

EXHIBIT “G”

EX-10.1 2 psa.htm POOLING AND SERVICING AGREEMENT

STRUCTURED ASSET MORTGAGE INVESTMENTS II INC.
DEPOSITOR

WELLS FARGO BANK, NATIONAL ASSOCIATION,
TRUSTEE

and

EMC MORTGAGE CORPORATION
SERVICER, SPONSOR AND COMPANY

POOLING AND SERVICING AGREEMENT

Dated as of July 1, 2006

STRUCTURED ASSET MORTGAGE INVESTMENTS II INC.
Bear Stearns Mortgage Funding Trust 2006-AR1,
Mortgage Pass-Through Certificates, Series 2006-AR1

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Prepayment Period will be withdrawn from the Distribution Account and distributed by the Trustee to the related Class XP Certificates and shall not be available for distribution to the holders of any other Class of Certificates.

(f) The expenses and fees of the Trust shall be paid by each of the 2006-AR1 REMICs, to the extent that such expenses relate to the assets of each of such respective 2006-AR1 REMICs, and all other expenses and fees of the Trust shall be paid pro rata by each of the 2006-AR1 REMICs.

Section 6.02. Allocation of Losses and Subsequent Recoveries. (a) On or prior to each Determination Date, the Servicer shall determine the amount of any Realized Loss in respect of each Mortgage Loan that occurred during the immediately preceding calendar month. Any Realized Losses with respect to the Mortgage Loans shall be applied on the Distribution Date in the month following the month in which such loss was incurred and, in the case of the principal portion thereof, after giving effect to distributions made on such Distribution Date, as provided for in Section 6.01, in reduction of the Current Principal Amount of the Class or Classes of Certificates in the related Loan Group to the extent provided in the definition of Applied Realized Loss Amount.

(b) In addition, in the event that the Servicer receives any Subsequent Recoveries, the Servicer shall deposit such funds into the Custodial Account pursuant to Section 4.01(a)(ii). If, after taking into account such Subsequent Recoveries, the amount of a Realized Loss is reduced, the amount of such remaining Subsequent Recoveries will be applied to increase the Current Principal Amount of the Class of Subordinate Certificates in the related Loan Group with the highest payment priority to which Applied Realized Loss Amounts have been allocated, but not by more than the amount of Applied Realized Loss Amounts previously allocated to that Class of Subordinate Certificates. The amount of any remaining Subsequent Recoveries will be applied to sequentially increase the Current Principal Amount of the Subordinate Certificates in the related Loan Group, beginning with the Class of Subordinate Certificates with the next highest payment priority, up to the amount of such Applied Realized Loss Amounts previously allocated to such Class or Classes of Certificates. Holders of such Certificates will not be entitled to any payments 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 Current Principal Amount of each Subordinate Certificate of such Class in accordance with its respective Fractional Undivided Interest.

Section 6.03. Payments. (a) On each Distribution Date, other than the final Distribution Date, the Trustee shall distribute to each Certificateholder of record as of the immediately preceding Record Date the Certificateholder's pro rata share of its Class (based on the aggregate Fractional Undivided Interest represented by such Holder's Certificates) of all amounts required to be distributed on such Distribution Date to such Class. The Trustee shall calculate the amount to be distributed to each Class and, based on such amounts, the Trustee shall determine the amount to be distributed to each Certificateholder. The Trustee's calculations of payments shall be based solely on information provided to the Trustee by the Servicer. The Trustee shall not be required to confirm, verify or recompute any such information but shall be entitled to rely conclusively on such information.

(b) Payment of the above amounts to each Certificateholder shall be made (i) by check mailed to each Certificateholder entitled thereto at the address appearing in the Certificate Register or (ii) upon receipt by the Trustee on or before the fifth Business Day preceding the Record Date of written instructions from a Certificateholder by wire transfer to a United States dollar account maintained by the payee at any United States depository institution with appropriate facilities for receiving such a wire transfer; provided, however, that the final payment in respect of each Class of Certificates will be made only upon presentation and surrender of such respective Certificates at the office or agency of the Trustee specified in the notice to Certificateholders of such final payment.

Section 6.04. Statements to Certificateholders. (a) On each Distribution Date, concurrently with each distribution to Certificateholders, the Trustee shall make available to the parties hereto and each Certificateholder via the Trustee's internet website as set forth below, the following information, expressed with respect to clauses (i) through (vii) in the aggregate and as a Fractional Undivided Interest representing an initial Current Principal Amount of \$25,000, or in the case of the Class B-IO Certificates, a Notional Amount of \$25,000:

(b) the Current Principal Amount or Notional Amount 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;

(c) 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);

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

(e) the amount of such distribution to Holders of each Class allocable to interest;

(f) the applicable accrual periods dates for calculating distributions and general Distribution Dates;

(g) with respect to each Loan Group, the total cash flows received and the general sources thereof;

(h) the amount of any Cap Contract Payment Amount payable to the Trustee;

(i) with respect to each Loan Group, the amount of such distribution to each Certificate allocable to interest and, with respect to the Group I Certificates, the portion thereof, if any, provided by the Cap Contract.

(j) with respect to each Loan Group, the amount of such distribution to each Certificate allocable to interest;

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

(l) with respect to each Loan Group, the aggregate of the Stated Principal Balance of all of the Mortgage Loans for the following Distribution Date;

(m) the number and Outstanding Principal Balance of the Mortgage Loans that were Delinquent (exclusive of any