



AlaFile E-Notice

03-CV-2012-901036.00

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NOTICE OF ELECTRONIC FILING

IN THE CIRCUIT COURT OF MONTGOMERY COUNTY, ALABAMA

FEDERAL DEPOSIT INSURANCE CORPORATION V. CITIGROUP MORTGAGE LOAN TRUST
03-CV-2012-901036.00

The following complaint was FILED on 8/10/2012 3:16:00 PM

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FLORENCE CAUTHEN
CIRCUIT COURT CLERK
MONTGOMERY COUNTY, ALABAMA
251 S. LAWRENCE STREET
MONTGOMERY, AL 36104

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**COVER SHEET
CIRCUIT COURT - CIVIL CASE**

(Not For Domestic Relations Cases)

Case Number:

03-CV-201

Date of Filing:

08/10/2012



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CV-2012-901036.00

CIRCUIT COURT OF
MONTGOMERY COUNTY, ALABAMA
FLORENCE CAUTHEN, CLERK

GENERAL INFORMATION

IN THE CIRCUIT OF MONTGOMERY COUNTY, ALABAMA

FEDERAL DEPOSIT INSURANCE CORPORATION v. CITIGROUP MORTGAGE LOAN TRUST ET AL

First Plaintiff: ☐ Business ☐ Individual
☒ Government ☐ Other

First Defendant: ☒ Business ☐ Individual
☐ Government ☐ Other

NATURE OF SUIT:

TORTS: PERSONAL INJURY

- ☐ WDEA - Wrongful Death
☐ TONG - Negligence: General
☐ TOMV - Negligence: Motor Vehicle
☐ TOWA - Wantonnes
☐ TOPL - Product Liability/AEMLD
☐ TOMM - Malpractice-Medical
☐ TOLM - Malpractice-Legal
☐ TOOM - Malpractice-Other
☐ TBFM - Fraud/Bad Faith/Misrepresentation
☐ TOXX - Other: _____

TORTS: PERSONAL INJURY

- ☐ TOPE - Personal Property
☐ TORE - Real Property

OTHER CIVIL FILINGS

- ☐ ABAN - Abandoned Automobile
☐ ACCT - Account & Nonmortgage
☐ APAA - Administrative Agency Appeal
☐ ADPA - Administrative Procedure Act
☐ ANPS - Adults in Need of Protective Services

OTHER CIVIL FILINGS (cont'd)

- ☐ MSXX - Birth/Death Certificate Modification/Bond Forfeiture
Appeal/Enforcement of Agency Subpoena/Petition to
Preserve
☐ CVRT - Civil Rights
☐ COND - Condemnation/Eminent Domain/Right-of-Way
☐ CTMP-Contempt of Court
☐ CONT-Contract/Ejectment/Writ of Seizure
☐ TOCN - Conversion
☐ EQND- Equity Non-Damages Actions/Declaratory
Judgment/Injunction Election Contest/Quiet Title/Sale For
Division
☐ CVUD-Eviction Appeal/Unlawful Detainer
☐ FORJ-Foreign Judgment
☐ FORF-Fruits of Crime Forfeiture
☐ MSHC-Habeas Corpus/Extraordinary Writ/Mandamus/Prohibition
☐ PFAB-Protection From Abuse
☐ FELA-Railroad/Seaman (FELA)
☐ RPRO-Real Property
☐ WTEG-Will/Trust/Estate/Guardianship/Conservatorship
☐ COMP-Workers' Compensation
☒ CVXX-Miscellaneous Circuit Civil Case

ORIGIN: F ☒ **INITIAL FILING**

A ☐ **APPEAL FROM
DISTRICT COURT**

O ☐ **OTHER**

R ☐ **REMANDED**

T ☐ **TRANSFERRED FROM
OTHER CIRCUIT COURT**

HAS JURY TRIAL BEEN DEMANDED? ☒ Yes ☐ No

RELIEF REQUESTED: ☒ **MONETARY AWARD REQUESTED** ☐ **NO MONETARY AWARD REQUESTED**

ATTORNEY CODE: BAI028

8/10/2012 3:12:18 PM

/s/ DENNIS R. BAILEY

MEDIATION REQUESTED: ☐ Yes ☐ No ☒ **Undecided**



IN THE CIRCUIT COURT OF
MONTGOMERY COUNTY, ALABAMA

FEDERAL DEPOSIT INSURANCE
CORPORATION AS RECEIVER FOR
COLONIAL BANK, a domestic
banking corporation,

Plaintiff,

v.

CITIGROUP MORTGAGE LOAN TRUST
INC., a corporation; CITIGROUP
FINANCIAL PRODUCTS INC., a
corporation; CITIGROUP GLOBAL
MARKETS INC., a corporation;
ALLY SECURITIES LLC, a limited
liability company; J.P. MORGAN
SECURITIES LLC, a limited
liability company; MORGAN
STANLEY & CO. LLC, a limited
liability company; and RBS
SECURITIES INC., a
corporation;

Defendants.

Civil Action No.

JURY TRIAL DEMANDED

COMPLAINT

Comes now Plaintiff Federal Deposit Insurance Corporation as Receiver for Colonial Bank for its Complaint against Citigroup Mortgage Loan Trust Inc. (**CMLTI**); Citigroup Financial Products Inc. (**Citigroup FP**); Citigroup Global Markets Inc. (**Citigroup**); Ally Securities LLC (formerly known as Residential Funding Securities, LLC and doing business as GMAC RFC Securities, and referred to in this Complaint as **GMAC**); J.P. Morgan Securities LLC (formerly known as Bear, Stearns & Co. Inc. and referred to

in this Complaint as **Bear Stearns**); Morgan Stanley & Co. LLC (formerly known as Morgan Stanley & Co. Inc. and referred to in this Complaint as **Morgan Stanley**); and RBS Securities Inc. (formerly known as Greenwich Capital Markets, Inc. and doing business as RBS Greenwich Capital, and referred to in this Complaint as **RBS**), and alleges as follows:

I. NATURE OF THIS ACTION

1. This is an action for damages caused by violation of the Alabama Securities Act (**ASA**) and the Securities Act of 1933 (**1933 Act**) by the defendants. As alleged in detail below, defendants issued, underwrote, or sold six securities known as "certificates," which were backed by collateral pools of residential mortgage loans. Colonial Bank (**Colonial**) paid approximately \$222 million for the six certificates. When they issued, underwrote, or sold the certificates, the defendants made numerous statements of material fact about the certificates and, in particular, about the credit quality of the mortgage loans that backed them. Many of those statements were untrue. Moreover, the defendants omitted to state many material facts that were necessary in order to make their statements not misleading. For example, the defendants made untrue statements or omitted important information about such material facts as the loan-to-value ratios of the mortgage loans, the extent to which appraisals of the properties that secured the loans were performed in compliance with professional

appraisal standards, the number of borrowers who did not live in the houses that secured their loans (that is, the number of properties that were not primary residences), and the extent to which the entities that made the loans disregarded their own standards in doing so.

2. Based on an analysis of a random sample of the loans that backed the certificates that Colonial purchased, the defendants made such untrue or misleading statements about at least the following numbers of loans.

Securitization No.	Number of Loans about which Defendants Made Material Untrue or Misleading Statements ¹	Number of Loans that Backed the Certificates	Percentage of Loans about which Defendants Made Material Untrue or Misleading Statements
1	828	1,178	70.3%
2	872	1,106	78.8%
3	827	1,645	50.3%
4	575	801	71.8%
5	1,642	2,607	63.0%
6	1,119	1,696	66.0%

3. The certificates are "securities" within the meaning of the ASA and the 1933 Act. The defendants are

¹ The method of random sampling that Plaintiff used ensures that conclusions about the entire collateral pool have a margin of error of no more than plus or minus 5% at a confidence level of 95% (that is, one can be 95% certain that the true percentage in the collateral pool as a whole is within 5% of the percentage measured in the sample). For example, one can be 95% certain that the number of loans in Securitization No. 1 about which defendants made untrue or misleading statements or omissions is within 5% of 828, that is, between 787 and 869. The same margin of error should be applied to all information in this Complaint and accompanying Schedules that is based on a random sample of loans in a collateral pool, with one exception.

For Securitization No. 2, data was only available for 85 of the 1,106 loans that backed the certificate that Colonial purchased. For that securitization the margin of error is no more than plus or minus 10.2% at a confidence level of 95%.

liable under the following provisions of the ASA and the 1933 Act:

As issuer: CMLTI, which issued one of the certificates that Colonial purchased, is liable as an "issuer" under Section 11 of the 1933 Act.

As underwriters: The following defendants, which underwrote the certificates that Colonial purchased, are liable as "underwriters" under Section 11 of the 1933 Act: Citigroup, which underwrote three of the certificates; RBS, which underwrote two of the certificates; and Bear Stearns, GMAC, and Morgan Stanley, each of which underwrote one of the certificates.

As sellers: The following defendants, which sold certain of the certificates to Colonial when they were initially offered to the public, are liable as "sellers" under Section 8-6-19(a)(2) of the ASA and Section 12(a)(2) of the 1933 Act: Citigroup, which sold two of the certificates; Morgan Stanley, which sold one of the certificates; and RBS, which sold two of the certificates.

CMLTI is also liable as a seller under Section 8-6-19(a)(2) of the ASA and Section 12(a)(2) of the 1933 Act because it issued one of the certificates that Colonial purchased when it was initially offered to the public.

As control person: Citigroup FP is liable as a "controlling person" of CMLTI under Section 8-6-19(c) of the ASA and Section 15 of the 1933 Act, 15 U.S.C. § 77o.

II. PARTIES

4. The Federal Deposit Insurance Corporation (**FDIC**) is a corporation organized and existing under the laws of the United States of America. Under the Federal Deposit Insurance Act, the FDIC is authorized to be appointed as receiver for failed insured depository institutions. On August 14, 2009, the FDIC was duly appointed the receiver for Colonial. Under the Federal Deposit Insurance Act, the FDIC as receiver succeeds to, and is empowered to sue and complain in any court of law to pursue, all claims held by banks for which it is the receiver. 12 U.S.C. §§ 1819, 1821(d)(2)(A)(i). Thus, the FDIC as Receiver for Colonial has authority to pursue claims held by Colonial, including the claims made against the defendants in this action.

5. Defendant CMLTI is a corporation organized under the laws of Delaware.

6. Defendant Citigroup FP is a corporation organized under the laws of Delaware. During the relevant time, Citigroup FP controlled CMLTI. Under Section 8-6-19(c) of the ASA and Section 15 of the 1933 Act, Citigroup FP therefore is liable jointly and severally with, and to the same extent as, CMLTI.

7. Defendant Bear Stearns is a limited liability company organized under the laws of Delaware.

8. Defendant Citigroup is a corporation organized under the laws of New York.

9. Defendant GMAC is a limited liability company organized under the laws of Delaware.

10. Defendant Morgan Stanley is a limited liability company organized under the laws of Delaware.

11. Defendant RBS is a corporation organized under the laws of Delaware.

III. JURISDICTION AND VENUE

12. This Court has subject matter jurisdiction pursuant to Alabama Code § 8-6-19.

13. The amount in controversy exceeds the jurisdictional minimum of this Court.

14. This Court has personal jurisdiction over the defendants pursuant to Alabama Rule of Civil Procedure 4.2.

15. Venue is proper in this Court pursuant to Alabama Code § 6-3-7.

IV. SECURITIZATION OF MORTGAGE LOANS

16. The securities that Colonial purchased are so-called **residential mortgage-backed securities**, or **RMBS**, created in a process known as **securitization**. Securitization begins with loans on which the borrowers are to make payments, usually monthly. The entity that makes the loans is known as the **originator** of the loans. The process by which the originator decides whether to make particular loans is known as the **underwriting** of loans. The purpose of underwriting is to ensure that loans are made only to borrowers of sufficient credit standing to repay them and only against sufficient collateral. In the loan

underwriting process, the originator applies its **underwriting standards**.

17. In general, residential mortgage lenders may hold some of the mortgage loans they originate in their own portfolios and may sell other mortgage loans they originate into securitizations.

18. In a securitization, a large number of loans, usually of a similar type, are grouped into a **collateral pool**. The originator of those loans sells them (and, with them, the right to receive the cash flow from them) to a **trust**. The trust pays the originator cash for the loans. The trust raises the cash to pay for the loans by selling **securities**, usually called **certificates**, to investors such as Colonial. Each certificate entitles its holder to an agreed part of the cash flow from the loans in the collateral pool.

19. In a simple securitization, the holder of each certificate is entitled to a *pro rata* part of the overall monthly cash flow from the loans in the collateral pool.

20. In a more complex securitization, the cash flow is divided into different parts, usually called **tranches** ("tranche" is "slice" in French), and the certificates are divided into different **classes**, each with different rights. Each class of certificates is entitled to the cash flow in the tranche corresponding to that class.

21. One way in which the cash flow is divided – and the rights of different classes of certificates

distinguished — is by priority of payment or, put differently, risk of nonpayment. The most **senior** class of certificates usually is entitled to be paid in full before the next most senior class, and so on. Conversely, losses from defaults in payment of the loans in the collateral pool are allocated first to the most **subordinate** class of certificates, then to the class above that, and so on. The interest rate on each class of certificates is usually proportional to the amount of risk that that class bears; the most senior certificates bear the least risk and thus pay the lowest rate of interest, the most subordinate, the opposite. This hierarchy of rights to payment is referred to as the **waterfall**.

22. The risk of a particular class of certificate is a function of both the riskiness of the loans in the collateral pool and the seniority of that class in the waterfall. Even if the underlying loans are quite risky, the certificates may bear so little of that risk that they may be rated as **triple-A**. (According to Moody's, "[o]bligations rated Aaa are judged to be of the highest quality, with minimal credit risk.") For example, assume a securitization of \$100 million of risky loans, on which the historical loss rate is 5%. Assume that there are two classes of certificates, a senior class of \$50 million and a subordinate class of \$50 million. Even though the underlying loans are quite risky, the senior class of certificates would be paid in full as long as the \$100

million of loans produced payments of at least \$50 million plus interest, that is, unless the loss rate on those loans exceeded 50%, fully ten times the historical average. All of the certificates referred to in this Complaint were rated triple-A when Colonial purchased them.

23. Each securitization has a **sponsor**, the prime mover of the securitization. Sometimes the sponsor is the originator or an affiliate. In originator-sponsored securitizations, the collateral pool usually contains loans made by the originator that is sponsoring the securitization. Other times, the sponsor may be an investment bank, which purchases loans from one or more originators, aggregates them into a collateral pool, sells them to a trust, and securitizes them. The sponsor arranges for title to the loans to be transferred to an entity known as the **depositor**, which then transfers title to the loans to the trust.

24. The obligor of the certificates in a securitization is the trust that purchases the loans in the collateral pool. Because a trust has few assets other than the loans that it purchased, it may not be able to satisfy the liabilities of an issuer of securities (the certificates). The law therefore treats the depositor as the **issuer** of a residential mortgage-backed certificate.

25. **Securities underwriters**, like Bear Stearns, Citigroup, GMAC, Morgan Stanley, and RBS, play a critical role in the process of securitization. They underwrite the

sale of the certificates, that is, they purchase the certificates from the trust and then sell them to investors. Equally important, securities underwriters provide to potential investors the information that they need to decide whether to purchase certificates.

26. Because the cash flow from the loans in the collateral pool of a securitization is the source of funds to pay the holders of the certificates issued by the trust, the credit quality of those certificates is dependent upon the credit quality of the loans in the collateral pool (and upon the place of each certificate in the waterfall). The most important information about the credit quality of those loans is contained in the files that the originator develops while making the loans, the so-called "loan files." For residential mortgage loans, each loan file normally contains comprehensive information from such important documents as the borrower's application for the loan, credit reports on the borrower, and an appraisal of the property that will secure the loan. The loan file may also include notes from the person who underwrote the loan about whether and how the loan complied with the originator's underwriting standards, including documentation of any "compensating factors" that justified any departure from those standards.

27. Potential investors in certificates are not given access to loan files. Instead, the securities underwriters are responsible for gathering, verifying, and presenting to

potential investors the information about the credit quality of the loans that will be deposited into the trust. They do so by using information about the loans that has been compiled into a database known as a **loan tape**. The securities underwriters use the loan tape to compile numerous statistics about the loans, which are presented to potential investors in a **prospectus supplement**, a disclosure document that the underwriters are required to file with the Securities and Exchange Commission. (Colonial did not have access to the loan tapes before it purchased the certificates, but Plaintiff has reviewed data from the loan tapes in preparing this Complaint.)

28. As alleged in detail below, the information in the prospectus supplements and other offering documents about the credit quality of the loans in the collateral pools of the trusts contained many statements that were material to the credit quality of those loans, but were untrue or misleading.

V. DEFENDANTS' MATERIAL UNTRUE OR MISLEADING STATEMENTS ABOUT THE CERTIFICATES

29. Colonial purchased certificates in six securitizations (referred to in this Complaint as Securitizations Nos. 1 through 6). Details of each securitization and each certificate are stated in Item 29 of Schedules 1 through 6 of this Complaint, which correspond to Securitizations Nos. 1 through 6. Plaintiff incorporates into this paragraph 29, and alleges as though

fully set forth in this paragraph, the contents of Item 29 of the Schedules.

30. The prospectus supplement for each of the six securitizations is available from the Securities and Exchange Commission's website. A URL for each prospectus supplement is included in Item 29 of the Schedules. The prospectus supplements are incorporated into this Complaint by reference.

31. In general, Plaintiff drew and analyzed a random sample of 400 loans from the collateral pool of each securitization in which Colonial purchased a certificate.²

32. Many of the statements of material fact that the defendants made in the prospectus supplements were untrue or misleading. These untrue or misleading statements included the following.

A. Untrue or Misleading Statements About the Loan-to-Value Ratios (LTVs) of the Mortgage Loans, and the Appraisals of the Properties, in the Collateral Pools

1. LTVs

(a) The materiality of LTVs

33. The loan-to-value ratio of a mortgage loan, or LTV, is the ratio of the amount of the mortgage loan to the lower of the appraised value or the sale price of the

² For Securitization No. 2, data was only available for 85 of the 1,106 loans that backed the certificate that Colonial purchased. For that securitization, Plaintiff analyzed the 85 loans for which data was available.

mortgaged property when the loan is made. For example, a loan of \$300,000 secured by a property valued at \$500,000 has an LTV of 60%; a loan of \$450,000 on the same property has an LTV of 90%. LTV is one of the most crucial measures of the risk of a mortgage loan, and the LTVs of the mortgage loans in the collateral pool of a securitization are therefore one of the most crucial measures of the risk of certificates sold in that securitization. LTV is a primary determinant of the likelihood of default. The lower the LTV, the lower the likelihood of default. For example, the lower the LTV, the less likely it is that a decline in the value of the property will wipe out the owner's equity and thereby give the owner an incentive to stop making mortgage payments and abandon the property, a so-called strategic default. LTV also is a primary determinant of the severity of losses on a loan that defaults. The lower the LTV, the lower the severity of losses if the loan defaults. Loans with lower LTVs provide greater "cushion," thereby increasing the likelihood that the proceeds of foreclosure will cover the unpaid balance of the mortgage loan.

34. Beyond these fundamental effects on the likelihood and severity of default, LTVs also affect prepayment patterns (that is, the number of borrowers who pay off their mortgage loans before maturity and when they do so) and therefore the expected lives of the loans. Prepayment patterns therefore affect many aspects of certificates that are material to the investors that purchase them, including

the life of the certificate and the timing and amount of cash that the investor will receive during that life.

35. In addition, rating agencies use LTVs to determine the proper structuring and credit enhancement necessary for securities, such as the certificates that Colonial purchased, to receive a particular rating. If the LTVs of the mortgage loans in the collateral pool of a securitization are incorrect, the ratings of certificates sold in that securitization will also be incorrect.

36. An accurate denominator (that is, the value of the property) is essential to an accurate LTV. In particular, an inflated denominator will understate, sometimes greatly, the risk of a loan. To return to the example above, if the property whose actual value is \$500,000 is valued incorrectly at \$550,000, then the ostensible LTV of the \$300,000 loan falls from 60% to 54.5%, and the ostensible LTV of the \$450,000 loan falls from 90% to 81.8%. In either case, the LTV based on the incorrect appraised value understates the risk of the loan.

37. For these reasons, a reasonable investor considers LTV critical to the decision whether to purchase a certificate in a securitization of mortgage loans. Even small differences in the weighted average LTVs of the mortgage loans in the collateral pool of a securitization have a significant effect on both the risk and the rating of each certificate sold in that securitization and, thus,

are essential to the decision of a reasonable investor whether to purchase any such certificate.

(b) Untrue or misleading statements about the LTVs of the mortgage loans in the collateral pools of these securitizations

38. In the prospectus supplements, the defendants made material untrue or misleading statements about the LTVs of the mortgage loans in the collateral pools of these securitizations. Each such statement is identified in Item 38 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 38, and alleges as though fully set forth in this paragraph, the contents of Item 38 of the Schedules.

39. The defendants made these statements as statements of fact. Plaintiff is informed and believes, and based thereon alleges, that the defendants intended that these statements be understood as statements of fact. Colonial did understand the statements about the LTVs as statements of fact. Colonial had no access to appraisal reports or other documents or information from which it could verify the LTVs of the mortgage loans other than the statements that the defendants made about those LTVs.

(c) An automated valuation model demonstrates that the defendants' statements about the LTVs were untrue because they were based on overstated valuations of the properties in the collateral pools.

40. The stated LTVs of many of the mortgage loans in the securitizations were significantly lower than the true

LTVs because the denominators (that is, the value of the properties that secured those loans) that were used to determine the disclosed LTVs were overstated to a material extent. The weighted-average LTVs presented in the prospectus supplements were, therefore, untrue and misleading.

41. Using a comprehensive, industry-standard automated valuation model (**AVM**), it is possible to determine the true market value of a certain property as of a specified date. An AVM is based on objective criteria like the condition of the property and the actual sale prices of comparable properties in the same locale shortly before the specified date, and is more consistent, independent, and objective than other methods of appraisal. AVMs have been in widespread use for many years. The AVM on which these allegations are based incorporates a database of 500 million sales covering ZIP codes that represent more than 97% of the homes, occupied by more than 99% of the population, in the United States. Independent testing services have determined that this AVM is the most accurate of all such models.

42. For many of the properties that secured the mortgage loans, the model determined that the LTVs presented in the prospectus supplements were understated. In particular, for many of the properties, the model determined that the denominator (that is, the appraised value of the property as stated in the loan tape and

compiled into the tables in the prospectus supplement) that was used in the disclosed LTV was 105% or more of the true market value as determined by the model as of the date on which each individual mortgage loan closed. (The model considered no transactions that occurred after that date.) In contrast, the model determined that the denominator that was used in the disclosed LTV was 95% or less of the true market value on a much smaller number of properties. Thus, the number of properties on which the value was overstated exceeded by far the number on which the value was understated, and the aggregate amount overstated exceeded by far the aggregate amount understated.

43. For example, in Securitization No. 1, there were 1,178 mortgage loans that backed the certificate that Colonial purchased. On 409 of the properties that secured those loans, the model determined that the denominator that was used in the disclosed LTV was 105% or more of the true market value and the amount by which the stated values of those properties exceeded their true market values in the aggregate was \$57,905,435. The model determined that the denominator that was used in the disclosed LTV was 95% or less of true market value on only 77 properties, and the amount by which the true market values of those properties exceeded the values reported in the denominators was \$9,378,801. Thus, the number of properties on which the value was overstated exceeded by more than five times the number on which the value was understated, and the

aggregate amount overstated was more than six times the aggregate amount understated.

44. On one of the loans in Securitization No. 1, the amount of the loan was \$638,000 and the stated value of the property was \$797,000, resulting in a stated LTV of 80%. The model, however, determined that the true value of the property was \$585,000, resulting in a true LTV of 109%. Thus, the stated value was higher than the true value by 36.3% and the stated LTV was lower than the true LTV by 29%. Both of these were huge discrepancies that were material to the credit quality of the loan.

45. The overstated values of 409 properties made virtually every statement by the defendants about the LTVs of the mortgage loans untrue or misleading. For example, the defendants stated that all of the mortgage loans had an LTV of 95% or less. In fact, 121 of the mortgage loans had LTVs of over 95%. Defendants also stated that the weighted-average LTV of the loans in the collateral pool was 69.98%. In fact, the weighted-average LTV of the loans was 83.2%. These differences were material for the reasons stated above.

46. The results of the valuations by the automated model in this example are summarized in the following table.

Number of loans that backed the certificate	1,178
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	409
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$57,905,435
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	77
Aggregate amount by which the true market values of those properties exceeded their stated values	\$9,378,801
Number of loans with LTVs over 95%, as stated by defendants	0
Number of loans with LTVs over 95%, as determined by the model	121
Weighted-average LTV, as stated by defendants	69.98%
Weighted-average LTV, as determined by the model	83.2%

47. The model produced similar results for the mortgage loans in the collateral pools of each securitization. Details of the results of the model for each securitization are stated in Item 47 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 47, and alleges as though fully set forth in this paragraph, the contents of Item 47 of the Schedules.

(d) These statements also were misleading because the defendants omitted to state that there were additional liens on a material number of the properties that secured the mortgage loans in the collateral pools.

48. As mentioned above, the LTV of a mortgage loan is a key determinant of the likelihood that the mortgagor will default in payment of the mortgage. The lower the LTV, the

less likely that a decline in the value of the property will wipe out the owner's equity and thereby give the owner an incentive to stop making mortgage payments and abandon the property. Because LTV affects the behavior of borrowers so profoundly, accurate LTVs are essential to predicting defaults and prepayments by borrowers. Also, as mentioned above, LTV affects the severity of loss on those loans that do default. The power of LTV to predict defaults, prepayments, and severities is a major reason why reasonable investors consider the LTVs of mortgage loans important to the decision whether to purchase a certificate in the securitization of those loans.

49. The predictive power of the LTV of a mortgage loan is much reduced if there are additional liens on the same property. Additional liens reduce the owner's equity in the property and thereby increase the owner's incentive to stop making mortgage payments and abandon the property if the value of the property falls below the combined amount of all of the liens on the property (a strategic default). Additional liens also exacerbate delinquencies and defaults because they complicate the servicing of mortgage loans and the management of delinquencies and defaults. Servicers of the first-lien mortgage must then deal not only with the borrower, but also with the servicer of the second-lien mortgage. For example, the servicer of a single mortgage may want to grant a borrower forbearance while the borrower is unemployed and allow him or her to add missed payments

to the principal of the loan and to resume payments when he or she is employed again. But the servicer of the second-lien mortgage may refuse such forbearance and initiate foreclosure and thereby force the borrower into default on the first mortgage as well.

50. According to land records, many of the properties that secured mortgage loans in the collateral pools of the securitizations were subject to liens in addition to the lien of the mortgage in the pool at the time of the closing of these securitizations.³ The defendants failed to disclose in the prospectus supplements any of these additional liens. These additional liens increased the risk that those owners would default in payment of the mortgage loans.

51. To take an example, of the 1,178 properties that secured the mortgage loans that backed the certificate that Colonial purchased in Securitization No. 1, at least 403 were subject to liens in addition to the lien represented by the mortgage in the collateral pool. The defendants did not disclose in the prospectus supplement that those liens existed. Defendants stated that the weighted-average LTV of the properties was 69.98%, when, solely because of the additional liens on these 403 properties, the weighted-

³ In order to ensure that this calculation did not include liens that were paid off but were not promptly removed from land records, the additional liens referred to in this Complaint and the Schedules do not include liens that were originated on or before the date on which each mortgage loan in the pools was closed.

average combined LTV was 75.4%.⁴ This is a significant difference.

52. On one of the loans, the original balance of the mortgage loan was \$468,000, the represented value of the property was \$585,000, and the reported LTV was 80%. On the date of the closing of this securitization, however, there were undisclosed additional liens on this property of \$117,000. Thus, when all liens on the property were taken into account, the combined LTV of the loan was 100%, which was 20% higher than the stated LTV on that loan. This was a huge discrepancy that was material to the credit quality of the loan. In many cases, the amount of the undisclosed additional liens was much greater than the owner's ostensible equity, putting the owner "under water" on the day on which this securitization closed.

53. Details of the undisclosed additional liens in the securitizations are stated in Item 53 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 53, and alleges as though fully set forth in this paragraph, the contents of Item 53 of the Schedules. Plaintiff is informed and believes, and based thereon alleges, that discovery will demonstrate that the number of loans with additional liens is substantially higher than those disclosed in the Schedules.

⁴ The combined LTV is the ratio of all loans on a property to the value of the property.

54. Because the defendants did not disclose the existence or the amounts of these additional liens, all of the statements that they made about the LTVs of the mortgage loans were misleading.

2. Appraisals

55. As discussed above in paragraph 36, an accurate denominator (value of the mortgaged property) is essential to calculating an accurate LTV. An accurate appraisal of the property, in turn, is essential to identifying an accurate denominator.

56. In connection with these securitizations, there was undisclosed upward bias in appraisals of properties that secured mortgage loans and consequent understatement of the LTVs of those loans. This upward bias in appraisals caused the denominators that were used to calculate the LTVs of many mortgage loans to be overstated and, in turn, the LTVs to be understated. The defendants' statements regarding the LTVs of the mortgage loans in the collateral pools were misleading because they omitted to state that the appraisals of a material number of the properties that secured those loans were biased upwards. In addition, the defendants stated that the appraisals conformed to the Uniform Standards of Professional Appraisal Practice (**USPAP**), the professional standards that govern appraisers and appraisals (or to the standards of Fannie Mae and Freddie Mac, which required compliance with USPAP). Those

statements were false because upwardly biased appraisals do not conform to USPAP.

- (a) The statements that the defendants made about the LTVs of the mortgage loans in the collateral pools were misleading because they omitted to state that the appraisals of a large number of the properties that secured those loans were biased upward, so that stated LTVs based on those appraisals were lower than the true LTVs of those mortgage loans.**

57. The defendants omitted to state that the appraisals in these securitizations used inaccurate property descriptions, ignored recent sales of the subject and comparable properties, and used sales of properties that were not comparable, all in order to inflate the values of the appraised properties. The appraisals used to compute the LTVs of many of the mortgage loans in the collateral pools were biased upwards. As alleged in paragraphs 41 through 47, in each trust, the number of properties for which the value was overstated exceeded by far the number for which the value was understated, and the aggregate amount overstated exceeded by far the aggregate amount understated. These ratios for each trust are summarized in the following table:

Securitization No.	Ratio of Number of Properties Whose Value Was Overstated to Number Whose Value Was Understated	Ratio of Amount of Overvaluation to Amount of Undervaluation
1	5.3	6.2
2	4.5	5.6
3	7.2	6.8
4	7.0	12.2
5	5.4	10.1
6	3.0	2.7

These lopsided results demonstrate the upward bias in appraisals of properties that secured the mortgage loans in the collateral pools.

58. Plaintiff is informed and believes, and based thereon alleges, that a material number of the upwardly biased appraisals were not statements of the appraisers' actual findings of the values of the properties based on their objective valuations.

(b) The statements by the defendants about compliance with USPAP were untrue because the appraisals of a large number of the properties that secured the mortgage loans were biased upward.

59. Appraisers and appraisals are governed by USPAP, which is promulgated by the Appraisal Standards Board. The Preamble to USPAP states that its purpose "is to promote and maintain a high level of public trust in appraisal practice." Both Fannie Mae and Freddie Mac require that appraisals comply with USPAP.

60. USPAP includes the following provisions:

(a) USPAP Standards Rule 2-1(b)(iii) requires that "Each written or oral real property appraisal report must clearly and accurately set forth the appraisal in a manner that will not be misleading."

(b) USPAP Standards Rule 1-4(a) provides that "When a sales comparison approach is necessary for credible assignment results, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion."

(c) USPAP Standards Rule 1-4(b) provides that "When a cost approach is necessary for credible assignment results, an appraiser must:

- (i) develop an opinion of site value by an appropriate appraisal method or technique;
- (ii) analyze such comparable cost data as are available to estimate the cost new of the improvements (if any); and
- (iii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (accrued depreciation)."

61. The Appraisal Standards Board, which promulgates USPAP, also issues Advisory Opinions. Although the Advisory Opinions do not establish new standards or interpret USPAP, they "are issued to illustrate the applicability of appraisal standards in specific situations." Advisory

Opinion 1 discussing "Sales History" states that "The requirement for the appraiser to analyze and report sales history and related information is fundamental to the appraisal process. Just as the appraiser must analyze pending and recent sales of comparable properties, the appraiser must take into account all pending and recent sales of the subject property itself."

62. In the prospectus supplements, the defendants made statements that the appraisals of properties that secured the mortgage loans in the collateral pools were made in compliance with USPAP or with the appraisal standards of Fannie Mae and Freddie Mac, which required compliance with USPAP. Details of each such statement are stated in Item 62 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 62, and alleges as though fully set forth in this paragraph, the contents of Item 62 of the Schedules.

63. Plaintiff is informed and believes, and based thereon alleges, that a material number of mortgage loans in the collateral pools had appraisals conducted that deviated from USPAP.

64. Each of the statements referred to in paragraph 62 was untrue because the appraisals of a material number of the properties referred to in each such statement did not conform to USPAP.

65. By each of the untrue and misleading statements referred to in paragraphs 38 and 62 above, the defendants

materially understated the risk of the certificates that they issued, underwrote, or sold.

B. Untrue or Misleading Statements About the Occupancy Status of the Properties That Secured the Mortgage Loans in the Collateral Pools

1. The materiality of occupancy status

66. Residential real estate is usually divided into primary residences, second homes, and investment properties. Mortgages on primary residences are less likely to default than mortgages on non-owner-occupied residences and therefore are less risky. Occupancy status also influences prepayment patterns.

67. Occupancy status (that is, whether the property that secures a mortgage is to be the primary residence of the borrower, a second home, or an investment property) is an important measure of the risk of a mortgage loan. The percentage of loans in the collateral pool of a securitization that are not secured by mortgages on primary residences is an important measure of the risk of certificates sold in that securitization. Other things being equal, the higher the percentage of loans not secured by primary residences, the greater the risk of the certificates. A reasonable investor considers occupancy status important to the decision whether to purchase a certificate in a securitization of mortgage loans.

2. Untrue or misleading statements about the occupancy status of the properties that secured the mortgage loans in the collateral pools of these securitizations

68. In the prospectus supplements, the defendants made statements about the number of properties in the collateral pools of the securitizations that were the primary residences of their owners. To return to the example of Securitization No. 1, the defendants stated that, of the 1,178 mortgage loans that backed the certificate that Colonial purchased, 1,133 were secured by primary residences and 45 were not. Details of each such statement in the securitizations are stated in Item 68 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 68, and alleges as though fully set forth in this paragraph, the contents of Item 68 of the Schedules.

69. These statements were untrue or misleading because (i) the stated number of mortgage loans secured by primary residences was higher than the actual number of loans in that category or (ii) the stated number of mortgage loans not secured by primary residences was lower than the actual number of loans in that category.

3. Basis of the allegations above that these statements about the occupancy status of the properties that secured the mortgage loans in the collateral pools were untrue or misleading

70. Because they are less risky than other mortgage loans, mortgage loans on primary residences usually have more favorable terms, including lower interest rates and

more lenient underwriting standards, than mortgage loans on second homes and investment properties. Applicants for loans on second homes and investment properties therefore have an incentive to state that the property will be their primary residence even when it will not. Plaintiff is informed and believes, and based thereon alleges, that borrowers of many securitized loans did so.

71. A significant number of the properties in the collateral pools of the securitizations that were stated to be primary residences actually were not. Moreover, Plaintiff is informed and believes, and based thereon alleges, that there is additional evidence of occupancy fraud in the loan files of many more of the mortgage loans in the collateral pools.

72. With respect to some of the properties that were stated to be primary residences, the borrower instructed local tax authorities to send the bills for the taxes on the property to the borrower at an address other than the property itself. This is strong evidence that the mortgaged property was not the borrower's primary residence.

73. In some states and counties, the owner of a property is able to designate whether that property is his or her "homestead," which may reduce the taxes on that property or exempt the property from assets available to satisfy the owner's creditors, or both. An owner may designate only one property, which he or she must occupy, as his or her homestead. The fact that an owner in one of

these jurisdictions does not designate a property as his or her homestead when he or she can do so is strong evidence that the property was not his or her primary residence. With respect to some of the properties that were stated to be primary residences, the owner could have but did not designate the property as his or her homestead. That omission is strong evidence that the property was not the borrower's primary residence.

74. When a borrower actually occupies a newly mortgaged property, he or she normally notifies entities that send bills to him or her (such as credit card companies, utility companies, and local merchants) to send his or her bills to the address of the newly mortgaged property. Six months after the closing of the mortgage is ample time to complete this process. Six months after the closing of the mortgage, if the borrower is still receiving his or her bills at a different address, it is very likely that the borrower does not occupy the mortgaged property. For each securitization, a credit reporting agency specializing in mortgage loans compared the addresses in the borrowers' credit reports to the addresses of the mortgaged properties six months after the closing of the mortgage loans. Many borrowers whose mortgage loans were secured by properties that were stated in the loan tapes to be owner-occupied did not receive any bills at the address of the mortgaged property but did receive their bills at

another address or addresses. It is very likely that each of these borrowers did not occupy the mortgaged property.

75. In Securitization No. 1, 88 owners of properties that were stated to be primary residences instructed local tax authorities to send the bills for the taxes on those properties to them at different addresses; 215 owners of properties that were stated to be primary residences could have, but did not, designate those properties as their homesteads; and 77 owners of properties that were stated to be primary residences did not receive any of their bills there six months after the mortgages were originated. Eliminating duplicates, for one or more of these reasons, 315 of the 1,133 properties that were stated to be primary residences actually were not. Thus, the number of properties that were not primary residences was not 45, as defendants stated, but at least 360, a material difference. The numbers of such loans in the collateral pools of the securitizations are stated in Item 75 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 75, and alleges as though fully set forth in this paragraph, the contents of Item 75 of the Schedules.

76. By each of the untrue and misleading statements referred to in paragraph 68, the defendants materially understated the risk of the certificates that they issued, underwrote, or sold.

C. Untrue or Misleading Statements About the Underwriting Standards of the Originators of the Mortgage Loans in the Collateral Pools

1. The materiality of underwriting standards and the extent of an originator's disregard of them

77. Originators of mortgage loans have written standards by which they underwrite applications for loans. An important purpose of underwriting is to ensure that the originator makes mortgage loans only in compliance with those standards and that its underwriting decisions are properly documented. An even more fundamental purpose of underwriting mortgage loans is to ensure that loans are made only to borrowers with credit standing and financial resources to repay the loans, and only against collateral with value, condition, and marketability sufficient to secure the loans. An originator's underwriting standards, and the extent to which the originator does not follow its standards, are important indicators of the risk of mortgage loans made by that originator and of certificates sold in a securitization in which mortgage loans made by that originator are part of the collateral pool. A reasonable investor considers the underwriting standards of originators of mortgage loans in the collateral pool of a securitization, and whether an originator disregards its standards, important to the decision whether to purchase a certificate in that securitization.

2. Untrue or misleading statements about the underwriting standards of originators of the mortgage loans

78. In the prospectus supplements, the defendants made statements about the underwriting standards of the originators of the mortgage loans in the collateral pools. Details of each such statement are stated in Item 78 of the Schedules of this Complaint. They included statements that the originators made mortgage loans in compliance with their underwriting standards and made exceptions to those standards only when compensating factors were present. Plaintiff incorporates into this paragraph 78, and alleges as though fully set forth in this paragraph, the contents of Item 78 of the Schedules.

79. Plaintiff is informed and believes, and based thereon alleges, that these statements were untrue or misleading because the defendants omitted to state that: (a) the originators were disregarding those underwriting standards; (b) the originators were making extensive exceptions to those underwriting standards when no compensating factors were present; (c) the originators were making wholesale, rather than case-by-case, exceptions to those underwriting standards; (d) the originators were making mortgage loans that borrowers could not repay; and (e) the originators were failing frequently to follow quality-assurance practices necessary to detect and prevent fraud intended to circumvent their underwriting standards.

3. **Basis of the allegations that these statements about the underwriting standards of the originators of the mortgage loans in the collateral pools were untrue or misleading**

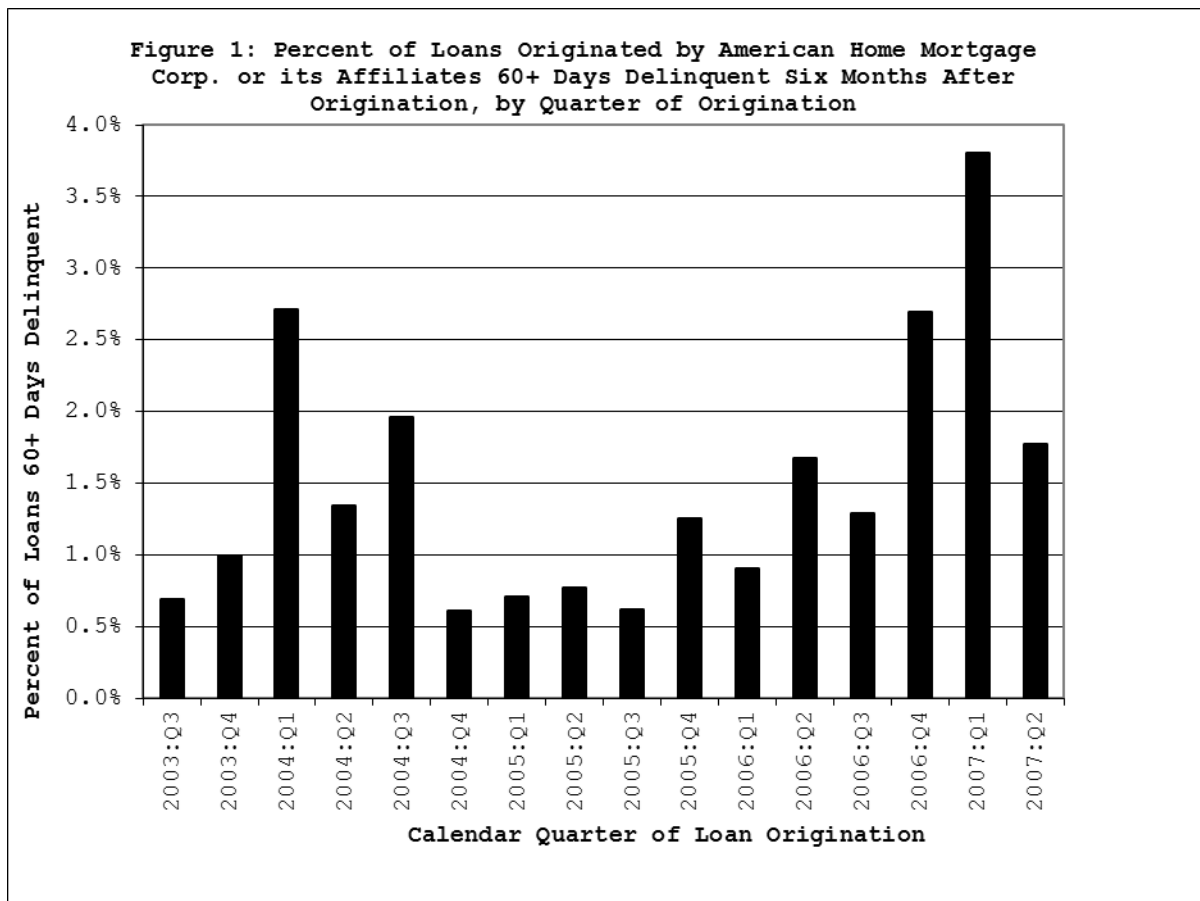
(a) **The deterioration in undisclosed credit characteristics of mortgage loans made by these originators**

80. Plaintiff is informed and believes, and based thereon alleges, that before and during the time of these securitizations the originators of the loans in the securitizations disregarded their stated underwriting standards. As a result, securitized mortgage loans made between 2004 and the dates of these securitizations have experienced high rates of delinquency and default.

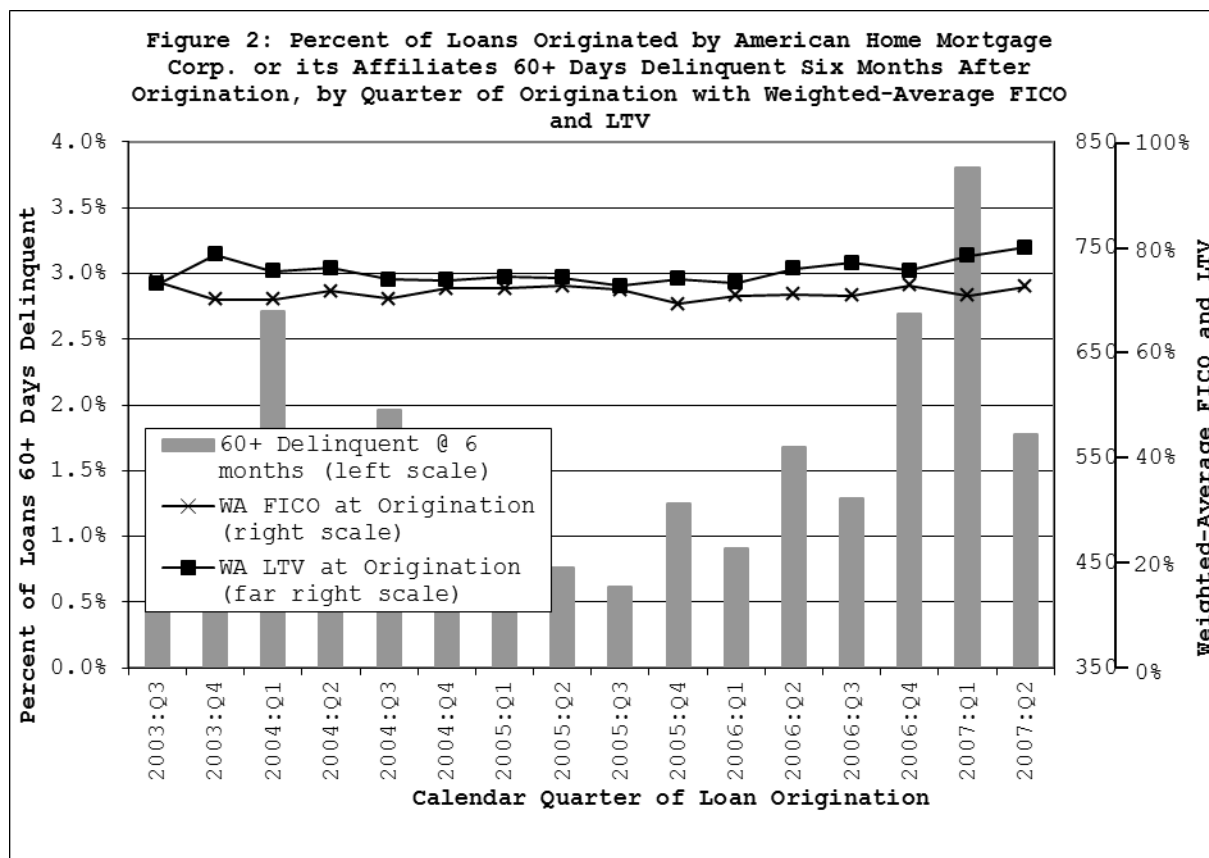
81. The high rates of delinquency and default were caused not so much by any deterioration in credit characteristics of the loans that were expressly embodied in underwriting standards and disclosed to investors, but rather by deterioration in credit characteristics that were not disclosed to investors.

82. Plaintiff is informed and believes that what was true about recently securitized mortgage loans in general was true in particular of loans originated by the entities that originated the loans in the collateral pools of these securitizations, as the following figures demonstrate. Taking the originator American Home Mortgage Corp. as an example, Figure 1 shows the rising incidence of early payment defaults (or **EPDs**), that is, the percent of loans (by outstanding principal balance) that were originated and

sold into securitizations by American Home Mortgage Corp. and that became 60 or more days delinquent within six months after they were made. An EPD is strong evidence that the originator did not follow its underwriting standards in making the loan. Underwriting standards are intended to ensure that loans are made only to borrowers who can and will make their mortgage payments. Because an EPD occurs so soon after the mortgage loan was made, it is much more likely that the default occurred because the borrower could not afford the payments in the first place (and thus that the underwriting standards were not followed), than because of changed external circumstances unrelated to the underwriting of the mortgage loan (such as that the borrower lost his or her job). The bars in Figure 1 depict the incidence of EPDs in loans originated by American Home Mortgage Corp. that were sold into securitizations. The steady increase in EPDs is further evidence that the deterioration in the credit quality of those loans was caused by disregard of underwriting standards.



83. Figure 2 shows the weighted-average disclosed LTVs of the same loans and weighted-average disclosed credit scores of the borrowers. These were nearly constant, showing that the deterioration in the credit quality of the loans was caused not by these disclosed factors, but rather by undisclosed factors.



84. Substantially the same facts are true of the mortgage loans originated and sold into securitizations by each of the originators of mortgage loans in the collateral pools of these securitizations. Figures for some of them are presented in Figures 1 and 2 of Exhibits A through D of this Complaint:

Exhibit	Originator
A	GMAC Mortgage LLC
B	National City Mortgage Co.
C	PHH Mortgage Corporation
D	SunTrust Mortgage Inc.

(b) The poor performance of the loans in these pools demonstrates that the originators disregarded their underwriting guidelines when making these loans.

85. As noted above, an EPD is evidence that the originator may have disregarded its underwriting standards in making the loan. The mortgage loans in some of the collateral pools of these securitizations experienced EPDs. These EPDs are evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered EPDs are stated in Item 85 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 85, and alleges as though fully set forth in this paragraph, the contents of Item 85 of the Schedules.

86. A high rate of delinquency at any time in a group of mortgage loans is also evidence that the originators of those loans may have disregarded their underwriting standards in making the loans. A common measure of serious delinquency is the number of loans on which the borrowers were ever 90 or more days delinquent in their payments. The mortgage loans in the collateral pools have experienced

very high rates of delinquencies by this measure. These high rates of delinquencies are strong evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered delinquencies of 90 days or more are stated in Item 86 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 86, and alleges as though fully set forth in this paragraph, the contents of Item 86 of the Schedules.

87. A second common measure of delinquency is the number of loans on which the borrowers are 30 or more days delinquent at a given point in time. The mortgage loans in the collateral pools have experienced very high rates of delinquencies by this measure. These high rates of delinquencies are strong evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that were 30 or more days delinquent on January 31, 2012, are stated in Item 87 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 87, and alleges as though fully set forth in this paragraph, the contents of Item 87 of the Schedules.

88. By each of the untrue and misleading statements referred to in paragraph 78 above, the defendants materially understated the risk of the certificates that

they issued, underwrote, or sold. Moreover, Plaintiff is informed and believes, and based thereon alleges, that discovery will yield additional evidence that the originators disregarded their underwriting guidelines when making the mortgage loans in the collateral pools of these securitizations.

D. The Large Number of Mortgage Loans in the Collateral Pools About Which the Defendants Made Material Untrue or Misleading Statements Made Their Statements About the Ratings of Colonial's Certificates Untrue and Misleading.

89. In the prospectus supplements, the defendants made statements about the ratings of the certificates by ratings agencies. They stated that the ratings agencies rated each such certificate triple-A. Details of each such statement are stated in Item 89 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 89, and alleges as though fully set forth in this paragraph, the contents of Item 89 of the Schedules.

90. The ratings were important to the decision of any reasonable investor whether to purchase the certificates. Many investors, including Colonial, have investment policies that require a certain minimum rating for all investments. The policy of Colonial was to purchase only certificates that were rated at least double-A.

91. These statements by the defendants about the ratings of the certificates they issued, underwrote, or sold were misleading because the defendants omitted to

state that the ratings were affected by all of the material untrue or misleading statements about specific mortgage loans in the collateral pools. These include:

(a) loans whose LTVs were materially understated as shown by the AVM;

(b) loans whose LTVs were misleading as a result of undisclosed additional liens;

(c) loans for which the properties were stated to be owner-occupied, but were not; and

(d) loans that suffered EPDs, strong evidence that the originators may have disregarded the underwriting standards in making those loans.

92. In Securitization No. 1, there were 409 loans whose LTVs were materially understated as shown by the AVM, 403 loans whose LTVs were misleading because of undisclosed additional liens, and 315 loans for which the properties were stated to be owner-occupied but were not. Eliminating duplicates, there were 828 loans (or 70.3% of the loans that backed the certificate that Colonial purchased) about which defendants made untrue or misleading statements. The numbers of such loans in the collateral pools of the securitizations are stated in Item 92 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 92, and alleges as though fully set forth in this paragraph, the contents of Item 92 of the Schedules.

93. Plaintiff is informed and believes, and based thereon alleges, that loan files and other documents

available only through discovery will prove that those statements were untrue or misleading with respect to many more loans as well.

94. By these untrue and misleading statements, the defendants materially understated the risk of the certificates that they issued, underwrote, or sold.

VI. STATUTES OF LIMITATIONS

95. All of the claims in this Complaint are timely. Plaintiff became receiver for Colonial on August 14, 2009. Under 12 U.S.C. § 1821(d)(14), the statutes of limitations on all of Colonial's claims asserted in this Complaint that had not expired as of August 14, 2009, are extended to no less than three years from that date. This Complaint was filed less than three years from August 14, 2009.

96. The statutes of limitations applicable to the claims asserted in this Complaint had not expired as of August 14, 2009, because a reasonably diligent plaintiff would not have discovered until later than August 14, 2008, facts that show that the particular statements referred to in Items 29, 38, 62, 68, 78, and 89 of the Schedules to this Complaint were untrue or misleading. Those are statements about the 9,033 specific mortgage loans in the collateral pools of the securitizations involved in this action, not about residential mortgage loans or any type of residential mortgage loan (e.g., prime, Alt-A, subprime, etc.) in general. A reasonably diligent plaintiff did not have access until after August 14, 2008, to facts about

those specific loans that show that the statements that defendants made about those specific loans were untrue or misleading. A reasonably diligent plaintiff did not have access to the loan files compiled by the originators of those specific mortgage loans nor to records maintained by the servicers of those specific mortgage loans (from either or both of which a reasonably diligent plaintiff may have discovered facts that show that the statements that defendants made about those specific loans were untrue or misleading) because originators and servicers of loans and securitization trustees do not make those files available to certificateholders. Moreover, on and prior to August 14, 2008, there were not available to a reasonably diligent plaintiff, even at considerable expense, data about those specific loans that show that the statements that defendants made about those specific loans were untrue or misleading. Such data became available for the first time in early 2010.

97. When Colonial purchased the certificates involved in this action, all of them were rated triple-A, the highest possible rating, by at least two of Fitch, Moody's, and Standard & Poor's, all Nationally Recognized Statistical Rating Organizations (**NRSROs**) accredited by the Securities and Exchange Commission. Sponsors of securitizations submitted to the NRSROs the same information about the loans in the collateral pools of proposed securitizations that they included in the

prospectus supplements for those securitizations, including in particular statements of the type referred to in Items 29, 38, 62, 68, 78, and 89 of the Schedules to this Complaint. The NRSROs used and relied on that information in rating the certificates to be issued in each securitization.

98. The NRSROs monitored the certificates that they rated after those certificates were issued. If an NRSRO discovers facts that show that there was an untrue or misleading statement about a material fact in the information submitted to it for its use in rating a certificate, then the NRSRO will withdraw its rating of that certificate while it considers the impact of the untrue or misleading statement, or it will downgrade the rating of the certificate, usually to a rating below investment grade.

99. As noted above, all of the certificates involved in this action were rated triple-A at issuance by at least two of Fitch, Moody's, and Standard & Poor's. Not one of those NRSROs withdrew any of those ratings, or downgraded any of them to below investment grade, before August 14, 2008. The date on which each certificate was first downgraded below investment grade is stated in Item 29 of the Schedules.

100. If a reasonably diligent plaintiff would have discovered before August 14, 2008, facts that show that the particular statements referred to in Items 29, 38, 62, 68,

78, and 89 of the Schedules to this Complaint were untrue or misleading, then the NRSROs, which were monitoring the certificates and are much more sophisticated than a reasonably diligent plaintiff, would also have discovered such facts and withdrawn or downgraded their ratings on the certificates to below investment grade. The fact that none of the NRSROs did so demonstrates that, before August 14, 2008, a reasonably diligent plaintiff could not have discovered facts that show that those statements were untrue or misleading.

101. Even if a reasonably diligent plaintiff would have discovered before August 14, 2008, facts that show that the particular statements referred to in Items 29, 38, 62, 68, 78, and 89 of the Schedules to this Complaint were untrue or misleading, the claims on Securitizations Nos. 3, 5, and 6 would still be timely. As a purchaser of the certificates, Colonial was, and Plaintiff as Receiver for Colonial is, a member of the proposed classes in *In re IndyMac Mortgage-Backed Securities Litigation*, United States District Court for the Southern District of New York, No. 09 Civ. 4583 and *New Jersey Carpenters Health Fund v. Residential Capital, LLC*, United States District Court for the Southern District of New York, No. 08-CV-8781. The pendency of these actions has tolled the running of the statutes of limitations on the claims in this Complaint.

102. One of the securitizations from which Colonial purchased certificates, Securitization No. 3, was included in the original Class Action Complaint filed in *Police and Fire Retirement System of the City of Detroit v. IndyMac MBS, Inc.*, filed on May 14, 2009. That action became *In re IndyMac*. That securitization was dismissed from *In re IndyMac* on June 21, 2010.

103. Two of the securitizations from which Colonial purchased certificates, Securitizations Nos. 5 and 6, were included in the Consolidated First Amended Securities Class Action Complaint filed in *New Jersey Carpenters* on May 16, 2009. Those securitizations were dismissed from *New Jersey Carpenters* on March 31, 2010.

VII. CAUSES OF ACTION

A. Untrue or Misleading Statements in the Sale of Securities Under Section 8-6-19(a)(2) of the ASA

104. Plaintiff hereby incorporates by reference, as though fully set forth, paragraphs 1 through 103.

105. Morgan Stanley underwrote and sold to Colonial one certificate in Securitization No. 1. Morgan Stanley sent communications and solicitations to Colonial in Montgomery, Alabama, for the purpose of inducing Colonial to purchase the certificate in Securitization No. 1. The sale of this certificate occurred in Alabama because employees or agents of Morgan Stanley directed communications about the certificate and solicitations to purchase the certificate

to Colonial there, and because Colonial received those communications and solicitations there.

106. In doing the acts alleged in the sale to Colonial of the certificate in Securitization No. 1, Morgan Stanley violated Section 8-6-19(a)(2) of the ASA by offering or selling securities in this State by means of written communications that included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

107. Citigroup underwrote and sold to Colonial two certificates in Securitizations Nos. 2 and 4. Citigroup sent communications and solicitations to Colonial in Montgomery, Alabama, for the purpose of inducing Colonial to purchase the certificates in Securitizations Nos. 2 and 4. The sale of these certificates occurred in Alabama because employees or agents of Citigroup directed communications about the certificates and solicitations to purchase the certificates to Colonial there, and because Colonial received those communications and solicitations there.

108. In doing the acts alleged in the sale to Colonial of the certificates in Securitizations Nos. 2 and 4, Citigroup violated Section 8-6-19(a)(2) of the ASA by offering or selling securities in this State by means of written communications that included untrue statements of material fact or omitted to state material facts necessary

in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

109. RBS underwrote and sold to Colonial two certificates in Securitizations Nos. 3 and 5. RBS sent communications and solicitations to Colonial in Montgomery, Alabama, for the purpose of inducing Colonial to purchase the certificates in Securitizations Nos. 3 and 5. The sale of these certificates occurred in Alabama because employees or agents of RBS directed communications about the certificates and solicitations to purchase the certificates to Colonial there, and because Colonial received those communications and solicitations there.

110. In doing the acts alleged in the sale to Colonial of the certificates in Securitizations Nos. 3 and 5, RBS violated Section 8-6-19(a)(2) of the ASA by offering or selling securities in this State by means of written communications that included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

111. CMLTI was the depositor of Securitization No. 2 and therefore is the issuer of the certificate in Securitization No. 2 that Colonial purchased. The sale of this certificate occurred in Alabama because employees or agents of Citigroup directed communications about the certificate and solicitations to purchase the certificate

to Colonial there, and because Colonial received those communications and solicitations there.

112. CMLTI prepared and signed the registration statement for the certificates in Securitization No. 2 for the purpose of soliciting investors, including Colonial, to purchase certificates when they were initially offered to the public, motivated at least in part by its own financial interest or that of the direct seller.

113. The sale was in the initial offering of the certificate and the certificate was sold by means of a prospectus supplement. Therefore, under 17 C.F.R. § 230.159A(a), CMLTI is considered to have offered or sold the certificate to Colonial.

114. In doing the acts alleged in the offer or sale to Colonial of the certificate in Securitization No. 2, CMLTI violated Section 8-6-19(a)(2) of the ASA by offering or selling a security in this State by means of written communications that included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

115. Plaintiff has disposed of all of the certificates.

116. Under Section 8-6-19 of the ASA, Plaintiff is entitled to recover the consideration paid for each of these certificates, plus interest at the legal rate from the date of purchase to the date of disposition, minus the amount of income received on the certificate, minus the

greater of the value of the security when Plaintiff disposed of it or the consideration that Plaintiff received for the security.

B. Liability as a Controlling Person Under Section 8-6-19(c) of the ASA

117. Plaintiff hereby incorporates by reference, as though fully set forth, paragraphs 1 through 116.

118. Citigroup FP, by or through stock ownership, agency, or otherwise, controlled CMLTI within the meaning of Section 8-6-19(c) of the ASA.

119. In doing the acts alleged, CMLTI violated Section 8-6-19(a)(2) of the ASA by offering or selling the certificate in Securitization No. 2 that Colonial purchased.

120. Citigroup FP is therefore jointly and severally liable with and to the same extent as CMLTI.

C. Untrue or Misleading Statements in the Sale of Securities Under Section 12(a)(2) of the 1933 Act

121. Plaintiff hereby incorporates by reference, as though fully set forth, paragraphs 1 through 120.

122. Colonial purchased the certificate in Securitization No. 1 that Morgan Stanley sold to Colonial when it was initially offered to the public.

123. Morgan Stanley solicited Colonial to purchase this certificate, and sold the certificate to Colonial, by means of the prospectus supplement and other written offering materials and oral communications.

124. The prospectus supplement and other written offering materials and oral communications that Morgan Stanley sent to Colonial contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements, in the light of the circumstances in which they were made, not misleading.

125. Colonial did not know when it purchased the certificate in Securitization No. 1 that the statements in the prospectus supplement and other written offering materials and oral communications that Morgan Stanley sent to Colonial were untrue or misleading.

126. In doing the acts alleged in the sale to Colonial of the certificate in Securitization No. 1, Morgan Stanley violated Section 12(a)(2) of the 1933 Act.

127. Colonial purchased the certificates in Securitizations Nos. 2 and 4 that Citigroup sold to Colonial when they were initially offered to the public.

128. Citigroup solicited Colonial to purchase these certificates, and sold the certificates to Colonial, by means of the prospectus supplements and other written offering materials and oral communications.

129. The prospectus supplements and other written offering materials and oral communications that Citigroup sent to Colonial contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements, in the light of the circumstances in which they were made, not misleading.

130. Colonial did not know when it purchased the certificates in Securitizations Nos. 2 and 4 that the statements in the prospectus supplements and other written offering materials and oral communications that Citigroup sent to Colonial were untrue or misleading.

131. In doing the acts alleged in the sale to Colonial of the certificates in Securitizations Nos. 2 and 4, Citigroup violated Section 12(a)(2) of the 1933 Act.

132. Colonial purchased the certificates in Securitizations Nos. 3 and 5 that RBS sold to Colonial when they were initially offered to the public.

133. RBS solicited Colonial to purchase these certificates, and sold the certificates to Colonial, by means of the prospectus supplements and other written offering materials and oral communications.

134. The prospectus supplements and other written offering materials and oral communications that RBS sent to Colonial contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements, in the light of the circumstances in which they were made, not misleading.

135. Colonial did not know when it purchased the certificates in Securitizations Nos. 3 and 5 that the statements in the prospectus supplements and other written offering materials and oral communications that RBS sent to Colonial were untrue or misleading.

136. In doing the acts alleged in the sale to Colonial of the certificates in Securitizations Nos. 3 and 5, RBS violated Section 12(a)(2) of the 1933 Act.

137. CMLTI was the depositor of Securitization No. 2 and therefore is the issuer of the certificate that Colonial purchased.

138. CMLTI prepared and signed the registration statement for the certificates in Securitization No. 2 for the purpose of soliciting investors, including Colonial, to purchase certificates when they were initially offered to the public, motivated at least in part by its own financial interest or that of the direct seller.

139. This sale was in the initial offering of the certificate and the certificate was sold by means of a prospectus supplement. Therefore, under 17 C.F.R. § 230.159A(a), CMLTI is considered to have offered or sold the certificates to Colonial.

140. In doing the acts alleged in the offer or sale to Colonial of the certificate in Securitization No. 2, CMLTI violated section 12(a)(2) of the 1933 Act.

141. Plaintiff expressly excludes from this cause of action any allegation that could be construed as alleging fraud or intentional or reckless conduct. This cause of action is based solely on allegations of strict liability or negligence under the 1933 Act.

142. When it failed on August 14, 2009, Colonial had not discovered that the defendants made untrue or

misleading statements about the certificates. Plaintiff discovered that the defendants made untrue or misleading statements in the sale of each security in the course of its investigation in 2012.

143. Plaintiff has suffered a loss on each of these certificates.

144. Plaintiff is entitled to recover damages.

D. Untrue or Misleading Statements in a Registration Statement Under Section 11 of the 1933 Act

145. Plaintiff hereby incorporates by reference, as though fully set forth, paragraphs 1 through 144.

146. CMLTI is the depositor of Securitization No. 2 and therefore is the issuer of the certificate in Securitization No. 2 that Colonial purchased. In doing the acts alleged, CMLTI violated Section 11 of the 1933 Act in connection with issuing the certificate in Securitization No. 2.

147. Bear Stearns underwrote Securitization No. 1. In doing the acts alleged, Bear Stearns violated Section 11 of the 1933 Act in connection with underwriting the certificate in Securitization No. 1.

148. Morgan Stanley underwrote Securitization No. 1. In doing the acts alleged, Morgan Stanley violated Section 11 of the 1933 Act in connection with underwriting the certificate in Securitization No. 1.

149. Citigroup underwrote Securitizations Nos. 2, 4, and 6. In doing the acts alleged, Citigroup violated

Section 11 of the 1933 Act in connection with underwriting the certificates in Securitizations Nos. 2, 4, and 6.

150. RBS underwrote Securitizations Nos. 3 and 5. In doing the acts alleged, RBS violated Section 11 of the 1933 Act in connection with underwriting the certificates in Securitizations Nos. 3 and 5.

151. GMAC underwrote Securitization No. 4. In doing the acts alleged, GMAC violated Section 11 of the 1933 Act in connection with underwriting the certificate in Securitization No. 4.

152. The certificates in these securitizations were issued pursuant or traceable to registration statements. Details of each registration statement and each certificate are stated in Item 29 of the Schedules.

153. The registration statements, as amended by the prospectus supplements, contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading. These untrue and misleading statements included all of the untrue and misleading statements described in paragraphs 33 through 94.

154. Colonial purchased each certificate before the issuer made generally available an earning statement covering a period of at least twelve months.

155. Plaintiff expressly excludes from this cause of action any allegation that could be construed as alleging

fraud or intentional or reckless conduct. This cause of action is based solely on allegations of strict liability or negligence under the 1933 Act.

156. Colonial did not know when it purchased the certificates that the statements in the registration statements, as amended by the prospectus supplements, were untrue or misleading.

157. When it failed on August 14, 2009, Colonial had not discovered that the defendants made untrue or misleading statements about the certificates. Plaintiff discovered that the defendants made untrue or misleading statements about each security in the course of its investigation in 2012.

158. Colonial has suffered a loss on each of these certificates.

159. Plaintiff is entitled to recover damages as described in 15 U.S.C. § 77k(e).

E. Liability as a Controlling Person Under Section 15 of the 1933 Act

160. Plaintiff hereby incorporates by reference, as though fully set forth, paragraphs 1 through 159.

161. Citigroup FP, by or through stock ownership, agency, or otherwise, controlled CMLTI within the meaning of Section 15 of the 1933 Act.

162. In doing the acts alleged, CMLTI violated Sections 11 and 12(a)(2) of the 1933 Act by issuing, offering, or selling the certificate in Securitization No. 2 that

Colonial purchased when it was initially offered to the public.

163. Citigroup FP is therefore jointly and severally liable with and to the same extent as CMLTI.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against defendants for damages in an amount to be determined at trial, but not less than \$122.9 million, plus attorneys' fees, costs of court, and pre- and post-judgment interest at the appropriate allowable rates. Plaintiff further requests that the Court order any and all other relief at law and in equity to which Plaintiff is entitled.

JURY DEMAND

**Plaintiff demands a trial by jury of all issues
triable by jury.**

Dated: August 10, 2012
Montgomery, Alabama

Dennis R. Bailey (BAI028)
R. Austin Huffaker (HUF006)
J. Evans Bailey (BAI062)

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Attorneys for Plaintiff Federal
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Receiver for Colonial Bank

Defendants may be served via certified mail at:

Citigroup Mortgage Loan Trust Inc.	The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801
Citigroup Financial Products Inc.	Corporation Service Company 80 State Street Albany, New York 12207
Citigroup Global Markets Inc.	CT Corporation System 2 North Jackson Street, Suite 605 Montgomery, Alabama 36104
Ally Securities LLC	Corporation Service Company 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808
J.P. Morgan Securities LLC	CT Corporation System 2 North Jackson Street, Suite 605 Montgomery, Alabama 36104
Morgan Stanley & Co. LLC	CT Corporation System 2 North Jackson Street, Suite 605 Montgomery, Alabama 36104
RBS Securities Inc.	Corporation Service Company 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808

EXHIBIT A TO THE COMPLAINT

Figure 1: Percent of Loans Originated by GMAC Mortgage LLC or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

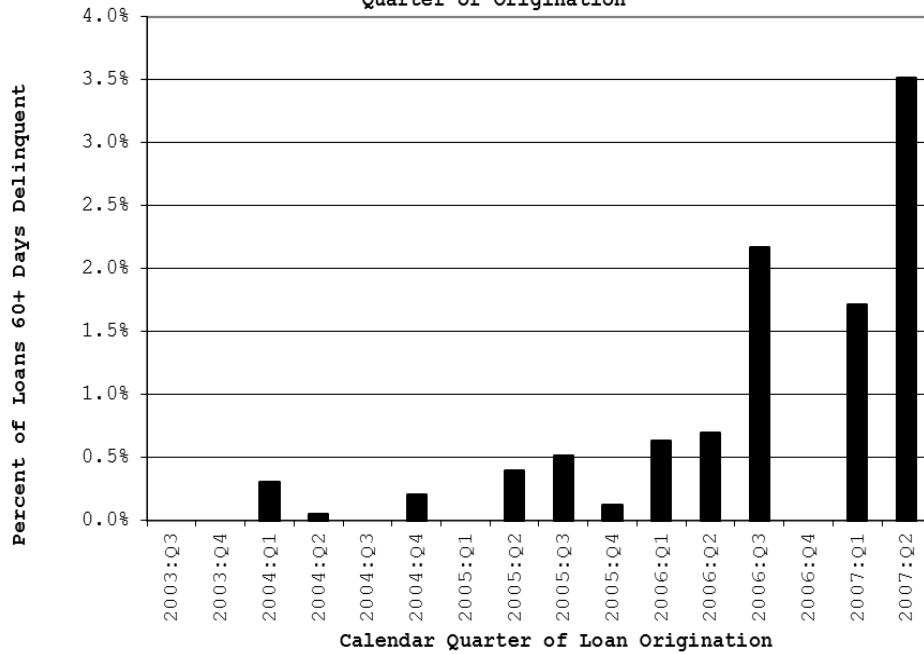


Figure 2: Percent of Loans Originated by GMAC Mortgage LLC or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV

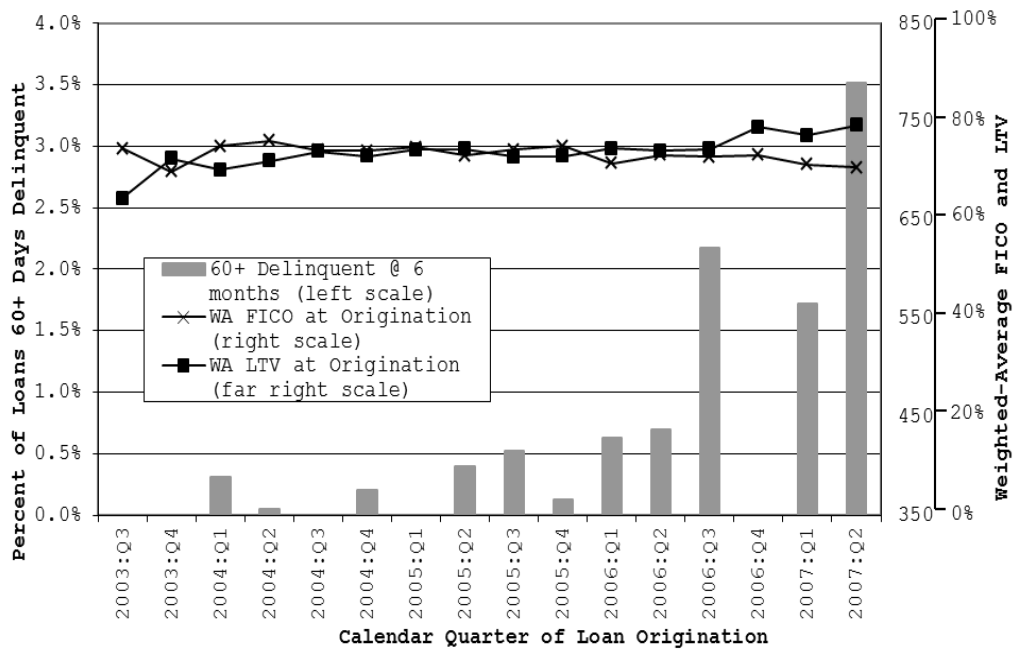


EXHIBIT B TO THE COMPLAINT

Figure 1: Percent of Loans Originated by National City Mortgage Co. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

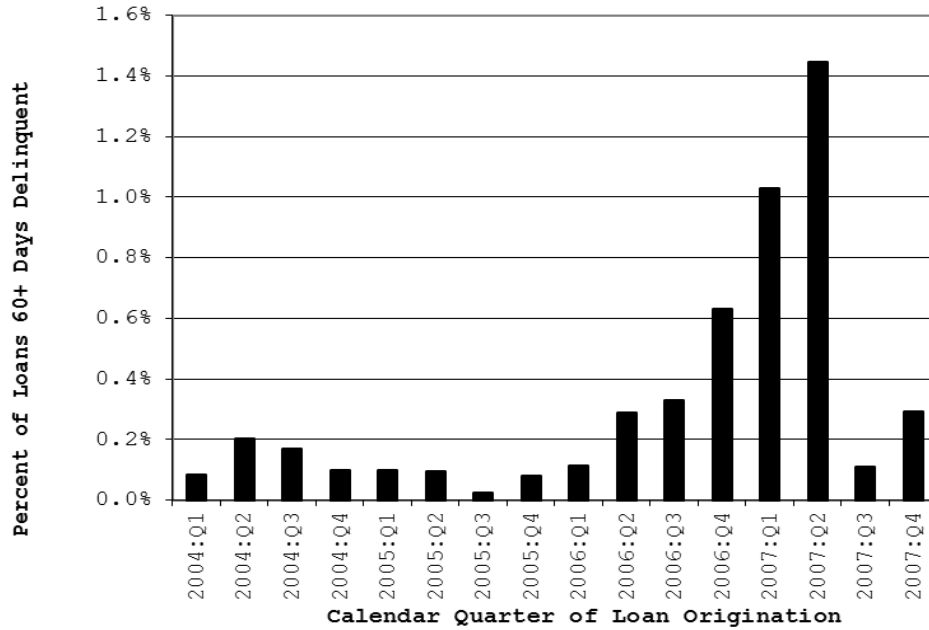


Figure 2: Percent of Loans Originated by National City Mortgage Co. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV

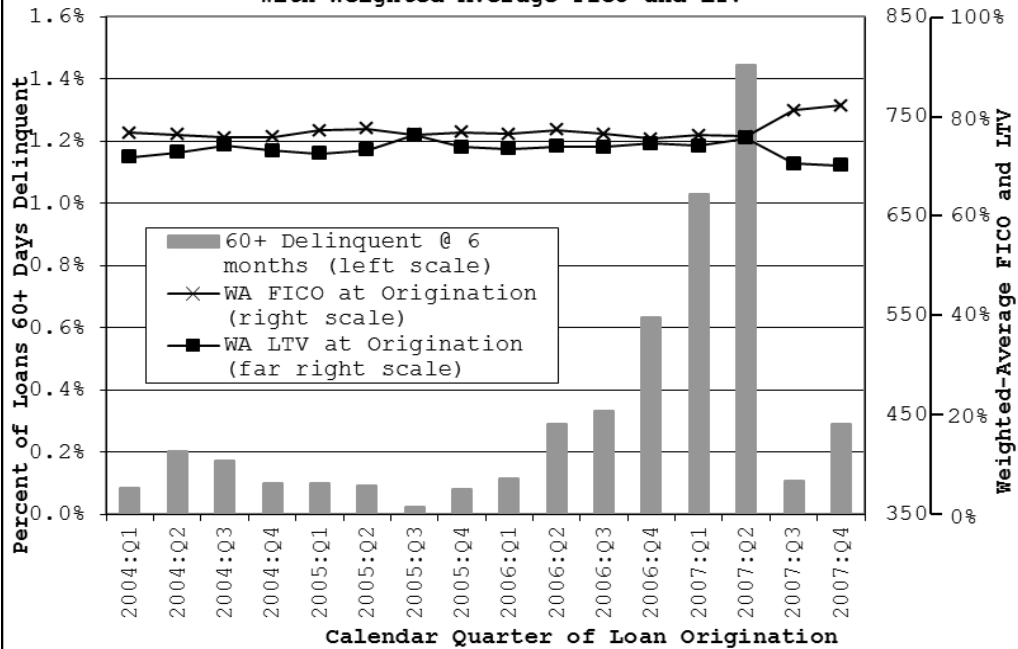


EXHIBIT C TO THE COMPLAINT

Figure 1: Percent of Loans Originated by PHH Mortgage Corporation or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

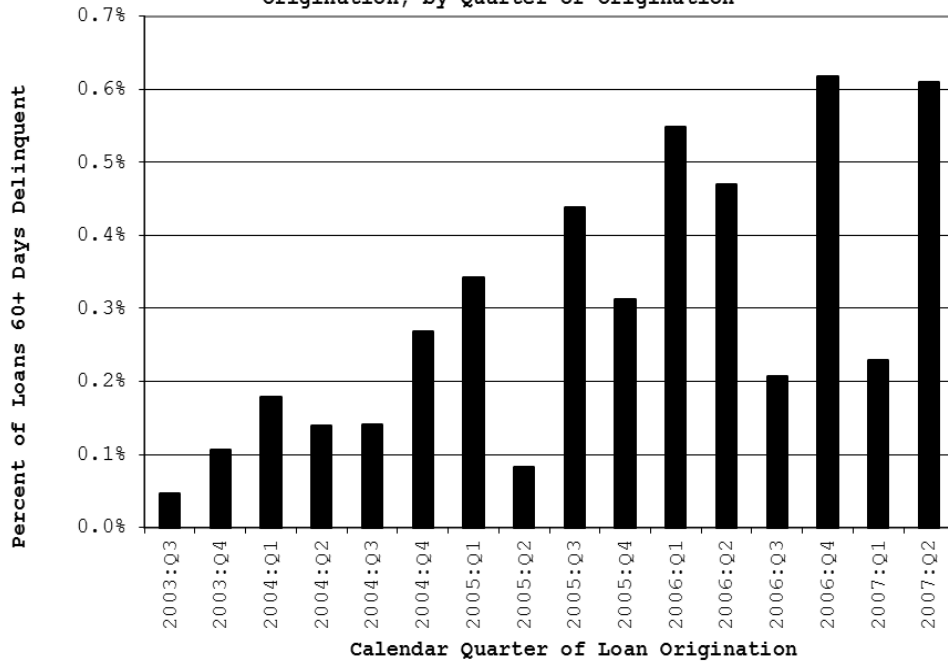


Figure 2: Percent of Loans Originated by PHH Mortgage Corporation or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV

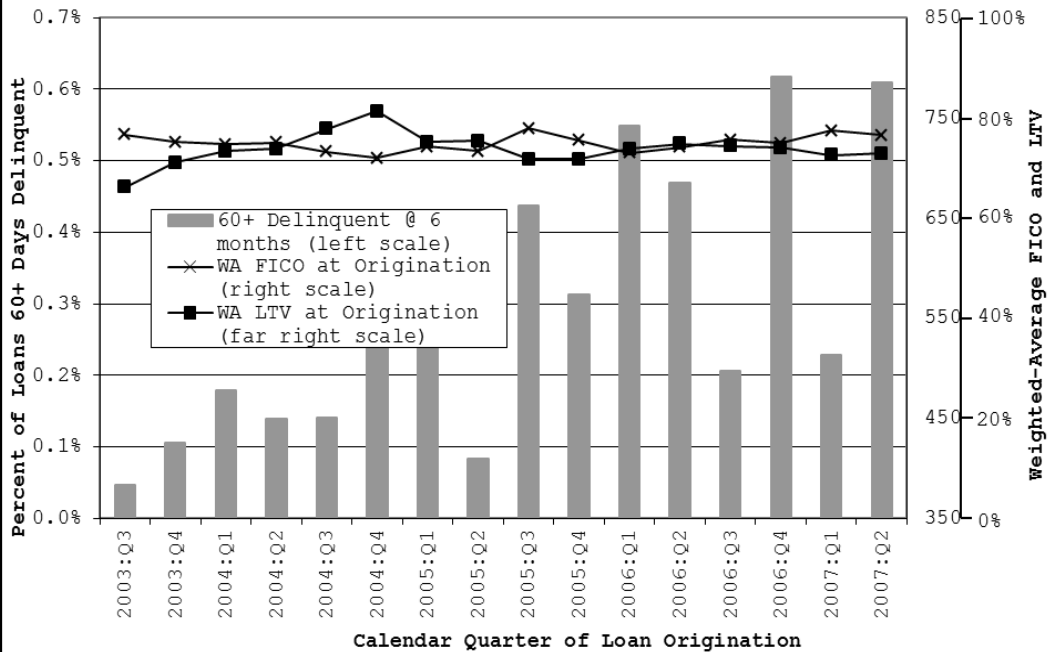


EXHIBIT D TO THE COMPLAINT

Figure 1: Percent of Loans Originated by SunTrust Mortgage Inc. Corporation or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

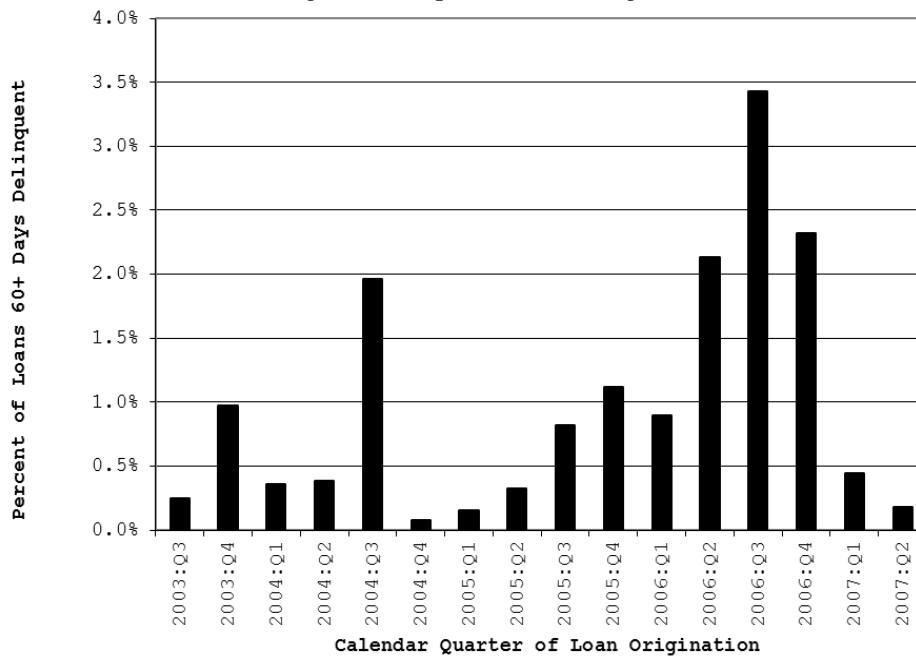
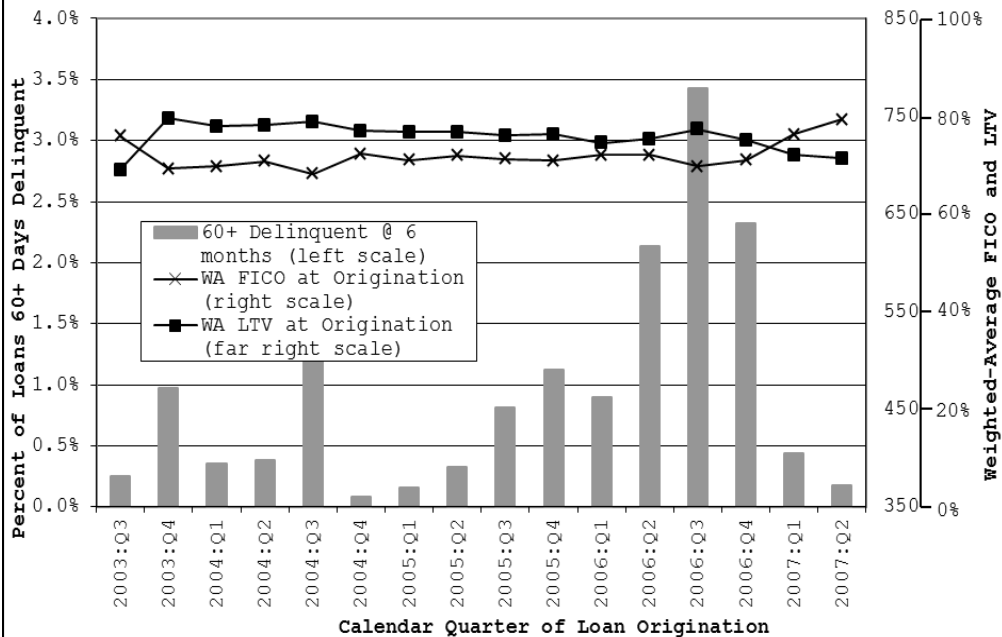


Figure 2: Percent of Loans Originated by SunTrust Mortgage Inc. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



SCHEDULE 1 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants Morgan Stanley and Bear Stearns.

Item 29. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to Colonial: Morgan Stanley.

(b) Description of the trust: Residential Funding Mortgage Securities I, Inc., Mortgage Pass-Through Certificates, Series 2006-S6 was a securitization in July 2006 of 1,178 mortgage loans, in one pool. Residential Funding Mortgage Securities I, Inc. was the issuer of the securities in the trust. The mortgage loans were originated or acquired by Homecomings Financial Network, Inc., a wholly-owned subsidiary of Residential Funding Corporation, GMAC Mortgage Corporation, an affiliate of Residential Funding Corporation, SunTrust Mortgage, and various undisclosed originators. Homecomings Financial Network, Inc. originated or acquired approximately 28.8% of the mortgage loans. GMAC Mortgage Corporation originated or acquired approximately 10.6% of the mortgage loans. SunTrust Mortgage originated or acquired approximately 11.9% of the mortgage loans. RFMSI 2006-S6 Pros. Sup. S-3, S-31, S-34, S-38. No other originator originated

or acquired more than approximately 9.6% of the mortgage loans. RFMSI 2006-S6 Pros. Sup. S-34.

(c) Description of the certificate(s) that Colonial purchased: Morgan Stanley and Bear Stearns were underwriters of the security that Colonial purchased. Morgan Stanley offered and sold to Colonial a senior certificate in this securitization, in class A-13, for which Colonial paid \$64,645,980 plus accrued interest on September 20, 2006.

(d) Ratings of the certificate(s) when Colonial purchased them: Standard & Poor's: AAA; Fitch: AAA; Moody's: Aaa.

(e) Current ratings of the certificate(s): Standard & Poor's: CCC; Fitch: C; Moody's: Caa2.

(f) Date on which the certificate(s) were downgraded below investment grade: June 22, 2009.

(g) URL of prospectus supplement for this securitization:

<http://sec.gov/Archives/edgar/data/1366203/000095011706003194/a42426.txt>

(h) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by Residential Funding Mortgage Securities I, Inc. with the SEC on form S-3 on January 20, 2006. Annexed to the registration statement

was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, Morgan Stanley and Bear Stearns made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) In Appendix I to the prospectus supplement, Morgan Stanley and Bear Stearns presented tables of statistics about the mortgage loans in the collateral pool. RFMSI 2006-S6 Pros. Sup. I-1 to I-5. Each table focused on a certain characteristic of the loans (for example, principal balance) and divided the loans into categories based on that characteristic (for example, loans with original mortgage loan balances of \$100,000 or less, \$100,001 to \$200,000, \$200,001 to \$300,000, etc.). Each table then presented various data about the loans in each category. Among these data was "Weighted Average Loan-to-Value Ratio." There were 12 such tables in Appendix I to the prospectus supplement. In each table, the number of categories into which the loans were divided ranged from 2 to 47. Thus, in Appendix I to the prospectus supplement, Morgan Stanley and Bear Stearns made many untrue or misleading statements about

the original LTVs of the loans in the collateral pool.
RFMSI 2006-S6 Pros. Sup. I-1 to I-5.

(b) "The weighted average Loan-to-Value ratio at origination of the Mortgage Loans will be approximately 69.98%." RFMSI 2006-S6 Pros. Sup. I-2.

(c) None of the mortgages in the collateral pool have an original LTV in excess of 95.00%. RFMSI 2006-S6 Pros. Sup. I-2.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	1,178
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	409
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$57,905,435
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	77
Aggregate amount by which the true market values of those properties exceed their stated values	\$9,378,801
Number of loans with LTVs over 95%, as stated by defendants	0
Number of loans with LTVs over 95%, as determined by the model	121
Weighted-average LTV, as stated by defendants	69.98%
Weighted-average LTV, as determined by the model	83.2%

Item 53. Undisclosed additional liens:

- (a) Minimum number of properties with additional liens: 403**
- (b) Weighted average CLTV with additional liens: 75.4%**

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, Morgan Stanley and Bear Stearns made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Appendix I to the prospectus supplement, described in Item 38, Morgan Stanley and Bear Stearns presented a table entitled "Occupancy Types of the Mortgage Loans." This table divided the mortgage loans in the collateral pool into the categories "Primary Residence" and "Second/Vacation." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the principal balance, and the percentage of mortgage loans in each of these categories. RFMSI 2006-S6 Pros. Sup. I-4.

(b) In the "Occupancy Types of the Mortgage Loans" table, Morgan Stanley and Bear Stearns stated that of the 1,178 loans in the collateral pool, 1,133 were secured by primary residences, and 45 were not. RFMSI 2006-S6 Pros. Sup. I-4.

Item 75. Details of properties that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 88
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 215
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 77
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 315

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-38 of the prospectus supplement, and pages 9 through 14 of the prospectus, Morgan Stanley and Bear Stearns made statements about the underwriting standards of Residential Funding. All of those statements are incorporated herein by reference.

One of these statements was that: "[A] mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied." RFMSI 2006-S6 Pros. Sup. S-38.

Another one of these statements was that: "[A] determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." RFMSI 2006-S6 Pros. 12.

Another one of these statements was that: "[M]ortgage loans will generally be underwritten on the basis of the borrower's ability to make monthly payments" RFMSI 2006-S6 Pros. 12.

Item 86. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 226
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 19.2%

Item 87. 30+ days delinquencies:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 180
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 15.3%

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-5 and S-102 through S-103 of the prospectus supplement, Morgan Stanley and Bear Stearns made statements about the ratings assigned to the certificates issued in this securitization. Morgan

Stanley and Bear Stearns stated that Colonial's certificate was rated AAA by Standard & Poor's Rating Services, AAA by Fitch Ratings, and Aaa by Moody's. RFMSI 2006-S6 Pros. Sup. S-5. These were the highest ratings available from these rating agencies.

Morgan Stanley and Bear Stearns also stated that: "It is a condition of the issuance of the Senior Certificates that they be rated 'Aaa' or 'Aa1' by Moody's Investor Service, Inc. . . . 'AAA' by Standard & Poor's . . . and Fitch Ratings" RFMSI 2006-S6 Pros. Sup. S-102.

Item 92. Summary of loans about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 409
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 403
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 315
- (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 828
- (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 70.3%

SCHEDULE 2 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CMLTI, Citigroup, and Citigroup FP.

Item 29. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to Colonial: Citigroup.

(b) Description of the trust: Citigroup Mortgage Loan Trust Inc. Mortgage Pass-Through Certificates, Series 2005-8 was a securitization in October 2005 of 2,830 mortgage loans, in three groups. CMLTI was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated by Countrywide Home Loans, Inc., CitiMortgage, Inc., American Home Mortgage Investment Corp., PHH Mortgage Corp., Mortgage Access Corp. (D/B/A Weichert Financial Services), SunTrust Mortgage, Inc., MortgageIT, Inc., Quicken Loans Inc., National City Mortgage Co., and Wells Fargo Bank, N.A. CMLTI 2005-8 Pros. Sup. S-30. For the Group II loans, American Home Mortgage Investment Corp. originated approximately 94.60%; National City originated approximately 3.5%; PHH originated approximately 0.95%; SunTrust originated approximately 0.89%; and CitiMortgage originated

approximately 0.06%. CMLTI 2005-8 Pros. Sup. S-120 through S-121; 1-42.

(c) Description of the certificate(s) that Colonial purchased: Citigroup was the underwriter of the security that Colonial purchased. Citigroup offered and sold to Colonial a senior certificate in this securitization, in class II-A4A, for which Colonial paid \$21,584,982 plus accrued interest on January 10, 2006. Colonial's certificate was primarily paid by the 1,106 loans in Group II.

(d) Ratings of the certificate(s) when Colonial purchased them: Moody's: Aaa; Standard & Poor's: AAA.

(e) Current ratings of the certificate(s): Moody's: Caa3; Standard & Poor's: CCC.

(f) Date on which the certificate(s) were downgraded below investment grade: February 4, 2009.

(g) URL of prospectus supplement for this securitization:

<http://sec.gov/Archives/edgar/data/1257102/000095013605006833/file001.htm>

(h) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CMLTI with the SEC on form S-3 on August 25, 2005. Annexed to the registration statement was a prospectus. The prospectus

was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CMLTI and Citigroup made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) In Appendix 1 of the prospectus supplement, CMLTI and Citigroup presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, principal balance) and divided the loans into categories based on that characteristic (for example, loans with principal balance ranges of \$31,501 to \$50,000, \$50,001 to \$75,000, \$75,001 to \$100,000, etc.). Each table then presented various data about the loans in each category. Among these data was the "Weighted Average Original LTV." There were 16 such tables in Appendix 1 for the loans in Group II. In each table the number of categories into which the loans were divided ranged from 1 to 22. Thus, in Appendix 1, CMLTI and Citigroup made many untrue or misleading statements about the original LTVs of the loans in Group II. CMLTI 2005-8 Pros. Sup. 1-37 through 1-42.

(b) "The weighted average loan-to-value ratio at origination of the Group II Mortgage Loans was approximately 69.21%." CMLTI 2005-8 Pros. Sup. S-38.

(c) "No Group II Mortgage Loan had a loan-to-value ratio at origination greater than approximately 100.00% or less than approximately 11.54%." CMLTI 2005-8 Pros. Sup. S-38.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate (Group II)	1,106
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	468
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$46,995,861
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	104
Aggregate amount by which the true market values of those properties exceed their stated values	\$8,378,668
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	65
Weighted-average LTV, as stated by defendants	69.21%
Weighted-average LTV, as determined by the model	85.0%

Item 62. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CMLTI and Citigroup made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by National City Mortgage: "All appraisals are required to conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standard Board of the Appraisal Foundation. Each appraisal must meet the requirements of Fannie Mae and Freddie Mac." CMLTI 2005-8 Pros. Sup. S-46.

In the prospectus supplement, CMLTI and Citigroup also made statements about the appraisals of the properties that secured the mortgage loans originated or acquired by American Home: "Every American Home mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation." CMLTI 2005-8 Pros. Sup. S-51.

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CMLTI and Citigroup made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Appendix 1 of the prospectus supplement, described in Item 38, CMLTI and Citigroup presented a table entitled "Occupancy Status of the Group II Mortgage Loans." This table divided the mortgage loans into the categories "Owner Occupied," "Second Home," and "Investor." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of the aggregate principal balance of the mortgage loans in each of these categories. CMLTI 2005-8 Pros. Sup. 1-39.

(b) In the "Occupancy Status of the Group II Mortgage Loans" table, CMLTI and Citigroup stated that of the 1,106 mortgage loans in Group II, 734 were secured by primary residences, and 372 were not. CMLTI 2005-8 Pros. Sup. 1-39.

Item 75. Details of properties in Group II that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 91
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 182
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 26

(d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true:** 273

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-44 through S-46 of the prospectus supplement, CMLTI and Citigroup made statements about the underwriting standards of National City Mortgage. All of those statements are incorporated herein by reference.

One such statement was that: "The National City Underwriting Guidelines are applied to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral." CMLTI 2005-8 Pros. Sup. S-45.

On pages S-49 through S-52 of the prospectus supplement, CMLTI and Citigroup made statements about the underwriting standards of American Home. All of those statements are incorporated herein by reference.

One such statement was that: "Exceptions to the underwriting standards are permitted where compensating factors are present." CMLTI 2005-8 Pros. Sup. S-50.

Another statement was that: "[E]xceptions to American Home's underwriting guidelines are allowed if sufficient compensating factors exist to offset any additional risk due to the exception." CMLTI 2005-8 Pros. Sup. S-52.

Item 86. 90+ days delinquencies in Group II:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 22**
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 2.0%**

Item 87. 30+ days delinquencies in Group II:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 18**
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 1.6%**

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-15 through S-16 and S-136 of the prospectus supplement, CMLTI and Citigroup made statements about the ratings assigned to the certificates issued in this securitization. CMLTI and Citigroup stated that Colonial's certificate was rated AAA by Standard & Poor's and Aaa by Moody's. CMLTI 2005-8 Pros. Sup. S-15. These were the highest ratings available from these two rating agencies.

CMLTI and Citigroup also stated: "It is a condition to the issuance of the certificates that each class of the Offered Certificates be rated not lower than the initial rating indicated for such class in the table [on pages S-15 through S-16 of the prospectus supplement]." CMLTI 2005-8 Pros. Sup. S-136.

Item 92. Summary of loans in Group II about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 468
- (b) Number of loans for which the properties were stated to be owner-occupied but were not: 273
- (c) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 872
- (d) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 78.8%

SCHEDULE 3 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendant RBS.

Item 29. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to Colonial: RBS.

(b) Description of the trust: Residential Asset Securitization Trust 2006-A14CB was a securitization in November 2006 of 1,645 mortgage loans, in two groups. IndyMac MBS, Inc. was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were acquired by IndyMac Bank, F.S.B. RAST 2006-A14CB Pros. Sup. S-53.

(c) Description of the certificate(s) that Colonial purchased: RBS was the underwriter of the security that Colonial purchased. RBS offered and sold to Colonial a senior certificate in this securitization, in class 1-A-1, for which Colonial paid \$15,380,966 plus accrued interest on December 12, 2006. Colonial's certificate was primarily paid by the 379 mortgage loans in collateral allocation group 1.

(d) Ratings of the certificate(s) when Colonial purchased them: Moody's: Aaa; Standard & Poor's: AAA; Fitch: AAA.

(e) Current ratings of the certificate(s):

Moody's: Caa3; Standard & Poor's: D; Fitch: D.

(f) Date on which the certificate(s) were downgraded below investment grade: October 27, 2008.

(g) URL of prospectus supplement for this securitization:

http://www.sec.gov/Archives/edgar/data/1090295/000112528206006779/b415507_424b5.txt

(h) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by IndyMac MBS, Inc. with the SEC on form S-3 on February 24, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, RBS made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(c) As of the cut-off date, the Weighted-Average Original Loan-to-Value Ratio of all of the loans in the collateral pool was 73.32%. RAST 2006-A14CB Pros. Sup. S-6.

(d) As of the cut-off date, the Weighted Average Original Loan-to-Value Ratio of the loans in collateral allocation group 1 was 67.82%. RAST 2006-A14CB Pros. Sup S-6.

(e) As of the cut-off date, the weighted average loan-to-value ratio of approximately 33.34% of the collateral allocation group 1 mortgage loans for which the originator of a first lien mortgage loan also originated a second lien mortgage loan was approximately 67.82%. RAST 2006-A14CB Pros. Sup. S-25.

(f) As of the cut-off date, the weighted average combined loan-to-value ratios (including the second lien) of approximately 33.34% of the collateral allocation group 1 mortgage loans for which the originator of a first lien mortgage loan also originated a second lien mortgage loan was approximately 73.97%. RAST 2006-A14CB Pros. Sup. S-25.

(g) "At origination, all of the Mortgage Loans had a Loan-to-Value Ratio of 100% or less." RAST 2006-A14CB Pros. Sup. S-32.

(h) In the section of the prospectus supplement entitled the "Mortgage Pool," RBS presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to 150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the "Weighted Average Loan-to-Value Ratio." There were 13 such tables in the "Mortgage Pool" section for the loans in collateral allocation group 1. In each table the number of categories into which the loans were divided ranged from 2 to 35. Thus, in the "Mortgage Pool" section, RBS made many untrue or misleading statements about the original LTVs of the loans in collateral allocation group 1. RAST 2006-A14CB Pros. Sup. S-34 to S-39.

(i) "As of the Cut-off Date, the weighted average original Loan-to-Value Ratio of the Mortgage Loans in collateral allocation group 1 was approximately 67.82%." RAST 2006-A14CB Pros. Sup. S-35.

(j) In the "Mortgage Pool" section, RBS presented similar tables of statistics about the mortgage loans in the aggregate. In these tables, RBS similarly made many untrue or misleading statements about the original LTVs of all of the mortgage loans in the collateral pool. RAST 2006-A14CB Pros. Sup. S-46 to S-51.

(k) "As of the Cut-off Date, the weighted average original Loan-to-Value Ratio of the Mortgage Loans was approximately 73.32%." RAST 2006-A14CB Pros. Sup. S-47.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans in the collateral pool	1,645
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	592
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$32,140,310
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	82
Aggregate amount by which the true market values of those properties exceed their stated values	\$4,735,566
Number of loans with LTVs over 100.00%, as stated by defendant	0
Number of loans with LTVs over 100.00%, as determined by the model	103
Weighted-average LTV, as stated by defendant	73.32%
Weighted-average LTV, as determined by the model	83.4%

Item 62. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, RBS made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by IndyMac Bank, F.S.B.: "To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession [sic] Appraisal Practice." RAST 2006-A14CB Pros. Sup. S-55.

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, RBS made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In the "Mortgage Pool" section of the prospectus supplement, described in Item 38, RBS presented a table entitled "Occupancy Types for the Mortgage Loans in Collateral Allocation Group 1." This table divided the mortgage loans in collateral allocation group 1 into the categories "Primary Home," "Investment," and "Secondary Home." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of

aggregate principal balance outstanding in each of these categories. RAST 2006-A14CB Pros. Sup S-38.

(b) In the "Occupancy Types for the Mortgage Loans in Collateral Allocation Group 1" table, RBS stated that of the 379 mortgage loans in collateral allocation group 1, 340 were secured by primary residences, and 39 were not. RAST 2006-A14CB Pros. Sup. S-38.

(c) In the "Mortgage Pool" section of the prospectus supplement, described in Item 38, RBS presented another table entitled "Occupancy Types for the Mortgage Loans." This table divided all of the mortgage loans in the collateral pool into the categories "Primary Home," "Investment," and "Secondary Home." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of aggregate principal balance outstanding in each of these categories. RAST 2006-A14CB Pros. Sup. S-50.

(d) In the "Occupancy Types for the Mortgage Loans" table, RBS stated that of the 1,645 mortgage loans in the collateral pool, 1,338 were secured by primary residences, and 307 were not. RAST 2006-A14CB Pros. Sup. S-50.

Item 75. Details of properties that were stated to be owner-occupied, but were not:

- (e) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 115
- (f) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 193
- (g) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 132
- (h) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 350

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-53 through S-56 of the prospectus supplement, RBS made statements about the underwriting guidelines of IndyMac Bank, F.S.B. All of those statements are incorporated herein by reference.

One of these statements was that: "IndyMac Bank's underwriting criteria for traditionally underwritten mortgage loans includes an analysis of the borrower's credit history, ability to repay the mortgage loan and the adequacy of the mortgaged property as collateral." RAST 2006-A14CB Pros. Sup. S-54.

Another one of these statements was that: "Exceptions to underwriting standards are permitted in

situations in which compensating factors exist." RAST 2006-A14CB Pros. Sup. S-56.

Item 85. Early payment defaults:

(a) Number of the mortgage loans that suffered EPDs: 22

(b) Percent of the mortgage loans that suffered EPDs: 1.3%

Item 86. 90+ days delinquencies:

(a) Number of the mortgage loans that suffered 90+ days delinquencies: 830

(b) Percent of the mortgage loans that suffered 90+ days delinquencies: 50.5%

Item 87. 30+ days delinquencies:

(a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 711

(b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 43.2%

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-7 through S-8 and S-115 through S-116 of the prospectus supplement, RBS made statements about the ratings assigned to the certificates issued in this securitization. RBS stated that Colonial's certificate was rated Aaa by Moody's Investors Service, Inc., AAA by Standard & Poor's, and AAA by Fitch, Inc. RAST 2006-A14CB Pros. Sup. S-7. These were the highest ratings available from these three rating agencies.

RBS also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Standard & Poor's . . . , Moody's Investors Services, Inc. . . . and Fitch, Inc." RAST 2006-A14CB Pros. Sup. S-8.

RBS also stated: "It is a condition to the issuance of the senior certificates . . . that they be rated AAA by Standard & Poor's . . . and Fitch Inc. . . . and Aaa by Moody's Investors Service, Inc." RAST 2006-A14CB Pros. Sup. S-115.

Item 92. Summary of loans about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 592
- (b) Number of loans for which the properties were stated to be owner-occupied but were not: 350
- (c) Number of loans that suffered EPDs: 22
- (d) Eliminating duplicates, number of loans about which the defendant made untrue or misleading statements: 827
- (e) Eliminating duplicates, percent of loans about which the defendant made untrue or misleading statements: 50.3%

SCHEDULE 4 TO THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants Citigroup and GMAC.

Item 29. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to Colonial: Citigroup.

(b) Description of the trust: Residential Funding Mortgage Securities I, Inc., Mortgage Pass-Through Certificates, Series 2007-S6 was a securitization in June 2007 of 1,400 mortgage loans, in two groups. Residential Funding Mortgage Securities I, Inc. was the issuer of the securities in the trust. The mortgage loans were originated or acquired by Homecomings Financial, LLC, a wholly-owned subsidiary of Residential Funding Company, LLC, GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC, Sierra Pacific Mortgage Co. Inc., and various undisclosed originators. Homecomings Financial originated or acquired approximately 45% of the group I loans; GMAC Mortgage originated or acquired approximately 13.5% of the group I loans; and Sierra Pacific Mortgage originated or acquired approximately 10.9% of the group I loans. RFMSI 2007-S6 Pros. Sup. S-3, S-39, S-42, S-48. No other seller sold to

Residential Funding more than 8.3% of the group I loans. RFMSI 2007-S6 Pros. Sup. S-42, S-44.

(c) Description of the certificate(s) that Colonial purchased: Citigroup and GMAC were underwriters of the security that Colonial purchased. Citigroup offered and sold to Colonial a senior certificate in this securitization, in class 1-A-4, for which Colonial paid \$67,787,515 plus accrued interest on September 24, 2007. Colonial's certificate was primarily paid by the 801 mortgage loans in loan group I.

(d) Ratings of the certificate(s) when Colonial purchased them: Standard & Poor's: AAA; Fitch: AAA; Moody's: Aaa.

(e) Current ratings of the certificate(s): Standard & Poor's: D; Fitch: D; Moody's: Caa2.

(f) Date on which the certificate(s) were downgraded below investment grade: April 8, 2009.

(g) URL of prospectus supplement for this securitization:

http://sec.gov/Archives/edgar/data/1399931/000093041307005636/c49192_424b5.txt

(h) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by Residential Funding

Mortgage Securities I, Inc. with the SEC on form S-3 on February 12, 2007. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, Citigroup and GMAC made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) In Appendix I to the prospectus supplement, Citigroup and GMAC presented tables of statistics about the mortgage loans in group I. RFMSI 2007-S6 Pros. Sup. I-1. Each table focused on a certain characteristic of the loans (for example, principal balance) and divided the loans into categories based on that characteristic (for example, loans with original mortgage loan balances of \$100,000 or less, \$100,001 to \$200,000, \$200,001 to \$300,000, etc.). Each table then presented various data about the loans in each category. Among these data was the "Weighted Average Loan-to-Value Ratio." There were 12 such tables in Appendix I for the loans in group I. In each table, the number of categories into which the loans were divided ranged from 2 to 46. Thus, in Appendix I to the prospectus

supplement, Citigroup and GMAC made many untrue or misleading statements about the original LTVs of the loans in loan group I. RFMSI 2007-S6 Pros. Sup. I-1 to I-5.

(b) "The weighted average Loan-to-Value ratio at origination of the Group I Loans will be approximately 72.00%." RFMSI 2007-S6 Pros. Sup. I-2.

(c) None of the mortgages in group I have an original LTV in excess of 95%. RFMSI 2007-S6 Pros. Sup. I-2.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate (loan group I)	801
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	320
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$53,139,309
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	46
Aggregate amount by which the true market values of those properties exceed their stated values	\$4,357,907
Number of loans with LTVs over 95%, as stated by defendants	0
Number of loans with LTVs over 95%, as determined by the model	130
Weighted-average LTV, as stated by defendants	72.00%
Weighted-average LTV, as determined by the model	88.4%

Item 53. Undisclosed additional liens in group I:

(a) **Minimum number of properties with additional liens:** 266

(b) **Weighted average CLTV with additional liens:** 74.9%

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, Citigroup and GMAC made the following statements about the occupancy

status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Appendix I to the prospectus supplement, described in Item 38, Citigroup and GMAC presented a table entitled "Occupancy Types of the Group I Loans." This table divided the group I mortgage loans into the categories "Primary Residence" and "Second/Vacation." This table contained untrue or misleading statements about, among other data, the number of group I loans, the principal balance, and the percentage of group I loans in each of these categories. RFMSI 2007-S6 Pros. Sup. I-4.

(b) In the "Occupancy Types of the Group I Loans" table, Citigroup and GMAC stated that of the 801 loans in group I, 776 were secured by primary residences, and 25 were not. RFMSI 2007-S6 Pros. Sup. I-4.

Item 75. Details of properties in loan group I that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 74
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 132
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 50

(d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true:** 208

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On page S-48 of the prospectus supplement, and pages 10 through 15 of the prospectus, Citigroup and GMAC made statements about the underwriting standards of Residential Funding. All of those statements are incorporated herein by reference.

One of these statements was that: "[A] mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied." RFMSI 2007-S6 Pros. Sup. S-48.

Another one of these statements was that: "[A] determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses." RFMSI 2007-S6 Pros. 13.

Another one of these statements was that: "[M]ortgage loans will generally be underwritten on the

basis of the borrower's ability to make monthly payments" RFMSI 2007-S6 Pros. 13 through 14.

Item 86. 90+ days delinquencies in loan group I:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 196
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 24.5%

Item 87. 30+ days delinquencies in loan group I:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 151
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 18.9%

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-5 through S-6 and S-137 through S-138 of the prospectus supplement, Citigroup and GMAC made statements about the ratings assigned to the certificates issued in this securitization. Citigroup and GMAC stated that Colonial's certificate was rated AAA by Standard & Poor's Rating Services, AAA by Fitch Ratings, and Aaa by Moody's. RFMSI 2007-S6 Pros. Sup. S-5. These were the highest ratings available from these rating agencies.

Citigroup and GMAC also stated that: "It is a condition of the issuance of the Senior Certificates that the Class I-A-4 . . . Certificates be rated 'Aaa' by Moody's Investor Service, Inc. . . . and that all of

the Senior Certificates be rated 'AAA' by Standard & Poor's . . . and Fitch Ratings" RFMSI 2007-S6 Pros. Sup. S-137.

Item 92. Summary of loans in group I about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 320
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 266
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 208
- (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 575
- (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 71.8%

SCHEDULE 5 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendant RBS.

Item 29. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to Colonial: RBS.

(b) Description of the trust: Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2007-QS8 was a securitization in June 2007 of 2,607 mortgage loans, in one pool. Residential Accredit Loans, Inc. was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Homecomings Financial, LLC, a wholly-owned subsidiary of Residential Funding Company, LLC, GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC, and Wachovia Mortgage Corporation. Homecomings Financial originated or acquired approximately 44.2% of the mortgage loans; GMAC Mortgage originated or acquired approximately 17.2% of the mortgage loans; and Wachovia originated or acquired approximately 17% of the mortgage loans. RALI 2007-QS8 Pros. Sup. S-5, S-40 through S-41, S-47. No unaffiliated seller sold more than 5.5% of the mortgage

loans to Residential Funding. RALI 2007-QS8 Pros. Sup. S-41.

(c) Description of the certificate(s) that Colonial purchased: RBS was the underwriter of the security that Colonial purchased. RBS offered and sold to Colonial a senior certificate in this securitization, in class A-5, for which Colonial paid \$5,417,280 plus accrued interest on September 17, 2007.

(d) Ratings of the certificate(s) when Colonial purchased them: Fitch: AAA; Moody's: Aaa; Standard & Poor's: AAA.

(e) Current ratings of the certificate(s): Fitch: D; Moody's: Caa3; Standard & Poor's: D.

(f) Date on which the certificate(s) were downgraded below investment grade: December 16, 2008.

(g) URL of prospectus supplement for this securitization:

http://sec.gov/Archives/edgar/data/1400095/000089109207002629/e27723_424b5.txt

(h) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by RALI with the SEC on form S-3 on February 12, 2007. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements

whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, RBS made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) In Annex I of the prospectus supplement entitled "Mortgage Loan Statistical Information," RBS presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, original principal balance) and divided the loans into categories based on that characteristic (for example, loans with original mortgage loan balances of \$100,000 or less, \$100,001 to \$200,000, \$200,001 to \$300,000, etc.). Each table then presented various data about the loans in each category. Among these data was the "Weighted Average LTV Ratio." There were 12 such tables in "The Mortgage Loan Statistical Information" section for the loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 2 to 49. Thus, in the "Mortgage Loan Statistical Information" section, RBS made many untrue or misleading statements about the original LTVs of the loans in the collateral pool. RALI 2007-QS8 Pros. Sup. I-1 to I-7.

(b) "The weighted average loan-to-value ratio at origination of the mortgage loans will be approximately 74.15%." RALI 2007-QS8 Pros. Sup. I-7.

(c) None of the mortgage loans in the collateral pool have an original LTV in excess of 100%. RALI 2007-Q8 Pros. Sup. I-7.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	2,607
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	978
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$70,291,375
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	182
Aggregate amount by which the true market values of those properties exceed their stated values	\$6,967,467
Number of loans with LTVs over 100%, as stated by defendant	0
Number of loans with LTVs over 100%, as determined by the model	345
Weighted-average LTV, as stated by defendant	74.15%
Weighted-average LTV, as determined by the model	90.8%

Item 53. Undisclosed additional liens:

(a) **Minimum number of properties with additional liens:** 743

(b) **Weighted average CLTV with additional liens:** 78.0%

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, RBS made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Annex I of the prospectus supplement, described in Item 38, RBS presented a table entitled "Occupancy Types of the Mortgage Loans." This table divided the mortgage loans into the categories "Primary Residence," "Second/Vacation" and "Non-Owner Occupied." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the principal balance, and the percentage of mortgage loans in each of these categories. RALI 2007-QS8 Pros. Sup. S-11, I-1.

(b) In the "Occupancy Types of the Mortgage Loans" table, RBS stated that of the 2,607 mortgage loans in the collateral pool, 1,841 were secured by primary residences, and 766 were not. RALI 2007-QS8 Pros. Sup. S-11; I-1.

Item 75. Details of properties that were stated to be owner-occupied, but were not:

(a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 196

- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 267
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 189
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 489

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-45 through S-47 of the prospectus supplement, RBS made statements about the underwriting standards of Residential Funding Company. All of those statements are incorporated herein by reference.

One of these statements was that: "The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide." RALI 2007-QS8 Pros. Sup. S-46.

Another one of these statements was that: "[A] mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied." RALI 2007-QS8 Pros. Sup. S-47.

Another one of these statements was that: "Based on the data provided in the application and certain verifications, if required, a determination is made by the original lender that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property" RALI 2007-QS8 Pros. Sup. S-45.

Item 85. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs: 48
- (b) Percent of the mortgage loans that suffered EPDs: 1.8%

Item 86. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 1,128
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 43.3%

Item 87. 30+ days delinquencies:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 905
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 34.7%

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-7 through S-8 and S-112 through S-113 of the prospectus supplement, RBS made statements about the ratings assigned to the certificates issued in this

securitization. RBS stated that Colonial's certificate was rated AAA by Fitch Ratings, AAA by Standard & Poor's, and Aaa by Moody's. RALI 2007-QS8 Pros. Sup. S-7. These were the highest ratings available from these rating agencies.

RBS also stated: "It is a condition of the issuance of the offered certificates . . . that they be rated 'AAA' by Fitch Ratings, . . . 'AAA' by Standard & Poor's Ratings Services, . . . and 'Aaa' by Moody's Investors Service, Inc. . . ." RALI 2007-QS8 Pros. Sup. S-112.

Item 92. Summary of loans about which the defendant made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 978
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 743
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 489
- (d) Number of loans that suffered EPDs: 48
- (e) Eliminating duplicates, number of loans about which the defendant made untrue or misleading statements: 1,642
- (f) Eliminating duplicates, percent of loans about which the defendant made untrue or misleading statements: 63.0%

SCHEDULE 6 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendant Citigroup.

Item 29. Details of trust and certificate(s).

(a) Description of the trust: Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2007-QS5 was a securitization in March 2007 of 1,696 mortgage loans, in one pool. Residential Accredit Loans, Inc. was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated by Homecomings Financial, LLC, a wholly-owned subsidiary of Residential Funding Company, LLC, and GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC. Of the 1,696 mortgage loans in the collateral pool, approximately 47.1% and 0.4% by principal amount were originated by Homecomings Financial and GMAC Mortgage, respectively. RALI 2007-QS5 Pros. Sup. S-5, S-44.

(b) Description of the certificate(s) that Colonial purchased: Citigroup was the underwriter of the security that Colonial purchased. Colonial purchased a senior certificate in class A-4 of this securitization, for which Colonial paid \$47,560,056 plus accrued interest on October 10, 2007.

(c) Ratings of the certificate(s) when Colonial purchased them: Fitch: AAA; Moody's: Aaa; S&P: AAA.

(d) Current ratings of the certificate(s): Fitch: D; Moody's: Caa3; S&P: D.

(e) Date on which the certificate(s) were downgraded below investment grade: December 16, 2008.

(f) URL of prospectus supplement for this securitization:

http://www.sec.gov/Archives/edgar/data/1390318/000089109207001172/e26774_424b5.txt

(g) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by Residential Accredit Loans, Inc. with the SEC on form S-3 on January 23, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 38. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, Citigroup made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) In Annex I of the prospectus supplement, "Mortgage Loan Statistical Information," Citigroup presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, original principal balance) and divided the loans into categories based on that characteristic (for example, loans with original mortgage loan balances of \$100,000 or less, \$100,001 to \$200,000, \$200,001 to \$300,000, etc.). Each table then presented various data about the loans in each category. Among these data was the "Weighted Average LTV Ratio." There were 12 such tables in "The Mortgage Loan Statistical Information" section for the loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 2 to 49. Thus, in "The Mortgage Loan Statistical Information" section, Citigroup made many untrue or misleading statements about the original LTVs of the loans in the collateral pool. RALI 2007-QS5 Pros. Sup. I-1 to I-6.

(b) "The weighted average loan-to-value ratio at origination of the mortgage loans will be approximately 74.23%." RALI 2007-QS5 Pros. Sup. I-6.

(c) None of the mortgage loans in the collateral pool have an original LTV in excess of 100%. RALI 2007-QS5 Pros. Sup. I-6.

Item 47. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	1,696
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	513
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$35,418,831
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	174
Aggregate amount by which the true market values of those properties exceed their stated values	\$13,106,707
Number of loans with LTVs over 100%, as stated by defendant	0
Number of loans with LTVs over 100%, as determined by the model	110
Weighted-average LTV, as stated by defendant	74.23%
Weighted-average LTV, as determined by the model	84.4%

Item 53. Undisclosed additional liens:

- (a) Minimum number of properties with additional liens: 708
- (b) Weighted average CLTV with additional liens: 81.2%

Item 68. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, Citigroup made the following statements about the occupancy status of the

properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Annex I of the prospectus supplement, described in Item 38, Citigroup presented a table entitled "Occupancy Types of the Mortgage Loans." This table divided the mortgage loans into the categories "Primary Residence," "Second/Vacation," and "Non-Owner Occupied." This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the principal balance, and the percentage of mortgage loans in the collateral pool in each of these categories. RALI 2007-QS5 Pros. Sup. S-11; I-1.

(b) In the "Occupancy Types of the Mortgage Loans" table, Citigroup stated that of the 1,696 mortgage loans in the collateral pool, 1,156 were secured by primary residences and 540 were not. RALI 2007-QS5 Pros. Sup. S-11; I-1.

Item 75. Details of properties that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 110
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 182
- (c) Number of loans for which the owner of the property did not receive bills at the address of

the mortgaged property but did receive bills at a different address: 64

- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 288

Item 78. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-42 through S-43 of the prospectus supplement, Citigroup made statements about the underwriting standards of Residential Funding Company, LLC. All of those statements are incorporated herein by reference.

One of these statements was that: "The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide." RALI 2007-QS5 Pros. Sup. S-42.

Another one of these statements was that: "[A] mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied." RALI 2007-QS5 Pros. Sup. S-43.

Another one of these statements was that: "Based on the data provided in the application and certain verifications, if required, a determination is made by the original lender

that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property. . . ." RALI 2007-QS5 Pros. Sup. S-42.

Item 85. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs:
17
- (b) Percent of the mortgage loans that suffered EPDs: 1.0%

Item 86. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 755
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 44.5%

Item 87. 30+ days delinquencies:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 610
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 36.0%

Item 89. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-7 through S-8 and S-106 through S-107 of the prospectus supplement, Citigroup made statements about the ratings assigned to the certificates issued in this securitization. Citigroup stated that Colonial's certificate was rated AAA by Fitch Ratings, Aaa by Moody's

Investors Service, and AAA by Standard & Poor's. RALI 2007-QS5 Pros. Sup. S-7. These were the highest ratings available from these three ratings agencies.

Citigroup also stated: "It is a condition of the issuance of the Senior Certificates . . . that they be rated 'AAA' by Fitch Ratings . . . 'AAA' by Standard & Poor's Ratings Services . . . and 'Aaa' by Moody's Investors Service" RALI 2007-QS5 Pros. Sup. S-106.

Item 92. Summary of loans about which the defendant made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 513
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 708
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 288
- (d) Number of loans that suffered EPDs: 17
- (e) Eliminating duplicates, number of loans about which the defendant made untrue or misleading statements: 1,119
- (f) Eliminating duplicates, percent of loans about which the defendant made untrue or misleading statements: 66.0%