October 4, 2011

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Re-Proposal of Shelf Eligibility Conditions for Asset-Backed Securities
RIN 3235-AK37; Number S7-08-10

Dear Ms. Murphy:

The Asset Management Group (the "AMG") of the Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to provide comments on the proposed rule (the "Re-Proposal") re-issued by the Securities and Exchange Commission ("SEC") on August 5, 2011 regarding registration and transaction requirements for shelf registration of asset-backed securities ("ABS"). We appreciate the many changes that the SEC made to its original April 2010 proposal (the "Proposal") calling for the revision of the disclosure, reporting and offering process for ABS to accomplish the stated objectives of protecting investors and promoting more efficient asset-backed markets. By issuing this new Re-Proposal, the SEC seems to recognize that substantive changes need to be made concerning disclosure, conflicts of interest and accountability, while at the same time balancing the needs of functioning capital markets. Indeed, if the new requirements are too restrictive, issuers will not issue, and, if the new requirements are too loose, investors will not purchase. We generally have tried to limit our comments below to the "big picture" issues that we think are essential to reach an equilibrium between the legitimate interests of investors and issuers.

Our comments on the Re-Proposal focuses on three major topics: shelf-eligibility conditions, disclosure and privately-issued structured finance products. We address these topics below.

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[1] SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that strengthen markets and encourage capital availability, job creation and economic growth while building trust and confidence in the financial industry. This letter has been prepared by the Asset Management Group (the AMG) of SIFMA, the voice for the buy side within the securities industry and the broader financial markets. Collectively, the members of the AMG represent over $20 trillion of assets under management. The clients of AMG member firms include, among others, registered investment companies, state and local government pension funds, universities, 401(k) plans, and similar types of retirement funds and private funds, such as hedge funds and private equity funds.

I. RE-PROPOSAL OF SHELF ELIGIBILITY REQUIREMENTS

The Proposal offered new ABS “shelf” eligibility criteria to enhance the type of securities that are being offered and the accountability of participants in the securitization chain. It called for the elimination of the ratings requirement from the SEC’s expedited shelf eligibility test. In its place, the Proposal imposed certain conditions for shelf registration, including a certification from an executive officer and the appointment of a credit risk manager to review assets for compliance with loan level representations and warranties. The Re-Proposal revises these new conditions. AMG generally supports both conditions, but we have some concerns about their treatment in the Proposal.

Officer Certification

We applaud the intention behind the broad certification requirement to impose a level of rigor on the securitization process by holding individuals responsible for the general accuracy of the offerings. We agree that some level of executive oversight of a securitization transaction is important. In this litigious environment, however, we believe that it simply is asking too much of individual officers to assume the level of responsibility that the revised certification would impose.

As investors, we would like nothing more than to have individual officers stand firmly behind the product of their employers. Yet we fear that such broad certification requirements will discourage able executives from taking executive positions for fear of being personally embroiled in private litigation and government enforcement actions if the securities fail to perform as expected. At this point in the recovery cycle, we think it is essential to facilitate new mortgage market securitizations and not impose unnecessary barriers to new issuances. If executive officers feel like they personally will be made the scapegoat for unmet performance, it is reasonably likely that they will not participate in the securitization process.

We ask the Commission to limit the certification to a form that is consistent with the Exchange Act periodic reports currently required of corporate issuers under Exchange Act Rules 13a-14 and 15d-14 to the effect that based on certifier's knowledge, the prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading. It is no small matter for an executive or senior officer to make such a certification. It is reasonable to assume that any certifying officer will engage in an extensive level of oversight to put his or her name next to this statement. Moreover, issuers could use internal procedures similar to those that have been developed for senior officers in giving certifications for corporate issuances.

We understand that the dealer group of SIFMA generally supports this approach.

Credit Risk Manager

While we somewhat reluctantly ask the SEC to loosen the certification requirement, we ask the SEC to tighten the Re-Proposal in certain respects concerning the appointment of a credit risk manager. We firmly support the appointment of an independent, third party credit risk manager to review assets for compliance with the loan level representations and warranties in the transaction documents and determine the applicability of a repurchase obligation. Without a strong enforcement mechanism for material breaches of asset-level representations and warranties, we believe the ABS markets will not recover. As a general proposition, we support

many of the changes in the Re-Proposal, such as the elimination of the requirement of a quarterly certificate or opinion from the party with the contingent liability to repurchase assets.

SIFMA's original comment letter articulated a negotiated compromise between issuers and investors on the need for and the rules surrounding a credit risk manager. We refer the SEC to and incorporate in to this response the original comment letter from SIFMA dated August 2, 2010, for the creation of an independent process to enforce representations and warranties and authorize arbitration to resolve disputes. An excerpt of this comment letter is attached hereto as Exhibit A. Reaching this consensus between affected parties with a divergence of interests was no small feat. We urge the SEC to reconsider these comments in their entirety by virtue of the collaborative process undertaken to fashion this compromise.

The Re-Proposal recognizes the value of a credit risk manager but defers its intervention until the occurrence of certain minimum triggering events. We appreciate the flexibility provided in the Re-Proposal to transaction parties to develop alternative trigger events or procedures for monitoring and reviewing the assets backing the ABS. Our concern is that representations and warranties should be honored regardless of whether a trigger has or has not been tripped. Moreover as outlined in the attached comment letter, Exhibit A, many investors believe they cannot, due to inherent conflicts of interest, rely on either the servicers or the trustees to honor their responsibilities with respect to representations and warranty claims. Nor are we in a position to assert our rights directly because of the trust structure. As a result, investors need residential mortgage related securitizations to provide for an independent credit risk manager to serve as the advocate and protector of the investors' interests. Accordingly, we believe a minimum condition to the availability of a shelf registration should be the inclusion in the transaction documents of an independent credit risk manager, without the need for triggering events, to access loan files subject to reasonable confidentiality protections and initiate claims based upon a good faith reasonable belief of its contractual authority to do so. We understand that the Re-Proposal permits transaction parties to agree to less restrictive triggering events than those in the Re-Proposal, but leaving such an important issue to the will of the parties inevitably will lead to "cutting corners" in imprudent ways in the pressure to procure deals. The minimum triggering event should be no triggering event.

Moreover, we are not comfortable with the trustee having the contractual right to evaluate the satisfaction of triggering events before invoking the protections of a credit risk manager. Whether it is due to a conflict of interest, a lack of compensation for additional responsibilities or a general unease with material contract disputes, many trustees have proven themselves to be insufficiently vigilant in the protection of the investors' interests. Limiting the availability of a credit risk manager to a prior determination of the trustee undermines the very reason for having a credit risk manager—namely, a desire not to have to rely on the trustee for enforcement of the investors' rights.

We appreciate that the early introduction of a credit risk manager will cause the trusts to incur additional costs. The concept of increasing costs to investors in order to increase investor protections is not new. On balance, the strict enforcement of the deal documents by an independent credit risk manager, we believe, will in the ordinary course produce net economic benefits to the investors.

We agree with the Re-Proposal that investors should have the contractual authority to direct the credit risk manager to review assets for potential repurchase claims. We have, however, two noticeable differences. First, we believe that the final Re-Proposal should outline minimum percentages of investor consent to have the authority to direct the credit risk manager,

with the authority of the transaction parties to lowers such percentages in the transaction documents. The attached excerpt from our 2010 comment letter details our suggested minimum percentages. Second, we believe the credit risk manager should have the independent authority to initiate a claim rather than merely having authority to recommend to the trustee that a claim should be asserted. We agree with the Re-Proposal that these findings should be disclosed on Form 10-D.

In addition, we agree that the transaction documents should authorize specific alternative mechanisms for resolving disputes. Unlike the Re-Proposal, however, we believe that binding arbitration should be mandatory. Such arbitration should be structured on a “loser pay” model to provide an economic disincentive to frivolous claims and disingenuous defenses.

Last, we believe that the provisions pertaining to the role of a credit risk manager are most applicable to residential mortgage ABS. We recognize and agree that the protections afforded investors through the use of a credit risk manager also could benefit investors of other classes, but perhaps not as significantly and in different ways. Thus, AMG wishes to emphasize the important role of the credit risk manager in residential mortgage ABS.

II. DISCLOSURE

Asset-Level Data Requirements

In response to statutory changes to the Securities Act requiring the SEC to adopt regulations pertaining to more fulsome ABS disclosure, the 2010 Proposal calls for the disclosure of detailed asset-level information in the ABS prospectuses and periodic reports. The AMG response to this suggestion in SIFMA’s 2010 comment letter enthusiastically supported the SEC’s proposal to mandate standardized disclosure at the asset level, believing that all of the ALD fields should be mandatory subject to certain comments annexed to that comment letter. We repeat that support in this letter. Well functioning markets require the disclosure of as much relevant asset-level data as is reasonably available, subject, of course, to compliance with applicable privacy law limitations.

One exception to note is resecuritizations. SIFMA noted in its 2010 comment letter that it supports an exemption from the proposed ALD requirements for rescuritizations as long as the pool assets are sufficiently seasoned. It proposed a minimum seasoning requirement of twelve months in order to prevent the use of rescuritizations as a device to circumvent asset-level disclosure requirements; and we continue to support that position.

Timing of Filing

The Re-Proposal asks for further comments regarding the advance time frame within which an ABS issuer would be required to file a preliminary prospectus with the SEC for each take down off of a proposed new shelf registration. We applaud the initial proposal requirement that such a filing occur at least five (5) business days in advance of the first solicitation or offering of indications of interest in the sale of securities involving residential mortgage ABS. This minimum time frame properly recognizes the sheer velocity of complex decision-making in the capital markets and permits prudent investors the opportunity to participate in new offerings. There is an inherent inconsistency between minimum material disclosure requirements and minimal time afforded to digest and evaluate such disclosures. Full, accurate and complete information is a pre-requisite to a functioning market. Without adequate time to review such information, however, the purposes behind the request for such disclosure likely will not be fully

realized. And those who take time to review the disclosures should not be pressured to decide precipitously or face the penalty of by being shut out of a quickly sold out new offering. We recognize, as we noted in our 2010 comment letter, that the five (5) day advance filing requirement would not apply to other asset classes, such as credit card and auto loan ABS.

Scope of Disclosure

The Re-Proposal would require ABS issuers to file copies of a complete set of the underlying transaction documents at the same time that a preliminary prospectus would be required to be filed. We support this proposal. The complexity of those transactions does not lend itself to abbreviated disclosure.

Moreover, our investor members have found that reviewing a blackline of the documents against past transactions and prior versions of a document enables a clear identification of all changes. We believe documents that clearly identify all changes in a transaction's terms and structure benefits the market's understanding of the transaction. Accordingly, if there is a prior set of documents which form the basis of the new transaction, a blackline of the current Rule 424(h) filing to the prior transaction's Rule 424(b) filing and a blackline of the draft operative documents to the prior transaction's executed operative documents should also be required. The blackline documents should greatly assist investors in identifying the structural changes introduced since the last transaction. In addition, a blackline of the executed operative documents and Rule 424(b) filing against the draft operative documents and Rule 424(h) filing should also be required. The blackline documents should greatly assist investors in identifying what has changed since the start of the marketing period.

III. PRIVATELY-ISSUED STRUCTURED FINANCE PRODUCTS

The original Proposal called for amendments to the SEC safe harbors for exempt offerings and resales and new related rules regarding the information that must be made available to investors in privately-issued ABS. SIFMA's investor members generally supported the SEC's proposals, noting that investors should have access to substantially the same prescribed information regardless of the markets in which the securities trade, unless the securities are offered in a transaction exempt under Section 4(2) of the Securities Act. The Re-Proposal requests comment on whether asset-level disclosures on structured finance products sold in reliance on Rule 144 or Rule 506 should only be required where the relevant asset class has prescribed reporting requirements in Regulation AB.

We want to take the opportunity to restate our position that the level and type of disclosure should not depend on the public or private nature of the sale of ABS. With respect to mortgage-related ABS, the asset-level disclosures in Regulation AB should be mandated in publicly registered and privately exempt sales. We are concerned that materially diminished disclosure requirements for private sales of ABS will create perverse incentives to avoid the public markets and the corresponding protections that registration provides to investors. We are concerned that competitive pressures will influence transaction parties to take the easy way out through private placements and facilitate a "race to the bottom" with skimpy, inadequate disclosures. Such an approach would be inconsistent with the spirit of the Dodd-Frank Act, which at some level was an attempt to protect the market from itself to ensure minimum standards of protection to promote the proper operation of the markets. We urge the SEC not diminish the asset-level disclosure requirements.

Among lessons learned from the mortgage crisis that originated in 2007 is that investors must do their own thorough analysis of the terms, structure and collateral of each mortgage securitization. Investors cannot solely rely on rating agencies or other third-party arbiters of risks, credit quality or performance. To insure that the excesses of the mortgage market never return, we, the investors, must be provided with sufficient information to allow us to make informed decisions. Our views do not differ based on the type of the asset class.

We appreciate the thorough and thoughtful response embodied in the Re-Proposal. We acknowledge that it is no easy task to balance the legitimate interests of investors and issuers, and the SEC made an admirable first attempt. We respectfully request serious consideration of the comments we make in this letter.

Sincerely,

Timothy W. Cameron
Managing Director, Asset Management Group
Securities Industry and Financial Markets Association (SIFMA)

EXHIBIT A

Excerpt from SIFMA's 2010 Comment Letter

SIFMA

Securities Industry and Financial
Markets Association

August 2, 2010

VIA ELECTRONIC MAIL (rule-comments@sec.gov)

U.S. Securities and Exchange Commission 100 F. Street, NE
Washington, DC 20549-1090
Attn: Elizabeth M. Murphy, Secretary

Re: Asset-Backed Securities, Release Nos. 33-9117; 34-61858; File No. S7-08-10

Ladies and Gentlemen:

The Securities Industry and Financial Markets Association ("SIFMA")[2] is pleased to respond to the request for comment by the Securities and Exchange Commission (the "SEC" or the "Commission") on the Commission's Release Nos. 33-9117, 34-61858, Asset-Backed Securities; Proposed Rule (the "Proposing Release").[3]

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4 Third-Party Verification Regarding Repurchase Obligations

The mechanisms for enforcement of asset-level representations and warranties in asset-backed transactions — particularly RMBS transactions — have been a source of great frustration for SIFMA's investor members. In many existing transactions, these mechanisms have not functioned effectively. In some cases, the standard for determining whether a material breach of a representation and warranty has occurred, and whether repurchase of or substitution for the affected pool asset is therefore required, is unclear. In others, investor members believe that claims for repurchase or replacement of defective pool assets have not been made when

[2] The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit _. ....

[3] Asset-Backed Securities; Proposed Rule, 75 Fed. Reg. 23328 (May 3, 2010).

appropriate. At the same time, our dealer and sponsor members have been subject in many cases to claims for material breaches of representations and warranties that they believe are without basis in fact, and that have sometimes been asserted without any specific grounds other than delinquency in payment.

We believe that reform of the enforcement provisions for material breaches of asset-level representations and warranties, particularly in RMBS transactions, is an important element of the recovery of the ABS markets.[4]

As a partial replacement of the current condition to ABS shelf eligibility requiring an investment grade credit rating by at least one NRSRO, the Commission has proposed that the transaction documents be required to provide that the party that is obligated to repurchase (or substitute for) pool assets that are in material breach of a representation or warranty[5] must provide to the securitization trustee, on at least a quarterly basis, a certificate or opinion of an unaffiliated third party regarding pool assets not repurchased or substituted for[6] after a demand for such was made. This certificate or opinion would state that the affected pool asset was not in material breach of a representation or warranty. Although we appreciate the Commission's proposal and applaud it as a step in the right direction, we believe that the proposed requirement for a third-party opinion or certificate as a condition to shelf registration does not adequately address our members' concerns — which we believe are widely shared in the ABS markets — regarding enforcement of representations and warranties.

Our dealer and sponsor members are concerned that the proposed requirement may not be workable in practice, and that the opinions or certificates of third parties would be of minimal value to investors. The party responsible for providing the opinion or certificate would need to make not only a technical determination as to whether a breach has occurred but also a determination that the breach is material and adverse. It is not clear who would be qualified to provide the opinion or certificate, or who would be willing to undertake the responsibility to do so. As noted by the Commission in the Proposing Release, this would not be an appropriate

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[4] Requests for repurchase of or, where permitted, substitution of new pool assets for, assets as to which a material breach of a representation or warranty is alleged to have been identified, are primarily a phenomenon associated with RMBS transactions. The Commission may therefore wish to consider whether the recommendation that we have outlined below should be applicable in all respects to ABS other than RMBS, and whether for some types of ABS these recommendations may be inapplicable. It would be rare for repurchase of pool assets due to a material breach of a representation or warranty to be requested in, for example, motor vehicle loan or lease transactions. In credit card securitizations, receivables that are required to be removed are reassigned to the seller's interest in the pool of receivables. Although it probably would not be practical to establish completely different representation and warranty enforcement mechanisms for every asset class, it may, for example, be unnecessary to appoint (and pay a fee to) an independent credit risk manager in transactions in which ABS are backed by assets other than residential mortgage loans.

[5] Or, of course, the obligated party may cure the breach, if the breach is of a type that is susceptible to cure.

[6] In some transactions, the party that is obligated on the asset-level representations and warranties may, at its option, if it is determined that a material breach of a representation or warranty has occurred as provided in the transaction documents, either repurchase the affected pool asset for the specified purchase price or substitute for the defective asset another pool asset having substantially similar characteristics.

responsibility for accountants.[7] We believe that it would also be an inappropriate subject for a legal opinion, as the conclusions as to which the third party would be required to opine would generally be matters of fact, not law.

In addition, the proposed requirement for a third party opinion or certificate would not address the most significant concerns of investors — the absence in most transactions of a party that is specifically charged with enforcement of representations and warranties, and an effective mechanism for requiring repurchase of (or substitution for) a defective pool asset when a material breach has been identified.

As an alternative, our dealer and sponsor members have developed a more practical mechanism that would be genuinely beneficial to investors. We recommend an independent enforcement process that would be feasible for issuers to undergo while at the same time providing investors with an effective mechanism to ensure that representations and warranties would be enforceable. This process would involve appointment of an independent party that would be responsible for enforcing representations and warranties, and requiring that if a claim could not otherwise be resolved the dispute would be submitted to binding arbitration. We ask that the Commission condition shelf eligibility under Form SF-3 on the transaction documents implementing the process described below for repurchase claims for material breaches of representations and warranties.[8] We outline this recommendation in significant detail; SIFMA's dealer and sponsor members and our investor members share the view that in order for this process to operate effectively, the criteria described below should be satisfied. We recognize that the Commission may not wish to include this amount of detail in the General Instructions to Form SF-3. If the Commission chooses to adopt but abbreviate the requirement by, for example, providing that the transaction documents must specify detailed procedures sufficient to implement the requirement, we ask that the Commission cite the procedures described in this letter as procedures that, if included in the transaction documents, would satisfy this shelf eligibility criterion.[9]

For each transaction in which ABS are to be offered pursuant to a shelf registration statement,[10] the transaction documents should provide that an independent credit risk manager ("CRM")[11] would be appointed to represent the interests of the securityholders. The CRM would

[7] 75 Fed. Reg. at 23345.

[8] As discussed below, our investor members believe that additional disclosure should be required in the prospectus regarding asset-level representations and warranties and the remedies for material breach, so that investors would be able to more easily enforce repurchase or substitution obligations for material breaches.

[9] We believe that if the Commission chooses to adopt our recommendation for enforcement of representations and warranties in shelf offerings of ABS, it is likely that this mechanism will be adopted as a model for other ABS transactions.

[10] Or at least, for each RMBS shelf offering. As noted above, the Commission may wish to consider whether all of these requirements would need to be satisfied for transactions in which ABS are backed by assets other than residential mortgage loans.

[11] The CRM should not be affiliated with the issuer or sponsor, and should not be the same institution hired by the sponsor or underwriter to perform pre-closing due diligence work on the pool assets.

be provided by the custodian or other party that maintains the physical loan files or electronic credit underwriting files with electronic access to all loan and credit underwriting files. The CRM would have access to all underwriting guidelines and any other documents necessary to reunderwrite the loans, whether on the basis of asset performance or otherwise. A risk management fee would be paid to the CRM alongside other service providers, before investors are paid, through the cash flow waterfall. A simple majority vote of investors, by interest, could terminate the CRM and appoint a successor.

It would be the responsibility of the CRM to determine whether it is appropriate to assert against the sponsor or other obligated party (each a "seller") a claim of a material breach of a representation or warranty with respect to any pool asset, and if so, to assert that claim on behalf of the securitization trust. The transaction documents would provide that claims may be made by the CRM either on its own initiative in the interests of all investors in the aggregate, or as directed by an investor, subject to the following standards:[12]

- A claim may be initiated by the CRM if it has a good faith reasonable belief that:
    - On the basis of documented and verifiable evidence (other than the performance of the pool asset alone, except in the case of a violation of an early payment default condition), a representation or warranty has been breached,
    - The breach has materially and adversely affected the interests of investors with respect to the affected pool asset,[13] and
    - Seeking repurchase or replacement of the pool asset or a cure of the breached representation or warranty is in the best interests of all investors in the transaction, in the aggregate.
- A claim may be initiated by the CRM on behalf of the trust upon the direction of an investor or group of investors if those investors' interests represent at least 25 percent (by principal balance) of the total interest in the entire pool of securitized assets. This criterion is designed to reduce the likelihood of claims brought by investors that may acquire small interests in ABS in the secondary market in order to assert claims for the purpose of securing settlement payments outside of the trust that do not benefit other investors. As in the case of claims brought by the CRM on its own initiative on behalf of the trust, investor claims for material breaches of representations and warranties must be based on a good faith reasonable belief that:

[12] In order to facilitate the assertion of appropriate claims for material breaches of representations and warranties, the transaction documents should require that the securitization sponsor or any other party obligated on representations and warranties notify the CRM after any public disclosure of a settlement between such obligated party and any governmental body or regulatory agency regarding violations of predatory lending or other laws specifically relating to the pool assets.

[13] The breach of certain representations and warranties specified in the transaction documents, such as representations related to predatory lending and compliance with law, would be deemed to be material.

- On the basis of documented and verifiable evidence (other than the performance of the pool asset alone, except in the case of a violation of an early payment default condition), a representation or warranty has been breached, and
- The breach has materially and adversely affected the interests of investors with respect to the affected pool asset.[14]

- Investors representing at least five percent of the total interest in the pool may ask the CRM to initiate a claim. The CRM must then poll investors to determine whether investors representing a total of 25 percent of the interest in the pool assets agree.
  - In order to enable investors to determine whether five percent or more of securityholders want to make such a request, the transaction documents would provide a mechanism for securityholders, acting through the CRM and/or the trustee, to determine whether other securityholders share their view.
  - Investors whose interests in the ABS do not represent at least 25 percent of the interest in the entire pool of securitized assets would be entitled to direct the CRM to pursue a claim for material breach of a representation or warranty only if they agree to pay directly any costs associated with pursuit of the claim, including arbitration costs and reunderwriting costs incurred after the date of the request.

The transaction documents would provide that the seller must either comply with the applicable remedy provisions of the transaction documents or respond with specificity as to the reasons why a material breach has not occurred. Remedies would include cure of the breach, repurchase of the affected pool asset for the purchase price specified in the transaction documents, or, if applicable and if provided in the transaction documents, substitution of a pool asset having substantially similar characteristics as the defective pool asset (exclusive of any defects). If after review the seller and the CRM agree that no material breach has occurred, the claim would be withdrawn with prejudice.

If the parties could not agree within 180 days following the date of notice of a claim for repurchase of a pool asset (or another remedy) due to an alleged material breach of a representation or warranty as to whether a material breach has occurred, the dispute could, at the option of either the CRM or the obligated party, be referred to a binding arbitration proceeding before an independent arbitrator (or panel of arbitrators).32 In order to avoid excessive costs, arbitration proceedings would take place semiannually. The arbitrators would either require performance of a remedy available under the transaction documents or determine that no material breach occurred. All arbitration decisions would be final and non-appealable.

[14] The CRM would provide access to loan documentation, underwriting guidelines and other relevant documents to investors upon request, consistent with applicable privacy laws and the securities laws, for the purpose of investigating potential claims for material breaches of representations and warranties. Investors seeking this information would be required to sign standard confidentiality agreements in the form prescribed for each transaction. Any associated costs would be borne by the requesting investors.

Costs of arbitration would be borne by the losing party. If the arbitrators rule against the seller, the seller must reimburse all costs of the arbitrators as well as reasonable costs, expenses and legal fees of the CRM or the asserting investor(s), as applicable, related to the arbitration proceedings. If the arbitrators rule in favor of the seller, then (i) if the claim was brought by the CRM on behalf of the trust, the arbitration costs and the seller's reasonable costs, expenses and legal fees would be reimbursed by the trust, and (ii) if the claim was brought by the CRM on behalf of an investor or group of investors whose interests do not comprise 25 percent of the interests in the entire pool of securitized assets, the reasonable costs, expenses and legal fees of the seller would be paid by that investor or group of investors: This method of cost allocation would permit the CRM or individual investors to pursue valid claims through binding arbitration, but would discourage baseless or frivolous claims made for the purpose of forcing settlements outside of the trust.

The status of all requests for repurchase of a pool asset (or other remedy) on the basis of an asserted breach of a representation or warranty, including cures, repurchases, failures to repurchase, arbitration proceedings, and associated costs and expenses, should be required to be reported in distribution reports on Form 10-D.