

# EXHIBIT “C”

424B5 1 d641097\_424b5.htm BEAR STEARNS MORTGAGE FUNDING TRUST 2007-SL2

## PROSPECTUS SUPPLEMENT

(To Base Prospectus dated December 18, 2006)

**\$280,632,000****(Approximate)****Bear Stearns Mortgage Funding Trust 2007-SL2**

Issuing Entity

**Mortgage-Backed Certificates, Series 2007-SL2****EMC Mortgage Corporation****Sponsor and Master Servicer****Bear Stearns Asset Backed Securities I LLC**

Depositor

The issuing entity is offering the following classes of certificates pursuant to this prospectus supplement and the base prospectus:

**Consider carefully the risk factors beginning on page S-15 in this prospectus supplement and on page 6 in the prospectus.**

The certificates represent obligations of the trust only and do not represent an interest in or obligation of Bear Stearns Asset Backed Securities I LLC, EMC Mortgage Corporation, LaSalle Bank National Association or any of their affiliates.

This prospectus supplement may be used to offer and sell the offered certificates only if accompanied by the prospectus.

	<b>Original Certificate Principal Balance</b>	<b>Pass-Through Rate</b>		<b>Original Certificate Principal Balance</b>	<b>Pass-Through Rate</b>
<b>Class</b>			<b>Class</b>		
Class I-A	\$ 196,284,000	(1)(2)(3)	Class M-5	\$ 4,913,000	(1)(2)(3)
Class II-A	\$ 21,671,000	(1)(2)(3)	Class M-6	\$ 4,615,000	(1)(2)(3)
Class M-1	\$ 15,483,000	(1)(2)(3)	Class B-1	\$ 4,317,000	(1)(2)(3)
Class M-2	\$ 13,994,000	(1)(2)(3)	Class B-2	\$ 3,871,000	(1)(2)(3)
Class M-3	\$ 6,253,000	(1)(2)(3)	Class B-3	\$ 3,871,000	(1)(2)(3)
Class M-4	\$ 5,360,000	(1)(2)(3)			

- (1) The pass-through rates on these classes of certificates are adjustable rates as described under “Summary—Description of the Certificates—Pass-Through Rates” in this prospectus supplement.
- (2) Subject to a cap as described in this prospectus supplement.
- (3) Subject to a step-up if the optional termination right is not exercised.

The certificates represent interests in a pool of fixed rate, conventional, closed-end and Alt-A mortgage loans that are secured by second liens on one- to four-family residential properties.

Credit enhancement will be provided by:

- excess spread;
- overcollateralization;
- cross-collateralization;
- the interest rate swap agreement; and
- subordination of the Class M Certificates and Class B Certificates with respect to the senior certificates and subordination of the Class B Certificates with respect to the Class M Certificates.

The interest rate swap agreement will be between the supplemental interest trust trustee and Bear Stearns Financial Products Inc. for the benefit of the certificateholders.

Neither the SEC nor any state securities commission has approved these securities or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

Bear, Stearns & Co. Inc., as the underwriter, will offer the certificates listed above at varying prices to be determined at the time of sale. The underwriter will deliver to purchasers of the offered certificates in book-entry form only through the facilities of The Depository Trust Company, Clearstream or Euroclear, in each case, on or about February 28, 2007.

### **Bear, Stearns & Co. Inc.**

The date of the Prospectus Supplement is February 27 2007 (for use with the Base Prospectus dated December 18, 2006)

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### **PROSPECTUS**

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**Important Notice About Information Presented In This  
Prospectus Supplement And The Base Prospectus**

We describe the certificates in two separate documents that provide varying levels of detail: (a) the base prospectus, which provides general information, some of which may not apply to your certificates and (b) this prospectus supplement, which describes the specific terms of your certificates. The description of your certificates in this prospectus supplement is intended to enhance the related description in the base prospectus and you are encouraged to rely on the information in this prospectus supplement as providing additional detail not available in the base prospectus.

Annex I and Schedule A are incorporated into and are a part of this prospectus supplement as if fully set forth in this prospectus supplement.

Cross-references are included in this prospectus supplement and the base prospectus to captions in these materials where you can find further discussions about related topics. The table of contents on page 2 above provides the pages on which these captions are located.

You can find a listing of the pages where certain capitalized and other terms used in this prospectus supplement and the base prospectus are defined under the captions "Glossary" and "Index of Defined Terms" in this prospectus supplement or under the caption "Glossary of Terms" in the base prospectus.

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**SUMMARY**

- This summary highlights selected information from this document and does not contain all of the information that you need to consider when making your investment decision. To understand all of the terms of an offering of the certificates, you should read this entire document and the base prospectus carefully.
- Certain statements contained in or incorporated by reference in this prospectus supplement and the base prospectus consist of

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forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates” or other comparable words. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include, among others, general economic and business conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond our control. Because we cannot predict the future, what actually happens may be very different from what is contained in our forward-looking statements.

## **The Certificates**

The certificates will represent beneficial ownership interests in the trust fund that consists primarily of a pool of fixed rate, conventional, closed-end and Alt-A mortgage loans that are secured by second liens on one- to four-family residential properties and certain other assets described in this prospectus supplement.

## **Originators**

Approximately 76.74% of the mortgage loans were purchased by EMC Mortgage Corporation from various originators through the conduit correspondent channel and were originated pursuant to EMC’s underwriting guidelines as described in this prospectus supplement. Approximately 23.26% of the mortgage loans were originated by Bear Stearns Residential Mortgage Corporation.

## **Depositor**

Bear Stearns Asset Backed Securities I LLC, a Delaware limited liability company and a limited purpose finance subsidiary of The Bear Stearns Companies Inc. and an affiliate of Bear, Stearns & Co. Inc.

## **Sponsor and Seller**

EMC Mortgage Corporation, in its capacity as mortgage loan seller, a Delaware corporation and an affiliate of the depositor and the underwriter, which will sell the mortgage loans to the depositor.

## **Master Servicer**

EMC Mortgage Corporation.

## **Trustee**

LaSalle Bank National Association, a national banking association.

## **Issuing Entity**

Bear Stearns Mortgage Funding Trust 2007-SL2, a New York common law trust.

## **Pooling and Servicing Agreement**

The pooling and servicing agreement among EMC as seller and master servicer, the depositor and the trustee, under which the trust will be formed and will issue the certificates.

## **Cut-off Date**

February 1, 2007.

## **Closing Date**

On or about February 28, 2007.

## The Mortgage Loans

The aggregate principal balance of the mortgage loans as of the cut-off date is approximately \$297,754,948. The mortgage loans are primarily fixed rate, conventional, closed-end and Alt-A mortgage loans that are secured by junior liens on one- to four-family residential properties. We will divide the mortgage loans into two separate groups, loan group I and loan group II. We refer to each group of mortgage loans as a loan group. The mortgage loans that we have allocated to loan group I are comprised of mortgage loans that may or may not conform to Freddie Mac or Fannie Mae loan limits and the mortgage loans that we have allocated to loan group II are comprised of mortgage loans that conform to Freddie Mac loan limits.

Approximately 22.25% and 16.14% of the mortgage loans in loan group I and loan group II, respectively, and approximately 21.64% of the mortgage loans in the aggregate, will receive interest only for the initial period set forth in the related mortgage note, ranging from five to ten years.

## Total Pool

The following table summarizes the approximate characteristics of all of the mortgage loan in the trust fund as of the cut-off date:

Number of mortgage loans	4,195
Aggregate principal balance	\$297,754,948
Average principal balance	\$70,979
Range of principal balances	\$7,998 to \$450,000
Range of mortgage rates	6.500% to 22.625%
Weighted average	
mortgage rate	12.344%
Weighted average combined	
original loan-to-value ratio	97.06%
Weighted average stated	
remaining term to maturity	302 months
Range of stated remaining	
terms to maturity	166 months to 360 months
Type of mortgaged properties	
Single-family dwellings	56.96%
2-4 family dwellings	3.75%
Planned unit developments	29.48%
Condominiums	7.96%
Townhouse	1.02%
High-Rise Condominiums	0.82%
Co-Op	0.01%
Owner-occupied	87.29%
State concentrations (greater than 5%)	
California	46.53%
Florida	9.72%
Arizona	7.92%
Maryland	5.55%
Virginia	5.38%
Nevada	5.33%

## Loan Group I

The following table summarizes the approximate characteristics of all of the mortgage loans in loan group I as of the cut-off date:

Number of mortgage loans	3,495
Aggregate principal balance	\$268,148,565
Average principal balance	\$76,723
Range of principal balances	\$7,998 to \$450,000
Range of mortgage rates	6.500% to 22.625%
Weighted average	
mortgage rate	12.424%
Weighted average combined	

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original loan-to-value ratio	97.28%
Weighted average stated	
remaining term to maturity	302 months
Range of stated remaining	
terms to maturity	166 months to 360 months
Type of mortgaged properties	
Single-family dwellings	56.33%
2-4 family dwellings	3.82%
Planned unit developments	30.47%
Condominiums	7.62%
High-Rise Condominiums	0.87%
Townhouse	0.89%
Owner-occupied	85.89%
State concentrations (greater than 5%)	
California	48.55%
Florida	10.07%
Arizona	7.77%
Nevada	5.33%
Maryland	5.28%
Virginia	5.10%

## Loan Group II

The following table summarizes the approximate characteristics of all of the mortgage loans in loan group II as of the cut-off date:

Number of mortgage loans	700
Aggregate principal balance	\$29,606,383
Average principal balance	\$42,295
Range of principal balances	\$8,633 to \$199,211
Range of mortgage rates	6.875% to 16.125%
Weighted average	
mortgage rate	11.619%
Weighted average combined	
original loan-to-value ratio	95.11%
Weighted average stated	
remaining term to maturity	306 months
Range of stated remaining	
terms to maturity	170 months to 359 months
Type of mortgaged properties	
Single-family dwellings	62.70%
2-4 family dwellings	3.09%
Planned unit developments	20.54%
Condominiums	11.02%
High-Rise Condominiums	0.43%
Townhouse	2.17%
Co-Op	0.06%
Owner-occupied	100.00%
State concentrations (greater than 5%)	
California	28.19%
Arizona	9.32%
Maryland	8.06%
Virginia	7.90%
Florida	6.57%
Nevada	5.40%

## Removal and Substitution of a Mortgage Loan

The trustee will acknowledge the sale, transfer and assignment to it by the depositor of the mortgage loans, and receipt of, subject to further review by the custodian, the mortgage loan files and the exceptions. If the trustee or the custodian, on its behalf, receives written notice that any mortgage

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loan is defective on its face or if a representation or warranty with respect to any mortgage loan is breached, the trustee, or the custodian on its behalf, will promptly notify the sponsor of such defect or breach. If the sponsor cannot or does not cure such defect or breach within 90 days from the date of notice and, in each case such defect materially and adversely affects the interests of the certificateholders in the mortgage loan, the sponsor will, in accordance with the terms of the pooling and servicing agreement, provide the trustee with a substitute mortgage loan (if within two years of the closing date) or repurchase the mortgage loan within 90 days of the date of notice; provided that, if such defect would cause the mortgage loan to be other than a "qualified mortgage" as defined in Section 860G(a)(3) of the Internal Revenue Code, any such cure or substitution must occur within 90 days from the date such breach was discovered.

## Description of the Certificates

### General

The trust will issue the senior certificates in two certificate groups. The Class I-A Certificates will represent interests principally in loan group I. The Class II-A Certificates will represent interests principally in loan group II. We sometimes refer to the Class I-A Certificates and Class II-A Certificates in this prospectus supplement together as the Class A Certificates or the senior certificates. The Class M-1, Class M-2, Class M-3, Class M-4, Class M-5 and Class M-6 Certificates will represent subordinated interests in the mortgage loans, and we sometimes refer to these certificates in this prospectus supplement collectively as the Class M Certificates. The Class B-1, Class B-2 and Class B-3 Certificates will each represent subordinated interests in the mortgage loans, and we sometimes refer to these certificates in this prospectus supplement collectively as the Class B Certificates. We sometimes refer to the Class A, Class M and Class B Certificates in this prospectus supplement collectively as the offered certificates.

The trust will also issue the (i) Class R-1, Class R-2, Class R-3 and Class RX Certificates (also referred to in this prospectus supplement collectively as the Class R Certificates or the residual certificates), which represent the residual interests in the related real estate mortgage investment conduits established by the trust, (ii) the Class X Certificates and (iii) the Class C Certificates, all of which are not offered by this prospectus supplement.

We sometimes refer to the Class M Certificates and Class B Certificates in this prospectus supplement collectively as the subordinate certificates.

We sometimes refer to the senior certificates, subordinate certificates, residual certificates, the Class X Certificates and the Class C Certificates in this prospectus supplement collectively as the certificates.

The last scheduled distribution date for the offered certificates is the distribution date in February 2037.

### Record Date

For each class of Class A, Class M and Class B Certificates, the business day preceding the applicable distribution date so long as such class of certificates is in book-entry form; and otherwise, the record date will be the last business day of the month immediately preceding the applicable distribution date.

### Denominations

For each class of offered certificates, \$100,000 and multiples of \$1.00 in excess thereof, except that one certificate of each class may be issued in the remainder of the class.

### Registration of Offered Certificates

The trust will issue the offered certificates initially in book-entry form. Persons acquiring interests in the offered certificates may elect to hold their beneficial interests through The Depository Trust Company, in the United States, or Clearstream Luxembourg or Euroclear, in Europe.

We refer you to "Description of the Certificates — Book-Entry Registration" in this prospectus supplement.

### Pass-Through Rates

The pass-through rate for each class of Class A, Class M and Class B Certificates may change from distribution date to distribution date. The pass-through rate will therefore be adjusted on a monthly basis. Investors will be notified of a pass-through rate adjustment through the monthly distribution reports as described under "Reports to Certificateholders" in this prospectus supplement. On any distribution date, the pass-through rate per annum for each class of Class A, Class M and Class B Certificates will be equal to the least of (i) 11.00% per annum, (ii) the related interest rate



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cap, which is described below, and (iii) One-Month LIBOR plus, on or prior to the first possible optional termination date, a specified margin as follows:

- Class I-A Certificates: 0.160% per annum.
- Class II-A Certificates: 0.150% per annum.
- Class M-1 Certificates: 0.500% per annum.
- Class M-2 Certificates: 0.550% per annum.
- Class M-3 Certificates: 0.650% per annum.
- Class M-4 Certificates: 0.900% per annum.
- Class M-5 Certificates: 1.050% per annum.
- Class M-6 Certificates: 1.200% per annum.
- Class B-1 Certificates: 3.000% per annum.
- Class B-2 Certificates: 3.500% per annum.
- Class B-3 Certificates: 3.500% per annum.

One-Month LIBOR for the first accrual period and for all subsequent accrual periods will be determined as described under “*Description of the Certificates — Calculation of One-Month LIBOR*” in this prospectus supplement.

On any distribution date, the pass-through rates for the Class A, Class M and Class B Certificates will be subject to an interest rate cap, which we describe below.

After the first possible optional termination date, we will increase the margin applicable to the pass-through rate for the Class I-A, Class II-A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2 and Class B-3 Certificates as described above, to 0.320%, 0.300%, 0.750%, 0.825%, 0.975%, 1.350%, 1.575%, 1.800%, 4.500%, 5.250% and 5.250% per annum, respectively. Each such increased rate will remain subject to the interest rate cap.

The interest rate cap for the Class I-A Certificates is equal to the weighted average of the net mortgage rates of all of the group I mortgage loans, adjusted to an effective rate reflecting the accrual of interest on an actual/360 basis, and adjusted for any net swap payments and certain swap termination payments payable to the swap provider as described in this prospectus supplement.

The interest rate cap for the Class II-A Certificates is equal to the weighted average of the net mortgage rates of all of the group II mortgage loans, adjusted to an effective rate reflecting the accrual of interest on an actual/360 basis, and adjusted for any net swap payments and certain swap termination payments payable to the swap provider as described in this prospectus supplement.

The interest rate cap for the Class M Certificates and Class B Certificates is equal to the weighted average of the weighted average of the net mortgage rates of all of the mortgage loans in each loan group, weighted in proportion to the results of subtracting from the aggregate stated principal balance of each loan group the certificate principal balance of the related senior certificates, adjusted to an effective rate reflecting the accrual of interest on an actual/360 basis, and adjusted for any net swap payments and certain swap termination payments payable to the swap provider as described in this prospectus supplement.

If on any distribution date, the pass-through rates for the Class A, Class M and Class B Certificates are limited to the related interest rate cap and the shortfall resulting from such limitation exceeds the amount distributable to such certificate, the resulting interest shortfalls may be recovered by the holders of the Class A, Class M and Class B Certificates on the same distribution date or future distribution dates on a subordinated basis to the extent that on such distribution date there are available funds remaining after certain other distributions on the Class A, Class M and Class B Certificates and the payment of certain fees and expenses of the trust, and to the extent there are amounts available under the interest rate swap agreement to pay amounts as described in this prospectus supplement.

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We refer you to “*Description of the Certificates—Distributions on the Certificates*” and “*Excess Spread and Overcollateralization Provisions*” in this prospectus supplement.

### ***Distribution Dates***

The trustee will make distributions on the certificates on the 25th day of each calendar month beginning in March 2007 to the appropriate holders of record. If the 25th day of the month is not a business day, then the trustee will make distributions on the following business day.

### ***Interest Payments***

On each distribution date, holders of the Class A, Class M and Class B Certificates will be entitled to receive:

- the interest that has accrued on the certificate principal balance of such certificates at the related pass-through rate during the related accrual period, and
- with respect to the Class A Certificates, any interest due on any prior distribution date that was not paid with interest thereon, less
- interest shortfalls allocated to such certificates.

For each class of subordinate certificates, any interest due on a prior distribution date that was not paid on a prior distribution date will be payable from excess cashflow and from amounts in the supplemental interest trust, in each case as and to the extent described in this prospectus supplement.

The Class A, Class M and Class B Certificates may receive additional distributions from payments under the interest rate swap agreement as described below under “The Interest Rate Swap Agreement”.

The accrual period for the Class A, Class M and Class B Certificates will be the period from and including the preceding distribution date (or from the closing date, in the case of the first distribution date) to and including the day prior to the current distribution date. Calculations of interest on the Class A, Class M and Class B Certificates will be based on a 360-day year and the actual number of days elapsed during the related accrual period. Investors will be notified of a pass-through rate adjustment through the monthly distribution reports.

### ***Principal Payments***

On each distribution date, holders of the Class A, Class M and Class B Certificates will receive a distribution of principal on their certificates if there is cash available on that date for the payment of principal. Monthly principal distributions will generally include:

- principal payments on the mortgage loans, as applicable, and
- until a specified overcollateralization level has been reached, interest payments on the mortgage loans, as applicable, not needed to pay interest on the certificates and monthly fees and expenses.

You are encouraged to review the priority of payments described under “*Description of the Certificates — Distributions on the Certificates*” in this prospectus supplement.

### ***Credit Enhancement***

Credit enhancement provides limited protection to holders of specified certificates against shortfalls in payments received on the mortgage loans. This transaction employs the following forms of credit enhancement.

***Subordination.*** By issuing senior certificates and subordinate certificates, the trust has increased the likelihood that the senior certificateholders will receive regular payments of interest and principal.

The certificates designated as senior certificates will have a payment priority over the certificates designated as subordinate certificates. Among the classes of subordinate certificates

- the Class M-1 Certificates will have payment priority over the Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2 and Class B-3 Certificates,

- the Class M-2 Certificates will have payment priority over the Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2 and Class B-3 Certificates,
- the Class M-3 Certificates will have payment priority over the Class M-4, Class M-5, Class M-6, Class B-1, Class B-2 and Class B-3 Certificates,
- the Class M-4 Certificates will have payment priority over the Class M-5, Class M-6, Class B-1, Class B-2 and Class B-3 Certificates,
- the Class M-5 Certificates will have payment priority over the Class M-6, Class B-1, Class B-2 and Class B-3 Certificates,
- the Class M-6 Certificates will have payment priority over the Class B-1, Class B-2 and Class B-3 Certificates,
- the Class B-1 Certificates will have payment priority over the Class B-2 and Class B-3 Certificates,
- the Class B-2 Certificates will have payment priority over the Class B-3 Certificates.

Subordination provides the holders of certificates having a higher payment priority with protection against losses realized when the remaining unpaid principal balance on a mortgage loan exceeds the amount of proceeds recovered upon the liquidation of that mortgage loan. In general, we accomplish this loss protection by allocating any realized losses on the mortgage loans, first to reduce the amount of excess spread, second to reduce the overcollateralization amount, and third among the certificates, beginning with the class of subordinate certificates with the lowest payment priority, until the principal balance of that subordinate class has been reduced to zero. We then allocate realized losses on the mortgage loans to the next most junior class of subordinate certificates, until the principal balance of each class of subordinate certificates is reduced to zero. If none of the subordinate certificates is outstanding, all such losses will be allocated to the senior certificates as described in this prospectus supplement.

**Excess Spread and Overcollateralization.** We expect the mortgage loans to generate more interest than is needed to pay interest on the Class A, Class M and Class B Certificates and certain trust expenses because we expect the weighted average net interest rate of the mortgage loans, adjusted for net swap payments and certain swap termination payments payable to the swap provider, to be higher than the weighted average pass-through rate on the Class A, Class M and Class B Certificates and, as overcollateralization increases, such higher interest rate is paid on a principal balance of mortgage loans that is larger than the principal balance of the Class A, Class M and Class B Certificates. Interest payments received in respect of the mortgage loans in excess of the amount that is needed to pay interest on the Class A, Class M and Class B Certificates and trust expenses will be used to reduce the total principal balance of such certificates until a required level of overcollateralization has been achieved. As of the closing date, it is expected that the required level of overcollateralization will be met.

We refer you to “*Description of the Certificates — Excess Spread and Overcollateralization Provisions*” in this prospectus supplement.

**Cross-Collateralization.** The payment rules require that after the senior certificates relating to a loan group receive certain payments on each distribution date, available funds from that loan group otherwise allocable to such senior certificates will be allocated to the senior certificates relating to the other loan group as described in this prospectus supplement. This feature is called “cross-collateralization.”

**Interest Rate Swap Agreement.** LaSalle Bank National Association, as supplemental interest trust trustee, will enter into an interest rate swap agreement with Bear Stearns Financial Products Inc. The supplemental interest trust trustee will appoint LaSalle Bank National Association as swap administrator pursuant to the swap administration agreement to receive and distribute funds in respect of the interest rate swap agreement on behalf of the supplemental interest trust, whether payable by or to the swap provider pursuant to the interest rate swap agreement. On or before each distribution date commencing with the distribution date in March 2007 and ending with the distribution date in November 2010, the swap administrator will be obligated to make a fixed payment to the swap provider, and the swap provider will be obligated to make a floating payment to the swap administrator, on behalf of the supplemental interest trust, in each case as set forth in the interest rate swap agreement and as described in this prospectus supplement. To the extent that the fixed payment exceeds the floating payment in respect of any distribution date, amounts otherwise available to certificateholders will be applied to make a net payment to the swap administrator for payment to the swap provider. To the extent that the floating payment exceeds the fixed payment in respect of any distribution date, the swap provider will make a net swap payment to the swap administrator, and the swap administrator, pursuant to the swap administration agreement, will remit to holders of the Class A, Class M and Class B Certificates an amount necessary for certain distributions as described in this prospectus supplement.

Upon early termination of the interest rate swap agreement, the swap administrator or the swap provider may be liable to make a swap termination payment to the other party, regardless of which party has caused the termination. The swap termination payment will be computed in accordance with the procedures set forth in the interest rate swap agreement. In the event that the swap administrator is required to make a swap termination payment to the swap provider, the trust will be required to make a payment to the swap administrator in the same amount (to the extent not paid by the swap administrator from any upfront payment received pursuant to any replacement interest rate swap agreement that may be entered into by the

any records relating to such beneficial ownership interests.

## Glossary

“Applied Realized Loss Amount” with respect to the Class A, Class M and Class B Certificates and as of any distribution date is the sum of the related Realized Losses with respect to the mortgage loans, which have been applied in reduction of the Certificate Principal Balance of any such class, as described in this prospectus supplement under “— *Allocation of Losses*”, minus any Subsequent Recoveries applied to such Applied Realized Loss Amount.

“Basis Risk Shortfall Carry Forward Amount” as of any distribution date for the Class A, Class M and Class B Certificates is the sum of:

- if on such distribution date the Pass-Through Rate for such class is based upon the Net WAC Cap Rate, the excess, if any, of
  1. the amount of Current Interest to which such class would have been entitled on such distribution date had the applicable Pass-Through Rate been calculated at a per annum rate equal to the lesser of (x) One-Month LIBOR plus the applicable Margin and (y) 11.00% per annum, over
  2. the amount of Current Interest that such class received on such distribution date at the Net WAC Cap Rate for such distribution date (such excess being the “Basis Risk Shortfall” for such distribution date); and
- the Basis Risk Shortfall Carry Forward Amount for the preceding distribution date not previously paid, together with interest thereon at a rate equal to the applicable Pass-Through Rate for the current distribution date.

“Certificate Principal Balance” with respect to any class of Class A, Class M and Class B Certificates and any distribution date is the original certificate principal balance of such class as set forth on the cover page of this prospectus supplement, less the sum of (i) all amounts in respect of principal distributed to such class on previous distribution dates and (ii) any Applied Realized Loss Amounts allocated to such class on previous distribution dates; provided that, the Certificate Principal Balance of any class of Class A, Class M or Class B Certificates with the highest payment priority to which Realized Losses have been allocated shall be increased by the amount of any Subsequent Recoveries on the mortgage loans not previously allocated, but not by more than the amount of Applied Realized Losses previously allocated to reduce the Certificate Principal Balance of that certificate. See “— *Allocation of Losses*” in this prospectus supplement.

“Class A Certificates” means any of the Class I-A Certificates and Class II-A Certificates.

“Class A Principal Distribution Amount” with respect to the Class A Certificates and any applicable distribution date is an amount equal to the lesser of (x) the Principal Distribution Amount for that distribution date and (y) the excess, if any, of

- the aggregate Certificate Principal Balance of the Class A Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 46.40% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class I-A Principal Distribution Amount” with respect to the Class I-A Certificates and any distribution date is the product of the Class A Principal Distribution Amount and a fraction, the numerator of which is the Principal Funds for Loan Group I for such distribution date and the denominator of which is the Principal Funds for all Loan Groups for such distribution date.

“Class II-A Principal Distribution Amount” with respect to the Class II-A Certificates and any distribution date is the product of the Class

A Principal Distribution Amount and a fraction, the numerator of which is the Principal Funds for Loan Group II for such distribution date and the denominator of which is the Principal Funds for all Loan Groups for such distribution date.

“Class B Certificates” means any of the Class B-1, Class B-2 and Class B-3 Certificates.

“Class B-1 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount, the Class M-5 Principal Distribution Amount and the Class M-6 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date), (4) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the payment of the Class M-3 Principal Distribution Amount on such distribution date), (5) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the payment of the Class M-4 Principal Distribution Amount on such distribution date), (6) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the payment of the Class M-5 Principal Distribution Amount on such distribution date), (7) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the payment of the Class M-6 Principal Distribution Amount on such distribution date) and (7) the Certificate Principal Balance of the Class B-1 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 83.30% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the Mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class B-2 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount, the Class M-5 Principal Distribution Amount, the Class M-6 Principal Distribution Amount and the Class B-1 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date), (4) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the payment of the Class M-3 Principal Distribution Amount on such distribution date), (5) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the payment of the Class M-4 Principal Distribution Amount on such distribution date), (6) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the payment of the Class M-5 Principal Distribution Amount on such distribution date), (7) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the payment of the Class M-6 Principal Distribution Amount on such distribution date), (8) the Certificate Principal Balance of the Class B-1 Certificates (after taking into account the payment of the Class B-1 Principal Distribution Amount on such distribution date) and (9) the Certificate Principal Balance of the Class B-2 Certificates immediately prior to such distribution date, over
- the lesser of

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- (a) the product of (i) approximately 85.90% and (ii) the aggregate Stated Principal Balance of the Mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
- (b) the aggregate Stated Principal Balance of the Mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class B-3 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount, the Class M-5 Principal Distribution Amount, the Class M-6 Principal Distribution Amount, the Class B-1 Principal Distribution Amount and the Class B-2 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date), (4) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the payment of the Class M-3 Principal Distribution Amount on such distribution date), (5) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the payment of the Class M-4 Principal Distribution Amount on such distribution date), (6) the Certificate Principal Balance of the Class M-5 Certificates (after taking into account the payment of the Class M-5 Principal Distribution Amount on such distribution date), (7) the Certificate Principal Balance of the Class M-6 Certificates (after taking into account the payment of the Class M-6 Principal Distribution Amount on such distribution date), (8) the Certificate Principal Balance of the Class B-1 Certificates (after taking into account the payment of the Class B-1 Principal Distribution Amount on such distribution date), (9) the Certificate Principal Balance of the Class B-2 Certificates (after taking into account the payment of the Class B-2 Principal Distribution Amount on such distribution date) and (10) the Certificate Principal Balance of the Class B-3 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 88.50% and (ii) the aggregate Stated Principal Balance of the Mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the Mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M Certificates” means any of the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5 and Class M-6 Certificates.

“Class M-1 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date) and (2) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 56.80% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the

related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and

- (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M-2 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount and the Class M-1 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date) and (3) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 66.20% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M-3 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount and the Class M-2 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date) and (4) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 70.40% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M-4 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the

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remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount and the Class M-3 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date), (4) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the payment of the Class M-3 Principal Distribution Amount on such distribution date) and (5) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 74.00% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M-5 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount and the Class M-4 Principal Distribution Amount and (y) the excess, if any, of

- the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class I-A Principal Distribution Amount and the Class II-A Principal Distribution Amount on such distribution date), (2) the Certificate Principal Balance of the Class M-1 Certificates (after taking into account the payment of the Class M-1 Principal Distribution Amount on such distribution date), (3) the Certificate Principal Balance of the Class M-2 Certificates (after taking into account the payment of the Class M-2 Principal Distribution Amount on such distribution date), (4) the Certificate Principal Balance of the Class M-3 Certificates (after taking into account the payment of the Class M-3 Principal Distribution Amount on such distribution date), (5) the Certificate Principal Balance of the Class M-4 Certificates (after taking into account the payment of the Class M-4 Principal Distribution Amount on such distribution date) and (6) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to such distribution date, over
- the lesser of
  - (a) the product of (i) approximately 77.30% and (ii) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month), and
  - (b) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the prior calendar month) minus the Overcollateralization Floor.

“Class M-6 Principal Distribution Amount” with respect to any applicable distribution date is an amount equal to the lesser of (x) the remaining Principal Distribution Amount for that distribution date after distribution of the Class I-A Principal Distribution Amount, the Class II-A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount and the Class M-5 Principal Distribution Amount and (y) the excess, if any, of