

EXHIBIT 1

(d) Notwithstanding anything herein to the contrary, no P&I Advance or Servicing Advance shall be required to be made hereunder by the Servicer if such P&I Advance or Servicing Advance would, if made, constitute a Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance. The determination by the Servicer that it has made a Nonrecoverable P&I Advance or a Nonrecoverable Servicing Advance or that any proposed P&I Advance or Servicing Advance, if made, would constitute a Nonrecoverable P&I Advance or a Nonrecoverable Servicing Advance, respectively, shall be evidenced by an Officers' Certificate of the Servicer delivered to the Depositor, the Securities Administrator and the Trustee. In addition, the Servicer shall not be required to advance Relief Act Interest Shortfalls.

SECTION 4.04. Allocation of Realized Losses.

(a) No later than five (5) Business Days prior to each Distribution Date, the Servicer shall determine as to each Mortgage Loan and REO Property the information listed on Exhibit K hereto. The information described in the preceding sentence that is to be supplied by the Servicer shall be evidenced by a written report delivered to the Securities Administrator together with the remittance report described in Section 4.03(a) hereof.

(b) If on any Distribution Date after giving effect to all Realized Losses incurred with respect to the Mortgage Loans during or prior to the related Due Period and distributions of principal with respect to the Class A Certificates and the Mezzanine Certificates on such Distribution Date, the aggregate Class Principal Amount of the LIBOR Certificates exceeds the Aggregate Collateral Balance on such date, the amount of such excess shall be allocated by the Securities Administrator on such Distribution Date as follows: first, to the Class M-10 Certificates, until the Class Principal Amount thereof has been reduced to zero; second, to the Class M-9 Certificates, until the Class Principal Amount thereof has been reduced to zero; third, to the Class M-8 Certificates, until the Class Principal Amount thereof has been reduced to zero; fourth, to the Class M-7 Certificates, until the Class Principal Amount thereof has been reduced to zero; fifth, to the Class M-6 Certificates, until the Class Principal Amount thereof has been reduced to zero; sixth, to the Class M-5 Certificates, until the Class Principal Amount thereof has been reduced to zero; seventh, to the Class M-4 Certificates, until the Class Principal Amount thereof has been reduced to zero; eighth, to the Class M-3 Certificates, until the Class Principal Amount thereof has been reduced to zero; ninth, to the Class M-2 Certificates, until the Class Principal Amount thereof has been reduced to zero; and tenth, to the Class M-1 Certificates, until the Class Principal Amount thereof has been reduced to zero.

(c) Any allocation of Realized Losses to a Mezzanine Certificates on any Distribution Date shall be made by reducing the Class Principal Amount thereof by the amount so allocated. All Realized 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.

(d) With respect to any Class of Certificates to which an Applied Loss Amount has been allocated (including any such Class for which the related Class Principal Amount has been reduced to zero), the Class Principal Amount of such Class will be increased on each Distribution Date by the amount of related Recoveries for such Distribution Date, beginning with the Class of Mezzanine Certificates with the highest relative payment priority, up to the amount of the Allocated Realized Loss Amount for that Class. Any increase in a Class Principal Amount on a Distribution Date pursuant to this Section 4.04(d) shall be made prior to giving effect to distributions on that Distribution Date.

SECTION 4.05. Compliance with Withholding Requirements.

Notwithstanding any other provision of this Agreement, the Securities Administrator shall comply with all federal withholding requirements respecting payments to Certificateholders of interest or original issue discount that the Securities Administrator reasonably believes are applicable under the Code. The consent of Certificateholders shall not be required for such withholding.

SECTION 4.06. Tax Returns; Commission Reporting.

(a) The Securities Administrator shall prepare or cause to be prepared on behalf of the Trust Fund, based upon information calculated in accordance with this Agreement pursuant to instructions given by the Depositor, and the Securities Administrator shall file federal tax returns, all in accordance with Article X hereof. If the Depositor notifies the Securities Administrator in writing that a state tax return or other return is required, then, at the sole expense of the Trust Fund, the Securities Administrator shall prepare and file such state income tax returns and such other returns as may be required by applicable law relating to the Trust Fund, and, if required by state law, shall file any other documents to the extent required by applicable state tax law (to the extent such documents are in the Securities Administrator's possession). The Securities Administrator shall forward copies to the Depositor of all such returns and Form 1099 supplemental tax information and such other information within the control of the Securities Administrator as the Depositor may reasonably request in writing, and shall forward to each Certificateholder such forms and furnish such information within the control of the Securities Administrator as