

## **EXHIBIT 3**

NYSCEF DOC. NO. 567

RECEIVED NYSCEF: 09/14/2018

Termination Payments due to a Swap Provider Trigger Event owed by the Trust Fund;

(G) from any remaining Excess Cashflow, to the Class CE Interest and Class CE Certificates, an amount equal to the Class CE Distribution Amount reduced by amounts distributed in clauses (C) and (D) above; and

(H) any remaining amounts to each of the Class R-1, Class R-2, Class R-3 and Class RX Certificates, based on the related REMIC in which such amounts remain.

On each Distribution Date, all amounts in respect of Prepayment Charges shall be distributed to the Holders of the Class P Interest and the Class P Certificates, provided that such distributions shall not be in reduction of the principal balance thereof. On the Distribution Date immediately following the expiration of the latest Prepayment Charge term as identified on the Mortgage Loan Schedule, any amount on deposit in the Class P Certificate Account will be distributed to the Holders of the Class P Interest and the Class P Certificates in reduction of the Certificate Principal Balance thereof.

126

&lt;PAGE&gt;

In addition, notwithstanding the foregoing, on any Distribution Date after the Distribution Date on which the Certificate Principal Balance of a Class of Class A Certificates or Class M Certificates has been reduced to zero, that Class of Certificates will be retired and will no longer be entitled to distributions, including distributions in respect of Prepayment Interest Shortfalls or Basis Risk Shortfall Carry Forward Amounts.

(b) In addition to the foregoing distributions, with respect to any Subsequent Recoveries, the Master Servicer shall deposit such funds into the Protected Account pursuant to Section 4.01(b)(iii). If, after taking into account such Subsequent Recoveries, the amount of a Realized Loss is reduced, the amount of such Subsequent Recoveries will be applied to increase the Certificate Principal Balance of the Class of Certificates with the highest payment priority to which Realized Losses have been allocated, but not by more than the amount of Realized Losses previously allocated to that Class of Certificates pursuant to Section 5.05; provided, however, to the extent that no reductions to a Certificate Principal Balance of any Class of Certificates currently exists as the result of a prior allocation of a Realized Loss, such Subsequent Recoveries will be applied as Excess Spread. The amount of any remaining Subsequent Recoveries will be applied to increase the Certificate Principal Balance of the Class of Certificates with the next highest payment priority, up to the amount of such Realized Losses previously allocated to that Class of Certificates pursuant to Section 5.05, and so on. Holders of such Certificates will not be entitled to any payment in respect of Current Interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied to the Certificate Principal Balance of each Certificate of such Class in accordance with its respective Percentage Interest.

(c) Subject to Section 10.02 hereof respecting the final distribution, on each Distribution Date the Trustee shall make distributions to each Certificateholder of record on the preceding Record Date either by wire transfer in immediately available funds to the account of such Holder at a bank or other entity having appropriate facilities therefor, if such Holder has so notified the Trustee at least 5 Business Days prior to the related Record Date, or, if not, by check mailed by first class mail to such Certificateholder at the address of such Holder appearing in the Certificate Register. Notwithstanding the foregoing, but subject to Section 10.02 hereof respecting the final distribution, distributions with respect to Certificates registered in the name of a Depository shall be made to such Depository in immediately available funds.

(d) On or before 5:00 p.m. Eastern time on the fifth Business Day immediately preceding each Distribution Date, the Master Servicer shall deliver a report to the Trustee in electronic form (or by such other means as the Master Servicer and the Trustee may agree from time to time) containing such data and information, as agreed to by the Master Servicer and the Trustee such as to permit the Trustee to prepare the Monthly Statement to Certificateholders and to make the required distributions for the related Distribution Date.

#### Section 5.05 ALLOCATION OF REALIZED LOSSES.

(a) All Realized Losses on the Mortgage Loans allocated to any REMIC II Regular Interest pursuant to Section 5.05(c) on the Mortgage Loans shall be allocated by the Trustee on each Distribution Date as follows: first, to Excess

NYSCEF DOC. NO. 567

RECEIVED NYSCEF: 09/14/2018

Spread; second, to the Class CE Interest and Class CE Certificates, until the Certificate Principal Balance or Uncertificated Principal Balance

127

&lt;PAGE&gt;

thereof, as applicable, has been reduced to zero; third, to the Class M-8 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; fourth, to the Class M-7 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; fifth, to the Class M-6 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; sixth, to the Class M-5 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; seventh, to the Class M-4 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; eighth, to the Class M-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; ninth, to the Class M-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; tenth, to the Class M-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; eleventh, to the related Class or Classes of Class A Certificates, on a PRO RATA basis, until the Certificate Principal Balances thereof have been reduced to zero; and twelfth, to the unrelated Class or Classes of Class A Certificates, on a PRO RATA basis, until the Certificate Principal Balances thereof have been reduced to zero; provided, however, any such Realized Losses otherwise allocable to the Class II-A-1 Certificates shall be allocated first to the Class II-A-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero, and then to the Class II-A-1 Certificates, and any such Realized Losses otherwise allocable to the Class III-A-1 Certificates shall be allocated first to the Class III-A-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero, and then to the Class III-A-1 Certificates. All Realized Losses to be allocated to the Certificate Principal Balances of all Classes on any Distribution Date shall be so allocated after the actual distributions to be made on such date as provided above. All references above to the Certificate Principal Balance of any Class of Certificates shall be to the Certificate Principal Balance of such Class immediately prior to the relevant Distribution Date, before reduction thereof by any Realized Losses, in each case to be allocated to such Class of Certificates, on such Distribution Date.

(b) Any allocation of Realized Losses to a Class of Certificates on any Distribution Date shall be made by reducing the Certificate Principal Balance thereof by the amount so allocated; any allocation of Realized Losses to a Class CE Interest and Class CE Certificates shall be made by reducing the amount otherwise payable in respect thereof pursuant to clause (G) of Section 5.04(a)(4). No allocations of any Realized Losses shall be made to the Certificate Principal Balance or Uncertificated Principal Balance, as applicable, of the Class P Interest and the Class P Certificates.

Notwithstanding the foregoing, no such allocation of any Realized Loss shall be made on a Distribution Date to any Class of Certificates to the extent that such allocation would result in the reduction of the aggregate Certificate Principal Balance of all the Certificates as of such Distribution Date, after giving effect to all distributions and prior allocations of Realized Losses on the Mortgage Loans on such date, to an amount less than the aggregate Stated Principal Balance of all of the Mortgage Loans as of the first day of the month of such Distribution Date (such limitation, the "Loss Allocation Limitation"). In addition in no event will the Certificate Principal Balance of any Certificate be reduced more than once in respect of any particular amount both (i) allocable to such Certificate in respect of Realized Losses and (ii) payable as principal to the Holder of such Certificate from Remaining Excess Spread.

As used herein, an allocation of a Realized Loss on a "PRO RATA basis" among two or more specified Classes of Certificates means an allocation on a PRO RATA basis, among the various

128

&lt;PAGE&gt;

Classes so specified, to each such Class of Certificates on the basis of their then outstanding Certificate Principal Balances prior to giving effect to distributions to be made on such Distribution Date. All Realized Losses and all other losses allocated to a Class of Certificates hereunder will be allocated among the Certificates of such Class in proportion to the Percentage Interests evidenced thereby.

(c) (i) All Realized Losses on the Group I Loans shall be allocated on

NYSCEF DOC. NO. 567

RECEIVED NYSCEF: 09/14/2018

each Distribution Date to REMIC I Regular Interest I-1-A through REMIC I Regular Interest I-60-B, starting with the lowest numerical denomination until such REMIC I Regular Interest has been reduced to zero, provided that, for REMIC I Regular Interests with the same numerical denomination, such Realized Losses shall be allocated PRO RATA between such REMIC I Regular Interests. All Realized Losses on the Group II Loans shall be allocated on each Distribution Date to REMIC I Regular Interest II-1-A through REMIC I Regular Interest II-60-B, starting with the lowest numerical denomination until such REMIC I Regular Interest has been reduced to zero, provided that, for REMIC I Regular Interests with the same numerical denomination, such Realized Losses shall be allocated PRO RATA between such REMIC I Regular Interests. All Realized Losses on the Group III Loans shall be allocated on each Distribution Date to REMIC I Regular Interest III-1-A through REMIC I Regular Interest III-60-B, starting with the lowest numerical denomination until such REMIC I Regular Interest has been reduced to zero, provided that, for REMIC I Regular Interests with the same numerical denomination, such Realized Losses shall be allocated PRO RATA between such REMIC I Regular Interests.

(ii) The REMIC II Marker Percentage of all Realized Losses on the Mortgage Loans (without duplication of losses allocated pursuant to Section 1.02) shall be allocated by the Trustee on each Distribution Date to the following REMIC II Regular Interests in the specified percentages, as follows: first, to Uncertificated Accrued Interest payable to the REMIC II Regular Interest AA and REMIC II Regular Interest ZZ up to an aggregate amount equal to the REMIC II Interest Loss Allocation Amount, 98.00% and 2.00%, respectively; second, to the Uncertificated Principal Balances of the REMIC II Regular Interest AA and REMIC II Regular Interest ZZ up to an aggregate amount equal to the REMIC II Principal Loss Allocation Amount, 98.00% and 2.00%, respectively; third, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-8 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-8 has been reduced to zero; fourth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-7 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-7 has been reduced to zero; fifth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-6 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-6 has been reduced to zero; sixth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-5 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-5 has been reduced to zero; seventh, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-4 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated

129

&lt;PAGE&gt;

Principal Balance of REMIC II Regular Interest M-4 has been reduced to zero; eighth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-3 and REMIC II Regular Interest ZZ, 98.00%, 1.00%, and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-3 has been reduced to zero; ninth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-2 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-2 has been reduced to zero; tenth, to the Uncertificated Principal Balances of REMIC II Regular Interest AA, REMIC II Regular Interest M-1 and REMIC II Regular Interest ZZ, 98.00%, 1.00% and 1.00%, respectively, until the Uncertificated Principal Balance of REMIC II Regular Interest M-1 has been reduced to zero; eleventh, with respect to any Realized Losses on the Mortgage Loans, to the Uncertificated Principal Balance of REMIC II Regular Interest AA, 98.00%, to the Uncertificated Principal Balances of the related REMIC II Regular Interests I-A-1, I-A-2, I-A-3, II-A-1, II-A-2, III-A-1 and III-A-2, 1.00% PRO RATA, and to the Uncertificated Principal Balance of REMIC II Regular Interest ZZ, 1.00%, until the Uncertificated Principal Balances of such REMIC II Regular Interests I-A-1, I-A-2, I-A-3, II-A-1, II-A-2, Class III-A-1 and Class III-A-2 have been reduced to zero; and twelfth, with respect to any Realized Losses on the Mortgage Loans, to the Uncertificated Principal Balance of REMIC II Regular Interest AA, 98.00%, to the Uncertificated Principal Balances of the unrelated REMIC

NYSCEF DOC. NO. 567

RECEIVED NYSCEF: 09/14/2018

II Regular Interests I-A-1, I-A-2, I-A-3, II-A-1, II-A-2, III-A-1 and III-A-2, 1.00% PRO RATA, and to the Uncertificated Principal Balance of REMIC II Regular Interest ZZ, 1.00%, until the Uncertificated Principal Balances of such REMIC II Regular Interests I-A-1, I-A-2, I-A-3, II-A-1, II-A-2, Class III-A-1 and Class III-A-2 have been reduced to zero; provided, however, any such Realized Losses otherwise allocable to REMIC II Regular Interest II-A-1 shall be allocated first to REMIC II Regular Interest II-A-2, until the Uncertificated Principal Balance thereof has been reduced to zero, and then to REMIC II Regular Interest II-A-1, and any such Realized Losses otherwise allocable to REMIC II Regular Interest III-A-1 shall be allocated first to REMIC II Regular Interest III-A-2, until the Uncertificated Principal Balance thereof has been reduced to zero, and then to REMIC II Regular Interest III-A-1.

(iii) The REMIC II Sub WAC Allocation Percentage of all Realized Losses shall be applied after all distributions have been made on each Distribution Date first, so as to keep the Uncertificated Principal Balance of each REMIC II Regular Interest ending with the designation "B" 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 "A" so that the Uncertificated Principal 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 Certificate Principal Balances 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 Realized Losses shall be applied to such REMIC II Regular Interests such that the REMIC II Subordinated Balance Ratio is maintained); and third, any remaining Realized Losses shall be allocated to REMIC II Regular Interest XX.

130

&lt;PAGE&gt;

#### Section 5.06 MONTHLY STATEMENTS TO CERTIFICATEHOLDERS.

(a) Not later than each Distribution Date, the Trustee shall prepare and make available to each Holder of Certificates, the Master Servicer and the Depositor a statement setting forth for the Certificates:

(i) the amount of the related distribution to Holders of each Class allocable to principal, separately identifying (A) the aggregate amount of any Principal Prepayments included therein, (B) the aggregate of all scheduled payments of principal included therein and (C) the Extra Principal Distribution Amount (if any);

(ii) the amount of such distribution to Holders of each Class A Certificates and Class M Certificates allocable to interest and the portion thereof, if any, provided by the Swap Administration Agreement;

(iii) the Interest Carry Forward Amount and any Basis Risk Shortfall Carry Forward Amount for each Class of Certificates;

(iv) the Certificate Principal Balance or Certificate Notional Amount, as applicable, of each Class after giving effect (i) to all distributions allocable to principal on such Distribution Date and (ii) the allocation of any Applied Realized Loss Amounts for such Distribution Date;

(v) for each Loan Group, the aggregate of the Stated Principal Balance of (A) all of the Mortgage Loans in such Loan Group, (B) the first lien Mortgage Loans in such Loan Group, (C) the second lien Mortgage Loans in such Loan Group, and (D) the Adjustable Rate Mortgage Loans in such Loan Group, for the following Distribution Date;

(vi) the related amount of the Servicing Fees paid to or retained by the Master Servicer for the related Due Period;

(vii) the Pass-Through Rate for each Class of Class A Certificates and Class M Certificates with respect to the current Accrual Period, and, if applicable, whether such Pass-Through Rate was limited by the applicable Net Rate Cap;

(viii) the amount of Advances included in the distribution on such Distribution Date;