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Preliminary Ratings (as of April 21, 2017)

Class	Balance ($)	Morningstar Preliminary Rating	Stated Final Maturity	Credit Support Levels (%)
Class A-1	265,343,000	AAA	May 2047	34.10
Class A-2	33,219,000	AA	May 2047	25.85
Class A-3	47,311,000	A+	May 2047	14.10
Class M-1	16,507,000	BBB+	May 2047	10.00
Class B-1	15,100,000	BB+	May 2047	6.25
Class B-2	10,671,000	B	May 2047	3.60
Class B-3	14,495,288	NR	May 2047	0.00
Class X	402,646,288	NR	N/A	N/A

Estimated Closing Date: May 3, 2017

Solely to the extent and subject to the scope of review enumerated herein, this report and the preliminary ratings noted above address certain credit risks and the extent to which the payment stream of the collateral is adequate to make payments required under the certificates based on information identified as subject to review herein and to the extent provided to Morningstar on the arranger's website or email for this transaction as of April 21, 2017. The below analysis, as well as Morningstar's ratings characteristics as described in Appendix C, further reflects the ratings analysis related to these preliminary ratings. Investors should be aware that the proposed transaction and certain documents related thereto are not finalized. Following Morningstar's receipt of final information and documentation, and the completion of Morningstar's review of such information and documentation, Morningstar may issue final ratings. Such final ratings may differ from the preliminary ratings enumerated herein.

Ongoing Surveillance Statement

Morningstar will monitor the ratings assigned to each class of certifcates on an ongoing basis and may publish surveillance reports. Appendix B to this report provides details on our surveillance approach. Morningstar's ability to continually monitor this transaction is contingent on Morningstar's continued timely receipt of certain information and data regarding the collateral and transaction.

This report is an opinion and does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

Morningstar publishes its current Form NRSRO and exhibits thereto at www.morningstarcreditratings.com. Morningstar maintains internal policies and procedures to manage conflicts, which may include payment structures for ratings.

Transaction Spotlight

Collateral	Nonqualified mortgage, rebuttable presumption qualified mortgage, safe harbor qualified mortgage, and exempt first-lien residential mortgage loans
Certificate Balance ($)	402,646,288
Certificate Balance (Offered) ($)	377,480,000

Issuer	COLT 2017-1 Mortgage Loan Trust
Trustee	U.S. Bank N.A.
Servicers	Caliber Home Loans, Inc. and Sterling Bank and Trust, FSB
Master Servicer	Wells Fargo Bank, N.A.
Structure	Pro rata among Class A certificates with sequential triggers

Ratings Rationale

Morningstar determined the preliminary ratings on each class of certificates by performing a quantitative and qualitative collateral, structural, and legal analysis. This analysis uses the Morningstar Credit Model and is based on Morningstar's published criteria. (For details, go to www.morningstarcreditratings.com.) Vectors were produced based on loan-level information obtained by Morningstar, and Morningstar subjected these vectors to a variety of stresses. Morningstar used these vectors to project cash flows according to the payment waterfall structure. Morningstar assigned the ratings to each class based on the level of stresses each class can withstand, and whether such stresses are commensurate with the applicable rating level. Morningstar analysts present the structure, model output, qualitative aspects of the analysis, and proposed ratings to the rating committee, which the rating committee discussed and approved. Morningstar's ratings do not consider any potential extraordinary expenses. Morningstar's ratings also do not address net weighted average coupon-related interest shortfalls.

Morningstar reviewed the third-party participants in the transaction, including the mortgage loan aggregator and servicer, and found these parties to be acceptable. For more details, see the Operational Risk Assessment Section. Morningstar also conducted a legal review and found no material concerns. For details, see the Legal/Structural Analysis section.

Morningstar's U.S. RMBS General Ratings Methodology, which details Morningstar's new issuance and surveillance of ratings of U.S. residential mortgage-backed securities transactions, is available at www.morningstarcreditratings.com.

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Morningstar Perspective

Credit Analysis Result for Interest-Rate Scenarios

High-Interest-Rate Scenario--Model With Qualitative Adjustments

Rating Scenario	Loss (%)	Default (%)	Loss Severity (%)
AAA	22.6	33.9	66.6
AA	16.7	28.1	59.3
A	11.8	22.5	52.4
BBB	7.1	17.2	41.5
BB	4.2	13.3	31.4
B	2.4	10.3	22.8

Mid-Interest-Rate Scenario--Model With Qualitative Adjustments

Rating Scenario	Loss (%)	Default (%)	Loss Severity (%)
AAA	19.9	30.2	65.9
AA	14.6	25.0	58.5
A	10.4	20.2	51.4
BBB	6.6	16.1	40.9
BB	4.0	12.8	31.3
B	2.4	10.3	22.8

Low-Interest-Rate Scenario--Model With Qualitative Adjustments

Rating Scenario	Loss (%)	Default (%)	Loss Severity (%)
AAA	16.4	25.1	65.4
AA	12.0	20.7	58.1
A	8.7	16.9	51.3
BBB	5.8	14.1	40.9
BB	3.8	12.0	31.4
B	2.4	10.3	22.8

To download our loan-level default, prepayment, severity, delinquency, servicer advance vectors, and interest-rate projections, go to the RMBS New Issue Ratings Analysis section at www.morningstarcreditratings.com.

Non-Qualified Mortgage Loans: Only 1.3% of the loans in COLT 2017-1 are safe-harbor qualified-mortgage loans. Approximately 69.3% by balance are non-QM loans, approximately 26.1% are rebuttable presumption QM loans, and approximately 3.3% are exempt from QM categorization. Morningstar treats rebuttable presumption loans the same as non-QM loans.

Loss Drivers: Losses are determined primarily by FICO scores, loan-to-value ratios, home price index projections, and interest-rate projections. Losses are generally higher on loans with properties in regions that have experienced greater home price declines than national averages.

Defaults: The Morningstar AAA high-interest-rate stress results in a lifetime default rate of 33.9%, which includes qualitative adjustments. The constant default rate for the first 350 months peaks at 17.7% in month 49, excluding the large loan adjustment in month 24.

Prepayments: The Morningstar AAA high-interest-rate stress results in a lifetime cumulative prepayment rate of 55.5%, which includes qualitative adjustments.

Loss Severity: The highest severity projection under the Morningstar AAA high-interest-rate stress for the first 340 months is approximately 73.7%, which occurs in month 55. Loss severities are primarily driven by Morningstar's stressed home price index, or HPI, assumptions.

Delinquency: Delinquency projections under the Morningstar AAA high-interest-rate stress peak at approximately 27.6% in the first 180 months, which includes qualitative adjustments, in month 46.

Geographic Concentration: Approximately 52.1% of the loans by balance are in California, leading to concentration risk. However, this risk is mitigated by the appropriate handling of the respective location of the loans within the Morningstar Credit Model. The credit model accounts for house price projections at the ZIP code or regional level.

Ratings Survive a Back-Ended Loss Curve: Morningstar runs loss-timing scenarios that delay losses.

Originator/Aggregator: Morningstar reviewed the largest originator, Caliber Home Loans, Inc. and found the company to be a strong originator of non-QM loans. As a result, Morningstar reduced its loss projections for loans originated by Caliber, as described in the Qualitative Adjustments section. Morningstar did not review the other originator, Sterling Bank and Trust FSB. However, Morningstar reviewed the aggregator, Hudson Americas, L.P.

Servicer: Caliber and Sterling will service the loans. Morningstar found Caliber to be a reliable servicer of residential mortgages. As a result, Morningstar reduced its loss projections for loans serviced by Caliber. Morningstar, which did not review Sterling, increased its loss projections for loans serviced by the bank. Caliber will service loans that it originated, and Sterling will service loans that it originated.

Due Diligence: All of the loans backing the COLT 2017-1 transaction have undergone a comprehensive third-party due-diligence review.

The Bulls Say

- Strong Credit: The weighted average FICO score is 708, including using a score of 500 when a FICO score was unavailable and using the most recent score when the FICO score dropped by over 50 points.
- Low Debt-to-Income Ratios: The weighted average debt-to-income ratio is 39.5%.
- All Loans are Current: As of the cutoff date, 100% of the loans in the pool were current.
- Due-Diligence Review: A third party reviewed all loans for compliance, credit, property valuation, and data integrity. Morningstar found the results of these reviews acceptable.
- Excellent Historical Performance of Sterling Loans: Sterling has originated more than $1.8 billion in mortgage loans under its Advantage Home Ownership Program since 2010 and has not experienced a single 30-day delinquency.
- Risk Retention: The sponsor or its majority-owned affiliate will retain a horizontal residual interest of at least 5% of the fair value of the certificates, including the Class B-2, B-3, and X certificates, to satisfy credit risk-retention rules. This creates an alignment of interests between the sponsor and the investors because, by holding the first-loss piece, the sponsor is incentivized to minimize collateral losses.

The Bears Say

- Current Borrower Equity: The mortgages in the pool have a weighted average current LTV of 75.6%, which means the borrowers have relatively less equity in their homes than other non-QM deals. In addition, 24.4% of the pool has a current LTV of 85% or greater.
- Originators With Limited Performance History: Caliber, which began originating non-QM loans in September 2014, has a limited history to evaluate performance. Sterling has a relatively limited history under its Advantage Home Ownership program.
- FICO Drift: As explained in the Credit and Cash Flow Assumptions section, the weighted average original FICO is 716, assuming a score of 500 when no score was provided for foreign nationals. While Morningstar generally expects a FICO "drift" to occur when a borrower obtains a mortgage, we observed that, among loans where a postorigination FICO score was obtained, the FICO score for 38 loans dropped by over 50 points. For these loans, Morningstar used the updated FICO, which resulted in a weighted average FICO of 708.
- Large-Balance Loans: Approximately 21.0% of the loans by balance have a balance of $1.0 million or greater. This increases the loss impact of the pool from the high-balance loans. Morningstar applied a large-loan penalty to address this risk.
- One Month Bank-Statement Loans: Sterling originates loans with reduced income documentation, such as by using one month of bank statements to determine qualifying income. However, Sterling loans have low LTV ratios and outstanding historical performance. To address the risk of only using one month of bank statements to calculate income, Morningstar increased the debt-to-income ratios for all Sterling loans by 10% and put a 35% floor on DTI.

Transaction Comparison

The COLT 2017-1 certificates are supported by the payment streams from 853 non-QM, rebuttable presumption QM, and safe-harbor QM first-lien mortgage loans as well as first-lien loans exempt from QM categorization. All loans comply with the ability-to-repay rules. The ATR rules require lenders to make a reasonable determination that the mortgagor has the ability to repay the loan. Investment properties are exempt from ATR rules. The ATR rules established the categorization of QMs, which must meet certain criteria, including meeting Appendix Q underwriting standards. Within the QM categorization, there are safe-harbor loans and rebuttable presumption loans for higher-priced loans. Morningstar treats rebuttable presumption loans the same as non-QM loans. As mentioned, 69.3% by balance are non-QM loans, approximately 26.1% are rebuttable presumption QM loans, approximately 1.3% are safe-harbor QM loans, and approximately 3.3% are exempt from ATR rules. See Morningstar's U.S. RMBS General Ratings Methodology, available at www.morningstarcreditratings.com, for details regarding our adjustments to loss severity for non-QM loans.

The properties are distributed across 35 states and the District of Columbia.

Exhibit 1: Transaction Comparison

Deal	COLT 2017-1	Verus 2017-1	COLT 2016-3	COLT 2016-2	COLT 2016-1
Number of Loans	853	289	474	501	368
Average Current Loan Balance ($)	472,827	501,789	476,257	433,067	439,426
Weighted Average FICO[1]	708	700	720	708	N/A
Weighted Average Original LTV	76.1	69.9	74.9	76.2	N/A
Coupon (%)	6.3	6.7	6.4	7.0	7.0
Adjustable Rate Mortgages (%)	74.1	91.8	74.3	68.9	64.6
Second Lien (%)	0.0	0.0	0.0	0.0	0.0
Interest-Only (%)	2.8	5.8	1.4	2.0	4.4

Weighed by current balance

[1]COLT 2017-1 and Verus 2017-1 include Morningstar's FICO drift analysis. Scores for the other COLT transactions do not include the FICO drift analysis.

Sources: Morningstar Credit Ratings, LLC, 17g5.com, and Intex.

Analysis

Qualitative Adjustments

Factors are applied at the loan level to increase or decrease loan loss projections. These factors are applied to the constant default rate and delinquency vectors.

Qualitative Adjustment Category	Factor	Rationale
Originator/Aggregator	0.950/1.000	Morningstar, which found Caliber to be a strong originator of non-QM loans, reduced its loss expectations for Caliber loans. Morningstar, which did not review Sterling Bank, did not change its loss expectations for Sterling loans. However, Morningstar did not increase its loss expectations after reviewing the aggregator, Hudson Americas, L.P.
Servicer	0.950/1.050	Morningstar found Caliber to be a strong servicer and reduced its loss expectations for Caliber loans. Morningstar did not review Sterling and thus increased its loss projections for Sterling loans.
Collateral Quality	0.950	Comprehensive third-party due diligence and adequate outcome.
Cash Flow Structure	0.975	Pro rata cash flow structure among Class A certificates with cumulative loss and delinquency triggers that result in sequential cash flows when tripped.
Incentive Alignment	0.950	Comprehensive representations and warranties.
Total Adjustment Factor	0.79415 /0.9239	

In addition, to reduce the voluntary prepayment projected by the Morningstar Credit Model, Morningstar applied a cap to the loan-level prepayment vectors. Morningstar has observed that the average monthly voluntary prepayment rate is approximately 40% among existing non-QM transactions. Morningstar applied a 40% cap to the voluntary prepayment vectors in the base-case scenario to lower our deal-level voluntary prepayment rate in month one to below 40%. Morningstar applied a cap of 35% to the AAA vectors and 37% to the A vectors to reduce the deal-level voluntary prepayment rates and used linear interpolation to determine the caps for other scenarios. This reduced our voluntary prepayment projections and stressed our projected cash flows.

Large-Balance Loan Adjustment

Approximately 21.0% of the loans have balances of $1.0 million or greater. Because the loan balances are large and the loan count is relatively small, the loans are geographically concentrated. This is mitigated by the appropriate handling of the respective geographic location of each loan within the Morningstar Credit Model. The credit model accounts for house price projections at the ZIP code level. However, to ensure that a few defaulted large loans would not erode all of the credit support to the rated tranches, Morningstar defaulted the remaining balance of certain large loans in month 24 of the transaction and applied the maximum severity projection for those loans to determine the dollar amount of loss. In the AAA High Path scenario, we applied the large loan adjustment in

month 27 and assumed that those large loans would be delinquent for three months before the liquidation. This causes the delinquency trigger to fail and the bonds to pay sequentially beginning in month 25, instead of month 27, which is where the trigger would fail otherwise. This scenario is highly sensitive to the timing of the large loan adjustment and the timing of the delinquency trigger failing. Based on our analysis, Morningstar believes that the level of stresses the Class A-1 can withstand is commensurate with AAA.

Default Analysis

The biggest drivers of defaults under the Morningstar Credit Model for COLT 2017-1 were FICO scores, current LTVs, HPI projections, and interest-rate projections.

Exhibit 2: COLT 2017-1 Constant Default Rate[1]

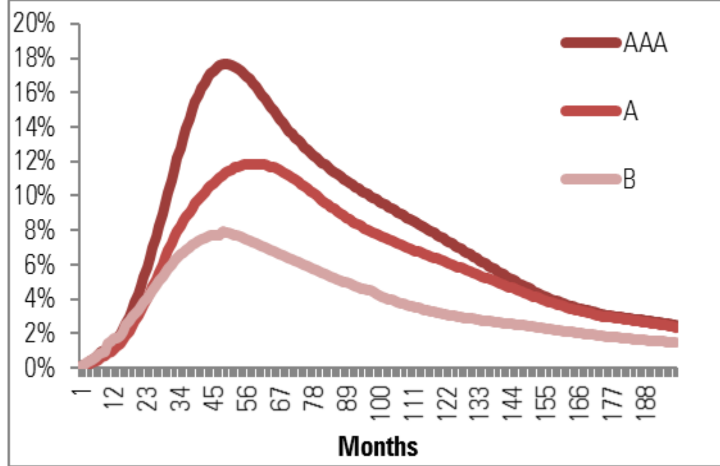
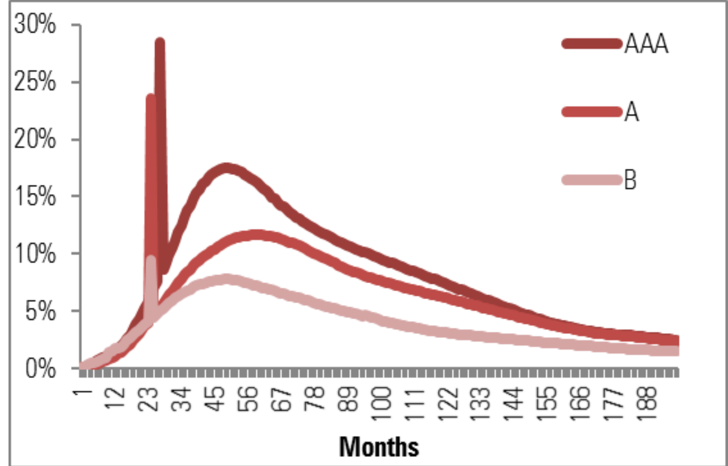


Exhibit 3: COLT 2017-1 Constant Default Rate with Large-Loan Adjustment[1]



[1]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and Intex.

Prepayment Analysis

Exhibit 4: COLT 2017-1 Constant Repayment Rate[1]

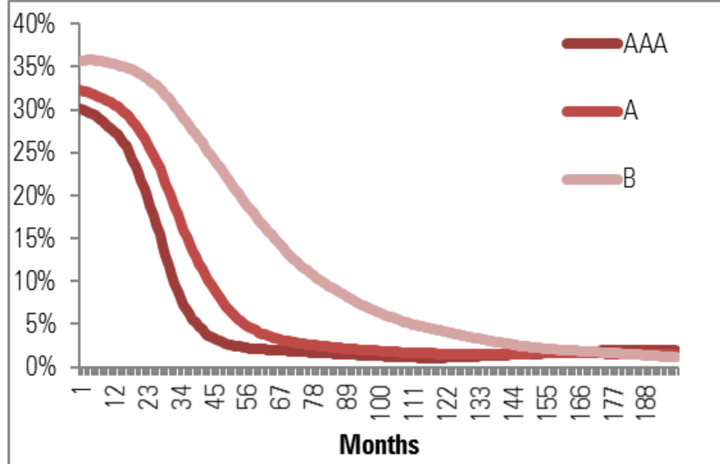
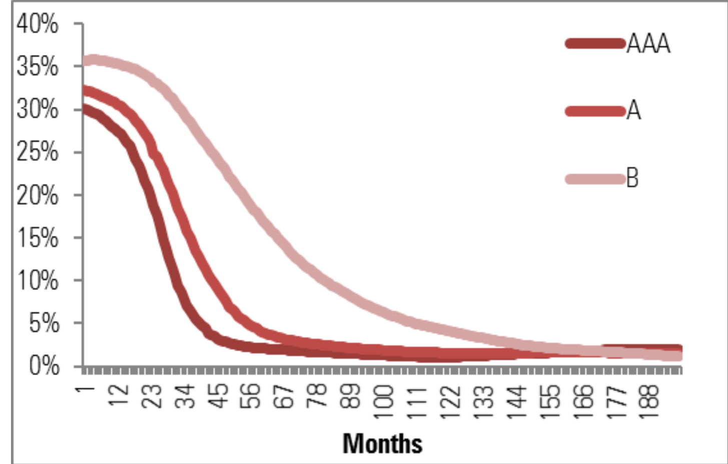


Exhibit 5: COLT 2017-1 Constant Repayment Rate with Large-Loan Adjustment[1]



[1]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and Intex.

HPI Analysis

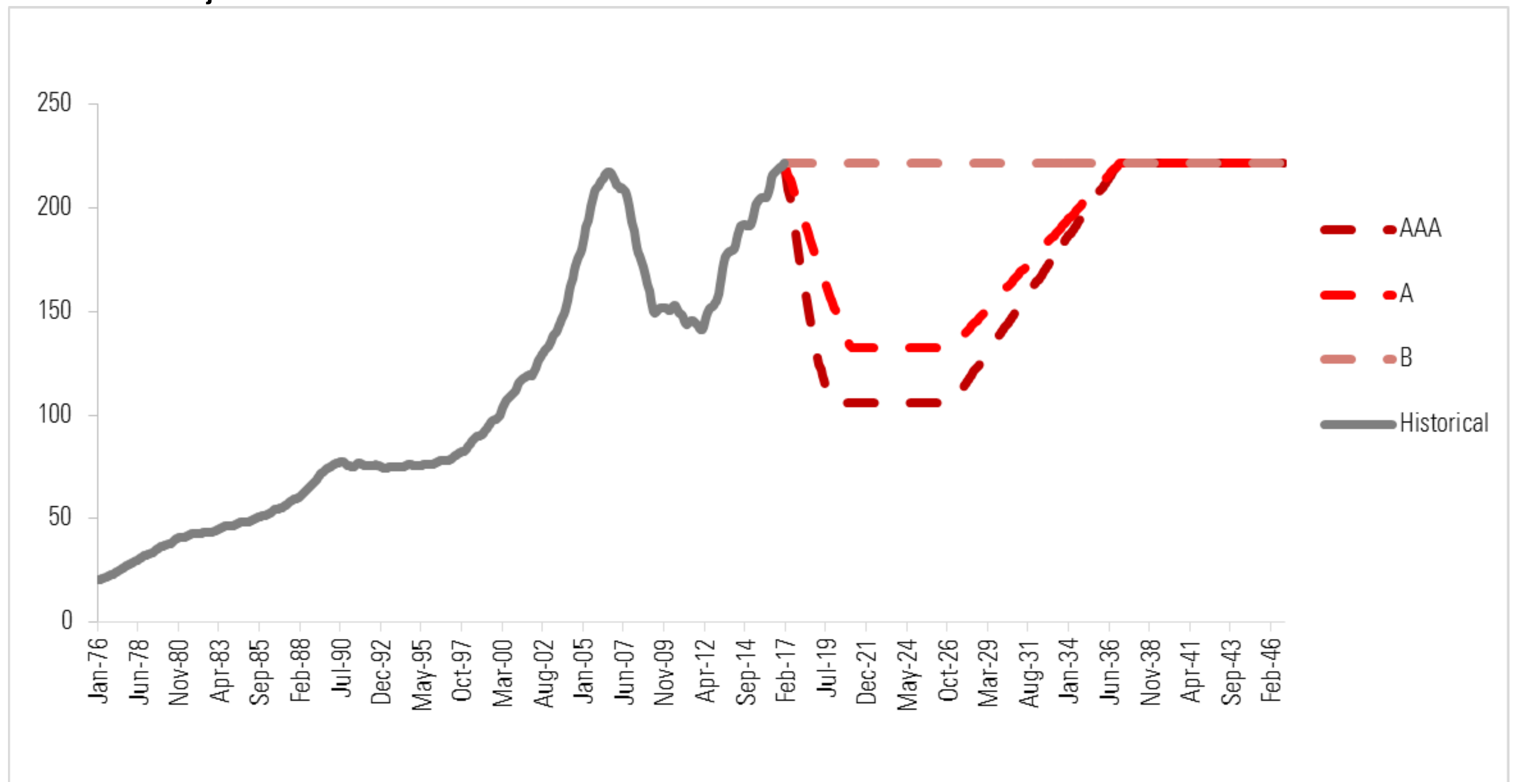
The most stressful national economic environment since 1976 (when our HPI database begins) was the housing crisis, which Morningstar considers an A stress environment. In the A rating scenario, Morningstar applies house price decline assumptions that are at least as stressful as the worst house price decline

experienced by that specific region over the past 41 years. If the regional declines have been less severe than the national average HPI decline, Morningstar uses the national average HPI decline for the region as a conservative assumption.

Because a security rated AAA should survive an extremely stressful environment, Morningstar applies an economic scenario equivalent to a catastrophic event when running a AAA rating scenario. To simulate this scenario, Morningstar applies a house price decline that is more severe than the A house price decline. For example, at the time of this publication, the AAA house price decline assumption is 1.3x the A decline. HPI forecast assumptions are regional, so deal-level HPI assumptions will vary based on the pool's geographic composition. As a result, the Morningstar Credit Model generally does not need out-of-model adjustments for geographic compositions.

The following exhibit displays the magnitude of the Morningstar HPI stress for COLT 2017-1. The gray line labeled Historical tracks the actual HPI path for loans in COLT 2017-1. The various dotted lines show Morningstar's HPI projections at the AAA, A, and B ratings category. The A HPI projections mirror the crisis HPI drop before home prices stabilize.

Exhibit 6: HPI Projections for COLT 2017-1



Note: The HPI is set at a base year of 2000.

Loss-Severity Analysis

Exhibit 7: COLT 2017-1 Loss Severity[1]

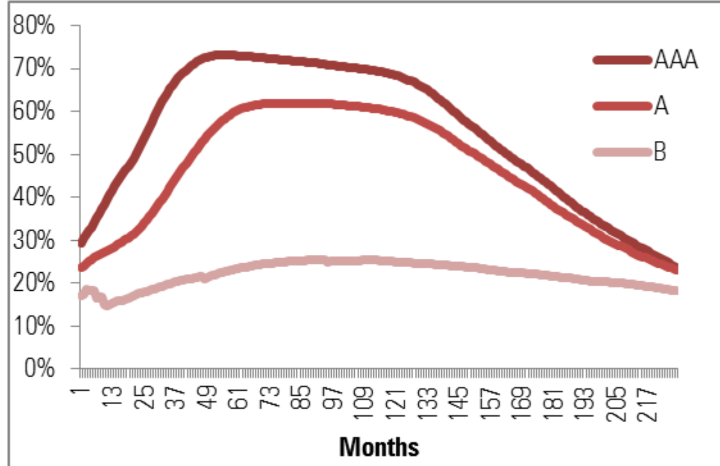
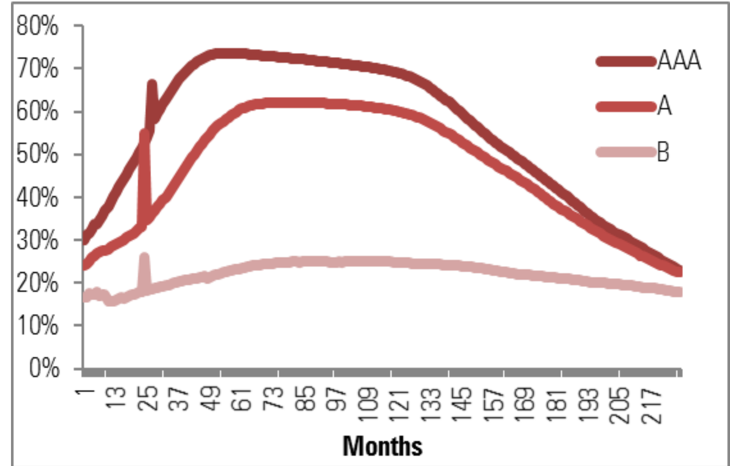


Exhibit 8: COLT 2017-1 Loss Severity with Large-Loan Adjustment[1]



[1]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and Intex.

Exhibit 9: COLT 2017-1 Cumulative Loss[1]

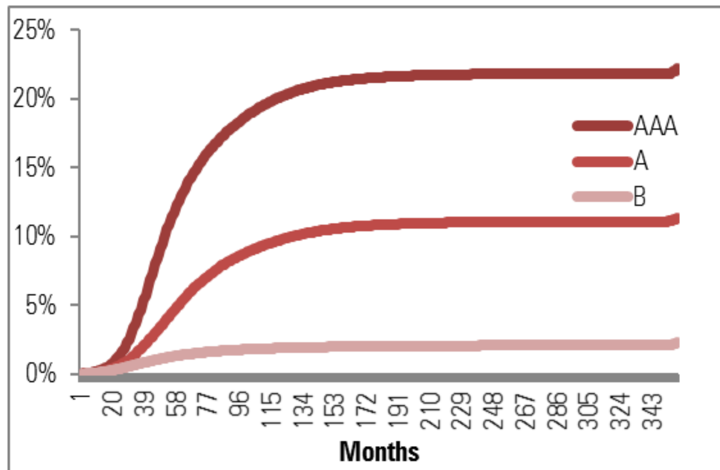
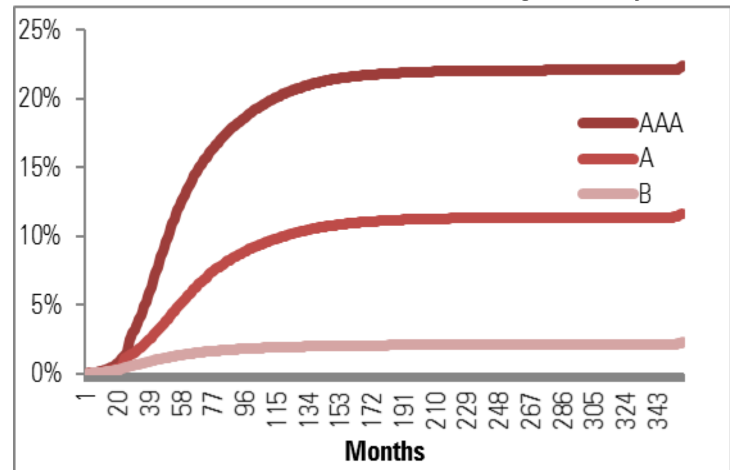


Exhibit 10: COLT 2017-1 Cumulative Loss with Large-Loan Adjustment[1]



[1]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and Intex.

Credit and Cash Flow Analysis

Morningstar built and maintains a proprietary loan-level credit model to forecast a constant default rate curve, a constant repayment rate curve, a loss severity curve, a delinquency curve, and a monthly servicer advance probability for each loan. The final economic inputs are HPI and interest-rate projections. When running the B, or base-case, scenario, Morningstar uses the forward curve for each index. As the rating stress level increases, Morningstar also runs each scenario with increasingly higher and lower interest-rate paths, ensuring that the higher rating levels can withstand a variety of interest-rate scenarios. An economic outlook committee that includes members of the RMBS group reviews and approves all of these economic forecasts. The actual economic stresses associated with the rating scenarios are shown in the Credit and Cash Flow Assumptions section.

Morningstar reviews and may adjust the output from this credit model based on additional data and structural enhancements, which will increase or decrease the model results. The transaction analyst proposes these adjustments, which are reviewed and approved by the committee.

Once the committee approves the adjusted loan performance vectors, Morningstar analysts review the transaction documents and use an issuer-provided Intex CDI or DMS file as the cash flow model. This cash flow model reflects the COLT 2017-1 deal structure and, using credit model outputs for various rating scenarios and the loan-level data, shows the monthly cash flows that Morningstar projects to be distributed to each class every month. It also shows any expected principal and interest shortfall that will be absorbed by the class and/or excess cash flow because of collateral performance and interest-rate assumptions associated with each rating scenario. Morningstar assigned the ratings to each class based on the level of stresses each class can withstand, and whether such stresses are commensurate with the applicable rating level. For this transaction, Morningstar analysts presented the structure, model output, qualitative aspects of the analysis, and proposed ratings, which the rating committee discussed and approved.

Credit and Cash Flow Assumptions

In accordance with Morningstar's published criteria, Morningstar subjected the loans backing the COLT 2017-1 transaction to a variety of stresses. First, each rating scenario anchor has a set of economic assumptions associated with it. For example, under the B scenario, or Morningstar's base-case scenario, we expect no house price appreciation. Under the A scenario, house prices fall at least 32% in an environment meant to mimic the crisis. As previously mentioned, in the AAA scenario, Morningstar assumes a 1.3x multiple of the A HPI maximum drop. The intent is to be as transparent as possible as to the level of stress each class can survive intact.

Future interest rates are uncertain, and the impact to a particular class to a change in interest rates is not clear. With the exception of the B scenario, Morningstar subjected the transaction to three interest-rate projections for each rating scenario. Morningstar subjected the B scenario to the forward curve only, because the forward curve is the expected interest-rate path. Morningstar applied interest-rate stresses to both the credit and cash flow analyses.

To further stress the transaction's sensitivity to the loss timing, Morningstar ran a scenario with back-loaded defaults. Because expected voluntary prepayments were significantly higher before the projected defaults increased, the effect of the back-loaded defaults was muted and resulted in fewer write-downs than when running the applicable stressed scenario from month one.

To determine current property valuations, Morningstar adjusted the original appraised value according to historical HPI data.

Morningstar made a few assumptions to run the credit model. If a FICO score was not provided for foreign national borrowers, Morningstar assumed a score of 500. Morningstar ran all Sterling loans and all foreign national program loans as low documentation loans. Morningstar increased the debt-to-income ratios for all Sterling loans by 10% and put a 35% floor on DTI.

To determine original FICO score, Morningstar took the middle of three scores or the lower of two scores. If there was a co-borrower, we took the lower of the original FICO scores. The weighted average original FICO score is 716, which assumes a score of 500 when no score is provided. Morningstar generally expects a FICO score to drift when a borrower obtains a mortgage. For 38 loans where a postorigination FICO score was provided, the FICO score dropped by over 50 points. For these loans, Morningstar used the updated lower FICO score. This results in a weighted average FICO score of 708.

While some loans have prior delinquencies, these delinquencies were generally the result of a servicing transfer or a borrower's timely payment not being processed correctly. When running the Morningstar Credit Model, we assumed the borrowers were current during these pay periods.

Morningstar relied on the issuer's Intex CDI input file for the deal structure evaluation.

Morningstar does not consider any potential extraordinary expenses in our ratings. Morningstar's ratings also do not address net weighted average coupon-related interest shortfalls, prepayment interest shortfalls, or interest shortfalls because of the Servicemembers Civil Relief Act or any similar state law.

Legal/Structural Analysis

Morningstar used external legal counsel to review certain items in the transaction relevant to Morningstar's ratings analysis. The documents provided during the rating process included, but were not limited to, the term sheet. As of the publication date, the legal opinions and the main transaction documents have not been provided. The representations, warranties, and enforcement mechanisms (listed in a separate publication and incorporated herein by reference) are

acceptable to Morningstar and meet Morningstar's published criteria. Morningstar analysts reviewed the due-diligence results and found them acceptable. The representations, warranties, and enforcement mechanisms; due-diligence findings; and transaction structure are summarized in later sections.

Loan Summary

Geographic Composition

As mentioned, the trust's 853 loans are in 35 states and the District of Columbia, with the largest concentration by current balance in California. Morningstar factored the portfolio's geographic concentration at the ZIP code level into the credit analysis via our RMBS transition model. The following table provides the projected losses by state.

State	Current Balance (%)	Properties	Base Case Loss (%)	A Scenario Loss (%)	AAA Scenario Loss (%)
California	52.1	346	1.4	8.0	16.9
Florida	11.3	140	4.1	22.9	41.9
Washington	7.0	45	2.6	9.1	17.5
New Jersey	3.5	29	2.6	9.6	16.5
Texas	3.4	32	3.1	12.5	22.5
Nevada	3.2	32	2.9	24.0	41.9
Georgia	2.9	30	4.7	16.9	29.0
Arizona	2.4	31	2.6	18.1	36.6
Colorado	2.1	16	2.9	10.5	18.8
Utah	1.7	14	4.4	16.9	29.2
Oregon	1.2	14	2.3	9.7	19.3
Indiana	1.1	9	3.6	13.8	22.4
Maryland	1.1	12	1.6	10.4	21.9
Illinois	1.0	15	2.6	10.6	19.7
North Carolina	0.8	10	2.7	11.2	21.6
Louisiana	0.6	4	2.7	13.8	23.6
Michigan	0.6	14	5.2	26.5	45.7
Tennessee	0.5	8	2.7	12.6	23.6
Pennsylvania	0.5	7	3.6	14.6	23.7
Hawaii	0.5	3	5.3	17.3	25.8
Ohio	0.4	7	6.1	19.5	31.8
Minnesota	0.4	4	4.6	19.1	31.2
Washington, DC	0.3	3	1.6	7.7	15.0
South Carolina	0.2	5	3.9	15.9	28.0
Delaware	0.2	4	4.4	14.6	22.9
Alabama	0.2	3	4.8	17.5	28.4
Virginia	0.2	2	1.6	6.3	15.1
Connecticut	0.2	4	2.1	13.9	23.5
Missouri	0.1	2	5.4	14.0	23.9
Montana	0.1	1	2.0	15.2	30.1
New Mexico	0.1	2	3.9	13.9	22.0
Iowa	0.1	1	0.9	7.2	17.7
Wisconsin	0.0	1	1.3	12.9	26.9
Kenticky	0.0	1	5.3	19.3	29.3
Arkansas	0.0	1	17.0	45.1	65.6
Kansas	0.0	1	1.5	13.5	30.6
Weighted Average			2.4	11.8	22.6

[1]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and Intex.

LTV-FICO Composition

The following heat maps show the relative risk of loans stratified by the determined LTV and FICO segments. The FICO score was determined using Morningstar's FICO drift analysis. As described in the Credit and Cash Flow Assumptions section, if a recent FICO score was not provided, Morningstar assumed a score of 500. The loan segments represented by the red-shaded cells contain the highest proportion of forecast losses and defaults.

AAA Scenario Average Loss

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	16.0%	19.3%	6.5%	6.3%	7.1%	6.8%	4.7%
[60, 65)	21.0%	16.4%	13.8%	14.6%	13.2%	10.7%	9.2%
[65, 70)	35.9%	29.3%	17.2%	15.3%	14.5%	13.1%	19.1%
[70, 75)	35.7%	30.3%	20.5%	20.8%	10.4%	11.6%	
[75, 80)	37.5%	29.0%	23.7%	18.5%	14.9%	24.3%	5.9%
[80, 85)	29.7%	32.5%	27.9%	27.1%	12.1%	18.3%	17.9%
≥85	39.8%	36.6%	32.0%	29.5%	27.2%	19.9%	19.6%

AAA Scenario Average Default

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	30.2%	31.4%	14.2%	15.0%	16.3%	15.2%	11.9%
[60, 65)	39.4%	29.7%	25.6%	24.8%	23.0%	19.0%	16.4%
[65, 70)	51.7%	45.5%	27.7%	25.3%	29.6%	20.0%	23.1%
[70, 75)	49.1%	42.4%	31.0%	34.2%	17.6%	16.6%	
[75, 80)	51.3%	43.6%	35.9%	30.4%	23.4%	34.5%	10.8%
[80, 85)	45.6%	45.1%	39.1%	36.8%	21.3%	25.8%	27.1%
≥85	53.7%	50.7%	45.1%	40.1%	36.7%	27.1%	29.7%

A Scenario Average Loss

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	7.3%	8.5%	2.2%	2.1%	1.9%	1.9%	1.4%
[60, 65)	8.9%	6.5%	5.6%	5.2%	4.5%	3.9%	3.4%
[65, 70)	20.4%	16.0%	7.8%	6.1%	6.1%	4.2%	4.6%
[70, 75)	20.6%	16.0%	8.8%	8.9%	4.3%	3.8%	
[75, 80)	24.0%	16.0%	12.4%	10.2%	5.8%	14.9%	2.6%
[80, 85)	18.1%	19.1%	14.5%	13.5%	5.5%	5.2%	9.5%
≥85	25.9%	22.2%	18.9%	14.7%	11.8%	8.3%	6.7%

A Scenario Average Default

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	20.5%	19.0%	8.0%	8.4%	8.9%	9.7%	7.3%
[60, 65)	26.1%	17.0%	15.8%	14.0%	12.4%	10.8%	9.2%
[65, 70)	38.8%	31.2%	17.4%	13.9%	16.3%	9.6%	8.0%
[70, 75)	35.7%	28.7%	18.1%	19.9%	10.8%	7.2%	
[75, 80)	40.4%	30.2%	23.8%	20.0%	11.9%	24.7%	6.1%
[80, 85)	34.4%	32.6%	25.3%	22.7%	11.9%	9.3%	18.1%
≥85	42.8%	37.8%	32.4%	25.2%	19.9%	14.3%	12.5%

B Scenario Average Loss

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	0.9%	1.1%	0.1%	0.2%	0.1%	0.1%	0.0%
[60, 65)	0.6%	0.4%	0.3%	0.3%	0.2%	0.1%	0.2%
[65, 70)	3.2%	2.7%	0.6%	0.3%	1.0%	0.2%	0.2%
[70, 75)	4.0%	2.1%	1.0%	1.1%	0.7%	0.7%	
[75, 80)	4.8%	3.0%	2.4%	2.0%	1.0%	2.3%	0.3%
[80, 85)	3.8%	4.3%	3.5%	2.5%	0.5%	0.9%	1.0%
≥85	7.3%	5.9%	5.4%	3.0%	1.8%	1.8%	0.8%

B Scenario Average Default

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	7.6%	7.1%	4.7%	2.8%	3.6%	3.6%	0.5%
[60, 65)	12.1%	6.6%	7.1%	5.8%	5.7%	4.2%	4.0%
[65, 70)	20.0%	13.4%	5.9%	3.1%	21.6%	1.9%	1.3%
[70, 75)	17.2%	9.7%	6.8%	7.5%	5.0%	3.8%	
[75, 80)	17.2%	13.6%	10.7%	10.5%	5.0%	17.7%	1.3%
[80, 85)	14.8%	14.2%	13.3%	8.7%	2.3%	3.4%	5.0%
≥85	23.6%	18.6%	16.7%	10.7%	6.0%	6.0%	3.0%

Loan Count

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	18	20	21	27	19	17	2
[60, 65)	4	3	12	26	36	28	16
[65, 70)	15	10	11	8	5	2	4
[70, 75)	15	14	13	12	5	5	
[75, 80)	43	44	63	38	15	10	2
[80, 85)	12	36	40	17	3	3	2
≥85	11	25	70	28	15	6	2

Settlement Balance

LTV \ FICO	<650	[650, 679)	[680, 709)	[710, 739)	[740, 769)	[770, 799)	≥800
<60	1.1%	1.3%	2.5%	3.1%	2.3%	2.0%	0.3%
[60, 65)	0.3%	0.3%	1.5%	3.3%	4.1%	3.4%	2.0%
[65, 70)	1.0%	0.9%	1.3%	1.0%	0.5%	0.1%	0.2%
[70, 75)	1.1%	1.3%	1.7%	1.5%	0.8%	0.4%	
[75, 80)	3.8%	5.0%	7.8%	5.8%	2.2%	1.6%	0.2%
[80, 85)	1.5%	3.2%	4.8%	2.0%	0.5%	0.5%	0.3%
≥85	1.4%	2.9%	9.5%	4.3%	2.3%	0.7%	0.4%

Sources: Morningstar Credit Ratings, LLC and Intex.

Property Type Composition

The pool is primarily composed of single-family detached properties. The property type composition of this pool can be seen below along with the weighted average current FICO and weighted average current LTV.

Property Type	Current Balance (%)	Properties	Avg Current FICO[1]	Avg Current LTV	Base Case Loss (%)	A Scenario Loss (%)[2]	AAA Scenario Loss (%)[2]
SFR	50.4	413	711	75.1	2.3	10.4	20.3
PUD	37.4	286	698	77.2	2.6	13.6	24.7
CONDO	9.8	131	726	72.9	1.9	12.4	26.0
2-4 Units	1.7	14	729	74.1	2.0	11.1	22.4
Townhouse	0.6	9	727	67.5	1.2	10.8	23.9
Weighted Average			708	75.6	2.4	11.8	22.6

[1]Based on Morningstar's FICO drift analysis. When no FICO score was provided, Morningstar assumed a score of 500.
[2]High-interest-rate stress scenario.
Sources: Morningstar Credit Ratings, LLC and 17g5.com.

Securitization Trust Summary

Structure

The transaction uses a senior/subordinate structure with pro rata distributions among the Class A certificates until the balance of these certificates reaches zero. This structure provides credit enhancement from subordinate classes, and additional protection for the senior classes with a credit-enhancement trigger event, a cumulative loss trigger, and a delinquency trigger event. These features enhance the likelihood that holders of the most senior class of certificates will receive regular distributions of interest and/or principal.

Subordination

The subordinate certificates will provide credit enhancement for the senior notes and each class of subordinate certificates, if any, higher in order of payment of principal and interest.

Realized Losses

If the aggregate balance of the certificates exceeds the aggregate stated balance of the mortgage loans, the resulting excess will be allocated sequentially to the Class B-3, B-2, B-1, M-1, A-3, A-2, and A-1 certificates, in that order, until their balances reach zero. If the aggregate stated balance of the mortgage loans exceeds the aggregate balance of the certificates, the balances of the Class A-1, A-2, A-3, M-1, B-1, B-2, and B-3 certificates will be increased up to the amount of previously allocated realized losses.

Credit-Enhancement Trigger Event

A credit-enhancement trigger event occurs if the quotient of (a) the aggregate principal balance of the mortgage loans as of the last day of the prior payment period minus the balance of the Class A-1 certificates over (b) the aggregate principal balance of the mortgage loans as of the last day of the prior payment period is less than the product of 50% and the quotient of (a) the aggregate principal balance of the mortgage loans as of the cutoff date less the initial class balance of A-1 over (b) the aggregate principal balance of the mortgage loans as of the cutoff date. When a credit-enhancement trigger event is in place, principal will be paid to the Class A-1, A-2, and A-3 certificates sequentially rather than pro rata.

Cumulative Loss Trigger Event

A cumulative loss trigger event occurs if the percentage of the aggregate realized losses from the cut-off date through the last day of the related payment period divided by the aggregate principal balance of the mortgage loans as of the cutoff date exceeds 2.0% through the April 2018 payment date, 3.0% through the April 2019 payment date, 5.5% through the April 2021 payment date, and 10.0% thereafter. When a cumulative loss trigger event is in place, principal will be paid to the Class A-1, A-2, and A-3 certificates sequentially rather than pro rata.

Delinquency Trigger Event

A delinquency trigger event occurs if the six month average of the monthly percentage of the principal balance of the mortgage loans that are 60 days or more delinquent and all mortgage loans subject to a servicing modification within the previous 12 months divided by the aggregate principal balance of the mortgage loans as of the last day of the related payment period exceeds 20% through the April 2020 payment date, 25% through the April 2022 payment date, and 30% thereafter. When a delinquency trigger event is in place, principal will be paid to the Class A-1, A-2, and A-3 certificates sequentially rather than pro rata.

Priority of Payments

On each payment date, before distributions are made on the certificates, the servicers and master servicer will receive monthly fees. In addition, the trustee and custodian will receive an annual fee and fees set forth in the custodial agreement.

On each payment date, the interest remittance amount will be paid, sequentially, in this order:

(1) To the Class A-1 certificates, current interest and any interest carryforward amounts;
(2) To the Class A-2 certificates, current interest and any interest carryforward amounts;
(3) To the Class A-3 certificates, current interest and any interest carryforward amounts;
(4) To the Class M-1 certificates, current interest and any interest carryforward amounts;
(5) To the Class B-1 certificates, current interest and any interest carryforward amounts;
(6) To the Class B-2 certificates, current interest and any interest carryforward amounts;
(7) To the Class B-3 certificates, current interest and any interest carryforward amounts; and
(8) Any remaining interest remittance amount will be applied as part of the monthly excess cash flow.

On each payment date when a cumulative loss trigger event, delinquency trigger event, or credit enhancement trigger event are not in effect, the principal remittance amount will be paid in this order:

(1) Sequentially, to the Class A-1, A-2, and A-3 certificates, any unpaid current interest and interest carryforward amounts;
(2) Concurrently, to the Class A-1, A-2, and A-3 certificates, pro rata, until their respective balances reach zero;
(3) To the Class M-1 certificates, any unpaid current interest and interest carryforward amount;
(4) To the Class M-1 certificates, until the class balance reaches zero;
(5) To the Class B-1 certificates, any unpaid current interest and interest carryforward amount;
(6) To the Class B-1 certificates, until the class balance reaches zero;
(7) To the Class B-2 certificates, any unpaid current interest and interest carryforward amount;
(8) To the Class B-2 certificates, until the class balance reaches zero;
(9) To the Class B-3 certificates, any unpaid current interest and interest carryforward amount;
(10) To the Class B-3 certificates, until the class balance reaches zero;
(11) Sequentially, to the Class A-1, A-2, A-3, M-1, B-1, B-2, B-3 certificates, to reimburse such classes for any previously allocated realized loss amounts; and
(12) Any remaining principal remittance amount as part of monthly excess cash flow.

On each payment date when a cumulative loss trigger event, delinquency trigger event, or credit enhancement trigger event are in effect, the principal remittance amount will be paid in this order:

(1) Sequentially, to the Class A-1 and A-2 certificates, any unpaid current interest and interest carryforward amounts;
(2) Sequentially, to the Class A-1 and A-2 certificates, until their respective balances reach zero;
(3) To the Class A-3 certificates, any unpaid current interest and interest carryforward amount;
(4) To the Class A-3 certificates, until the class balance reaches zero;
(5) To the Class M-1 certificates, any unpaid current interest and interest carryforward amount;
(6) To the Class M-1 certificates, until the class balance reaches zero;
(7) To the Class B-1 certificates, any unpaid current interest and interest carryforward amount;
(8) To the Class B-1 certificates, until the class balance reaches zero;
(9) To the Class B-2 certificates, any unpaid current interest and interest carryforward amount;
(10) To the Class B-2 certificates, until the class balance reaches zero;

(11) To the Class B-3 certificates, any unpaid current interest and interest carryforward amount;
(12) To the Class B-3 certificates, until the class balance reaches zero;
(13) Sequentially, to the Class A-1, A-2, A-3, M-1, B-1, B-2, B-3 certificates, to reimburse such classes for any previously allocated realized loss amounts; and
(14) Any remaining principal remittance amount as part of monthly excess cash flow.

On each payment date, monthly excess cash flow will be paid, sequentially, in this order:
(1) First, to the cap carryover reserve account, up to the aggregate cap carryover amount for the Class A-1, A-2, A-3, M-1 and B-1 certificates for such payment date, and then, sequentially, from amounts in the cap carryover reserve account, to the Class A-1, A-2, A-3, M-1 and B-1 certificates, any unpaid cap carryover amounts;
(2) To the Class X certificates, as will be set forth in the pooling and servicing agreement;
(3) Sequentially, to the Class A-1, A-2, A-3, M-1, B-1, B-2, and B-3 certificates to reimburse such classes for any realized losses applied previously;
(4) To the Class R certificates, any remaining amount.

Excess cash flow can be used to cover previously realized losses only in certain instances. No losses were covered in any Morningstar rating scenario with the excess cash flow; therefore, Morningstar gave no credit to excess cash flow covering losses.

Interest Rates

The interest rate for the Class A-1, A-2, A-3, M-1 and B-1 certificates will equal the lesser of the fixed rate in the private placement memorandum and the net weighted average coupon rate. The interest rate for the Class B-2, and B-3 certificates will equal the net weighted average coupon rate.

Optional Redemption

The depositor may, at its option, on any date on or after the earlier of the two year anniversary of the closing date or the date on which the principal balance of the mortgage loans is reduced to 20% of the balance as of the cut-off date, purchase all of the outstanding certificates for a price equal to the sum of the class balance of each class of certificates and accrued and unpaid interest.

Third-Party Due Diligence

Summary Scope of Work

The due-diligence companies' scope of work consisted of the following components: a credit review, a compliance review, a property-valuation review, and a data-integrity review. Three third-party companies which performed the work provided reports explaining the exceptions and any compensating factors. Morningstar, which reviewed the due-diligence results, found them acceptable. Morningstar reduced its loss expectations because the companies reviewed 100% of the loans, and the results were adequate.

Credit Review

The credit review consisted of reviewing a mortgagor's ability and willingness to pay by analyzing income, assets, and credit history. The third-party companies reviewed the loans for adherence to the ATR rules and underwriting guidelines. Below are Morningstar's grades for each credit review:

	Loan Count	% of Loans Reviewed (by Count)
A	581	68.1
B	272	31.9
C	0	0.0
D	0	0.0
Total	853	100.0

Compliance Review

The compliance review consisted of testing certain federal, state, and local regulatory conditions, including adherence to the TRID rule and ATR rules. Compliance grades of C were due to exceptions to the TRID rule or uncertainty regarding the sufficiency of attempted cures. The risk of TRID errors is offset by the requirement that the sponsor repurchase any loan where a judge determines a TRID violation occurred. Below are Morningstar's grades for each compliance review:

	Loan Count	% of Loans Reviewed (by Count)
A	49	5.7
B	801	93.9
C	3	0.4
D	0	0.0
Total	853	100.0

Property-Valuation Review

The property-valuation review consisted of reviewing all appraisals to assess compliance with appraisal criteria and standards. In some cases, a collateral desktop analysis or similar product was obtained to determine if the original appraised value is supported. If the third-party company determined, based on the review of the appraisal and collateral desktop analysis or similar product, that the original value was not supported, or if there is a more than 10% variance from the original appraised value, a field review was requested. The property valuation grade of C was due to field review valuation being 16.7% below the appraised value. Morningstar used the lower field review valuation and higher LTV calculation when running the credit model. Below are Morningstar's grades for each property valuation review:

	Loan Count	% of Loans Reviewed (by Count)
A	430	50.4
B	422	49.5
C	1	0.1
D	0	0.0
Total	853	100.0

Representations, Warranties, and Enforcement Mechanisms

The mortgage loan sellers will make certain representations and warranties as to the mortgage loans. Also, the sellers will represent that, before the transfer to the depositor, they owned each loan free and clear of all liens. Upon notice of a breach of a representation or warranty, the sponsor will have 60 business days to cure the breach, purchase or cause the applicable seller to repurchase the loan if the breach materially and adversely affects the value of the loan or the interests of the certificateholder.

If the origination date for a mortgage loan is less than three months prior to the cut-off date and a mortgagor fails to make certain early payments after the origination date, the sponsor will purchase or cause the applicable seller to repurchase the loan unless the sponsor concludes that the default was the result of a servicing issue that has been corrected.

The majority holder of the Class X certificates will be designated as the controlling holder. The controlling holder is not acting on behalf of the certificateholders and is not a fiduciary for the certificateholders.

Each originator will be required to provide the controlling holder with written notice within 30 business days after receipt of any written complaint relating to a violation of the ATR rules by a mortgagor or any agent (an ATR notice loan) or the TRID rule where assignee liability has been judicially determined to apply to such violation and statutory damages attributable to the issuing entity exceed $100 (a TRID violation loan). For each ATR notice loan that suffers a loss, the controlling holder will review the loan to determine whether there has been a material breach of a representation and warranty. For each loan with a TRID

violation, the sponsor will have 60 business days to cure, purchase, or cause the seller to repurchase the loan, regardless of whether the TRID violation is a material breach. If a realized loss occurs regarding any loan, the controlling holder may review the loan to determine whether there has been a material breach. Additionally, certificateholders representing 25% interest have certain rights to review a mortgage loan on which a realized loss has occurred and the controlling holder has decided not to review such loan or the controlling holder has decided that no breach has occurred with respect to such loan.

Morningstar reviewed the representations and warranties in this transaction and determined they are sufficient.

Operational Risk Assessment

Originator and Servicer: Caliber Home Loans

Caliber Home Loans, Inc. is a mortgage originator and servicer owned by private-equity firm Lone Star Funds that was formed in 2013 when two Lone Star companies merged: Vericrest Financial, Inc. and Caliber Funding LLC. The company is headquartered in Irving, Texas, with an additional servicing location in San Diego and 309 originations and operations centers across the United States. Caliber Home Loans, which is licensed in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, is fully approved by Fannie Mae, Freddie Mac, and Ginnie Mae.

Caliber originates loans through wholesale, retail, correspondent, and consumer-direct (from existing servicing portfolio) channels. Caliber offers four primary programs, conventional conforming and jumbo, government, portfolio, and construction loans. In 2016, Caliber funded over 157,000 loans with an aggregate balance of approximately $40.62 billion, a 57% increase from 2015. The company has a delinquency rate under 0.90% and a foreclosure rate of approximately 0.02%. The company also acquires nonperforming loans with the intention of offering the borrowers workout solutions to return the loans to performing status.

Strengths

Organizational Structure: Caliber has clear reporting lines, minimizing potential conflicts of interest. Both originations and operations report directly through the COO. Loan servicing and risk management, which includes internal audit, credit risk, operational risk, quality control, and fraud management, are independent groups that report directly to the CEO.

Management and Staff: Caliber is led by an experienced management team and staffed with employees and underwriters with strong mortgage industry backgrounds. As of Dec. 31, 2016, Caliber employed 6,637 people, with 4,771 in originations, 1,364 in servicing, and 502 in corporate functions. The originations senior-management team averages approximately 30 years of industry experience, three years of company tenure, and a turnover rate of 10.53%. Employees not in senior management average nine years of industry experience, two years of company tenure, and a turnover rate of 11.34%. Caliber underwriters average six years of experience and two years of company tenure.

The servicing senior management average approximately 21 years of industry experience, eight years of company tenure, and a turnover rate of 17.02%. Servicing employees average close to nine years of industry experience, over two years of company tenure, and a turnover rate under 20%.

Audit and Quality Control: Caliber has a three-year rolling internal-audit cycle focused on originations, servicing, and corporate functions. The company establishes the audit plan through a top-down evaluation of the risk severity for critical business processes. The risk severity is based on a high, medium-high, medium-low, and low scoring system, which determines the frequency of the audits. High and medium-high areas are evaluated within a 12- to 24-month rolling cycle. Caliber Home Loan's audit timeline is broken down into three phases: planning, fieldwork, and reporting. The audit group works with business units to create any needed remedial action plans and follows up on those plans within 60 days. Any issues that have not been resolved are escalated to senior management. The internal-audit team evaluates 15 areas for originations, 23 for servicing, and 15 for corporate functions.

Caliber enforces compliance policies and procedures through a multilayered system including automated compliance rules built into its proprietary loan origination system, integrating the Caliber' loan-origination system into third-party compliance vendors, and loan-level reviews as part of its quality-control analysis with checklists. The company has a staff of full-time attorneys and compliance professionals to manage regulatory implementations, regulatory exams, and compliance testing. The compliance group works with external legal counsel for help with complex or local legal issues.

Caliber' vendor-management group manages new vendor requests, oversees vendor due diligence, coordinates contract negotiations, ensures vendor compliance with government regulations, investor requirements, and Caliber policies, and assists the individual business units with developing and maintaining vendor scorecards. The company groups vendors into three tiers depending on the amount of risk they present. Tier 1 is high risk and requires an annual review with an on-site due-diligence meeting and audited financials every two years. Caliber evaluates Tier 2 vendors every year with a desk review. Tier 3 vendors are reviewed on an as-needed basis. The Caliber line of business completes monthly scorecards for Tier 1 and 2 vendors, and the vendor-management group compiles scorecard results quarterly. If the scorecard identifies performance issues, the vendor-management department will work with the line of business to create an improvement plan for the vendor.

Technology Architecture: Caliber built its technology platform on a hybrid of proprietary and third-party applications. The company's originations application is H2O, an internally developed end-to-end application for the wholesale, retail, correspondent, and consumer-direct channels. Caliber has customized Fiserv to be the primary servicing application. The company uses third-party and internally developed solutions for corporate applications.

H2O is a scalable web-based loan-origination system that allows for the integration of new offices and third-party applications. Caliber' loan-origination system allows a paperless file, meaning a loan operations center can reside anywhere without the need for physical documents. H2O has built-in validation checks and workflow engines allowing quality, risk, and compliance checks throughout the entire loan process. The proprietary system gives Caliber the flexibility to quickly add new products, compliance checks, and respond to industry changes without relying on a third-party vendor.

Caliber has a hybrid network security model with some responsibilities outsourced to third-party firms and others managed internally. Certified security analysts monitor company servers, firewalls, and network infrastructure 24/7. Security analysts monitor all logs continuously with real-time response and immediate escalation to the Caliber infrastructure team. The company limits access to logs to authorized personnel, and all monitored logs are archived in a data center. The network security includes managed intrusion detection and prevention, cyber security dashboards, and monthly vulnerability scanning with ethical hacking tests.

Caliber has a disaster-recovery and business-continuity plan that includes a business impact analysis, risk assessment, risk management, and risk monitoring and testing. The company has four operational sites allowing for workflow and data backup. The H2O loan-origination system has a hot standby site with data transmitted and backed up every 10 minutes. Fiserv provides Caliber data backup and disaster recovery for the servicing platform. All Caliber operational sites have uninterrupted power supply with backup generators.

Training: Caliber has a talent-development team that provides centralized support and oversight of all learning requirements and opportunities. The training program involves three phases: corporate orientation and onboarding, regulatory and compliance, and intermediate and advanced specific to individual job functions. All training concludes with testing to verify learning objectives are being met. The company maintains historical records to document registration and completion of all training programs.

Policies and Procedures: The policy-administration group provides centralized policies and procedures support. The company's technical writers work with an individual line of business to ensure procedures meet regulatory and investor requirements and are aligned with the business group's actual practices. The policy administration reviews and updates policies and procedures at least annually. The group receives requests for new or updated policies and procedures, which are then developed and formatted. Before changes are published, legal and compliance reviews all proposed changes and approves them. The company then stores all finalized documents in a policy and procedure library in PDF or HTML format. All new or updated policies and procedures are sent to employees with the new document and summary of the changes.

Underwriting: The company employs 492 underwriters averaging six years of industry experience and two years of tenure. The underwriting managers have at least 15 years of industry experience. The underwriting group determines if loans are eligible for approval per internal, investor, Fannie Mae, Freddie Mac, or Ginnie Mae guidelines. The underwriters run all loans through an automated underwriting system and then review them to ensure they meet Ability to Repay/Qualified Mortgage requirements. All loans that do not meet the ATR/QM requirements are underwritten by a dedicated nonqualified mortgage underwriting group. The H2O LOS includes workflow, tasks, and checklists for underwriters to complete verifying compliance with ATR/QM requirements.

Caliber completes a quality assurance review on 25% of the loans before releasing closing documents and cures any identified material loan defects before closing. The closing department reviews 100% of the loans to ensure all conditions have been satisfied and compliance checks are completed and to verify that

the loans meet all regulatory compliance requirements. The company audits 20% of the high-risk Tier 1 loans after funding to ensure underwriting decisions and the closing execution meet the company's standards. The company completes prefunding audits on 100% of the nonagency loans.

Originations: Caliber has a multichannel originations platform with approximately 43% of its volume through retail, 27% through wholesale, and 30% through correspondent channels. The company focuses on originating purchases, with over 63% of its closed volume being to homebuyers.

Appraisal and Valuation Process: The company's appraisal-management team is organized into three separate groups: appraisal fulfillment, appraisal coordinators, and appraisal reviewers. The appraisal management team has 85 years of combined industry experience, and the chief appraiser and appraisal reviewers have 115 total years of appraisal experience. To ensure appraiser independence, the company has built an appraisal-ordering interface into H20 to assign appraisal orders to a group of authorized appraisal-management companies or individual appraisers. The interface uses a blind order process and procurement process, so the assigned appraiser's identity is not known until the final delivery of the appraisal report.

The company reviews all submitted appraisals through an automated tool to check that they comply with Generally Accepted Appraisal Rules; it also reviews those done by staff appraisers by completing random appraisal reviews to ensure that the appraisals comply with the company's appraisal requirements.

Caliber has established criteria to approve, monitor, and evaluate appraisal-management companies and individual appraisers. These companies and individual appraisers are required to submit specific information for the company's collateral review department to complete vendor audit reports to compare vendor performance against established benchmarks. Caliber will notify appraisal-management companies and appraisers of adverse findings and any corrective actions required to remain in good standing.

Default Servicing: Caliber has 110 employees working in default servicing with managers averaging eight years of industry experience and five years of company tenure and employees averaging six years of industry experience and three years of company tenure.

The default servicing group focuses on identifying the reason for the default, determining if the reason is a short- or long-term hardship, and establishing an early intervention solution. Early-stage collection efforts begin the first day a loan becomes delinquent with a continuous collections process through telephony and mailing campaigns. When a loan becomes 45 days delinquent, the company assigns a single point of contact, who assists the borrower with understanding possible options and manages the process of getting the borrower current.

The company's proprietary collections application provides default serving specialists accurate information, decreases hold times, provides call scripts, and shows the history of collection letters sent to the borrower.

Loss Mitigation: The company's loss mitigation waterfall strategy includes loan modifications, short sales, deed-in-lieu of foreclosure, and foreclosure. The loss-mitigation group employs 278 people, with managers averaging 18 years of industry experience and seven years of company tenure. Employees average nine years of industry experience and two years of company tenure. Caliber is modifying approximately 2,275 loans per month. A single point of contact remains in contact with borrowers during the modification three-month trial period to make reminder calls for upcoming payments and answer any questions. The company is preapproving approximately 20% to 40% of modification solicitations, depending on the timing, with the remaining modifications going through a full underwrite. Approximately 18.4% of the modified loans redefault within six months.
The property-solutions group includes short sale and deed-in-lieu teams to guide borrowers and realtors through the process. Caliber offers incentives to borrowers to assist with relocation expenses and finding affordable housing. The company's average offer-to-approval timeline is under 20 days and short sales, on average, close 50 days after the original offer is received. If the company does not complete a short sale within 90 days of listing, it will work with the borrower to execute a deed-in-lieu of foreclosure. The property-solutions group uses local outside counsel to ensure compliance with state laws and that required documents are executed correctly.

Payment Processing: Caliber collects approximately 35.45% of its payments through a lockbox, 20.68% through automated clearing house, 31.33% through Internet payments, 7.07% through other automated posted methods such as Western Union, and 5.47% through manual postings. The company processes over 99% of payments within 24 hours and all payments within 48 hours. The company reconciles accounts daily, and there are no reconciling items over 90 days.

Accounting and Reporting: The company's accounting and investor-reporting functions have policies and procedures to expedite the cash movement to the principal and interest custodial accounts. The company has established segregation of duties to promote the proper accounting and reporting controls. The company completes controlled self-assessments to meet investor contractual requirements and build a base for annual officer attestations.

Advances: The company has policies and procedures for corporate loan advances and recoveries that are administered daily.

Loan Boarding and Document Tracking: Caliber has a loan-boarding process that starts more than 60 days in advance of the loan transfer date and consists of numerous steps to ensure the timely and accurate transfer of data and documents. The company boards all loan files electronically and completes a postboarding audit on all transfers. Nonperforming loan transfers require additional controls and processes to ensure the proper execution of the transaction. Caliber has four distinct teams to oversee due diligence, transaction management, sales and acquisitions, and data integrity.

Property Insurance and Tax Monitoring: Caliber uses Assurant, Inc. for all hazard and flood-insurance tracking services and customer-service calls. Assurant's proprietary application captures the mandatory hazard insurance data and uploads the information to the company's Fiserv servicing application. CoreLogic creates real estate tax statements and provides tax delinquency monitoring for escrowed and nonescrowed loans on the company's behalf. CoreLogic uploads all tax tracking, maintenance, and disbursements directly to the company's Fiserv servicing system. Approximately 85.78% of its portfolio has an escrow account.

Weaknesses

Acquisitions: Caliber announced an agreement to acquire Banc of California's mortgage division. The acquisition will add approximately 60 branches and 900 employees to the company's existing originations and operations. Caliber has experience acquiring and integrating mortgage companies, but any acquisition has the potential for unforeseen issues during the integration.

Aggregator: Hudson Americas, L.P.

Hudson Americas L.P. was created in 1995 to manage the assets acquired by Lone Star Funds. Hudson has approximately 850 full-time employees and is headquartered in Dallas with offices in New York, Miami, San Juan, Puerto Rico, and 11 other locations. Lone Star and Hudson worked with Caliber to offer nonagency loans.

Strengths

Underwriting and Quality Control: Hudson has an underwriting and quality-control framework to offer financing to borrowers who don't meet Federal Housing Administration, agency, and prime jumbo guidelines. The Caliber Portfolio Loan Program, or CPL, underwriting methodology focuses on three layers of risk to make a loan decision. The underwriter gauges the borrower's ability and willingness to make payments, and the loan collateral to create a total risk profile. The risk profile allows an underwriter to approve a loan that does not meet traditional guidelines in one category but has strong compensating factors in two other categories. Hudson and Caliber established an underwriting group to manage CPL loans.

Hudson contracts third-party firms to complete pre- and postclosing due-diligence underwriting reviews on acquired loans to ensure compliance with Hudson's guidelines. The Caliber quality-assurance group manages third-party audits 25% of loans and 100% of nonconforming loans prior to closing documents being released. The closing department reviews 100% of loans and runs an automated compliance check before funding to ensure all conditions have been met and meets regulatory compliance. American Mortgage Consultants completes an additional postclosing quality- control review check on 100% of CPL nonagency loans.

Technology Architecture: The company's technology architecture is cloud-based and scalable to meet the needs of its business. Hudson uses a combination of internally developed and third-party applications for data management, analysis, and reporting. The company manages data and analysis through Amazon Web Services' Amazon Redshift data warehouse. Amazon Redshift continuously backups Hudson's data to Amazon S3.

Hudson has an information-security program managed by a shared-services global information security group which defines the responsibilities to protect the physical and electronic information assets of the company and its clients. The information-security program identifies internal and external risks, manages user

identification and access, and governs technical and physical controls. Technical controls include firewalls and intrusion-prevention systems, web access protection, antivirus applications running on internal email servers, a virtual private network controlled by single sign on/two-factor authentication, data encryption, vulnerability scanning completed quarterly, and annual network-penetration testing.

Hudson has a disaster-recovery and business-continuity plan based on a business impact analysis determining key risks and maximum allowable downtime. The company will back up all application and employee created data every 24 hours at a minimum and replicates the backups to the disaster-recovery site. The company tests its disaster-recovery and business-continuity plan at least once a year.

Management and Staff: Hudson has over 35 employees focused on whole-loan investments, asset management, and securitization. The senior management team averages 14 years of industry experience and over seven years of company tenure.

Policies and Procedures: Hudson has policies and procedures, including for Caliber, to manage the day-to-day business activities. The company's development of the policies and procedures includes the establishment of oversight provisions at the executive level. All policies and procedures undergo an external legal review. Employees access the policies and procedures via a shared drive.

Legal and Regulatory Management: Hudson is a registered SEC investment advisor and provides legal, compliance, tax accounting, and cash accounting support for the Lone Star funds.

Final Scheduled Payment Date

May 2047

Appendix A: Morningstar Credit Model

The Morningstar Credit Model is a quantitative tool used to assess the credit risk within RMBS transactions. The MCM may be consistently applied during the initial ratings and the subsequent surveillance of RMBS transactions. The model results are used as a starting point in the rating process. Deal-level adjustments may be made as deemed necessary during the evaluation of the transaction. The MCM uses conditional binomial logistic regressions to construct a transition matrix. Each loan status, including current, delinquent, foreclosure, and real estate owned, has its unique set of binomial logistic regressions that determines the transition to the next possible loan status. These determinations follow a probability-based distribution. A simulation method actualizes these transition probabilities to the next loan status. Following the transition, the macroeconomic variables and dynamic loan attributes including but not limited to loan balance, payment velocity, and delinquency history are updated to guide next month's projected simulated path. These steps are repeated until the loan prepays, matures or terminates. Results of the simulation are aggregated to yield the voluntary prepayment rate, conditional default rate, and 60+ days delinquency vectors at the loan-level. For further information on the MCM, please see Morningstar's U.S. RMBS General Ratings Methodology at www.morningstarcreditratings.com.

Appendix B: Morningstar Rating Surveillance

Morningstar has been paid by the issuer or arranger to maintain surveillance on this transaction on a periodic basis. Morningstar's will publish its surveillance of this transaction by posting the current letter ratings for the transaction and Morningstar's surveillance report, the Morningstar DealView® Surveillance Analysis, for the transaction on the Ratings/Surveillance section of its website, www.morningstarcreditratings.com. Morningstar's analysis is best described as a bottom-up approach. At its core, it is driven by the performance of the underlying loan collateral. Analysts first evaluate, using qualitative and quantitative analysis, the credit risk characteristics of the collateral pool backing any given securitization trust. The credit protections are then evaluated as part of Morningstar's opinion of the risk profile of any given security. Morningstar applies the Morningstar Credit Model described at www.morningstarcreditratings.com, to produce collateral credit forecast for ratings evaluations for each rated class of a given RMBS transaction. Any surveillance activities described herein are conditioned on Morningstar's receipt of certain information to enable Morningstar to perform surveillance. The degree of surveillance performed depends largely on the scope of review performed by Morningstar and enumerated in the related surveillance report and the availability of information. The degree and scope of review and information considered is generally enumerated in the Morningstar surveillance report for the respective transaction and should be considered when evaluating and comparing ratings. For further information and a description of Morningstar's surveillance activities, please see Morningstar's U.S. RMBS General Ratings Methodology at www.morningstarcreditratings.com.

Appendix C: Morningstar Rating Characteristics

The preliminary ratings provided in this report address the likelihood of the timely receipt of distributions of interest by certificateholders to which they are entitled and, the ultimate distribution of principal by the rated final distribution date.

The preliminary ratings are based solely on the scope of review enumerated in this report and the information related thereto provided to Morningstar through the arranger website as of the date hereof or as expressly enumerated herein which we believe to be reliable. Unless otherwise in accordance with Morningstar's policies and procedures, Morningstar does not audit or verify the truth or accuracy of any such information.

These preliminary ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by Morningstar. In addition, these ratings do not address: (a) 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, (b) the possibility that a certificateholder might suffer a lower than anticipated yield, (c) the likelihood of receipt of yield or spread maintenance charges, prepayment charges, yield or spread maintenance premiums or penalties, spread maintenance default premiums, yield maintenance default premiums, yield maintenance nondefault premiums, prepayment premiums, default prepayment premiums, spread maintenance payments, release spread maintenance premiums, extension fees or any increase or adjustment to any pass-through rates or interest amounts relating to any extensions, prepayment fees, charges or penalties, assumption fees, modification fees, penalty charges, postmaturity interest shortfall amounts, postmaturity interest shortfall distribution amounts, default interest or postanticipated repayment date additional interest, (d) the likelihood of experiencing prepayment interest shortfalls, reimbursement or allocation of prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of rated certificates may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments and/or interest on shortfalls, (e) the tax treatment of the certificates or effect of taxes on the payments received, (f) 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, (g) an assessment of the yield to maturity that investors may experience, (h) the likelihood, timing or receipt of any payments of interest to the holders of the rated certificates resulting from an increase or decrease in the interest rate on any underlying mortgage loan in connection with a mortgage loan modification, waiver or amendment, (i) excess interest, interest at any applicable scheduled extension margin, applicable scheduled extension spread, additional interest amounts or any remaining or excess funds, (j) any CREFC license fee or similar amount(s), (k) any likelihood, payment, assessment and/or impact of any additional interest distribution amounts on the certificates, (l) any trust advisor, operating advisor or asset representations reviewer fees, asset review fees, expenses or similar amounts, or (m) other noncredit risks, including, without limitation, market risks or liquidity.

Morningstar's preliminary ratings take into consideration certain credit risks, and the extent to which the payment stream of the mortgage loans is adequate to make payments required under the offered certificates based on information identified as subject to review herein and to the extent provided to Morningstar on arranger's website for the transaction as of the date hereof. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) by the borrowers, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience or the possibility that the certificateholders of the Certificates might not fully recover their initial investment in the event of delinquencies or defaults or rapid prepayments on the mortgage loans (including both voluntary and involuntary prepayments) or the application of any realized losses. In the event that holders of such certificates do not fully recover their investment as a result of rapid principal prepayments on the mortgage loans, all amounts "due" to these holders will nevertheless have been paid, and this result is consistent with the ratings assigned to such certificates.

As indicated herein, the Class X certificates consist only of interest. If the mortgage loans were to prepay in the initial month, with the result that the holders of the Class X certificates receive only a single month's interest and therefore, suffer a nearly complete loss of their investment, all amounts "due" to these holders will nevertheless have been paid, and this result is consistent with the ratings received on the Class X certificates. The notional amounts of the Class X certificates on which interest is calculated may be reduced by the allocation of realized losses, operating advisor expenses and/or prepayments, whether voluntary or involuntary. The ratings do not address the timing or magnitude of reductions of such notional amounts, but only the obligation to pay interest timely on the notional amounts as so reduced from time to time. Therefore, the ratings of the Class X certificates should be evaluated independently from similar ratings on other types of securities.

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