

FILED
11-22-2017
CIRCUIT COURT
DANE COUNTY, WI
2010CV001576

Exhibit 1

In the Matter of the Rehabilitation of:

Case No.: 10-CV-1576

Segregated Account of Ambac Assurance Corporation,

**AFFIDAVIT OF CHARLES BREHM ON BEHALF OF WELLS FARGO BANK, N.A.,
IN ITS CAPACITY AS TRUSTEE FOR CERTAIN RMBS TRUSTS**

STATE OF MARYLAND)
 :SS
COUNTY OF HOWARD)

Charles Brehm, being first duly sworn on oath, deposes and states as follows:

1. I am a Vice President and CTS Special Accounts Consultant in the Corporate Trust Services division of Wells Fargo Bank, N.A. I make this Affidavit in support of the *Limited Objection of Wells Fargo Bank, N.A., Trustee, Deutsche Bank National Trust Company, Trustee, Deutsche Bank Trust Company Americas, Trustee, and U.S. Bank National Association, Trustee to the Rehabilitator's Motion to Further Amend the Plan of Rehabilitation* (the "**Limited Objection**"). The facts stated herein are based on my personal knowledge or reports from others with whom I work.

2. Wells Fargo Bank, N.A. serves as trustee ("**WF Trustee**") for certain residential mortgage-backed securitization ("**RMBS**") transactions that issued various classes of securities. Some of such classes of securities are insured by certain financial guaranty insurance policies (collectively, the "**Policies**" and each individually, a "**Policy**") issued by Ambac Assurance Corporation ("**AAC**") and insurance agreements entered into by AAC. The Policies, which the WF Trustee holds and/or administers for the benefit of the holders of the insured classes of

securities, insure against certain principal and/or interest losses incurred by and/or allocated to the insured classes of securities.

1. THE WF TRUSTS

3. The WF Trustee serves as trustee for approximately nineteen (19) RMBS transactions involving a Policy for which the WF Trustee is the policyholder and where there are outstanding Deferred Amounts (as that term is defined the Second Amended Plan). In addition, the WF Trustee serves in a capacity other than trustee for approximately thirty-one (31) RMBS transactions for which, in such capacity, it performs certain duties in respect of AAC Policies. The RMBS transactions referred to in this paragraph are collectively defined as the “**WF Trusts**” and each individually as a “**WF Trust**”. The aggregate unpaid principal balance of the insured classes of securities issued by the WF Trusts and covered by the Policies is approximately \$928 million.

2. THE GOVERNING DOCUMENTS AND THE ROLE OF THE WF TRUSTEE

4. Each WF Trust is governed by a separate set of operative documents, which delineate the rights and responsibilities of each of the transaction parties, including the trustee and the insurer (the “**Operative Documents**”). These Operative Documents may include a pooling and servicing agreement, servicing agreements, a sale and servicing agreement, a trust agreement, and/or an indenture and other related documents. The WF Trusts usually also incorporate an insurance agreement, which further delineates the rights and responsibilities of the parties to the transaction vis-à-vis the Policy (together with the Operative Documents, the insurance agreement, and the Policy, the “**Governing Documents**”).

5. I discuss the following Governing Documents in this Affidavit:

(i) the Amended and Restated Pooling and Servicing Agreement dated as of January 1, 2010, by and between Sand Canyon Acceptance Corporation (formerly known as Option One Mortgage Acceptance Corporation) as Depositor,

Specialized Loan Servicing LLC as Servicer, and Wells Fargo Bank, N.A. as Trustee for the Option One Mortgage Loan Trust 2007-FXD1 (the “**Option One PSA**”), the relevant portions of which are attached hereto as **Exhibit A**; and

(ii) the Indenture dated as of June 22, 2005 by and between American Home Mortgage Investment Trust 2005-2 as Issuer, Wells Fargo Bank, N.A. as Securities Administrator, and Deutsche Bank National Trust Company as Indenture Trustee for the American Home Mortgage Investment Trust 2005-2 (the “**AHMIT Indenture**”), the relevant portions of which are attached hereto as **Exhibit B**.

6. The role of the WF Trustee varies between transactions, and the Operative Documents for a WF Trust do not always charge the named trustee with responsibility for distributing payments to securityholders. For example, Section 5.05 of the Option One PSA contemplates that the paying agent, not the trustee, could be responsible for distributing payments to securityholders. While the paying agent can be (and for the Option One 2007-FXD1 transaction, currently is) the same entity as the trustee, that will not always be the case. Further, the WF Trustee is not necessarily responsible for making distributions to securityholders under the Operative Documents for all of the WF Trusts.

3. THE NON-CASH CONSIDERATION

7. I understand that the Second Amended Plan contemplates that AAC will deliver a mix of consideration as the “Pre-Record Date Deferred Amount Consideration” consisting of “Cash and Senior Secured Notes to be distributed to Holders of Pre-Record Date Deferred Amounts pursuant to Section 2.2 of this Plan.” Second Amended Plan §1.84. Section 2.2 of the Second Amended Plan provides (among other things) that:

Each Holder of a Pre-Record Date Deferred Amount (other than AFG) after consummation of the Initial Exchange and the Exchange Offers, shall be entitled to receive, in full and final satisfaction of such Pre-Record Date Deferred Amount (x) Cash equal to 45.7% of such Pre-Record Date Deferred Amount, and (y) Senior Secured Notes in an amount equal to 46.9% of such Pre-Record Date Deferred Amount....

Second Amended Plan § 2.2(a)(i). The Second Amended Plan also provides that:

Except as otherwise provided this Plan, after consummation of the Initial Exchange and the Exchange Offers, the Distribution of the Pre-Record Date Deferred Amount Consideration shall not cause any Holder of Pre-Record Date Deferred Amounts to receive an effective consideration package of more than (a) 40% Cash, (b) 41% Senior Secured Notes, (c) 12.5% GA SSNs, and (d) a 6.5% discount.

Second Amended Plan § 2.2(a)(v) (emphasis added). The Limited Objection refers to clauses (b) and (c) in Section 2.2(a)(v) of the Second Amended Plan quoted above as the “**Non-Cash Consideration**” and item (d) in the quote above as the “**Discount**.”

8. The Second Amended Plan provides that such consideration will bypass the trustees and be delivered directly through the Depository Trust Company (“**DTC**”) and to the Beneficial Holders. See Second Amended Plan § 3.5. Nevertheless, the Second Amended Plan provides that “*Trustees shall . . . provide any authorization or direction . . . needed for AAC, any Paying Agent and/or DTC to make, process and/or accept any Distributions as contemplated by this Plan.*” Second Amended Plan § 3.5 (emphasis added). While it is unclear how detailed such “authorization or direction” will ultimately be, any interaction between the WF Trustee and the DTC will necessarily impose administrative burdens on the WF Trustee and the WF Trusts. Because the Second Amended Plan does not provide for additional compensation to the WF Trustee, these costs will be paid from the assets of the WF Trusts and could, in some cases, negatively affect uninsured classes of WF Trust-issued securities.

9. If Non-Cash Consideration is delivered to the WF Trustee (see Second Amended Plan § 3.6) the WF Trustee will face operational challenges and issues processing such Non-Cash Consideration. The WF Trustee may have to transmit the book-entry Non-Cash Consideration through the DTC to the DTC participant holders of record. When it agreed to serve as trustee for the WF Trusts, the WF Trustee understood that the investors would only ever receive cash as consideration for their investment in the WF Trust-issued securities; the

Operative Documents do not contemplate any other form of consideration. The WF Trustee's processes, procedures, and protocols used to administer the WF Trusts are designed only to handle distribution of cash consideration; they are not designed to handle other forms of consideration such as securities. Further, the WF Trusts use individual payment calculation tools to account for the inflows and outflows of funds.¹ These payment calculations tools are designed only to account for cash, not other forms of consideration. If AAC were permitted to deliver Non-Cash Consideration instead of cash, the WF Trustee would have to build a new operational process to handle the new consideration. This effort will be time-consuming and will impose additional burden. In addition, the WF Trustee would need to develop, test, implement, and manage new reporting, reconciliation, oversight, documentation, compliance, and audit procedures. These procedures will require manual effort to design and implement, thereby increasing the chance for human error.

10. The WF Trustee would also need to undertake substantial effort and potential expense to modify the payment calculation tools that it uses to administer the WF Trusts. Such modifications are necessary to reflect that Deferred Amounts have been paid in full on the books and records of the WF Trusts even though (i) the actual distribution of value did not pass through the WF Trustee, (ii) the distribution included non-cash consideration, and (iii) the amount of value distributed was not, in reality, payment in full.

11. These new processes and procedures will necessarily impose significant burden and expense on the WF Trustee and the WF Trusts. While it is difficult to quantify the expense associated with the devotion of additional human and information technology resources to the

¹ A "payment calculation tool" is computer software that enables a trustee or paying agent to perform the complex calculations required to make payments on RMBS securities.

trust administration process for affected WF Trusts, the burden will be significant and require the reallocation of institutional resources. The WF Trustee anticipates incurring out-of-pocket expenses, including professional services fees (attorneys, accountants and consultants) and costs imposed by DTC. For example, for each delivery of Non-Cash Consideration for a particular WF Trust, the WF Trustee will be required to purchase a securities position report, or participant list, from DTC identifying the holders of record of a class of insured securities. I understand that DTC charges a fee on a per CUSIP number basis for the securities position report, and each WF Trust could involve numerous individual CUSIP numbers. Further, this report lists only the DTC participants that hold the insured securities issued by a trust on a specific date. Not all DTC participants on the list are Beneficial Holders² of the insured securities, nor does the list include all (or even most) of the Beneficial Holders. Many DTC participants simply hold the insured securities in "street name" and have a duty not to disclose the identity of the Beneficial Holder.

12. The WF Trustee will also have additional burdens associated with addressing communications or other actions in connection with any Beneficial Holders who question or object to receiving securities instead of cash.

3.1. No Advance Notice of the "Deemed" Distribution Date

13. The Second Amended Plan further provides that:

Any Distribution on the Effective Date, pursuant to this Plan and the Amended Payment Guidelines, will be deemed to have been received by Beneficial Holders on the next scheduled Bond Distribution Date applicable to the relevant Insured Obligation or underlying Transaction Documents that give rise to such Claims, notwithstanding the date when the Cash or Pre-Record Date Deferred Amount Consideration was actually received by such Beneficial Holders.

Second Amended Plan § 3.7 (emphasis added). If the next scheduled Bond Distribution Date occurs shortly after any Distribution on the Effective Date, then it will be either difficult or

² This term is defined in the Second Amended Plan at Section 1.17.

impossible for the WF Trustee to reflect the distribution of cash, the Non-Cash Consideration, and the Discount as payment in full of the Deferred Amount on the books and records of the WF Trusts for such next scheduled Bond Distribution Date unless it receives sufficient advance notice of when a Distribution on the Effective Date will occur. Nothing in the Second Amended Plan obligates AAC to give the WF Trustee sufficient advance notice that could mitigate this problem.

3.2. REMIC Matters

14. While ACC is to receive certain opinions regarding tax matters, including REMIC Matters (*see* Second Amended Plan § 5.2(e)), there are no provisions that give similar comfort to the WF Trustee or the Beneficial Holders of WF Trusts that are structured for tax purposes as Real Estate Mortgage Investment Conduits (“REMICs”). Unless the contemplated opinions are addressed to the WF Trustee, it and the Beneficial Holders will have no assurance that the Non-Cash Distribution will not compromise a REMIC’s tax status. If that status is compromised, there could be significant penalties and taxes assessed against the WF Trusts and the holders of the WF Trust-issued securities issued, including both the Beneficial Holders and holders of uninured classes of securities.

4. AAC’S RIGHTS OF SUBROGATION AND REIMBURSEMENT UNDER THE WF TRUSTS

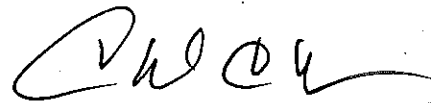
15. Under the terms of most Policies and related Operative Documents, AAC possesses certain rights of subrogation and reimbursement for claims previously paid. Although the precise terms vary from transaction to transaction, in a typical WF Trust, AAC enjoys a priority right of reimbursement *to the extent it paid a policy claim* on an earlier Distribution Date. For example, the AHMIT Indenture requires that, on each Payment Date, certain collections on the Group V Loans to be used to reimburse AAC in respect of claims previously paid by AAC under

the relevant policy *before* any such amounts are paid to other Classes of Notes.³ See Exhibit B, AHMIT Indenture §§ 3.05 and 3.06. Other WF Trusts have similar provisions.

16. Assuming that the Court confirms the Second Amended Plan and AAC pays the Pre-Record Date Deferred Amount Consideration to Beneficial Holders at 93.5 cents on the dollar after applying the Discount, AAC will nevertheless enjoy cash reimbursement rights at 100 cents on the dollar. Second Amended Plan § 4.10. Because the Governing Documents generally provide that AAC is reimbursed its payments under the Policies with interest (*see, e.g.,* Exhibit A, Option One PSA § 1.01, Definition of “Reimbursement Amount”), AAC could receive more than 100 cents on the dollar (depending on the cash proceeds available for distribution), even where it has paid consideration to insured securityholders of only 93.5 cents on the dollar.

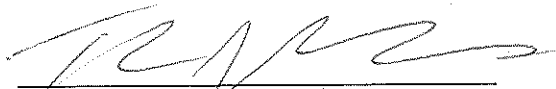
17. Moreover, the Second Amended Plan’s provisions granting AAC a 100% cash reimbursement right for paying 93.5% consideration could harm holders of uninsured classes of securities. If a WF Trust has sufficient cash flow to reimburse AAC for the 6.5 cents on the dollar that it did not pay to such WF Trust, less cash would be available to classes of uninsured securities below AAC’s reimbursement right in the waterfall.

FURTHER AFFIANT SAYETH NOT.



Charles Brehm

Subscribed and sworn to before me
this 22nd day of November, 2017



Notary Public Thomas J. Gateau

My commission expires on 12/16/2017



³ Capitalized terms in this sentence have the meaning assigned in the AHMIT Indenture.

Exhibit A

SAND CANYON ACCEPTANCE CORPORATION
(formerly known as Option One Mortgage Acceptance Corporation),

Depositor

SPECIALIZED LOAN SERVICING LLC,

Servicer

and

WELLS FARGO BANK, N.A.,

Trustee

AMENDED AND RESTATED
POOLING AND SERVICING AGREEMENT

Dated as of January 1, 2010

Option One Mortgage Loan Trust 2007-FXD1
Asset-Backed Certificates, Series 2007-FXD1

banks selected by the Depositor which are engaged in transactions in United States dollar deposits in the international Eurocurrency market.

“Regular Certificate”: Any of the Class A Certificates, Class C Certificates or Class P Certificates.

“Regulation AB”: 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, 1,631 (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.

“Reimbursement Amount”: As to any Distribution Date, the sum of (x) (i) all Insured Payments paid by the Certificate Insurer, but for which the Certificate Insurer has not been reimbursed prior to such Distribution Date pursuant to Section 4.01, plus (ii) interest accrued on such Insured Payments not previously repaid, calculated at the Late Payment Rate from the date the Trustee received the related Insured Payments or the date such payments were made, and (y) without duplication (i) any other amounts then due and owing to the Certificate Insurer under the Insurance Agreement, as certified to the Trustee by the Certificate Insurer plus (ii) interest on such amounts at the Late Payment Rate.

“Relief Act”: The Servicemembers Civil Relief Act.

“Relief Act Interest Shortfall”: With respect to any Distribution Date, for any Mortgage Loan with respect to which there has been a reduction in the amount of interest collectible thereon for the most recently ended Due Period as a result of the application of the Relief Act or any similar state law, the amount by which (i) interest collectible on such Mortgage Loan during such Due Period is less than (ii) one month’s interest on the Stated Principal Balance of such Mortgage Loan at the Mortgage Rate for such Mortgage Loan before giving effect to the application of the Relief Act.

“REMIC”: A “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“REMIC 1”: The segregated pool of assets subject hereto, constituting the primary trust created hereby and to be administered hereunder, with respect to which a REMIC election is to be made consisting of: (i) such Mortgage Loans as from time to time are subject to this Agreement, together with the Mortgage Files relating thereto, and together with all collections thereon and proceeds thereof, (ii) any REO Property, together with all collections thereon and proceeds thereof, (iii) the Trustee’s rights with respect to the Mortgage Loans under all insurance policies, including the Pool Policy, required to be maintained pursuant to this Agreement and any proceeds thereof, (iv) the Depositor’s rights under the Mortgage Loan Purchase Agreement or the Assignment Agreements, if any, (including any security interest created thereby) and (v) the Collection Account, the Distribution Account (subject to the last sentence of this definition) and any REO Account and such assets that are deposited therein from time to time and any investments thereof, together with any and all income, proceeds and payments with respect thereto. Notwithstanding the foregoing, however, a REMIC election will not be made with respect to the Net WAC Rate Carryover Reserve Account, the Swap Account, the Supplemental Interest Trust, the Interest Rate Swap Agreement or any Servicer Prepayment Charge Payment Amounts.

“REMIC 1 Regular Interest”: Any of the separate non-certificated beneficial ownership interests in REMIC 1 issued hereunder and designated as a “regular interest” in REMIC 1. Each REMIC 1 Regular Interest shall accrue interest at the related Uncertificated REMIC 1 Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

(a) the Delinquency Percentage exceeds 14.00%; or

(b) the aggregate amount of Realized Losses incurred since the Cut-off Date through the last day of the related Due Period (after reduction for all Subsequent Recoveries received from the Cut-off Date through the Prepayment Period) divided by the aggregate principal balance of the Mortgage Loans as of the Cut-off Date exceeds the applicable percentages set forth below with respect to such Distribution Date:

Distribution Date Occurring In	Percentage
February 2009 - January 2010	1.35% for the first month, plus 1/12 of 1.75% thereafter
February 2010 - January 2011	3.10% for the first month, plus 1/12 of 1.65% thereafter
February 2011 - January 2012	4.75% for the first month, plus 1/12 of 1.15% thereafter
February 2012 - January 2013	5.90% for the first month, plus 1/12 of 0.60% thereafter
February 2013 and thereafter	6.50%

“Trust”: Option One Mortgage Loan Trust 2007-FXD1, the trust created hereunder.

“Trust Fund”: All of the assets of the Trust, which the trust created hereunder consisting of REMIC 2, REMIC 3, REMIC 4, REMIC 5, REMIC 6, the Net WAC Rate Carryover Reserve Account, the Servicer Prepayment Charge Payment Amounts, distributions made to the Trustee by the Swap Administrator under the Swap Administration Agreement, the Swap Account, the Supplemental Interest Trust and the Interest Rate Swap Agreement.

“Trust REMIC”: Each of REMIC 2, REMIC 3, REMIC 4, REMIC 5 and REMIC 6.

“Trustee”: Wells Fargo Bank, N.A., a national banking association, or any successor trustee appointed as herein provided.

“Trustee Fee”: The amount payable to the Trustee on each Distribution Date pursuant to Section 8.05 as compensation for all services rendered by it in the execution of the trust hereby created and in the exercise and performance of any of the powers and duties of the Trustee hereunder, which amount shall equal one twelfth of the product of (i) the Trustee Fee Rate, multiplied by (ii) the aggregate Stated Principal Balance of the Mortgage Loans and any REO Properties (after giving effect to scheduled payments of principal due during the Due Period relating to the previous Distribution Date, to the extent received or advanced) as of the first day of the calendar month prior to the month of such Distribution Date (or, in the case of the initial Distribution Date, as of the Cut-off Date).

“Trustee Fee Rate”: 0.0030% per annum.

“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 Net Prepayment Interest Shortfalls and Relief Act Interest Shortfalls (allocated to such REMIC Regular Interests based on their respective entitlements to interest irrespective of any Net Prepayment Interest Shortfalls and Relief Act Interest Shortfalls for such Distribution Date).

whatsoever, and none of the Servicer, the Trust, the Certificate Insurer, the Trustee nor any agent of any of them shall be affected by notice to the contrary.

Section 5.05 Appointment of Paying Agent.

(a) The Paying Agent shall make distributions to Certificateholders from the Distribution Account pursuant to Section 4.01 and shall report the amounts of such distributions to the Trustee. The duties of the Paying Agent may include the obligation (i) to withdraw funds from the Collection Account pursuant to Section 3.11(a) and for the purpose of making the distributions referred to above and (ii) to distribute statements and provide information to Certificateholders as required hereunder. The Paying Agent hereunder shall at all times be an entity duly incorporated and validly existing under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authorities. The Paying Agent shall initially be the Trustee. The Trustee may appoint a successor to act as Paying Agent, which appointment shall be reasonably satisfactory to the Depositor, the Certificate Insurer and the NIMS Insurer.

(b) The Trustee shall cause the Paying Agent (if other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent shall hold all sums, if any, held by it for payment to the Certificateholders in trust for the benefit of the Certificateholders entitled thereto until such sums shall be paid to such Certificateholders and shall agree that it shall comply with all requirements of the Code regarding the withholding of payments in respect of Federal income taxes due from Certificate Owners and otherwise comply with the provisions of this Agreement applicable to it.

ARTICLE VIII
THE TRUSTEE

Section 8.01 Duties of Trustee.

The Trustee, prior to the occurrence of a Servicer Event of Termination and after the curing of all Servicer Events of Termination which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. If a Servicer Event of Termination has occurred (which has not been cured) of which a Responsible Officer has knowledge, 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 their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them to determine whether they conform to the requirements of this Agreement; provided, however, that the Trustee will not be responsible for the accuracy or content of any such resolutions, certificates, statements, opinions, reports, documents or other instruments. If any such instrument is found not to conform to the requirements of this Agreement in a material manner the Trustee shall take such action as it deems appropriate to have the instrument corrected, and if the instrument is not corrected to the Trustee's satisfaction, the Trustee will provide notice thereof to the Certificateholders, the Certificate Insurer and the NIMS Insurer.

No 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; provided, however, that:

(i) prior to the occurrence of a Servicer Event of Termination, and after the curing of all such Servicer Events of Termination which may have occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, the Trustee shall not 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 and, in the absence of bad faith on the part of the Trustee, the Trustee 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 and conforming to the requirements of this Agreement;

(ii) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining or investigating the facts related thereto;

(iii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Certificate Insurer, the NIMS Insurer or the Majority Certificateholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising or omitting to exercise any trust or power conferred upon the Trustee, under this Agreement; and

(iv) the Trustee shall not be charged with knowledge of any failure by the Servicer to comply with the obligations of the Servicer referred to in clauses (i) and (ii) of Section 7.01(a) unless a Responsible Officer of the Trustee at the Corporate Trust Office obtains actual knowledge of such failure or the Trustee receives written notice of such failure from the Servicer, the Certificate Insurer, the NIMS Insurer or the Majority Certificateholders.

The Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or

powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Agreement, except during such time, if any, as the Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Agreement.

Section 8.02 Certain Matters Affecting the Trustee.

Except as otherwise provided in Section 8.01:

(a) (i) the Trustee 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, and the manner of obtaining consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe;

(ii) the Trustee may consult with counsel and 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 Opinion of Counsel;

(iii) the Trustee shall be under no obligation to exercise any of the rights 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, the Certificate Insurer or the NIMS Insurer, pursuant to the provisions of this Agreement, unless such Certificateholders, the Certificate Insurer or the NIMS Insurer, as applicable, shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; the right of the Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of any such act;

(iv) the Trustee shall not be personally 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 Servicer Event of Termination and after the curing of all Servicer Events of Termination which may have occurred, the Trustee shall not 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 documents, unless requested in writing to do so by the NIMS Insurer, the Certificate Insurer or the Majority Certificateholder; provided, however, that if the payment within a reasonable time to the Trustee 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, not reasonably assured to the Trustee by the security afforded to it by the terms of this Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to such proceeding. The reasonable expense of every such examination shall be paid by the Servicer, the Certificate Insurer or the NIMS Insurer (if requested by the Certificate Insurer or the NIMS Insurer, respectively) or, if paid by the Trustee, shall be reimbursed by the Servicer, the Certificate Insurer or the NIMS Insurer (if requested by the Certificate Insurer or NIMS Insurer, respectively) upon demand and, if not reimbursed by the Servicer, the Certificate Insurer or the NIMS Insurer (if requested by the Certificate Insurer or the NIMS Insurer, respectively), shall be reimbursed by the Trust. Nothing in this clause (v) shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Mortgages;

of the Servicer or any Sub-Servicer to act or perform any duties required of it as agent of the Trustee hereunder; or any action by the Trustee taken at the instruction of the Servicer (other than if the Trustee shall assume the duties of the Servicer pursuant to Section 7.02); provided, however, that the foregoing shall not relieve the Trustee of its obligation to perform its duties under this Agreement, including, without limitation, the Trustee's duty to review the Mortgage Files pursuant to Section 2.01. The Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder (unless the Trustee shall have become the successor Servicer).

Section 8.04 Trustee May Own Certificates.

The Trustee in its individual or any other capacity may become the owner or pledgee of Certificates with the same rights as it would have if it were not Trustee and may transact any banking and trust business with the Originator, the Servicer, the Depositor or their Affiliates.

Section 8.05 Trustee Fee and Expenses.

(a) The Trustee shall withdraw from the Distribution Account on each Distribution Date and pay to itself the Trustee Fee. The Trustee shall be reimbursed from the Trust Fund for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Agreement (not including expenses, disbursements and advances incurred or made by the Trustee including the compensation and the expenses and disbursements of its agents and counsel, in the ordinary course of the Trustee's performance in accordance with the provisions of this Agreement) up to a limit of \$25,000 per calendar year except any such expense, disbursement or advance as may arise from its negligence or bad faith or which is the responsibility of Certificateholders or the Trustee hereunder. In addition, the Trustee and its officers, directors, employees and agents shall be entitled to be indemnified for, and held harmless by the Trust Fund against, any and all losses, liabilities, damages, claims or expenses incurred in connection with any legal action relating to this Agreement or the Certificates up to a limit of \$600,000 per calendar year, other than (i) any loss, liability or expense incurred by reason of willful misfeasance, bad faith or negligence of the Trustee in the performance of its duties hereunder or by reason of the Trustee's reckless disregard of obligations and duties hereunder or (ii) resulting from a breach of the Servicer's obligations and duties under this Agreement and the Mortgage Loans (for which the Servicer shall indemnify pursuant to Section 8.05(b)). Notwithstanding anything herein to the contrary, the Trustee shall be reimbursed from the Trust Fund for all Servicing Transfer Costs not paid by the Servicer pursuant to Section 7.02(a) and any expenses related to "high cost home loans" without regard to any annual limitations. This section shall survive termination of this Agreement or the resignation or removal of any Trustee hereunder.

(b) The Servicer agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense resulting from a breach of the Servicer's 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 Servicer to the Trustee shall be from the Servicer's own funds, without reimbursement from the Trust Fund therefor.

(c) Any amounts payable to the Trustee, or any director, officer, employee or agent of the Trustee in respect of the indemnification provided by this Section 8.05, or pursuant to any other right of reimbursement from the Trust Fund that the Trustee, or any director, officer, employee or agent of the Trustee, may have hereunder in its capacity as such, may be withdrawn by the Trustee from the Distribution Account at any time.

(d) The limitations on the indemnification provided to the Trustee set forth in Section 8.05(a) above shall remain in effect for so long as any series of notes issued pursuant to one or more Indentures, as set forth in Section 1.04 remain outstanding.

obtain or seek to obtain priority over or preference to any other such Holder, which priority or preference is not otherwise provided for herein, or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Certificateholders. For the protection and enforcement of the provisions of this Section 11.03 each and every Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 11.04 Governing Law; Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of New York, without regard to the conflicts of law provisions thereof, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws. With respect to any claim arising out of this Agreement, each party irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in The City of New York, and each party irrevocably waives any objection which it may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating hereto brought in any such courts, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and further irrevocably waives the right to object, with respect to such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such party, provided that service of process has been made by any lawful means.

Section 11.05 Notices.

All directions, demands and notices hereunder 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, by facsimile or by express delivery service, to (a) in the case of the Originator, Sand Canyon Corporation, 6501 Irvine Center Drive, Irvine, California 92618, Attention: William Smith, or such other address or telecopy number as may hereafter be furnished to the Depositor, the Certificate Insurer, the NIMS Insurer and the Trustee in writing by the Originator, (b) in the case of the Trustee, Wells Fargo Bank, N.A., P.O. Box 98, Columbia, Maryland 21046, Attention: Client Manager—Option One 2007-FXD1, with a copy to Wells Fargo Bank, N.A., 9062 Old Annapolis Road, Columbia, Maryland 21045-1951, Attention: Option One Mortgage Loan Trust Series 2007-FXD1, or such other address or telecopy number as may hereafter be furnished to the Depositor, the Certificate Insurer, the NIMS Insurer and the Servicer in writing by the Trustee, (c) in the case of the Credit Risk Manager, OfficeTiger Global Real Estate Services Inc., One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328, Attention: Ken Beyer, or such other address or telecopy number as may hereafter be furnished to the Depositor, the Certificate Insurer, the NIMS Insurer, the Servicer, and the Trustee in writing by the Credit Risk Manager and (d) in the case of the Depositor, Sand Canyon Acceptance Corporation, 6501 Irvine Center Drive, Irvine, California 92618, Attention: William Smith, or such other address or telecopy number as may be furnished to the Servicer, the Certificate Insurer, the NIMS Insurer and the Trustee in writing by the Depositor, (e) in the case of the Certificate Insurer, Ambac Assurance Corporation, One State Street Plaza, New York, New York 10004, Attention: General Counsel, or such other address or telecopy number as may hereafter be furnished to the Depositor, the Servicer and the Trustee in writing by the Certificate Insurer, (f) in the case of the NIMS Insurer, such address furnished to the Depositor, the Servicer, the Certificate Insurer, the Trustee and the Guarantor in writing by the NIMS Insurer, or such other address or telecopy number as may hereafter be furnished to the Depositor, the Servicer and the Trustee in writing by the NIMS Insurer. Any notice required or permitted to be mailed to a Certificateholder shall be given by first class mail, postage prepaid, at the address of such Holder as shown in the Certificate Register and (g) in the case of the Servicer, Specialized Loan Servicing LLC, 8742 Lucent Blvd., Suite 300, Highlands Ranch, Colorado 80129, Attention: General Counsel. Notice of any Servicer Default shall be given by telecopy and by certified mail. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have duly been given when mailed, whether or not the Certificateholder receives such notice. A copy of any notice required to be telecopied hereunder shall also be mailed to the appropriate party in the manner set forth above.

Exhibit B

Indenture.txt

<DOCUMENT>
<TYPE>EX-4.1
<SEQUENCE>3
<FILENAME>d345304.txt
<DESCRIPTION>INDENTURE
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AMERICAN HOME MORTGAGE INVESTMENT TRUST 2005-2

ISSUER

WELL FARGO BANK, N.A.

SECURITIES ADMINISTRATOR

AND

DEUTSCHE BANK NATIONAL TRUST COMPANY

INDENTURE TRUSTEE

INDENTURE

DATED AS OF JUNE 22, 2005

MORTGAGE-BACKED NOTES

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all sums so held in trust by such Paying Agent;

(d) immediately resign as Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment;

(e) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; and

(f) not commence a bankruptcy proceeding against the Issuer in connection with this Indenture.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note (other than amounts paid under the Note Insurance Policy or Insurance Policy) and remaining unclaimed for one year after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; PROVIDED, HOWEVER, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense and direction of the Issuer cause to be published once, in an Authorized Newspaper published in the English language, notice that such money remains unclaimed and that, after a date specified therein which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee, with the (i) written consent of the Insurer respecting the Class VI-A Notes, so long as the Insurer is not in default under the Insurance Policy and (ii) written consent of the Note Insurer respecting the Class V-A-4-D Notes, so long as the Note Insurer is not in default under the Note Insurance Policy, may also adopt and employ, at the expense and direction of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Holders whose Notes have been called but have not been surrendered for redemption or whose right to or interest in monies due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

Section 3.04 EXISTENCE. The Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes, the Mortgage Loans and each other instrument or agreement included in the Trust Estate.

GROUP IV AVAILABLE FUNDS.

(a) On each Payment Date from amounts on deposit in the Payment Account in accordance with Section 8.02 hereof, the Indenture Trustee shall pay to the Persons specified below, to the extent provided therein in accordance with the statement furnished by the Securities Administrator pursuant to Section 7.05 hereof for such Payment Date, the Available Funds for such Payment Date.

(b) On each Payment Date, the Indenture Trustee shall withdraw from the Payment Account the Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date and make the following payments in the order of priority described below, in each case to the extent of the related Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds remaining for such Payment Date:

(i) concurrently

(A) from the Group I Available Funds, concurrently to the Holders of the Class I-A Notes, pro rata, based on their respective entitlements, the related Accrued Note Interest for such Classes for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date;

(B) from the Group II-C Available Funds, concurrently to the Holders of the Class II-A-1 Notes and Component II-A-3-C of the Class II-A-3 Notes, pro rata, based on their respective entitlements, the related Accrued Note Interest for such Class or related Accrued Component Interest for such component for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date;

(C) from the Group II-NC Available Funds, concurrently to the Holders of the Class II-A-2 Notes and Component II-A-3-NC of the Class II-A-3 Notes, pro rata, based on their respective entitlements, the related Accrued Note Interest for such Class or related Accrued Component Interest for such component for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date

(D) from the Group III Available Funds, to the Holders of the Class III-A Notes, the related Accrued Note Interest for such Class for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date; and

(E) from the Group IV Available Funds, concurrently to the holders of the Class IV-A Notes, pro rata, based on their respective entitlements, the related Accrued Note Interest for such Classes for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date;

(ii) from the remaining Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date, to the Class I-A, Class II-A-1, Class II-A-2, Class III-A and Class IV-A Notes and Class II-A-3 Components, pro rata, based on entitlement, any remaining unpaid Accrued Note Interest and Unpaid Interest Shortfall for such Payment Date;

(iii) from the remaining Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date, to the Holders of the Class M-1 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(iv) from the remaining Group I, Group II-C, Group II-NC,
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Group III and Group IV Available Funds for such Payment Date, to the Holders of the Class M-2 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(v) from the remaining Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date, to the Holders of the Class M-3 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(vi) from the remaining Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date, to the Holders of the Class M-4 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(vii) from the remaining Group I, Group II-C, Group II-NC, Group III and Group IV Available Funds for such Payment Date, to the Holders of the Class M-5 Notes, the related Accrued Note Interest for such Class for such Payment Date; and

(viii) any remainder (to the extent not included as a part of the related Principal Distribution Amount as provided in Section 3.05(c) and (d) below) shall be included in the related Net Monthly Excess Cashflow and allocated as described in Section 3.05(e) below.

(c) On each Payment Date (a) prior to the related Stepdown Date or (b) on which a related Trigger Event is in effect, the Holders of each Class of Class I-A, Class II-A, Class III-A, Class IV-A, Class M and Class B Notes shall be entitled to receive payments in respect of principal to the extent of the related Principal Distribution Amount in the following amounts and order of priority:

(i) concurrently, the applicable Class A Principal Allocation Fraction of the related Principal Distribution Amount shall be allocated to the Class I-A Notes, Class II-A-1 Notes and Component II-A-3-C, Class II-A-2 Notes and Component II-A-3-NC, Class III-A and Class IV-A Notes, until the Note Principal Balances or Component Principal Balances thereof have been reduced to zero, with any amounts payable to the Class I-A Notes payable to the Class I-A-1, Class I-A-2 and Class I-A-3 Notes, pro rata, based on their respective Note Principal Balances, with amounts payable to the Class II-A-1 Notes and Component II-A-3-C payable to the Class II-A-1 Notes and Component II-A-3-C, pro rata, based on their Note Principal Balance or Component Principal Balance, with amounts payable to the Class II-A-2 Notes and Component II-A-3-NC payable to the Class II-A-2 Notes and Component II-A-3-NC, pro rata, based on their Note Principal Balance or Component Principal Balance, and with any amounts payable to the Class IV-A Notes payable to the Class IV-A-1, Class IV-A-2 and Class IV-A-3 Notes, pro rata, based on their respective Note Principal Balances;

(ii) concurrently, any remaining related Principal Distribution Amount shall be distributed to the Class I-A Notes, Class II-A-1 Notes and Component II-A-3-C, Class II-A-2 Notes and Component II-A-3-NC, Class III-A and Class IV-A Notes on a pro rata basis, based on the Note Principal Balances or Component Principal Balances thereof, as applicable, until the Note Principal Balances thereof have been reduced to zero, with any amounts payable to the Class I-A Notes payable to the Class I-A-1, Class I-A-2 and Class I-A-3 Notes, pro rata, based on their respective Note Principal Balances, with amounts payable to the Class II-A-1 Notes and Component II-A-3-C payable to the Class II-A-1 Notes and Component II-A-3-C, pro rata, based on their Note Principal Balance or Component Principal Balance, with amounts payable to the Class II-A-2 Notes and Component II-A-3-NC payable to the Class II-A-2 Notes and Component II-A-3-NC, pro rata, based on

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their Note Principal Balance or Component Principal Balance, and with any amounts payable to the Class IV-A Notes payable to the Class IV-A-1, Class IV-A-2 and Class IV-A-3 Notes, pro rata, based on their respective Note Principal Balances;

(iii) any remaining related Principal Distribution Amount, to the Class M-1 Notes until the Note Principal Balance of such Class is reduced to zero;

(iv) any remaining related Principal Distribution Amount, to the Class M-2 Notes until the Note Principal Balance of such Class is reduced to zero;

(v) any remaining related Principal Distribution Amount, to the Class M-3 Notes until the Note Principal Balance of such Class is reduced to zero;

(vi) any remaining related Principal Distribution Amount, to the Class M-4 Notes until the Note Principal Balance of such Class is reduced to zero; (vii) any remaining related Principal Distribution Amount, to the Class M-5 Notes until the Note Principal Balance of such Class is reduced to zero;

(viii) any remaining related Principal Distribution Amount, to the Class B Notes until the Note Principal Balance of such Class is reduced to zero; and

(ix) any remainder as part of the related Net Monthly Excess Cashflow to be allocated as described in Section 3.05(e) below.

(d) On each Payment Date (a) on or after the related Stepdown Date and (b) on which a related Trigger Event is not in effect, the Holders of each Class of Class I-A, Class II-A, Class III-A, Class IV-A, Class M Notes and Class B Notes shall be entitled to receive payments in respect of principal to the extent of the Principal Distribution Amount in the following amounts and order of priority:

(i) concurrently, the related Class A Principal Allocation Fraction of the Class A Principal Distribution Amount shall be allocated to the Class I-A Notes, Class II-A-1 Notes and Component II-A-3-C, Class II-A-2 Notes and Component II-A-3-NC, Class III-A and Class IV-A Notes, until the Note Principal Balances or Component Principal Balances thereof have been reduced to zero, with any amounts payable to the Class I-A Notes payable to the Class I-A-1, Class I-A-2 and Class I-A-3 Notes, pro rata, based on their respective Note Principal Balances, with amounts payable to the Class II-A-1 Notes and Component II-A-3-C payable to the Class II-A-1 Notes and Component II-A-3-C, pro rata, based on their Note Principal Balance or Component Principal Balance, with amounts payable to the Class II-A-2 Notes and Component II-A-3-NC payable to the Class II-A-2 Notes and Component II-A-3-NC, pro rata, based on their Note Principal Balance or Component Principal Balance, and with any amounts payable to the Class IV-A Notes payable to the Class IV-A-1, Class IV-A-2 and Class IV-A-3 Notes, pro rata, based on their respective Note Principal Balances;

(ii) concurrently, any remaining Class A Principal Distribution Amount shall be distributed to the Class I-A Notes, Class II-A-1 Notes and Component II-A-3-C, Class II-A-2 Notes and Component II-A-3-NC, Class III-A and Class IV-A Notes on a pro rata basis, based on the Note Principal Balances or Component Principal Balances thereof, as applicable, until the Note Principal Balances thereof have been reduced to zero, with any amounts payable to the Class I-A Notes payable to the Class I-A-1, Class I-A-2 and Class I-A-3 Notes, pro

rata, based on their respective Note Principal Balances, with amounts payable to the Class II-A-1 Notes and Component II-A-3-C payable to the Class II-A-1 Notes and Component II-A-3-C, pro rata, based on their Note Principal Balance or Component Principal Balance, with amounts payable to the Class II-A-2 Notes and Component II-A-3-NC payable to the Class II-A-2 Notes and Component II-A-3-NC, pro rata, based on their Note Principal Balance or Component Principal Balance, and with any amounts payable to the Class IV-A Notes payable to the Class IV-A-1, Class IV-A-2 and Class IV-A-3 Notes, pro rata, based on their respective Note Principal Balances;

(iii) any remaining related Principal Distribution Amount shall be distributed to the Class M-1 Notes, in an amount up to the Class M-1 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(iv) any remaining related Principal Distribution Amount shall be distributed to the Class M-2 Notes, in an amount up to the Class M-2 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(v) any remaining related Principal Distribution Amount shall be distributed to the Class M-3 Notes, in an amount up to the Class M-3 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(vi) any remaining related Principal Distribution Amount shall be distributed to the Class M-4 Notes, in an amount up to the Class M-4 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(vii) any remaining related Principal Distribution Amount shall be distributed to the Class M-5 Notes, in an amount up to the Class M-5 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(viii) any remaining related Principal Distribution Amount shall be distributed to the Class B Notes, in an amount up to the Class B Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero; and

(ix) any remainder as part of the related Net Monthly Excess Cashflow to be allocated as described in Section 3.05(e) below.

(e) On each Payment Date, any Net Monthly Excess Cashflow for the Group I, Group II-C, Group II-NC, Group III and Group IV Loans shall be paid, in each case to the extent of remaining related Net Excess Monthly Cashflow, as follows:

(i) to the Holders of the Class I-A, Class II-A-1, Class II-A-2, Class III-A, Class IV-A, Class M and Class B Notes and Class II-A-3 Components in an amount equal to the related Overcollateralization Increase Amount, payable to such Holders as part of the related Principal Distribution Amount as provided in 3.05(c) and (d) above;

(ii) to the Holders of the Class I-A-2, Class I-A-3 and Class IV-A-3 Notes, on a pro rata basis, based on the amount of Allocated Realized Loss Amount for such Notes, an amount equal to the Allocated Realized Loss Amount for such Notes, to the extent not previously reimbursed

(iii) to the Holders of the Class M-1 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and

second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(iv) to the Holders of the Class M-2 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(v) to the Holders of the Class M-3 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(vi) to the Holders of the Class M-4 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(vii) to the Holders of the Class M-5 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(viii) to the Holders of the Class B Notes, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(ix) to the Holders of the Class I-A, Class II-A-1, Class II-A-2, Class III-A and Class IV-A Notes and Class II-A-3 Components, on a pro rata basis, based on the amount of any related Basis Risk Shortfall Carry-Forward Amount or Net WAC Shortfall Carry-Forward Amount for such Notes or Components on such Payment Date, any related Basis Risk Shortfall Carry-Forward Amount or Net WAC Shortfall Carry-Forward Amount for such Notes or Components on such Payment Date, to the extent not covered by the Corridor Contract or Excess Derivative Payment Amount and Cap Contract as provided in Section 3.05(g) and 3.06(f) below;

(x) sequentially to the holders of the Class M-1, Class M-2, Class M-3, Class M-4 and Class M-5 Notes, any related Basis Risk Shortfall Carry-Forward Amount for such Notes on such Payment Date, to the extent not covered by the Corridor Contract or Excess Derivative Payment Amount and Cap Contract as provided in Section 3.05(g) and 3.06(f) below;

(xi) to the Note Insurer, the aggregate of all payments, if any, made by the Note Insurer under the Note Insurance Policy with respect to the Class V-A-4-D Notes, including interest thereon, to the extent not previously paid or reimbursed or covered under Section 3.06(e) below;

(xii) up to and including the Payment Date in September 2035, to the Class V-A, Class V-M and Class V-B Notes, to be included in the related Net Monthly Excess Cashflow as described in Section 3.06(e) below;

(xiii) until the Note Principal Balances of the Class N Notes have been reduced to zero, to the Holders of the Class N Notes as provided in Section 3.09; and

(xiv) any remaining amounts will be distributed to the Certificate Paying Agent, as designee of the Issuer, for the benefit of the Holders of the Trust Certificates, as provided herein and in the

Trust Agreement.

(f) On each Payment Date, any payments received from the Cap Contract Counterparty with respect to the Cap Contract with respect to such Payment Date will be allocated and paid in the following order of priority, in each case to the extent of amounts remaining:

(i) the amount received from the Cap Contract shall be allocated and paid first to the Class V-A-2 Notes, in reduction of any related Basis Risk Shortfall Carry-Forward Amount for such Class for that Payment Date; and

(ii) from any amounts remaining from the Cap Contract, as part of the Excess Derivative Payment Amount, to be paid as described in Section 3.05(g) below.

(g) On each Payment Date, any payments received from the Corridor Contract Counterparty with respect to the Corridor Contract with respect to such Payment Date will be allocated and paid in the following order of priority, in each case to the extent of amounts remaining:

(i) first, the amount received from the Corridor Contract will be allocated and paid to the Class II-A-1 Notes, Class II-A-2 Notes and Class II-A-3 Components, pro rata, based on entitlement, in reduction of any related Basis Risk Shortfall Carry-Forward Amount for such Class for that Payment Date; and

(ii) any remaining amounts from the Corridor Contract shall be included in the Excess Derivative Payment Amount and shall be paid as provided in the following paragraph.

On each Payment Date, the Excess Derivative Payment Amount shall be paid as follows, in each case to the extent of amounts remaining:

(i) first, to the Class I-A-1, Class II-A-1, Class II-A-2, Class III-A, Class IV-A and Class V-A Notes and the Class II-A-3 Components, pro rata, based on entitlement, in reduction of any remaining related Basis Risk Shortfall Carry-Forward Amount or Net WAC Shortfall Carry-Forward Amount, as applicable, for such Class or Classes or component or components for that Payment Date;

(ii) second, to the Class M-1, Class V-M-1 and Class V-M-2 Notes, pro rata, based on entitlement, in reduction of any remaining related Basis Risk Shortfall Carry-Forward Amount for such Class or Classes for that Payment Date;

(iii) third, to the Class M-2, Class M-3 and Class V-M-3 Notes, pro rata, based on entitlement, in reduction of any remaining related Basis Risk Carry-Forward Amount for such Class or Classes for that Payment Date; and

(iv) fourth, any remaining amounts will be distributed to the Certificate Paying Agent, as designee of the Issuer, for the benefit of the Holders of the Trust Certificates, as provided herein and in the Trust Agreement.

Section 3.06 PAYMENT OF GROUP V AVAILABLE FUNDS.

(a) On each Payment Date from amounts on deposit in the Payment Account in accordance with Section 8.02 hereof, the Indenture Trustee shall pay to the Persons specified below, to the extent provided therein in accordance with the statement furnished by the Securities Administrator pursuant to Section 7.05 hereof for such Payment Date, the Group V Available Funds and Class V-A-4-D

Insured Amount, if any, for such Payment Date.

(b) On each Payment Date, the Indenture Trustee shall withdraw from the Payment Account the Group V Available Funds and Class V-A-4-D Insured Amount, if any, for such Payment Date and make the following payments in the manner and order of priority described below, in each case to the extent of the Group V Available Funds and Class V-A-4-D Insured Amount, if any, remaining for such Payment Date:

(i) to the Holders of the Class V-A Notes, pro rata, based on their respective entitlements, the related Accrued Note Interest for each such Class for such Payment Date, plus any related Unpaid Interest Shortfall for such Payment Date; including, in the case of the Class V-A-4-D Notes, the Class V-A-4-D Insured Amount, if any;

(ii) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-M-1 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(iii) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-M-2 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(iv) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-M-3 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(v) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-M-4 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(vi) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-M-5 Notes, the related Accrued Note Interest for such Class for such Payment Date;

(vii) from the remaining Group V Available Funds for such Payment Date, to the Holders of the Class V-B Notes, the related Accrued Note Interest for such Class for such Payment Date; and

(viii) any remainder (to the extent not included as a part of the related Principal Distribution Amount as provided in Section 3.06(c) and (d) below) shall be included in the related Net Monthly Excess Cashflow and allocated as described in Section 3.06(e) below.

(c) On each Payment Date (a) prior to the related Stepdown Date or (b) on which a related Trigger Event is in effect, the Holders of each Class of Class V-A, Class V-M and Class V-B Notes shall be entitled to receive payments in respect of principal to the extent of the related Principal Distribution Amount in the following amounts and order of priority:

(i) from the related Principal Distribution Amount, the Class V-A-1 Priority Amount shall be distributed to the Class V-A-1 Notes until the Note Principal Balance thereof has been reduced to zero;

(ii) any remaining related Principal Distribution Amount shall be distributed sequentially to the Class V-A-2, Class V-A-3, Class V-A-4 and Class V-A-1 Notes, in that order, in each until the Note Principal Balance thereof has been reduced to zero, with any amounts payable to the Class V-A-4 Notes payable to the Class V-A-4-A, Class V-A-4-B, Class V-A-4-C Notes and Class V-A-4-D Notes, pro rata, based on their respective Note Principal Balances;

(iii) any remaining related Principal Distribution Amount, to

the Class V-M-1 Notes until the Note Principal Balance of such Class is reduced to zero

(iv) any remaining related Principal Distribution Amount, to the Class V-M-2 Notes until the Note Principal Balance of such Class is reduced to zero

(v) any remaining related Principal Distribution Amount, to the Class V-M-3 Notes until the Note Principal Balance of such Class is reduced to zero;

(vi) any remaining related Principal Distribution Amount, to the Class V-M-4 Notes until the Note Principal Balance of such Class is reduced to zero;

(vii) any remaining related Principal Distribution Amount, to the Class V-M-5 Notes until the Note Principal Balance of such Class is reduced to zero;

(viii) any remaining related Principal Distribution Amount, to the Class V-B Notes until the Note Principal Balance of such Class is reduced to zero; and

(ix) any remainder as part of the related Net Monthly Excess Cashflow for the Group V Loans to be allocated as described Section 3.06(e) below.

(d) On each Payment Date (a) on or after the related Stepdown Date and (b) on which a related Trigger Event is not in effect, the Holders of each Class of Class V-A, Class V-M and Class V-B Notes shall be entitled to receive payments in respect of principal to the extent of the related Principal Distribution Amount in the following amounts and order of priority:

(i) from the Class V-A Principal Distribution Amount, the Class V-A-1 Priority Amount shall be distributed to the Class V-A-1 Notes until the Note Principal Balance thereof has been reduced to zero;

(ii) any remaining Class V-A Principal Distribution Amount shall be distributed sequentially to the Class V-A-2, Class V-A-3, Class V-A-4 and Class V-A-1 Notes, in that order, in each case until the Note Principal Balance thereof has been reduced to zero, with any amounts payable to the Class V-A-4 Notes payable to the Class V-A-4-A, Class V-A-4-B, Class V-A-4-C Notes and Class V-A-4-D Notes, pro rata, based on their respective Note Principal Balances;

(iii) any remaining related Principal Distribution Amount shall be distributed to the Class V-M-1 Notes, in an amount up to the Class V-M-1 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(iv) any remaining related Principal Distribution Amount shall be distributed to the Class V-M-2 Notes, in an amount up to the Class V-M-2 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(v) any remaining related Principal Distribution Amount shall be distributed to the Class V-M-3 Notes, in an amount up to the Class V-M-3 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(vi) any remaining related Principal Distribution Amount shall be distributed to the Class V-M-4 Notes, in an amount up to the Class

V-M-4 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(vii) any remaining related Principal Distribution Amount shall be distributed to the Class V-M-5 Notes, in an amount up to the Class V-M-5 Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero;

(viii) any remaining related Principal Distribution Amount shall be distributed to the Class V-B Notes, in an amount up to the Class V-B Principal Distribution Amount, until the Note Principal Balance thereof has been reduced to zero; and

(ix) to any remainder as part of the Net Monthly Excess Cashflow for the Group VIII Loans to be allocated as described Section 3.06(e) below.

(e) On each Payment Date, any Net Monthly Excess Cashflow for the Group V Loans shall be paid, in each case to the extent of remaining Net Excess Monthly Cashflow, as follows:

(i) to the Note Insurer, the aggregate of all payments, if any, made by the Note Insurer under the Note Insurance Policy with respect to the Class V-A-4-D Notes, including interest thereon, to the extent not previously paid or reimbursed;

(ii) to the Holders of the Class V-A, Class V-M and Class V-B Notes in an amount equal to the related Overcollateralization Increase Amount, payable to such Holders as part of the related Principal Distribution Amount as provided in 3.06(c) and (d) above;

(iii) to the holders of the Class V-A-4-B Notes, an amount equal to the Allocated Realized Loss Amount for such Notes, to the extent not previously reimbursed;

(iv) to the Holders of the Class V-M-1 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(v) to the Holders of the Class V-M-2 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(vi) to the Holders of the Class V-M-3 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(vii) to the Holders of the Class V-M-4 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(viii) to the Holders of the Class V-M-5 Notes, first, an amount equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(ix) to the Holders of the Class V-B Notes, first, an amount

equal to any related Unpaid Interest Shortfalls for such Notes, and second, an amount equal to any related Allocated Realized Loss Amount for such Notes, in each case to the extent not previously reimbursed;

(x) to the holders of the Class V-A Notes, on a pro rata basis, based on the amount of any related Basis Risk Shortfall Carry-Forward Amount or Net WAC Shortfall Carry-Forward Amount for such Notes on such Payment Date, any related Basis Risk Shortfall Carry-Forward Amount or Net WAC Shortfall Carry-Forward Amount for such Notes on such Payment Date, to the extent not covered by the Corridor Contract or Excess Derivative Payment Amount and the Cap Contract as provided in Section 3.05(g) and 3.06(f) above, respectively;

(xi) sequentially to the Holders of the Class V-M Notes, any related Basis Risk Shortfall Carry-Forward Amount for such Notes on such Payment Date, to the extent not covered by the Corridor Contract or Excess Derivative Payment Amount and Cap Contract as provided in Section 3.05(g) and 3.06(f) above;

(xii) to the Class I-A, Class II-A, Class III-A, Class IV-A, Class M and Class B Notes to be included in the related Net Monthly Excess Cashflow as provided in Section 3.05(e) above;

(xiii) until the Note Principal Balances of the Class N Notes have been reduced to zero, to the Holders of the Class N Notes as provided in the Section 3.09 below; and

(xiv) any remaining amounts will be distributed to the Certificate Paying Agent, as designee of the Issuer, for the benefit of the Holders of the Trust Certificates, as provided herein and in the Trust Agreement.

Section 3.07 PAYMENT OF PRINCIPAL AND INTEREST ON THE CLASS VI-A NOTES.

(a) On each Payment Date, the Investor Interest Collections, reduced by the HELOC Back-Up Servicing Fee, the HELOC Servicing Fee and any unreimbursed nonrecoverable servicing advances previously made, will be distributed in the following priority, in accordance with the statement furnished by the Securities Administrator pursuant to Section 7.05 hereof for such Payment Date:

(i) to the Insurer, the Premium Amount;

(ii) to the Holders of the Class VI-A Notes, accrued interest and unpaid interest, in each case accrued at a rate equal to the related Note Interest Rate;

(iii) to the Holders of the Class VI-A Notes, as a payment of principal, Investor Charge-Off Amounts incurred during the preceding Due Period and the Investor Charge-Off Amounts incurred during previous periods that were not subsequently funded by Investor Interest Collections, overcollateralization or draws under the Insurance Policy;

(iv) to the Insurer, as reimbursement for prior draws made under the Insurance Policy;

(v) to the Holders of the Class VI-A Notes, as a payment of principal, the amount necessary to build the overcollateralization to the related Overcollateralization Target Amount;

(vi) to the Insurer, any other amounts owed to the Insurer pursuant to the Insurance Agreement;

(vii) to the Holders of the Class VI-A Notes, Basis Risk