

# **EXHIBIT “G”**

EX-4.1.3 d551752-ex4\_1.htm POOLING AND SERVICING AGREEMENT

GE-WMC MORTGAGE SECURITIES, L.L.C.

Depositor

LITTON LOAN SERVICING LP

Servicer

and

THE BANK OF NEW YORK

Trustee and Supplemental Interest Trustee

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POOLING AND SERVICING AGREEMENT

Dated as of August 1, 2006

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Asset-Backed Pass-Through Certificates

Series 2006-1

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"Group II Interest Remittance Amount": With respect to any Distribution Date, that portion of clause (1) of the Available Distribution Amount for such Distribution Date that represents interest received or advanced on the Group II Mortgage Loans minus the product of (x) the percentage equivalent of a fraction, the numerator of which is (i) the aggregate Stated Principal Balance of the Group II Mortgage Loans at the Cut-off Date after giving effect to payments of principal due on or before such date, and the denominator of which is (ii) the aggregate Stated Principal Balance of the Mortgage Loans included in the Mortgage Pool at the Cut-off Date after giving effect to payments of principal due on or before such date, and (y) the sum of (i) any Net Swap Payment and any Swap Termination Payment or unpaid portion thereof owed to the Swap Provider on that Distribution Date (other than a Swap Termination Payment resulting from a Swap Provider Trigger Event) and (ii) amounts included in clause (2) of the Available Distribution Amount for such Distribution Date.

"Group II Mortgage Loan": A Mortgage Loan assigned to Loan Group II. All Group II Mortgage Loans have a principal balance at origination that may or may not conform to Fannie Mae or Freddie Mac loan limits.

"Group II Principal Distribution Amount": With respect to any Distribution Date, the sum of: (i) the Group II Principal Remittance Amount for such Distribution Date, and (ii) the Group II Allocation Percentage of the amount of any Overcollateralization Increase Amount for such Distribution Date minus (iii) the Group II Allocation Percentage of the amount of any Overcollateralization Reduction Amount for such Distribution Date. In no event will the Group II Principal Distribution Amount with respect to any Distribution Date be (x) less than zero or (y) greater than the then outstanding aggregate Certificate Principal Balance of the Class A and Subordinate Certificates.

"Group II Principal Remittance Amount": With respect to any Distribution Date, the sum of: (i) the principal portion of each Monthly Payment on the Group II Mortgage Loans due during the related Due Period, to the extent received or prior to the related Determination Date or advanced prior to such Distribution Date, (ii) the Stated Principal Balance of any Group II Mortgage Loan that was purchased during the related Prepayment Period pursuant to or as contemplated by Section 2.03, Section 3.16 or Section 9.01 and the amount of any shortfall deposited in the Collection Account in connection with the substitution of a Deleted Mortgage Loan in Loan Group II pursuant to Section 2.03 during the related Prepayment Period, (iii) the principal portion of all other unscheduled collections (including, without limitation, Principal Prepayments, Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries and REO Principal Amortization) received during the related Prepayment Period on the Group II Mortgage Loans, net of any portion thereof that represents a recovery of principal for which a P&I Advance was made by the Servicer pursuant to Section 4.03 in respect of a preceding Distribution Date, minus the product of (a) Group II Allocation Percentage and (b) the excess, if any, of (i) the sum of any Net Swap Payment and any Swap Termination Payment or unpaid portion thereof owed to the Swap Provider on such Distribution Date (other than a Swap Termination Payment resulting from a Swap Provider Trigger Event) and amounts included in clause (2) of the Available Distribution Amount for such Distribution Date over (ii) the Interest Remittance Amount for such Distribution Date.

"Highest Priority": As of any date of determination, the Class of Subordinate Certificates then outstanding with a Certificate Principal Balance greater than zero, with the highest priority for payments pursuant to Section 4.01, in the following order of decreasing priority: the Class M-1 Certificates, the Class M-2 Certificates, the Class M-3 Certificates, the Class M-4 Certificates, the Class M-5 Certificates, the Class M-6 Certificates, the Class B-1 Certificates, the Class B-2 Certificates, the Class B-3 Certificates, the Class B-4 Certificates and the Class B-5 Certificates.

"Indenture": An indenture relating to the issuance of notes secured by all or a portion of the Class C Certificates, the Class P Certificates and/or the Residual Certificates, which may or may not be guaranteed by the NIMS Insurer.

"Independent": When used with respect to any specified Person, any such Person who (a) is in fact independent of the Depositor, the Servicer, the Seller, the Originator and their respective Affiliates, (b) does not have any direct financial interest in or any material indirect financial interest in the Depositor, the Seller, the Originator, the Servicer or any Affiliate thereof and (c) is not connected with the Depositor, the Seller, the Originator, the Servicer or any Affiliate thereof as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions; provided, however, that a Person shall not fail to be independent of the Depositor, the Seller, the Originator, the Servicer or any Affiliate thereof merely because such Person is the beneficial owner of 1% or less of any class of securities issued by the Depositor or the Servicer or any Affiliate thereof, as the case may be.

"Independent Contractor": Either (i) any Person (other than the Servicer) that would be an "independent contractor" with respect to REMIC I within the meaning of Section 856(d)(3) of the Code if such REMIC were a real estate investment trust (except that the ownership tests set forth in that section shall be considered to be met by any Person that owns, directly or indirectly, 35% or more of a class of Certificates), so long as such REMIC does not receive or derive any income from such Person and provided that the relationship between such Person and such REMIC is at arm's length, all within the meaning of Treasury Regulation Section 1.856-4(b)(5), or (ii) any other Person (including the Servicer) if the Trustee has received an Opinion of Counsel to the effect that the taking of any action in respect of any REO Property by such Person, subject to any conditions therein specified, that is otherwise herein contemplated to be taken by an Independent Contractor shall not cause such REO Property to cease to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code (determined without regard to the exception applicable for purposes of Section 860D(a) of the Code), or cause any income realized in respect of such REO Property to fail to qualify as Rents from Real Property.

"Index": With respect to each Adjustable-Rate Mortgage Loan and each related Adjustment Date, the average of the interbank offered rates for six-month United States dollar deposits in the London market as published in *The Wall Street Journal* and as most recently available as of the first business day 45 days or more prior to such Adjustment Date, as specified in the related Mortgage Note.

"Insurance Proceeds": Proceeds of any title policy, hazard policy or other insurance policy covering a Mortgage Loan, to the extent such proceeds are not to be applied to the restoration of the related Mortgaged Property or released to the Mortgagor in accordance with the procedures that the Servicer would follow in servicing mortgage loans held for its own account, subject to the terms and conditions of the related Mortgage Note and Mortgage.

"Interest Accrual Period": With respect to any Distribution Date and the Adjustable-Rate Certificates, the period from and including the Distribution Date in the month immediately preceding the month in which such Distribution Date occurs (or, in the case of the first Distribution Date, from and including the Closing Date) to and including the day preceding such Distribution Date. All distributions of interest on the Adjustable-Rate Certificates will be based on a 360-day year and the actual number of days in the applicable Interest Accrual Period. With respect to any Distribution Date and Class C Interest, the Class C Certificates and the REMIC II Regular Interests, the one-month period ending on the last day of the calendar month preceding the month in which such Distribution Date occurs.

"Interest Carry Forward Amount": With respect to any Distribution Date and the Class A Certificates or any Class of Subordinate Certificates, the sum of (i) the amount, if any, by which (a) the Interest Distribution Amount for such Class of Certificates as of the immediately preceding Distribution Date exceeded (b) the actual amount distributed on such Class of Certificates in respect of the related Interest Distribution Amount on such immediately preceding Distribution Date and (ii) the amount of any Interest Carry Forward Amount for such Class of Certificates remaining undistributed from the previous Distribution Date, plus accrued interest thereon calculated at the related Pass-Through Rate for the most recently ended Interest Accrual Period.

"Interest Determination Date": With respect to the Adjustable-Rate Certificates, and solely for purposes of calculating the Marker Rate and the Maximum Uncertificated Interest Deferral Amount, each REMIC II Regular Interest for which a Class A or Subordinate Certificate is a Corresponding Certificate, and any Interest Accrual Period thereof, the second LIBOR Business Day preceding the commencement of such Interest Accrual Period.

"Interest Distribution Amount": With respect to any Distribution Date and each of the Class A Certificates, any Class of Subordinate Certificates, the Class C Interest or the Class C Certificates, the aggregate Accrued Certificate Interest of such class for such Distribution Date.

"Interest Rate Swap Agreement": The 2002 ISDA Master Agreement (Multicurrency-Cross Border) dated as of August 4, 2006 (together with the schedule thereto, the "Master Agreement") between the Swap Provider and GE Mortgage Holding, L.L.C., and a confirmation of the same date, which supplements and shall be deemed to form a part of the Master Agreement and the Novation Agreement thereto, dated August 21, 2006, among the Swap Provider, the Supplemental Interest Trustee and GE Mortgage Holding, L.L.C., a form of which is attached hereto as Exhibit H.

"Interest Remittance Amount": With respect to any Distribution Date, that portion of the Available Distribution Amount for such Distribution Date that represents interest received or advanced on the Mortgage Loans. The Interest Remittance Amount shall be adjusted as described in the first sentence of Section 4.07(b).

"Investment Account": As defined in Section 3.06.

"Item 1119 Parties": The Depositor, the Seller, the Servicer, any Sub-Servicer, the Trustee, the Custodian, the Sponsor, the Swap Counterparty, the Cap Counterparty and their affiliates, unless otherwise notified in writing by the Depositor pursuant to Section 4.06.

"Late Collections": With respect to any Mortgage Loan for which a P&I Advance or Servicing Advance was made, all amounts received subsequent to the date on which such P&I Advance or Servicing Advance was made, whether as late payments of Monthly Payments or as Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries or otherwise, which represent late payments or collections of principal and/or interest due (without regard to any acceleration of payments under the related Mortgage and Mortgage Note) but that were Delinquent the date on which such P&I Advance or Servicing Advance was made, and not previously recovered.

"LIBOR Business Day": Any day on which banks in the City of London and City of New York are open and conducting transactions in United States dollars.

"Liquidated Mortgage Loan": A Mortgage Loan with respect to which a Liquidation Event has occurred.

"Liquidation Event": With respect to any Mortgage Loan, any of the following events: (i) such Mortgage Loan is paid in full, (ii) a Final Recovery Determination is made as to such Mortgage Loan, (iii) such Mortgage Loan is removed from REMIC I by reason of its being purchased, sold or replaced pursuant to or as contemplated by Section 2.03, Section 3.16 or Section 9.01 or (iv) a charge off pursuant to Section 12 of this Agreement. With respect to any REO Property, either of the following events: (i) a Final Recovery Determination is made as to such REO Property, or (ii) such REO Property is removed from REMIC I by reason of its being purchased pursuant to Section 9.01.

"Liquidation Proceeds": The amount (other than Insurance Proceeds or amounts received in respect of the rental of any REO Property prior to REO Disposition) received by the Servicer in connection with (i) the taking of all or a part of a Mortgaged Property by exercise of the power of eminent domain or condemnation, (ii) the liquidation of a defaulted Mortgage Loan through a trustee's sale, foreclosure sale or otherwise or (iii) the repurchase, substitution or sale of a Mortgage Loan or an REO Property pursuant to or as contemplated by Section 2.03, Section 3.13, Section 3.16 or Section 9.01.

"Loan-to-Value Ratio": As of any date of determination and with respect to first lien Mortgage Loans, the fraction, expressed as a percentage, the numerator of which is the Stated Principal Balance of the related Mortgage Loan at such date and the denominator of which is the Value of the related Mortgaged Property.

"Loan Group": Loan Group I or Loan Group II, as the context requires.

"Loan Group I": The group of Mortgage Loans identified in the Mortgage Loan Schedule as having been assigned to Loan Group I.

"Loan Group II": The group of Mortgage Loans identified in the Mortgage Loan Schedule as having been assigned to Loan Group II.

"Lost Note Affidavit": With respect to any Mortgage Loan as to which the original Mortgage Note has been permanently lost, misplaced or destroyed and has not been replaced, an affidavit from the Originator certifying that the original Mortgage Note has been lost, misplaced or destroyed (together with a copy of the related Mortgage Note) and indemnifying the Trust Fund against any loss, cost or liability resulting from the failure to deliver the original Mortgage Note, substantially in the form of Exhibit B hereto.

"Marker Rate": With respect to the Class C Interest and any Distribution Date, a per annum rate equal to two (2) times the weighted average of the REMIC II Remittance Rates for the REMIC II Regular Interests (other than REMIC II Regular Interests AA, P, IO, 1-Sub, 1-Grp, 2-Sub, 2-Grp, and XX), with the rate on each such REMIC II Regular Interest (other than REMIC II Regular Interest ZZ) subject to a cap equal to the lesser of (i) LIBOR plus the related Certificate Margin and (ii) the Net WAC Pass-Through Rate for the REMIC II Regular Interest the ownership of which is represented by the Corresponding Certificate for the purpose of this calculation for such Distribution Date, and with the rate on REMIC II Regular Interest ZZ subject to a cap of zero for the purpose of this calculation; provided, however, that solely for this purpose, the related caps with respect to the REMIC II Regular Interests (other than REMIC II Regular Interests AA, ZZ, P, IO, 1-Sub, 1-Grp, 2-Sub, 2-Grp, and XX) shall be multiplied by a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period.

"Maximum Cap Rate": (i) For any Distribution Date and the Group I Certificates, a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to the product of (x) (i) the weighted average of the Expense Adjusted Net Maximum Mortgage Rates of the Group I Mortgage Loans, weighted on the basis of the outstanding Stated Principal Balances of the Group I Mortgage Loans as of the first 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) plus (ii) an amount, expressed as a per annum rate, equal to any Net Swap Payment made by the Swap Provider multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, plus (iii) an amount, expressed as a per annum rate, equal to any Cap Payment received from the Cap Counterparty multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, and minus (iv) an amount, expressed as a per annum rate, equal to the Swap Termination Payment or unpaid portion thereof, if any (other than a Swap Termination Payment resulting from a Swap Provider Trigger Event), payable by the Supplemental Interest Trust, multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, and (y) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days elapsed in the related Interest Accrual Period.

(ii) For any Distribution Date with respect to the Group II Certificates, a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to the product of (x) (i) the weighted average of the Expense Adjusted Net Maximum Mortgage Rates of the Group II Mortgage Loans, weighted on the basis of the outstanding Stated Principal Balances of the Group II Mortgage Loans as 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) plus (ii) an amount, expressed as a per annum rate, equal to any Net Swap Payment made by the Swap Provider multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, plus (iii) an amount, expressed as a per annum rate, equal to any Cap Payment received from the Cap Counterparty multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, and minus (iv) an amount, expressed as a per annum rate, equal to the Swap Termination Payment or unpaid portion thereof, if any (other than a Swap Termination Payment resulting from a Swap Provider Trigger Event), payable by the Supplemental Interest Trust, multiplied by 12 and divided by the outstanding Stated Principal Balances of the Mortgage Loans, and (y) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days elapsed in the related Interest Accrual Period.

(iii) For any Distribution Date with respect to the Subordinate Certificates, a per annum rate equal to the weighted average (weighted on the basis of the results of subtracting from the aggregate Stated Principal Balance of the applicable Loan Group, the current aggregate Certificate Principal Balance of the related Class A Certificates) of the Maximum Cap Rate for the Group I Certificates and the Maximum Cap Rate for the Group II Certificates for that Distribution Date.

"Maximum Uncertificated Interest Deferral Amount": With respect to any Distribution Date, the excess, if any, of (i) the sum of (x) accrued interest on the REMIC II Regular Interest ZZ for such Distribution Date on a balance equal to the Uncertificated Balance of REMIC II Regular Interest ZZ minus the REMIC II Overcollateralization Amount, in each case for such Distribution Date, and (y) 0.50% of the accrued interest on REMIC II Regular Interest P at the applicable REMIC II Remittance Rate for such Distribution Date, over (ii) the aggregate amount of Uncertificated Interest for such Distribution Date on the REMIC II Regular Interests for which the Class A and Subordinate Certificates are the Corresponding Certificates, with the rate on each such REMIC II Regular Interest subject to a cap equal to the lesser of (i) One-Month LIBOR plus the related Certificate Margin and (ii) the Net WAC Pass-Through Rate for the REMIC II Regular Interest the ownership of which is represented by the Corresponding Certificate for the purpose of this calculation for such Distribution Date, provided, however, that solely for this purpose, the related caps with respect to each such REMIC II Regular Interest shall be multiplied by a fraction, the numerator of which is 30 and the denominator of which is the actual number of days elapsed in the related Interest Accrual Period.

"Maximum Mortgage Rate": With respect to each Adjustable-Rate Mortgage Loan, the percentage set forth in the related Mortgage Note as the maximum Mortgage Rate thereunder.

"Minimum Mortgage Rate": With respect to each Adjustable-Rate Mortgage Loan, the percentage set forth in the related Mortgage Note as the minimum Mortgage Rate thereunder.

"MERS": Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

"MERS Mortgage Loan": Any Mortgage Loan registered with MERS on the MERS® System.

"MERS® System": The system of recording transfers of mortgages electronically maintained by MERS.

"Monthly Payment": With respect to any Mortgage Loan, the scheduled monthly payment of principal and interest on such Mortgage Loan which is payable by the related Mortgagor from time to time under the related Mortgage Note, determined: (a) after giving effect to (i) any Deficient Valuation and/or Debt Service Reduction with respect to such Mortgage Loan and (ii) any reduction in the amount of interest collectible from the related Mortgagor pursuant to the Relief Act, (b) without giving effect to any extension granted or agreed to by the Servicer pursuant to Section 3.02, and (c) on the assumption that all other amounts, if any, due under such Mortgage Loan are paid when due.

"Monthly Statement": With respect to each Distribution Date, the monthly statement prepared by the Trustee pursuant to Section 4.02 hereto.

ARTICLE IV

PAYMENTS TO CERTIFICATEHOLDERS

SECTION 4.01 Distributions.

(a) REMIC I Distributions

(1) On each Distribution Date, the following amounts, in the following order of priority, shall be distributed by REMIC I to REMIC II on account of the REMIC I Group I Regular Interests and distributed to the holders of the Class R Certificates (in respect of the Class R-I Interest), as the case may be:

- (i) from REMIC Available Funds (exclusive of any Prepayment Charges) relating to Loan Group 1, to the holders of each of the REMIC I Group I Regular Interests and REMIC I Regular Interest P, pro rata, in an amount equal to (A) the Uncertificated Interest for such REMIC I Regular Interests for such Distribution Date, plus (B) any amounts payable in respect thereof remaining unpaid from previous Distribution Dates;
(ii) from REMIC Available Funds (exclusive of any Prepayment Charges) relating to Loan Group 1 remaining after the distribution made pursuant to clause (i) above, first, to REMIC I Regular Interest I-Non-Swap, and second, to REMIC I Regular Interests I-1-A through I-53-B, starting with the lowest numerical denomination, until the Uncertificated Balance of each such REMIC I Group I Regular Interest is reduced to zero, provided that, for REMIC I Group I Regular Interests with the same numerical denomination, such payments of principal shall be allocated pro rata between such REMIC I Group I Regular Interests, until the Uncertificated Balance of each such REMIC I Group I Regular Interest is reduced to zero;
(iii) from REMIC Available Funds relating to Loan Group 1 remaining after the distributions made pursuant to clauses (i) and (ii) above, to the holders of REMIC I Regular Interest P, (A) all amounts representing Prepayment Charges in respect of the Group I Mortgage Loans received during the related Prepayment Period, and (B) on the Distribution Date immediately following the expiration of the latest Prepayment Charge as identified on the Prepayment Charge Schedule or any Distribution Date thereafter, any such remaining funds, until an amount equal to the initial Uncertificated Balance of such REMIC I Regular Interest has been distributed pursuant to this clause; and
(iv) any remaining REMIC Available Funds to the Holders of the Class R Certificates (in respect of the Class R-I Interest).

(2) On each Distribution Date, the following amounts, in the following order of priority, shall be distributed by REMIC I to REMIC II on account of the REMIC I Group II Regular Interests and distributed to the holders of the Class R Certificates (in respect of the Class R-I Interest), as the case may be:

- (i) from REMIC Available Funds (exclusive of any Prepayment Charges) relating to Loan Group 2, to the holders of each of the REMIC I Group II Regular Interests and REMIC I Regular Interest P, pro rata, in an amount equal to (A) the Uncertificated Interest for such REMIC I Regular Interests for such Distribution Date, plus (B) any amounts payable in respect thereof remaining unpaid from previous Distribution Dates;
(ii) from REMIC Available Funds (exclusive of any Prepayment Charges) relating to Loan Group 2 remaining after the distribution made pursuant to clause (i), first, to REMIC I Regular Interest II-Non-Swap, and second, to REMIC I Regular Interests II-1-A through II-53-B, starting with the lowest numerical denomination, until the Uncertificated Balance of each such REMIC I Group II Regular Interest is reduced to zero, provided that, for REMIC I Group II Regular Interests with the same numerical denomination, such payments of principal shall be allocated pro rata between such REMIC I Group II Regular Interests, until the Uncertificated Balance of such REMIC I Group II Regular Interest is reduced to zero;
(iii) from REMIC Available Funds relating to Loan Group 2 remaining after the distributions made pursuant to clauses (i) and (ii) above, to the holders of REMIC I Regular Interest P, (A) all amounts representing Prepayment Charges in respect of the Group II Mortgage Loans received during the related Prepayment Period, and (B) on the Distribution Date immediately following the expiration of the latest Prepayment Charge as identified on the Prepayment Charge Schedule or any Distribution Date thereafter, any such remaining funds, until an amount equal to the initial Uncertificated Balance of such REMIC I Regular Interest has been distributed pursuant to this clause; and
(iv) any remaining REMIC Available Funds to the Holders of the Class R Certificates (in respect of the Class R-I Interest).

(b) REMIC II Distributions. On each Distribution Date, the following amounts, in the following order of priority, shall be distributed by REMIC II to REMIC III on account of the REMIC II Regular Interests and distributed to the holders of the Class R Certificates (in respect of the Class R-II Interest), as the case may be:

- (i) from REMIC Available Funds (exclusive of any Prepayment Charges), to the holders of REMIC II Regular Interest IO and REMIC II Regular Interest P, pro rata, in an amount equal to (A) the Uncertificated Interest for each such REMIC II Regular Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates;
(ii) to the extent of the REMIC II Marker Allocation Percentage of REMIC Available Funds (exclusive of any Prepayment Charges) remaining after the distribution pursuant to clause (i) above, to the holders of REMIC II Regular Interest AA, each REMIC II Regular Interest for which a Class A or Subordinate Certificate is a Corresponding Certificate and REMIC II Regular Interest ZZ, pro rata, in an amount equal to (A) the Uncertificated Interest for each such REMIC II Regular Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates. Amounts payable as Uncertificated Interest in respect of REMIC II Regular Interest ZZ shall be reduced and deferred when the REMIC II Overcollateralized Amount is less than the REMIC II Overcollateralization Target Amount, by the lesser of (x) the amount of such difference and (y) the Maximum Uncertificated Interest Deferral Amount, and such amount shall be payable to the holders of each REMIC II Regular Interest for which a Class A or Subordinate Certificate is a Corresponding Certificate in the same proportion as the Overcollateralization Increase Amount is allocated to the Corresponding Certificates, and the Uncertificated Balance of REMIC II Regular Interest ZZ shall be increased by such amount;

(iii) to the extent of the REMIC II Sub WAC Allocation Percentage of any REMIC Available Funds (exclusive of any Prepayment Charges) remaining after the distribution pursuant to clause (i) above, to the holders of REMIC II Regular Interest I-Sub, REMIC II Regular Interest I-Grp, REMIC II Regular Interest 2-Sub, REMIC II Regular Interest 2-Grp and REMIC II Regular Interest XX, pro rata, in an amount equal to (A) the Uncertificated Interest for each such REMIC II Regular Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates;

(iv) to the extent of the REMIC II Marker Allocation Percentage of any REMIC Available Funds (exclusive of any Prepayment Charges) remaining after the distributions pursuant to clauses (i), (ii) and (iii) above, to the holders of REMIC II Regular Interests (other than REMIC II Regular Interests IO, I-Sub, I-Grp, 2-Sub, 2-Grp, XX and P), allocated as follows:

- (A) 98.00% of such remainder, to the holders of REMIC II Regular Interest AA, until the Uncertificated Balance of such REMIC II Regular Interest is reduced to zero; and
(B) 2.00% of such remainder, first, to the holders of each REMIC II Regular Interest for which a Class A or Subordinate Certificate is a Corresponding Certificate, 1.00% of and in the same proportion as principal payments are allocated to the Corresponding Certificates, until the Uncertificated Balance of each such REMIC II Regular Interest is reduced to zero, and second, to the holders of REMIC II Regular Interest ZZ, until the Uncertificated Balance of such REMIC II Regular Interest is reduced to zero;
(v) to the holders of REMIC II Regular Interest I-Sub, REMIC II Regular Interest I-Grp, REMIC II Regular Interest 2-Sub, REMIC II Regular Interest 2-Grp and REMIC II Regular Interest XX, in an amount equal to the REMIC II Sub WAC Allocation Percentage of the remainder of the REMIC Available Funds (exclusive of any Prepayment Charges) for such Distribution Date after the distributions made pursuant to clauses (i), (ii) and (iii) above, first, so as to keep the Uncertificated Balance of each REMIC II Regular Interest ending with the designation "Grp" equal to 0.01% of the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group, second, to each REMIC II Regular Interest ending with the designation "Sub," so that the Uncertificated Balance of each such REMIC II Regular Interest is equal to 0.01% of the excess of (x) the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group over (y) the current aggregate Certificate Principal Balance of the Class A Certificates related to such Loan Group (except that if any such excess is a larger number than in the preceding distribution period, the least amount of principal shall be distributed to such REMIC II Regular Interests such that the REMIC II Subordinated Balance Ratio is maintained); and third, any remaining amount to REMIC II Regular Interest XX, until the Uncertificated Balance of such REMIC II Regular Interest is reduced to zero;

(vi) from REMIC Available Funds remaining after the distributions made pursuant to clauses (i), (ii), (iii), (iv) and (v) above, to the holders of REMIC II Regular Interest P, (A) all amounts representing Prepayment Charges in respect of the Mortgage Loans distributed on REMIC I Regular Interest P, and (B) on the Distribution Date immediately following the expiration of the latest Prepayment Charge as identified on the Prepayment Charge Schedule or any Distribution Date thereafter, any such remaining funds, until an amount equal to the initial Uncertificated Balance of such REMIC I Regular Interest has been distributed pursuant to this clause; and

(vii) any remaining REMIC Available Funds to the Holders of the Class R Certificates (in respect of the Class R-II Interest).

(c) REMIC III Distributions

(1) On each Distribution Date, interest shall be deemed payable from REMIC III to the holders of each REMIC III Regular Interest the ownership of which is represented by the Class A and Subordinate Certificates at a pass-through rate equal to the lesser of (i) the Pass-Through Rate for the Corresponding Certificate determined without regard to the related Net WAC Pass-Through Rate and (ii) the Net WAC Pass-Through Rate for the REMIC III Regular Interest the ownership of which is represented by the Corresponding Certificate for such Distribution Date, in each case on a principal balance equal to the Certificate Principal Balance of the Corresponding Certificate for such Distribution Date. For the avoidance of doubt, principal shall be payable to, and shortfalls, losses and prepayments shall be allocable to, the REMIC III Regular Interests the ownership of which is represented by the Class A and Subordinate Certificates as such amounts are payable and allocable to the Corresponding Certificates.

(2) On each Distribution Date, an amount equal to the amounts distributed pursuant to clauses (xvii) and (xviii) of Section 4.01(f) on such date shall be deemed distributed from REMIC III to REMIC IV in respect of the Class C Interest.

(3) On each Distribution Date, 100% of the amounts deemed distributed on REMIC II Regular Interest P shall be deemed distributed by REMIC III to REMIC V in respect of the Class P Interest.

(4) On each Distribution Date, 100% of the amounts deemed distributed on REMIC II Regular Interest IO shall be deemed distributed by REMIC III to REMIC VI in respect of the Class IO Interest. Such amounts shall be deemed distributed by REMIC VI to the Supplemental Interest Trust in respect of REMIC VI Regular Interest IO.

Notwithstanding the priorities and amounts of distribution of funds pursuant to this Section 4.01, actual distributions of the Available Distribution Amount shall be made only in accordance with Sections 4.01(d), (e) and (f).

(d) (i) Swap Payments. On each Distribution Date to and including the Distribution Date in March 2011, Net Swap Payments and Swap Termination Payments (other than Swap Termination Payments resulting from a Swap Provider Trigger Event) payable by the Supplemental Interest Trust to the Swap Provider pursuant to the Swap Agreement for such Distribution Date shall be remitted to the Supplemental Interest Trustee for deposit into the Supplemental Interest Trust.

(ii) Interest Distributions. (A) On each Distribution Date, the Trustee shall withdraw the Group I Interest Remittance Amount for such Distribution Date from the Distribution Account and make the following distributions in respect of interest in the following order of priority:

- (i) concurrently, to the Holders of each Class of Group I Certificates, on a pro rata basis based on the entitlement of each such Class, the Class A Interest Distribution Amount for each such Class and such Distribution Date; and
(ii) concurrently, to the Holders of each Class of Group I Certificates, on a pro rata basis based on the entitlement of each such Class, the Class A Interest Distribution Amount for each such Class and such Distribution Date, remaining undistributed after the distribution of the Group I Interest Remittance Amount as set forth in Section 4.01(d)(ii)(B)(i) below.

(B) On each Distribution Date, the Trustee shall withdraw the Group II Interest Remittance Amount for such Distribution Date from the Distribution Account and make the following distributions in respect of interest in the following order of priority:

- (i) concurrently, to the Holders of each Class of Group II Certificates, on a pro rata basis based on the entitlement of each such Class, the Class A Interest Distribution Amount for each such Class and such Distribution Date; and
(ii) concurrently, to the Holders of each Class of Group I Certificates, on a pro rata basis based on the entitlement of each such Class, the Class A Interest Distribution Amount for each such Class and such Distribution Date, remaining undistributed after the distribution of the Group I Interest Remittance Amount as set forth in Section 4.01(d)(ii)(A)(i) above.

(C) On each Distribution Date, following the distributions made pursuant to Section 4.01(d)(ii)(A) and (B) above, the Trustee shall withdraw from the Distribution Account an amount equal to any remaining Group I Interest Remittance Amount and Group II Interest Remittance Amount and shall distribute such amount sequentially to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2, Class B-3, Class B-4 and Class B-5 Certificates, in that order, in an amount equal to the Interest Distribution Amount for each such Class and such Distribution Date.

(e) Principal Distributions. On each Distribution Date, the Trustee shall withdraw from the Distribution Account the Available Distribution Amount for such Distribution Date remaining after the distributions made pursuant to 4.01(d) above and make the following distributions in respect of principal in the following order of priority, in each case to the extent of such remaining Available Distribution Amount:

(i) On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect:

(A)(i) concurrently, to the Holders of the Group I Certificates, on a pro rata basis, based on their respective Certificate Principal Balances, the Group I Principal Distribution Amount for each such Class and such Distribution Date until their respective Certificate Principal Balances have been reduced to zero; and

(ii) to the Holders of the Group II Certificates (allocated among the Classes of Group II Certificates in the priority described in Section 4.01(b) below), any remaining Group I Principal Distribution Amount after taking into account the distribution of the Group II Principal Distribution Amount for each such Class and such Distribution Date, as described in Section 4.01(c)(ii)(B)(i), until their respective Certificate Principal Balances have been reduced to zero.

(B)(i) to the Holders of the Group II Certificates (allocated among the Classes of Group II Certificates in the priority described in Section 4.01(b) below), the Group II Principal Distribution Amount for each such Class and such Distribution Date, until their respective Certificate Principal Balances have been reduced to zero; and

(ii) concurrently, to the Holders of the Group I Certificates, on a *pro rata* basis, based on their respective Certificate Principal Balances, any remaining Group II Principal Distribution Amount, after taking into account the distribution of the Group I Principal Distribution Amount, as described in Section 4.01(e)(I)(A)(i), until their respective Certificate Principal Balances have been reduced to zero

(C) sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2, Class B-3, Class B-4 and Class B-5 Certificates, in that order, the sum of the Group I Principal Distribution Amount and the Group II Principal Distribution Amount remaining undistributed for each such Class and such Distribution Date, in each case, until their respective Certificate Principal Balances have been reduced to zero

(II) On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect:

(A)(i) concurrently, to the Holders of the Group I Certificates, on a *pro rata* basis, based on their respective Certificate Principal Balances, the lesser of (x) the Group I Class A Principal Distribution Amount for each such Class and such Distribution Date and (y) the Group I Principal Distribution Amount for each such Class and such Distribution Date, until their respective Certificate Principal Balances have been reduced to zero, and

(ii) to the Holders of the Group II Certificates (allocated among the Classes of Group II Certificates in the priority described in Section 4.01(h) below), the lesser of (x) the Group II Class A Principal Distribution Amount remaining undistributed after taking into account the distribution of the Group II Principal Distribution Amount, as described in Section 4.01(e)(II)(B)(i), and (y) any remaining Group II Principal Distribution Amount, until their respective Certificate Principal Balances have been reduced to zero

(B)(i) to the Holders of the Group II Certificates (allocated among the Classes of Group II Certificates in the priority described in Section 4.01(h) below), the lesser of (x) the Group II Class A Principal Distribution Amount for each such Class and such Distribution Date and (y) the Group II Principal Distribution Amount for such Distribution Date, until their respective Certificate Principal Balances have been reduced to zero, and

(ii) concurrently, to the Holders of the Group I Certificates, on a *pro rata* basis, based on their respective Certificate Principal Balances, the lesser of (x) the Group I Class A Principal Distribution Amount remaining undistributed after taking into account the distribution of the Group I Distribution Amount, as described in Section 4.01(e)(II)(A)(i), and (y) any remaining Group II Principal Distribution Amount, until their respective Certificate Principal Balances have been reduced to zero.

(C) sequentially, to the Class M-1 Certificates, the Class M-1 Principal Distribution Amount for such Distribution Date; to the Class M-2 Certificates, the Class M-2 Principal Distribution Amount for such Distribution Date; to the Class M-3 Certificates, the Class M-3 Principal Distribution Amount for such Distribution Date; to the Class M-4 Certificates, the Class M-4 Principal Distribution Amount for such Distribution Date; to the Class M-5 Certificates, the Class M-5 Principal Distribution Amount for such Distribution Date; and to the Class M-6 Certificates, the Class M-6 Principal Distribution Amount for such Distribution Date, in that order, in each case until their respective Certificate Principal Balances have been reduced to zero, and

(D) sequentially, to the Class B-1 Certificates, the Class B-1 Principal Distribution Amount for such Distribution Date; to the Class B-2 Certificates, the Class B-2 Principal Distribution Amount for such Distribution Date; to the Class B-3 Certificates, the Class B-3 Principal Distribution Amount for such Distribution Date; to the Class B-4 Certificates, the Class B-4 Principal Distribution Amount for such Distribution Date; and to the Class B-5 Certificates, the Class B-5 Principal Distribution Amount for such Distribution Date, in that order, in each case until their respective Certificate Principal Balances have been reduced to zero.

Notwithstanding the foregoing clauses (e)(I) and (e)(II), to the extent a Class IO Distribution Amount is payable from principal collectors, Principal Distribution Amounts will be deemed paid to the most subordinate Class of Regular Certificates (other than the Class P Certificates), until the Certificate Principal Balance thereof has been reduced to zero and such amount will be paid pursuant to Section 4.07(f).

(f) Net Monthly Excess Cashflow. On each Distribution Date, the Available Distribution Amount remaining after the distributions pursuant to 4.01(d) and (e) above shall be distributed by the Trustee in the following amounts and order of priority:

(i) to the holders of the Class A-1b Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(ii) to the holders of the Class M-1 Certificates, the Interest Carry Forward Amount for such Distribution Date and such Class;

(iii) to the holders of the Class M-1 Certificates, the Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(iv) to the holders of the Class M-2 Certificates, the Interest Carry Forward Amount for such Distribution Date and such Class;

(v) to the holders of the Class M-2 Certificates, the Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(vi) to the holders of the Class M-3 Certificates, the Interest Carry Forward Amount for that Distribution Date and such Class;

(vii) to the holders of the Class M-3 Certificates, the Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(viii) to the holders of the Class M-4 Certificates, the Interest Carry Forward Amount for such Distribution Date and such Class;

(ix) to the holders of the Class M-4 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(x) to the holders of the Class M-5 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xi) to the holders of the Class M-5 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xii) to the holders of the Class M-6 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xiii) to the holders of the Class M-6 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xiv) to the holders of the Class B-1 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xv) to the holders of the Class B-1 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xvi) to the holders of the Class B-2 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xvii) to the holders of the Class B-2 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xviii) to the holders of the Class B-3 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xix) to the holders of the Class B-3 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xx) to the holders of the Class B-4 Certificates, any Interest Carry Forward Amount for such Distribution Date and such Class;

(xxi) to the holders of the Class B-4 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xxii) to the holders of the Class B-5 Certificates, any Interest Carry Forward Amount for that distribution date and that class;

(xxiii) to the holders of the Class B-5 Certificates, any Allocated Realized Loss Reimbursement Amount for such Distribution Date and such Class;

(xxiv) from amounts otherwise distributable to the holders of the Class C Interest and Class C Certificates, (a) first, to the Net WAC Rate Carry Forward Reserve Account, the amount required to distribute to the Holders of the Class A and Subordinate Certificates any Net WAC Rate Carry Forward Amounts for such Distribution Date and such Classes pursuant to Section 4.09(b) (to the extent such amounts exceed the amount then on deposit in the Net WAC Rate Carry Forward Reserve Account); and (b) second, to maintain a balance in the Net WAC Rate Carry Forward Reserve Account equal to the Net WAC Rate Carry Forward Reserve Account Deposit;

(xxv) to the Supplemental Interest Trust for payment to the Swap Provider, any Swap Termination Payment or unpaid portion thereof triggered by a Swap Provider Trigger Event and owed to the Swap Provider;

(xxvi) to the holders of the Class C Interest and Class C Certificates, (a) the related Interest Distribution Amount and any Overcollateralization Reduction Amount for such Distribution Date and (b) on any Distribution Date on which the Certificate Principal Balances of the Class A Certificates and the Subordinate Certificates have been reduced to zero, any remaining amounts in reduction of the Certificate Principal Balance of the Class C Certificates and Uncertificated Balance of the Class C Interest, until the Certificate Principal Balance and Uncertificated Balance thereof have been reduced to zero, in each case, less amounts distributed pursuant to Section 4.01(f)(xxv), and

(xxvii) to the Holders of the Residual Certificates, any remaining amounts in the related Trust REMIC, provided that if such Distribution Date is the Distribution Date immediately following the expiration of the latest Prepayment Charge term as identified on the Mortgage Loan Schedule or any Distribution Date thereafter, then any such remaining amounts shall be distributed first, to the holders of the Class P Interest and Class P Certificates, until the Uncertificated Balance and Certificate Principal Balance thereof have been reduced to zero, and second, to the Holders of the Residual Certificates

(g) On each Distribution Date, following the foregoing distributions, an amount equal to the amount of Subsequent Recoveries deposited into the Collecton Account pursuant to Section 3.05(a)(ii) and included in the Available Distribution Amount for such Distribution Date shall be applied to increase the Certificate Principal Balance of the Class of Certificates with the Highest Priority up to the Allocated Realized Loss Reimbursement Amount for such Class. An amount equal to the amount of any remaining Subsequent Recoveries shall be applied to increase the Certificate Principal Balance of the Class of Subordinate Certificates with the next Highest Priority, up to the Allocated Realized Loss Reimbursement Amount for such Class and so on. Holders of such Certificates shall not be entitled to any distribution in respect of interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied to the Certificate Principal Balance of each Certificate of such Class in accordance with its respective Percentage Interest.

(h) With respect to the Classes of Group II Certificates, all principal distributions shall be distributed sequentially, to the Class A-2a, Class A-2b and Class A-2c Certificates, in that order, until their respective Certificate Principal Balances have been reduced to zero; provided, however, that with respect to distributions on any Distribution Date on which the aggregate Certificate Principal Balance of the Subordinate Certificates has been reduced to zero and the Overcollateralization Amount for such Distribution Date is equal to or less than zero, all distributions in respect of principal to be made to the Group II Certificates on such Distribution Date shall be distributed, concurrently, to the Class A-2a, Class A-2b and Class A-2c Certificates, *pro rata*, based on their respective Certificate Principal Balances.

(i) On each Distribution Date, after making the distributions of the Available Distribution Amount as set forth above, the Trustee shall first, withdraw from the Net WAC Rate Carry Forward Reserve Account all net income from the investment of funds in the Net WAC Rate Carry Forward Reserve Account and distribute such amount to the Holders of the Class C Certificates, and second, withdraw from the Net WAC Rate Carry Forward Reserve Account, to the extent of amounts remaining on deposit therein, the amount of any Net WAC Rate Carry Forward Amount for such Distribution Date and distribute such amount as follows:

first, concurrently, to each Class of Class A Certificates, the Net WAC Carry Forward Amount for each such Class and such Distribution Date, on a *pro rata* basis based on such respective Net WAC Rate Carry Forward Amounts, and

second, sequentially, to the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class B-1, Class B-2, Class B-3, Class B-4 and Class B-5 Certificates, in that order, the Net WAC Rate Carry Forward Amount for each such Class and such Distribution Date.

On each Distribution Date, the Trustee shall withdraw any amounts then on deposit in the Distribution Account that represent Prepayment Charges collected by the Servicer and Servicer Prepayment Charge Payment Amounts remitted by the Servicer pursuant to Section 2.03(b)(ii), to the extent not related to Principal Prepayments occurring after the related Prepayment Period, and the Trustee shall distribute such amounts to the holders of the Class P Certificates. Such distributions shall not be applied to reduce the Certificate Principal Balance of the Class P Certificates.

(j) All distributions made with respect to each Class of Certificates on each Distribution Date shall be allocated *pro rata* among the outstanding Certificates in such Class based on their respective Percentage Interests. Payments in respect of each Class of Certificates on each Distribution Date shall be made to the Holders of the respective Class of record on the related Record Date (except as otherwise provided in Section 4.01(i) or Section 9.01) respecting the final distribution on such Class), based on the aggregate Percentage Interest represented by their respective Certificates, and shall be made by wire transfer of immediately available funds to the account of any such Holder at a bank or other entity having appropriate facilities therefor, if such Holder shall have so notified the Trustee in writing at least five Business Days prior to the Record Date immediately prior to such Distribution Date, or otherwise by check mailed by first class mail to the address of such Holder appearing in the Certificate Register. The final distribution on each Certificate shall be made in like manner, but only upon presentment and surrender of such Certificate at the office of the Trustee maintained for such purpose pursuant to Section 8.12 or such other location specified in the notice to Certificateholders of such final distribution.

Each distribution with respect to a Book-Entry Certificate shall be paid to the Depository, as Holder thereof, and the Depository shall be responsible for crediting the amount of such distribution to the accounts of its Depository Participants in accordance with its normal procedures. Each Depository Participant shall be responsible for disbursing such distribution to the Certificate Owners that it represents and to each indirect participating brokerage firm (a "brokerage firm" or "indirect participating firm") for which it acts as agent. Each brokerage firm shall be responsible for disbursing funds to the Certificate Owners that it represents. None of the Trustee, the Certificate Registrar, the Depositor or the Servicer shall have any responsibility therefor except as otherwise provided by this Agreement or applicable law.