

EXHIBIT 1

Summary Of Provisions In the PP/HBK Trusts Governing OC

Each of the PP/HBK Trusts is an “OC Trust,” as that term is defined in the Petition, with a class identified as Class C, or Class CE (or, where there are multiple loan groups, I-C / II-C or I-CE / II-CE).

In the “Distributions” Section of each PP/HBK Trust, the Class C / CE receives a distribution on each Distribution Date, out of any Excess Cashflow not earmarked for certain other distributions, equal to the Class C / CE Distribution Amount.

The Class C / CE Distribution Amount includes interest, the Overcollateralization Release Amount and also “without duplication, any Subsequent Recoveries not distributed to the Class A Certificates and Class M Certificates on such Distribution Date.”

The Overcollateralization Release Amount is defined in terms of the excess of the Overcollateralization Amount over the targets set out in the definition of Overcollateralization Target Amount.

The Overcollateralization Release Amount is expressly *excluded* from the definition of Principal Distribution Amount, which is distributed to the Class A, M, or B certificates.

The Overcollateralization Amount is defined in terms of the excess, if any, of the aggregate balance of the mortgage loans over the aggregate balance of the Class A, M or B certificates.

The precise levels of the Overcollateralization Target Amounts vary from trust to trust. Otherwise, each of the PP/HBK Trusts is substantially identical in terms of the above structure.

Below are excerpts of the above provisions for BSABS 2005-HE3, SACO 2005-WM1, and BSABS 2006-HE1, and for 2005-HE5, which was a trust in which Poetic and Prophet asserted an interest prior to its resolution pursuant to a consent order (Dkt. 427). These are representative of each of the PP/HBK Trusts with respect to the above “OC” structure.

The PSAs for BSABS 2005-HE3, SACO 2005-WM1, and BSABS 2006-HE1 are attached as Exhibits 2-4 to this Affirmation.

The PP/HBK Trusts are those listed in Exhibit A and B to Respondents’ Opening Memorandum.

Excerpts From “Distributions” Section
Relating To Distributions To The Class C/CE

Each of the PSAs for the PP/HBK Trusts (and for BSABS 2005-HE5 and BSABS 2005-HE7) has substantially identical provisions to the provisions below relating to distributions to the Class C or CE (or I-C / II-C or I-CE / II-CE). All emphasis below is added.

BSABS 2005-HE3 PSA 5.04:

Section 5.04 DISTRIBUTIONS.

(a) On each Distribution Date, an amount equal to the Interest Funds and Principal Funds for each Loan Group for such Distribution Date shall be withdrawn by the Trustee from the Distribution Account and distributed in the following order of priority:

[. . .]

Any Excess Spread to the extent necessary to meet a level of overcollateralization equal to the Overcollateralization Target Amount will be the Extra Principal Distribution Amount and will be included as part of the Principal Distribution Amount. Any Remaining Excess Spread together with any Overcollateralization Release Amount will be applied as Excess Cashflow and distributed pursuant to clauses (4)(A) through (G) below.

[. . .]

(4) Any Excess Cashflow shall be distributed in the following manner and order of priority:

[. . .]

(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

[...]

The Distributions Section from BSABS 2005-HE5 similarly provides for distribution: “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...” BSABS 2005-HE5 PSA 5.04(a)(4)(G).

In some PP/HBK Trusts, there is a Class C rather than a Class CE, for example SACO 2005-WMI:

Section 5.04, “Distributions”:

(a) On each Distribution Date, an amount equal to the Interest Funds and Principal Funds for such Distribution Date shall be withdrawn by the Trustee from the Distribution Account and distributed in the following order of priority:

[...]

Any Excess Spread to the extent necessary to meet a level of overcollateralization equal to the Overcollateralization Target Amount will be the Extra Principal Distribution Amount and will be included as part of the Principal Distribution Amount. Any Remaining Excess Spread together with any Overcollateralization Release Amount will be applied as Excess Cashflow and distributed pursuant to clauses (3)(A) through (G) below.

[...]

(3) Any Excess Cashflow shall be distributed in the following manner and order of priority:

[...]

(E) from any remaining Excess Cashflow, to the Class C Certificates, an amount equal to the Class C Distribution Amount reduced by amounts distributed in clause (C) above; and

[...]

Some PP/HBK Trusts have two groups, and accordingly the Class C/CE is identified as I-C / II-C or I-CE / II-CE, for example BSABS 2006-HEI:

Section 5.04, “Distributions”

(a) Subject to Section 3.21(c), on each Distribution Date, an amount equal to the Interest Funds and Principal Funds for Loan Group I for such Distribution Date shall be withdrawn by the Trustee from the Distribution Account and distributed in the following order of priority:

[. . .]

Any Excess Spread with respect to Loan Group I to the extent necessary to meet a level of overcollateralization equal to the Group I Overcollateralization Target Amount will be the Group I Extra Principal Distribution Amount and will be included as part of the related Principal Distribution Amount. Any related Remaining Excess Spread together with any Group I Overcollateralization Release Amount will be applied as Excess Cashflow with respect to Loan Group I and distributed pursuant to clauses (a)(3)(A) through (H) below.

[. . .]

(3) Any Excess Cashflow with respect to Loan Group I shall be distributed in the following manner and order of priority:

[. . .]

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

[. . .]

Definition Of “Excess Cashflow”

Each of the PSAs for the PP/HBK Trusts (and for BSABS 2005-HE5 and BSABS 2005-HE7) has a substantially identical definition of “Excess Cashflow:”

Excess Cashflow: With respect to any Distribution Date, an amount, if any, equal to the sum of (a) the Remaining Excess Spread for such Distribution Date and (b) the Overcollateralization Release Amount for such Distribution Date.

BSABS 2005-HE3 PSA Section 1.01, BSABS 2005-HE5 PSA Section 1.01, SACO 2005-WMI PSA Section 1.01.

Excess Cashflow: With respect to any Distribution Date and any Loan Group, an amount, if any, equal to the sum of (a) the related Remaining Excess Spread for such Distribution Date and (b) the related Overcollateralization Release Amount for such Distribution Date.

BSABS 2006-HE1 PSA Section 1.01.

Definition Of “Class C/CE Distribution Amount”

Each of the PP/HBK Trusts (and BSABS 2005-HE5 and BSABS 2005-HE7) contains a substantially identical definition of Class C or CE (or I-C / II-C or I-CE / II-CE Distribution Amount.

CLASS CE DISTRIBUTION AMOUNT: With respect to any Distribution Date, the sum of (i) the Current Interest for the Class CE Interest for such Distribution Date, (ii) any Overcollateralization Release Amount for such Distribution Date and (iii) without duplication, any Subsequent Recoveries not distributed to the Class A Certificates and Class M Certificates on such Distribution Date; provided, however that on any Distribution Date after the Distribution Date on which the Certificate Principal Balances of the Class A Certificates and Class M Certificates have been reduced to zero, the Class CE Distribution Amount shall include the Overcollateralization Amount.

BSABS 2005-HE3 PSA Section 1.01, BSABS 2005-HE5 PSA Section 1.01.

In some PP/HBK Trusts, there is a Class C rather than a Class CE:

Class C Distribution Amount: With respect to any Distribution Date, the sum of (i) the Current Interest for the Class C Certificate for such Distribution Date, (ii) any Overcollateralization Release Amount for such Distribution Date and (iii) without duplication, any Subsequent Recoveries not distributed to the Class A, Class M and Class B Certificates on such Distribution Date; provided, however that on any Distribution Date after the Distribution Date on which the Certificate Principal Balances of the Class A, Class M and Class B Certificates have been reduced to zero, the Class C Distribution Amount shall include the Overcollateralization Amount.

SACO 2005-WMI PSA Section 1.01.

In some PP/HBK Trusts, there are two groups and the Class C / CE is identified accordingly as I-C / II-C or I-CE / II-CE:

Class I-CE Distribution Amount: With respect to any Distribution Date, the sum of (i) the Current Interest for the Class I-CE Interest for such Distribution Date, (ii) any Group I Overcollateralization Release Amount for such Distribution Date and (iii) without duplication, any Subsequent Recoveries related to Loan Group I

not distributed to the Class I-A Certificates and Class I-M Certificates on such Distribution Date; provided, however that on any Distribution Date after the Distribution Date on which the Certificate Principal Balances of the Class I-A Certificates and Class I-M Certificates have been reduced to zero, the Class I-CE Distribution Amount shall include the Group I Overcollateralization Amount.

BSABS 2006-HE1 PSA Section 1.01.

Definition of “Overcollateralization Release Amount”

Each of the PP/HBK Trusts (and BSABS 2005-HE5 and BSABS 2005-HE7) contains a substantially identical definition of Overcollateralization Release Amount.

OVERCOLLATERALIZATION RELEASE AMOUNT: With respect to any Distribution Date, the lesser of (x) the Principal Remittance Amount for such Distribution Date and (y) the excess, if any, of (i) the Overcollateralization Amount for such Distribution Date (assuming that 100% of the Principal Remittance Amount is applied as a principal payment on such Distribution Date) over (ii) the Overcollateralization Target Amount for such Distribution Date (with the amount pursuant to clause (y) deemed to be \$0 if the Overcollateralization Amount is less than or equal to the Overcollateralization Target Amount on that Distribution Date).

BSABS 2005-HE3 PSA Section 1.01, BSABS 2005-HE5 PSA Section 1.01, SACO 2005-WMI PSA Section 1.01.

Group I Overcollateralization Release Amount: With respect to any Distribution Date, the lesser of (x) the related Principal Remittance Amount for such Distribution Date and (y) the excess, if any, of (i) the Group I Overcollateralization Amount for such Distribution Date (assuming that 100% of the related Principal Remittance Amount is applied as a principal payment on such Distribution Date) over (ii) the Group I Overcollateralization Target Amount for such Distribution Date (with the amount pursuant to clause (y) deemed to be \$0 if the Group I Overcollateralization Amount is less than or equal to the Group I Overcollateralization Target Amount on that Distribution Date).

Group II Overcollateralization Release Amount: With respect to any Distribution Date, the lesser of (x) the related Principal Remittance Amount for such Distribution Date and (y) the excess, if any, of (i) the Group II Overcollateralization Amount for such Distribution Date (assuming that 100% of the related Principal Remittance Amount is applied as a principal payment on such Distribution Date) over (ii) the Group II Overcollateralization Target Amount for such Distribution Date (with the amount pursuant to clause (y) deemed to be \$0 if the Group II Overcollateralization Amount is less than or equal to the Group II Overcollateralization Target Amount on that Distribution Date).

BSABS 2006-HE1 PSA Section 1.01.

Definition of “Principal Distribution Amount”

Each of the PP/HBK Trusts (and BSABS 2005-HE5 and BSABS 2005-HE7) contains a substantially identical definition of Principal Distribution Amount.

PRINCIPAL DISTRIBUTION AMOUNT: With respect to each Distribution Date, an amount equal to (x) the Principal Funds for such Distribution Date plus (y) any Extra Principal Distribution Amount for such Distribution Date, less (z) any Overcollateralization Release Amount.

BSABS 2005-HE3 PSA Section 1.01, BSABS 2005-HE5 PSA Section 1.01, SACO 2005-WMI PSA Section 1.01.

Principal Distribution Amount: With respect to each Distribution Date and group of Certificates, an amount equal to (x) the Principal Funds for the related Loan Group for such Distribution Date plus (y) any Extra Principal Distribution Amount for the group of Certificates for such Distribution Date, less (z) any Overcollateralization Release Amount for the related Loan Group.

BSABS 2006-HE1 PSA Section 1.01.

Definition of “Overcollateralization Amount”

Each of the PP/HBK Trusts (and BSABS 2005-HE5 and BSABS 2005-HE7) contains a substantially identical definition of Overcollateralization Amount.

OVERCOLLATERALIZATION AMOUNT: With respect to any Distribution Date, the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans as of the last day of the related Due Period (including any reduction due to Realized Losses) over the Certificate Principal Balances of the Certificates (other than the Class CE and Class P Certificates) on such Distribution Date (after taking into account the payment of principal other than any Extra Principal Distribution Amount on such Certificates).

BSABS 2005-HE3 PSA Section 1.01, BSABS 2005-HE5 PSA Section 1.01.

Some PP/HBK Trusts have a Class C rather than a Class CE:

Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of 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 related Due Period) over the Certificate Principal Balances of the Certificates (other than the Class C Certificates) on such Distribution Date (after taking into account the payment of principal other than any Extra Principal Distribution Amount on such Certificates).

SACO 2005-WMI PSA Section 1.01.

In 2006-HE1, the definition of Overcollateralization Amount speaks in terms of the excess of the collateral over the aggregate balance of the “Offered Certificates” rather than the “Certificates (other than the Class C [or CE]),” and “Offered Certificates” is defined to exclude the Class C / CE.

Group I Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of the aggregate Stated Principal Balance of the Group I 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 related Due Period) over the

aggregate Certificate Principal Balance of the Group I Offered Certificates on such Distribution Date (after taking into account the payment of principal other than any Group I Extra Principal Distribution Amount on such Certificates).

BSABS 2006-HE1 Definitions Section 1.01.

Definition of “Overcollateralization Target Amount”

Each of the PP/HBK Trusts (and BSABS 2005-HE5 and BSABS 2005-HE7) has a substantially identical definition of Overcollateralization Target Amount, except in so far as the precise target numbers vary from trust to trust (or loan group to loan group).

OVERCOLLATERALIZATION TARGET AMOUNT: With respect to any Distribution Date (a) prior to the Stepdown Date, 2.20% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) 2.20% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date and (2) 4.40% of the then current aggregate Stated Principal Balance of the Mortgage Loans as of the last day of the related Due Period and (ii) \$3,496,538 or (c) on or after the Stepdown Date and if a Trigger Event is in effect, the Overcollateralization Target Amount for the immediately preceding Distribution Date.

BSABS 2005-HE3 PSA Section 1.01.

Overcollateralization Target Amount: With respect to any Distribution Date (a) prior to the Stepdown Date, 2.25% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) 2.25% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date and (2) 4.50% of the then current aggregate Stated Principal Balance of the Mortgage Loans as of the last day of the related Due Period and (ii) \$2,609,328 or (c) on or after the Stepdown Date and if a Trigger Event is in effect, the Overcollateralization Target Amount for the immediately preceding Distribution Date.

BSABS 2005-HE5 PSA Section 1.01.

Overcollateralization Target Amount: With respect to any Distribution Date (a) prior to the Stepdown Date, 6.95% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) 9.95% of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-off Date and (2) 13.90% of the then current 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 related Due Period) and (ii) the Overcollateralization Floor or (c) on or after the Stepdown Date and if a Trigger Event is in effect, the Overcollateralization Target Amount for the immediately preceding Distribution Date.

SACO 2005-WMI PSA Section 1.01.

Group I Overcollateralization Target Amount: With respect to any Distribution Date (a) prior to the Stepdown Date, 5.30% of the aggregate Stated Principal Balance of the Group I Mortgage Loans as of the Cut-off Date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) 5.30% of the aggregate Stated Principal Balance of the Group I Mortgage Loans as of the Cut-off Date and (2) 10.60% of the then current aggregate Stated Principal Balance of the Group I 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 related Due Period) and (ii) \$2,715,437 or (c) on or after the Stepdown Date and if a Group I Trigger Event is in effect, the Group I Overcollateralization Target Amount for the immediately preceding Distribution Date.

Group II Overcollateralization Target Amount: With respect to any Distribution Date (a) prior to the Stepdown Date, 5.15% of the aggregate Stated Principal Balance of the Group II Mortgage Loans as of the Cut-off Date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) 5.15% of the aggregate Stated Principal Balance of the Group II Mortgage Loans as of the Cut-off Date and (2) 10.30% of the then current aggregate Stated Principal Balance of the Group II 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 related Due Period) and (ii) \$590,572 or (c) on or after the Stepdown Date and if a Group II Trigger Event is in effect, the Group II Overcollateralization Target Amount for the immediately preceding Distribution Date.

BSABS 2006-HE1 PSA Section 1.01.