2006-NC2 01R Citi Commitment Letter

Citigroup, Inc.

https://elischolar.library.yale.edu/ypfs-documents/5442
NC Capital Corporation  
18400 Von Karman, Suite 1000  
Irvine, California 92612  

Attention:  

Re: Purchase of First & Second Lien, Fixed & Adjustable Rate, Mortgage Loans by Citigroup Global Markets Realty Corp.  

Ladies and Gentlemen:  

Citigroup Global Markets Realty Corp. ("Citigroup") hereby confirms our agreement to purchase and your agreement to sell, on a mandatory delivery basis, and without recourse, first and second lien fixed and adjustable rate mortgage loans (the "Mortgage Loans") having an aggregate unpaid principal balance of approximately $1,000,000,000 (+5%/-10%), after application of principal payments made on or before the Cut-off Date (as defined below). The purchase of Mortgage Loans shall settle on August 29, 2006 or such other date mutually agreed upon by you and Citigroup (the "Settlement Date"). The cut-off date for the purchase of the Mortgage Loans shall be August 24, 2006 (the "Cut-off Date"), or such other date as mutually agreed upon by the parties. The terms and provisions of the agreement for the purchase and sale of the Mortgage Loans are as described below.  

1. Terms of this Commitment: The Mortgage Loans are to be sold in a whole loan format on a servicing-released basis. At your expense, and as a condition to the closing of the purchase on the Settlement Date, the original mortgage notes properly endorsed, mortgages, modification, extension and/or assumption agreements, assignments of mortgage, intervening assignments of mortgage, title policies, and powers of attorney (if applicable) as defined on Exhibit B hereto under the heading "Collateral Package," shall be delivered to a third-party document custodian, at least five (5) business days prior to the Settlement Date. The Custodian will be Deutsche Bank, National Association (the "Custodian").  

2. The Mortgage Loans: On the Settlement Date, the Mortgage Loans shall comply in all material respects with the characteristics described on Exhibit A hereto and in this Section 2. You shall deliver a mortgage loan schedule containing each of the fields set forth on Exhibit C hereto at least two (2) business days prior to the Closing Date. In the event that Citigroup discovers any errors on the Mortgage Loan Schedule during its due diligence review, you shall promptly deliver a corrected Mortgage Loan Schedule to Citigroup. The representations, warranties and covenants contained in the Agreement shall be based on the corrected Mortgage Loan Schedule. The Mortgage Loans will be fixed rate and adjustable rate mortgage loans, and will include interest only mortgage loans, payable monthly. Not more than 20% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date)
shall be fixed rate mortgage loans and not more than 19% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be interest-only mortgage loans. The initial periodic rate cap in connection with the Mortgage Loans shall be 2%. Not more than 39% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be balloon mortgage loans (which includes 40/30 year loans). Not less than 90% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be owner occupied properties. Not more than 7.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be investor properties. As of the Settlement Date, each Mortgage Loan will be eligible for rating by Standard & Poor’s, Moody’s and Fitch Ratings.

As of the Settlement Date the Mortgage Loans shall comply with the following:

(a) Delinquency. No payment required under the Mortgage Loan shall be delinquent nor shall any payment under the Mortgage Loan have been delinquent since the origination of such Mortgage Loan. For the purposes of this paragraph, a Mortgage Loan will be deemed to be delinquent if any payment due thereunder was not paid by the mortgagor within the month of its due date.

(b) Underwriting. At origination, the Mortgage Loans shall have been underwritten according to Seller’s published residential underwriting guidelines which were previously provided to Citigroup. None of the Mortgage Loans shall be secured by cooperative housing or are commercial mortgage loans or mixed-use mortgage loans. Not more than 42.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have been underwritten in accordance with a stated documentation underwriting program. Not more than 1.60% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have been underwritten in accordance with a limited documentation underwriting program. No Mortgage Loan shall have been underwritten pursuant to the Seller’s “No Income/No Asset” underwriting guidelines. Not less than 21.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have two years of full employment and income verification and not less than 21.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have one year of full employment and income verification. Not less than 71.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) are single family detached dwellings. Not more than 35% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) are located in the State of California. Not more than 4.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) are located in the States of Michigan, Iowa and Ohio cumulatively, and not more than 2.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) are located in any one of the States of Michigan, Iowa or Ohio. Not less than 36.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have been originated for the purpose of purchasing the related Mortgaged Property.

(c) Conversions. None of the adjustable rate Mortgage Loans shall include an option to convert to a fixed-rate Mortgage Loan.
(d) **Early Payment Defaults.** In the event that (i) the first due date for a Mortgage Loan is subsequent to the Cut-off Date and the initial monthly payment is not made within thirty (30) days of such due date, or (ii) the first monthly payment on any Mortgage Loan due following the Cut-off Date is not made within thirty (30) days of the date on which such payment was due, then such Mortgage Loan will be repurchased by you at a price equal to the purchase price percentage used to determine the purchase price in Section 4 hereof multiplied by the unpaid principal balance of the Mortgage Loan to be repurchased as of the date of repurchase, plus accrued interest thereon at the mortgage loan interest rate from the last paid installment date through the day prior to the day on which such repurchase occurs. Notwithstanding the foregoing, if any Mortgage Loan shall become subject to a Securitization Transaction, then such Mortgage Loan will be repurchased by you at a price equal to the purchase price percentage used to determine the purchase price in Section 4 hereof multiplied by the unpaid principal balance of the Mortgage Loan to be repurchased as of the date of repurchase, plus accrued interest thereon at the mortgage loan interest rate from the last paid installment date through the last day of the month in which such repurchase occurs. Citigroup agrees to notify New Century within ninety (90) days following the date on which any Mortgage Loan to be repurchased hereunder becomes thirty (30) days delinquent.

(e) **Loan-to-Value Ratio.** No Mortgage Loan shall have a loan-to-value ratio or combined loan-to-value ratio in excess of 100% as of the origination of such Mortgage Loan based on the lesser of sales price or appraisal. The weighted average loan to value ratio of the Mortgage Loans shall be less than 81.00% and the weighted average combined loan-to-value ratio of the Mortgage Loans shall be less than 87.20%. The weighted average loan-to-value for Mortgage Loans with FICO Scores lower than 550 shall be not more than 75.50%.

(f) **Second Liens.** With respect to each second lien Mortgage Loan, (i) the related first lien does not permit negative amortization, and (ii) either no consent for the Mortgage Loan is required by the holder of the first lien or such consent has been obtained and is contained in the mortgage file. Not more than 5.50% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) that are delivered on the Settlement Date shall be second lien Mortgage Loans.

(g) **No Adverse Selection.** The Mortgage Loans were not selected from among the outstanding one to four-family mortgage loans in your portfolio at the Settlement Date as to which the representations and warranties set forth in the Agreement (as defined herein) could be made in a manner so as to affect adversely the interests of Citigroup.

(h) **Compliance with Applicable Law.** Any and all requirements of any federal, state or local law including, but not limited to, all applicable predatory and abusive lending, usury, truth in lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, fair housing or disclosure laws applicable to the origination and servicing of the Mortgage Loans have been complied with.
(i) **High Cost Loans.** No Mortgage Loan is (a) subject to the provisions of the Homeownership and Equity Protection Act of 1994 as amended ("HOEPA"), (b) a "high cost" mortgage loan, "covered" mortgage loan, "high risk home" mortgage loan or "predatory" mortgage loan or any other comparable term, no matter how defined under any federal, state or local law, (c) subject to any comparable federal, state or local statutes or regulations or any other statute or regulation providing for heightened regulatory scrutiny or assignee liability to holders of such mortgage loans, or (d) a high cost loan or covered loan, as applicable (as such terms are defined in the current Standard & Poor's Levels® Glossary Revised, Appendix E. No Mortgage Loan has single premium credit life or disability insurance that was purchased by mortgagor in conjunction with the loan origination. The weighted average debt-to-income ratio shall not exceed 42.00%.

(j) **Manufactured/Mobile Homes.** No Mortgage Loan is secured by a mobile home or manufactured housing.

(k) **Prepayment Charges.** Each prepayment charge is permissible, enforceable and collectable under applicable federal and state law. Within 10 days of the earlier of discovery by you or receipt of notice by you of a breach of any representation which materially and adversely affects the interests of any prepayment charge with respect to a Mortgage Loan that has been paid in full, and which breach of representation causes a loss to Citigroup, you shall pay the amount of the scheduled prepayment charge to Citigroup or its assignee or designee provided, however, in the event that a Prepayment Charge is unenforceable as a result of a change in law or regulation passed after the related Closing Date and applied to Mortgage Loans retroactively, the Seller shall not be obligated to pay the amount as described above. Not less than 70.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be covered by a prepayment charge. Not less than 63.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall be covered by a prepayment charge that extends for two years after the date of origination and not less than 13.00% of the Mortgage Loans shall be covered by a prepayment charge that extends for three years after the date of origination.

(l) **FICO Score.** At the time of origination no Mortgage Loan had a FICO Score lower than 500. Not more than 13.00% of the Mortgage Loans (as measured by unpaid principal balance as of the Settlement Date) shall have a FICO Score lower than 550. The weighted average FICO Score for the Mortgage Loans in the aggregate shall be not less than 622 and the weighted average FICO Score for the interest-only Mortgage Loans shall be not less than 650.

(m) **Reserved.**

(n) **Premium Recapture; Prepayments.** As of the Cut-off Date, you shall not have received notice that any of the Mortgage Loans will be prepaid-in-full. After the transfer of servicing rights of the Mortgage Loan to Citigroup, Citigroup or its assignee shall be entitled to receive all prepayment penalties required to be paid by any borrower under the terms of any Mortgage Loan. For any Mortgage Loans that pay-in-full within three (3) months following the Settlement Date, you shall remit to Citigroup the Premium (as defined below) with respect to such prepaid Mortgage Loan. With respect to each fully prepaid Mortgage Loan, the Premium
shall be an amount equal to the product of (x) the excess of the purchase price percentage used to determine the purchase price in Section 4 hereof over 100%, times (y) the outstanding principal balance of such prepaid Mortgage Loan as of the date immediately preceding the prepayment less (z) (i) with respect to any payment made during the Interim Servicing Period, any prepayment penalties received or waived by Citigroup or its successor in interest, or (ii) with respect to any payment made following the Servicing Transfer Date, any prepayment penalties provided for in the related Mortgage Note, unless such prepayment penalty is unenforceable pursuant to applicable state or federal law.

3. Servicing of the Mortgage Loans: The Mortgage Loans are currently being interim serviced by you or your subservicer. Upon the purchase of the Mortgage Loans by Citigroup, you or your subservicer shall interim service the Mortgage Loans for up to sixty (60) days pursuant to the Agreement for the sole benefit of Citigroup or its assignee or designee. Each Mortgage Loan will have a life of loan tax contract transferable at no charge. Prior to the Servicing Transfer Date, you shall be entitled to receive a monthly interim servicing fee calculated at rate equal to 50 basis points per annum. The Servicing Fee shall be payable monthly, in arrears, and for any partial month, pro rated on a per diem basis. The Servicing Fee is payable solely from the interest portion of monthly payments actually collected by you. You shall transfer the servicing of the Mortgage Loans to a servicer selected by Citigroup at the end of such interim servicing period in accordance with customary servicing transfer provisions.

The sale of the Mortgage Loans shall be subject to the terms of the Master Mortgage Loan Purchase and Interim Servicing Agreement, dated as of March 1, 2006 (the “Agreement”), by and between you, as seller and interim servicer, and Citigroup Global Markets Realty Corp., as initial purchaser.

Notwithstanding any contrary provision set forth in the Agreement, the repurchase price shall be (i) the purchase price percentage used to determine the purchase price in Section 4 hereof times the unpaid principal balance of the Mortgage Loan so repurchased as of the date of such repurchase plus (ii) accrued interest thereon at the gross coupon rate to (a) with respect to any Mortgage Loan subject to a securitization, the first day of the month following the date of repurchase, and (b) with respect to any other Mortgage Loan, the day prior to the date of repurchase, plus any reasonable and necessary out of pocket costs, fees and expenses incurred in connection with servicing such Mortgage Loan. The representations and warranties made by you will survive over the life of each Mortgage Loan, notwithstanding any restrictive endorsement on a mortgage note or mortgage assignment, or the extent of any diligence conducted by Citigroup or on its behalf.

It is contemplated that the Mortgage Loans will either be sold pursuant to a whole loan transfer or pass-through transfer. If requested by Citigroup in connection with the resale of the Mortgage Loans, you will restate the representations and warranties directly to Citigroup, the master servicer, any successor servicer or any purchasers of the Mortgage Loans from Citigroup. In connection with any such restatement, the representations and warranties will be deemed to be made on the date of such restatement. You agree to cooperate reasonably with Citigroup in any resale or securitization, including the execution of any reconstitution agreements, including,
without limitation, an Assignment and Recognition Agreement in the form attached to the Agreement and an Indemnification Agreement in the form attached to the Agreement. Such cooperation shall include, but not be limited to, furnishing opinions of counsel, delivering information necessary for inclusion in a prospectus or other offering documents, providing comfort letters in connection with such information, cooperation with Citigroup and any prospective purchaser with respect to all reasonable due diligence requests, and entering into any other agreements as reasonably required to complete such sale or securitization in accordance with customary secondary market transactions.

The obligations set forth in this section requiring the Seller to restate representations and warranties, and to cooperate with Citigroup and other parties, with regards to subsequent whole loan transfers or securitizations shall (i) expire on the one year anniversary of the Settlement Date and (ii) be limited to three (3) transactions (whether whole loan transfers or securitizations) in said one year period.

4. **Purchase Price:** The purchase price for each Mortgage Loan purchased on the Settlement Date shall be equal to the sum of (i) 102.55% of the Settlement Date principal balance of such Mortgage Loan plus (ii) accrued and unpaid interest at the related mortgage interest rate less the Servicing Fee. The purchase price has been established based upon the Settlement Date principal balance of the Mortgage Loans, a weighted average gross coupon of 8.40% (the “Pricing Coupon”), a weighted average gross margin of 6.24% (the “Pricing Margin”) and material compliance with the Mortgage Loan characteristics specified on Exhibit A hereto and in Section 2 hereto and the other material terms of our agreement specified herein. Subject to the buy-up and buy-down provisions specified below, Citigroup shall be under no obligation to accept anything less than strict compliance with the terms of our agreement and shall not be required to accept delivery of non-complying Mortgage Loans. In the event that Citigroup elects, in its sole discretion, to accept non-complying Mortgage Loans, the purchase price shall be adjusted to a percentage of par agreed to by you and Citigroup.

In the event that any Mortgage Loans are substituted or rejected and the weighted average gross coupon for such Mortgage Loans is different from the related Pricing Coupon on the Settlement Date (provided that, the average gross coupon for such Mortgage Loans may not vary more than 20 basis points from the related Pricing Coupon on the Settlement Date), the Purchase Price Percentage for the Mortgage Loans will be adjusted as follows:

I. **Buy-Up Coupon Rate Adjustment**

   (a) determine the number of basis points, not to exceed 20 basis points, by which the actual weighted average gross coupon for the Mortgage Loans exceeds the related Pricing Coupon;

   (b) multiply the result in (a) by 1.5;

II. **Buy-Down Coupon Rate Adjustment**
(c) determine the number of basis points, not to exceed 20 basis points (expressed as a negative number), by which the actual weighted average gross coupon for the Mortgage Loans is less than the related Pricing Coupon;

(d) multiply the result in (c) by 1.00;

III. Buy-Up Margin Adjustment

(e) determine the number of basis points by which the actual weighted average gross margin on the Mortgage Loans exceeds the Pricing Margin;

(f) multiply the amount in (e) by 0.50;

IV. Buy-Down Margin Adjustment

(g) determine the number of basis points (expressed as a negative number) by which the actual weighted average gross margin on the Mortgage Loans is less than the Pricing Margin;

(h) multiply the amount in (g) by 0.50;

V. Purchase Price Adjustment

(i) add the result from (b), (d), (f) and (h) above, if such sum is a positive number it will be added to the Purchase Price Percentage and if such sum is a negative number, it will be subtracted from the Purchase Price Percentage.

5. Underwriting; Review of the Mortgage Loan Files: With respect to each Mortgage Loan, you shall make all documents and instruments relating to each Mortgage Loan available at your offices for review during normal business hours prior to the Settlement Date, or such other location as Citigroup and you shall mutually agree. Prior to the Settlement Date, Citigroup or its agent may conduct appraisal due diligence on up to 100% of the Mortgage Loans and a re-underwriting and a credit and compliance due diligence on up to 25% of the Mortgage Loans (as measured by loan count). Citigroup may reject any Mortgage Loans which do not satisfy your underwriting standards, including your standard exception practices provided that the Seller has been given the opportunity to review such Mortgage Loan. Such due diligence shall not impair or diminish the rights of Citigroup or any assignee of Citigroup under the Agreement with respect to a material breach of representations and warranties contained in the Agreement, unless such exceptions are disclosed in writing to Citigroup or described in the due diligence report provided to Citigroup.
6. **Original Mortgage Loan Documents:** For the purpose of expediting Citigroup’s review of the Mortgage Loan legal files, prior to each Settlement Date you will deliver to the Custodian, as bailee, the related original mortgage notes, mortgages/deeds of trust, Assignments, and other loan documents as provided on Exhibit B hereto under the heading “Collateral Package” (the “Loan Documents”) required to be delivered pursuant to the Agreement. The notes and mortgages will be endorsed and assigned as described above. The Custodian will act as bailee for the sole and exclusive benefit of you pursuant to a bailee agreement between the Custodian, you and Citigroup. Citigroup is under no obligation to purchase any Mortgage Loan for which there is incomplete or missing documentation material as to the enforceability of the Mortgage Loan. Upon payment of the purchase price, the Custodian shall release the related Loan Documents to Citigroup. Subsequent to such release, the Loan Documents shall be retained by the Custodian for the benefit of Citigroup pursuant to a custodial agreement.

7. **Financial Data:** You shall make available to any prospective purchaser of the Mortgage Loans such financial statements for the proceeding two (2) fiscal years which have been prepared by you (or your parent company) and are available to the public. You shall also make available to any prospective purchaser a knowledgeable financial or accounting officer for the purpose of answering questions respecting recent developments affecting you or your financial statements which may affect, in any material respect, your ability to comply with the obligations set forth in the agreements to be entered into between you and Citigroup pursuant to this letter agreement.

8. **Mandatory Delivery:** The sale and delivery of all of the Mortgage Loans on each Settlement Date is mandatory, it being specifically understood and agreed that each Mortgage Loan is unique and identifiable on the date hereof and that an award of money damages would be insufficient to compensate Citigroup for the losses and damages incurred by Citigroup (including damages to prospective purchasers of the Mortgage Loans) in the event of your failure to deliver each of the Mortgage Loans or one or more Mortgage Loans otherwise acceptable to Citigroup on or before the Settlement Date.

9. **Non-Solicitation:** You shall not take any action or permit or cause any action to be taken by any of your employees or affiliates on your behalf, or by any independent contractors on your behalf, to personally, by telephone or mail, solicit the borrower or obligor under any of the Mortgage Loans to refinance a Mortgage Loan, in whole or in part, without the prior written consent of Citigroup, or any of its successors or assigns. It is understood and agreed that promotions undertaken by you which are directed to the general public at large, or designated segments thereof, including without limitation mass mailings based on commercially acquired mailing lists, newspaper, internet, radio and television advertisements shall not constitute solicitation under this Section 9. It is further understood and agreed that you are permitted to solicit the borrower or obligor to refinance a Mortgage Loan in the event that you receive a payoff demand or verification of mortgage, or to refinance a Mortgage Loan of any borrower or obligor who, without solicitation, contacts you to request the refinancing of the Mortgage Loan.
10. Costs: Each party shall be responsible for their fees and expenses in connection with this transaction unless explicitly set forth herein. Citigroup shall pay any commissions due its salesmen, legal fees and expenses of its attorneys, fees for recording each assignment of mortgage and any shipping costs incurred after the Closing date. You will pay the legal fees and expenses of your attorneys, any commissions due your salesmen, fees for title policy continuations and endorsements, and all expenses incurred in connection with the transfer and delivery of the Mortgage Loans in electronic format (on an encrypted hard drive), including shipment of files to the custodian and to the servicer prior to the Closing Date. In the event that Citigroup or subsequent Servicer is not image enabled and/or Citigroup or subsequent Servicer desires the delivery of paper files in addition to the imaged files, the shipment costs of the physical files will be borne by Citigroup or subsequent Servicer.

11. Confidential Information. From the date hereof and continuing in perpetuity, you shall keep confidential and shall not divulge to any party, without Citigroup’s prior written consent, the price paid by Citigroup for the Mortgage Loans, except to the extent that it is appropriate for you to do so in working with legal counsel, auditors, taxing authorities and/or other governmental agencies. You shall keep this letter confidential unless otherwise required by law or any governmental agency, unless otherwise agreed to by Citigroup. Notwithstanding anything herein to the contrary, either party to this letter (or any employee, representative, or other agent of either party to this letter) may disclose to any and all persons, without limitation, the tax treatment and tax structure of the transactions contemplated by this letter and all materials of any kind that are provided to it relating to such tax treatment and tax structure.

12. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if mailed, by registered or certified mail, return receipt requested, or, if by other means, when received by the other party at the address shown on the first page hereof, or such other address as may hereafter be furnished to the other party by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt).

13. Further Agreements. You and Citigroup each agree to execute and deliver to the other such additional documents, instruments or agreements as may be reasonably necessary or appropriate to effectuate the purposes of this purchase price and terms letter or the transaction described herein.

14. Closing/Closing Documents. The closing may occur via facsimile transmission. On or before the Closing Date, you shall submit to Citigroup fully executed originals of the following documents: (i) this Confirmation; (ii) the related Mortgage Loan Schedule; (iii) if requested by Citigroup, an Officer’s Certificate, in the form of Exhibit 1 to the Agreement; (iv) if requested by Citigroup, an Opinion of Counsel to the Seller, in the form of Exhibit 2 to the Agreement; (v) a Security Release Certification, in the form of Exhibit 3 to the Agreement; and (vi) an Assignment and Conveyance in the form of Exhibit 4 to the Agreement.
15. **Intention of the Parties.** It is the intention of the parties that Citigroup is purchasing, and you are selling, the Mortgage Loans and not a debt instrument of you or any other security. Accordingly, each party intends to treat the transaction for federal income tax purposes as a sale by you, and a purchase by Citigroup, of the Mortgage Loans and will be held consistent with the classification of such arrangement as a grantor trust in the event that it is not found to represent direct ownership of the Mortgage Loans. Prior to the Settlement Date, Citigroup shall have the right to review the Mortgage Loans and the related Loan Documents to determine the characteristics of the Mortgage Loans which will affect the federal income tax consequences of owning the Mortgage Loans. You shall cooperate with all reasonable requests made by Citigroup in the course of such review.

This letter and the Agreement contain the entire agreement relating to the subject matter hereof between us and supersede any prior oral or written agreement between us. This letter may only be amended by a written document signed by both of us. This letter shall become part of the Agreement. This letter shall be governed in accordance with the laws of the state of New York, without regard to conflict of laws rules (other than sections 5-1401 and 5-1402 of the New York General Obligations Law which shall govern).
Please confirm that the foregoing specifies the terms of our agreement by signing and returning the enclosed copy of this letter by August 17, 2006 to Citigroup Global Markets Realty Corp., 390 Greenwich Street, 4th Floor, New York, New York 10013, Attention: Richard Annichiarico. Citigroup, at its option, may terminate this transaction and have no further obligations in connection with the transaction herein described if you have failed to acknowledge this agreement by such date.

Very truly yours,

CITIGROUP GLOBAL MARKETS REALTY CORP.

Confirmed and Agreed to:

NC CAPITAL CORPORATION

NEW CENTURY MORTGAGE CORPORATION
Please confirm that the foregoing specifies the terms of our agreement by signing and returning the enclosed copy of this letter by August 17, 2006 to Citigroup Global Markets Realty Corp., 390 Greenwich Street, 4th Floor, New York, New York 10013, Attention: Richard Annichiarico. Citigroup, at its option, may terminate this transaction and have no further obligations in connection with the transaction herein described if you have failed to acknowledge this agreement by such date.

Very truly yours,

CITIGROUP GLOBAL MARKETS REALTY CORP.

By: ____________________________
Name: ____________________________
Title: ____________________________

Confirmed and Agreed to:

NC CAPITAL CORPORATION

NEW CENTURY MORTGAGE CORPORATION
EXHIBIT A

Mortgage Loan Characteristics
EXHIBIT B
COLLATERAL PACKAGE

(a) the original Mortgage Note bearing all intervening endorsements necessary to show a complete chain of endorsements from the original payee, endorsed in blank, "Pay to the order of __________, without recourse", and, if previously endorsed, signed in the name of the last endorsee by a duly qualified officer of the last endorsee. If the Mortgage Loan was acquired by the last endorsee in a merger, the endorsement must be by "[name of last endorsee], successor by merger to [name of predecessor]". If the Mortgage Loan was acquired or originated by the last endorsee while doing business under another name, the endorsement must be by "[name of last endorsee], formerly known as [previous name]";

(b) with respect to each Mortgage Loan which is not a MERS Mortgage Loan, the original Assignment of Mortgage for each Mortgage Loan, in form and substance acceptable for recording. The Mortgage shall be assigned, with assignee's name left blank. If the Mortgage Loan was acquired by the last assignee in a merger, the Assignment of Mortgage must be made by "[name of last assignee], successor by merger to [name of predecessor]". If the Mortgage Loan was acquired or originated by the last assignee while doing business under another name, the Assignment of Mortgage must be by "[name of last assignee], formerly known as [previous name]";

(c) the original of each guarantee executed in connection with the Mortgage Note, if any;

(d) the original recorded Mortgage, with evidence of recording thereon. If in connection with any Mortgage Loan, New Century Mortgage Corporation (the "Company") has not delivered or caused to be delivered the original Mortgage with evidence of recording thereon on or prior to the related Closing Date because of a delay caused by the public recording office where such Mortgage has been delivered for recordation or because such Mortgage has been lost or because such public recording office retains the original recorded Mortgage, the Company shall deliver or cause to be delivered to the Custodian, (i) in the case of a delay caused by the public recording office, a copy of such Mortgage certified by the Company, escrow agent, title insurer or closing attorney to be a true and complete copy of the original recorded
Mortgage and (ii) in the case where a public recording office retains the original recorded Mortgage or in the case where a Mortgage is lost after recordation in a public recording office, a copy of such Mortgage certified by such public recording office to be a true and complete copy of the original recorded Mortgage;

(e) originals of each assumption, modification, consolidation or extension agreement, if any, or certified copies if the originals have been sent for recording to the applicable public recording office;

(f) except in the event the original Mortgage is made to MERS, the originals of all intervening assignments of mortgage with evidence of recording thereon evidencing a complete chain of ownership from the originator of the Mortgage Loan to the last assignee, or if any such intervening assignment of mortgage has not been returned from the applicable public recording office or has been lost or if such public recording office retains the original recorded intervening assignments of mortgage, a photocopy of such intervening assignment of mortgage, together with (i) in the case of a delay caused by the public recording office, an Officer's Certificate of the Company, escrow agent, closing attorney or the title insurer insuring the Mortgage stating that such intervening assignment of mortgage has been delivered to the appropriate public recording office for recordation and that such original recorded intervening assignment of mortgage or a copy of such intervening assignment of mortgage certified by the appropriate public recording office to be a true and complete copy of the original recorded intervening assignment of mortgage will be promptly delivered to the Custodian upon receipt thereof by the party delivering the Officer's Certificate or by the Company; or (ii) in the case of an intervening assignment of mortgage where a public recording office retains the original recorded intervening assignment of mortgage or in the case where an intervening assignment of mortgage is lost after recordation in a public recording office, a copy of such intervening assignment of mortgage with recording information thereon certified by such public recording office to be a true and complete copy of the original recorded intervening assignment of mortgage;

(g) if the Mortgage Note, the Mortgage, any Assignment of Mortgage or any other related document has been signed by a Person on behalf of the Mortgagor, the original power of attorney or other instrument that authorized and empowered such Person to sign;
(h) the original lender's title insurance policy (or a marked title insurance commitment, in the event that an original lender's title insurance policy has not yet been issued) in the form of an ALTA mortgage title insurance policy, containing each of the endorsements required by the Company's underwriting guidelines, in effect on the date the Mortgage Loan was originated and insuring the Company and its successors and assigns as to the first or second (as indicated on the Mortgage Loan Schedule) priority lien of the Mortgage in the original principal amount of the Mortgage Loan; and

(i) original of any security agreement, chattel mortgage or equivalent document executed in connection with the Mortgage, if any.
EXHIBIT C

(1) New Century's Mortgage Loan identifying number;
(2) the Mortgagor's first and last name;
(3) the street address of the Mortgaged Property including the city, state and zip code;
(4) the original months to maturity;
(5) the stated maturity date;
(6) the original principal amount of the Mortgage Loan and with respect to second liens the related first lien on the Mortgaged Property;
(7) the Stated Principal Balance of the Mortgage Loan and with respect to second liens the principal balance of the related first lien on the Mortgaged Property as of the close of business on the Cut-off Date;
(8) the original date of the Mortgage Note;
(9) the date on which the first Monthly Payment was due on the Mortgage Loan and, if such date is not consistent with the Due Date currently in effect, such Due Date;
(10) the Mortgage Interest Rate at origination;
(11) the Mortgage Interest Rate in effect immediately following the Cut-off Date;
(12) the Net Mortgage Rate as of the Cut-off Date;
(13) the amount of the Monthly Payment at origination and as of the Cut-off Date;
(14) the last Due Date on which a Monthly Payment was actually applied to the unpaid Stated Principal Balance;
(15) a code indicating whether the Mortgage Loan is an Adjustable Rate Mortgage Loan or a Fixed Rate Mortgage Loan;
(16) with respect to each Adjustable Rate Mortgage Loan, the initial Adjustment Date; (18) with respect to each Adjustable Rate Mortgage Loan, the Gross Margin;
(17) with respect to each Adjustable Rate Mortgage Loan, the Maximum Mortgage Interest Rate under the terms of the Mortgage Note;
(18) with respect to each Adjustable Rate Mortgage Loan, the Periodic Rate Cap;
(19) with respect to each Adjustable Rate Mortgage Loan, the first Adjustment Date immediately following the Cut-off Date;
(20) with respect to each Adjustable Rate Mortgage Loan, the Index;
(21) a code indicating the purpose of the loan (i.e., purchase financing, Rate/Term Refinancing, Cash-Out Refinancing);
(22) a code indicating the documentation style;
(23) a code indicating the occupancy status of the Mortgaged Property (i.e., owner-occupied, second home or investor property);
(24) the type of Residential Dwelling constituting the Mortgaged Property (including the number of units if the Residential Dwelling is a two- to four-family property);
(25) product type (i.e. fixed, adjustable, 3/1, 5/1, etc.);
(26) the debt-to-income ratio of the related Mortgagor at the time of origination of the Mortgage Loan;
(27) a code indicating the Credit Score of the Mortgagor at the time of origination of the Mortgage Loan;
(28) the Appraised Value of the Mortgaged Property and Appraisal Review Value;
(29) the sale price of the Mortgaged Property, if applicable;
(30) the Loan-to-Value Ratio and Combined Loan-to-Value Ratio, if applicable, at origination;
(31) a code indicating whether the Mortgage Loan is subject to a Prepayment Charge;
(32) the original term of any Prepayment Charge;
(33), if applicable, a code indicating whether any Prepayment Charge is required to be paid only upon the refinancing of the related Mortgage Loan (i.e., a “soft prepayment charge”) or upon the sale of the related Mortgaged Property or any other prepayment in full of the related Mortgage Loan (i.e., a “hard prepayment charge”);
(34) a code indicating if the Mortgage Loan is an interest-only Mortgage Loan and, if so, the term of the interest-only period of such Mortgage Loan; and
(35) a code indicating whether the Mortgage Loan is a first or second lien.

With respect to the Mortgage Loan Package in the aggregate, the Mortgage Loan Schedule shall set forth the following information, as of the related Cut-off Date: (1) the number of Mortgage Loans; (2) the current principal balance of the Mortgage Loans; and (3) the weighted average Mortgage Interest Rate of the Mortgage Loans.