Contents

Morningstar Definitions and Descriptions of Letter-Grade Ratings, Ratings Outlooks, and Surveillance ................................................................. 1

Morningstar Definitions and Descriptions (i) Letter-Grade Credit Ratings, (ii) Rating Outlooks and (iii) Surveillance ..................................................... 3

Types of Rating Opinions .................................................................................................................. 3

Letter-Grade Credit Rating ............................................................................................................... 3
Rating Outlooks ................................................................................................................................. 5

Certain Considerations in Assigning Rating Opinions ................................................................. 6

Certain Factors Not Considered or Evaluated in Assigning Rating Opinions ...................... 6

Other Forms of Opinion .................................................................................................................. 8

Withdrawn Ratings ......................................................................................................................... 8
Morningstar Definitions and Descriptions (i) Letter-Grade Credit Ratings, (ii) Rating Outlooks and (iii) Surveillance

This document sets forth Morningstar's definitions and descriptions of its ratings symbols, ratings outlooks, and surveillance for evaluating the credit risk in structured finance transactions. Morningstar’s determination to review a structured finance transaction is performed on a case by case basis in accordance with Morningstar’s policies and procedures set forth on Morningstar’s website at www.morningstarcreditratings.com. Once Morningstar elects to review a transaction, Morningstar generally evaluates the transaction either: (1) as a rating agency selected and paid by the issuer or arranger to rate certain transactions at issuance and post issuance, or (2) as an agency that provides surveillance to subscribers on an investor-paid subscription basis. In addition, Morningstar may review a transaction on an unsolicited basis. In all cases, Morningstar considers various deal specific factors in accordance with Morningstar’s policies and procedures when assigning letter-grade rating and/or rating outlooks to certain securities.

Types of Rating Opinions

Letter-Grade Credit Rating

A Morningstar letter-grade credit rating is only an opinion on the ability of the collateral to support timely interest payments and to repay principal by the rated final distribution date according to the terms of the transaction and subject to the various qualifications, caveats and considerations enumerated in its respective ratings letters, ratings reports, and Morningstar’s website, www.morningstarcreditratings.com.

Morningstar utilizes a set of letter ratings ranging from ‘AAA’ to ‘D’ to express its opinion on the credit quality of a security based on Morningstar’s policies and procedures. The definitions for Morningstar’s letter-grade ratings are as follows:

AAA
A rating of ‘AAA’ is the highest letter-grade rating assigned by Morningstar. Securities rated ‘AAA’ have an extremely strong ability to make timely interest payments and ultimate principal payments on or prior to a rated final distribution date.

AA
A rating of ‘AA’ indicates the securities have a very strong ability to make timely interest and ultimate principal payments on or prior to a rated final distribution date.

A
A rating of ‘A’ indicates the securities have a strong ability to make timely interest and ultimate principal payments on or prior to a rated final distribution date, but that ability could be influenced by adverse changes in circumstances or conditions, such as adverse business or economic conditions.

BBB
A rating of ‘BBB’ indicates the securities should be able to meet their obligation to make timely
payments of interest and ultimate payment of principal on or prior to a rated final distribution date, but that ability could be impacted by adverse changes in circumstances or conditions, such as adverse business or economic conditions.

**BB**

A rating of ‘BB’ indicates the securities should be able to meet their obligation to make timely payments of interest and ultimate payment of principal on or prior to a rated final distribution date in the absence of various adverse circumstances or conditions such as adverse business or economic conditions. The vulnerability of securities rated ‘BB’ to the previously mentioned conditions is greater than higher rated securities.

**B**

A rating of ‘B’ indicates a default has not yet occurred but the securities are vulnerable to a challenging or changes in environment, conditions or circumstances. Securities rated ‘B’ are more vulnerable to nonpayment of timely interest and ultimate payment of principal on or prior to a rated final distribution date than higher rated securities.

**CCC**

A rating of ‘CCC’ indicates a material likelihood of default. Forecasted or actual losses may erode but have not yet eliminated available credit support.

**CC and C**

Beginning in 2009, no ratings are issued by Morningstar in the ‘CC’ or ‘C’ category.

**D**

A rating of ‘D’ indicates that (1) a default has occurred or there is a substantial likelihood of a default; (2) actual losses have reduced the principal balance of the security; or (3) actual losses have eliminated available credit support. Additionally, forecasted losses that would reduce the principal balance of the security or eliminate the available credit support, subject to our reasonable judgment, may be indicative of a ‘D’ rating.

For purposes of the above, the following terms shall have the following meanings:

“default” shall generally include one or more of the below:

(i) failure to pay (1) timely interest and/or (2) principal on the securities, and/or
(ii) any bankruptcy, administration, receivership, winding up, liquidation or other termination of the business of the issuer.

Under certain circumstances, subject to our reasonable judgment, an interest or principal shortfall may not be deemed a default. Factors that would impact our decision include the magnitude of the shortfall, likelihood of recurrence, certainty and timing of a repayment, and the current rating of the security.

“rated final distribution date” typically is the rated final distribution date or term of similar import used in the related offering documents for the respective transaction or otherwise enumerated in the related Morningstar ratings report for such transaction.
“forecastsed losses” generally include one or more of the below:

(i) projected losses resulting from specially serviced loans, and/or
(ii) projected losses due to a decline in current appraisal values, and/or
(iii) projected losses due to anticipated payment defaults on any loans.

**NR (non-rated)**

In situations where Morningstar rates certain classes of securities from an issuer or a transaction but does not rate other classes, a ‘NR’ designation is applied by Morningstar to those securities it does not rate.

**+/– Gradations**

Morningstar also provides finer gradations of the ratings ranging from ‘AA’ to ‘CCC’ by adding a plus or minus sign to indicate relative strength within the rating categories.

**Rating Outlooks**

A Morningstar rating outlook is only an opinion regarding the future trends for the rated security over the next six to twelve months and is subject to the various qualifications, caveats and considerations enumerated in the respective ratings report and/or Morningstar’s website at [www.morningstarcreditratings.com](http://www.morningstarcreditratings.com), including the “Analysis and Considerations” link on this website. Rating outlooks are generally provided during surveillance for all transactions. Rating outlooks are not considered NRSRO ratings under Morningstar’s policies and procedures. A rating outlook also serves as a directional indicator of potential future ratings movement based upon the analysis completed within our ratings and research reports. The types of rating outlooks and related meanings are enumerated below and subject to Morningstar’s policies and procedures:

<table>
<thead>
<tr>
<th>Outlook</th>
<th>Definition of Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perform</td>
<td>The security has performed as expected in terms of credit-risk characteristics.</td>
</tr>
<tr>
<td>Underperform</td>
<td>The security has performed worse than expected in terms of credit-risk characteristics when compared to both issuance and last review. The respective class exhibits characteristics that result in increased credit risk and may be a candidate for a downgrade or has the risk for potential loss. These characteristics may include actual or forecasted credit-support level declines and/or the overall weak performance of the underlying collateral.</td>
</tr>
</tbody>
</table>
Classes of structured securities that have substantial increases in subordination, or credit-support levels, are generally likely to be granted an "Outperform" rating outlook, while those that have erosion in credit support, or are expected to suffer losses or interest shortfalls that would result in such erosion are generally candidates for the "Underperform" rating outlook. Please refer to the detailed methodology as described in the related methodology document located at the "Analysis and Considerations" link on Morningstar's website at www.morningstarcreditratings.com.

**Certain Considerations in Assigning Rating Opinions**

A letter-grade rating and/or a rating outlook is only an opinion as to certain items enumerated herein in the description of letter-grade credit rating and rating outlook respectively, in either case, based solely on certain information and subject to various qualifications, caveats and considerations enumerated in the respective ratings letters, ratings report, and/or Morningstar’s website at www.morningstarcreditratings.com.

The letter-grade ratings address the likelihood of the timely receipt of distributions of interest by security holders to which they are entitled and the ultimate distribution of principal by the rated final distribution date. When Morningstar is selected by an issuer or arranger to rate a transaction at issuance, a letter-grade rating takes into account the credit quality of the asset pool, structural and legal aspects associated with the securities and the extent to which the payment stream from the mortgage pool is adequate to make payments required to the security holders. When rating a transaction on an investor-paid and/or unsolicited basis, Morningstar’s access to information, various parties and collateral may be reduced, and thereby, limit the scope of review. Therefore, letter-grade ratings and rating outlooks at any time Morningstar is providing such ratings and outlooks solely reflect an analysis of the information enumerated in the respective ratings report. Investors should consider this distinction in the scope of the review and analysis.

Unless required under Morningstar’s policies and procedures, Morningstar does not independently verify or perform due diligence on the information described above. In addition, Morningstar does not audit or verify the truth or accuracy of any such information. As a result, any reports provided by Morningstar related to such information are made without representation or warranty of any kind.

**Certain Factors Not Considered or Evaluated in Assigning Rating Opinions**

Letter-grade ratings, rating outlooks and any surveillance of such ratings at no time and in no event take into account or address the following: (a) the possibility that a security holder might suffer a lower than anticipated yield, (b) the likelihood of receipt of prepayment charges, assumption fees, prepayment premiums, prepayment fees or penalties, default interest or post-anticipated repayment date additional interest, (c) the likelihood of experiencing prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of securities may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments, (d) the tax treatment of the securities or effect of taxes on the payments received, (e) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or
court to enforce, or hold enforceable, the documents in whole or in part, (f) an assessment of the yield to maturity that investors may experience, (g) other deal specific factors that may be enumerated in the respective ratings letters or deal reports from time to time, or (h) other non-credit risks, including, without limitation, market risks or liquidity. The likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and its impact on interest payments or the degree to which such prepayments might differ from those originally anticipated is also not considered in the determination of letter ratings or outlooks.

Morningstar generally does not rate interest-only securities or rake securities in a securitization transaction unless requested to do by the issuer or arranger for the transaction or by an investor. Any letter-grade ratings, rating outlooks and surveillance related to an interest-only security do not address: (a) the possibility that the holder of the interest-only security may not fully recover its initial investment in the event of delinquencies or defaults or rapid prepayments on the mortgage assets (including both voluntary and involuntary prepayments) or the application of any realized losses under the transaction documents or (b) the timing or magnitude of reductions of such notional amount. Therefore, ratings on an interest-only security solely address the obligation to pay interest timely on the notional amount as it may be reduced from time to time. For example, if the loans in a pool were to prepay in the initial month of the transaction, with the result that the holder of the interest-only security received only a single month’s interest and therefore, suffered a nearly complete loss of its investment, all amounts “due” to such holder will nevertheless have been paid, and such result is consistent with the rating on such interest-only security. Therefore, ratings on interest-only securities should be evaluated independently from similar ratings on other types of securities. For the purposes hereof, “interest-only security” shall mean a security based on a notional amount derived from the principal balance of other securities (which may be rated lower than such interest-only securities) and a “rake security” shall mean a security tied to the performance of a particular loan or portion of a loan. Any analysis and considerations related to rake securities are reflected in the respective ratings report for the transaction.

Morningstar does not (i) issue short-term ratings, or (ii) rate, assess or review corporate entities, credit support providers, seller(s), guarantors, trustees, certain accounts or investments, insurers, liquidity providers, hedge providers or other similar entities or items. Therefore, Morningstar’s ratings and analysis do not take into consideration such characteristics of the transaction referenced in (i) and (ii) of the preceding sentence. Morningstar, in accordance with Morningstar’s policies and procedures, may consider a ranking and assessment of a master servicer, primary servicer, or special servicer performed by Morningstar’s Operational Risk Assessment Services group, if Morningstar’s methodology for that type of security or the applicable ratings report references any such consideration. Information regarding Morningstar’s Operational Risk Assessment Services group is available at www.morningstarcreditratings.com.

In addition, the ratings and analysis do not take into consideration (i) an assessment of the arranger(s), and/or prior holder(s) of the loan(s) included in the respective transaction and/or (ii) any potential or actual risk of repudiation, receivership or other ramifications related to FDIC administration and/or enforcement of FDIC rights and remedies with respect to any entity involved in the transaction.
A letter-grade rating, a rating outlook or any related surveillance is (i) not a recommendation to purchase, sell or hold a security nor may it be relied upon for any such purpose and (ii) may be subject to revision or withdrawal at any time by Morningstar.

Morningstar is not an investment advisor. Morningstar does not provide investment, financial or other advice. No letter-grade rating, rating outlook or surveillance shall constitute or be construed or represented as: (i) financial, investment, tax, legal or other advice, or (ii) a solicitation, recommendation, endorsement or offer to buy, hold or sell any security, other investment or other financial instrument, or to make any investment, financial or other decision. Morningstar does not consent to, (i) being named an “expert” under the federal securities laws including, without limitation, Section 7 of the Securities Act of 1933, or (ii) unless consistent with Morningstar’s policies and procedures and agreed to by Morningstar for a particular transaction, the integration, publication, inclusion or reference of any ratings, analysis or other information pertaining to Morningstar and/or the ratings contemplated hereunder in any prospectuses or registration statements or otherwise integrated or used in a manner that could impede (i) or (ii) of this sentence, in either case, unless and until Morningstar, in its sole discretion, may elect to change its policies and procedures with regard to the foregoing in writing.

While the above provides a general description of the definitions of Morningstar’s letter-grade ratings, rating outlooks and surveillance, for a particular transaction, the related ratings letters, ratings reports, and/or other information posted to Morningstar’s website at www.morningstarcreditratings.com, should be considered and reviewed in conjunction with your review of any letter-grade rating.

Other Forms of Opinion

Withdrawn Ratings

Credit ratings may be withdrawn at Morningstar’s discretion or if the rated security or issue is paid in full. The symbol for withdrawn, paid in full, is ‘WE’. The symbol for ratings withdrawn due to default is ‘WD’. Ratings withdrawn for all other reasons are designated ‘WO’ and the reason for such withdrawal is disclosed when the withdrawal is published.