating Agencies and will not modify any material terms of the GMACM Servicing Agreement, including but not limited to, increasing the Servicing Fee which was payable to GMACM with respect to such Loan. Notwithstanding anything to the contrary contained herein, upon the transfer of servicing with respect to any such Loan to the Special Servicer, GMACM (or any successor thereto other than the Special Servicer) shall have no further rights, obligations or liabilities with respect to such Loan. If any Loan is serviced by the Special Servicer and subsequently becomes less than ninety (90) days delinquent, such Loan shall be serviced by the Special Servicer in accordance with the GMACM Servicing Agreement exclusively, without regard to any Special Servicer Agreement. Upon the appointment of the Special Servicer all provisions of the GMACM Servicing Agreement shall be binding on and enforceable against the Special Servicer as if such Special Servicer was an original signatory and party to the GMACM Servicing Agreement. Any costs and expenses of the Master Servicer in connection with the negotiation, execution and delivery of any Special Servicer Agreement and the transfer of servicing to a Special Servicer shall be an expense of the Seller. In the event that a Special Servicer is appointed under this Agreement, the Master Servicer and the Securities Administrator shall be entitled with respect to such Special Servicer and its related Special Servicer Agreement, to all the benefits, rights, indemnities and limitations on liability accorded to them under this Agreement and the related Servicing Agreement in respect of GMACM.

ARTICLE VIII
DEFAULT

Section 8.1 Master Servicer Events of Default .

(a) "Master Servicer Event of Default," wherever used herein, means any one of the following events:

(i) [Reserved];

(ii) any failure on the part of the Master Servicer duly to observe or perform in any material respect any other of the covenants or agreements on the part of the Master Servicer contained in this Agreement, or the breach by the Master Servicer of any representation and warranty contained in Section 2.5, which continues unremedied for a period of 30 days after the date on which written notice of such failure, or as otherwise set forth in this Agreement, requiring the same to be remedied, shall have been given to the Master Servicer by the Depositor or the Trustee or to the Master Servicer, the Depositor and the Trustee by the Holders of Certificates evidencing, in aggregate, not less than 25% of the Voting Rights; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises in an involuntary case under any present or future federal or state bankruptcy, insolvency or similar law or the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 90 days; or

(iv) the Master Servicer shall consent to the appointment of a conservator or receiver or liquidator in

any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to it or of or relating to all or substantially all of its property; or

(v) the Master Servicer shall 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; or

(vi) any failure of the Master Servicer to make any Advance on any Distribution Account Deposit Date required to be made from its own funds pursuant to Section 4.4 which continues unremedied until 3:00 p.m. New York time on the Business Day immediately following the Distribution Account Deposit Date; or

(vii) failure by the Master Servicer to duly perform, within the required time period, its obligations under Section 3.16, 3.17 or 3.18 of this Agreement.

If a Master Servicer Event of Default described in clauses (ii) through (v) of this Section shall occur, then, and in each and every such case, so long as such Master Servicer Event of Default shall not have been remedied, the Depositor or the Trustee may, and at the written direction of the Holders of Certificates evidencing, in aggregate, not less than 51% of the aggregate Certificate Principal Balance of the Certificates, the Trustee shall, by notice in writing to the Master Servicer (and to the Depositor if given by the Trustee or to the Trustee if given by the Depositor) with a copy to each Rating Agency, terminate all of the rights and obligations of the Master Servicer (and the Securities Administrator if the Master Servicer and the Securities Administrator are the same entity) in its capacity as Master Servicer (and in its capacity as Securities Administrator if the Master Servicer and the Securities Administrator are the same entity) under this Agreement, to the extent permitted by law, and in and to the Loans and the proceeds thereof. Except as otherwise provided in Section 8.4, if a Master Servicer Event of Default described in clause (vi) hereof shall occur, the Trustee shall, by notice in writing to the Master Servicer and the Depositor, promptly terminate all of the rights and obligations of the Master Servicer (and the Securities Administrator if the Master Servicer and the Securities Administrator are the same entity) in its capacity as Master Servicer under this Agreement (and in its capacity as Securities Administrator if the Master Servicer and the Securities Administrator are the same entity) and in and to the Loans and the proceeds thereof. On or after the receipt by the Master Servicer of such written notice, all authority and power of the Master Servicer (and, if applicable, the Securities Administrator) under this Agreement, whether with respect to the Certificates (other than as a Holder of any Certificate) or the Loans or otherwise, shall pass to and be vested in the Trustee pursuant to and under this Section, and, without limitation, the Trustee is hereby authorized and empowered, as attorney-in-fact or otherwise, to execute and deliver, on behalf of and at the expense of the Master Servicer, (and, if applicable, the Securities Administrator) any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement or assignment of the Loans and related documents, or otherwise. The Master Servicer (and, if applicable, the Securities Administrator) agrees promptly (and in any event no later than ten Business Days subsequent to such notice) to provide the Trustee with all documents and records requested by it to enable it to assume the Master Servicer's (and, if applicable, the Securities Administrator's) functions under this Agreement, and to cooperate with the Trustee in effecting the termination of the Master Servicer's (and, if applicable, the Securities Administrator's) responsibilities and rights under this Agreement (provided, however, that the Master Servicer shall continue to be entitled to receive all amounts accrued or owing to it under this Agreement on or prior to the date of such termination, whether in respect of Advances or otherwise, and shall continue to be entitled to the benefits of Section 7.3, notwithstanding any such termination, with respect to events occurring prior to such termination). For purposes of this Section 8.1, the Trustee shall not be deemed to have knowledge of a Master Servicer Event of Default unless a Responsible Officer of the Trustee assigned to and working in the Trustee's Corporate Trust Office has actual knowledge thereof or unless written notice of any event which is in fact such a Master Servicer Event of Default is received by the Trustee and such notice references the Certificates, the Trust or this Agreement. The Trustee shall immediately notify the Rating Agencies of the occurrence of a Master Servicer Event of Default of which it has knowledge as provided above.

Section 8.2 Trustee to Act; Appointment of Successor .

On and after the time the Master Servicer receives a notice of termination, the Trustee shall be the successor in all respects to the Master Servicer (and, if applicable, the Securities Administrator) in its capacity as Master Servicer (and, if applicable, the Securities Administrator) under this Agreement and the transactions set forth or provided for herein, and all the responsibilities, duties and liabilities relating thereto and arising thereafter shall be assumed by the Trustee (except for any representations or warranties of the Master Servicer under this Agreement, the responsibilities, duties and liabilities contained in Section 2.3 and the obligation to deposit amounts in respect of losses pursuant to Section 3.23(c)), including, without limitation, the Master Servicer's obligations to make Advances no later than each Distribution Date pursuant to Section 4.4; provided, however, that if the Trustee is prohibited by law or regulation from obligating itself to make advances regarding delinquent mortgage loans, or if the Trustee determines that such advance would constitute a Non-Recoverable Advance, then the Trustee shall not be obligated to make Advances pursuant to Section 4.4; and provided further, that any failure to perform such duties or responsibilities caused by the Master Servicer's failure to provide information required by Section 8.1 shall not be considered a default by the Trustee as successor to the Master Servicer hereunder and neither the Trustee nor any other successor master servicer shall be liable for any acts or omissions of the terminated master servicer. As compensation therefor, the Trustee shall be entitled to the Master Servicing Fee and all funds relating to the Loans, investment earnings on the Distribution Account and all other remuneration to which the Master Servicer would have been entitled if it had continued to act hereunder. Notwithstanding the above and subject to the immediately following paragraph, the Trustee may, if it shall be unwilling to so act, or shall, if it is unable to so act or if it is prohibited by law from making advances regarding delinquent mortgage loans or if the Holders of Certificates evidencing, in aggregate, not less than 51% of the Certificate Principal Balance of the Certificates so request in writing promptly appoint or petition a court of competent jurisdiction to appoint, an established mortgage loan servicing institution acceptable to each Rating Agency and having a net worth of not less than $15,000,000, as the successor to the Master Servicer under this Agreement in the assumption of all or any part of the responsibilities, duties or liabilities of the Master Servicer under this Agreement.

No appointment of a successor to the Master Servicer (and, if applicable, the Securities Administrator) under this Agreement shall be effective until the assumption by the successor of all of the Master Servicer's (and, if applicable, the Securities Administrator's) responsibilities, duties and liabilities hereunder. In connection with such appointment and assumption described herein, the Trustee may make such arrangements for the compensation of such successor out of payments on Loans as it and such successor shall agree; provided , however , that no such compensation shall be in excess of that permitted the Master Servicer (and, if applicable, the Securities Administrator) as such hereunder. The Depositor, the Trustee and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. Pending appointment of a successor to the Master Servicer (and, if applicable, the Securities Administrator) under this Agreement, the Trustee shall act in such capacity as hereinabove provided. The transition costs and expenses incurred by the Trustee in connection with the replacement of the Master Servicer (and, if applicable, the Securities Administrator) shall be reimbursed out of the Trust.

Notwithstanding anything herein to the contrary, in no event shall the Trustee, in its individual capacity, be liable for any Servicing Fee or Master Servicing Fee or for any differential in the amount of the Servicing Fee or Master Servicing Fee paid hereunder or under the applicable Servicing Agreement and the amount necessary to induce any successor servicer or successor master servicer to act as successor servicer or successor master servicer, as applicable, under this Agreement or the applicable Servicing Agreement and the transactions set forth or provided for herein or in the applicable Servicing Agreement.

Section 8.3 Notification to Certificateholders .

(a) Upon any termination of the Master Servicer pursuant to Section 8.1 above or any appointment of a successor to the Master Servicer pursuant to Section 8.2 above, the Trustee shall give prompt written notice thereof the Certificateholders at their respective addresses appearing in the Certificate Register.

(b) Not later than the later of 60 days after the occurrence of any event, which constitutes or which, with notice or lapse of time or both, would constitute a Master Servicer Event of Default or five days after a Responsible Officer of the Trustee becomes aware of the occurrence of such an event, the Trustee shall transmit by mail to all Holders of Certificates notice of each such occurrence, unless such default or Master Servicer Event of

Default shall have been cured or waived.

Section 8.4 Waiver of Master Servicer Events of Default .

The Holders evidencing, in aggregate, not less than 66 2/3% of the aggregate Percentage Interests of all Classes of Certificates affected by any default or Master Servicer Event of Default hereunder may waive such default or Master Servicer Event of Default; provided , however , that a default or Master Servicer Event of Default under clause (vi) of Section 8.1 may be waived only by all of the Holders of the Regular Interest Certificates. Upon any such waiver of a default or Master Servicer Event of Default, such default or Master Servicer Event of Default shall cease to exist and shall be deemed to have been remedied for every purpose hereunder. No such waiver shall extend to any subsequent or other default or Master Servicer Event of Default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE IX
CONCERNING THE TRUSTEE AND THE SECURITIES ADMINISTRATOR

Section 9.1 Duties of Trustee and Securities Administrator .

The Trustee, prior to the occurrence of a Master Servicer Event of Default and after the curing or waiver of all Master Servicer Events of Default which may have occurred, and the Securities Administrator each undertake to perform such duties and only such duties as are specifically set forth in this Agreement as duties of the Trustee and the Securities Administrator, respectively. During the continuance of a Master Servicer Event of Default, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Any permissive right of the Trustee enumerated in this Agreement shall not be construed as a duty.

Each of the Trustee and the Securities Administrator, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to it, which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them to determine whether they conform on their face to the requirements of this Agreement. If any such instrument is found not to conform on its face to the requirements of this Agreement, the Trustee or the Securities Administrator, as the case may be, shall take such action as it deems appropriate to have the instrument corrected, and if the instrument is not corrected to its satisfaction, the Securities Administrator shall provide notice to the Trustee thereof and the Trustee shall provide notice to the Certificateholders.

No provision of this Agreement shall be construed to relieve the Trustee or the Securities Administrator from liability for its own negligent action, its own negligent failure to act or its own misconduct; provided , however , that:

(i) Prior to the occurrence of a Master Servicer Event of Default, and after the curing or waiver of all such Master Servicer Events of Default which may have occurred with respect to the Trustee and at all times with respect to the Securities Administrator, the duties and obligations of the Trustee and the Securities Administrator shall be determined solely by the express provisions of this Agreement, neither the Trustee nor the Securities Administrator shall be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, no implied covenants or obligations shall be read into this Agreement against the Trustee or the Securities Administrator and, in the absence of bad faith on the part of the Trustee or the Securities Administrator, respectively, the Trustee or the Securities Administrator, respectively, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee or the Securities Administrator, respectively, that conform to the requirements of this Agreement;

(ii) Neither the Trustee nor the Securities Administrator shall be liable for an error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee or an officer or officers of the Securities Administrator, respectively, unless it shall be proved that the Trustee or the Securities Administrator, respectively, was negligent in ascertaining the pertinent facts; and

(iii) Neither the Trustee nor the Securities Administrator shall be 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 Holders of Certificates evidencing, in aggregate, not less than 25% (or such other percentage set forth in this Agreement) of the aggregate Certificate Principal Balance of the Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Securities Administrator or exercising any trust or power conferred upon the Trustee or the Securities Administrator under this Agreement.

Section 9.2 Certain Matters Affecting Trustee and Securities Administrator .

(a) Except as otherwise provided in Section 9.1:

(i) Before taking any action pursuant to this Agreement, the Trustee and the Securities Administrator may request and rely upon and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) The Trustee and the Securities Administrator may consult with counsel of its selection and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(iii) Neither the Trustee nor the Securities Administrator shall be under any obligation to exercise any of the trusts or powers vested in it by this Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Certificateholders, pursuant to the provisions of this Agreement, unless such Certificateholders shall have offered to the Trustee or the Securities Administrator, as the case may be, reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligation, upon the occurrence of a Master Servicer Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs;

(iv) Neither the Trustee nor the Securities Administrator shall be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(v) Prior to the occurrence of a Master Servicer Event of Default hereunder and after the curing or waiver of all Master Servicer Events of Default which may have occurred with respect to the Trustee and at all times with respect to the Securities Administrator, neither the Trustee nor the Securities Administrator shall be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Holders of Certificates evidencing, in aggregate, not less than 25% of the Trust Fund; provided , however , that if the payment within a reasonable time to the Trustee or the Securities Administrator of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee or the Securities Administrator, as applicable, not reasonably assured to the Trustee or the Securities Administrator by such Certificateholders, the Trustee or the Securities Administrator, as applicable, may require reasonable indemnity satisfactory to it against such expense, or liability from such Certificateholders as a condition to taking any such action;

(vi) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(vii) Neither the Trustee nor the Securities Administrator shall be liable for any loss resulting from the investment of funds held in the Distribution Account at the direction of the Master Servicer pursuant to Section 3.23(c);

(viii) Neither the Trustee nor the Securities Administrator shall be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(ix) The Trustee shall not be deemed to have notice of any default or Master Servicer Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Certificates and this Agreement;

(x) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, each agent, custodian and other Person employed to act hereunder.

(xi) In no event shall the Trustee be liable, directly or indirectly, for any special, indirect or consequential damages, even if the Trustee has been advised of the possibility of such damages; and

(xii) No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(b) [Reserved].

(c) All rights of action under this Agreement or under any of the Certificates, enforceable by the Trustee, may be enforced by it without the possession of any of the Certificates, or the production thereof at the trial or other proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Certificates, subject to the provisions of this Agreement.

(d) The Trustee may request that the Depositor provide reasonable instructions to the Trustee in connection with an action to be performed by the Trustee pursuant to this Agreement but for which the Trustee is unclear, and the Depositor shall comply with any such reasonable request.

Section 9.3 Trustee and Securities Administrator not Liable for Certificates or Loans .

The recitals contained herein and in the Certificates (other than the signature of the Securities Administrator, the authentication of the Securities Administrator on the Certificates, the acknowledgments of the Trustee contained in Article II and the representations and warranties of the Trustee in Section 9.12) shall be taken as the statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness. Neither the Trustee nor the Securities Administrator makes any representations or warranties as to, and has no liability with respect to, the validity or sufficiency of this Agreement (other than as specifically set forth in Section 9.12) or of the Certificates (other than the signature of the Securities Administrator and authentication of the Securities Administrator on the Certificates), or of any Loan or related document. The Trustee shall not be accountable for the use or application by the Depositor of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Depositor or the Master Servicer in respect of the Loans or deposited in or withdrawn from the Distribution Account.

Section 9.4 Trustee, Master Servicer and Securities Administrator May Own Certificates .

Each of the Trustee, the Master Servicer and the Securities Administrator in its individual capacity or any other capacity may become the owner or pledgee of Certificates and may transact business with other interested parties and

their Affiliates with the same rights it would have if it were not the Trustee, the Master Servicer or the Securities Administrator.

Section 9.5 Fees and Expenses of Trustee and Securities Administrator .

The fees of the Trustee and the Securities Administrator hereunder and of Wells Fargo as the Custodian under the Wells Fargo Custodial Agreement or of DBNTC as the Custodian under the DBNTC Custodial Agreement shall be paid in accordance with a side letter agreement with the Master Servicer and at the sole expense of the Master Servicer. In addition, the Trustee, the Securities Administrator, the Custodians and any director, officer, employee or agent of the Trustee, the Securities Administrator and the Custodians shall be indemnified by the Trust Fund and held harmless against any loss, liability or expense (including reasonable attorney's fees and expenses) incurred by the Trustee or the Securities Administrator in connection with any administration to be performed by the Trustee or the Securities Administrator pursuant to this Agreement or other agreements related hereto (including, without limitation, the Swap Agreement) and any claim or legal action or any pending or threatened claim or legal action arising out of or in connection with the acceptance or administration of its respective obligations and duties under this Agreement, including other agreements related hereto, other than any loss, liability or expense (i) for which the Trustee is indemnified by the Master Servicer, (ii) that constitutes a specific liability of the Trustee or the Securities Administrator, respectively, pursuant to Section 11.1(g) or (iii) any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence by the Trustee, or Securities Administrator, respectively, in the performance of its duties hereunder or by reason of reckless disregard of its obligations and duties hereunder. The Master Servicer agrees to indemnify the Trustee, from, and hold the Trustee harmless against, any loss, liability or expense (including reasonable attorney's fees and expenses) incurred by the Trustee by reason of the Master Servicer's willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement or by reason of the Master Servicer's reckless disregard of its obligations and duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement and the resignation or removal of the Trustee. Any payment hereunder made by the Master Servicer to the Trustee shall be from the Master Servicer's own funds, without reimbursement from the Trust Fund therefor.

Section 9.6 Eligibility Requirements for Trustee and Securities Administrator .

The Trustee and the Securities Administrator shall at all times be a corporation or an association (other than the Depositor, the Seller, the Master Servicer or any Affiliate of the foregoing) organized and doing business under the laws of any state or the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 (or a member of a bank holding company whose capital and surplus is at least $50,000,000), subject to supervision or examination by federal or state authority and having a credit rating satisfactory to each Rating Agency. If such corporation or association publishes reports of conditions at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published. In case at any time the Trustee or the Securities Administrator, as applicable, shall cease to be eligible in accordance with the provisions of this Section, the Trustee or the Securities Administrator, as applicable, shall resign immediately in the manner and with the effect specified in Section 9.7.

Additionally, the Securities Administrator (i) may not be an originator, Master Servicer, Servicer, the Depositor or an affiliate of the Depositor unless the Securities Administrator is in an institutional trust department, (ii) must be authorized to exercise corporate trust powers under the laws of its jurisdiction of organization, and (iii) must be rated at least "A/F1" by Fitch, if Fitch is a Rating Agency, or the equivalent rating by S&P or Moody's (or such rating acceptable to Fitch pursuant to a rating confirmation). If no successor securities administrator shall have been appointed and shall have accepted appointment within sixty (60) days after Wells Fargo Bank, N.A., as Securities Administrator, ceases to be the securities administrator pursuant to this Section 9.6, then the Trustee shall, at the expense of the Trust, petition any court of competent jurisdiction for the appointment of a successor securities administrator, and prior to such appointment, the Trustee shall act as a successor securities administrator provided, that it shall only be responsible for duties of the Securities Administrator pursuant to Article IV of this Agreement. The

Trustee shall notify the Rating Agencies of any change of Securities Administrator.

Section 9.7 Resignation and Removal of Trustee and Securities Administrator .

The Trustee and the Securities Administrator may at any time resign (including, in the case of the Securities Administrator, in connection with the resignation or termination of the Master Servicer) and be discharged from the trust hereby created by giving written notice thereof to the Depositor, to the Master Servicer, to the Securities Administrator (or the Trustee, if the Securities Administrator resigns) and to the Certificateholders. Upon receiving such notice of resignation, the Depositor shall promptly appoint a successor trustee or successor securities administrator by written instrument, in duplicate, which instrument shall be delivered to the resigning Trustee or Securities Administrator, as applicable, and to the successor trustee or successor securities administrator, as applicable. A copy of such instrument shall be delivered to the Certificateholders, the Trustee, the Securities Administrator and the Master Servicer by the Depositor. If no successor trustee or successor securities administrator shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee or Securities Administrator, as the case may be, may, at the expense of the Trust Fund, petition any court of competent jurisdiction for the appointment of a successor trustee, successor securities administrator, Trustee or Securities Administrator, as applicable.

If at any time the Trustee or the Securities Administrator shall cease to be eligible in accordance with the provisions of Section 9.6 and shall fail to resign after written request therefor by the Depositor, or if at any time the Trustee or the Securities Administrator shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or the Securities Administrator or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or the Securities Administrator or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Depositor may remove the Trustee or the Securities Administrator, as applicable and appoint a successor trustee or successor securities administrator, as applicable, by written instrument, in duplicate, which instrument shall be delivered to the Trustee or the Securities Administrator so removed and to the successor trustee or successor securities administrator.

The Holders of Certificates evidencing, in aggregate, not less than 51% of the Certificate Principal Balance of the Certificates may at any time remove the Trustee or the Securities Administrator and appoint a successor trustee or successor securities administrator by written instrument or instruments, in triplicate, signed by such Holders or their attorneys-in-fact duly authorized, one complete set of which instruments shall be delivered to the Depositor, one complete set to the Trustee or the Securities Administrator so removed and one complete set to the successor so appointed. A copy of such instrument shall be delivered to the Certificateholders, the Trustee (in the case of the removal of the Securities Administrator), the Securities Administrator (in the case of the removal of the Trustee) and the Master Servicer by the Depositor. All costs and expenses incurred by the Trustee in connection with its removal without cause hereunder shall be reimbursed to it by the Trust Fund.

Any resignation or removal of the Trustee or the Securities Administrator and appointment of a successor trustee or successor securities administrator pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor trustee or successor securities administrator, as applicable, as provided in Section 9.8.

Notwithstanding anything to the contrary contained herein, the Master Servicer and the Securities Administrator shall at all times be the same Person.

Section 9.8 Successor Trustee or Securities Administrator .

Any successor trustee or successor securities administrator appointed as provided in Section 9.7 shall execute, acknowledge and deliver to the Depositor and its predecessor trustee or predecessor securities administrator an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee or predecessor securities administrator shall become effective and such successor trustee or successor securities administrator without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as trustee or securities

administrator herein. The predecessor trustee or predecessor securities administrator shall deliver to the successor trustee or successor securities administrator all Loan Documents and related documents and statements to the extent held by it hereunder, as well as all moneys, held by it hereunder, and the Depositor and the predecessor trustee or predecessor securities administrator shall execute and deliver such instruments and do such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor trustee or successor securities administrator all such rights, powers, duties and obligations.

No successor trustee or successor securities administrator shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee or successor securities administrator shall be eligible under the provisions of Section 9.6 and the appointment of such successor trustee or successor securities administrator shall not result in a downgrading of any Class of Certificates by any Rating Agency, as evidenced by a letter from each Rating Agency.

Upon acceptance of appointment by a successor trustee or successor securities administrator as provided in this Section, the Depositor shall mail notice of the succession of such trustee hereunder to all Holders of Certificates at their addresses as shown in the Certificate Register. If the Depositor fails to mail such notice within 10 days after acceptance of appointment by the successor trustee or successor securities administrator, the successor trustee or successor securities administrator shall cause such notice to be mailed at the expense of the Depositor.

Section 9.9 Merger or Consolidation of Trustee or Securities Administrator .

Any corporation or association into which the Trustee or the Securities Administrator may be merged or converted or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee or the Securities Administrator shall be a party, or any corporation or association succeeding to the business of the Trustee or the Securities Administrator shall be the successor of the Trustee or the Securities Administrator hereunder, provided such corporation or association shall be eligible under the provisions of Section 9.6, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.10 Appointment of Co-Trustee or Separate Trustee .

Notwithstanding any other provisions hereof, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Fund or property securing the same may at the time be located, the Trustee shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Trustee to act as co-trustee or co-trustees, jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Fund, and to vest in such Person or Persons, in such capacity, and for the benefit of the Holders of the Certificates, such title to the Trust Fund, or any part thereof, and, subject to the other provisions of this Section 9.10, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.6 hereunder and no notice to Holders of Certificates of the appointment of co-trustee(s) or separate trustee(s) shall be required under Section 9.8 hereof.

In the case of any appointment of a co-trustee or separate trustee pursuant to this Section 9.10 all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed by the Trustee (whether as Trustee hereunder or as successor to a defaulting Master Servicer hereunder), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Fund or any portion thereof in any such jurisdiction) shall be exercised and performed by such separate trustee or co-trustee at the direction of the Trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Article IX. Each separate trustee and co-

trustee, upon its acceptance of the trust conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee, or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

Any separate trustee or co-trustee may, at any time, constitute the Trustee, its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee or co-trustee.

Section 9.11 Appointment of Office or Agency .

The Securities Administrator shall appoint an office or agency in the City of Minneapolis located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, where the Certificates may be surrendered for registration of transfer or exchange, and presented for final distribution and where notices and demands to or upon the Securities Administrator in respect of the Certificates and this Agreement may be served.

Section 9.12 Representations and Warranties of the Trustee .

The Trustee hereby represents and warrants to the Master Servicer, the Securities Administrator and the Depositor as applicable, as of the Closing Date, that:

(i) It is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America.

(ii) The execution and delivery of this Agreement by it, and the performance and compliance with the terms of this Agreement by it, will not violate its articles of incorporation or bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material agreement or other instrument to which it is a party or which is applicable to it or any of its assets.

(iii) It has the full power and authority to enter into and consummate all transactions contemplated by this Agreement, has duly authorized the execution, delivery and performance of this Agreement, and has duly executed and delivered this Agreement.

(iv) This Agreement, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid, legal and binding obligation of it, enforceable against it in accordance with the terms hereof, subject to (A) applicable bankruptcy, insolvency, receivership, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally, and (B) general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law.

(v) It is not in violation of, and its execution and delivery of this Agreement and its performance and compliance with the terms of this Agreement will not constitute a violation of, any law, any order or decree of any court or arbiter, or any order, regulation or demand of any federal, state or local governmental or regulatory authority, which violation, in its good faith and reasonable judgment, is likely to affect materially and adversely either the ability of it to perform its obligations under this Agreement or its financial condition.

(vi) No litigation is pending or, to the best of its knowledge, threatened against it, which would prohibit it from entering into this Agreement or, in its good faith reasonable judgment, is likely to materially and adversely affect either the ability of it to perform its obligations under this Agreement or its financial condition.

TERMINATION

Section 10.1 Termination Upon Purchase or Liquidation of [All] Loans .

(a) Subject to Section 10.2, the respective obligations and responsibilities under this Agreement of the Depositor, the Master Servicer, the Securities Administrator and the Trustee (other than the obligations of the Master Servicer to the Securities Administrator pursuant to Section 9.5 and of the Master Servicer to pay Compensating Interest to the Securities Administrator and the Securities Administrator to make payments in respect of REMIC I Regular Interests or the Classes of Certificates as hereinafter set forth) shall terminate upon payment to the Certificateholders and the deposit of all amounts held by or on behalf of the Trustee and required hereunder to be so paid or deposited on the Distribution Date coinciding with or following the earlier to occur of (i) the purchase by the Master Servicer (the " **Terminator** ") of all Loans and each REO Property remaining in REMIC I and (ii) the final payment or other liquidation (or any advance with respect thereto) of the last Loan or REO Property remaining in REMIC I; provided , however , that in no event shall the trust created hereby continue beyond the earlier of (a) the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James, living on the date hereof and (b) October 2039. The purchase by the Terminator of all Loans and each REO Property remaining in REMIC I shall be at a price (the " **Termination Price** ") equal to the sum of (i) the greater of (A) the aggregate Purchase Price of all the Loans included in REMIC I, plus the appraised value of each REO Property, if any, included in REMIC I, such appraisal to be conducted by an appraiser mutually agreed upon by the Terminator and the Securities Administrator in their reasonable discretion and (B) the aggregate fair market value of all of the assets of REMIC I (as determined by the Terminator and the Securities Administrator, as of the close of business on the third Business Day next preceding the date upon which notice of any such termination is furnished to Certificateholders pursuant to the third paragraph of this Section 11.1), (ii) any amounts due the Servicers and the Master Servicer in respect of unpaid Servicing Fees and outstanding Monthly Advances and Servicing Advances and all amounts due and owing to the Master Servicer, the Securities Administrator, the Trustee, the Credit Risk Manager and the Custodians pursuant to this Agreement and the Custodial Agreements and (iii) any Swap Termination Payments payable to the Swap Providers not due to a Swap Provider Trigger Event which remain unpaid or which are due to the exercise of the optional termination right.

(b) The Master Servicer shall have the right to purchase all of the [Loans] and each REO Property remaining in REMIC I pursuant to clause (i) of the preceding paragraph no later than the Determination Date in the month immediately preceding the Distribution Date on which the Certificates will be retired; provided, however, that the Master Servicer may elect to purchase all of the Loans and each REO Property remaining in REMIC I pursuant to clause (i) above only if the aggregate Scheduled Principal Balance of the Loans and the fair market value of each REO Property remaining in the Trust Fund at the time of such election is less than or equal to 10% of the aggregate Scheduled Principal Balance of the [Loans] as of the Cut-Off Date.

(c) Notice of the liquidation of the Certificates shall be given promptly by the Securities Administrator by letter to the Certificateholders mailed (a) in the event such notice is given in connection with the purchase of the Loans and each REO Property by the Terminator, not earlier than the 15th day and not later than the 25th day of the month next preceding the month of the final distribution on the Certificates or (b) otherwise during the month of such final distribution on or before the Determination Date in such month, in each case specifying (i) the Distribution Date upon which the Trust Fund will terminate and the final payment in respect of REMIC I Regular Interests or the Certificates will be made upon presentation and surrender of the related Certificates at the office of the Securities Administrator therein designated, (ii) the amount of any such final payment, (iii) that no interest shall accrue in respect of REMIC I Regular Interests or Certificates from and after the Interest Accrual Period relating to the final Distribution Date therefor and (iv) that the Record Date otherwise applicable to such Distribution Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office of the Securities Administrator. In the event such notice is given in connection with the purchase of all of the Loans and each REO Property remaining in the REMIC I by the Terminator, the Terminator shall deliver to the Securities Administrator for deposit in the Distribution Account not later than the last Business Day of the month next preceding the month of the final distribution on the Certificates an amount in immediately available funds equal to the above-described Termination Price. The Securities Administrator shall remit (a) to the Master Servicer from such funds deposited in the

Distribution Account (i) any amounts which the Master Servicer notifies it in writing that the Master Servicer would be permitted to withdraw and retain from the Distribution Account pursuant to Section 3.24 and (ii) any other amounts otherwise payable by the Securities Administrator to the Master Servicer from amounts on deposit in the Distribution Account pursuant to the terms of this Agreement and notified by the Master Servicer in writing and (b) to the Servicers, any amounts reimbursable to the Servicers pursuant to the Servicing Agreements, in each case prior to making any final distributions pursuant to Section 10.1(d) below. Upon certification to the Trustee and the Securities Administrator by a Servicing Officer of the making of such final deposit, the Trustee shall promptly release to the Terminator the Mortgage Files for the remaining Loans, and the Trustee shall execute all assignments, endorsements and other instruments necessary to effectuate such transfer in each case without recourse, representation or warranty.

(d) Upon presentation of the Certificates by the Certificateholders on the final Distribution Date, the Securities Administrator shall distribute to each Certificateholder so presenting and surrendering its Certificates the amount otherwise distributable on such Distribution Date in accordance with Section 4.1 in respect of the Certificates so presented and surrendered. Any funds not distributed to any Holder or Holders of Certificates being retired on such Distribution Date because of the failure of such Holder or Holders to tender their Certificates shall, on such date, be set aside and held in trust and credited to the account of the appropriate non-tendering Holder or Holders. If any Certificates as to which notice has been given pursuant to this Section 10.1 shall not have been surrendered for cancellation within six months after the time specified in such notice, the Securities Administrator shall mail a second notice to the remaining non-tendering Certificateholders to surrender their Certificates for cancellation in order to receive the final distribution with respect thereto. If within one year after the second notice all such Certificates shall not have been surrendered for cancellation, the Securities Administrator shall, directly or through an agent, mail a final notice to the remaining non-tendering Certificateholders concerning surrender of their Certificates. The costs and expenses of maintaining the funds in trust and of contacting such Certificateholders shall be paid out of the assets remaining in the trust funds. If within one year after the final notice any such Certificates shall not have been surrendered for cancellation, the Securities Administrator shall pay to the Depositor all such amounts, and all rights of non-tendering Certificateholders in or to such amounts shall thereupon cease. No interest shall accrue or be payable to any Certificateholder on any amount held in trust by the Securities Administrator as a result of such Certificateholder's failure to surrender its Certificate(s) for final payment thereof in accordance with this Section 10.1. Any such amounts held in trust by the Securities Administrator shall be held in an Eligible Account and the Securities Administrator may direct any depository institution maintaining such account to invest the funds in one or more Eligible Investments. All income and gain realized from the investment of funds deposited in such accounts held in trust by the Securities Administrator shall be for the benefit of the Securities Administrator; provided , however , that the Securities Administrator shall deposit in such account the amount of any loss of principal incurred in respect of any such Eligible Investment made with funds in such accounts immediately upon the realization of such loss.

Immediately following the deposit of funds in trust hereunder in respect of the Certificates, the Trust Fund shall terminate.

Section 10.2 Additional Termination Requirements .

(a) In the event that the Terminator purchases all the Loans and each REO Property or the final payment on or other liquidation of the last Loan or REO Property remaining in REMIC I pursuant to Section 10.1, the Trust Fund shall be terminated in accordance with the following additional requirements:

(i) The Securities Administrator shall specify the first day in the 90-day liquidation period in a statement attached to each REMIC's final Tax Return pursuant to Treasury regulation Section 1.860F-1 and shall satisfy all requirements of a qualified liquidation under Section 860F of the Code and any regulations thereunder, as evidenced by an Opinion of Counsel obtained by and at the expense of the Terminator;

(ii) During such 90-day liquidation period and, at or prior to the time of making of the final payment on the Certificates, the Securities Administrator shall sell all of the assets of REMIC I to the Terminator for cash; and

(iii) At the time of the making of the final payment on the Certificates, the Securities Administrator shall distribute or credit, or cause to be distributed or credited, to the Holders of the Residual Certificates all cash on hand in the Trust Fund (other than cash retained to meet claims), and the Trust Fund shall terminate at that time.

(b) At the expense of the requesting Terminator (or, if the Trust Fund is being terminated as a result of the occurrence of the event described in clause (ii) of the first paragraph of Section 10.1, at the expense of the Trust Fund), the Terminator shall prepare or cause to be prepared the documentation required in connection with the adoption of a plan of liquidation of each REMIC pursuant to this Section 10.2.

(c) By their acceptance of Certificates, the Holders thereof hereby agree to authorize the Securities Administrator to specify the 90-day liquidation period for each REMIC, which authorization shall be binding upon all successor Certificateholders.

ARTICLE XI
REMIC PROVISIONS

Section 11.1 REMIC Administration .

(a) The Trustee shall elect to treat each REMIC created hereunder as a REMIC under the Code and, if necessary, under applicable state law and as instructed by the Securities Administrator. Each such election shall be made by the Securities Administrator on Form 1066 or other appropriate federal tax or information return or any appropriate state return for the taxable year ending on the last day of the calendar year in which the Certificates are issued. The designations for purposes of the REMIC election for each REMIC created hereby are set forth in the Preliminary Statement.

(b) The Closing Date is hereby designated as the "Startup Day" of each REMIC created hereunder within the meaning of Section 860G(a)(9) of the Code.

(c) The Securities Administrator shall be reimbursed for any and all expenses relating to any tax audit of the Trust Fund (including, but not limited to, any professional fees or any administrative or judicial proceedings with respect to each REMIC that involve the Internal Revenue Service or state tax authorities), including the expense of obtaining any tax related Opinion of Counsel except as specified herein. The Securities Administrator, as agent for each REMIC's tax matters person shall (i) act on behalf of the Trust Fund in relation to any tax matter or controversy involving any REMIC and (ii) represent the Trust Fund in any administrative or judicial proceeding relating to an examination or audit by any governmental taxing authority with respect thereto. The holder of the largest Percentage Interest of each Class of Residual Certificates shall be designated, in the manner provided under Treasury regulations section 1.860F-4(d) and Treasury regulations section 301.6231(a)(7)-1, as the tax matters person of the related REMIC created hereunder. By their acceptance thereof, the holder of the largest Percentage Interest of the Residual Certificates hereby agrees to irrevocably appoint the Securities Administrator or an Affiliate as its agent to perform all of the duties of the tax matters person for the Trust Fund.

(d) The Securities Administrator shall prepare and file and the Trustee shall sign all of the Tax Returns in respect of each REMIC created hereunder. The expenses of preparing and filing such returns shall be borne by the Securities Administrator without any right of reimbursement therefor.

(e) The Securities Administrator shall perform on behalf of each REMIC all reporting and other tax compliance duties that are the responsibility of such REMIC under the Code, the REMIC Provisions or other compliance guidance issued by the Internal Revenue Service or any state or local taxing authority. Among its other duties, as required by the Code, the REMIC Provisions or other such compliance guidance, the Securities Administrator shall provide (i) to any Transferor of a Residual Certificate such information as is necessary for the application of any tax relating to the transfer of a Residual Certificate to any Person who is not a Permitted Transferee upon receipt of additional reasonable compensation, (ii) to the Certificateholders such information or reports as are required by the

Code of the REMIC Provisions including reports relating to interest, original issue discount and market discount or premium (using the prepayment assumption, as set forth in the Prospectus, as required) and (iii) to the Internal Revenue Service the name, title, address and telephone number of the person who shall serve as the representative of each REMIC. The Depositor shall provide or cause to be provided to the Securities Administrator, within ten (10) days after the Closing Date, all information or data that the Securities Administrator reasonably determines to be relevant for tax purposes as to the valuations and issue prices of the Certificates, including, without limitation, the price, yield, prepayment assumption and projected cash flow of the Certificates.

(f) To the extent in the control of the Trustee or the Securities Administrator, each such Person (i) shall take such action and shall cause each REMIC created hereunder to take such action as shall be necessary to create or maintain the status thereof as a REMIC under the REMIC Provisions, (ii) shall not take any action, cause the Trust Fund to take any action or fail to take (or fail to cause to be taken) any action that, under the REMIC Provisions, if taken or not taken, as the case may be, could (A) endanger the status of each REMIC as a REMIC or (B) result in the imposition of a tax upon the Trust Fund (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC set forth in Section 860G(d) of the Code) (either such event, an " **Adverse REMIC Event** ") unless such action or inaction is permitted under this Agreement or the Trustee and the Securities Administrator have received an Opinion of Counsel, addressed to them (at the expense of the party seeking to take such action but in no event at the expense of the Trustee or the Securities Administrator) to the effect that the contemplated action will not, with respect to any REMIC, endanger such status or result in the imposition of such a tax, nor (iii) shall the Securities Administrator take or fail to take any action (whether or not authorized hereunder) as to which the Trustee has advised it in writing that it has received an Opinion of Counsel to the effect that an Adverse REMIC Event could occur with respect to such action; provided that the Securities Administrator may conclusively rely on such Opinion of Counsel and shall incur no liability for its action or failure to act in accordance with such Opinion of Counsel. In addition, prior to taking any action with respect to any REMIC or the respective assets of each, or causing any REMIC to take any action, which is not contemplated under the terms of this Agreement, the Securities Administrator shall consult with the Trustee or its designee, in writing, with respect to whether such action could cause an Adverse REMIC Event to occur with respect to any REMIC, and the Securities Administrator shall not take any such action or cause any REMIC to take any such action as to which the Trustee has advised it in writing that an Adverse REMIC Event could occur. The Trustee may consult with counsel (and conclusively rely upon the advice of such counsel) to make such written advice, and the cost of same shall be borne by the party seeking to take the action not permitted by this Agreement, but in no event shall such cost be an expense of the Trustee.

(g) In the event that any tax is imposed on "prohibited transactions" of any REMIC created hereunder as defined in Section 860F(a)(2) of the Code, on the "net income from foreclosure property" of such REMIC as defined in Section 860G(c) of the Code, on any contributions to any such REMIC after the Startup Day therefor pursuant to Section 860G(d) of the Code, or any other tax is imposed by the Code or any applicable provisions of state or local tax laws, such tax shall be charged (i) to the Trustee pursuant to Section 11.3 hereof, if such tax arises out of or results from a breach by the Trustee of any of its obligations under this Article XI, (ii) to the Securities Administrator pursuant to Section 11.3 hereof, if such tax arises out of or results from a breach by the Securities Administrator of any of its obligations under this Article XI, (iii) to the Master Servicer pursuant to Section 11.3 hereof, if such tax arises out of or results from a breach by the Master Servicer of any of its obligations under Article III or under this Article XI, or (iv) against amounts on deposit in the Distribution Account and shall be paid by withdrawal therefrom.

(h) The Securities Administrator shall, for federal income tax purposes, maintain books and records with respect to each REMIC on a calendar year and on an accrual basis.

(i) Following the Startup Day, the Trustee shall not accept any contributions of assets to any REMIC other than in connection with any Substitute Loan delivered in accordance with Section 2.3 unless it shall have received an Opinion of Counsel addressed to it to the effect that the inclusion of such assets in the Trust Fund will not cause the related REMIC to fail to qualify as a REMIC at any time that any Certificates are outstanding or subject such REMIC to any tax under the REMIC Provisions or other applicable provisions of federal, state and local law or ordinances.

(j) Neither the Trustee nor the Securities Administrator shall knowingly enter into any arrangement by which any REMIC will receive a fee or other compensation for services nor permit any REMIC to receive any income from assets other than "qualified mortgages" as defined in Section 860G(a)(3) of the Code or "permitted investments" as defined in Section 860G(a)(5) of the Code.

(k) The Securities Administrator shall apply for an employer identification number with the Internal Revenue Service via a Form SS-4 or other comparable method for each REMIC. In connection with the foregoing, the Securities Administrator shall provide the name and address of the person who can be contacted to obtain information required to be reported to the holders of Regular Interests in each REMIC as required by IRS Form 8812.

(l) The Securities Administrator shall treat the beneficial owners of Group I Certificates (other than the Class I-P, Class I-CE and Class I-R Certificates) (the "LIBOR Certificates") as having entered into a notional principal contract with respect to the beneficial owners of the Class I-CE Certificates. Pursuant to each such notional principal contract, all beneficial owners of LIBOR Certificates shall be treated as having agreed to pay, on each Distribution Date, to the beneficial owners of the Class I-CE Certificates an aggregate amount equal to the excess, if any, of (i) the amount payable on such Distribution Date on the interest in the Group I Master REMIC corresponding to such Class of Certificates over (ii) the amount payable on such Class of Certificates on such Distribution Date (such excess, a "Class I Shortfall"). A Class I Shortfall payable from interest collections shall be allocated to each Class of Certificates to the extent that interest accrued on such Class for the related Interest Accrual Period at the Pass-Through Rate for a Class, computed by substituting "REMIC Maximum Rate" for the applicable "Net WAC Pass-Through Rate" in the definition thereof, exceeds the amount of interest accrued for the related Interest Accrual Period based on the Net WAC Pass-Through Rate, and a Class I Shortfall payable from principal collections shall be allocated to the most subordinate Class of LIBOR Certificates with an outstanding principal balance to the extent of such balance. In addition, pursuant to such notional principal contract, the beneficial owner of the Class I-CE Certificates shall be treated as having agreed to pay Net WAC Rate Carryover Amounts from the Reserve Fund and the Supplemental Interest Trust to the beneficial owners of the LIBOR Certificates in accordance with the terms of this Agreement. Thus, each Group I Certificate (other than the Class I-P and Class I-R Certificates) shall be treated as representing not only ownership of regular interests in the Group I Master REMIC, but also ownership of an interest in (and obligations with respect to) a notional principal contract. For tax purposes, the notional principal contract shall be deemed to have a value in favor of the Certificates entitled to receive Net WAC Rate Carryover Amounts of $10,000 as of the Closing Date.

Section 11.2 Prohibited Transactions and Activities .

None of the Depositor, the Securities Administrator, the Master Servicer or the Trustee shall sell, dispose of or substitute for any of the Loans (except in connection with (i) the foreclosure of a Loan, including but not limited to, the acquisition or sale of a Mortgaged Property acquired by deed in lieu of foreclosure, (ii) the bankruptcy of REMIC I, (iii) the termination of REMIC I pursuant to Article X of this Agreement, (iv) a substitution pursuant to Article II of this Agreement or (v) a purchase of Loans pursuant to Article II of this Agreement), nor acquire any assets for any REMIC (other than REO Property acquired in respect of a defaulted Loan), nor sell or dispose of any investments in the Distribution Account for gain, nor accept any contributions to any REMIC after the Closing Date (other than a Substitute Loan delivered in accordance with Section 2.3), unless it has received an Opinion of Counsel, addressed to the Trustee (at the expense of the party seeking to cause such sale, disposition, substitution, acquisition or contribution but in no event at the expense of the Trustee) that such sale, disposition, substitution, acquisition or contribution will not (a) affect adversely the status of any REMIC as a REMIC or (b) cause any REMIC to be subject to a tax on "prohibited transactions" or "contributions" pursuant to the REMIC Provisions.

Section 11.3 Indemnification .

(a) The Trustee agrees to be liable for any taxes and costs incurred by the Trust Fund, the Depositor, the Securities Administrator or the Master Servicer including, without limitation, any reasonable attorneys fees imposed on or incurred by the Trust Fund, the Depositor, the Securities Administrator or the Master Servicer as a result of the Trustee's failure to perform its covenants set forth in this Article XI in accordance with the standard of care of

the Trustee set forth in this Agreement.

(b) The Master Servicer agrees to indemnify the Trust Fund, the Depositor and the Trustee for any taxes and costs including, without limitation, any reasonable attorneys' fees imposed on or incurred by the Trust Fund, the Depositor or the Trustee, as a result of the Master Servicer's failure to perform its covenants set forth in Article III in accordance with the standard of care of the Master Servicer set forth in this Agreement.

(c) The Securities Administrator agrees to be liable for any taxes and costs incurred by the Trust Fund, the Depositor or the Trustee including, without limitation, any reasonable attorneys fees imposed on or incurred by the Trust Fund, the Depositor or the Trustee as a result of the Securities Administrator's failure to perform its covenants set forth in this Article XI in accordance with the standard of care of the Securities Administrator set forth in this Agreement.

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 12.1 Amendment .

This Agreement may be amended from time to time, by the Depositor, the Master Servicer, the Securities Administrator and the Trustee, without the consent of any of the Certificateholders or the Swap Provider, (a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement, (b) to modify, eliminate or add to any provisions to such extent as shall be necessary to maintain the qualification of the Trust Fund as four REMICs at all times that any Certificates are outstanding, (c) to ensure compliance with Regulation AB, (d) to add any other provisions with respect to matters or questions arising hereunder, or (e) to modify, alter, amend, add to or rescind any of the terms or provisions contained in this Agreement; provided, that such action shall not, as evidenced by an Opinion of Counsel addressed to the Trustee and delivered to the Trustee, adversely affect in any material respect the interests of any Certificateholder; provided, however, that the amendment shall not be deemed to adversely affect in any material respect the interests of the Certificateholders if the Person requesting the amendment obtains a letter from each Rating Agency stating that the amendment would not result in the downgrading or withdrawal of the respective ratings then assigned to the Certificates; it being understood and agreed that any such letter in and of itself will not represent a determination as to the materiality of any such amendment and will represent a determination only as to the credit issues affecting any such rating. No amendment shall be deemed to adversely affect in any material respect the interests of any Certificateholder who shall have consented thereto, and no Opinion of Counsel shall be required to address the effect of any such amendment on any such consenting Certificateholder.

This Agreement may also be amended from time to time by the Depositor, the Master Servicer, the Securities Administrator and the Trustee (with the consent of the Certificate Swap Provider only with respect to matters affecting the Certificate Swap Agreement, and with the consent of the Class I-A-1 Swap Provider only with respect to matters affecting the Class I-A-1 Swap Agreement) with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% of the Voting Rights for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Holders of Certificates; provided , however , that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, payments received on Loans which are required to be distributed on any Certificate without the consent of the Holder of such Certificate, (ii) adversely affect in any material respect the interests of the Holders of any Class of Certificates in a manner, other than as described in (i), without the consent of the Holders of Certificates of such Class evidencing at least 66-2/3% of the Voting Rights allocated to such Class, or (iii) modify the consents required by the immediately preceding clauses (i) and (ii) without the consent of the Holders of all Certificates then outstanding. Notwithstanding any other provision of this Agreement, for purposes of the giving or withholding of consents pursuant to this Section 12.1, Certificates registered in the name of the Depositor or the Servicer or any Affiliate thereof shall be entitled to Voting Rights with respect to matters affecting such Certificates. Without limiting the generality of the foregoing, any amendment to this Agreement required in connection with the compliance with or the clarification of any reporting obligations described in Section 3.29 hereof shall not require the consent of any Certificateholder and

without the need for any Opinion of Counsel or Rating Agency confirmation.

Notwithstanding any contrary provision of this Agreement, the Trustee shall not consent to any amendment to this Agreement unless it shall have first received an Opinion of Counsel addressed to it to the effect that such amendment will not cause any REMIC formed hereby to fail to qualify as a REMIC at any time that any Certificates are outstanding.

As soon as practicable after the execution of any such amendment, the Trustee shall furnish written notification of the substance of such amendment to each Certificateholder and Rating Agency.

It shall not be necessary for the consent of the Certificateholders under this Section 12.1 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe.

Prior to the execution of any amendment to this Agreement, the Trustee shall be entitled to receive and rely upon an Opinion of Counsel addressed to it stating that the execution of such amendment is authorized or permitted by this Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's own rights, duties or immunities under this Agreement.

Section 12.2 Recordation of Agreement; Counterparts .

To the extent permitted by applicable law, this Agreement (or an abstract hereof, if acceptable by the applicable recording office) is subject to recordation in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgages are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Depositor at the expense of the Certificateholders, but only after the Depositor has delivered to the Trustee an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Certificateholders.

For the purpose of facilitating the recordation of this Agreement as herein provided and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 12.3 Limitation on Rights of Certificateholders .

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust Fund, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or take any action or proceeding in any court for a partition or winding up of the Trust Fund, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

Except as otherwise expressly provided herein no Certificateholder, solely by virtue of its status as Certificateholder, shall have any right to vote or in any manner otherwise control the operation and management of the Trust Fund, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association, nor shall any Certificateholder be under any liability to any third person by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

No Certificateholder, solely by virtue of its status as Certificateholder, shall have any right by virtue or by availing of any provision of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such holder previously shall have given to the Trustee a written notice of default and of the continuance thereof, as hereinbefore provided, and unless all of the Holders of Certificates evidencing, in aggregate, not less than 25% of the Trust Fund shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and

the Trustee, for 60 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more holders of Certificates shall have any right in any manner whatever by virtue or by availing of any provision of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of such Certificates, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Agreement, except in the manner herein provided and for the benefit of all Certificateholders. For the protection and enforcement of the provisions of this Section 12.3, each and every Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 12.4 Governing Law .

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.5 Notices .

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by certified or registered mail, return receipt requested (a) in the case of the Depositor, to 60 Wall Street, New York, New York 10005, Attention: Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, telecopy number: (212) 250-2500, or such other address or telecopy number as may hereafter be furnished to the Master Servicer and the Trustee in writing by the Depositor, (b) in the case of the Master Servicer and the Securities Administrator, P.O. Box 98, Columbia, Maryland 21046 and for overnight delivery to 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 (telecopy number: (410) 715-2380), or such other address or telecopy number as may hereafter be furnished to the Trustee and the Depositor in writing by the Master Servicer or the Securities Administrator, (c) in the case of the Trustee, at the Corporate Trust Office or such other address or telecopy number as the Trustee may hereafter furnish to the Master Servicer and the Depositor in writing by the Trustee. Any notice required or permitted to be given to a Certificateholder shall be given by first class mail, postage prepaid, at the address of such Holder as shown in the Certificate Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given when mailed, whether or not the Certificateholder receives such notice. A copy of any notice required to be telecopied hereunder also shall be mailed to the appropriate party in the manner set forth above.

Section 12.6 Severability of Provisions .

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Certificates or the rights of the Holders thereof.

Section 12.7 Notice to Rating Agencies .

The Trustee shall use its best efforts promptly to provide notice to the Rating Agencies with respect to each of the following of which it has actual knowledge:

1. Any material change or amendment to this Agreement;

2. The occurrence of any Master Servicer Event of Default that has not been cured or waived;

3. The resignation or termination of the Master Servicer or the Trustee;

4. The repurchase or substitution of Loans pursuant to or as contemplated by Section 2.3;

6. The final payment to the Holders of any Class of Certificates;

7. Any change in the location of the Distribution Account; and

8. Any event that would result in the inability of the Trustee to make advances regarding delinquent Loans pursuant to Section 8.2.

The Master Servicer shall make available to each Rating Agency on the Securities Administrator's website copies of the following:

1. Each Annual Statement as to Compliance described in Section 3.16; and

2. Each Assessment of Compliance and Attestation Report described in Section 3.17 and Section 3.19.

Any such notice pursuant to this Section 12.7 shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by first class mail, postage prepaid, or by express delivery service to Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041 and to Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007 or such other addresses as the Rating Agencies may designate in writing to the parties hereto.

Section 12.8 Article and Section References .

All article and section references used in this Agreement, unless otherwise provided, are to articles and sections in this Agreement.

Section 12.9 Grant of Security Interest .

It is the express intent of the parties hereto that the conveyance of the Loans by the Depositor to the Trustee, on behalf of the Trust Fund and for the benefit of the Certificateholders, be, and be construed as, a sale of the Loans by the Depositor and not a pledge of the Loans to secure a debt or other obligation of the Depositor. However, in the event that, notwithstanding the aforementioned intent of the parties, the Loans are held to be property of the Depositor, then, (a) it is the express intent of the parties that such conveyance be deemed a pledge of the Loans by the Depositor to the Trustee, on behalf of the Trust Fund and for the benefit of the Certificateholders, to secure a debt or other obligation of the Depositor and (b)(1) this Agreement shall also be deemed to be a security agreement within the meaning of Articles 8 and 9 of the Uniform Commercial Code as in effect from time to time in the State of New York; (2) the conveyance provided for in Section 2.1 hereof shall be deemed to be a grant by the Depositor to the Trustee, on behalf of the Trust Fund and for the benefit of the Certificateholders, of a security interest in all of the Depositor's right, title and interest in and to the Loans and all amounts payable to the holders of the Loans in accordance with the terms thereof and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, and all amounts, other than investment earnings, from time to time held or invested in the Distribution Account, whether in the form of cash, instruments, securities or other property; (3) the obligations secured by such security agreement shall be deemed to be all of the Depositor's obligations under this Agreement, including the obligation to provide to the Certificateholders the benefits of this Agreement relating to the Loans and the Trust Fund; and (4) notifications to persons holding such property, and acknowledgments, receipts or confirmations from persons holding such property, shall be deemed notifications to, or acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of the Trustee for the purpose of perfecting such security interest under applicable law. Accordingly, the Depositor hereby grants to the Trustee, on behalf of the Trust Fund and for the benefit of the Certificateholders, a security interest in the Loans and all other property described in clause (2) of the preceding sentence, for the purpose of securing to the Trustee the performance by the Depositor of the obligations described in clause (3) of the preceding sentence. Notwithstanding the foregoing, the parties hereto intend the conveyance pursuant to Section 2.1 to be a true, absolute and unconditional sale of the Loans and assets constituting the Trust Fund by the Depositor to the Trustee, on behalf of the Trust Fund and for the benefit of the Certificateholders.

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IN WITNESS WHEREOF, the Depositor, the Master Servicer, the Securities Administrator and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

DEUTSCHE ALT-A SECURITIES, INC.,
as Depositor

By /s/ Ernie Calabrese
Name: Ernie Calabrese
Its: Director

By /s/ Rika Yano
Name: Rika Yano
Its: Vice President

WELLS FARGO BANK, N.A.,
as Master Servicer and Securities Administrator

By /s/ Stacey M. Taylor
Name: Stacey M. Taylor
Its: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION not in its individual capacity but solely as Trustee

By: /s/ Fernando Acebedo
Name: Fernando Acebedo
Its: Vice President

With Respect to Sections 7.7, 7.8 and 7.9:

CLAYTON FIXED INCOME SERVICES INC.
(f/k/a The Murrayhill Company)

By:_ /s/ Kevin J. Kanouff
Name: Kevin J. Kanouff
Title: President and General Counsel

STATE OF New York)
) ss.:
COUNTY OF New York)

On the 31 st day of October 2006, before me, a notary public in and for said State, personally appeared Rika Yano known to me to be a Vice President of Deutsche Alt-A Securities, Inc., one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public
/s/ Robert Lopena
Robert Lopena

[Notarial Seal]

STATE OF New York)
) ss.:
COUNTY OF New York)

On the 31 st day of October 2006, before me, a notary public in and for said State, personally appeared Ernest Calabrese known to me to be a Director of Deutsche Alt-A Securities, Inc ., one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public
/s/ Robert Lopena
Robert Lopena

[Notarial Seal]

STATE OF Maryland)
) ss.:
COUNTY OF Anne Arundel)

On the 31 st day of October 2006, before me, a notary public in and for said State, personally appeared Stacey Taylor known to me to be a Vice President of Wells Fargo Bank, N.A., one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public
/s/ Jennifer Richardson
Jennifer Richardson

[Notarial Seal]

STATE OF New York)
) ss.:
COUNTY OF New York)

On the 31 st day of October 2006, before me, a notary public in and for said State, personally appeared Fernando Acebedo known to me to be a Vice President of HSBC Bank USA, National Association, one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public
/s/ Ecliff C. Jackman
Ecliff C. Jackman

[Notarial Seal]

EXHIBIT A-1

FORM OF CLASS I-A-[1][2][3][4] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS

WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2006-AR5, Class I-A-[1][2][3][4]	Aggregate Certificate Principal Balance of the Class I-A-[1][2][3][4] Certificates as of the Issue Date: $_____
Pass-Through Rate: Floating	Denomination: $_____
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. __	Issue Date: October 31, 2006
	CUSIP: _____

DISTRIBUTIONS IN REDUCTION OF THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE MAY BE MADE MONTHLY AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING CERTIFICATE PRINCIPAL BALANCE HEREOF AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE AS THE DENOMINATION OF THIS CERTIFICATE.

DEUTSCHE ALT-A SECURITIES MORTGAGE LOAN TRUST , SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class I-A-[1][2][3][4] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group I Loans and payments received pursuant to the Certificate Swap Agreement and Cap Agreement, [and with respect to the Class I-A-1 Certificates, the Class I-A-1 Swap agreement], all as more specifically set forth herein and in the Agreement.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES

ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP I LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). This Certificate is primarily backed by the Group I Loans sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group I Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on [the Business Day prior to the related Distribution Date][the last Business Day of the month immediately proceeding the month in which the related Distribution Date occurs] (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class I-A-[1][2][3][4] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class I-A-[1][2][3][4] Certificates or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate with respect to Class I-A-[2][3][4] Certificates for each Distribution Date through and including the Group I Optional Termination Date will be the least of (i) One-Month LIBOR plus the applicable margin set forth in the Agreement for such Class, (ii) the related Net WAC Pass-Through Rate and (iii) 10.50% per annum. [The Pass-Through Rate with respect to the Class I-A-1 Certificates for each Distribution Date through and including the Group I Optional Termination Date will be the lesser of (i) One-Month LIBOR plus the applicable margin set forth in the Agreement for such Class and (ii) the related Net WAC Pass-Through Rate]; provided, however, that the margins applicable to each of the Group I Senior Certificates will increase by 100% on the Distribution Date following the first possible Group I Optional Termination Date with respect to the Group I Loans; [and provided, further, that in the event that the Class I-A-1 Swap Agreement is terminated early, the current margin for the Class I-A-1 Certificates will increase by 0.06% per annum on or before the first possible Group I Optional Termination Date and will increase by 0.12% per annum after the first possible Group I Optional Termination Date.]

This Certificate is one of a duly authorized issue of Certificates designated as Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and representing a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership in the Trust Fund formed pursuant to the

Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group I Loans and payments received pursuant to the Certificate Swap Agreement and Cap Agreement, [and with respect to the Class I-A-1 Certificates, the Class I-A-1 Swap agreement], all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group I Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interests of all Certificates (with the consent of the Certificate Swap Provider only with respect to matters affecting the Certificate Swap Agreement and with the consent of the Class I-A-1 Swap Provider only with respect to matters affecting the Class I-A-1 Swap Agreement). Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group I Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all of the Group I Loans and all property acquired in respect of such Group I Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group I Loans and all property acquired in respect of any Group I Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates relating to the applicable Group I Loan; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group I Loans and the fair market value of each related REO Property remaining in the Trust Fund with respect to the Group I Loans at the time of purchase, being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group I

Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to ____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize (s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____

_____.

Dated:

_____

Signature by or on behalf of assignor

_____

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-2

FORM OF CLASS [II-1A][II-2A][II-3A] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS

WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2005-6, Class II-[1A][2A][3A]	Aggregate Certificate Principal Balance of the Class II-[1A][2A][3A] Certificates as of the Issue Date: $_____
Pass-Through Rate: Fixed	Denomination: $_____
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. __	Issue Date: October 31, 2006
	CUSIP: _____

DISTRIBUTIONS IN REDUCTION OF THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE MAY BE MADE MONTHLY AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING CERTIFICATE PRINCIPAL BALANCE HEREOF AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE AS THE DENOMINATION OF THIS CERTIFICATE.

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class II-[1A][2A][3A] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group II Loans.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS

ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). This Certificate is primarily backed by the Group II Loans sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class II-[1A][2A][3A] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-[1A][2A][3A] Certificates or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate with respect to the Class II-[1A][3A] on any Distribution Date shall be equal to 6.000% per annum and with respect to the Class II-[2A] on any Distribution Date shall be equal to 5.500% per annum.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loans and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the

aggregate, not less than 66-2/3% Percentage Interests of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group II Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loans and all property acquired in respect of such Group II Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loans and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loans and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to ____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize (s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____

_____.

Dated:

_____

Signature by or on behalf of assignor

_____

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____ for the account of _____, account number _____, or, if mailed by check, to _____ _____.
Applicable statements should be mailed to _____ _____.
This information is provided by _____, the assignee named above, or _____, as its agent.

EXHIBIT A-3

FORM OF CLASS [II-X1] [II-X2] CERTIFICATES

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2005-6, Class II-[X1][X2]

Initial Notional Amount of the Class II-[X1][X2] Certificates as of the Issue Date:

$_____

Pass-Through Rate: Fixed

Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006

First Distribution Date: November 27, 2006

No. __

Denomination: $_____

Master Servicer: Wells Fargo Bank, N.A.

Trustee: HSBC Bank USA, National Association

Issue Date: October 31, 2006

CUSIP: _____

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class II-[X1][X2] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group II Loans.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). This Certificate is primarily backed by the Group II Loans sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loan (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class II-[X1][X2] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-[X1][X2]

Certificates or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate with respect to the Class II-[X1] on any Distribution Date shall be equal to 6.000% per annum and with respect to the Class II-[X2] on any Distribution Date shall be equal to 5.500% per annum.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the initial Notional Amount of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loan and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loan.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interests of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon

payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group II Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loan and all property acquired in respect of such Group II Loan. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loan and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loan and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loan as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN	as joint tenants with right		

- if survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to ____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize (s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-4

FORM OF CLASS [II-PO] CERTIFICATES

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

THIS CERTIFICATE IS A PRINCIPAL ONLY CERTIFICATE AND IS NOT ENTITLED TO ANY DISTRIBUTIONS IN RESPECT OF INTEREST.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2005-6, Class [II]-PO

Aggregate Certificate Principal Balance of the Class [II]-PO Certificates as of the Issue Date: $_____

Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006

Denomination: $_____

Master Servicer: Wells Fargo Bank, N.A.

First Distribution Date: November 27, 2006

Trustee: HSBC Bank USA, National Association

No.__

Issue Date: October 31, 2006

CUSIP:_____

DISTRIBUTIONS IN REDUCTION OF THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE MAY BE MADE MONTHLY AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING CERTIFICATE PRINCIPAL BALANCE HEREOF AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE AS THE DENOMINATION OF THIS CERTIFICATE.

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class [II]-PO Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien

residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). This Certificate is primarily backed by the Group II Loans sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the calendar month preceding the month of such Distribution Date (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class [II]-PO Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loans and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the

modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interests of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loans and all property acquired in respect of such Group II Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loans and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loans and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Officer

ERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address:

Dated:

Signature by or on behalf of assignor

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to

for the account of

account number or, if mailed by check, to

Applicable statements should be mailed to

This information is provided by assignee named above, or its agent.

EXHIBIT A-5

FORM OF CLASS [II-AR] CERTIFICATES

THIS CERTIFICATE MAY NOT BE TRANSFERRED TO A NON-UNITED STATES PERSON.

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE REPRESENTS THE SOLE "RESIDUAL INTEREST" IN EACH "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IF THE PROPOSED TRANSFEREE PROVIDES (I) AN AFFIDAVIT TO THE SECURITIES ADMINISTRATOR THAT (A) SUCH TRANSFEREE IS NOT (1) THE UNITED STATES OR ANY POSSESSION THEREOF, ANY STATE OR POLITICAL SUBDIVISION THEREOF, ANY FOREIGN GOVERNMENT, ANY INTERNATIONAL ORGANIZATION, OR ANY AGENCY OR INSTRUMENTALITY OF ANY OF THE FOREGOING, (2) ANY ORGANIZATION (OTHER THAN A COOPERATIVE DESCRIBED IN SECTION 521 OF THE CODE) THAT IS EXEMPT FROM THE TAX IMPOSED BY CHAPTER 1 OF THE CODE UNLESS SUCH ORGANIZATION IS SUBJECT TO THE TAX IMPOSED BY SECTION 511 OF THE CODE, (3) ANY ORGANIZATION DESCRIBED IN SECTION 1381(a)(2)(C) OF THE CODE (ANY SUCH PERSON DESCRIBED IN THE FOREGOING CLAUSES (1), (2) OR (3) SHALL HEREINAFTER BE REFERRED TO AS A "DISQUALIFIED ORGANIZATION") OR (4) AN AGENT OF A DISQUALIFIED ORGANIZATION AND (B) NO PURPOSE OF SUCH TRANSFER IS TO IMPEDE THE ASSESSMENT OR COLLECTION OF TAX, AND (II) SUCH TRANSFEREE SATISFIES CERTAIN ADDITIONAL CONDITIONS RELATING TO THE FINANCIAL CONDITION OF THE PROPOSED TRANSFEREE. NOTWITHSTANDING THE REGISTRATION IN THE CERTIFICATE REGISTER OF ANY TRANSFER, SALE OR OTHER DISPOSITION OF THIS CERTIFICATE TO A DISQUALIFIED ORGANIZATION OR AN AGENT OF A DISQUALIFIED ORGANIZATION, SUCH REGISTRATION SHALL BE DEEMED TO BE OF NO LEGAL FORCE OR EFFECT WHATSOEVER AND SUCH PERSON SHALL NOT BE DEEMED TO BE A CERTIFICATEHOLDER FOR ANY PURPOSE HEREUNDER, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF DISTRIBUTIONS ON THIS CERTIFICATE. EACH HOLDER OF THIS CERTIFICATE BY ACCEPTANCE HEREOF SHALL BE DEEMED TO HAVE CONSENTED TO THE PROVISIONS OF THIS PARAGRAPH AND THE PROVISIONS OF SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN. ANY PERSON THAT IS A DISQUALIFIED ORGANIZATION IS PROHIBITED FROM ACQUIRING BENEFICIAL OWNERSHIP OF THIS CERTIFICATE.

DBALT Series 2005-6, Class II-AR		Aggregate Certificate Principal Balance of the Class II-AR Certificates as of the Issue Date: $100
		Denomination: $_____
Pass-Through Rate: Fixed		Aggregate Percentage Interest of the Class II-AR Certificates as of the Issue Date: 100.00%
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006		Master Servicer: Wells Fargo Bank, N.A.

First Distribution Date: November 27, 2006		Trustee: HSBC Bank USA, National Association
No. __		Issue Date: October 31, 2006
		CUSIP: _____

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class II-AR Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING MORTGAGE LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Deutsche Bank Securities Inc.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group II Loans were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class II-AR Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-AR Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate with respect to any Distribution Date shall be equal to 6.000% per annum.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loans and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interest of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

Each Holder of this Certificate will be deemed to have agreed to be bound by the restrictions set forth in the Agreement to the effect that (i) each person holding or acquiring any Ownership Interest in this Certificate must be a United States Person and a Permitted Transferee, (ii) the transfer of any Ownership Interest in this Certificate will be conditioned upon the delivery to the Securities Administrator of, among other things, an affidavit to the effect that it is a United States Person and Permitted Transferee, (iii) any attempted or purported transfer of any Ownership Interest in this Certificate in violation of such restrictions will be absolutely null and void and will vest no rights in the purported transferee, and (iv) if any person other than a United States Person and a Permitted Transferee acquires any Ownership Interest in this Certificate in violation of such restrictions, then the Depositor will have the right, in its sole discretion and without notice to the Holder of this Certificate, to sell this Certificate to a purchaser selected by the Depositor, which purchaser may be the Depositor, or any affiliate of the Depositor, on such terms and conditions as the Depositor may choose.

No transfer of this Certificate to a Plan subject to ERISA or Section 4975 of the Code, any Person acting, directly or indirectly, on behalf of any such Plan or any Person using "Plan Assets" to acquire this Certificate shall be made except in accordance with Section 6.3(e) of the Agreement.

Prior to registration of any transfer, sale or other disposition of this Certificate, the proposed transferee shall provide to the Securities Administrator (i) an affidavit to the effect that such transferee is any Person other than a

Disqualified Organization or the agent (including a broker, nominee or middleman) of a Disqualified Organization, and (ii) a certificate that acknowledges that (A) the Class II-AR Certificates have been designated as a representing the beneficial ownership of the residual interests in each REMIC, (B) it will include in its income a *pro rata* share of the net income of the Trust Fund and that such income may be an "excess inclusion," as defined in the Code, that, with certain exceptions, cannot be offset by other losses or benefits from any tax exemption, and (C) it expects to have the financial means to satisfy all of its tax obligations including those relating to holding the Class II-AR Certificates. Notwithstanding the registration in the Certificate Register of any transfer, sale or other disposition of this Certificate to a Disqualified Organization or an agent (including a broker, nominee or middleman) of a Disqualified Organization, such registration shall be deemed to be of no legal force or effect whatsoever and such Person shall not be deemed to be a Certificateholder for any purpose, including, but not limited to, the receipt of distributions in respect of this Certificate.

The Holder of this Certificate, by its acceptance hereof, shall be deemed to have consented to the provisions of Section 6.3(e) of the Agreement and to any amendment of the Agreement deemed necessary by counsel of the Depositor to ensure that the transfer of this Certificate to any Person other than a Permitted Transferee or any other Person will not cause any portion of the Trust Fund to cease to qualify as a REMIC or cause the imposition of a tax upon any REMIC.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group II Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loans and all property acquired in respect of such Group II Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loans and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loans and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.as Securities Administrator

By: _____

Authorized Officer

ERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____

_____.

Dated:	_____
	Signature by or on behalf of assignor

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____

_____

for the account of _____

account number _____ or, if mailed by check, to _____

Applicable statements should be mailed to _____

_____

This information is provided by _____

assignee named above, or _____

its agent.

EXHIBIT A-6

FORM OF CLASS I-M-[1][2][3][4][5][6][7][8][9][10] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CERTIFICATE IS SUBORDINATE TO THE SENIOR CERTIFICATES[,/ AND] THE CLASS I-M-1 CERTIFICATES[,/ AND] THE CLASS I-M-2 CERTIFICATES[,/ AND] THE CLASS I-M-3 CERTIFICATES [,/AND] THE CLASS I-M-4 CERTIFICATES[,/ AND] THE CLASS I-M-5 CERTIFICATES[,/AND] THE CLASS I-M-6 CERTIFICATES[,/AND] THE CLASS I-M-7 CERTIFICATES [,/AND] THE CLASS I-M-8 CERTIFICATES [,/AND] THE CLASS I-M-9 CERTIFICATES [,/AND] THE CLASS I-M-10 CERTIFICATES TO THE EXTENT DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

DBALT Series 2006-AR5, Class I-M-[1][2][3][4][5][6][7][8][9][10]	Aggregate Certificate Principal Balance of the Class I-M-[1][2][3][4][5][6][7][8][9][10] Certificates as of the Issue Date: $_____
Pass-Through Rate: Floating	Denomination: $_____
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. ___	Issue Date: October 31, 2006
	CUSIP: _____

DEUTSCHE ALT-A SECURITIES MORTGAGE LOAN TRUST , SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class I-M Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the " Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group I Mortgage Loans and payments received pursuant to the Certificate Swap Agreement and Cap Agreement, all as more specifically set forth herein and in the Agreement.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP I LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). This Certificate is primarily backed by the Group I Loans

sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of The Group I Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately proceeding the month in which the related Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class I-M-[1][2][3][4][5][6][7][8][9][10] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class I-M-[1][2][3][4][5][6][7][8][9][10] Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate on the Class I-M-[1][2][3][4][5][6][7][8][9][10] Certificates for each Distribution Date through and including the Group I Optional Termination Date will be the least of (i) One-Month LIBOR plus the applicable margin set forth in the Agreement for such Class, (ii) the related Net WAC Pass-Through Rate and (iii) 10.50% per annum; provided, however, that the margins applicable to each of the Class I-M-[1][2][3][4][5][6][7][8][9][10] Certificates will increase by 50% on the Distribution Date following the first possible Group I Optional Termination Date with respect to the Group I Loans.

This Certificate is one of a duly authorized issue of Certificates designated as Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and representing a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group I Mortgage Loans and payments received pursuant to the Certificate Swap Agreement and Cap Agreement, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to The Group I Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the

aggregate, not less than 66-2/3% Percentage Interests of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group I Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all of the Group I Loans and all property acquired in respect of such Group I Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all The Group I Loans and all property acquired in respect of any Mortgage Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates relating to the applicable Loan; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Loans and the fair market value of each related REO Property remaining in the Trust Fund with respect to the Group I Loans at the time of purchase, being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assumes any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-7

Form of Class [II-M] Certificates

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CERTIFICATE IS SUBORDINATE TO THE GROUP II SENIOR CERTIFICATES TO THE EXTENT DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

ANY TRANSFEREE OF THIS CERTIFICATE SHALL BE DEEMED TO MAKE THE REPRESENTATIONS SET FORTH IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY

INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2005-6, Class II-M	Aggregate Certificate Principal Balance of the Class II-M Certificates as of the Issue Date: $_____
Pass-Through Rate: Floating	Denomination: $_____
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. ___	Issue Date: October 31, 2006
	CUSIP: _____

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class M Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group II Loans.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group II Loan were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loan (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"),

commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class M Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-M Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate on the Class II-M Certificates is equal to the weighted average of (i) with respect to the Subgroup II-1 and Subgroup II-3 Loans, 6.00% and (ii) with respect to the Subgroup II-2 Loans, 5.50%, weighted in proportion to the results of subtracting the current aggregate certificate principal balance of the related Group II Senior Certificates (other than the Class II-X1 and Class II-X2 Certificates) from the aggregate principal balance of each Loan Subgroup.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loan and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loan.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interests of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

Any transferee of this Certificate shall be deemed to make the representations set forth in Section 6.3(e)

of the Agreement.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group II Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loan and all property acquired in respect of such Group II Loan. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loan and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loan and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loan as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.

Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-8

FORM OF CLASS II-B-[1][2] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE DEPOSITOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CERTIFICATE IS SUBORDINATED IN RIGHT OF PAYMENT TO THE GROUP II SENIOR CERTIFICATES [AND] THE CLASS II-M CERTIFICATES [,/AND] [THE CLASS II-B-1 CERTIFICATES], TO THE EXTENT DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

ANY TRANSFEREE OF THIS CERTIFICATE SHALL BE DEEMED TO MAKE THE REPRESENTATIONS SET FORTH IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

Issue Date: $_____

Pass-Through Rate: Floating

Denomination: $_____

Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006

Master Servicer: Wells Fargo Bank, N.A.

First Distribution Date: November 27, 2006

Trustee: HSBC Bank USA, National Association

No. __

Issue Date: October 31, 2006

CUSIP: _____

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class II-B-[1][2] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group II Loans.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group II Loan were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loan (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following such 25th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class B-[1][2] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-B-[1][2] Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name

and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate on the Class II- B-[1][2] Certificates is equal to the weighted average of (i) with respect to the Subgroup II-1 and Subgroup II-3 Loans, 6.00% and (ii) with respect to the Subgroup II-2 Loans, 5.50%, weighted in proportion to the results of subtracting the current aggregate certificate principal balance of the related Group II Senior Certificates (other than the Class II-X1 and Class II-X2 Certificates) from the aggregate principal balance of each Loan Subgroup.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loan and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loan.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interest of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

Any transferee of this Certificate shall be deemed to make the representations set forth in Section 6.3(e) of the Agreement.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group II Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loan and all property acquired in respect of such Group II Loan. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loan and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loan and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loan as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts

to Minors Act

_____
(State)

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right if survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-9

FORM OF CLASS II-B-[3][4][5] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A

"REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THIS CERTIFICATE IS SUBORDINATED IN RIGHT OF PAYMENT TO THE GROUP II SENIOR CERTIFICATES, THE CLASS II-M CERTIFICATES, THE CLASS II-B-1 CERTIFICATES [,/AND] THE CLASS II-B-2 CERTIFICATES [,/AND] [THE CLASS II-B-3 CERTIFICATES] [AND] [THE CLASS II-B-4 CERTIFICATES], TO THE EXTENT DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CERTIFICATE, AGREES THAT THIS CERTIFICATE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND (1) OUTSIDE OF THE UNITED STATES WITHIN THE MEANING OF AND IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), OR (2) WITHIN THE UNITED STATES TO (A) "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF AND IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR (B) TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF "REGULATION D" UNDER THE SECURITIES ACT.

[THIS CERTIFICATE IS A REGULATION S TEMPORARY GLOBAL CERTIFICATE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT. PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF (I) THE COMMENCEMENT OF THE OFFERING OF THE OFFERED CERTIFICATES AND (II) THE CLOSING DATE, THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.]

[NO BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL CERTIFICATE SHALL BE ENTITLED TO RECEIVE PAYMENTS OF PRINCIPAL OR INTEREST HEREIN UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE AGREEMENT (AS DEFINED HEREIN).]

[THE HOLDER OF THIS REGULATION S PERMANENT GLOBAL CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH CERTIFICATE WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PRIOR TO THE DATE WHICH IS THE LATER OF (I) 40 DAYS AFTER THE LATER OF THE CLOSING DATE AND (II) THE

DATE ON WHICH THE REQUISITE CERTIFICATIONS ARE DUE TO AND PROVIDED TO THE TRUSTEE AND SECURITIES ADMINISTRATOR PURSUANT TO THE AGREEMENT (AS DEFINED BELOW), EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.]

NO TRANSFER OF THIS CERTIFICATE MAY BE MADE TO ANY PERSON, UNLESS THE TRANSFEREE PROVIDES A CERTIFICATION PURSUANT TO SECTION 6.3(e) OF THE AGREEMENT.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2005-6, Class II-B-[3][4][5]	Aggregate Certificate Principal Balance of the Class II-B-[3][4][5] Certificates as of the Issue Date: $_____
Pass-Through Rate: Floating	Denomination: $_____
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. ___	Issue Date: October 31, 2006
	CUSIP: _____

DEUTSCHE ALT-A SECURITIES, INC. MORTGAGE LOAN TRUST, SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class II-B-[3][4][5] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC. The Certificates are limited in right of payment to certain collections and recoveries respecting the related Group II Loans.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP II LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Deutsche Bank Securities Inc.] [Cede & Co.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group II Loans were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group II Loan (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities

administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class B-[3][4][5] Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class II-B-[3][4][5] Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

The Pass-Through Rate on the Class II- B-[3][4][5] Certificates is equal to the weighted average of (i) with respect to the Subgroup II-1 and Subgroup II-3 Loans, 6.00% and (ii) with respect to the Subgroup II-2 Loans, 5.50%, weighted in proportion to the results of subtracting the current aggregate certificate principal balance of the related Group II Senior Certificates (other than the Class II-X1 and Class II-X2 Certificates) from the aggregate principal balance of each Loan Subgroup.

This Certificate is one of a duly authorized issue of Certificates designated as a Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and represents a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group II Loans and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group II Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interest of all Certificates. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this

Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

No transfer of this Certificate shall be made unless the transfer is made pursuant to an effective registration statement under the Securities Act, and an effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. In the event that such a transfer of this Certificate is to be made without registration or qualification, the Securities Administrator shall require receipt of (i) if such transfer is purportedly being made in reliance upon Rule 144A or Regulation S under the Securities Act, written certifications from the Holder of the Certificate desiring to effect the transfer, and from such Holder's prospective transferee, substantially in the forms attached to the Agreement as Exhibits [__] and [__], respectively, (ii) if such transfer is purportedly being made in reliance upon Rule 501(a) under the Securities Act, written certifications from the Holder of the Certificate desiring to effect the transfer and from such Holder's prospective transferee, substantially in the form attached to the Agreement as Exhibit [___] and (iii) in all other cases, an Opinion of Counsel satisfactory to it that such transfer may be made without such registration or qualification (which Opinion of Counsel shall not be an expense of the Trust Fund or of the Depositor, the Trustee, the Master Servicer or the Securities Administrator in their respective capacities as such), together with copies of the written certification(s) of the Holder of the Certificate desiring to effect the transfer and/or such Holder's prospective transferee upon which such Opinion of Counsel is based. None of the Depositor, the Trustee or the Securities Administrator is obligated to register or qualify the Class of Certificates specified on the face hereof under the Securities Act or any other securities law or to take any action not otherwise required under the Agreement to permit the transfer of such Certificates without registration or qualification. Any Holder desiring to effect a transfer of this Certificate shall be required to indemnify the Trustee, the Depositor, the Master Servicer and the Securities Administrator against any liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

No transfer of this Certificate shall be made to any person unless the Transferee provides a certification pursuant to Section 6.3(e) of the Agreement.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all the Group II Loans and all property acquired in respect of such Group II Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group II Loans and all property acquired in respect of any Group II Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates; however, such

right to purchase is subject to the aggregate Scheduled Principal Balance of the Group II Loans and the fair market value of each REO Property remaining in the Trust Fund with respect to the Group II Loans at the time of purchase being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group II Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____

_____

_____.

Dated:

_____

Signature by or on behalf of assignor

_____

Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-10

FORM OF CLASS I-CE CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THIS CERTIFICATE IS SUBORDINATE TO THE GROUP I SENIOR CERTIFICATES AND THE GROUP I MEZZANINE CERTIFICATES TO THE EXTENT DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CERTIFICATE, AGREES THAT THIS CERTIFICATE MAY BE REOFFERED, RESOLD, PLEDGED OR

OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND (1) OUTSIDE OF THE UNITED STATES WITHIN THE MEANING OF AND IN COMPLIANCE WITH REGULATION S UNDER THE ACT ("REGULATION S"), OR (2) WITHIN THE UNITED STATES TO (A) "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF AND IN COMPLIANCE WITH RULE 144A UNDER THE ACT ("RULE 144A") OR (B) TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF "REGULATION D" UNDER THE ACT.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2006-AR5, Class I-CE	Aggregate Certificate Principal Balance of the Class I-CE Certificates as of the Issue Date: $[_____]
Pass-Through Rate: Variable	Denomination: $_____
Cut-off Date and date of Pooling and Servicing Agreement: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. __	Issue Date: October 31, 2006

DEUTSCHE ALT-A SECURITIES MORTGAGE LOAN TRUST , SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class I-CE Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP I LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Deutsche Bank Securities Inc.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group I Loans were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group I Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the

"Securities Administrator"), and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25th day of each month or, if such 25th day is not a Business Day, the Business Day immediately following such 25th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class I-CE Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class I-CE Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

This Certificate is one of a duly authorized issue of Certificates designated as Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and representing a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group I Loans, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group I Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator, the Servicers and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the Servicers with the consent of the Holders of Certificates entitled to at least 66-2/3% of the Voting Rights (with the consent of the Certificate Swap Provider only with respect to matters affecting the Certificate Swap Agreement and with the consent of the Class I-A-1 Swap Provider only with respect to matters affecting the Class I-A-1 Swap Agreement). Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the

Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

No transfer of this Certificate shall be made unless the transfer is made pursuant to an effective registration statement under the Securities Act, and an effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. In the event of any such transfer in reliance upon an exemption from the 1933 Act and such state securities laws, in order to assure compliance with the 1933 Act and such state securities laws, the Certificateholder desiring to effect such Transfer and such Certificateholder's prospective Transferee shall each certify to the Trustee and the Securities Administrator in writing the facts surrounding the Transfer in substantially the forms set forth in Exhibit D (the "Transferor Certificate") and (x) deliver a letter in substantially the form of either Exhibit E (the "Investment Letter") or Exhibit F (the "Rule 144A Letter") or (y) there shall be delivered to the Trustee, the Depositor and the Securities Administrator an Opinion of Counsel acceptable to and in form reasonably satisfactory to the Trustee, the Depositor and the Securities Administrator that such Transfer may be made pursuant to an exemption from the Securities Act, which Opinion of Counsel shall not be an expense of the Depositor, the Seller, the Master Servicer, the Securities Administrator or the Trustee. None of the Depositor, the Trustee or the Securities Administrator is obligated to register or qualify the Class of Certificates specified on the face hereof under the Securities Act or any other securities law or to take any action not otherwise required under the Agreement to permit the transfer of such Certificates without registration or qualification. Any Holder desiring to effect a transfer of this Certificate shall be required to indemnify the Trustee, the Depositor, the Master Servicer and the Securities Administrator against any liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Group I Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of (A) all of the Group I Loans and all property acquired in respect of such Group I Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group I Loans and all property acquired in respect of any Group I Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates relating to the applicable Group I Loan; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group I Loans and the fair market value of each related REO Property remaining in the Trust Fund with respect to the Group I Loans at the time of purchase, being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by

manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____

_____

_____

(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby

authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-11

FORM OF CLASS [I-P] [II-P] CERTIFICATE

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES , THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CERTIFICATE, AGREES THAT THIS CERTIFICATE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND (1) OUTSIDE OF THE UNITED STATES WITHIN THE MEANING OF AND IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), OR (2) WITHIN THE UNITED STATES TO (A) "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF AND IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR (B) TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF "REGULATION D" UNDER THE SECURITIES ACT.

THIS CERTIFICATE IS A PRINCIPAL ONLY CERTIFICATE AND IS NOT ENTITLED TO ANY DISTRIBUTIONS IN RESPECT OF INTEREST.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

DBALT Series 2006-AR5, CLASS [I-P][II-P]	Aggregate Certificate Principal Balance of the CLASS [I-P][II-P] Certificates as of the Issue Date: $100.00
Cut-Off Date and date of Pooling and Servicing Agreement: October 1, 2006	Denomination: $100.00
First Distribution Date: November 27, 2006	Master Servicer: Wells Fargo Bank, N.A.
No. __	Trustee: HSBC Bank USA, National Association
	Issue Date: October 31, 2006
	CUSIP: _____

DEUTSCHE ALT-A SECURITIES MORTGAGE LOAN TRUST , SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the CLASS [I-P][II-P] Certificates with respect to a trust fund generally consisting of a pool of conventional, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING [GROUP I] [GROUP II] LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Deutsche Bank Securities Inc.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group [I] [II] Loans were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group [I] [II] Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator"), and HSBC Bank USA, National Association as trustee (the "Trustee"),

a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of CLASS P Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

This Certificate is one of a duly authorized issue of Certificates designated as Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "certificates") and representing a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The certificates are limited in right of payment to certain collections and recoveries respecting the Group [I] [II] Loans and certain other assets of the Trust Fund, all as more specifically set forth herein and in the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group [I] [II] Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator, and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates entitled to at least 66-2/3% of the Voting Rights. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of the same Class in authorized

denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same. No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

No transfer of this Certificate shall be made unless the transfer is made pursuant to an effective registration statement under the Securities Act, and an effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. In the event of any such transfer in reliance upon an exemption from the 1933 Act and such state securities laws, in order to assure compliance with the 1933 Act and such state securities laws, the Certificateholder desiring to effect such Transfer and such Certificateholder's prospective Transferee shall each certify to the Trustee and the Securities Administrator in writing the facts surrounding the Transfer in substantially the forms set forth in Exhibit D (the "Transferor Certificate") and (x) deliver a letter in substantially the form of either Exhibit E (the "Investment Letter") or Exhibit F (the "Rule 144A Letter") or (y) there shall be delivered to the Trustee, the Depositor and the Securities Administrator an Opinion of Counsel acceptable to and in form reasonably satisfactory to the Trustee, the Depositor and the Securities Administrator that such Transfer may be made pursuant to an exemption from the Securities Act, which Opinion of Counsel shall not be an expense of the Depositor, the Seller, the Master Servicer, the Securities Administrator or the Trustee. None of the Depositor, the Trustee or the Securities Administrator is obligated to register or qualify the Class of Certificates specified on the face hereof under the Securities Act or any other securities law or to take any action not otherwise required under the Agreement to permit the transfer of such Certificates without registration or qualification. Any Holder desiring to effect a transfer of this Certificate shall be required to indemnify the Trustee, the Depositor, the Master Servicer and the Securities Administrator against any liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee, the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of all of the Group [I] [II] Loans and all property acquired in respect of such Group [I] [II] Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group [I] [II] Loans and all property acquired in respect of any Group [I] [II] Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates relating to the applicable Group [I] [II] Loan; however, such right to purchase is subject to the aggregate Scheduled Principal Balance of the Group [I] [II] Loans, as applicable, and the fair market value of each related REO Property remaining in the Trust Fund with respect to the Group [I] [II] Loans at the time of purchase, being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group [I] [II] Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to ____% evidenced by the within Asset Backed Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT A-12

FORM OF CLASS I-R CERTIFICATE

THIS CERTIFICATE MAY NOT BE TRANSFERRED TO A NON-UNITED STATES PERSON.

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE REPRESENTS THE SOLE "RESIDUAL INTEREST" IN EACH "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DECREASED BY THE PRINCIPAL PAYMENTS HEREON AND REALIZED LOSSES ALLOCABLE HERETO AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN. ACCORDINGLY, FOLLOWING THE INITIAL ISSUANCE OF THE CERTIFICATES, THE CERTIFICATE PRINCIPAL BALANCE OF THIS CERTIFICATE WILL BE DIFFERENT FROM THE DENOMINATION SHOWN BELOW. ANYONE ACQUIRING THIS CERTIFICATE MAY ASCERTAIN ITS CERTIFICATE PRINCIPAL BALANCE BY INQUIRY OF THE SECURITIES ADMINISTRATOR NAMED HEREIN.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS CERTIFICATE TO AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE CODE WILL BE REGISTERED EXCEPT IN COMPLIANCE WITH THE PROCEDURES DESCRIBED IN SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN.

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IF THE PROPOSED TRANSFEREE PROVIDES (I) AN AFFIDAVIT TO THE SECURITIES ADMINISTRATOR THAT (A) SUCH TRANSFEREE IS NOT (1) THE UNITED STATES OR ANY POSSESSION THEREOF, ANY STATE OR POLITICAL SUBDIVISION THEREOF, ANY FOREIGN GOVERNMENT, ANY INTERNATIONAL ORGANIZATION, OR ANY AGENCY OR INSTRUMENTALITY OF ANY OF THE FOREGOING, (2) ANY ORGANIZATION (OTHER THAN A COOPERATIVE DESCRIBED IN SECTION 521 OF THE CODE) THAT IS EXEMPT FROM THE TAX IMPOSED BY CHAPTER 1 OF THE CODE UNLESS SUCH ORGANIZATION IS SUBJECT TO THE TAX IMPOSED BY SECTION 511 OF THE CODE, (3) ANY ORGANIZATION DESCRIBED IN SECTION 1381(a)(2)(C) OF THE CODE (ANY SUCH PERSON DESCRIBED IN THE FOREGOING CLAUSES (1), (2) OR (3) SHALL HEREINAFTER BE REFERRED TO AS A "DISQUALIFIED ORGANIZATION") OR (4) AN AGENT OF A DISQUALIFIED ORGANIZATION AND (B) NO PURPOSE OF SUCH TRANSFER IS TO IMPEDE THE ASSESSMENT OR COLLECTION OF TAX, AND (II) SUCH TRANSFEREE SATISFIES CERTAIN ADDITIONAL CONDITIONS RELATING TO THE FINANCIAL CONDITION OF THE PROPOSED TRANSFEREE. NOTWITHSTANDING THE REGISTRATION IN THE CERTIFICATE REGISTER OF ANY TRANSFER, SALE OR OTHER DISPOSITION OF THIS CERTIFICATE TO A DISQUALIFIED ORGANIZATION OR AN AGENT OF A DISQUALIFIED ORGANIZATION, SUCH REGISTRATION SHALL BE DEEMED TO BE OF NO LEGAL FORCE OR EFFECT WHATSOEVER AND SUCH PERSON SHALL NOT BE DEEMED TO BE A CERTIFICATEHOLDER FOR ANY PURPOSE HEREUNDER, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF DISTRIBUTIONS ON THIS CERTIFICATE. EACH HOLDER OF THIS CERTIFICATE BY ACCEPTANCE HEREOF SHALL BE DEEMED TO HAVE CONSENTED TO THE PROVISIONS OF THIS PARAGRAPH AND THE PROVISIONS OF SECTION 6.3(e) OF THE AGREEMENT REFERRED TO HEREIN. ANY PERSON THAT IS A DISQUALIFIED ORGANIZATION IS PROHIBITED FROM ACQUIRING BENEFICIAL OWNERSHIP OF THIS CERTIFICATE.

DBALT Series 2006-AR5, Class I-R	Aggregate Certificate Principal Balance of the Class I-R Certificates as of the Issue Date: $0 Denomination: $0
Pass-Through Rate: N/A	Aggregate Percentage Interest of the Class I-R Certificates as of the Issue Date: 100.00%
Date of Pooling and Servicing Agreement and Cut-Off Date: October 1, 2006	Master Servicer: Wells Fargo Bank, N.A.
First Distribution Date: November 27, 2006	Trustee: HSBC Bank USA, National Association
No. __	Issue Date: October 31, 2006 CUSIP: _____

DEUTSCHE ALT-A SECURITIES MORTGAGE LOAN TRUST , SERIES 2006-AR5
MORTGAGE PASS-THROUGH CERTIFICATE

evidencing a fractional undivided interest in the distributions allocable to the Class I-R Certificates with respect to a

trust fund generally consisting of a pool of conventional one- to four-family adjustable-rate mortgage loans (the "Group I Loans"), and one pool of conventional fixed-rate first lien residential mortgage loans (the "Group II Loans"), in each case, secured by one- to four- family residences, units in planned unit developments and individual condominium units (the "Trust Fund") sold by DEUTSCHE ALT-A SECURITIES, INC.

THIS CERTIFICATE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN DEUTSCHE ALT-A SECURITIES, INC., THE MASTER SERVICER, THE SECURITIES ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE UNDERLYING GROUP I LOANS ARE GUARANTEED BY ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES.

This certifies that [Deutsche Bank Securities Inc.] is the registered owner of the Percentage Interest evidenced hereby in the beneficial ownership interest of Certificates of the same Class as this Certificate in certain assets of the Trust Fund generally consisting of the Group I Loans and related assets sold by Deutsche Alt-A Securities, Inc. (the "Depositor"). The Group I Loans were sold by DB Structured Products, Inc. to the Depositor. Wells Fargo Bank, N.A. will act as master servicer of the Group I Loans (the "Master Servicer", which term includes any successors thereto under the Agreement referred to below). The Trust Fund was created pursuant to the Pooling and Servicing Agreement dated as of the Cut-Off Date specified above (the "Agreement"), among the Depositor, Wells Fargo Bank, N.A., as Master Servicer and securities administrator (the "Securities Administrator") and HSBC Bank USA, National Association as trustee (the "Trustee"), a summary of certain of the pertinent provisions of which is set forth hereafter. To the extent not defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of its acceptance hereof assents and by which such Holder is bound.

Pursuant to the terms of the Agreement, distributions will be made on the 25 th day of each month or, if such 25 th day is not a Business Day, the Business Day immediately following such 25 th day (a "Distribution Date"), commencing on the First Distribution Date specified above, to the Person in whose name this Certificate is registered at the close of business on the last Business Day of the month immediately preceding the month in which such Distribution Date occurs (the "Record Date"), in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to the Holders of Class I-R Certificates on such Distribution Date pursuant to the Agreement.

All distributions to the Holder of this Certificate under the Agreement will be made or caused to be made by the Securities Administrator by wire transfer in immediately available funds to the account of the Person entitled thereto if such Person shall have so notified the Securities Administrator in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date and is the registered owner of Class I-R Certificates, or otherwise by check mailed by first class mail to the address of the Person entitled thereto, as such name and address shall appear on the Certificate Register. Notwithstanding the above, the final distribution on this Certificate will be made after due notice by the Securities Administrator of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency appointed by the Securities Administrator for that purpose as provided in the Agreement.

This Certificate is one of a duly authorized issue of Certificates designated as Mortgage Pass-Through Certificate of the Series specified on the face hereof (herein called the "Certificates") and representing a Percentage Interest in the Class of Certificates specified on the face hereof equal to the denomination specified on the face hereof divided by the aggregate Certificate Principal Balance of the Class of Certificates specified on the face hereof. The Certificates, in the aggregate, evidence the entire beneficial ownership interest in the Trust Fund formed pursuant to the Agreement.

The Certificates are limited in right of payment to certain collections and recoveries respecting the Group I Loans and payments received pursuant to the Swap Agreement, all as more specifically set forth herein and in

the Agreement. As provided in the Agreement, withdrawals from the Protected Accounts and the Distribution Account may be made from time to time for purposes other than distributions to Certificateholders, such purposes including reimbursement of advances made, or certain expenses incurred, with respect to the Group I Loans.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Depositor, the Master Servicer, the Trustee, the Securities Administrator and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer, the Trustee and the Securities Administrator with the consent of the Holders of Certificates evidencing, in the aggregate, not less than 66-2/3% Percentage Interest of all Certificates (with the consent of the Certificate Swap Provider only with respect to matters affecting the Certificate Swap Agreement and with the consent of the Class I-A-1 Swap Provider only with respect to matters affecting the Class I-A-1 Swap Agreement). Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies appointed by the Securities Administrator as provided in the Agreement, duly endorsed by, or accompanied by an assignment in the form below or other written instrument of transfer in form satisfactory to the Securities Administrator duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest will be issued to the designated transferee or transferees.

The Certificates are issuable in fully registered form only without coupons in Classes and denominations representing Percentage Interests specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of the same Class in authorized denominations evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

Each Holder of this Certificate will be deemed to have agreed to be bound by the restrictions set forth in the Agreement to the effect that (i) each person holding or acquiring any Ownership Interest in this Certificate must be a United States Person and a Permitted Transferee, (ii) the transfer of any Ownership Interest in this Certificate will be conditioned upon the delivery to the Securities Administrator of, among other things, an affidavit to the effect that it is a United States Person and Permitted Transferee, (iii) any attempted or purported transfer of any Ownership Interest in this Certificate in violation of such restrictions will be absolutely null and void and will vest no rights in the purported transferee, and (iv) if any person other than a United States Person and a Permitted Transferee acquires any Ownership Interest in this Certificate in violation of such restrictions, then the Depositor will have the right, in its sole discretion and without notice to the Holder of this Certificate, to sell this Certificate to a purchaser selected by the Depositor, which purchaser may be the Depositor, or any affiliate of the Depositor, on such terms and conditions as the Depositor may choose.

No transfer of this Certificate to a Plan subject to ERISA or Section 4975 of the Code, any Person acting, directly or indirectly, on behalf of any such Plan or any Person using "Plan Assets" to acquire this Certificate shall be made except in accordance with Section 6.3(e) of the Agreement.

Prior to registration of any transfer, sale or other disposition of this Certificate, the proposed transferee shall provide to the Securities Administrator (i) an affidavit to the effect that such transferee is any Person other than a Disqualified Organization or the agent (including a broker, nominee or middleman) of a Disqualified Organization, and (ii) a certificate that acknowledges that (A) the Class I-R Cetificates have been designated as representing the beneficial ownership of the residual interests in each REMIC, (B) it will include in its income a *pro rata* share of the net income of the Trust Fund and that such income may be an "excess inclusion," as defined in the Code, that, with certain exceptions, cannot be offset by other losses or benefits from any tax exemption, and (C) it expects to have the financial means to satisfy all of its tax obligations including those relating to holding the Class I-R Certificates. Notwithstanding

the registration in the Certificate Register of any transfer, sale or other disposition of this Certificate to a Disqualified Organization or an agent (including a broker, nominee or middleman) of a Disqualified Organization, such registration shall be deemed to be of no legal force or effect whatsoever and such Person shall not be deemed to be a Certificateholder for any purpose, including, but not limited to, the receipt of distributions in respect of this Certificate.

The Holder of this Certificate, by its acceptance hereof, shall be deemed to have consented to the provisions of Section 6.3(e) of the Agreement and to any amendment of the Agreement deemed necessary by counsel of the Depositor to ensure that the transfer of this Certificate to any Person other than a Permitted Transferee or any other Person will not cause any portion of the Trust Fund to cease to qualify as a REMIC or cause the imposition of a tax upon any REMIC.

No service charge will be made for any such registration of transfer or exchange of Certificates, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Depositor, the Master Servicer, the Trustee, the Securities Administrator and any agent of the Depositor, the Master Servicer, the Trustee or the Securities Administrator may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Depositor, the Master Servicer, the Trustee or the Securities Administrator nor any such agent shall be affected by notice to the contrary.

The obligations created by the Agreement and the Trust Fund created thereby shall terminate upon payment to the Certificateholders of all amounts held by the Securities Administrator and required to be paid to them pursuant to the Agreement following the earlier of (i) the final payment or other liquidation (or any advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and (ii) the purchase by the party designated in the Agreement at a price determined as provided in the Agreement of (A) all of the Group I Loans and all property acquired in respect of such Group I Loans. The Agreement permits, but does not require, the party designated in the Agreement to purchase all the Group I Loans and all property acquired in respect of any Group I Loan at a price determined as provided in the Agreement. The exercise of such right will effect early retirement of the Certificates relating to the applicable Loan; however, such right to purchase is subject to the aggregate Scheduled Principal Balanceof the Group I Loans, as applicable, and the fair market value of each related REO Property remaining in the Trust Fund with respect to the Group I Loans at the time of purchase, being less than or equal to 10% of the aggregate Scheduled Principal Balance of the Group I Loans as of the Cut-Off Date.

The recitals contained herein shall be taken as statements of the Depositor and neither the Trustee nor the Securities Administrator assume any responsibility for their correctness.

Unless the certificate of authentication hereon has been executed by the Securities Administrator, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Securities Administrator has caused this Certificate to be duly executed.

Dated:

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized OffiCEr

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

WELLS FARGO BANK, N.A.
as Securities Administrator

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gifts to Minors Act
TEN ENT -	as tenants by the entireties		_____ (State)
JT TEN -	as joint tenants with right if survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____
_____
_____
(Please print or typewrite name, address including postal zip code, and Taxpayer Identification Number of assignee)

a Percentage Interest equal to _____% evidenced by the within Mortgage Pass-Through Certificate and hereby authorize(s) the registration of transfer of such interest to assignee on the Certificate Register of the Trust Fund.

I (we) further direct the Trustee or the Securities Administrator to issue a new Certificate of a like Percentage Interest and Class to the above named assignee and deliver such Certificate to the following address: _____
_____
_____.

Dated:

_____
Signature by or on behalf of assignor

_____
Signature Guaranteed

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately

available funds to _____
for the account of _____,
account number _____, or, if mailed by check, to _____
_____.
Applicable statements should be mailed to _____
_____.
This information is provided by _____,
the assignee named above, or _____, as its agent.

EXHIBIT B

[Reserved]

EXHIBIT C

FORM OF TRANSFER AFFIDAVIT

Affidavit pursuant to Section 860E(e)(4) of the Internal Revenue Code of 1986, as amended, and for other purposes

STATE OF)
)ss:
COUNTY OF)

[NAME OF OFFICER], being first duly sworn, deposes and says:

1. That he/she is [Title of Officer] of [Name of Investor] (the "Investor"), a [savings institution] [corporation] duly organized and existing under the laws of [the State of _____] [the United States], on behalf of which he makes this affidavit.

2. That (i) the Investor is not a "disqualified organization" as defined in Section 860E(e)(5) of the Internal Revenue Code of 1986, as amended (the "Code"), and will not be a disqualified organization as of [Closing Date] [date of purchase]; (ii) it is not acquiring the Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 Mortgage Pass-Through Certificates, Class I-R Certificates (the "Residual Certificates") for the account of a disqualified organization; (iii) it consents to any amendment of the Pooling and Servicing Agreement that shall be deemed necessary by Deutsche Alt-A Securities, Inc. (upon advice of counsel) to constitute a reasonable arrangement to ensure that the Residual Certificates will not be owned directly or indirectly by a disqualified organization; and (iv) it will not transfer such Residual Certificates unless (a) it has received from the transferee an affidavit in substantially the same form as this affidavit containing these same four representations and (b) as of the time of the transfer, it does not have actual knowledge that such affidavit is false.

3. [Either (i) the Investor is not an employee benefit plan or other retirement arrangement subject to Section 406 of ERISA and/or Section 4975 of the Code, or a person acting for, on behalf of or with the assets of, any such plan or arrangement, (ii) in the case of a Certificate which is the subject of an ERISA-Qualifying Underwriting, if the investor is an insurance company, the Investor is an insurance company that is purchasing such Certificates with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 (" PTCE 95-60 ")) and the purchase and holding of such Certificates are covered under Sections I and III of PTCE 95-60 or (iii) the investor has provided the Trust Administrator with a satisfactory Opinion of Counsel as required in the Agreement to the effect that the purchase or holding of such ERISA-Restricted

Certificate will not result in prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and will not subject the Trustee, the Transferor, the Depositor, the Master Servicer or the Trust Administrator to any obligation in addition to those undertaken in the Agreement.]

4. That the Investor is one of the following: (i) a citizen or resident of the United States, (ii) a corporation or partnership (including an entity treated as a corporation or partnership for federal income tax purposes) created or organized in, or under the laws of, the United States or any state thereof or the District of Columbia (except, in the case of a partnership, to the extent provided in regulations), provided that no partnership or other entity treated as a partnership for United States federal income tax purposes shall be treated as a United States Person unless all persons that own an interest in such partnership either directly or through any entity that is not a corporation for United States federal income tax purposes are United States Persons, (iii) an estate whose income is subject to United States federal income tax regardless of its source, or (iv) a trust other than a "foreign trust," as defined in Section 7701 (a)(31) of the Code.

5. That the Investor's taxpayer identification number is _____.

6. That no purpose of the acquisition of the Residual Certificates is to avoid or impede the assessment or collection of tax.

7. That the Investor understands that, as the holder of the Residual Certificates, the Investor may incur tax liabilities in excess of any cash flows generated by such Residual Certificates.

8. That the Investor intends to pay taxes associated with holding the Residual Certificates as they become due.

IN WITNESS WHEREOF, the Investor has caused this instrument to be executed on its behalf, pursuant to authority of its Board of Directors, by its [Title of Officer] this ____ day of _____, 20__.

[NAME OF INVESTOR]

By: _____
[Name of Officer]
[Title of Officer]
[Address of Investor for receipt of distributions]

Address of Investor for receipt of tax information:

Personally appeared before me the above-named [Name of Officer], known or proved to me to be the same person who executed the foregoing instrument and to be the [Title of Officer] of the Investor, and acknowledged to me that he/she executed the same as his/her free act and deed and the free act and deed of the Investor.

Subscribed and sworn before me this ___ day of _____, 20___.

NOTARY PUBLIC

COUNTY OF

STATE OF

My commission expires the ___ day of _____, 20___.

EXHIBIT D

FORM OF TRANSFEROR CERTIFICATE

_____,200___

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Deutsche Alt-A Securities
Mortgage Loan Trust, Series 2006-AR5

Re: Deutsche Alt-A Securities Mortgage Loan Trust,
Series 2006-AR5, Class [CE][P] [R]Mortgage Pass-Through Certificates

Ladies and Gentlemen:

In connection with the transfer by _____ (the "Transferor") to _____ (the "Transferee") of the captioned mortgage pass-through Certificates (the "Certificates"), the Transferor hereby certifies as follows:

Neither the Transferor nor anyone acting on its behalf has (a) offered, pledged, sold, disposed of or otherwise transferred any Certificate, any interest in any Certificate or any other similar security to any person in any manner, (b) has solicited any offer to buy or to accept a pledge, disposition or other transfer of any Certificate, any interest in any Certificate or any other similar security from any person in any manner, (c) has otherwise approached or negotiated with respect to any Certificate, any interest in any Certificate or any other similar security with any person in any manner, (d) has made any general solicitation by means of general advertising or in any other manner, (e) has taken any other action, that (in the case of each of subclauses (a) through (e) above) would constitute a distribution of the Certificates under the Securities Act of 1933, as amended (the "1933 Act"), or would render the disposition of any Certificate a violation of Section 5 of the 1933 Act or any state securities law or would require registration or qualification pursuant thereto. The Transferor will not act, nor has it authorized or will it authorize any person to act, in any manner set forth in the foregoing sentence with respect to any Certificate. The Transferor will not sell or otherwise transfer any of the Certificates, except in compliance with the provisions of that certain Pooling and Servicing Agreement, dated as of October 1, 2006, among Deutsche Alt-A Securities, Inc. as Depositor, Wells Fargo Bank, N.A. as Master Servicer and Securities Administrator and HSBC Bank USA, National Association as Trustee (the "Pooling and Servicing Agreement"), pursuant to which Pooling and Servicing Agreement the Certificates were issued.

Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Pooling and Servicing Agreement.

Very truly yours,

(Seller)

By: _____

Name: _____

Title: _____

EXHIBIT E

FORM OF INVESTMENT LETTER (NON-RULE 144A)

[Date]

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Deutsche Alt-A Securities
Mortgage Loan Trust, Series 2006-AR5

Re: Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5
Mortgage Pass-Through Certificates, Class CE, and Class P Certificates

Ladies and Gentlemen:

In connection with our acquisition of the above Certificates we certify that (a) we understand that the Certificates are not being registered under the Securities Act of 1933, as amended (the " Act "), or any state securities laws and are being transferred to us in a transaction that is exempt from the registration requirements of the Act and any such laws, (b) we are an "accredited investor," as defined in Regulation D under the Act, and have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of investments in the Certificates, (c) we have had the opportunity to ask questions of and receive answers from the Depositor concerning the purchase of the Certificates and all matters relating thereto or any additional information deemed necessary to our decision to purchase the Certificates, we are acquiring the Certificates for investment for our own account and not with a view to any distribution of such Certificates (but without prejudice to our right at all times to sell or otherwise dispose of the Certificates in accordance with clause (e) below), (d) we have not offered or sold any Certificates to, or solicited offers to buy any Certificates from, any person, or otherwise approached or negotiated with any person with respect thereto, or taken any other action which would result in a violation of Section 5 of the Act, and (e) we will not sell, transfer or otherwise dispose of any Certificates unless (1) such sale, transfer or other disposition is made pursuant to an effective registration statement under the Act or is exempt from such registration requirements, and if requested, we will at our expense provide an opinion of counsel satisfactory to the addressees of this Certificate that such sale, transfer or other disposition may be made pursuant to an exemption from the Act, (2) the purchaser or transferee of such Certificate has executed and delivered to you a certificate to substantially the same effect as this certificate, and (3) the purchaser or transferee has otherwise complied with any conditions for transfer set forth in the Pooling and Servicing Agreement.

Very truly yours,

Print Name of Transferor

By: _____
Authorized Officer

EXHIBIT F

FORM OF RULE 144A INVESTMENT LETTER

[Date]

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 53479
Attention: Deutsche Alt-A Securities
Mortgage Loan Trust, Series 2006-AR5

Re: Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5
Mortgage Pass-Through Certificates, Class CE and Class P Certificates

Ladies and Gentlemen:

In connection with the purchase from _____ (the "Transferor") on the date hereof of the captioned trust certificates (the "Certificates"), (the "Transferee") hereby certifies as follows:

The Transferee is a "qualified institutional buyer" as that term is defined in Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "1933 Act") and has completed either of the forms of certification to that effect attached hereto as Annex 1 or Annex 2. The Transferee is aware that the sale to it is being made in reliance on Rule 144A. The Transferee is acquiring the Certificates for its own account or for the account of a qualified institutional buyer, and understands that such Certificate may be resold, pledged or transferred only (i) to a person reasonably believed to be a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, or (ii) pursuant to another exemption from registration under the 1933 Act.

The Transferee has been furnished with all information regarding (a) the Certificates and distributions thereon, (b) the nature, performance and servicing of the [Mortgage Loans], (c) the Pooling and Servicing Agreement referred to below, and (d) any credit enhancement mechanism associated with the Certificates, that it has requested.

In addition, the Transferee hereby certifies, represents and warrants to, and covenants with, the Depositor, the Trustee, the Securities Administrator and the Master Servicer that the Transferee will not transfer such Certificates to any Plan or person unless such Plan or person meets the requirements set forth in paragraph 3 above.

All capitalized terms used but not otherwise defined herein have the respective meanings assigned

thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), dated as of October 1, 2006, among Deutsche Alt-A Securities, Inc. as Depositor, Wells Fargo Bank, N.A. as Master Servicer and Securities Administrator and HSBC Bank USA, National Association as Trustee, pursuant to which the Certificates were issued.

[TRANSFEREE]

By: _____
Name:
Title:

ANNEX 1 TO EXHIBIT F

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Transferees Other Than Registered Investment Companies]

The undersigned hereby certifies as follows to [name of Transferor] (the "Transferor") and Wells Fargo Bank, N.A., as Securities Administrator, with respect to the mortgage backed pass-through certificates (the "Certificates") described in the Transferee Certificate to which this certification relates and to which this certification is an Annex:

1. As indicated below, the undersigned is the President, Chief Financial Officer, Senior Vice President or other executive officer of the entity purchasing the Certificates (the "Transferee").

2. In connection with purchases by the Transferee, the Transferee is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933 ("Rule 144A") because (i) the Transferee owned and/or invested on a discretionary basis $_____ [1] in securities (except for the excluded securities referred to below) as of the end of the Transferee's most recent fiscal year (such amount being calculated in accordance with Rule 144A) and (ii) the Transferee satisfies the criteria in the category marked below.

___ Corporation, etc . The Transferee is a corporation (other than a bank, savings and loan association or similar institution), Massachusetts or similar business trust, partnership, or any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

___ Bank . The Transferee (a) is a national bank or banking institution organized under the laws of any State, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or is a foreign bank or equivalent institution, and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements, a copy of which is attached hereto .

___ Savings and Loan . The Transferee (a) is a savings and loan association, building and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined by a State or Federal authority having supervision over any such institutions or is a foreign savings and loan association or equivalent institution and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements, a copy of which is attached hereto .

1 Transferee must own and/or invest on a discretionary basis at least $100,000,000 in securities unless Transferee is a dealer, and, in that case, Transferee must own and/or invest on a discretionary basis at least $10,000,000 in securities.

___ Broker-dealer . The Transferee is a dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

___ Insurance Company . The Transferee is an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a State, territory or the District of Columbia.

___ State or Local Plan . The Transferee is a plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees.

___ ERISA Plan . The Transferee is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974.

___ Investment Advisor The Transferee is an investment advisor registered under the Investment Advisers Act of 1940.

3. The term " securities" as used herein does not include (i) securities of issuers that are affiliated with the Transferee, (ii) securities that are part of an unsold allotment to or subscription by the Transferee, if the Transferee is a dealer, (iii) securities issued or guaranteed by the U.S. or any instrumentality thereof, (iv) bank deposit notes and certificates of deposit, (v) loan participations, (vi) repurchase agreements, (vii) securities owned but subject to a repurchase agreement and (viii) currency, interest rate and commodity swaps.

4. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Transferee, the Transferee used the cost of such securities to the Transferee and did not include any of the securities referred to in the preceding paragraph. Further, in determining such aggregate amount, the Transferee may have included securities owned by subsidiaries of the Transferee, but only if such subsidiaries are consolidated with the Transferee in its financial statements prepared in accordance with generally accepted accounting principles and if the investments of such subsidiaries are managed under the Transferee's direction. However, such securities were not included if the Transferee is a majority-owned, consolidated subsidiary of another enterprise and the Transferee is not itself a reporting company under the Securities Exchange Act of 1934.

5. The Transferee acknowledges that it is familiar with Rule 144A and understands that the Transferor and other parties related to the Certificates are relying and will continue to rely on the statements made herein because one or more sales to the Transferee may be in reliance on Rule 144A.

	___	___	Will the Transferee be purchasing the Certificates
	Yes	No	only for the Transferee's own account?

6. If the answer to the foregoing question is "no", the Transferee agrees that, in connection with any purchase of securities sold to the Transferee for the account of a third party (including any separate account) in reliance on Rule 144A, the Transferee will only purchase for the account of a third party that at the time is a "qualified institutional buyer" within the meaning of Rule 144A. In addition, the Transferee agrees that the Transferee will not purchase securities for a third party unless the Transferee has obtained a current representation letter from such third party or taken other appropriate steps contemplated by Rule 144A to conclude that such third party independently meets the definition of "qualified institutional buyer" set forth in Rule 144A.

7. The Transferee will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice is given, the Transferee's purchase of the Certificates will constitute a reaffirmation of this certification as of the date of such purchase. In addition, if the Transferee is a bank or savings and loan as provided above, the Transferee agrees that it will furnish to such parties updated annual financial statements promptly after they become available.

Dated:

_____
Print Name of Transferee

By: _____
Name:
Title:

ANNEX 2 TO EXHIBIT F

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Transferees That Are Registered Investment Companies]

The undersigned hereby certifies as follows to [name of Transferor] (the "Transferor") and Wells Fargo Bank, N.A., as Securities Administrator, with respect to the mortgage backed pass-through certificates (the "Certificates") described in the Transferee Certificate to which this certification relates and to which this certification is an Annex:

1. As indicated below, the undersigned is the President, Chief Financial Officer or Senior Vice President of the entity purchasing the Certificates (the "Transferee") or, if the Transferee is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933 ("Rule 144A") because the Transferee is part of a Family of Investment Companies (as defined below), is such an officer of the investment adviser (the "Adviser").

2. In connection with purchases by the Transferee, the Transferee is a "qualified institutional buyer" as defined in Rule 144A because (i) the Transferee is an investment company registered under the Investment Company Act of 1940, and (ii) as marked below, the Transferee alone, or the Transferee's Family of Investment Companies, owned at least $100,000,000 in securities (other than the excluded securities referred to below) as of the end of the Transferee's most recent fiscal year. For purposes of determining the amount of securities owned by the Transferee or the Transferee's Family of Investment Companies, the cost of such securities was used.

___ The Transferee owned $_____ in securities (other than the excluded securities referred to below) as of the end of the Transferee's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

___ The Transferee is part of a Family of Investment Companies which owned in the aggregate $_____ in securities (other than the excluded securities referred to below) as of the end of the Transferee's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

3. The term " Family of Investment Companies" as used herein means two or more registered investment companies (or series thereof) that have the same investment adviser or investment advisers that are affiliated (by virtue of being majority owned subsidiaries of the same parent or because one investment adviser is a majority owned subsidiary of the other).

4. The term " securities" as used herein does not include (i) securities of issuers that are affiliated with the Transferee or are part of the Transferee's Family of Investment Companies, (ii) securities issued or guaranteed by the U.S. or any instrumentality thereof, (iii) bank deposit notes and certificates of deposit, (iv) loan participations, (v) repurchase agreements, (vi) securities owned but subject to a repurchase agreement and (vii) currency, interest rate and commodity swaps.

5. The Transferee is familiar with Rule 144A and understands that the parties to which this certification is being made are relying and will continue to rely on the statements made herein because one or more

sales to the Transferee will be in reliance on Rule 144A. In addition, the Transferee will only purchase for the Transferee's own account.

6. The undersigned will notify the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice, the Transferee's purchase of the Certificates will constitute a reaffirmation of this certification by the undersigned as of the date of such purchase.

Dated:

_____
Print Name of Transferee

By: _____
Name:
Title:

_____
IF AN ADVISER:

_____
Print Name of Transferee

EXHIBIT G

[Reserved]

EXHIBIT H

FORM OF ADDITION NOTICE

_____, 2006

HSBC Bank USA, National Association 452 Fifth Avenue New York, NY 10018
Wells Fargo Bank, N.A. 9062 Old Annapolis Road Columbia, MD 21045 Attn: Deutsche Alt-A Securities 2006-AR5

Standard & Poor's Ratings Services

55 Water Street, 41 st Floor

New York, NY 10041-0003

Moody's Investors Service

99 Church Street, 4 th Floor

New York, NY 10004

Re: Deutsche Alt-A Securities Mortgage Loan Trust , Series 2006-AR5

Ladies and Gentlemen:

Reference is made to the above-referenced transaction. Please be advised that we intend to sell mortgage loans (the "Subsequent Mortgage Loans") to the Deutsche Alt-A Securities Mortgage Loan Trust , Series 2006-AR5 (the "Trust Fund") on [ ], 2006. The Trust Fund will purchase the Subsequent Mortgage Loans with a portion of the amounts on deposit in the Prefunding Account.

Capitalized terms used herein have the meaning set forth in the Pooling and Servicing Agreement among Deutsche Alt-A Securities, Inc., as depositor, Wells Fargo Bank, N.A., as master servicer and securities administrator and HSBC Bank USA, National Association, as trustee, dated as of October 1, 2006 (the "Pooling and Servicing Agreement").

Very truly yours,

Deutsche Alt-A Securities, Inc.

as Depositor

By:_____

Name:

Title:

By:_____

Name:

Title:

EXHIBIT I

FORM OF SUBSEQUENT TRANSFER INSTRUMENT

Pursuant to this Subsequent Transfer Instrument, dated _____, 2006 (the "Instrument"), between Deutsche Alt-A Securities, Inc. as seller (the "Depositor"), and HSBC Bank USA, National Association as trustee of the Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates, as purchaser (the "Trustee"), and pursuant to the Pooling and Servicing Agreement, dated as of October 1, 2006 (the "Pooling and Servicing Agreement"), among the Depositor, Wells Fargo Bank, N.A. as Master Servicer and Securities Administrator and the Trustee, the Depositor and the Trustee agree to the sale by the Depositor and the purchase by the Trustee in trust, on behalf of the Trust Fund, of the Loans listed on the attached Schedule of Subsequent Loans (the "Subsequent Loans").

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Pooling and Servicing Agreement.

Section 1. Conveyance of Subsequent Loans .

(a) The Depositor does hereby sell, transfer, assign, set over and convey to the Trustee in trust, on behalf of the Trust Fund, without recourse, all of its right, title and interest in and to the Subsequent Loans, and including all amounts due on the Subsequent Loans after the related Subsequent Cut-Off Date, and all items with respect to the Subsequent Loans to be delivered pursuant to Section 2.1 of the Pooling and Servicing Agreement; provided, however that the Depositor reserves and retains all right, title and interest in and to amounts due on the Subsequent Loans on or prior to the related Subsequent Cut-Off Date. The Depositor, contemporaneously with the delivery of this Agreement, has delivered or caused to be delivered to the Trustee each item set forth in Section 2.1 of the Pooling and Servicing Agreement. The transfer to the Trustee by the Depositor of the Subsequent Loans identified on the Loan Schedule shall be absolute and is intended by the Depositor, the Trustee and the Certificateholders to constitute and to be treated as a sale by the Depositor to the Trust Fund.

(b) The Depositor, concurrently with the execution and delivery hereof, does hereby transfer, assign, set over and otherwise convey to the Trustee without recourse for the benefit of the Certificateholders all the right, title and interest of the Depositor, in, to and under the Subsequent Mortgage Loan Purchase Agreement, dated the date hereof, between the Depositor as purchaser and the Mortgage Loan Seller as seller, to the extent of the Subsequent Loans.

Section 2. Representations and Warranties; Conditions Precedent .

(a) The Depositor hereby confirms that each of the conditions and the representations and warranties set forth in Section 2.6 of the Pooling and Servicing Agreement are satisfied as of the date hereof.

(b) All terms and conditions of the Pooling and Servicing Agreement are hereby ratified and confirmed; provided, however, that in the event of any conflict, the provisions of this Instrument shall control over the conflicting provisions of the Pooling and Servicing Agreement.

Section 3. Recordation of Instrument .

To the extent permitted by applicable law, this Instrument, or a memorandum thereof if permitted under applicable law, is subject to recordation in all appropriate public offices for real property records in all of the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgages are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Depositor at the Certificateholders' expense on direction of the related Certificateholders, but only when accompanied by an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Certificateholders or is necessary for the administration or servicing of the Mortgage Loans.

Section 4. Governing Law .

This Instrument shall be construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws, without giving effect to principles of conflicts of law (other than Section 5-1401 of the New York General Obligations Law).

Section 5. Counterparts .

This Instrument may be executed in one or more counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one and the same instrument.

Section 6. Successors and Assigns .

This Instrument shall inure to the benefit of and be binding upon the Depositor and the Trustee and their respective successors and assigns.

DEUTSCHE ALT-A SECURITIES, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION, as Trustee for Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5, Mortgage Pass-Through Certificates

By: _____
Name:
Title:

Attachment
Schedule of Subsequent Mortgage Loans.

EXHIBIT J

MORTGAGE LOAN PURCHASE AGREEMENT BETWEEN THE DEPOSITOR AND THE SELLER

[PROVIDED UPON REQUEST]

EXHIBIT K-1

ADDITIONAL FORM 10-D DISCLOSURE

ADDITIONAL FORM 10-D DISCLOSURE	
Item on Form 10-D	**Party Responsible**
Item 1: Distribution and Pool Performance Information	
Information included in the [Monthly Statement]	**Servicer Master Servicer Securities Administrator**
Any information required by 1121 which is NOT included on the [Monthly Statement]	**Depositor**
Item 2: Legal Proceedings **Any legal proceeding pending against the following entities or their respective property, that is material to Certificateholders, including any proceedings known to be contemplated by governmental authorities:**	
? Issuing Entity (Trust Fund)	**Trustee, Master Servicer, Securities Administrator and Depositor**
? Sponsor (Seller)	**Seller (if a party to the Pooling and Servicing Agreement) or Depositor**
? Depositor	**Depositor**
? Trustee	**Trustee**
? Securities Administrator	**Securities Administrator**
? Master Servicer	**Master Servicer**
? Custodian	**Custodian**
? 1110(b) Originator	**Depositor**
? Any 1108(a)(2) Servicer (other than the Master Servicer or Securities Administrator)	**Servicer**
? Any other party contemplated by 1100(d)(1)	**Depositor**
Item 3: Sale of Securities and Use of Proceeds ***Information from Item 2(a) of Part II of Form 10-Q:*** **With respect to any sale of securities by the sponsor, depositor or issuing entity, that are backed by the same asset pool or are otherwise issued by the issuing entity, whether or not registered, provide the sales and use of proceeds information in Item 701 of Regulation S-K. Pricing information can be omitted if securities were not registered.**	**Depositor**
Item 4: Defaults Upon Senior Securities	**Securities Administrator**

	Trustee
Information from Item 3 of Part II of Form 10-Q: **Report the occurrence of any Event of Default (after expiration of any grace period and provision of any required notice)**	
Item 5: Submission of Matters to a Vote of Security Holders ***Information from Item 4 of Part II of Form 10-Q***	**Securities Administrator** **Trustee**
Item 6: Significant Obligors of Pool Assets ***Item 1112(b) – Significant Obligor Financial Information******	**Depositor**
***This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Item.**	
Item 7: Significant Enhancement Provider Information ***Item 1114(b)(2) – Credit Enhancement Provider Financial Information******	
? Determining applicable disclosure threshold	**Depositor**
? Requesting required financial information (including any required accountants' consent to the use thereof) or effecting incorporation by reference	**Depositor**
Item 1115(b) – Derivative Counterparty Financial Information*	
? Determining current maximum probable exposure	**Depositor**
? Determining current significance percentage	**Depositor**
? Requesting required financial information (including any required accountants' consent to the use thereof) or effecting incorporation by reference	**Depositor**
***This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Items.**	
Item 8: Other Information ***Disclose any information required to be reported on Form 8-K during the period covered by the Form 10-D but not reported***	**Any party responsible for the applicable Form 8-K Disclosure item**
Item 9: Exhibits	
Monthly Statement to Certificateholders	**Securities Administrator**
Exhibits required by Item 601 of Regulation S-K, such as material agreements	**Depositor**

EXHIBIT K-2

ADDITIONAL FORM 10-K DISCLOSURE

ADDITIONAL FORM 10-K DISCLOSURE	
Item on Form 10-K	**Party Responsible**
Item 1B: Unresolved Staff Comments	**Depositor**
Item 9B: Other Information **Disclose any information required to be reported on Form 8-K during the fourth quarter covered by the Form 10-K but not reported**	**Any party responsible for disclosure items on Form 8-K**
Item 15: Exhibits, Financial Statement Schedules	**Securities Administrator** **Depositor**
Reg AB Item 1112(b): Significant Obligors of Pool Assets	
Significant Obligor Financial Information*	**Depositor**
***This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Item.**	
Reg AB Item 1114(b)(2): Credit Enhancement Provider Financial Information	
? Determining applicable disclosure threshold	**Depositor**
? Requesting required financial information (including any required accountants' consent to the use thereof) or effecting incorporation by reference	**Depositor**
***This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Items.**	
Reg AB Item 1115(b): Derivative Counterparty Financial Information	
? Determining current maximum probable exposure	**Depositor**
? Determining current significance percentage	**Depositor**
? Requesting required financial information (including any required accountants' consent to the use thereof) or effecting incorporation by reference	**Depositor**
***This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Items.**	
Reg AB Item 1117: Legal Proceedings **Any legal proceeding pending against the following entities or their respective property,**	

that is material to Certificateholders, including any proceedings known to be contemplated by governmental authorities:	
? Issuing Entity (Trust Fund)	**Trustee, Master Servicer, Securities Administrator and Depositor**
? Sponsor (Seller)	**Seller (if a party to the Pooling and Servicing Agreement) or Depositor**
? Depositor	**Depositor**
? Trustee	**Trustee**
? Securities Administrator	**Securities Administrator**
? Master Servicer	**Master Servicer**
? Custodian	**Custodian**
? 1110(b) Originator	**Depositor**
? Any 1108(a)(2) Servicer (other than the Master Servicer or Securities Administrator)	**Servicer**
? Any other party contemplated by 1100(d)(1)	**Depositor**
Reg AB Item 1119: Affiliations and Relationships	
Whether (a) the Sponsor (Seller), Depositor or Issuing Entity is an affiliate of the following parties, and (b) to the extent known and material, any of the following parties are affiliated with one another:	**Depositor as to (a) Sponsor/Seller as to (a)**
? Master Servicer	**Master Servicer**
? Securities Administrator	**Securities Administrator**
? Trustee	**Trustee**
? Any other 1108(a)(3) servicer	**Servicer**
? Any 1110 Originator	**Depositor/Sponsor**
? Any 1112(b) Significant Obligor	**Depositor/Sponsor**
? Any 1114 Credit Enhancement Provider	**Depositor/Sponsor**
? Any 1115 Derivate Counterparty Provider	**Depositor/Sponsor**
? Any other 1101(d)(1) material party	**Depositor/Sponsor**
Whether there are any "outside the ordinary course business arrangements" other than would be obtained in an arm's length transaction between (a) the Sponsor (Seller), Depositor or Issuing Entity on the one hand, and (b) any of the following parties (or their affiliates) on the other hand, that exist currently or within the past two years and that are material to a Certificateholder's understanding of the Certificates:	**Depositor as to (a) Sponsor/Seller as to (a)**
? Master Servicer	**Master Servicer**
? Securities Administrator	**Securities Administrator**
? Trustee	**Depositor/Sponsor**
? Any other 1108(a)(3) servicer	**Servicer**
? Any 1110 Originator	**Depositor/Sponsor**

? Any 1112(b) Significant Obligor	**Depositor/Sponsor**
? Any 1114 Credit Enhancement Provider	**Depositor/Sponsor**
? Any 1115 Derivate Counterparty Provider	**Depositor/Sponsor**
? Any other 1101(d)(1) material party	**Depositor/Sponsor**
Whether there are any specific relationships involving the transaction or the pool assets between (a) the Sponsor (Seller), Depositor or Issuing Entity on the one hand, and (b) any of the following parties (or their affiliates) on the other hand, that exist currently or within the past two years and that are material:	**Depositor as to (a)** **Sponsor/Seller as to (a)**
? Master Servicer	**Master Servicer**
? Securities Administrator	**Securities Administrator**
? Trustee	**Depositor/Sponsor**
? Any other 1108(a)(3) servicer	**Servicer**
? Any 1110 Originator	**Depositor/Sponsor**
? Any 1112(b) Significant Obligor	**Depositor/Sponsor**
? Any 1114 Credit Enhancement Provider	**Depositor/Sponsor**
? Any 1115 Derivate Counterparty Provider	**Depositor/Sponsor**
? Any other 1101(d)(1) material party	**Depositor/Sponsor**

EXHIBIT K-3

FORM 8-K DISCLOSURE INFORMATION

FORM 8-K DISCLOSURE INFORMATION

Item on Form 8-K	Party Responsible
Item 1.01- Entry into a Material Definitive Agreement **Disclosure is required regarding entry into or amendment of any definitive agreement that is material to the securitization, even if depositor is not a party.** **Examples: servicing agreement, custodial agreement.** **Note: disclosure not required as to definitive agreements that are fully disclosed in the prospectus**	**All parties**
Item 1.02- Termination of a Material Definitive Agreement **Disclosure is required regarding termination of any definitive agreement that is material to the**	**All parties**

securitization (other than expiration in accordance with its terms), even if depositor is not a party. **Examples: servicing agreement, custodial agreement.**	
Item 1.03- Bankruptcy or Receivership **Disclosure is required regarding the bankruptcy or receivership, with respect to any of the following:**	**Depositor**
? Sponsor (Seller)	**Depositor/Sponsor (Seller)**
? Depositor	**Depositor**
? Master Servicer	**Master Servicer**
? Affiliated Servicer	**Servicer**
? Other Servicer servicing 20% or more of the pool assets at the time of the report	**Servicer**
? Other material servicers	**Servicer**
? Trustee	**Trustee**
? Securities Administrator	**Securities Administrator**
? Significant Obligor	**Depositor**
? Credit Enhancer (10% or more)	**Depositor**
? Derivative Counterparty	**Depositor**
? Custodian	**Custodian**
Item 2.04- Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement **Includes an early amortization, performance trigger or other event, including event of default, that would materially alter the payment priority/distribution of cash flows/amortization schedule.** **Disclosure will be made of events other than waterfall triggers which are disclosed in the monthly statements to the certificateholders.**	**Depositor** **Master Servicer** **Securities Administrator**
Item 3.03- Material Modification to Rights of Security Holders **Disclosure is required of any material modification to documents defining the rights of Certificateholders, including the Pooling and Servicing Agreement.**	**Securities Administrator** **Trustee** **Depositor**
Item 5.03- Amendments of Articles of Incorporation or Bylaws; Change of Fiscal Year **Disclosure is required of any amendment "to the governing documents of the issuing entity".**	**Depositor**
Item 6.01- ABS Informational and	**Depositor**

Computational Material	
Item 6.02- Change of Servicer or Securities Administrator **Requires disclosure of any removal, replacement, substitution or addition of any master servicer, affiliated servicer, other servicer servicing 10% or more of pool assets at time of report, other material servicers or trustee.**	**Master Servicer/Securities Administrator/Depositor/ Servicer/Trustee**
Reg AB disclosure about any new servicer or master servicer is also required.	**Servicer/Master Servicer/Depositor**
Reg AB disclosure about any new Trustee is also required.	**Trustee**
Item 6.03- Change in Credit Enhancement or External Support **Covers termination of any enhancement in manner other than by its terms, the addition of an enhancement, or a material change in the enhancement provided. Applies to external credit enhancements as well as derivatives.**	**Depositor/Securities Administrator**
Reg AB disclosure about any new enhancement provider is also required.	**Depositor**
Item 6.04- Failure to Make a Required Distribution	**Securities Administrator Trustee**
Item 6.05- Securities Act Updating Disclosure **If any material pool characteristic differs by 5% or more at the time of issuance of the securities from the description in the final prospectus, provide updated Reg AB disclosure about the actual asset pool.**	**Depositor**
If there are any new servicers or originators required to be disclosed under Regulation AB as a result of the foregoing, provide the information called for in Items 1108 and 1110 respectively.	**Depositor**
Item 7.01- Reg FD Disclosure	**All parties**
Item 8.01- Other Events **Any event, with respect to which information is not otherwise called for in Form 8-K, that the registrant deems of importance to certificateholders.**	**Depositor**
Item 9.01- Financial Statements and Exhibits	**Responsible party for reporting/disclosing the financial statement or exhibit**

EXHIBIT L

FORM OF SERVICER CERTIFICATION

Re: _____ (the "Trust")

Mortgage Pass-Through Certificates, Series 2006-AR5

I, [identify the certifying individual], certify to Deutsche Alt-A Securities, Inc. (the "Depositor"), HSBC Bank USA, National Association (the "Trustee") and Wells Fargo Bank, National Association (the "Master Servicer"), and their respective officers, directors and affiliates, and with the knowledge and intent that they will rely upon this certification, that:

(1) I have reviewed the servicer compliance statement of the Servicer provided in accordance with Item 1123 of Regulation AB (the "Compliance Statement"), the report on assessment of the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria"), provided in accordance with Rules 13I-A-18 and 15d-18 under Securities Exchange Act of 1934, as amended (the "Exchange Act") and Item 1122 of Regulation AB (the "Servicing Assessment"), the registered public accounting firm's attestation report provided in accordance with Rules 13I-A-18 and 15d-18 under the Exchange Act and Section 1122(b) of Regulation AB (the "Attestation Report"), and all servicing reports, officer's certificates and other information relating to the servicing of the [Mortgage Loans] by the Servicer during 200[ ] that were delivered by the Servicer to the Master Servicer pursuant to the Agreement (collectively, the "Servicer Servicing Information");

(2) Based on my knowledge, the Servicer Servicing Information, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period of time covered by the Servicer Servicing Information;

(3) Based on my knowledge, all of the Servicer Servicing Information required to be provided by the Servicer under the Agreement has been provided to the Master Servicer;

(4) I am responsible for reviewing the activities performed by the Servicer as servicer under the Agreement, and based on my knowledge and the compliance review conducted in preparing the Compliance Statement and except as disclosed in the Compliance Statement, the Servicing Assessment or the Attestation Report, the Servicer has fulfilled its obligations under the Agreement in all material respects; and

(5) The Compliance Statement required to be delivered by the Servicer pursuant to the Agreement, and the Servicing Assessment and Attestation Report required to be provided by the Servicer and by any Subservicer or Subcontractor pursuant to the Agreement, have been provided to the Master Servicer. Any material instances of noncompliance described in such reports have been disclosed to the Master Servicer. Any material instance of noncompliance with the Servicing Criteria has been disclosed in such reports.

Capitalized terms used and not otherwise defined herein have the meanings assigned thereto in the Pooling and Servicing Agreement (the "Agreement"), dated as of October 1, 2006, among Deutsche Alt-A Securities, Inc., Wells Fargo Bank, N.A. and HSBC Bank USA, National Association.

Date: _____

_____

[Signature]

_____

[Title]

EXHIBIT M

SERVICING CRITERIA

Schedule 1122 (Pooling and Servicing Agreement)

Assessments of Compliance and Attestation Reports Servicing Criteria [1]

Reg. AB Item 1122(d) Servicing Criteria	DEPOSITOR	SELLER	SERVICER	TRUSTEE	CUSTODIAN	PAYING AGENT	MASTER SERVICER	SECURITIES ADMINISTRATOR
(1) General Servicing Considerations								
(i) monitoring performance or other triggers and events of default			X				X	X
(ii) monitoring performance of vendors of activities outsourced			X				X	
(iii) maintenance of back-up servicer for pool assets								
(iv) fidelity bond and E&O policies in effect			X				X	
(2) Cash Collection and Administration								
(i) timing of deposits to custodial account			X			X	X	X
(ii) wire transfers to investors by authorized personnel			X			X		X
(iii) advances or guarantees made, reviewed and approved as required			X				X	
(iv) accounts maintained as required			X			X		X
(v) accounts at federally insured depository institutions			X			X		X
(vi) unissued checks safeguarded			X					
(vii) monthly reconciliations of accounts			X			X	X	X
(3) Investor Remittances and Reporting								
(i) investor reports			X				X	X
(ii) remittances			X			X		X
(iii) proper posting of distributions			X			X		X
(iv) reconciliation of remittances and payment statements			X			X	X	X
(4) Pool Asset Administration								
(i) maintenance of pool collateral			X		X			
(ii) safeguarding of pool assets/documents			X		X			
(iii) additions, removals and substitutions of pool assets			X				X	
(iv) posting and allocation of pool asset payments to pool assets			X					
(v) reconciliation of servicer records			X					
(vi) modifications or other changes to terms of pool assets			X					
(vii) loss mitigation and recovery actions			X					
(viii)records regarding collection efforts			X					

(ix)	adjustments to variable interest rates on pool assets			X				
(x)	matters relating to funds held in trust for obligors			X				
(xi)	payments made on behalf of obligors (such as for taxes or insurance)			X				
(xii)	late payment penalties with respect to payments made on behalf of obligors			X				
(xiii)	records with respect to payments made on behalf of obligors			X				
(xiv)	recognition and recording of delinquencies, charge-offs and uncollectible accounts			X			X	
(xv)	maintenance of external credit enhancement or other support						X	

* The descriptions of the Item 1122(d) servicing criteria use key words and phrases and are not verbatim recitations of the servicing criteria. Refer to Regulation AB, Item 1122 for a full description of servicing criteria.

EXHIBIT N

ADDITIONAL DISCLOSURE NOTIFICATION

** **SEND VIA FAX TO [410-715-2380] AND VIA EMAIL TO** cts.sec.notifications@wellsfargo.com **AND VIA OVERNIGHT MAIL TO THE ADDRESSES IMMEDIATELY BELOW**

Wells Fargo Bank, N.A. as Securities Administrator
9062 Old Annapolis Road
Columbia, Maryland 21045
Fax: (410) 715-2380
E-mail: cts.sec.notifications@wellsfargo.com

Deutsche Alt-A Securities, Inc.
60 Wall Street
New York, NY 10005
Fax: (212) 797-5152

Attn: Corporate Trust Services – DBALT 2006-AR5 – SEC REPORT PROCESSING

RE: **Additional Form [10-D][10-K][8-K] Disclosure** Required

Ladies and Gentlemen:

In accordance with Section [__] of the Pooling and Servicing Agreement, dated as of October 1, 2006 (the "Pooling and Servicing Agreement"), among Deutsche Alt-A Securities, Inc., as depositor, Wells Fargo, N.A., as master servicer and as securities administrator, and HSBC Bank USA, National Association, as trustee, the undersigned, as [_____] hereby notifies you that certain events have come to our attention that [will][may] need to be disclosed on Form [10-D][10-K][8-K].

Description of Additional Form [10-D][10-K][8-K] Disclosure :

List of any Attachments hereto to be included in the Additional Form [10-D][10-K][8-K] Disclosure :

Any inquiries related to this notification should be directed to [_____], phone number [_____]; email address [_____].

[NAME OF PARTY]
As [role]

By: _____
Name:
Title:

EXHIBIT O

ERISA REPRESENTATION LETTER

_____, 200__

Wells Fargo Bank, N.A.
P.O. Box 98
Columbia, Maryland 21046
Attention: Deutsche Alt-A Securities, Inc., 2006-AR5

Re: Deutsche Alt-A Securities Mortgage Loan Trust ,
Series 2006-AR5 Mortgage Pass-through certificates, (the "Trust")
Class A, M, CE, P certificates (the "Certificates")

Ladies and Gentlemen:

In connection with our acquisition of the above Certificates we certify that:

(a) we are not an employee benefit plan or arrangement that is subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or an entity whose underlying assets include such plan's or arrangement's assets (a "Plan"), nor are we acquiring such certificates for, on behalf of or with the assets of, any such Plan (a "Benefit Plan Investor"), or

(b) if we are a Benefit Plan Investor in the case of ERISA-Restricted Certificates, either (X) we are providing an Opinion of Counsel which establishes to the reasonable satisfaction of the Trustee that the purchase and holding of ERISA-Restricted Certificates will not cause a prohibited transactions under Section 406 of ERISA or Section 4975 of the Code or subject Depositor, the Seller, the Trustee, the Master Servicer or the Securities Administrator to any obligation in addition to those undertaken in this Agreement or (Y) if the Certificates have been the subject of an ERISA-Qualifying Underwriting, we are an insurance company purchasing such Certificates with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60")) and our purchase and holding of such Certificates are covered under Sections I and III of PTCE 95-60, or

(c) if we are a Benefit Plan Investor in the case of ERISA-Restricted Trust Certificates, prior to the termination of the Cap Agreement and the Swap Agreement (and, in the case of the Class I-A-1 Certificates, the termination of the Class I-A-1 Swap Agreement, the Cap Agreement and the Swap Agreement), the acquisition and holding of the ERISA-Restricted Trust Certificate are eligible for exemptive relief under Prohibited Transaction Class Exemption ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23, the statutory exemption in the non-fiduciary service providers under Section 408(b)(17) of ERISA or some other applicable statutory or administrative exemption.

Very truly yours,

_____
Print Name of Transferee

By:_____
Authorized Officer

EXHIBIT P

FORM OF CERTIFICATE SWAP AGREEMENT

[PROVIDED UPON REQUEST]

EXHIBIT Q

FORM OF CLASS I-A-1 SWAP AGREEMENT

[PROVIDED UPON REQUEST]

EXHIBIT R

FORM OF CAP AGREEMENT

[PROVIDED UPON REQUEST]

SCHEDULE 1

LOAN SCHEDULE

[PROVIDED UPON REQUEST]

SCHEDULE 2

PREPAYMENT CHARGE SCHEDULE

[FILED BY PAPER]

SCHEDULE 3

IDENTIFIED SUBSEQUENT LOANS

[PROVIDED UPON REQUEST]

SCHEDULE 4

CAP AGREEMENT SCHEDULE

Distribution Date	Cap Notional Amount ($)	Cap Strike Rate (% per annum)	Cap Ceiling Rate (% per annum)
March 2011	62,558,487.56	5.185%	5.430%
April 2011	60,107,092.43	5.185%	5.430%
May 2011	57,751,703.04	5.185%	5.430%
June 2011	55,487,177.57	5.185%	5.430%
July 2011	53,307,917.64	5.185%	5.430%
August 2011	51,213,670.70	5.185%	5.430%
September 2011	49,195,325.99	5.185%	5.430%
October 2011	47,256,402.98	5.185%	5.430%
November 2011	45,393,774.81	5.185%	5.430%
December 2011	43,604,443.36	5.185%	5.430%
January 2012	41,885,528.16	5.185%	5.430%
February 2012	40,234,261.84	5.185%	5.430%
March 2012	38,647,985.66	5.185%	5.430%
April 2012	37,124,145.25	5.185%	5.430%
May 2012	35,660,286.54	5.185%	5.430%
June 2012	34,254,051.79	5.185%	5.430%
July 2012	32,903,175.84	5.185%	5.430%
August 2012	31,605,482.48	5.185%	5.430%
September 2012	30,358,880.93	5.185%	5.430%
October 2012	29,161,362.51	5.185%	5.430%
November 2012	28,010,997.44	5.185%	5.430%
December 2012	26,905,931.70	5.185%	5.430%
January 2013	25,844,384.09	5.185%	5.430%
February 2013	24,824,643.37	5.185%	5.430%
March 2013	23,845,065.49	5.185%	5.430%
April 2013	22,904,079.84	5.185%	5.430%
May 2013	22,000,160.88	5.185%	5.430%
June 2013	21,131,850.71	5.185%	5.430%
July 2013	20,297,753.79	5.185%	5.430%
August 2013	19,496,341.92	5.185%	5.430%
September 2013	18,725,735.12	5.185%	5.430%

SCHEDULE 5

TRUST PREPAYMENT CHARGE SCHEDULE

[FILED BY PAPER]

EXHIBIT B

MORTGAGE LOAN PURCHASE AGREEMENT

This is a Mortgage Loan Purchase Agreement (this "Agreement"), dated October 31, 2006, between DB Structured Products, Inc. (the "Seller") and Deutsche Alt-A Securities, Inc., a Delaware corporation (the "Purchaser").

Preliminary Statement

The Seller intends to sell the Mortgage Loans (as hereinafter identified) to the Purchaser on the terms and subject to the conditions set forth in this Agreement. The Purchaser intends to deposit the Mortgage Loans into a mortgage pool comprising the Trust Fund. The Trust Fund will be evidenced by a single series of mortgage pass-through certificates designated as Deutsche Alt-A Securities Mortgage Loan Trust, Series 2006-AR5 Mortgage Pass-Through Certificates (the "Certificates"). The Certificates will consist of 31 classes of certificates. The Certificates will be issued pursuant to a Pooling and Servicing Agreement, dated as of October 1, 2006 (the "Pooling and Servicing Agreement"), among the Purchaser as depositor, Wells Fargo Bank, N.A. as master servicer (the "Master Servicer") and as securities administrator and HSBC Bank USA, National Association as trustee (the "Trustee"). The Purchaser will sell the Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class II-1A, Class II-2A, Class II-3A, Class II-X1, Class II-X2, Class II-PO, Class II-AR, Class I-M-1, Class I-M-2, Class I-M-3, Class I-M-4, Class I-M-5, Class I-M-6, Class I-M-7, Class I-M-8, Class I-M-9, Class I-M-10, Class II-M, Class II-B-1 and Class II-B-2 Certificates to Deutsche Bank Securities Inc. ("DBSI"), pursuant to the Amended and Restated Underwriting Agreement, dated as of August 1, 2003, as amended to and including October 30, 2006, between the Purchaser and DBSI, and the Terms Agreement, dated October 30, 2006, between the Purchaser and DBSI. The Purchaser will sell the Class I-CE, Class I-P, Class I-R, Class II-P, Class II-B-3, Class II-B-4 and Class II-B-5 Certificates to DBSI pursuant to the Purchase Agreement dated as of October 31, 2006 between the Purchaser and DBSI. Capitalized terms used but not defined herein shall have the meanings set forth in the Pooling and Servicing Agreement.

The parties hereto agree as follows:

SECTION 1. Agreement to Purchase . The Seller hereby sells and the Purchaser hereby purchases, on the date hereof (the "Closing Date"), (a) certain one- to four-family, fixed-rate, adjustable-rate and hybrid adjustable-rate first lien residential mortgage loans, having an aggregate outstanding principal balance as of the close of business on October 1, 2006 (the "Cut-Off Date"), after deducting payments due on or before that date, of approximately $1,429,934,808 (the "Initial Mortgage Loans").

SECTION 2. Mortgage Loan Schedule . The Purchaser and the Seller have agreed upon which of the mortgage loans owned by the Seller are to be purchased by the Purchaser pursuant to this Agreement and the Seller will prepare or cause to be prepared on or prior to the Closing Date a final schedule (the "Closing Schedule") that shall describe such Mortgage Loans and set forth all of the Mortgage Loans to be purchased under this Agreement, including the Prepayment Charges. The Closing Schedule will conform to the requirements set forth in this Agreement and to the definition of "Loan Schedule" under the Pooling and Servicing Agreement.

SECTION 3. Consideration .

(a) In consideration for the Mortgage Loans to be purchased hereunder, the Purchaser shall, as described in Section 8, pay to or upon the order of the Seller in immediately available funds an amount (the "Purchase Price") equal to $1,430,309,772.24.

(b) The Purchaser or any assignee, transferee or designee of the Purchaser shall be entitled to all scheduled payments of principal due after the Cut-Off Date, all other payments of principal due and collected after the Cut-Off Date, and all payments of interest on the Mortgage Loans allocable to the period after the Cut-Off Date. All scheduled payments of principal and interest due on or before the Cut-Off Date and collected after the Cut-Off Date shall belong to the Seller.

(c) Pursuant to the Pooling and Servicing Agreement, the Purchaser will assign all of its right, title and interest in and to the Mortgage Loans, together with its rights under this Agreement, to the Trustee for the benefit

of the Certificateholders.

SECTION 4. Transfer of the Mortgage Loans .

(a) Possession of Mortgage Files . The Seller does hereby sell to the Purchaser, without recourse but subject to the terms of this Agreement, all of its right, title and interest in, to and under the Mortgage Loans, including the related Prepayment Charges. The contents of each Mortgage File not delivered to the Purchaser or to any assignee, transferee or designee of the Purchaser on or prior to the Closing Date are and shall be held in trust by the Seller for the benefit of the Purchaser or any assignee, transferee or designee of the Purchaser. Upon the sale of the Mortgage Loans, the ownership of each Mortgage Note, the related Mortgage or with respect to a Cooperative Loan (as defined in Exhibit 3 hereto), the related Security Agreement and the other contents of the related Mortgage File is vested in the Purchaser and the ownership of all records and documents with respect to the related Mortgage Loan prepared by or that come into the possession of the Seller on or after the Closing Date shall immediately vest in the Purchaser and shall be delivered immediately to the Purchaser or as otherwise directed by the Purchaser.

(b) Delivery of Mortgage Loan Documents . The Seller will, on or prior to the Closing Date, deliver or cause to be delivered to the Purchaser or any assignee, transferee or designee of the Purchaser each of the following documents for each Mortgage Loan:

(i) with respect to each Mortgage Loan that is not a Cooperative Loan (to the extent not defined herein or in the Pooling and Servicing Agreement, capitalized terms used in this Section 4(b)(i) shall have the meanings set forth on Exhibit 3 to this Agreement):

1. the original Mortgage Note (including all riders thereto), or certified copies thereof, bearing all intervening endorsements necessary to show a complete chain of endorsements from the original payee, endorsed in blank, via original signature, and, if previously endorsed, signed in the name of the last endorsee by a duly qualified officer of the last endorsee. If the Mortgage Loan was acquired by the last endorsee in a merger, the endorsement must be by "[name of last endorsee], successor by merger to [name of predecessor]". If the Mortgage Loan was acquired or originated by the last endorsee while doing business under another name, the endorsement must be by "[name of last endorsee], formerly known as [previous name]";

2. an original Assignment of Mortgage executed in blank;

3. the original of any guarantee executed in connection with the Mortgage Note, if any;

4. the original Mortgage (including all riders thereto) with evidence of recording thereon and the original recorded power of attorney, if the Mortgage was executed pursuant to a power of attorney, with evidence of recording thereon, and in the case of each MOM Loan, the original Mortgage, noting the presence of the MIN of the Mortgage Loan and either language indicating that the Mortgage Loan is a MOM Loan or if the Mortgage Loan was not a MOM Loan at origination, the original Mortgage and the assignment thereof to MERS®, with evidence of recording indicated thereon; or, if the original Mortgage with evidence of recording thereon has not been returned by the public recording office where such Mortgage has been delivered for recordation or such Mortgage has been lost or such public recording office retains the original recorded Mortgage, a photocopy of such Mortgage, together with (i) in the case of a delay caused by the public recording office, an officer's certificate of the title insurer insuring the Mortgage, the escrow agent, the Seller or the related Servicer stating that such Mortgage has been delivered to the appropriate public recording office for recordation and that the original recorded Mortgage or a copy of such Mortgage certified by such public recording office to be a true and complete copy of the original recorded Mortgage will be promptly delivered to the Purchaser's designee upon receipt thereof by the party delivering the officer's certificate or by the related Servicer; or (ii) in the case of a Mortgage where a public recording office retains the original recorded Mortgage or in the case where a Mortgage is lost after recordation in a public recording office, a copy of such Mortgage with the recording information thereon certified by such public recording office to be a true and complete copy of the original recorded Mortgage;

5. the originals of all assumption, modification, consolidation or extension agreements, with

evidence of recording thereon, if any;

6. the originals of any intervening assignments of mortgage with evidence of recording thereon evidencing a complete chain of ownership from the originator of the Mortgage Loan to the last assignee, or if any such intervening assignment of mortgage has not been returned from the applicable public recording office or has been lost or if such public recording office retains the original recorded intervening assignments of mortgage, a photocopy of such intervening assignment of mortgage, together with (i) in the case of a delay caused by the public recording office, an officer's certificate of the title insurer insuring the Mortgage, the escrow agent, the Seller or the related Servicer stating that such intervening assignment of mortgage has been delivered to the appropriate public recording office for recordation and that such original recorded intervening assignment of mortgage or a copy of such intervening assignment of mortgage certified by the appropriate public recording office to be a true and complete copy of the original recorded intervening assignment of mortgage will be promptly delivered to the Purchaser's designee upon receipt thereof by the party delivering the officer's certificate or by the related Servicer; or (ii) in the case of an intervening assignment of mortgage where a public recording office retains the original recorded intervening assignment of mortgage or in the case where an intervening assignment of mortgage is lost after recordation in a public recording office, a copy of such intervening assignment of mortgage with recording information thereon certified by such public recording office to be a true and complete copy of the original recorded intervening assignment of mortgage;

7. if the Mortgage Note, the Mortgage, any Assignment of Mortgage, or any other related document has been signed by a Person on behalf of the Mortgagor, the original power of attorney or other instrument that authorized and empowered such Person to sign;

8. the original lender's title insurance policy in the form of an ALTA mortgage title insurance policy or, if the original lender's title insurance policy has not been issued, the irrevocable commitment to issue the same; provided, that the Seller shall deliver such original title insurance policy to the Purchaser or any assignee, transferee or designee of the Purchaser promptly upon receipt by the Seller, if any; and

9. the original of any security agreement, chattel mortgage or equivalent document executed in connection with the Mortgage, if any.

(ii) with respect to each Cooperative Loan, as applicable, (to the extent not defined herein or in the Pooling and Servicing Agreement, capitalized terms used in this Section 4(b)(ii) shall have the meanings set forth on Exhibit 3 to this Agreement):

1. the original Mortgage Note (including all riders thereto) bearing all intervening endorsements necessary to show a complete chain of endorsements from the original payee, endorsed in blank, via original signature, and, if previously endorsed, signed in the name of the last endorsee by a duly qualified officer of the last endorsee. If the Mortgage Loan was acquired by the last endorsee in a merger, the endorsement must be by "[name of last endorsee], successor by merger to [name of predecessor]". If the Mortgage Loan was acquired or originated by the last endorsee while doing business under another name, the endorsement must be by "[name of last endorsee], formerly known as [previous name]";

2. the Cooperative Shares, together with the Stock Power in blank;

3. the executed Security Agreement;

4. the executed Proprietary Lease and the Assignment of Proprietary Lease to the originator of the Cooperative Loan;

5. the executed Recognition Agreement;

6. copies of the original UCC Financing Statement, and any continuation statements, filed by the originator of such Cooperative Loan as secured party, each with evidence of recording thereof, evidencing the interest

of the originator under the Security Agreement and the Assignment of Proprietary Lease;

7. copies of the filed UCC assignments or amendments of the security interest referenced in clause (6) above showing an unbroken chain of title from the originator to the Trust, each with evidence of recording thereof, evidencing the interest of the assignee under the Security Agreement and the Assignment of Proprietary Lease;

8. an executed assignment of the interest of the originator in the Security Agreement, the Assignment of Proprietary Lease and the Recognition Agreement, showing an unbroken chain of title from the originator to the Trust; and

9. for any Cooperative Loan that has been modified or amended, the original instrument or instruments effecting such modification or amendment.

Notwithstanding anything to the contrary contained in this Section 4, with respect to a maximum of approximately 1.00% of the Mortgage Loans, by aggregate principal balance of the Mortgage Loans as of the Cut-Off Date, if any original Mortgage Note referred to in Section 4(b)(i) above cannot be located, the obligations of the Seller to deliver such documents shall be deemed to be satisfied upon delivery to the Purchaser or any assignee, transferee or designee of the Purchaser of a photocopy of such Mortgage Note, if available, with a lost note affidavit substantially in the form of Exhibit 1 attached hereto. If any of the original Mortgage Notes for which a lost note affidavit was delivered to the Purchaser or any assignee, transferee or designee of the Purchaser is subsequently located, such original Mortgage Note shall be delivered to the Purchaser or any assignee, transferee or designee of the Purchaser within three (3) Business Days; and if any document referred to in Section 4(b)(ii) or 4(b)(iv) above has been submitted for recording but either (x) has not been returned from the applicable public recording office or (y) has been lost or such public recording office has retained the original of such document, the obligations of the Seller hereunder shall be deemed to have been satisfied upon delivery to the Purchaser or any assignee, transferee or designee of the Purchaser promptly upon receipt thereof by or on behalf of the Seller of either the original or a copy of such document certified by the applicable public recording office to be a true and complete copy of the original.

In the event that the original lender's title insurance policy has not yet been issued, the Seller shall deliver to the Purchaser or any assignee, transferee or designee of the Purchaser a written commitment or interim binder or preliminary report of title issued by the title insurance or escrow company. The Seller shall deliver such original title insurance policy to the Purchaser or any assignee, transferee or designee of the Purchaser promptly upon receipt by the Seller, if any.

Each original document relating to a Mortgage Loan which is not delivered to the Purchaser or its assignee, transferee or designee, if held by the Seller, shall be so held for the benefit of the Purchaser, its assignee, transferee or designee.

(c) Acceptance of Mortgage Loans . The documents delivered pursuant to Section 4(b) hereof shall be reviewed by the Purchaser or any assignee, transferee or designee of the Purchaser at any time before or after the Closing Date (and with respect to each document permitted to be delivered after the Closing Date, within seven (7) days of its delivery) to ascertain that all required documents have been executed and received and that such documents relate to the Mortgage Loans identified on the Closing Schedule.

(d) Transfer of Interest in Agreements . The Purchaser has the right to assign its interest under this Agreement, in whole or in part, to the Trustee, as may be required to effect the purposes of the Pooling and Servicing Agreement, without the consent of the Seller, and the assignee shall succeed to the rights and obligations hereunder of the Purchaser. Any expense reasonably incurred by or on behalf of the Purchaser or the Trustee in connection with enforcing any obligations of the Seller under this Agreement will be promptly reimbursed by the Seller.

(e) Examination of Mortgage Files . Prior to the Closing Date, the Seller shall either (i) deliver in escrow to the Purchaser or to any assignee, transferee or designee of the Purchaser for examination the Mortgage File pertaining to each Mortgage Loan or (ii) make such Mortgage Files available to the Purchaser or to any assignee, transferee or designee of the Purchaser for examination. Such examination may be made by the Purchaser or the

Trustee, and their respective designees, upon reasonable notice to the Seller during normal business hours before the Closing Date and within sixty (60) days after the Closing Date. If any such person makes such examination prior to the Closing Date and identifies any Mortgage Loans that do not conform to the requirements of the Purchaser as described in this Agreement, such Mortgage Loans shall be deleted from the Closing Schedule. The Purchaser may, at its option and without notice to the Seller, purchase all or part of the Mortgage Loans without conducting any partial or complete examination. The fact that the Purchaser or any person has conducted or has failed to conduct any partial or complete examination of the Mortgage Files shall not affect the rights of the Purchaser or any assignee, transferee or designee of the Purchaser to demand repurchase or other relief as provided herein or under the Pooling and Servicing Agreement.

SECTION 5. Representations, Warranties and Covenants of the Seller .

The Seller hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, and covenants, that:

(i) The Seller is a corporation organized under the laws of the state of Delaware with full corporate power and authority to conduct its business as presently conducted by it to the extent material to the consummation of the transactions contemplated herein. The Agreement has been duly authorized, executed and delivered by the Seller. The Seller had the full corporate power and authority to own the Mortgage Loans and to transfer and convey the Mortgage Loans to the Purchaser and has the full corporate power and authority to execute and deliver and engage in the transactions contemplated by, and perform and observe the terms and conditions of, this Agreement;

(ii) The Seller has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement, assuming due authorization, execution and delivery by the Purchaser, constitutes a legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency or reorganization or by general principles of equity;

(iii) The execution, delivery and performance of this Agreement by the Seller (x) does not conflict and will not conflict with, does not breach and will not result in a breach of and does not constitute and will not constitute a default (or an event, which with notice or lapse of time or both, would constitute a default) under (A) any terms or provisions of the articles of incorporation or by-laws of the Seller, (B) any term or provision of any material agreement, contract, instrument or indenture, to which the Seller is a party or by which the Seller or any of its property is bound, or (C) any law, rule, regulation, order, judgment, writ, injunction or decree of any court or governmental authority having jurisdiction over the Seller or any of its property and (y) does not create or impose and will not result in the creation or imposition of any lien, charge or encumbrance which would have a material adverse effect upon the Mortgage Loans or any documents or instruments evidencing or securing the Mortgage Loans;

(iv) No consent, approval, authorization or order of, registration or filing with, or notice on behalf of the Seller to any governmental authority or court is required, under federal laws or the laws of the State of New York, for the execution, delivery and performance by the Seller of, or compliance by the Seller with, this Agreement or the consummation by the Seller of any other transaction contemplated hereby and by the Pooling and Servicing Agreement; provided, however, that the Seller makes no representation or warranty regarding federal or state securities laws in connection with the sale or distribution of the Certificates;

(v) The Seller is not in violation of, and the execution and delivery of this Agreement by the Seller and its performance and compliance with the terms of this Agreement will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction over the Seller or its assets, which violation might have consequences that would materially and adversely affect the condition (financial or otherwise) or the operation of the Seller or its assets or might have consequences that would materially and adversely affect the performance of its obligations and duties hereunder;

(vi) Immediately prior to the sale of the Mortgage Loans to the Purchaser as herein contemplated, the Seller was the owner of the related Mortgage and the indebtedness evidenced by the related Mortgage Note, and, upon the payment to the Seller of the Purchase Price, in the event that the Seller retains or has retained record title, the Seller shall retain such record title to each Mortgage, each related Mortgage Note and the related Mortgage Files with respect thereto in trust for the Purchaser as the owner thereof from and after the date hereof;

(vii) There are no actions or proceedings against, or investigations known to it of, the Seller before any court, administrative or other tribunal (A) that might prohibit its entering into this Agreement, (B) seeking to prevent the sale of the Mortgage Loans by the Seller or the consummation of the transactions contemplated by this Agreement or (C) that might prohibit or materially and adversely affect the performance by the Seller of its obligations under, or validity or enforceability of, this Agreement;

(viii) The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of the Seller, and the transfer, assignment and conveyance of the Mortgage Notes and the Mortgages by the Seller pursuant to this Agreement are not subject to the bulk transfer or any similar statutory provisions in effect in any relevant jurisdiction, except any as may have been complied with;

(ix) There is no litigation currently pending or, to the best of the Seller's knowledge without independent investigation, threatened against the Seller that would reasonably be expected to adversely affect the transfer of the Mortgage Loans, the issuance of the Certificates or the execution, delivery, performance or enforceability of this Agreement; and

(x) The information set forth in the applicable part of the Closing Schedule relating to the existence of a Prepayment Charge is complete, true and correct in all material respects at the date or dates respecting which such information is furnished and each Prepayment Charge is permissible and enforceable in accordance with its terms upon the mortgagor's full and voluntary principal prepayment under applicable law, except to the extent that: (1) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights; (2) the collectability thereof may be limited due to acceleration in connection with a foreclosure or other involuntary prepayment; or (3) subsequent changes in applicable law may limit or prohibit enforceability thereof under applicable law.

SECTION 6. Representations and Warranties of the Seller Relating to the Mortgage Loans .

The Seller hereby represents and warrants to the Purchaser that as to each Mortgage Loan as of the Closing Date (unless otherwise set forth herein):

(i) The information set forth in the Closing Schedule is true and correct in all material respects as of the Cut-Off Date;

(ii) No Monthly Payment required to be made under any Mortgage Loan has been contractually delinquent by one month or more at any time preceding the date such Mortgage Loan was purchased by the Seller;

(iii) To the best of the Seller's knowledge, there are no delinquent taxes, assessment liens or insurance premiums affecting the related Mortgaged Property;

(iv) The buildings and improvements on the Mortgaged Property are insured against loss by fire and hazards of extended coverage (excluding earthquake insurance) in an amount which is at least equal to the lesser of (i) the amount necessary to compensate for any damage or loss to the improvements which are a part of such property on a replacement cost basis or (ii) the outstanding principal balance of the Mortgage Loan. To the best of the Seller's knowledge, if the Mortgaged Property is in an area identified on a flood hazard map or flood insurance rate map issued by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available), a flood insurance policy meeting the requirements

of the current guidelines of the Federal Insurance Administration is in effect. All such insurance policies contain a standard mortgagee clause naming the originator of the Mortgage Loan, its successors and assigns as mortgagee and the Seller has not engaged in any act or omission which would impair the coverage of any such insurance policies. Except as may be limited by applicable law, the Mortgage obligates the Mortgagor thereunder to maintain all such insurance at the Mortgagor's cost and expense, and on the Mortgagor's failure to do so, authorizes the holder of the Mortgage to maintain such insurance at Mortgagor's cost and expense and to seek reimbursement therefor from the Mortgagor;

(v) Each Mortgage Loan and the related Prepayment Charge complied in all material respects with any and all requirements of any federal, state or local law including, without limitation, usury, truth in lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending, fair housing, or disclosure laws applicable to the origination and servicing of Mortgage Loans of a type similar to the Mortgage Loans and the consummation of the transactions contemplated hereby will not involve the violation of any such laws;

(vi) Except as the Mortgage File may reflect, the Mortgage has not been satisfied, cancelled, subordinated or rescinded in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would effect any such satisfaction, cancellation, subordination, rescission or release;

(vii) The Mortgage was recorded or was submitted for recording in accordance with all applicable laws and is a valid, existing and enforceable first lien on the Mortgaged Property including all improvements on the Mortgaged Property;

(viii) The Mortgage Note and the related Mortgage are genuine and each is the legal, valid and binding obligation of the maker thereof, insured under the related title policy, and enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by a bankruptcy, insolvency or reorganization;

(ix) The Seller is the sole legal, beneficial and equitable owner of the Mortgage Note and the Mortgage and has the full right to convey, transfer and sell the Mortgage Loan to the Purchaser free and clear of any encumbrance, equity, lien, pledge, charge, claim or security interest and immediately upon the sale, assignment and endorsement of the Mortgage Loans from the Seller to the Purchaser, the Purchaser shall have good and indefeasible title to and be the sole legal owner of the Mortgage Loans subject only to any encumbrance, equity, lien, pledge, charge, claim or security interest arising out of the Purchaser’s actions;

(x) Each Mortgage Loan is covered by either (a) an attorney’s opinion of title and abstract of title the form and substance of which is acceptable to mortgage lending institutions making mortgage loans in the area where the Mortgaged Property is located or (b) a valid and binding American Land Title Association lender's title insurance policy issued by a title insurer qualified to do business in the jurisdiction where the Mortgaged Property is located. No claims have been filed under such lender's title insurance policy, and the Seller has not done, by act or omission, anything that would impair the coverage of the lender's title insurance policy;

(xi) To the best of the Seller’s knowledge, there is no material default, breach, violation event or event of acceleration existing under the Mortgage or the Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event of acceleration, and the Seller has not, nor has its predecessors, waived any material default, breach, violation or event of acceleration;

(xii) To the best of the Seller’s knowledge, no Mortgage Loan permits negative amortization or the deferral of accrual interest;

(xiii) As of the date the Mortgage Loan was purchased by the Seller, to the best of the

Seller's knowledge, there was no proceeding pending for the total or partial condemnation of the Mortgaged Property;

(xiv) To the best of the Seller's knowledge, the Mortgage Loan is not subject to any valid right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any such right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto;

(xv) To the best of the Seller's knowledge, each Mortgage Loan was originated on forms acceptable to FNMA or FHLMC;

(xvi) The Mortgaged Property is free of material damage and in good repair, excepting therefrom any Mortgage Loan subject to an escrow withhold as shown on the Closing Schedule and only to the extent of that escrow withhold;

(xvii) All parties to the Mortgage Note had the legal capacity to execute the Mortgage Note and the Mortgage, and the Mortgage Note and the Mortgage have been duly executed by such parties;

(xviii) To the best of the Seller's knowledge, at the time of origination of the Mortgage Loan, no appraised improvement located on or being part of the Mortgaged Property was in violation of any applicable zoning law or regulation and to the best of the Seller's knowledge, all inspections, licenses and certificates required in connection with the origination of any Mortgage Loan with respect to the occupancy of the Mortgaged Property, have been made or obtained from the appropriate authorities;

(xix) The Mortgage File contains an appraisal of the related Mortgaged Property which satisfied the standards of FNMA and FHLMC and was made prior to the origination of the Mortgage Loan by a qualified appraiser, duly appointed by the related originator and was made in accordance with the relevant provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

(xx) Each Mortgage Loan is an obligation which is principally secured by an interest in real property within the meaning of Treasury Regulation section 1.860G 2(a);

(xxi) Each Mortgage Loan is directly secured by a first lien on, and consists of a single parcel of, real property with a detached one-to-four family residence erected thereon, a townhouse or an individual condominium unit in a condominium project, or an individual unit in a planned unit development or stock in a cooperative housing corporation;

(xxii) With respect to any Mortgage Loan with an original Loan-to-Value Ratio greater than 80%, the Mortgage Loan will be insured by a primary mortgage guaranty insurance policy, issued by an insurer which meets the requirements of FNMA and FHLMC, which insures that portion of the Mortgage Loan in excess of the portion of the appraised value of the Mortgaged Property required by FNMA. All provisions of such primary mortgage guaranty insurance policy have been and are being complied with, such policy is in full force and effect, and all premiums due thereunder have been paid. Any Mortgage subject to any such primary mortgage guaranty insurance policy obligates the Mortgagor thereunder to maintain such insurance and to pay all premiums and charges in connection therewith. The Mortgage Interest Rate for the Mortgage Loan does not include any such insurance premium;

(xxiii) Each Mortgage Loan was originated by a savings and loan association, savings bank, commercial bank, credit union, insurance company, or similar institution which is supervised and examined by a federal or state authority, or by a mortgagee approved by the Secretary of Housing and Urban Development or any successor thereto;

(xxiv) No Mortgage Loan is (a) subject to, covered by or in violation of the provisions of the Homeownership and Equity Protection Act of 1994, as amended, (b) a "high cost", "covered", "abusive", "predatory", or "high risk" mortgage loan (or a similarly designated loan using different terminology) under any federal, state or local law, including without limitation, the provisions of the Georgia Fair Lending Act, New York Banking Law, Section 6-1, the Arkansas Home Loan Protection Act, effective as of June 14, 2003, Kentucky State Statute KRS 360.100, effective as of June 25, 2003 or any other statute or regulation providing assignee liability to holders of such mortgage loans, (c) subject to or in violation of any such or comparable federal, state or local statutes or regulations;

(xxv) [Reserved];

(xxvi) No Mortgage Loan is a "High-Cost Home Loan" or a refinanced "Covered Home Loan," in each case, as defined in the New Jersey Home Ownership Act effective November 27, 2003 (N.J.S.A. 46;10B-22 et seq.);

(xxvii) No Mortgage Loan is a subsection 10 mortgage under the Oklahoma Home Ownership and Equity protection Act;

(xxviii) No Mortgage Loan is a "High-Cost Home Loan" as defined in the New Mexico Home Loan Protection Act effective January 1, 2004 (N.M. Stat. Ann. §§ 58-21A-1 et seq.);

(xxix) No Mortgage Loan is a "High-Risk Home Loan" as defined in the Illinois High-Risk Home Loan Act effective January 1, 2004 (815 Ill. Comp. Stat. 137/1 et seq.);

(xxx) There is no Mortgage Loan that was originated or modified on or after October 1, 2002 and before March 7, 2003, which is secured by property located in the State of Georgia. There is no such Mortgage Loan underlying the Certificate that was originated on or after March 7, 2003, which is a "high cost home loan" as defined under the Georgia Fair Lending Act;

(xxxi) No Mortgage Loan is a "High-Cost Home Loan" as defined in the Massachusetts Predatory Home Loan Practices Act, effective November 7, 2004 (Mass. Ann. Laws Ch. 183C);

(xxxii) No Mortgage Loan is a "High-Cost Home Loan" as defined in the Indiana Home Loan Practices Act, effective January 1, 2005 (Ind. Code Ann. Sections 24-9-1 through 24-9-9);

(xxxiii) Information provided to the Rating Agencies, including the loan level detail, is true and correct according to the Rating Agency requirements;

(xxxiv) The Mortgage Loans were underwritten in accordance with the related originator's underwriting guidelines in effect at the time the Mortgage Loans were originated (the "Applicable Underwriting Guidelines"), except with respect to certain of those Mortgage Loans which had compensating factors permitting a deviation from the Applicable Underwriting Guidelines;

(xxxv) There are no mechanics' or similar liens or claims which have been filed for work, labor or material provided to the related Mortgaged Property prior to the origination of the Mortgage Loan which are or may be liens prior to, or equal or coordinate with, the lien of the related Mortgage, except as may be disclosed in the related title policy;

(xxxvi) The servicing practices used in connection with the servicing of the Mortgage Loans have been in all respects reasonable and customary in the mortgage servicing industry of like mortgage loan servicers, servicing similar mortgage loans originated in the same jurisdiction as the Mortgaged Property;

(xxxvii) The terms of the Mortgage Note and the Mortgage have not been materially impaired, waived, altered or modified in any respect, except by written instruments, recorded in the applicable public recording office if necessary to maintain the lien priority of the Mortgage. The substance of any such waiver,

alteration or modification has been approved by the title insurer, to the extent required by the related policy. No Mortgagor has been released, in whole or in part, except in connection with an assumption agreement (approved by the title insurer to the extent required by the policy) and which assumption agreement has been delivered to the Trustee;

(xxxviii) The Mortgage Interest Rate with respect to the Mortgage Loans is subject to adjustment at the time and in the amounts as are set forth in the related Mortgage Note;

(xxxix) No Mortgage Loan contains a provision whereby the Mortgagor can convert a Mortgage Loan into a fixed rate Mortgage Loan;

(xl) No selection procedures were used by the Seller that identified the Mortgage Loans as being less desirable or valuable than other comparable mortgage loans in the Seller's portfolio;

(xli) No Mortgage Loan is secured in whole or in part by the interest of the Mortgagor as a lessee under a ground lease of the related Mortgaged Property; \

(xlii) No Mortgage Loan is a High Cost Loan or Covered Loan, as applicable (as such terms are defined in the then current Standard & Poor's LEVELS ® Glossary which is now Version 5.7 Revised, Appendix E (attached hereto as Exhibit 2)) and no Mortgage Loan originated on or after October 1, 2002 through March 6, 2003 is governed by the Georgia Fair Lending Act; and

(xliii) The Mortgage Note, with respect to a Cooperative Loan, is not and has not been secured by any collateral except the lien of the Cooperative Shares and the Proprietary Lease (each as defined in Exhibit 3 hereto).

SECTION 7. Repurchase Obligation for Defective Documentation and for Breach of Representation and Warranty .

(a) The representations and warranties contained in Section 6 shall not be impaired by any review and examination of the Mortgage Files or other documents evidencing or relating to the Mortgage Loans or any failure on the part of the Seller or the Purchaser to review or examine such documents and shall inure to the benefit of any assignee, transferee or designee of the Purchaser, including the Trustee for the benefit of the Certificateholders. With respect to the representations and warranties contained herein as to which the Seller has no knowledge, if it is discovered that the substance of any such representation and warranty was inaccurate as of the date such representation and warranty was made or deemed to be made, and such inaccuracy materially and adversely affects the value of the related Mortgage Loan or the interest therein of the Purchaser or the Purchaser's assignee, transferee or designee, then notwithstanding the lack of knowledge by the Seller with respect to the substance of such representation and warranty being inaccurate at the time the representation and warranty was made, the Seller shall take such action described in the following paragraph in respect of such Mortgage Loan.

Upon discovery by the Seller, the Purchaser or any assignee, transferee or designee of the Purchaser of any materially defective document in, or that any material document was not transferred by the Seller (as listed on the related Custodian's preliminary exception reports, as described in the related Custodial Agreement , as part of any Mortgage File or of a breach of any of the representations and warranties contained in Section 6 that materially and adversely affects the value of any Mortgage Loan or the interest therein of the Purchaser or the Purchaser's assignee, transferee or designee, the party discovering such breach shall give prompt written notice to the Seller. Within sixty (60) days of its discovery or its receipt of notice of any such missing documentation that was not transferred by the Seller as described above, or of materially defective documentation, or within sixty (60) days of any such breach of a representation and warranty, the Seller promptly shall deliver such missing document or cure such defect or breach in all material respects or, in the event the Seller cannot deliver such missing document or cannot cure such defect or breach, the Seller shall, within ninety (90) days of its discovery or receipt of notice of any such missing or materially defective documentation or within ninety (90) days of any such breach of a representation and warranty, either (i) repurchase the affected Mortgage Loan at the Purchase Price (as such term is defined in the Pooling and Servicing

Agreement) or (ii) pursuant to the provisions of the Pooling and Servicing Agreement, cause the removal of such Mortgage Loan from the Trust Fund and substitute one or more Substitute Loans. The Seller shall amend the Closing Schedule to reflect the withdrawal of such Mortgage Loan from the terms of this Agreement and the Pooling and Servicing Agreement. Notwithstanding the foregoing, if the representation made by the Seller in Section 6 (xxiv) of this Agreement is breached, the Trustee shall, in accordance with the terms of the Pooling and Servicing Agreement, enforce the obligation of the Seller to repurchase such Mortgage Loan at the Purchase Price, or to provide a Substitute Loan (plus any costs and damages incurred by the Trust Fund in connection with any violation by any such Mortgage Loan of any predatory or abusive lending law) within ninety (90) days after the date on which the Seller was notified of such breach. The Seller shall deliver to the Purchaser such amended Closing Schedule and shall deliver such other documents as are required by this Agreement or the Pooling and Servicing Agreement within five (5) days of any such amendment. Any repurchase pursuant to this Section 7(a) shall be accomplished by transfer to an account designated by the Purchaser of the amount of the Purchase Price in accordance with Section 2.3 of the Pooling and Servicing Agreement. Any repurchase required by this Section shall be made in a manner consistent with Section 2.3 of the Pooling and Servicing Agreement.

(b) If the representation made by the Seller in Section 5(x) is breached, the Seller shall not have the right or obligation to cure, substitute or repurchase the affected Mortgage Loan but shall remit to the Master Servicer for deposit in the Distribution Account, prior to the next succeeding Distribution Date, the amount of the Prepayment Charge indicated on the applicable part of the Closing Schedule to be due from the Mortgagor in the circumstances less any amount collected and remitted to the Master Servicer for deposit into the Distribution Account.

(c) It is understood and agreed that the obligations of the Seller set forth in this Section 7 to cure or repurchase a defective Mortgage Loan (and to make payments pursuant to Section 7(b)) constitute the sole remedies of the Purchaser against the Seller respecting a missing document or a breach of the representations and warranties contained in Section 6.

SECTION 8. Closing; Payment for the Mortgage Loans . The closing of the purchase and sale of the Mortgage Loans shall be held at the New York City office of McKee Nelson LLP at 10:00 a.m. New York City time on the Closing Date.

The closing shall be subject to each of the following conditions:

(a) All of the representations and warranties of the Seller under this Agreement shall be true and correct in all material respects as of the date as of which they are made and no event shall have occurred which, with notice or the passage of time, would constitute a default under this Agreement;

(b) The Purchaser shall have received, or the attorneys of the Purchaser shall have received in escrow (to be released from escrow at the time of closing), all Closing Documents as specified in Section 9 of this Agreement, in such forms as are agreed upon and acceptable to the Purchaser, duly executed by all signatories other than the Purchaser as required pursuant to the respective terms thereof;

(c) The Seller shall have delivered or caused to be delivered and released to the Purchaser or to its designee, all documents (including without limitation, the Mortgage Loans) required to be so delivered by the Purchaser pursuant to Section 2.1 of the Pooling and Servicing Agreement; and

(d) All other terms and conditions of this Agreement and the Pooling and Servicing Agreement shall have been complied with.

Subject to the foregoing conditions, the Purchaser shall deliver or cause to be delivered to the Seller on the Closing Date, against delivery and release by the Seller to the Trustee of all documents required pursuant to the Pooling and Servicing Agreement, the consideration for the Mortgage Loans as specified in Section 3 of this Agreement.

SECTION 9. Closing Documents . Without limiting the generality of Section 8 hereof, the closing shall be subject to delivery of each of the following documents:

(a) An Officer's Certificate of the Seller, dated the Closing Date, upon which the Purchaser and DBSI may rely with respect to certain facts regarding the sale of the Mortgage Loans by the Seller to the Purchaser;

(b) An Opinion of Counsel of the Seller, dated the Closing Date and addressed to the Purchaser and DBSI;

(c) Such opinions of counsel as the Rating Agencies or the Trustee may request in connection with the sale of the Mortgage Loans by the Seller to the Purchaser or the Seller's execution and delivery of, or performance under, this Agreement; and

(d) Such further information, certificates, opinions and documents as the Purchaser or DBSI may reasonably request.

SECTION 10. Costs . The Seller shall pay (or shall reimburse the Purchaser or any other Person to the extent that the Purchaser or such other Person shall pay) all costs and expenses incurred in connection with the transfer and delivery of the Mortgage Loans, including without limitation, fees for title policy endorsements and continuations, the fees and expenses of the Seller's accountants and attorneys, the costs and expenses incurred in connection with producing any Servicer's loan loss, foreclosure and delinquency experience, and the costs and expenses incurred in connection with obtaining the documents referred to in Sections 9(a), 9(b) and 9(c), the costs and expenses of printing (or otherwise reproducing) and delivering this Agreement, the Pooling and Servicing Agreement, the Certificates, the prospectus and prospectus supplement, and any private placement memorandum relating to the Certificates and other related documents, the initial fees, costs and expenses of the Trustee, the fees and expenses of the Purchaser's counsel in connection with the preparation of all documents relating to the securitization of the Mortgage Loans, the filing fee charged by the Securities and Exchange Commission for registration of the Certificates and the fees charged by any rating agency to rate the Certificates. All other costs and expenses in connection with the transactions contemplated hereunder shall be borne by the party incurring such expense.

SECTION 11. Servicing . The Mortgage Loans will be master serviced by the Master Servicer under the Pooling and Servicing Agreement and serviced by American Home Mortgage Servicing, Inc. ("AHM"), Countrywide Home Loans Servicing LP ("CHLS"), GMAC Mortgage, LLC ("GMAC"), GreenPoint Mortgage Funding, Inc. ("GreenPoint"), IndyMac Bank, F.S.B. ("IndyMac"), National City Mortgage Co. ("Nat City"), PHH Mortgage Corporation ("PHH"), Select Portfolio Servicing, Inc. ("SPS") and Wells Fargo Bank, N.A. ("Wells Fargo"), as applicable, on behalf of the Trust, pursuant to separate servicing agreements identified in the Pooling and Servicing Agreement and assigned to the Purchaser on the Closing Date and the Seller has represented to the Purchaser that such Mortgage Loans are not subject to any other servicing agreements with third parties (other than the servicing agreements with AHM, CHLS, GMAC, GreenPoint, Indymac, Nat City, PHH, SPS and Wells Fargo). It is understood and agreed between the Seller and the Purchaser that the Mortgage Loans are to be delivered free and clear of any servicing agreements (other than the servicing agreements with AHM, CHLS, GMAC, GreenPoint, Indymac, Nat City, PHH, SPS and Wells Fargo). Neither the Purchaser nor any affiliate of the Purchaser is servicing the Mortgage Loans under any such servicing agreement and, accordingly, neither the Purchaser nor any affiliate of the Purchaser is entitled to receive any fee for releasing the Mortgage Loans from any such servicing agreement. For so long as the Master Servicer master services the Mortgage Loans and the applicable Servicer services the Mortgage Loans, the Master Servicer shall be entitled to the Master Servicing Fee and the applicable Servicer shall be entitled to the related Servicing Fee and such other payments as provided for under the terms of the Pooling and Servicing Agreement or the related servicing agreement, as applicable.

SECTION 12. Mandatory Delivery; Grant of Security Interest . The sale and delivery on the Closing Date of the Mortgage Loans described on the Closing Schedule in accordance with the terms and conditions of this Agreement is mandatory. It is specifically understood and agreed that each Mortgage Loan is unique and identifiable on the date hereof and that an award of money damages would be insufficient to compensate the Purchaser for the losses

and damages incurred by the Purchaser in the event of the Seller's failure to deliver the Mortgage Loans on or before the Closing Date. The Seller hereby grants to the Purchaser a lien on and a continuing security interest in the Seller's interest in each Mortgage Loan and each document and instrument evidencing each such Mortgage Loan to secure the performance by the Seller of its obligation hereunder, and the Seller agrees that it holds such Mortgage Loans in custody for the Purchaser, subject to the Purchaser's (i) right, prior to the Closing Date, to reject any Mortgage Loan to the extent permitted by this Agreement and (ii) obligation to deliver or cause to be delivered the consideration for the Mortgage Loans pursuant to Section 8 hereof. Any Mortgage Loans rejected by the Purchaser shall concurrently therewith be released from the security interest created hereby. All rights and remedies of the Purchaser under this Agreement are distinct from, and cumulative with, any other rights or remedies under this Agreement or afforded by law or equity and all such rights and remedies may be exercised concurrently, independently or successively.

Notwithstanding the foregoing, if on the Closing Date, each of the conditions set forth in Section 8 hereof shall have been satisfied and the Purchaser shall not have paid or caused to be paid the Purchase Price, or any such condition shall not have been satisfied and satisfaction of such condition shall not have been waived and the Purchaser determines not to pay or cause to be paid the Purchase Price, the Purchaser shall immediately effect the redelivery of the Mortgage Loans, if delivery to the Purchaser has occurred, and the security interest created by this Section 12 shall be deemed to have been released.

SECTION 13. Notices . All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered to or mailed by registered mail, postage prepaid, or transmitted by fax and, receipt of which is confirmed by telephone, if to the Purchaser, addressed to the Purchaser at 60 Wall Street, New York, New York 10005, fax: (212) 250-2500, Attention: Susan Valenti, or such other address as may hereafter be furnished to the Seller in writing by the Purchaser; and if to the Seller, addressed to the Seller at 60 Wall Street, New York, New York 10005, fax: (212) 250-2500, Attention: Susan Valenti, or to such other address as the Seller may designate in writing to the Purchaser.

SECTION 14. Severability of Provisions . Any part, provision, representation or warranty of this Agreement that is prohibited or that is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any part, provision, representation or warranty of this Agreement that is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction as to any Mortgage Loan shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof.

SECTION 15. Agreement of Parties . The Seller and the Purchaser each agree to execute and deliver such instruments and take such actions as either of the others may, from time to time, reasonably request in order to effectuate the purpose and to carry out the terms of this Agreement and the Pooling and Servicing Agreement.

SECTION 16. Survival . The Seller agrees that the representations, warranties and agreements made by it herein and in any certificate or other instrument delivered pursuant hereto shall be deemed to be relied upon by the Purchaser, notwithstanding any investigation heretofore or hereafter made by the Purchaser or on its behalf, and that the representations, warranties and agreements made by the Seller herein or in any such certificate or other instrument shall survive the delivery of and payment for the Mortgage Loans and shall continue in full force and effect, notwithstanding any restrictive or qualified endorsement on the Mortgage Notes and notwithstanding subsequent termination of this Agreement, the Pooling and Servicing Agreement or the Trust Fund.

SECTION 17. GOVERNING LAW . THIS AGREEMENT AND THE RIGHTS, DUTIES, OBLIGATIONS AND RESPONSIBILITIES OF THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS (EXCLUDING THE CHOICE OF LAW PROVISIONS) AND DECISIONS OF THE STATE OF NEW YORK. THE PARTIES HERETO INTEND THAT THE

PROVISIONS OF SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY TO THIS AGREEMENT.

SECTION 18. Miscellaneous . This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement supersedes all prior agreements and understandings relating to the subject matter hereof. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

It is the express intent of the parties hereto that the conveyance of the Mortgage Loans by the Seller to the Purchaser as provided in Section 4 hereof be, and be construed as, a sale of the Mortgage Loans by the Seller to the Purchaser and not as a pledge of the Mortgage Loans by the Seller to the Purchaser to secure a debt or other obligation of the Seller. However, in the event that, notwithstanding the aforementioned intent of the parties, the Mortgage Loans are held to be property of the Seller, then (a) it is the express intent of the parties that such conveyance be deemed a pledge of the Mortgage Loans by the Seller to the Purchaser to secure a debt or other obligation of the Seller and (b) (1) this Agreement shall also be deemed to be a security agreement within the meaning of Articles 8 and 9 of the New York Uniform Commercial Code, (2) the conveyance provided for in Section 4 hereof shall be deemed to be a grant by the Seller to the Purchaser of a security interest in all of the Seller's right, title and interest in and to the Mortgage Loans and all amounts payable to the holders of the Mortgage Loans in accordance with the terms thereof and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, including without limitation all amounts, other than investment earnings, from time to time held or invested in the Protected Accounts established by the Servicers of the related Mortgage Loans for the benefit of the owner thereof, whether in the form of cash, instruments, securities or other property, (3) the possession by the Purchaser or its agent of Mortgage Notes, the related Mortgages and such other items of property that constitute instruments, money, negotiable documents or chattel paper shall be deemed to be "possession by the secured party" for purposes of perfecting the security interest pursuant to Section 9-305 of the New York Uniform Commercial Code, and (4) notifications to persons holding such property and acknowledgments, receipts or confirmations from persons holding such property shall be deemed notifications to, or acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of the Purchaser for the purpose of perfecting such security interest under applicable law. Any assignment of the interest of the Purchaser pursuant to Section 4(d) hereof shall also be deemed to be an assignment of any security interest created hereby. The Seller and the Purchaser shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in the Mortgage Loans, such security interest would be deemed to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement and the Pooling and Servicing Agreement.

SECTION 19. Third Party Beneficiary . The parties hereto acknowledge and agree that DBSI and each of its respective successors and assigns shall have all the rights of a third-party beneficiary in respect of Section 12 of this Agreement and shall be entitled to rely upon and directly enforce the provisions of Section 12 of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Purchaser and the Seller have caused their names to be signed by their respective officers thereunto duly authorized as of the date first above written.

DB STRUCTURED PRODUCTS, INC.

By: /s/ Ernie Calabrese
Name: Ernie Calabrese
Title: Director

By: /s/ Rika Yano
Name: Rika Yano
Title: Vice President

DEUTSCHE ALT-A SECURITIES, INC.

By: /s/ Ernie Calabrese
Name: Ernie Calabrese
Title: Director

By: /s/ Rika Yano
Name: Rika Yano
Title: Vice President

EXHIBIT 1

Loan #: _____
Borrower: _____

LOST NOTE AFFIDAVIT

I, as _____ of _____, a _____ am authorized to make this Affidavit on behalf of _____ (the "Seller"). In connection with the administration of the Mortgage Loans held by _____, a _____ [corporation] as Seller on behalf of _____ (the "Purchaser"), _____ (the "Deponent"), being duly sworn, deposes and says that:

1. The Seller's address is:

_____
_____
_____

2. The Seller previously delivered to the Purchaser a signed initial certification with respect to such Mortgage and/or Assignment;

3. Such Mortgage Note and/or Assignment was assigned or sold to the Purchaser by _____, a _____ pursuant to the terms and provisions of a Mortgage Loan Purchase Agreement dated as of October 31, 2006;

4. Such Mortgage Note and/or Assignment is not outstanding pursuant to a request for release of Documents;

5. Aforesaid Mortgage Note and/or Assignment (the "Original") has been lost;

6. Deponent has made or caused to be made a diligent search for the Original and has been unable to find or recover same;

7. The Seller was the Seller of the Original at the time of the loss; and

8. Deponent agrees that, if said Original should ever come into Seller's possession, custody or power, Seller will immediately and without consideration surrender the Original to the Purchaser.

9. Attached hereto is a true and correct copy of (i) the Note, endorsed in blank by the Mortgagee and (ii) the Mortgage or deed of trust (strike one) which secures the Note, which Mortgage or deed of trust is recorded in the county where the property is located.

10. Deponent hereby agrees that the Seller (a) shall indemnify and hold harmless the Purchaser, its successors and assigns, against any loss, liability or damage, including reasonable attorney's fees, resulting from the unavailability of any Notes, including but not limited to any loss, liability or damage arising from (i) any false statement contained in this Affidavit, (ii) any claim of any party that purchased a mortgage loan evidenced by the Lost Note or any interest in such mortgage loan, (iii) any claim of any borrower with respect to the existence of terms of a mortgage loan evidenced by the Lost Note on the related property to the fact that the mortgage loan is not evidenced by an original note and (iv) the issuance of a new instrument in lieu thereof (items (i) through (iv) above hereinafter referred to as the "Losses") and (b) if required by any Rating Agency in connection with placing such Lost Note into a Pass-Through Transfer, shall obtain a surety from an insurer acceptable to the applicable Rating Agency to cover any Losses with respect to such Lost Note.

11. This Affidavit is intended to be relied upon by the Purchaser, its successors and assigns. [Seller] represents and warrants that is has the authority to perform its obligations under this Affidavit of Lost Note.

Executed this _ day of _____, 200_.

By: _____
Name:
Title:

On this __ day of _____, 200_, before me appeared _____ to me personally known, who being duly sworn did say that he is the _____ of _____, a _____ and that said Affidavit of Lost Note was signed and sealed on behalf of such corporation and said acknowledged this instrument to be the free act and deed of said entity.

Signature:

EXHIBIT 2

Standard & Poor's LEVELS® Glossary Version 5.7 Revised, Appendix E

EXHIBIT 3

Definitions with respect to terms used in Sections 2(b)(i) and 2(b)(ii) of this Agreement and not otherwise defined in this Agreement or the Pooling and Servicing Agreement:

Assignment of Proprietary Lease : With respect to a Cooperative Loan, the assignment or mortgage of the related Proprietary Lease from the Mortgagor to the originator of the Cooperative Loan.

Cooperative Corporation : With respect to any Cooperative Loan, the cooperative apartment corporation that holds legal title to the related Cooperative Property and grants occupancy rights to units therein to stockholders through Proprietary Leases or similar arrangements.

Cooperative Lien Search : A search for (a) federal tax liens, mechanics' liens, lis pendens, judgments of record or otherwise against (i) the Cooperative Corporation and (ii) the seller of the Cooperative Unit, (b) filings of Financing Statements and (c) the deed of the Cooperative Property into the Cooperative Corporation.

Cooperative Loan : A Mortgage Loan that is secured by a first lien on and a perfected security interest in Cooperative Shares and the related Proprietary Lease granting exclusive rights to occupy the related Cooperative Unit in the building owned by the related Cooperative Corporation.

Cooperative Property : With respect to any Cooperative Loan, all real property and improvements thereto and rights therein and thereto owned by a Cooperative Corporation including without limitation the land, separate dwelling units and all common elements.

Cooperative Shares : With respect to any Cooperative Loan, the shares of stock issued by a Cooperative Corporation and allocated to a Cooperative Unit and represented by stock certificates.

Cooperative Unit : With respect to any Cooperative Loan, a specific unit in a Cooperative Property.

Financing Statement : A financing statement in the form of a UCC-1 or UCC-3, as applicable, filed pursuant to the Uniform Commercial Code to perfect a security interest in the Cooperative Shares and Pledge Instruments.

MERS : Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

MERS® System : The system of recording transfers of mortgages electronically maintained by MERS.

MIN : The Mortgage Identification Number for Mortgage Loans registered with MERS on the MERS® System.

MOM Loan : With respect to any Mortgage Loan, MERS 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.

Pledge Instruments : With respect to each Cooperative Loan, the Stock Power, the Assignment of Proprietary Lease and the Security Agreement.

Proprietary Lease : The lease on a Cooperative Unit evidencing the possessory interest of the owner of the Cooperative Shares in such Cooperative Unit.

Recognition Agreement : An agreement among a Cooperative Corporation, a lender and a Mortgagor with respect to a Cooperative Loan whereby such parties (i) acknowledge that such lender may make, or intends to make, such Cooperative Loan and (ii) make certain agreements with respect to such Cooperative Loan.

Security Agreement : With respect to a Cooperative Loan, the agreement or mortgage creating a security interest in favor of the originator of the Cooperative Loan in the related Cooperative Shares.

Stock Power : With respect to a Cooperative Loan, an assignment of the stock certificate or an assignment of the Cooperative Shares issued by the Cooperative Corporation.

EXHIBIT C

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR MIAMI-DADE COUNTY, FLORIDA
GENERAL JURISDICTION DIVISION

CASE NO. 1-2008-CA-055313

HSBC BANK USA, NA AS TRUSTEE FOR NOMURA ASSET ACCEPTANCE CORPORATION, MORTGAGE PASS-THROUGH CERTIFICATES SERIES 2006-ARI,

Plaintiff,

vs.

ORLANDO ESLAVA; THE UNKNOWN SPOUSE OF ORLANDO ESLAVA f/k/a PATRICIA DIAZ; GFI MORTGAGE BANKERS, INC., ELDORADO TOWERS CONDOMINIUM ASSOCIATION, INC.,

Defendants.

CERTIFIED TRANSCRIPT

Miami-Dade County Courthouse
73 West Flagler Street
Miami, Florida
Thursday, 8:50 a.m. - 9:10 a.m.
May 6, 2010

This cause came on for hearing before the Honorable Jennifer Bailey, Circuit Court Judge, in Chambers, pursuant to notice.

APPEARANCES

For the Plaintiff

WILLIAM WARD HUFFMAN, III, ESQ.
Florida Default Law Group
Suite 300
9119 Corporate Lake Drive
Tampa, Florida 33634
813-342-2200

For the Defendant

SHELEEN G. KHAN, ESQ.
Sheleen G. Khan, P.A.
Suite T-3
13499 Biscayne Boulevard
Miami, Florida 33181
305-454-9126

For the Florida Default Law Group:

SUZANNE HILL, ESQ.
Rumberger, Kirk & Caldwell, P.A.
Suite 3000
80 Southwest 8th Street
Miami, Florida 33130
305-358-5577

THEREUPON --

MS. HILL: My name is Suzanne Hill. I'm with Rumberger, Kirk & Caldwell.

We are here today on an order to show cause that was entered against the plaintiff in this matter.

THE COURT: Okay.

MS. HILL: And also with me is Bill Huffman. He's with Florida Default Law Group and the attorney representing the plaintiff.

THE COURT: Do you have a copy of the order to show cause?

MS. HILL: I do. It's in my notebook. If you don't mind, I can give you that.

THE COURT: That's fine.

Okay. The question is why the bond wasn't posted.

MS. HILL: Yes, your Honor. First of all, on behalf of Mr. Huffman and Florida Default Law Group, as well as the plaintiff, the firm apologizes to this Court for the failure to follow this Court's orders.

What happened in this case is right after summary judgment was entered, the firm received notification from the lender to put the case on

hold because the lender was engaged in loss mitigation with the borrower.

The hold status remained throughout the case, and as we got closer to the sale date, the firm attempted to have the sale canceled. I believe that there was initially a motion filed by defense counsel to have the sale canceled, the hearing was held and that was denied.

THE COURT: Which was, if I recall correctly, opposed -- right?

MS. KHAN: Yes, your Honor.

THE COURT: -- at the hearing. I mean, what this truly, fundamentally is about is about the level of disorganization and the needless consumption of judicial resources.

Because truthfully, if they're going to work it out, I don't want to work it out, I don't want to sell the property at a foreclosure sale. I want people to stay in their houses if they can stay in their houses.

But the problem is that at the same time, banks and lenders are prevailing over the court system in the delays in the court system on foreclosures.

I have -- you know, I have a hearing because they want to cancel the sale because it's in loss mitigation, which the bank actively opposes, and I rule in favor of the bank. So now at least ten minutes, in all candor, of judicial time has been consumed.

It doesn't sound like much, but there are 60,000 foreclosures filed last year. Every single one of them -- which almost every single one of them does -- represents a situation where the bank's position is constantly shifting and changing because they don't know what the Sam Hill is going on in their files. Then we have a problem. That's A.

B, the more fundamental problem on that is I don't care if the file is on hold or not. That does not authorize a plaintiff to ignore a court order.

MS. HILL: I agree.

THE COURT: The court order was post the bond. So you post the bond and you get your money back. And I'm sorry you have to post the bond, but the reason why you're posting a bond is because you lost the note. Why did you lose the note? Because you're operating at the same

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level of chaos and disorganization that caused you to oppose the motion to cancel the sale when you're in loss mitigation hold.

I'm not yelling at you because you're just the messenger.

MS. HILL: I understand.

THE COURT: But I understand the situation and in over a year and a half of trying to work with firms and saying you folks have got to get this together if we're going to get through this, to have a court order just simply blown off with the response, well, we filed a loss mitigation hold is not a compelling response.

MS. HILL: In all candor, your Honor, and I understand and I agree and I do understand the frustration, Mr. Huffman was concerned about moving the case forward.

THE COURT: And so then you know what you do? You file -- if you have a problem with the court order and you get inconsistent directions from your client, you file a motion for extension of time to file the bond, you come forth and say to the Court the case is in loss mit hold, can we postpone the filing of the

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bond? Can we give up the sale date so that I can give it to somebody else who really needs to sell a piece of property on the courthouse steps? Instead of just ignoring a court order, because that's what happened here.

MS. HILL: I don't disagree that it could have been handled much better. I do agree to that.

THE COURT: I appreciate your diplomatic response, but is there any reason why the Court should not issue sanctions in this case? I mean, the court order was simply, based on what you're telling me, ignored because the client took the file in loss mit hold.

MS. HILL: Well, it was not complied with, that is correct, your Honor. And it was because it was on hold.

And Mr. Huffman honestly believed that if the case was still on hold, he had no objection to having the case dismissed.

As far as opposition at that hearing, Mr. Huffman believed he conveyed instructions to the local counsel that the case was on hold and there was no opposition.

I can't speak to what was said at that

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hearing --

THE COURT: Let me just be clear. I'm not going to sanction Mr. Huffman. Mr. Huffman, you know, he's just doing what the e-mails tell him to do. I know that.

At some level there is responsibility on the part of the lawyer as an officer of this court to make sure that notwithstanding whatever kind of sloppy operation the plaintiff is running, that court orders are complied with.

And Mr. Huffman, at the end of the day, this trust is going to be over and at the end of the day some day this foreclosure crisis is going to be over. And you need to decide what kind of lawyer you're going to be. Because at the end of the day, you're responsible for your client's compliance with court orders.

And saying, oh, well, my client told me this, is not a defensible position because you swore an oath to follow the Rules of Civil Procedure and to follow the rule of law. And at the end of the day when they bury you, the words "HSBC Bank USA, NA as Trustee for Nomura Asset Acceptance Corporation, Mortgage

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Pass-through Certificates Series 2006-ARI will probably appear nowhere in your obituary.

So, you know, the bottom line -- and I'm not giving you a lecture that I am not routinely delivering to foreclosure lawyers at this point in my career, which is, all lawyers have is your reputations. We don't make widgets, we don't built clocks, we don't build cars. We have nothing but the pleadings we file and sign our name to to evidence the quality and integrity of who we are.

And when you get a court order that says post a bond -- and you're being required to post a bond for a very logical reason. It's a trust. It's going to expire by its terms. It's not the Bank of America, I don't know if it's going to be there in six years. And you've lost the note and you're required to indemnify the defendant and therefore you have to post a bond.

When that order is simply ignored and further motions for clarification with the Court are not sought, you know, yes, do I understand completely that this is the client not knowing the left hand from the right hand,

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yes; but at the end of the day, you're the lawyer, you're responsible.
MR. HUFFMAN: Yes, your Honor.
THE COURT: How many people currently work in your office?
MR. HUFFMAN: Attorneys or --
THE COURT: Attorneys.
MR. HUFFMAN: Fifty.
THE COURT: How many files are you currently responsible for?
MR. HUFFMAN: I don't have that number, I'm not sure.
THE COURT: How many cases can you tell me that you know anything in detail about the loss mitigation status of the file?
MR. HUFFMAN: Well, the way it's set up, the bank handles the loss mitigation separately.
THE COURT: So the answer is zero. You're filing pleadings in court every day and you don't even know what's going on with the case.
And see, the really interesting thing to me as a judge is in no other species or kind of law would that be remotely acceptable or,

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frankly, anything short of malpractice. But somehow in Foreclosure World everybody thinks that that's just fine, that you all can know absolutely nothing about your files and walk in here and ask judges for things left and right without even knowing what's going on.
And, you know, ultimately, the law firms are going to start doing that at their pearl.
MS. HILL: Your Honor, if I may just respectfully respond very quickly?
The law firm does know when a file was put on hold, and that is recorded in their files. And when they look it up, they do see that. And they know that when a client puts a file on hold, that it is primarily due to loss mitigation. They're not necessarily directly involved in those loss mitigation discussions, but they are aware that they're occurring.
THE COURT: Believe me, my knowledge of loss mitigation is far more intimate than I ever wanted it to be. And I am acutely aware that this occurs in the corporate setting outside the law firm's sphere of knowledge.
Having said that, the point of time at which that knowledge really needs to be

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acquired is the point of time where it intersects and interferes with the smooth operation of the judicial system, which is like walking in the day of the sale, the canceled sale because you've had the file on hold for 90 days, 120 days, 180 days, and somehow operating under the assumption that you have the right to walk into the Dade County Courthouse and find a judge at any time, day or night, to cancel a sale simply because your client has not paid attention to it. And it's a huge problem.
And I'm not trying to crucify Mr. Huffman just because he happens to be the guy that I hauled in here today, but the upshot of it is the bond was not posted.
How much was the amount of the final judgment?
MS. KHAN: Judge, if I may look in the file?
MS. HILL: 207,238.72.
THE COURT: Did the plaintiff acquire title at sale?
MS. HILL: Yes, your Honor.
THE COURT: What's status of the

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property? Does anybody know?
MS. KHAN: Your Honor, Sheleen Khan for the defendant.
The defendant is paying on direct debit from his account every month. This will be his fifth payment under the HAMP program, your Honor.
THE COURT: Okay. I think as a sanction what would be appropriate is to direct HSBC, who failed to comply with the Court's order, the only -- there's nobody here from HSBC to offer any --
MS. HILL: Well, Mr. Huffman is here on behalf of HSBC today, as well.
THE COURT: But he doesn't know anything about the loss mitigation status. I just asked him.
MS. HILL: It's our understanding in this case that it is still under loss mitigation. it is being reviewed by HAMP for permanent modification.
THE COURT: Mr. Huffman, please raise your right hand.
(Thereupon, William Ward Huffman, III, Esq. was duly sworn by the Court.)

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THE COURT: What's your name?
MR. HUFFMAN: Bill Huffman.
THE COURT: What was the loss mitigation status on March 4, 2010?
MR. HUFFMAN: It was on hold for --
THE COURT: Tell me what was going on. How much had the defendant paid in? Had the defendant made any HAMP payments? Was the defendant formally enrolled in a HAMP program? Was the defendant in a HAMP trial period for HAMP?
MR. HUFFMAN: I knew the defendant was in a trial period for HAMP.
THE COURT: When was the defendant put into a trial period for HAMP?
MR. HUFFMAN: My file went on hold November 6 of 2009, so I knew they had been in the trial period since that time. I didn't know the exact date.
THE COURT: December what?
MR. HUFFMAN: It was November 6, I believe, 2009.
THE COURT: What was the date of the final judgment? December 9, 2009.
MR. HUFFMAN: The hearing was, I believe,

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November 5 and the judgment was signed December 9.
THE COURT: So you have a final judgment hearing on November 5 and the file went on hold November 6?
MR. HUFFMAN: Correct.
THE COURT: When was the file HAMP approved?
MR. HUFFMAN: It hasn't been fully approved at this time.
THE COURT: When was the file HAMP approved for trial modification?
MR. HUFFMAN: From my knowledge, it was November 6.
THE COURT: But I'm not asking you about your knowledge. I'm asking about your client's knowledge. Because you're here to testify on behalf of your client.
MR. HUFFMAN: Okay.
THE COURT: So on behalf of HSBC Bank USA, NA as Trustee for Nomura Asset Acceptance Corporation, Mortgage Pass-through Certificates Series 2006-AR1, when was Mr. Eslava's -- start with this, when was Mr. Eslava's HAMP documentation accepted?

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MR. HUFFMAN: I don't have -- I didn't see the doc to see when he actually signed the preliminary mods. I don't know the exact date. I just know that I was notified on November 6 to place my file on hold.
THE COURT: Mr. Huffman, respectfully, can't answer the questions I have because -- I'm going to sanction the bank. I'm not going to sanction Mr. Huffman. I could because I think Mr. Hoffman's conduct was contemptuous of a court order. But I'm also keenly aware that a contempt finding from a judge has ramifications throughout the rest of a lawyer's career, and I'm really trying to avoid that.
What I'm trying to give is, for lawyers that handle these cases, a wake-up call to say this is your life, this is your career on the hook and you guys better wake up and smell the coffee.
But he cannot answer the questions for me to tell me the nature of the contempt.
Why wasn't a bond posted in this case pursuant to the court order?
MR. HUFFMAN: When I saw the order from March 4, I kind of read it --

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THE COURT: Why wasn't the order -- the bond was ordered posted -- when did I order the bond? March 4. Okay.
Why wasn't a bond posted by April 4?
MR. HUFFMAN: When I saw the language, I thought it had two options, either post the bond by April 4 or have the case dismissed. Because our file was still on hold April 4, I just chose to allow the case to be dismissed.
Instead of posting the bond, I thought that was an option I had. I thought it would be in the best interest of all parties. I didn't want to incur any more fees for the defendant in this case by moving the case forward.
THE COURT: Okay. Then as a sanction, the Court will follow the path chosen by Mr. Huffman. I will dismiss the case. I will dismiss the case with prejudice.
The note, which was canceled by this Court pursuant to a final judgment is null and void. Mr. Eslava is relieved of the debt.
The title shall be conveyed back to Mr. Eslava by the bank -- by the trust, as the legal liability for the note no longer exists.

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The basis for this sanction is the contemptuous noncompliance with the Court's order to post the bond.

Should, however, any claim ever be pursued against Mr. Eslava on the note which was the subject of this case, since the note was lost, HSBC Bank USA, NA, as Trustee for Nomura Asset Acceptance Corporation, Mortgage Pass-through Certificates Series 2006-ARI shall jointly and liablely (sic) with Florida Default Law Group, PL, and any successor law firm, be responsible to hold harmless and indemnify Mr. Eslava from any liability should the original appear in the context of another case.

MS. HILL: Your Honor, if I may just briefly respond?

I believe under the case law that in order to award sanctions, there has to be a finding of willfulness and bad faith on the part of Mr. Huffman.

THE COURT: No, this is on behalf of HSBC. I'm finding willfulness because -- I'm not making Mr. Huffman responsible for the $207,238.72. I'm saying HSBC has been offered an opportunity to come and testify to this

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Court about why all this confusion erupted. They have given me Mr. Huffman. Mr. Huffman, respectfully, can't answer very many of my questions in detail because all he knows is that the file was put on hold. It was put on hold the day after a final judgment was entered at the behest of the bank.

Now, I would like to know why the bank came in here one day to get a final judgment and the next day to put a file on hold. But that's really a sideshow. Really the big question is why didn't they comply with the order of March 9? Why did they simply ignore it?

And that answer is we put the file on hold. That's a contemptuous answer. A bank does not have the authority or a trust does not have the authority to ignore a court order simply because they are making business decisions on a file. And that's really where we're at.

MS. HILL: Respectfully, I understand, your Honor.

In this case, Florida Default Law Group is taking responsibility for its actions. And

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I would respectfully submit that canceling the underlying indebtedness would not seem to fit the failure of Florida Default in this case on behalf of the bank in complying with the order. Florida Default is more than willing to stand before you and apologize.

THE COURT: No. No. No. This is way beyond -- you know, look, I don't want apologies. I want performance. I want responsible attorneys who meet the basic standards of knowing what the Sam Hill is going on in their files.

I want acknowledgment that says, look, we understand that the court system is facing a massive number of foreclosures and we are not going to contribute to that burden by causing useless work by the Court.

Which is really what I just got told. What I got told is, Judge, the guy was already approved for HAMP by November 6, so the hearing on November 5, you really didn't need to do that.

Because for every hearing that I do on these cases, the reason why I get this packet is I check service on every defendant, I look

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at the note, I make sure there's an endorsement. The fastest I can do one of these is about seven minutes. The slowest I can do it, if it's out of order, if it's disorganized, if there's things missing, which may well be the case in this case because the hearing was November 5 and the order wasn't entered until December, which means that there may have been missing items, it can take as much as 15 minutes or a half an hour. So the bank wasted my time on that.

They wasted my time -- and I don't care about my time because I'm paid the enormously high sum of $144,000 to be here every day.

But the second waste of time was then they come in and oppose the defendant's motion to cancel the sale. And we had a hearing and we talked about that. And I would imagine that took somewhere between 12 to 17 minutes, depending on how it went.

And then they come in and walk in a motion to cancel the sale.

That's three useless, completely idiotic events. And if Florida Default wants to make HSBC whole in this, then that's between them

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and their carrier.
But the bottom line is that's the sanction that the Court has ordered. Mortgage foreclosure is an equitable remedy. The plaintiff in this instance, whether it's through its own conduct -- because, frankly, I can't -- what Florida Default is telling me is we're just doing what they're telling us to do. They told us to put the file on hold.
If this is how a bank is going to conduct its business, then the bank should be bearing the sanctions. Florida Default can cut whatever deal it wants to cut with them, but at the end of the day, the bank is responsible for this.
Thank you.
MS. HILL: Thank you, your Honor.
THE COURT: I need the transcript ordered, please, and a simple order attached that adopts the transcript as my order, because I think that's going to be the cleanest way to do that. And I will direct that the transfer of title occur within 30 days.
MS. KHAN: Your Honor, if I may add, I have an affidavit in support of fees, attorneys

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fees, reasonable fees.
THE COURT: How much?
MS. KHAN: 1,222, your Honor. 6.11 hours.
THE COURT: Okay. That's for the motion -- the appearance at the attempted cancelation?
MS. KHAN: Yes, your Honor, on March 4.
THE COURT: And then did I attempt to call you on the motion to cancel sale or -- no, I don't have it. When the bank came in at the last minute?
MS. KHAN: No, your Honor, I did not get a call. That's why I filed an emergency motion.
THE COURT: Usually I just deny those. Okay. Then you had to file the emergency motion.
And what's your hourly rate?
MS. KHAN: Two hundred, your Honor.
THE COURT: Is there an objection to the hourly rate?
MS. HILL: No, your Honor.
THE COURT: The Court finds the hourly rate is appropriate. So it's 6.1 hours.

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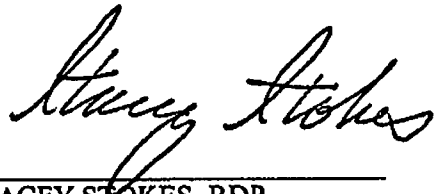
MS. KHAN: 6.11, your Honor.
THE COURT: Is there an objection to the hours?
MS. HILL: Your Honor, I reviewed her affidavit and I don't believe that they're unreasonable.
THE COURT: So I'll grant fees in the amount of 1,221 --
MS. KHAN: 1,222.
THE COURT: 1,222.28?
MS. KHAN: No, it's just 1,222.
THE COURT: 1,222, payable within 30 days.
And I need a copy of everything.
(Thereupon, the hearing was concluded at 9:10 a.m.)

HEARING CERTIFICATE

I, STACEY STOKES, Registered Merit Reporter, Registered Diplomate Reporter, certify that I was authorized and did stenographically report the foregoing proceedings and that this transcript is a true record of the proceedings before the Court.

I further certify that I am not a relative, employee, attorney, or counsel for any of the parties nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

Dated this 7th day of May 2010.



STACEY STOKES, RDR
Registered Diplomate Reporter

EXHIBIT D

IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT
IN AND FOR MANATEE COUNTY, STATE OF FLORIDA

CASE NO. 2007-CA-007993

HSBC BANK USA, NATIONAL ASSOCIATION,
As Trustee for Luminent Mortgage Trust
2006-6,

Plaintiff,

vs.

ANTHONIO DE FREITAS, et al.,

Defendants.
---/

HEARING TRANSCRIBED FROM C.D.

Pages 1 to 75

August 30, 2010

Manatee County Courthouse
1115 Manatee Avenue West
Bradenton, Florida 34205

TRANSCRIBED FROM CD:
NANCY E. PAULSEN, CRR, RPR, FPR
Certified Realtime Reporter
Registered Professional Reporter
Florida Professional Reporter

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Ryan Cox, Esquire
Gavin MacMillan, Esquire
Patrice Tedescko, Esquire
Gabrielle Strauss, Esquire

On Behalf of the Defendant Barrington Ridge Homeowners Association

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BY: SCOTT K. PETERSEN, ESQUIRE

Also Present:

Antonio De Freitas

Camila De Freitas

THE BAILIFF: All rise, please. This court is again in session, Judge Janette Dunnigan presiding.

THE COURT: You may be seated. Good afternoon.

MR. PETERSEN: Good afternoon, Your Honor.

THE COURT: This -- I am calling Case Number 2007 CA 7993, H.S.B.C. Bank U.S.A., National Association, as trustee for Luminent Mortgage Trust 2006-6, as the plaintiff, versus Antonio De Freitas as the defendant, and I also -- Camila De Freitas, both of you are present, Barrington Ridge Homeowners Association.

Actually, this doesn't necessarily require them, if you'll just have them have a seat. Did you bring an interpreter with you today?

MS. DE FREITAS: I -- I speak --

THE COURT: Okay.

Anyone here from Barrington Ridge Homeowners Association?

MR. PETERSEN: Good afternoon, Your Honor, Scott Petersen, Becker, Poliakoff.

THE COURT: Okay.

Mortgage Electronic Registration Systems, Inc., unknown tenants, any other parties claiming thereon.

Okay. I think -- and for the plaintiff, we have?

MR. DIAZ: Attorney Roy Diaz for the -- from Smith, Hiatt and Diaz for the plaintiff.

MR. COX: Your Honor, Ryan Cox for the plaintiff.

THE COURT: Okay.

MR. MacMILLAN: Gavin MacMillan.

MS. STRAUSS: Your Honor, Gabrielle Strauss for the plaintiff.

MS. TEDESCKO: Patrice Tedescko for the plaintiff.

THE COURT: And I excused Mr. Smith; correct?

MR. DIAZ: Correct. Yes, Your Honor entered an order on August 23rd, 2010, excusing Michael Wild and Daniel Stein and Robert Smith.

THE COURT: Okay. So I believe that I have everyone here present.

MR. PETERSEN: Yes, Your Honor.

THE COURT: All right. The purpose of today's hearing is to respond to the order to show cause why plaintiff and plaintiff's attorney should not be held in contempt and for sanctions.

Mr. Diaz, are you representing the firm as well as each of the individual attorneys?

MR. DIAZ: Yes, as well as the plaintiff, yes.

THE COURT: And the plaintiff?

MR. DIAZ: Yes.

THE COURT: And is there -- there was an issue, I believe, that you raised regarding service of process. Are there any issues left remaining? Or do you -- do each of you acknowledge that the Court has jurisdiction over each of you pursuant to the order to show cause?

MR. DIAZ: Yes, we do acknowledge that the parties that are here are here under the Court's jurisdiction, yes.

THE COURT: Okay. So any waiver as to any defect in service of process is considered to be complete at this time; is that correct?

MR. DIAZ: The only service issue was as to one of the attorneys, Daniel Stein, who has been excused. Everyone else is here properly served.

THE COURT: Okay. Thank you.

Now, is there any -- should the Court be proceeding on a indirect criminal contempt? Is there anyone who wishes to be formally arraigned?

MR. DIAZ: Your Honor, in -- in reviewing the order, there was a question as to that the order generally alleges that there were violations of

local rule.

And in reviewing the order, we were not able to ascertain whether or not the Court is proceeding with indirect criminal contempt or whether or not the Court is proceeding with civil contempt. So we were unable to determine that from the face of the order.

So we're not in a position at this point, based on what we've reviewed, to take a position regarding whether or not any of the parties should be arraigned or whether or not the Court is proceeding under indirect criminal contempt.

THE COURT: Okay. I believe that under 3.840, the rules do permit, having reviewed the order to show cause, I do believe that the -- that that rule can apply, specifically as it relates to Ryan Cox and as it may relate to Gavin MacMillan, because those attorneys I believe had specific knowledge or were present. I know Mr. Cox I had a conversation with specifically on this issue.

I believe that the Court has complied with the Rule 3.840 as it relates to indirect criminal contempt and also as it relates to civil -- indirect civil contempt.

So if you feel -- let me ask you, Mr. Diaz,

what -- what do you think that this costs your firm to be here today?

MR. DIAZ: I'm sorry?

THE COURT: What do you believe that this costs your law firm for you and each of these attorneys to be here today?

MR. DIAZ: The cost to the firm is probably in the neighborhood of $7,000.

THE COURT: Okay. So are you -- do you wish to proceed with the hearing today, or do you wish for the Court to amend its order to show cause and identify each individual attorney who should be considered to be in indirect criminal contempt and those of you, including your law firm, that should be held in either direct or indirect civil contempt?

MR. DIAZ: Because of the nature of the order, Your Honor, I don't think I have a choice but to say that I would want some specificity so that we can properly defend.

Having said that, under the circumstance, I would prefer to resolve the issue today, if it can be resolved. I would prefer to have an opportunity to explain to the Court the processes and the -- the -- the -- number one, the processes and the

issues that led to what the Court has viewed as violation of local rule, and to explain to the Court changes in those processes and steps that the firm and the -- the firm has taken, the attorneys have been trained to follow, that would, in my opinion, preclude this kind of activity in the future, and have the Court determine whether or not any contempt proceedings or any contempt should be -- would be appropriate.

But I run the risk -- the waiver risk here, but I understand that. And -- and the nature of indirect criminal contempt or civil contempt, we take that very, very seriously.

So to the extent the Court would entertain maybe a proffer of what we would reply to as it relates to what we've seen in the order that's been issued, where I don't have to waive the opportunity to come back should the Court decide it's insufficient and that there is going to be further proceeding for indirect criminal contempt, I would ask the Court to entertain that.

THE COURT: Okay. So you -- and let me make sure that I'm clear. You and each attorney with you would like to proceed under any civil contempt proceeding today, and should the Court then find

after today's proceeding that further indirect criminal contempt proceedings should be filed, then the Court will then renotice, specifically identifying the criminal contempt?

MR. DIAZ: Correct.

THE COURT: Mr. Cox, is that acceptable to you?

MR. COX: Yes, Your Honor.

THE COURT: Miss Tedescko, is that acceptable to you?

MS. TEDESCKO: Yes, Your Honor.

THE COURT: Mr. MacMillan?

MR. MacMILLAN: Yes, Your Honor.

THE COURT: Then, Miss Strauss?

MS. STRAUSS: Yes, Your Honor.

THE COURT: Do I have everybody?

MR. DIAZ: Yes, you do.

THE COURT: Okay. And Mr. Diaz, that is your intention.

All right. Then you may proceed.

MR. DIAZ: Well, I think that the first inquiry that -- that I would -- I would want to make would be the reference to violation of the local rules.

THE COURT: Yes.

MR. DIAZ: If -- if we could get some clarity on that, that would help --

THE COURT: Okay.

MR. DIAZ: -- direct us in the -- in the direction of presenting testimony or presenting information regarding that.

THE COURT: All right. Administrative order establishing standard procedures for residential and commercial mortgage foreclosure action 2 point -- excuse me, 2008.141, which -- copy of which I have. I don't know if you have that with you. But it is on -- available online.

MR. DIAZ: We -- I have seen it. I am familiar with it.

THE COURT: Okay. Specifically, that involved proceedings which were in effect on or after December 1 of 2008. Now, I think the record should clearly reflect that this foreclosure was filed in November of 2007.

The Court also finds that there were -- there were court appearances from 2008, one May 29, 2008, one July 31, 2008, one December 9 of 2008, which would have been in effect after the -- that order.

There is also Administrative Order 2010-12.1, which came into effect May 20 of 2010, which came

into effect after my telephone conversation with Mr. Cox but before the last hearing on June 28, 2010, which precipitated this motion. I have those.

I also have a current copy, I'm not sure that I actually have a copy of the -- of my particular rules which were in effect at the time of the beginning of this case, but I do have the ones that are current today.

I also implore you to be reminded of the Code of Professional Conduct and the oath as attorneys that you took when you came into the Bar.

MR. DIAZ: Understood.

Just to clarify one issue where -- or one point, the Administrative Order 2010-12.1, I believe the Court said it was effective May 20th, but I think the -- just for clarity of the record, Your Honor, the effective date was actually June 21, 2010.

THE COURT: Okay.

MR. DIAZ: And the only reason I'm bringing it up is to have a clear record.

THE COURT: Okay, thank you.

MR. DIAZ: And -- so if I'm to understand this correctly, I think what we're dealing with is the

fact that there were repeated cancellations throughout the case of hearings, and the Court noticed -- or stated earlier, I believe, that the issue revolves around the fact that opposing parties and opposing counsel were not contacted prior to cancellation of the hearing?

THE COURT: Yes. And that under the circumstances of the current environment, the Court's significant budget restraints, the fact that every time you take up hearing time and fail to appear, some other litigant is precluded from having that appearance before the Court.

So it is disrespectful and inconsiderate of the Court's time and impedes judicial administration.

MR. DIAZ: Understood.

THE COURT: Okay?

MR. DIAZ: Well, if I may, Your Honor, the first point that I would like to bring up on behalf of my firm, on behalf of the plaintiff, and on behalf of the attorneys that are present today is the fact that the issues that we're dealing with in this case and the issues that are before you at this point were not the result of any willfulness or any maliciousness. I feel like I have to state

that.

We are all dealing with a crisis. And the rules and the playing field is constantly in motion.

On behalf of my firm, we have an extremely difficult task, which is keeping track, keeping on top of all of the changes, particularly in the last 24 months, that have been handed down from the Supreme Court, down every circuit, the Supreme Court, every circuit, every local court and every division.

We have diligently worked and continue to diligently work to manage that. It's a very, very difficult task, but it's one that we have to deal with.

We've implemented procedures, we've obtained technology, we've trained and are constantly, there is a constant stream of training that goes in our office to try to keep the files moving, which the courts and our clients require, and to follow the rules, those rules incorporate the canons of ethics, and to stay on top of those procedures.

It's a crisis. It's -- it's not easy. As much as we try, there are going to be times, there have been times where things have slipped, there is

certainly today, we are facing the situation where things were not handled the way they could have been. And I'm not going to stand here and tell you there is never going to be a problem in the future, because I can't wholeheartedly say that.

What I can tell you is when these issues arise and when they -- it comes to our attention that it's a tremendous problem, we do face them and we do deal with them.

In this particular case, in your division, we have made some extreme changes going forward where we virtually will not be setting any hearings in your division unless and until we have determined that everything that's required to set the hearing is physically in our hands.

We have assigned an attorney to look at every case that's coming up in your division, actually, in this -- in this circuit, every case that's coming up in this circuit 20 days prior to the case with a list, a checklist to determine whether the case is actually -- that's -- that's been noticed, okay, whether that case is ready to proceed, and if not, the notices of cancellation, the phone calls, the process is in place to properly cancel those hearings.

They will not be reset until we know that we've gotten the information and we've gotten all of our documents or we've got everything we need, whether it's going to be noticing it for trial because we're going to have an evidentiary hearing, whatever it is we need, we will not be resetting those.

Historically looking back, we are all pushed with the -- with the -- with the will to move these cases along. And our systems and our processes are designed to keep the cases moving.

And unfortunately, the end result of that and -- and -- is that there are times where we find ourselves in a position where the current is moving along, and we are at the 11th hour, and we realize we can't proceed.

Now, what we do and what we try to do is whenever we find a situation like that, we try and fix it. And in this district, in your division in particular, we believe that now we've been able to do that.

The -- the -- the issue of noticing parties, you know, we operate under -- under the guidelines and under -- under the practice and -- and we don't -- we tried very hard not to -- not to have

any overkill in the process. And the reason is because we have to do this efficiently.

The fee structure, as Your Honor knows, is -- is -- is a relatively low one. The process is too big and there is too many cases not to move as efficiently as possible.

What we have found in the past is if we have a situation such as this case where we have a borrower that's been sued, the borrower has defaulted, it's very rare that those borrowers even appear at hearings as we go down the road.

And under the rules, once a party has been defaulted, the notice requirements are a little different. But we do provide notice to defaulted borrowers, we always provide notice to all defaulted parties -- defaulted parties.

What we find in cases where there is an association involved is the associations rarely resist a summary judgment, almost to the contrary, they want us to get a summary judgment, they want the cases to move.

So as we have been operating in this environment and as we've been trying to be as efficient and effective as possible, we haven't found that the defaulted borrowers in cases that

we're involved in or the associations were offended or in any way even requesting that we notify them whether -- if we were going to cancel a hearing, because in those cases, it's rare that they even attend.

Now, we live and learn. And we realize, particularly in this case, and particularly under these facts where an association actually came in and affirmatively moved to move the case along, that we have to change that process when we have a circumstance like that, which we have now implemented and we have now changed.

The movement of the file, the rules that we follow in our office internally, the training that our attorneys go through to understand the changes and understand what the rules are and understand what the procedures are, that's an ongoing process.

And like the court system that's completely overwhelmed, everybody, everybody that's involved in foreclosures is overwhelmed. The defense attorneys are overwhelmed. We see tremendous mistakes that come in in pleadings from defense attorneys who file requests for production or file discovery that name other parties or reference other addresses. It's -- it's -- it's -- it's the

world we're in right now.

And what I want the Court to understand is we, at my firm, are attorneys, we work diligently, we do work diligently on catching these things as they occur, on catching new -- new mistakes that arise, which is a daily event we find new issues, we find new requirements, and we work diligently.

We have committees that we've -- and we're not a big firm, I just want to be clear about that. We have, I believe, 18 lawyers. We are not a very, very large firm.

THE COURT: You -- you have a total of 18 lawyers in your law firm?

MR. DIAZ: I believe it's 18.

THE COURT: And you can't figure out how, when somebody sets a hearing on a calendar, to get it on the lawyer's calendar?

MR. DIAZ: It does get on the lawyer's calendar. The issue isn't whether or not --

THE COURT: I don't think Mr. Cox would agree with that statement.

MR. DIAZ: Well, let me tell you -- let me tell you what happened there. It wasn't that the -- it wasn't -- it wasn't that the hearing wasn't on the calendar. What happens in the

process of the file is, that the -- the hearing does get on the calendar, and the hearing gets on the calendar as soon as it's set.

THE COURT: But Mr. Cox told me the hearing was not on his calendar.

MR. DIAZ: And -- and -- and the reason is because once the hearing -- it's electronic. Once the hearing is canceled, it comes off. So what he would have been looking at when you called him on the phone is a calendar that -- that did not have the hearing on it. Okay?

That shouldn't have happened. What should have happened, and what will happen going forward, is it will stay on the calendar with a notation of what occurred. That's the change. That's one of the changes we've implemented.

But the way we had it before was if the hearing was canceled, in our computer system, it got deemed canceled, and it came off the calendar. And it's a master calendar with the attorneys' names on it, so there is a lot of cases on it.

So that's one of the issues that we never really faced before, but having now faced it and having now seen it, we realize this is something that has to change.

But that issue, if everything else that we've implemented works, that issue is never going to arise, because those hearings will have been canceled way in advance of the actual scheduled hearing, and that issue will not -- should not arise.

If it does, whoever looks at that calendar will be able to see what occurred right on the note of the hearing itself.

THE COURT: Okay. When are -- when are you telling me that you put all of these new procedures in place?

MR. DIAZ: We evaluated your order that we received on July 22nd, and we had a meeting, and we went through the order. We've looked at all of the processes for this circuit and for this county. We looked at -- assuming what -- interpreting the order, we looked at what the issues were that were coming out of this order.

And we implemented, in the last two weeks, we've implemented these changes. Maybe three weeks, we've implemented these changes. And like I said, we've done it in two stages. We've done a new procedure for how we're going to handle hearings that are upcoming, and a procedure for how

to deal with hearings that are already filed and pending.

And like I said, those hearings, we're going to be looking at those 20 days in advance of the hearing. So we have time to evaluate the file and to verify that we are really ready to proceed.

THE COURT: Okay.

MR. DIAZ: The goal, Your Honor, is that we not -- that if we cancel a hearing, we cancel it once, and the next time it's set, it won't be canceled absent, this is a whole 'nother category, absent we being contacted by our client because the borrower goes into a loss mitigation program, the client is required under HAMP, because of guidelines that they have to adhere to, to cancel a hearing, and -- and -- and to comply with those HAMP requirements. If there is a pending -- if there is a pending bankruptcy that gets filed, we'll have to cancel for that.

So in those limited circumstances, we will have to deal with the potential of a cancellation of a hearing on short notice. In that event, one of the other things we've implemented and changed is this:

We have for at least the attorneys in the

case, in these cases, we do have the ability through JACS to have web information, e-mail information. We've now implemented that e-mail information so that in the event we do have to make a cancellation, we can have e-mail communication going to the attorneys that are of record that are registered with the case, and they'll get additional protection that way.

So, you know, I -- I -- I can't stand here and tell you that nothing went wrong in this case, but what I can tell you is it was not willful. We don't have disregard for the Court. We don't have disregard for other attorneys that are involved in the case. We definitely do not have disregard for borrowers, either represented or not represented. But we're in an environment that is very challenging.

We put a tremendous amount of effort. We don't take it lightly. And we're constantly moving in the right direction. And I can tell you that based on this order to show cause and the issues arising from this order to show cause, I don't believe, and I can sincerely represent, that these issues are going to continue.

I can't tell you we will never have a problem

again. I can tell you that these issues, we've taken due diligence and due effort to cure these issues so that they don't happen again in the future. And I think that the -- the -- the safety net we've thrown out there is -- is -- is pretty thorough.

THE COURT: Well, it's not very thorough, Mr. Diaz, because the same thing happened today, this morning, at -- there was a hearing scheduled at 11 o'clock on Judge Gallen's calendar. It is assigned to Mr. Cox. And no one appeared, and no one canceled the hearing.

That was scheduled, according to JACS, July 16 of 2010 at 12:03 p.m. That would be ten days after I issued this order and a couple of months after I spoke to Mr. Cox about the fact that these hearings cannot be scheduled unless you are going to appear.

So while I appreciate what you are saying, I have not yet heard anything that tells me that even today, you have fixed the problem.

MR. DIAZ: I would, obviously, have to know what case that is and take a look at it.

THE COURT: I'd be happy to tell you. It's Case Number 2007 CA 4470.

Let's pull it up on the docket, please.

And I'm showing the JACS automated calendaring system indicating that on 7/16/2010 at 12:03, now, there is a number after that, I hope that's a code for someone, 0032686, final judgment of foreclosure, Mr. Cox's name is assigned to it, summary judgment, it is alleged to be contested, it was scheduled for five minutes, and no one appeared.

You see, each time you don't come in, going back to May 29 in 2008, the court record, an appearance record shows that Ms. Tedescko was assigned to appear before Judge Logan. Apparently Ms. Humphrey called in telephonically, which may have been allowed at that time.

However, in violation of the rules of procedure, which were in effect by Judge Logan at that time, the hearing was canceled on that day because there was noncompliance.

So that was hearing number one. And we are now talking about this case, 2007 7993.

MR. DIAZ: Do you have the defendant's name?

THE COURT: I do have the -- oh, you're talking about the one that happened today?

MR. DIAZ: Yes, so that I can -- I'm going to have to look at that file.

THE COURT: Yes. The one that happened today is H.S.B.C. Bank versus Chenault, C-H-E-N-A-U-L-T. There is also a Homeowners Association at the Inlets. The notice of hearing was E-filed July 26, 2010, that would be the 20 days after I issued my order. And no one appeared today.

MR. DIAZ: And I will tell the Court that under our new procedure, that should have been caught. I would have to look at the file and find out what happened and why that wasn't caught. Because what we've --

THE COURT: Okay.

MR. DIAZ: What we've done, and I have sat down with the attorney who is responsible for it, Tanya Simpson, and I reviewed with her last week what she had in front of her as far as hearings going back. And she showed me a report that had all of the hearings that are coming up and her checklists and the hearings that she was cancelling and the hearings that were ready to go forward.

Why -- why that did not get picked up on her report I can't tell you standing right here now, because I would have to look at the file.

And, you know, and -- and -- in furtherance and as a mitigating circumstance, Your Honor, I

would -- I would -- I would bring something up to the Court, because it was in front of the Judge Logan.

You know, we had -- we previously had an issue in his division where there was a -- a problem that we were -- we were not complying with a rule that he had -- that he had implemented.

THE COURT: In this case, that is correct, in the -- in the case in which you are appearing before me today, that is correct, because, you know, on May 29th of 2008, the -- there was noncompliance, and on that date, with Miss Humphrey appearing telephonically, which is currently against the rules, the hearing was canceled by the judge.

MR. DIAZ: And --

THE COURT: Then again July 31 of 2008, again Miss Tedescko was the attorney supposedly representing, and on July 31, 2008, no one appeared, and the -- no packet was there, and Judge Logan canceled it. That was hearing number two.

Hearing number three, December 9 of 2008, again, Patrice Tedescko is listed as the plaintiff's attorney, but it was canceled on that date because there was no packet or other

information provided to the Court.

So that's three times that the hearing was set. On the fourth time, December 17 -- nothing happened, then, after that until -- all right, let's -- let me go back to this case.

So December 9 of 2008, the court appearance record shows that that was canceled.

Then it looks like there was another hearing set for November 16 of 2009, but that was -- or, excuse me, another hearing set for December 17, but that was canceled.

MR. DIAZ: Correct.

If I could just advise the Court, one of -- one of the issues that came up in this case is the -- the originating under- -- lender in this case was Countrywide Home Loans. They entered into a agreement with the Attorney General back in 2008 regarding how they were proceeding with loans that were in default.

They had entered, back in December of 2008, they entered a hold on all files that came under that stipulated order that they entered into with the Attorney General's Office.

And so what had happened was we basically were notified of thousands of files that qualified under

that administrative -- that order. And we were told to put those files on hold and not to proceed with those. That went on between October of 2008 and August 26, 2009.

And the reason I'm telling you this isn't to excuse the fact that we may or may not have or should or should not have made some contact. That's the kind of thing that we're dealing with.

And when something that massive occurs, there are times where it's not -- it -- we -- we can't properly notify everybody within the time frames. And it's just one of the things we've been working on tightening up and fixing, because we understand that that's not acceptable. But it is -- it is the environment we're in.

Why this 2007 case that you're referring to was not caught, I can only tell the Court that I have to inquire and find out. It should have been. Based on the timelines that you're telling me, it should have been caught. I don't know why it didn't get caught.

THE COURT: Okay. You're saying you couldn't notify somebody in time, but when the defendants came in, they were notified of the hearing. They were never notified, I asked them if they were

notified of the cancellation, they -- they appeared.

MR. DIAZ: That's true.

THE COURT: They appeared because it was still on my calendar, and I appeared because it was still on my calendar. So notifying within the time limit is -- is not the same as not notifying anybody at all.

MR. DIAZ: I understand that.

THE COURT: And it appears to me, based on what I am seeing in this record, that that is what happened in this case, is no one was notified.

So -- and when the defendant appeared to begin with, and when the homeowners association came in and did a motion to compel, I don't see how this case factually fits into any of the excuses that you have presented, because in this particular case, these were all the exceptions.

You were on notice. You were on notice that the cancellation -- of the first -- back in 2 -- in the early 2000 -- the first 2 -- hearing in 2008, that the packet -- that there was noncompliance and the hearing was canceled.

So we have to go through four more times of that? Then the homeowners association does file

the motion to compel. Mr. MacMillan was noticed on that. He was ordered by me to set this -- to proceed with this foreclosure within 90 days.

Well, what is your response to that?

MR. DIAZ: We filed a notice of hearing in an attempt to proceed with it on a timely basis.

THE COURT: Okay.

MR. DIAZ: Prior to the hearing, we did not receive the original promissory note, and our client, as to the issue of -- of potential lost note, our client advised us that they were making the inquiry and trying to obtain information so that we could obtain the evidence we would need to to reestablish the note by way of a lost -- by way of either a lost note affidavit or testimony.

THE COURT: Okay. So wait. You're telling me that in May of 2010, when the homeowners association came in and said this thing has been going on too long, my client is being injured, the defendants come in, they want to know what's going on, no one from your office appears, Mr. Hey appeared on behalf of the plaintiff on that date, and on that date, I said set it within 90 days. That -- this would be the fifth hearing coming up, the fifth hearing on a summary judgment.

Are you telling me that only in 2010 you realized you don't have the documents? Because if so, then perhaps you can go back and explain to me why your motion for summary judgment was scheduled on the Court's calendar four previous times without having the documents.

And clearly, after the first time, you would know that you would have to have that document before you came back before the Court.

MR. DIAZ: The information --

THE COURT: So I'm getting the -- I'm feeling a little bit run around right now.

MR. DIAZ: Judge, let me explain. The information that we obtained from our client regarding proceeding with the hearing and regarding the original document, we make inquiry, do you have the original note? They respond yes or no. Then the issue becomes locating it, getting the original document and getting it over to us.

We are told by our client that they do have -- that their custodian is in possession of it, but they are having a problem locating the physical document.

THE COURT: Then why was the hearing scheduled?

MR. DIAZ: Because we were anticipating that we were going to be able to receive that document prior to the hearing date. And that's one of the issues that I've told you we are not going to do any longer.

We are not going to schedule hearings unless and until we either have the original documents in our physical possession or we have a lost note affidavit or whatever other evidence we need to reestablish the note in our possession. That is an issue -- that is a pointed issue that we are going to correct.

THE COURT: Going to, but clearly as of this morning at 11 o'clock, incapable of having done.

MR. DIAZ: I don't know. I don't know why this morning's hearing -- I don't know what happened with this morning's hearing. We -- we might very well have those documents. We might have been advised by the client that we had to cancel it for HAMP or we had to cancel the hearing for another reason.

The file --

THE COURT: But why isn't the Court notified -- let's assume for the sake of the argument in all of these other cases, and agreed,

that currently, at this moment, with your voluntary dismissal, the defendant may not have too much to complain about in this particular case, but the Court still does.

You are still taking time on the calendar where I come in here and I sit and I wait. And that's what I did on the next-to-the-last hearing.

In fact, I walked up to my office after my conversation with Mr. Cox, and I prepared this order to show cause. But I was willing to accept Mr. Cox's confusion, because the next thing I saw on the docket was that you had scheduled, yet again, the motion for summary judgment.

So I made a notation, with all of the cases that I have on my docket, sir, I made a notation to check that. And when I realized that yet again no one from your office appeared on the -- on that date, then I filed -- I had to add to the draft, but then I filed this to show cause.

So to this moment, sir, I have not yet heard from you or any of your lawyers or any of your staff anything other than a platitude that we're going to take care of this. But it hasn't been taken care of, it didn't get taken care of in this case, and it didn't get taken care of this morning

on Judge Gallen's calendar.

Those are the only ones I know about. I'm not going in, I don't have the time to go in -- but if you have 18 lawyers, I do not understand, sir, why, when someone picks up a phone and secures time on a court's calendar, that somebody doesn't appear.

MR. DIAZ: And that is a problem, and I acknowledge it, and it is an issue that we are going to resolve. And I know that -- I can't -- I can't go back and -- and point to you in those two cases why nothing went wrong {sic}. I could go back and point to other cases where everything went right.

And -- and -- and that's -- that's the problem. The only thing I can do is when I see these issues arise, such as this, and I do respect the Court's time, and we do, I would have to then come up with a process so that those kinds of things don't happen.

We don't have -- we don't live in a world where our lawyers in our office handle these files like traditional law firms where you have a lawyer that has their own files and they're managing their files with a secretary. We don't -- we don't operate that way, we can't.

THE COURT: Why?

MR. DIAZ: Because of the volume, because of the costs.

THE COURT: Okay.

MR. DIAZ: It would -- it would -- we would literally be four times the fees that we are awarded in -- in -- in the -- in the courts in the state of Florida if we were going to do that, and we would need to increase our staff by 500 percent.

So it's not impossible to have a volume practice and have it be effective and have it work, we just have to fix things that we find as we find them and we have to anticipate the problems and try to fix the problems before they come up.

There is no question that in this particular case, on the date of the hearing, we should have been in attendance and we should have explained to the Court why we weren't prepared to move forward with our summary judgment.

We should have made the decision and instructed our client, as opposed to consulting with our client, that under the circumstances of this case, we had to dismiss the case.

We should have done that. And I -- and I would hope that in the -- in the future, if

something like this happens again, that would be the case. But we are -- with this one exception, I have to look and see what happened in this 2007 case that you're referencing, we are and we have implemented processes to fix this to try to capture this so that it doesn't continue to happen.

THE COURT: So I think what you're telling me, then, is you pay lip service to me, but yet I have not seen one single actual corrected policy, procedure. You're telling me that this -- that your volume practice is going to remain because you can't afford it.

Well, how -- how much do you make in a day? How much do you make in a day?

MR. DIAZ: First of all, Your Honor, I am not providing lip service. This is not lip service. I am an officer of the court, and I'm explaining to the Court why the circumstances that brought us here today occurred and what we're doing to try to resolve those circumstances so that they don't continue to happen.

I'm telling the Court that we don't have contempt for your time. We do respect the Court, we do respect the Court's time. So this isn't lip service. And I want to be clear about that.

THE COURT: Okay. But then tell me something concrete, sir.

MR. DIAZ: When you say how much --

THE COURT: How much do you make in a day that makes it so impossible that you can't get your calendar and your lawyers to the court at the right time? You only have 18 lawyers.

MR. DIAZ: It's -- it's not a monetary issue. It's not whether or not we can afford to do this properly. It's -- and that is not what -- what I meant. When I -- when I referenced the fees, Your Honor, is we com- -- we complete a -- a -- if you look at it in the traditional sense, if we step out of the foreclosure box and we look at it in the traditional sense and you look at a -- a -- a legal proceeding that is handled from start to finish for -- even with contested issues, for a couple thousand dollars, which is what we're dealing with, I -- I -- I would point out association lawyers that -- that come in on the same cases that they're involved with, and for the same amount of time and the same amount of -- of -- or the same type of work, they're paid triple that -- the courts award triple that amount of money.

And I'm not suggesting that the courts

should -- should do that. We can, under the fee structure, we can operate and we can do things correctly.

What I'm saying is because of the volume and -- and the changes and the constant movement that we have in the state of Florida, it's a difficult task to stay on top of it. It can be done, but it's never -- it's not perfect. And we try very hard to get as close to perfect as we can, and proof today that we're not perfect is this 2007 case.

So I stated earlier in my -- in my presentation, I can't sit here today in good faith and tell you there is never going to be another mistake. I can't do that.

So what we do is we look at it, we look at each issue that comes up, we evaluate it, and we tweak the system, because that's the world that we live in, and that's the way we can operate a volume practice effectively, efficiently, and cost effectively.

THE COURT: But it isn't the Court's concern to make certain that you operate a volume practice. It's the Court's concern that you operate and represent each client in each case according to the

rules of the Bar and according to ethics.

MR. DIAZ: Absolutely.

THE COURT: If you can't do that, then it is not my fault nor anyone else's if you have to either cut back your cases -- you're -- you're not asking for fees from the Court, you're arranging those fees through an agreement with your clients.

MR. DIAZ: Absolutely.

THE COURT: If you can't handle it, sir, get some other lawyers or throw it to the local lawyers. There is no reason why, in Manatee County, if it's too expensive for you to be here or too expensive for you to follow the rules of the Court or look them up on the website where -- where you can see them in Fort Lauderdale, and not be able to comply.

It makes no sense to me, sir, nor is it an excuse, that your practice is volume and you want to make money.

MR. DIAZ: I am not saying that. I am absolutely, unequivocally, not saying that. What I'm telling you, it hasn't -- it doesn't have to do with money. It has to do with managing a caseload and managing the changes and managing the fact that every law firm that's involved in foreclosure

litigation is in crisis mode. That's a fact of life.

So what we do is we do the best we can to stay ahead of the curve, and that's what we're -- what we've now done in this county and in this district and in this circuit, is we've now changed a method in which we handle these cases. It's not a factor of money, it's a factor of process.

And we've changed the method in which we handle the cases in this county and in this circuit so that we're not filing lawsuit -- pleadings and asking for court time until we know unequivocally from our end for everything that we have control over as a law firm that we are ready to proceed. Okay. And that has been implemented.

Is it perfect? Obviously not, --

THE COURT: Obviously not.

MR. DIAZ: -- one of them got away. And I've got to find out why and I've got to find out what happened. But what I'm representing to the Court is that we are taking this very seriously and we are dealing with the fact that we recognize the issue that the Court's dealing with with having time taken from its docket, having time taken from its day, having other parties notified of hearings

that are not being properly canceled.

We are definitely changing that. And it's not lip service, it's a fact. I don't have anything specific to show you. I don't know how many cases, Your Honor -- you've found this one 2007 case. I can't sit here and tell you how many cases we've caught and canceled because I didn't -- I didn't put that information together.

THE COURT: How difficult is it, sir, to not take the Court's time until the case is ready? In other words, don't call ahead anticipating and hedging your bets, taking time on the Court's calendar, unless, in fact, at that moment that it is set, you know that you are ready to proceed?

MR. DIAZ: Well --

THE COURT: How difficult is that?

MR. DIAZ: It's -- it's -- it's not an issue of difficulty. And again, we're -- we're -- we're looking back at the past with the benefit of hindsight, but here is the situation we were dealing with and we still deal with. Okay, there are circuits that we can't get hearing -- a hearing date for six, seven, eight months. So at --

THE COURT: Well, do you think that might have something to do with the fact that time is taken

and then canceled and blocked?

I mean, I haven't done an analysis of the amount of cases that your law firm secured on three or four circuit judges' calendars here, but if you are -- if you are telling me that your policy still includes setting hearing time on the calendar anticipating that, oh, if you don't get it right, you'll cancel it, then that is still not going to fix this problem.

MR. DIAZ: It's -- it's not -- and again, what I stated was we're looking back. And hearings that we've scheduled in the past and processes that we've implemented in the past, the reason we followed those procedures is because of that hearing issue, because of the timeline involved.

So I am not saying to you that we would be securing times willy-nilly. What we've found is cases move at a certain pace. And when we know, in 99 percent of our cases, that we'll have everything we need within a six-month period, we're confident when we secure that time that we're going to be well prepared to secure that time and use it, as we have in thousands of cases every month.

THE COURT: And in this particular case, this De Freitas case, you had the confidence that on May

29th of '08, after having filed this in 2007, that you would be ready, but you weren't.

MR. DIAZ: No.

THE COURT: And on July 31 of 2008, when you scheduled the hearing, not ever telling anybody that you were cancelling it, just not showing up, you had good faith then, and that after you did that, didn't bother showing up, you scheduled it again for December, you didn't show up, you scheduled it again after that, then we have the motion to compel, then after that, you set it for -- in February, you set -- you set it, then canceled it, and then on April 5th, you set it again, not bothering to show up, not bothering to call.

Client -- the defendant shows up. No one calls. I call Mr. Cox, "Where are you? What are you doing? Don't you understand the significance of your being here? This is intolerable. What are you going to do?"

I'm sure Mr. Cox told you, he didn't have any idea. He had no excuse. He apologized. I accepted it, but then after -- keeping in mind that there is an order of the Court that this case was to be resolved in 90 days, the homeowners

association said we're -- we're moving to get this done, we want you to get this done, I gave you 90 days to do it, having already been on the -- at issue since 2008, and you're telling me that yet the last hearing, same thing happens, nobody shows up, nobody calls, nobody cancels, the defendant shows up, he -- it costs him $400 in lost wages, he had to pay an interpreter to come in because his wife didn't come in to interpret for him, had to pay him $50 -- $50.

I found at that time that you were in contempt and that you needed to pay that.

MR. DIAZ: Well --

THE COURT: I didn't issue a written order on it because I thought it would be nice if I saw you or had some true explanation. But, Mr. Diaz, all I'm hearing from you is "This is the way that we do business. We would like to accommodate you for sure. We're making some changes. And it won't happen again." Except that it did.

MR. DIAZ: Well, what I'm saying --

THE COURT: That's what I'm hearing.

MR. DIAZ: Well, let me -- let me --

THE COURT: So I think, sir, what you need to do is if you want to tell me about your policies

and procedures, then I think you need to have somebody testify to me as to what they are. Because based on your representations, I have no confidence whatsoever that this problem has been corrected or that it has truly been addressed appropriately.

You've not explained to me how these lawyers, who are present before me today, have been notified of the changes. I mean, did you get them to sign something that says I swear I'm going to read the rules from now on?

I mean, you've given me nothing, sir. Nothing.

MR. DIAZ: Well --

THE COURT: Except an explanation of how you believe you should be able to do business.

But, sir, how I do business in this courtroom is the way I learned it a long time ago. If you are standing before me, you have my five minutes, and no one else does. And when you take my five minutes, that means somebody else doesn't have it.

So --

MR. DIAZ: Yes, ma'am.

THE COURT: -- what is it that you would like to do now?

MR. DIAZ: I would like to clarify a couple of points. I am not standing here telling you this is how I do business and this is why it is what it is. I'm explaining to the Court so that the Court has perspective of the background of why things have happened and the way we operate so the Court understands that -- that -- that why these mistakes occurred.

I am not standing here telling you that there is nothing wrong with this file and that this file was handled properly. I'm not taking that position. I am telling the Court that we have had a review of why this occurred, and we have --

THE COURT: Who is "we"?

MR. DIAZ: I, my partner, our man- -- our foreclosure manager, our contested -- contested attorney manager, and our hearing coordinator.

THE COURT: But what about these attorneys who sign their names to pleadings?

Your firm has already been warned in Hillsborough County for signing pleadings that were considered sham. I think if you file a notice of hearing and Mr. Cox's name shows up on it or Mr. MacGavin is getting -- I'm sorry, I keep calling him Mr. MacGavin. Mr. MacMillan is getting copies

of these documents, then if you're filing this notice of hearing saying this matter is going to be heard and you don't bother showing up or you don't record it or you don't let anybody else know, that's a sham.

And your firm has already been chastised in Hillsborough County for this.

MR. DIAZ: The issue in Hillsborough County was resolved. That issue has not come up again. The issue in Hillsborough County --

THE COURT: I'm not saying that in this case that your pleading was a sham. I am not. I read that opinion. And I specifically noted which of the lawyers who are here before me today were also named in that case.

MR. DIAZ: Correct.

THE COURT: And, yes, that was an issue of -- of content.

MR. DIAZ: Correct.

THE COURT: But to me, if you are signing a notice of hearing and you have no good faith that you are actually going to be ready and you don't have -- you are not saying that you're going to cancel it, why are you even securing that time until you are ready?

MR. DIAZ: Because based on our previous experience, we were under the good-faith belief we would be able to move the file.

THE COURT: Okay.

MR. DIAZ: And in this -- and in this particular case, Your Honor, I have conceded to the Court that that was in error. We shouldn't have. And what we are doing on a go-forward basis, similar to what happened in Hillsborough, we identified a problem and we corrected it and we haven't been -- had -- had that issue come up again.

So what I'm telling the Court --

THE COURT: But you are not telling me, sir, that you are not going to take the Court's time until you are ready.

MR. DIAZ: That's exactly what I'm telling you.

THE COURT: That's not what you told me a half an hour ago.

MR. DIAZ: Let me say it another way. We are going to not take the Court's time until we see that we have everything within our control that we need to proceed with a summary judgment hearing or whatever hearing we schedule.

To the extent we are instructed by our client or by a bankruptcy court or by some other third-party intervention that we cannot proceed, we will then follow the appropriate procedures to cancel as timely as -- as -- as -- as the circumstances allow when we get the notification.

Now, I'm going to go one step further. If we are told by our client on the eve of a hearing that we cannot proceed because there was an issue with HAMP or there was an issue with loss mitigation, we will appear and we will explain to the Court the circumstances.

But -- but what I'm telling Your -- Your Honor, similar to what happened in Hillsborough, we've identified the problem, and we've taken steps to cure that problem. This is not lip service.

THE COURT: Okay.

MR. DIAZ: This is me making a representation to you.

THE COURT: I appreciate that. So how have it -- how have you notified the 18 lawyers in your law firm that they have to change their procedure?

MR. DIAZ: Through a --

THE COURT: Because Mr. Cox's name is on my list. And I think he understands that.

MR. DIAZ: Correct. We -- we meet with them in our office, we show them the new procedures, and we go through how the cases are being handled on a go-forward basis. And that's how we do it. We do it through a meeting.

THE COURT: Okay. So when did you have this meeting?

MR. DIAZ: When was that?

UNIDENTIFIED VOICE: A week ago Thursday, correct?

MR. DIAZ: Thursday.

THE COURT: A week ago Thursday is the first time that you are -- that would be August the -- today is the 30th, a week ago Thursday, the 20 -- 26th or the 19th of August?

MR. DIAZ: What was last week? Last week.

UNIDENTIFIED VOICE: A week ago.

MR. DIAZ: A week ago Thursday.

THE COURT: So that meeting occurred after you sent me the letter and after you filed the response?

MR. DIAZ: Correct.

THE COURT: So --

MR. DIAZ: So we went through the process of identifying the issues. We went through the

process of determining how within our system and within our -- with the technology that we have in our system in our -- in our office we would be able to capture this and handle it.

We went through and -- and -- and -- and drafted proposed procedures of how we were going to make the changes we were going to make. We met and reviewed and signed off on it. We met with the attorneys and we explained it.

And we do that every week for different things. It's a constant -- it's a constant cycle, Your Honor.

THE COURT: So how many times did the 2007 case that you are here before me today come up in your meetings?

MR. DIAZ: Judge, no particular case came up. It's a process that we go through.

THE COURT: Did Mr. Ryan advise you that I had to call him and ask him why he didn't appear and remind him in this case that he had set four other hearings --

MR. DIAZ: Yes.

THE COURT: -- and failed to appear?

MR. DIAZ: Yes, he did.

THE COURT: And what did you do about it then?

MR. DIAZ: Well, I -- obviously got my attention that this is a huge problem, to have a court call and be caught and for one of my attorneys to be caught virtually off guard because he wasn't aware that there was a hearing that had not been canceled, that is obviously a -- a huge problem that we needed to resolve.

THE COURT: Okay. So the response to that was what?

MR. DIAZ: We sat down, met, reviewed --

THE COURT: Why don't you let Mr. Cox tell me what happened.

MR. DIAZ: Well, he wasn't --

THE COURT: Mr. Cox.

MR. DIAZ: Well, he wasn't involved in --

THE COURT: Okay.

MR. DIAZ: -- in correcting it.

THE COURT: Okay. So after I had my conversation with Mr. Cox and advising him that the defendants were present on a motion hearing, it was denied, and even though the motion -- let's go back to that. That 4/5 hearing was a motion for summary judgment; correct? The April 5th hearing.

And -- okay, go to the actual motion -- the actual notice of hearing, this one right here.

Yeah.

Okay. That -- no, that was the association's notice. Let's go back up to -- try that one.

Yes. The motion for summary judgment was then scheduled for June 28th, but what you failed to realize is that I denied the motion for summary judgment. And you didn't file a new motion for summary judgment, you just rescheduled it. You weren't paying a bit of attention to anything that I've said.

I said don't set these hearings until you're ready, and, if you're not going to be here, then your summary judgment is denied. And you have to now pay the defendant.

I'm not satisfied with anything that you have said to me, Mr. Diaz. I have not seen anything. So is there any of your other attorneys who would like to testify or show cause or show mitigation?

MR. DIAZ: Well, Your Honor, the mitigation that we would show and that they would testify to is consistent with what I proffered to the Court.

THE COURT: Well --

MR. DIAZ: They're all aware of the changes that have taken place and with the processes now and what we've done to try to prevent this kind of

thing from happening again.

THE COURT: But, you see, I haven't heard you say what the process was that is any different from what the process used to be, which is I'm going to hedge my bet, I'm going to have a good-faith belief that I'm going to be in compliance and I'm going to have everything ready by the time the hearing comes up, but what I'm saying to you is I don't believe that you should be setting hearings until you are ready.

MR. DIAZ: And I am telling you, and I think I've stated this, the new process is that we are not going to set the hearing unless and until everything within our control is in our hands and you then are -- we know, absent a third-party action, that we can proceed with the hearing.

So we have a review of the file. We make sure we have the evidence of the debt, evidence of the mortgage, evidence of the indebtedness, any necessary affidavits --

THE COURT: Well, I know what's required, sir. I actually do know what's required.

MR. DIAZ: And I'm -- I'm -- but you're asking me -- I feel like you're asking me for some level of detail. So --

THE COURT: I am. That's just precisely what I'm asking you.

MR. DIAZ: Well --

THE COURT: Because you're telling me that this isn't going to happen again. I'm taking Mr. Cox's word and his apology back in April saying I'm sorry, we will take care of this, this won't happen again, and then it happened on the very next hearing that you scheduled.

I'm not satisfied with you saying I've taken care of it, because as of today at 11 o'clock, you, sir, had not taken care of it.

MR. DIAZ: Well, I can tell you that the process to take care of it was not implemented when Mr. Cox apologized to you. I can tell you that that process has since been implemented.

I can tell you candidly, Your Honor, and I said it earlier, to the extent that the process is not perfect and something slips through, that's something we have to deal with when we find out about it.

And like I said earlier as well, I don't know how many of these cases we have caught and we have properly canceled. I'd have to -- I'd have to identify this 2007 case to find out what happened

with this case.

But the difference is, and this is the issue, the difference is there is a process that has gone in effect that has put us in a position where we've completely changed the approach to setting hearings so that we're not setting hearings until and unless we know that everything within our power -- within our control is in our control, in our hands, and we can assure the Court that we are going to be able to have a hearing on the date that it's set.

That is the distinction, that's the difference. That process is in place. That's the new process.

THE COURT: Okay. Mr. Petersen, do you want to add anything here? Because we -- we are well -- we are well out of time, but I am clearly not finished, so.

MR. PETERSEN: Understood, Your Honor.

I would just like to say that -- and before we even filed our motion to compel, we did send a letter to Mr. Diaz's law firm asking what was happening with the case. We didn't receive a response.

After the motion to compel, I was in contact with one of his lawyers, Miss Simpson, via e-mail,

and she did assure us that the case would be resolved and set for motion for summary judgment, and that didn't happen.

The frustration on the part of my client is, I think, is the same as the Court's, that we look for these dates when they're noticed for hearing for the motion for summary judgment, and -- and I as an attorney go back to my client and say, "The finish line is approaching. We are going to get this case resolved."

And then I have to -- when the case is canceled at the last minute, I have to go back to my client and explain to my client why it's not being resolved and why the Court is giving the plaintiff another bite at the apple.

And the frustration from my practice is I don't have a lot of control on that. The only thing I can do is come to the Court, as we did in this case, and point out situations where we think this has gone on long enough, this case ought to be resolved.

As fate would have it, the 2007 case you talked about this morning that was set for 11 a.m., that's another one of my clients, Inlets of Riverdale, I recognize the name because it's a 2000

case -- 2007 case and it's been taking a long time.

It's -- it's an endemic thing that's -- that's occurring again and again. I know the Court is concerned about it. I take Mr. Diaz at his word that he is concerned about it and he's trying to make changes to -- so that these things don't happen, but the -- the fact remains that my clients are suffering because the longer these cases take, the longer they're not being paid assessments by the defendants, they're not being paid assessments by -- by the banks, and it's causing havoc to our community association fund.

That's all I can say.

THE COURT: So are you requesting any sanctions as a result of this?

MR. PETERSEN: I would request my client's attorneys fees in this case, just because it has taken an inordinate amount of time, and, you know, for the time at least since we filed and the -- and the Court granted the motion to compel, you know, it's a -- it's a further expenditure of attorneys fees, and every time I have to show up, it just costs my client more and more money.

THE COURT: Okay. You'll need to file a motion.

MR. PETERSEN: I'll do so.

THE COURT: Mr. and Mrs. De Freitas, is there anything that you would like to say?

MS. DE FREITAS: Yes. I would say that we have paid all our late assess -- assessed to the Barrington Ridge Association, I have to say now we have paid everything.

THE COURT: Okay.

MS. DE FREITAS: Okay. We have make agreement with them.

THE COURT: Okay. And am I correct that the -- there was no other additional expenses other than the $400 that was lost in wages for coming to a hearing that had not been canceled and paying the interpreter, is there -- was there any other loss at that point that you are requesting?

MS. DE FREITAS: No.

THE COURT: Okay. So you know that the case has been dismissed against you?

MS. DE FREITAS: Okay. Yes.

THE COURT: Have you had any communication with anyone as to what they are going to do or --

MS. DE FREITAS: Well, we have another attorney from our side, because -- they are defending us, regardless of promissory note, that

the bank don't have it. So they can't prove that they own -- they are the owner of our house. So we want to make sure everything goes well so in the future we won't have any problem.

THE COURT: Okay. This proceeding that I've been continuing on today, I had previously taken evidence regarding the $400 in lost wages and the $50 expense, and so I will not be asking for any additional evidence from you inasmuch as I don't see that there is any other -- any other compensatory issue with regard to your loss.

I don't know whether the homeowners -- I mean, whether the bank will be refiling the -- the mortgage. This does not mean that they can't. But the matters in this case number are over as it relates to you.

So rather than impose any additional expense, the Court is not going to require that you appear again unless I specifically notice you saying the Court has ordered that you do come, unless you receive some sort of subpoena or something like that, in this case number.

That is not to say that you would be excused from any other proceeding should the foreclosure be refiled. You would have to appear in that case.

Okay.

MR. PETERSEN: Your Honor, I did notice we filed an affidavit of attorneys fees on 8/23, that was E-filed with the Court.

THE COURT: Okay.

MR. PETERSEN: Just to make it simpler, I would request fees from November 18th, 2009 for our preparation and filing of motion to compel forward.

THE COURT: All right.

MR. PETERSEN: And if the Court wishes, I'll submit a supplementary affidavit after I have added that up.

THE COURT: That's a total of $1,700?

MR. PETERSEN: That's wrong.

THE COURT: 1768?

MR. PETERSEN: That's all fees in the case, Your Honor. I think it's only probably appropriate from the filing of the motion to compel forward from 11/18/2009.

THE COURT: Okay. You can submit your affidavit.

MR. PETERSEN: I will do so.

THE COURT: Do you wish to make any inquiry or take his testimony while he's here?

MR. DIAZ: No, I'll -- we'll wait to see the

affidavit and we'll --

THE COURT: Okay.

MR. DIAZ: -- just look at that at the time.

THE COURT: All right.

Mr. Cox, do you wish to testify or do you wish to adopt the -- wait a minute. Mr. Diaz, raise your right hand. Do you solemnly swear that all of the testimony you have previously given is true and correct to the best of your knowledge and belief?

MR. DIAZ: Yes, I do.

THE COURT: Okay. Do you wish to add anything, Mr. Cox?

MR. COX: Your Honor, I would adopt the previous proffer to the Court.

THE COURT: Okay.

Miss Tedescko, do you wish to testify or present any other mitigation in this case?

MS. TEDESCKO: I will do the same as Mr. Cox, adopt the proffer.

THE COURT: May I ask you, ma'am, did you -- did you make the statement that you would not be changing your procedures or policies until such time as you were sanctioned? Did you ever make that statement?

MS. TEDESCKO: That our firm would not change

its procedures until such time as we were --

THE COURT: That you would not be complying with the orders of the -- the rules of the Court unless you were sanctioned?

MS. TEDESCKO: I don't recall any statement like that whatsoever.

THE COURT: Okay.

MS. TEDESCKO: I'm -- I don't know of what you speak, frankly.

THE COURT: Okay.

Miss Strauss, do you wish to present any additional mitigation or give any testimony?

MS. STRAUSS: No, Your Honor.

THE COURT: Do you adopt the testimony of Mr. Diaz?

MS. STRAUSS: Yes, ma'am.

THE COURT: Is that your testimony, then, as well?

MS. STRAUSS: Yes, ma'am.

THE COURT: All right.

And Mr. MacMillan?

MR. MacMILLAN: Yes, I'll adopt the same testimony as Mr. Diaz.

THE COURT: Okay.

All right. Mr. Diaz, and all of you, I find

that you are in civil contempt of the court. I find that you have violated not only the creed of professionalism, which I do quote, that says, "I will conduct myself to assure the just, speedy, and inexpensive determination of every action and resolution of every controversy."

And it further goes on to stay, "I will respect the time and commitments of others." Further goes on to say that "I will be diligent and punctual in communicating with others and in fulfilling commitments."

Under the oath that you took to admission to the Florida Bar, it states and you swore that "I will maintain the respect due to the court of justice and judicial officers."

The Court finds at this time that the -- that the conduct in this case regarding your policies and procedures for scheduling hearings without being prepared, with -- for failing to notify the opposing parties of the cancellations of this hearing caused both time and expense and injury to the attorneys, their clients, and the parties.

The Court finds that the failure to communicate the cancellation of the hearings is a total disregard for the consequences of the Court's

calendars and the efficient operation of justice.

The Court finds that your noncompliance was so grossfully negligent that it rises to the level of willful misconduct, particularly after the firm was notified through Mr. Cox specifically of this case, specifically of the prior failures to appear, and specifically warned that he was violating his code of ethics by continuing to practice in this manner, and thereafter, the very next hearing, the same issue occurs.

The Court finds that the obed- -- that this disobedience of the Court's calendar and rules regarding the setting and the cancellation of hearing, that the disobedience regarding the administrative orders regarding the handling of mortgage foreclosure cases is deliberate, it is willful, it is flagrant, and it is an evidence of contempt. This is not inexperience, this is not neglect.

The Court notes that the law firm had been previously warned by the -- Hillsborough County regarding their conduct as sham -- regarding their conduct regarding sham pleadings.

The Court finds that the filing of a notice of hearing is, in fact, a sham when no one shows up

and no one appears, no one cancels. And it is clear from the history of this case that those notices of hearing, there was no intention to proceed, because clearly you are not prepared. The Court finds that particularly Mr. Cox on this issue was noticed and warned.

The Court finds that there is a -- no reasonable justification for the noncompliance, that the fact that you run your business the way that you do is not an excuse nor is it any justification for the Court to practice law the way that you do.

The Court finds there was prejudice to the undue party -- to the opposing party. I find that this has created a significant problem in the Court's calendar, and that your continuous scheduling of hearings without notification that you are cancelling them in no way is respectful of the Court.

And, therefore, on the issue of -- I also point out that Attorney Gavin MacMillan was given notice that he was in- -- that he was instructed to compel this case to proceed within 90 days, which would have been over in May of 2010, that the hearing was scheduled for April of 2010, but again,

he didn't appear. Mr. Cox was on that notice of hearing as opposed to Mr. MacMillan.

The Court finds that compensatory fines to the homeowners association are in order, and the Court will require that the law firm and/or each of you individually shall pay the attorneys fees of the association from the date of the motion to compel forward.

The Court finds that based on the failure to notice the opposing party nor the Court of the cancellation of the last hearing, which I believe would have been number six or seven, the defendants did appear, they lost wages in the amount of $400 and paid $50 to an interpreter. You will pay that. I have taken testimony on that, but since you were not here, you waived your right to cross-examine him about that.

I take judicial notice of the fact that as of today at 11 a.m., Mr. Cox again filed a notice of hearing for this date in -- ten days after the Court issued this order, and he did not appear nor notify anyone of the cancellation of that hearing.

That scheduling seven hearings on the Court's calendar and failing to appear at all but one of them, which was the motion to compel, the Court

finds that that is a direct and willful disregard for the Court and the administration of justice.

And, therefore, I find you in contempt, and I find that the evidence presented today is vague. And inasmuch as counsel indicated that these new procedures were supposed to be in place, and, in fact, failed as even of today, having been supposedly in effect for a couple of weeks, that the Court has no assurance that this cannot -- that this problem will not proceed.

The Court will require that you will create policies and procedures internally that will ensure that attendance at hearings and being prepared on the motion prior to scheduling the Court's calendar is in place, the Court will require that each of your -- that -- that the -- that the Court receive certification from each of your attorneys as well as your support staff that, in fact, these policies and procedures are in place, that you will not schedule hearings with the Court until such time as all of the documents have been received, and that you will go forward today and within five days provide a receipt of the Court that all cases in Manatee County have been reviewed and that all hearings that are presently scheduled are docketed

on your attorney's calendar, and that shall be signed by the attorney who will be assigned to appear at that hearing.

The Court finds that there shall be imposed a daily find for failure to comply, and that will be $7,000 per day until such time as I receive the certified letter from each of your attorneys that they have made arrangements to appear when they are scheduling hearings.

The Court finds that there are coerce -- that a coercive fine should be imposed, and the Court finds that the appropriate amount is $49,000. That would be $7,000 for each hearing that you failed to appear.

Does anyone have any questions, clarifications, anything else that you would like to say?

The Court does reserve on the issue of finding indirect criminal contempt. And should the Court -- should your failure to comply with these procedures not occur within the purge time, then -- then I may proceed with that.

MR. DIAZ: Your Honor, if I could get some clarification --

THE COURT: Um-hum (affirmative).

MR. DIAZ: -- on the purge time. What is the time that's being permitted to purge the contempt?

THE COURT: The contempt -- the $49,000 is a coercive fine for your failure to previously appear at seven hearings. Your $7,000 per day, which is what you testified it costs your firm to be here, will begin -- will begin calculating as of Friday and will continue until such time as I have received the documentation of your policies and procedures.

MR. DIAZ: And, two, can you give me some clarification of what exactly that documentation that you are asking us to produce is?

THE COURT: I want to see the -- I want to see your policy and your procedures for scheduling hearings. I want to see -- and I -- have you identify for me who is going -- when a hearing is scheduled, who is going to appear, and I want a verification from each one of your lawyers that they have read your policies and procedures, that they have read the 12th Judicial Circuit policies and procedures, and that they have read my policies and procedures, and that they have recorded that hearing on their calendars and will appear.

Can you do that, Mr. Cox?

MR. COX: Again, Your Honor, I do have a question, if I may. Are we entitled to set a hearing if we will have a local attorney, in fact, from our office appear in our stead?

THE COURT: That is a very good question, Mr. Cox, and here is the problem with that. When you hire a lawyer and that lawyer comes in and says to me "I got an e-mail this morning, I have no information about the case, and I have no file," then you are doing nothing that assists the Court. So the answer to that question at this time will be no.

Let's say that if you want to appear before me -- I'll be here through January -- well, through December. So if you want any hearings before me, I suggest that maybe you make arrangements to be here yourself, especially you.

MR. COX: Understood, Your Honor.

THE COURT: Okay.

MR. DIAZ: With reference to the verification that you want -- of the attorneys, you want those from the attorneys that are listed in this order?

THE COURT: I want them from all of your attorneys who are practicing or will practice or will file any document in Manatee County.

MR. DIAZ: So assuming you have this information by Friday, the $7,000 a day issue is resolved?

THE COURT: That is correct.

MR. DIAZ: And what is the time on the -- as far as the purge with the $49,000?

THE COURT: When would you like it?

Okay, 30 days.

And you will pay to the defendant the $450 within ten days from today's date.

MR. DIAZ: Who is the $49,000 payable to?

THE COURT: The clerk.

We wish it could go into the court fund, but it's a compensatory -- I mean, it's a coercive fine, and so it goes into the fines and forfeitures.

I will let you know within 60 days whether I wish to proceed further with the indirect criminal contempt.

MR. DIAZ: I would like the record to reflect that the case that you referenced from Hillsborough, as I stated earlier, was resolved, and that issue has not come up again, and we did make the corrections that the court asked us to make, and those corrections have resolved that

issue.

THE COURT: Okay. And perhaps I would have been more likely to accept your explanation as to what you have done had it not just happened again, so.

All right. I will prepare a written order. And as soon as I receive the affidavit of attorneys fees, if you wish to challenge that, we can have another hearing, if you wish to accept the amount, then you can sign a stipulated order that you'll pay it within whatever time.

Mr. Petersen, you agree --

MR. DIAZ: And just so I'm clear, that the timelines that we are discussing today, those are going to be as of the date of the written order; correct?

THE COURT: No. Those are as of today.

MR. DIAZ: I'd ask the Court to reconsider that. I -- having the written order is the -- is the document that sets forth these sanctions. I think it would be appropriate that the timeline commence on the date of the written order.

THE COURT: Okay. I will allow the timeline to commence from the date of the written order with the exception of payment to the defendants, who

have appeared here every time you noticed them to be here.

MR. DIAZ: I have no problem with that. And that payment will be mailed to the property address, unless there is an objection.

THE COURT: Is that where you're still getting mail?

MS. DE FREITAS: Yes, ma'am.

THE COURT: Yes.

MR. DIAZ: Yes?

THE COURT: Yes.

All right. Thank you very much.

MR. PETERSEN: Thank you, Your Honor.

(End of C.D.)

STATE OF FLORIDA)

COUNTY OF SARASOTA)

I, NANCY E. PAULSEN, CRR, RPR, FPR, do hereby certify that the foregoing was transcribed by me from C.D. provided to me by Attorney Jacqulyn Mack; and that the foregoing transcript is a true and correct transcription and identification of speakers to the best of my ability of the C.D. provided.

Dated this 1st day of October, 2010.

NANCY E. PAULSEN, CRR, RPR, FPR

EXHIBIT E

COPY

SHORT FORM ORDER

INDEX NO.26648-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
M/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

ROBERT R. GOLDER ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
ROBERT R. GOLDER
1457 Lincoln Boulevard
Bay Shore, NY 11706

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is.

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 12, 2010

MELVYN TANENBAUM

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.27921-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
M/D:
S/D:

MIDFIRST BANK,

Plaintiff,

-against-

JOEL L. OSPINO ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
JOEL L. OSPINO
39 Ash Street
Central Islip, NY 11722

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers___; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "MIDFIRST BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 13, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.35374-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
R/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

GILMA CARRANZA ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
GILMA CARRANZA
35 Madison Avenue
Babylon, NY 11701

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____ Notice of Motion-Order to Show Cause and supporting papers____: Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 13, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.12037-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
R/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

WOON A.E. KIM ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
WOON A.E. KIM
525 Caledonia Road
Dix Hills, NY 11746

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 13, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.6653-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
R/D:_____
S/D:___ _____

AMERICAN HOME MORTGAGE SERVICING, INC.,

Plaintiff,

-against-

TONI-ANNE CARULLI ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
TONI-ANNE CARULLI
54 West 2nd Street
Ronkonkoma, NY 11779

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "AMERICAN HOME MORTGAGE SERVICING, INC.'s" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 13, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

17655/09

INDEX NO. ~~27921-2008~~

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002
R/D:_____
S/D:_____

US BANK N.A.,

Plaintiff,

-against-

RAFAEL VALDESPINO ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
RAFAEL VALDESPINO
72 Wiltshire Street
Southampton, NY 11968

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "US BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 13, 2010

MELVYN TANENBAUM

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.37183-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001
R-D:_____
S-D:_____

GMAC MORTGAGE, LLC.

Plaintiff,

-against-

RICHARD PROTANO ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. Box 1291
Buffalo, NY 14240-1291

DEFT'S/RESP'S ATTY:
RICHARD PROTANO
833 South 4th Street
Lindenhurst, NY 11757

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "GMAC MORTGAGE, LLC's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorneys of record, STEVEN J. BAUM, ESQ., certifying that the proposed order of reference submitted by counsel conforms to the Court's requirements: and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

MELVYN TANENBAUM

Dated: October 14, 2010

_____
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.22836-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #003
R/D:____ _____
S/D:____ _____

THE BANK OF NEW YORK,

Plaintiff,

-against-

GARY LEE BROWN ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. Box 1291
Buffalo, NY 14240-1291

DEFT'S/RESP'S ATTY:
GARY LEE BROWN
54 Casement Avenue
Central Islip, NY 11722

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "THE BANK OF NEW YORK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorneys of record, STEVEN J. BAUM, ESQ., certifying that the proposed order of reference submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 14, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.15475-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001
M/D.
S/D:

US BANK, N.A.,

Plaintiff,

-against-

THOMAS KOSAK ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. Box 1291
Buffalo, NY 14240-1291

DEFT'S/RESP'S ATTY:
THOMAS KOSAK
105 West Parkview Drive.
Shirley, NY 11967

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers___: Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is.

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "US BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorneys of record, STEVEN J. BAUM, ESQ., certifying that the proposed order of reference submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 14, 2010

MELVYN TANENBAUM

J.S.C.

SHORT FORM ORDER

INDEX NO.10436-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #003
M/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

MICHELE CHESTER ET AL.,

Defendants.

PLTF'S/PET'S ATTY
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
MICHELE CHESTER
42 Holmes Street
Sayville, NY 11782

Upon the following papers numbered 1 to __ read on this motion for an order pursuant to RPAPL Sec. 1321 Notice of Motion/Order to Show Cause and supporting papers ___; Notice of Cross Motion and supporting papers _____ Answering Affidavits and supporting papers _____ Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until December 9, 2010. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure in sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: October 15, 2010

MELVYN TANENBAUM

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.2316-2010

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:
S/D:

ONEWEST BANK, FSB,

Plaintiff,

-against-

SUSAN ECHEL ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
SUSAN ECHEL
710 Nicholls Road
Deer Park, NY 11729

Upon the following papers numbered 1 to __ read on this motion for an order pursuant to RPAPL Sec.1321 ____ Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "ONEWEST BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

PUBLISH

SHORT FORM ORDER

INDEX NO.7013-2010

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001
R/D:_____
S/D:_____

THE BANK OF NEW YORK MELLON.,

Plaintiff,

-against-

MARK GUERRA ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "THE BANK OF NEW YORK MELLON's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.2797-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 Mot Adj 1-18-11
R/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

HARVEY C. SANDERS ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
HARVEY C. SANDERS
8 Pleasant Drive
Setauket, NY

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.3434-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:
S/D:

HSBC BANK USA, N.A.,

Plaintiff,

-against-

ELVIS RODRIGUEZ ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
SULLIVAN PAPAIN BLOCK
55 Mineola Blvd.
Mineola, NY

Upon the following papers numbered 1 to __ read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers ____; Notice of Cross Motion and supporting papers _____ Answering Affidavits and supporting papers _____ Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "HSBC BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.8347-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #003 ADJ 1-18-11
R/D:
S/D:

US BANK N.A.,

Plaintiff,

-against-

MARIA A. OSORTO ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
MARIA A. OSORTO
165 Thomas Street
Brentwood, NY 11717

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "US BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.13588-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:
S/D:

WELLS FARGO BANK N.A.,

Plaintiff,

-against-

REGINA R. FLOWERS ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:

Upon the following papers numbered 1 to __ read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers ____; Notice of Cross Motion and supporting papers ____ Answering Affidavits and supporting papers ____ Replying Affidavits and supporting papers ____ Other ____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.24299-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:_____
S/D:_____

US BANK N.A.,

Plaintiff,

-against-

JOSE A. HERNANDEZ ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
JOSE A. HERNANDEZ
11 Belgrave Avenue
Bay Shore, NY 11706

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "US BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.24491-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:_____
S/D:_____

AURORA LOAN SERVICES LLC,

Plaintiff,

-against-

JOSEPHINE DEMAR ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
JOSEPHINE DEMAR
8 Pepi Court
Hampton Bays, NY

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "AURORA LOAN SERVICES's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.24749-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:_____
S/D:_____

BANK OF AMERICA N.A.,

Plaintiff,

-against-

MICHAEL F. DALY ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
MICHAEL F. DALY
283 Ferry Road
Sag Harbor, NY 11963

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "BANK OF AMERICA's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.28564-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002 ADJ 1-18-11
R/D:_____
S/D:_____

US BANK N.A.,

Plaintiff,

-against-

ANDREA E. CANNAVINA ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
ANDREA E. CANNAVINA
11 West 16th Street
Huntington Station, NY 11746

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "US BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.35384-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:
S/D:

DEUTSCHE BANK NATIONAL TRUST CO.,

Plaintiff,

-against-

DANIEL HAYNES ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "DEUTSCHE BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.37004-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002Mot Adj 1-18-11
R/D:_____
S/D:_____

WELLS FARGO BANK, N.A.,

Plaintiff,

-against-

RAFAEL TAVERAS ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
RAFAEL TAVERAS
86 Maple Drive
Amityville, NY 11701

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
_____
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.37680-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 AOJ 1-18-11
R/D:_____
S/D:_____

ONEWEST BANK FSB,

Plaintiff,

-against-

ROBERT GARNER ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
MCCABE, WEISBERG & CONWAY
145 Huguenot Street, Suite 499
New Rochelle, NY 10801

DEFT'S/RESP'S ATTY:

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting improper and inadequate submissions. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affirmation in compliance with the Order of the Chief Judge dated October 20, 2010; 2)an affidavit or affirmation from plaintiff "ONEWEST BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 3) an affidavit or affirmation from plaintiff's attorneys of record, MCCABE, WEISBERG & CONWAY certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 4) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.42817-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #001 ADJ 1-18-11
R/D:
S/D:

WELLS FARGO BANK N.A.,

Plaintiff,

-against-

ELIZABETH HAMEL ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.43016-2008

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002 ADJ 1-18-11
R/D:_____
S/D:_____

WELLS FARGO BANK N.A.,

Plaintiff,

-against-

FRANCISCO HUEZO ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
FRANCISCO HUEZO
193 Locust Avenue
Bay Shore, NY 11706

Upon the following papers numbered 1 to ___read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "WELLS FARGO BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.

COPY

SHORT FORM ORDER INDEX NO.43610-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002 ADJ 1-18-11
R/D:_____
S/D:_____

AURORA LOAN SERVICES LLC,

Plaintiff,

-against-

GREGORY PUNDA ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
GREGORY PUNDA
158 Cambridge Drive
Port Jefferson Station, NY 11771

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321

_____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for a Judgment of Foreclosure and Sale is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "AURORA LOAN SERVICES's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed judgment submitted by counsel conforms to the Court's requirements; and 3) a proposed judgment of foreclosure and sale in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

MELVYN TANENBAUM

Dated: November 3, 2010

J.S.C.

COPY

SHORT FORM ORDER

INDEX NO.49728-2009

SUPREME COURT - STATE OF NEW YORK
I.A.S. PART XIII SUFFOLK COUNTY

PRESENT:
HON. MELVYN TANENBAUM
Justice

MOTION #002 ADJ 1-18-11
R/D:_____
S/D:_____

HSBC BANK USA, N.A.,

Plaintiff,

-against-

KENNETH S. DAVIS ET AL.,

Defendants.

PLTF'S/PET'S ATTY:
STEVEN J. BAUM, P.C.
P.O. BOX 1291
BUFFALO, NY 14240-1291

DEFT'S/RESP'S ATTY:
KENNETH S. DAVIS
17 Teller Avenue
Coram, NY 11727

Upon the following papers numbered 1 to __read on this motion for an order pursuant to RPAPL Sec.1321 _____Notice of Motion/Order to Show Cause and supporting papers____; Notice of Cross Motion and supporting papers _____Answering Affidavits and supporting papers _____Replying Affidavits and supporting papers _____ Other _____; ~~(and after hearing counsel in support and opposed to the motion)~~ it is,

This Court has repeatedly directed plaintiff's counsel to submit proposed orders of reference and judgments of foreclosure in proper form and counsel has continuously failed to do so. The Court provided counsel's office directly with copies of orders and judgments which would satisfy the requirements and counsel has responded by submitting correspondence addressed to the Court from non-attorney employees with improper and inadequate submissions. The Court deems plaintiff's counsel's actions to be an intentional failure to comply with the directions of the Court and a dereliction of professional responsibility. Accordingly it is

ORDERED that plaintiff's application for an Order of Reference is adjourned until January 18, 2011. On or before this date plaintiff's counsel is directed to submit: 1) an affidavit or affirmation from plaintiff "HSBC BANK's" counsel certifying that all prior submissions were accurate and correct in the underlying mortgage foreclosure action; 2) an affidavit or affirmation from plaintiff's attorney of record, Steven J. Baum, Esq., certifying that the proposed order submitted by counsel conforms to the Court's requirements; and 3) a proposed order of reference in proper form, and it is further

ORDERED that upon failure of counsel to comply with this Order this action shall be marked off the active calendar by the Clerk of the Court.

Dated: November 3, 2010

MELVYN TANENBAUM
J.S.C.