$154,798,649
Peachtree Franchise Loan LLC 1999-A
Peachtree Franchise Loan Notes, Series 1999-A

Peachtree Franchise Finance, LLC
Originator, Primary Servicer and Special Servicer

The Peachtree Franchise Loan Notes, Series 1999-A (collectively, the "Notes"), will consist of eight classes (each, a "Class"), each of which will be issued in the Initial Aggregate Principal Amount, or, with respect to the Class A-X Notes, the Initial Aggregate Notional Amount, and will accrue interest at the per annum rates set forth or otherwise described in the table below. The Notes will be obligations of Peachtree Franchise Loan LLC 1999-A, a special purpose Delaware limited liability company (the "Issuer"), and will be secured by the assets of the Issuer, which consist primarily of a pool of fully amortizing fixed rate franchise loans (the "Loans"). Peachtree Franchise Finance, LLC ("Peachtree") or its affiliates originated the Loans (in such capacity, the "Originator"). Peachtree and Peachtree Financing Corp. (together, the "Contributors") will contribute the Loans and other assets to the Issuer. First Union National Bank will act as master servicer (in such capacity, the "Master Servicer") and Peachtree will act as primary servicer (in such capacity, the "Primary Servicer") and as special servicer (in such capacity, the "Special Servicer"). Capitalized terms used herein have the meanings ascribed to such terms in Appendix A hereto. Application will be made to have the Class E Notes and the Class F Notes designated as eligible for trading in The PortalSM Market ("PORTAL"), a subsidiary of the Nasdaq Stock Market, Inc.

For a discussion of certain risks associated with an investment in the Notes, see "Risk Factors," which begins on page 15 herein.


THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS AND NO NOTEHOLDER WILL HAVE THE RIGHT TO REQUIRE SUCH REGISTRATION. THE NOTES MAY NOT BE OFFERED, SOLD OR TRANSFERRED WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE 1933 ACT. FOR CERTAIN RESTRICTIONS ON RESALES, SEE "TRANSFER RESTRICTIONS" HEREIN.

The Notes are offered by the Initial Purchasers when, as and if issued by the Issuer and delivered to and accepted by the Initial Purchasers and subject to their respective right to reject orders in whole or in part. It is expected that delivery of the Notes will be made in book-entry form through the facilities of The Depository Trust Company, which may include delivery through Cedenbank and the Euroclear System, as participants of The Depository Trust Company, on or about May __, 1999, against payment in immediately available funds.

First Union Capital Markets Corp.
Bear, Stearns & Co. Inc.

Preliminary Confidential Offering Circular dated April 27, 1999.
Proceeds to the Issuer from the sale of the Notes will be equal to the purchase price paid by the Initial Purchasers, which will include accrued interest, net of any expenses payable by the Issuer, subject to the terms and conditions set forth in the Purchase Agreement. See "Plan of Distribution" herein.

The Initial Purchasers propose to offer the Notes from time to time for sale in negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. For further information with respect to the plan of distribution and any discounts, commissions or profits on resale that may be deemed discounts or commissions, see "Plan of Distribution" herein.

The Notes are issued pursuant to an Indenture dated as of April 1, 1999 (the "Indenture") between the Issuer and U.S. Bank National Association, as indenture trustee (the "Indenture Trustee"). The Notes are secured under the Indenture by the assets of the Issuer, which consist primarily of a pool of Loans originated by the Originator and contributed to the Issuer by the Contributors pursuant to a Contribution Agreement dated as of April 1, 1999 (the "Contribution Agreement"). The Initial Aggregate Principal Amount of the Loans as of the Cut-Off Date is approximately $154,798,649. All of the Loans have fixed interest rates. Each Loan was made to a Borrower that operates a quick service or casual dining restaurant business as an authorized franchisee, licensee or operator of one or more of the franchise Concepts. In general, each Loan is principally secured by a security interest in certain of the related Borrower's equipment and other personal property (not including the franchise agreement) relating to the franchise unit and some Loans are further secured by a Mortgage or Leasehold Mortgage of the real property on which such business is situated. The real estate collateral securing a Loan may be of limited value in many instances. See "Risk Factors—The Loans", "The Peachtree Franchise Loan Program" and "The Loans" herein.

Interest will accrue during each applicable Accrual Period on the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be, of each Class of Notes at the applicable Note Rate.

Payments of interest and principal and Loan Yield Maintenance Amounts, if any, on the Notes will be made to the extent of Available Funds on the 15th day of each month, or if any such day is not a Business Day, on the next succeeding Business Day, commencing June 15, 1999 (each, a "Payment Date"). See "Summary—Distributions on the Notes" herein.

As a result of the priorities in the distributions on the Notes and the allocation of any Net Loss incurred in inverse order of the distributions, the Issuer Balance provides credit support for the Notes; the Class F Notes provide credit support for all other Classes of Notes; the Class E Notes provide credit support for the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes; the Class D Notes provide credit support for the Class C Notes, the Class B Notes and the Class A Notes; the Class C Notes provide credit support for the Class B Notes and the Class A Notes; and the Class B Notes provide credit support for the Class A Notes.

The yield to maturity of the Notes will depend on, among other things, the rate and timing of principal payments (including by reason of prepayments, loan extensions, defaults and liquidations) and losses on the Loans that are applied in reduction of the respective Notes' Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be. The yield to maturity of the Class A-X Notes will be highly sensitive to the rate and timing of principal payments (including by reason of prepayments, defaults and liquidations) and losses on the Loans that are applied in reduction of the Aggregate Outstanding Notional Amount, and investors in the Class A-X Notes should fully consider the associated risks, including the risk that an extremely rapid rate of prepayments or liquidations in respect of the Loans could result in the failure of such investors to recoup fully their initial investments. Although the payment of Loan Yield Maintenance Amounts to certain Classes of Notes is intended to offset the adverse effects that the related prepayments may otherwise have on the yield to maturity of such Notes, such allocation may be insufficient to fully offset any such adverse effects. On each Payment Date, certain Classes of Notes are not entitled to any such payments of Loan Yield Maintenance Amounts and those that are entitled to such payments may not receive any such Loan Yield Maintenance Payments. See "Risk Factors—The Notes—Prepayment Risk" herein.
There is currently no secondary market for the Notes, and there can be no assurance that such a secondary market will develop or, if it does develop, that it will continue or will provide investors with a sufficient level of liquidity of investment. The Initial Purchasers intend to, but are under no obligation to, make a market in the Notes, and any such market making may be discontinued at any time. See "Risk Factors—The Notes—Illiquid Investment" herein.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES OFFERED HEREBY, INCLUDING OVER-ALLOCITMENT, STABILIZING TRANSACTIONS, SHORT COVERING TRANSACTIONS AND PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION" HEREIN.

THE OFFERING OF THE NOTES IS LIMITED TO PURCHASERS THAT ARE WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS INVOLVED WITH OWNERSHIP OF THE NOTES. INVESTORS MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE NOTES MAY CONSTITUTE RESTRICTED SECURITIES FOR THE LIFE OF THE NOTES AND THE RESALE EXEMPTION UNDER RULE 144 OF THE 1933 ACT MAY NOT BE AVAILABLE. SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS" HEREIN.

THIS OFFERING CIRCULAR IS CONFIDENTIAL AND PERSONAL TO THE PROSPECTIVE INVESTOR AND MAY NOT BE COPIED OR REPRODUCED IN WHOLE OR IN PART. THIS OFFERING CIRCULAR IS BEING PROVIDED TO PROSPECTIVE INVESTORS IN RELIANCE UPON CERTAIN REPRESENTATIONS AND AGREEMENTS OF SUCH PERSONS AS SET FORTH HEREIN. THIS OFFERING CIRCULAR IS BEING PROVIDED SOLELY FOR THE PURPOSE OF ENABLING PROSPECTIVE INVESTORS TO EVALUATE THE PURCHASE OF THE NOTES. ITS USE FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. DELIVERY OF THIS OFFERING CIRCULAR TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH PROSPECTIVE INVESTOR WITH RESPECT TO THE POSSIBLE OFFER AND SALE OF THE NOTES IS UNAUTHORIZED, AND ANY DISCLOSURE OF ANY OF ITS CONTENTS IS PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, AGREES TO THE FOREGOING AND ALSO AGREES TO MAKE NO COPIES OF THIS OFFERING CIRCULAR.

ADDITIONAL INFORMATION. THE ISSUER, THE ORIGINATOR AND THE INITIAL PURCHASERS WILL BE AVAILABLE TO ANSWER ON A CONFIDENTIAL BASIS QUESTIONS FROM THE PROSPECTIVE INVESTORS AND THEIR REPRESENTATIVES CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND WILL FURNISH ADDITIONAL INFORMATION ON A CONFIDENTIAL BASIS (TO THE EXTENT THE ISSUER, THE ORIGINATOR OR THE INITIAL PURCHASERS HAVE OR CAN ACQUIRE SUCH INFORMATION WITHOUT UNREASONABLE EFFORT OR EXPENSE) NECESSARY TO VERIFY THE INFORMATION FURNISHED IN THIS OFFERING CIRCULAR. SEE "AVAILABLE INFORMATION" HEREIN.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS REFERRED TO HEREIN ARE SET FORTH AND WILL BE GOVERNED BY CERTAIN DOCUMENTS DESCRIBED HEREIN, AND ALL OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. THIS OFFERING CIRCULAR CONTAINS SUMMARIES OF CERTAIN OF THESE DOCUMENTS. FOR A COMPLETE DESCRIPTION OF THE RIGHTS AND OBLIGATIONS SUMMARIZED HEREIN, REFERENCE IS MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH ARE AVAILABLE FROM THE ISSUER UPON REQUEST.

LEGAL AND REGULATORY COMPLIANCE. EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR Sells THE NOTES OR POSsesses OR Distributes THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH
PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE ORIGINATOR OR THE INITIAL PURCHASERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.  SEE "LEGAL INVESTMENT" HEREIN.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY NOTES OTHER THAN THE NOTES, NOR AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SUCH NOTES OFFERED HEREBY IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY.  FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT REVIEWED THIS OFFERING CIRCULAR OR CONFIRMED OR DETERMINED THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR.  ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE LOANS AND THE COLLATERAL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.  PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING CIRCULAR AS INVESTMENT, TAX, ACCOUNTING OR LEGAL ADVICE.  THIS OFFERING CIRCULAR, AS WELL AS ANY INVESTMENT IN THE NOTES, SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR AND ITS INVESTMENT, TAX OR OTHER ADVISORS, AND ITS ACCOUNTANTS AND LEGAL COUNSEL.


TRANSFER RESTRICTIONS, LEGENDS, BOOK ENTRY REGISTRATION.  THE NOTES ARE SUBJECT TO TRANSFER RESTRICTIONS.  SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS" HEREIN.  BECAUSE OF THE RESTRICTIONS ON TRANSFER, PURCHASERS ARE ADVISED TO CONSULT LEGAL COUNSEL PRIOR TO MAKING ANY OFFER, RESALE, PLEDGE, OR OTHER TRANSFER OF THE NOTES.  NOTES WILL BE REPRESENTED INITIALLY BY BENEFICIAL INTERESTS IN ONE OR MORE GLOBAL SECURITIES IN DEFINITIVE, FULLY REGISTERED FORM WITHOUT INTEREST COUPONS DEPOSITED WITH A CUSTODIAN FOR, AND REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY ("DTC").  BENEFICIAL INTERESTS IN SUCH GLOBAL SECURITIES WILL TRADE IN DTC'S SAME DAY FUNDS SETTLEMENT SYSTEM, AND SECONDARY MARKET TRADING ACTIVITY IN BENEFICIAL INTERESTS IN SUCH GLOBAL SECURITIES WILL THEREFORE SETTLE IN IMMEDIATELY AVAILABLE FUNDS.  BENEFICIAL INTERESTS IN SUCH GLOBAL SECURITIES WILL BE SHOWN ON, AND TRANSFERS THEREOF WILL BE EFFECTED ONLY THROUGH, RECORDS MAINTAINED BY DTC AND ITS PARTICIPANTS.  NOTES WILL NOT BE ISSUED IN FULLY-REGISTERED CERTIFICATED FORM EXCEPT UNDER THE LIMITED CIRCUMSTANCES DESCRIBED HEREIN.  SEE "DESCRIPTION OF THE NOTES—BOOK ENTRY REGISTRATION" HEREIN.

FORWARD-LOOKING INFORMATION

IN THIS OFFERING CIRCULAR OR IN DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE WORDS "EXPECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS.  ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED.  SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS
CONDITIONS, INTEREST RATE RISK, DELINQUENCY AND DEFAULT RATES, COMPETITION, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, CUSTOMER PREFERENCES AND VARIOUS OTHER MATTERS, MANY OF WHICH ARE BEYOND THE ISSUER'S CONTROL. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFERING CIRCULAR. THE ISSUER AND ITS AFFILIATES EXPRESSLY DISCLAIM ANY OBLIGATION OR UNDERTAKING TO RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE ISSUER'S OR ITS AFFILIATES' EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FOR FLORIDA INVESTORS:

THE NOTES OFFERED HEREBY WILL BE SOLD TO, AND ACQUIRED BY, THE PURCHASER IN A TRANSACTION EXEMPT UNDER SECTION 517.061(11) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT. THAT SECTION PROVIDES THAT WHEN SALES ARE MADE TO FIVE OR MORE PERSONS, ANY SALE MADE PURSUANT TO SUCH SECTION IS VOIDABLE AT THE OPTION OF THE PURCHASER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE NOTES OFFERED HEREBY MAY NOT BE OFFERED OR SOLD IN THE UNITED KINGDOM OTHER THAN TO PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (WHETHER AS A PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES OR OTHERWISE IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995. THIS OFFERING CIRCULAR MAY ONLY BE ISSUED OR PASSED ON TO ANY PERSON IN THE UNITED KINGDOM IF THAT PERSON IS OF A KIND DESCRIBED IN ARTICLE 11(3) OF THE FINANCIAL SERVICES ACT 1986 (INVESTMENT ADVERTISEMENTS) (EXEMPTIONS) ORDER 1996 OR A PERSON TO WHOM THIS OFFERING CIRCULAR MAY OTHERWISE LAWFULLY BE ISSUED OR PASSED ON.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>15</td>
</tr>
<tr>
<td>General</td>
<td>15</td>
</tr>
<tr>
<td>The Loans</td>
<td>15</td>
</tr>
<tr>
<td>The Notes</td>
<td>23</td>
</tr>
<tr>
<td>THE MASTER SERVICER</td>
<td>27</td>
</tr>
<tr>
<td>USE OF PROCEEDS</td>
<td>27</td>
</tr>
<tr>
<td>THE PEACHTREE FRANCHISE LOAN PROGRAM</td>
<td>27</td>
</tr>
<tr>
<td>Underwriting Procedures for Originations</td>
<td>27</td>
</tr>
<tr>
<td>The Concepts</td>
<td>29</td>
</tr>
<tr>
<td>THE LOANS</td>
<td>30</td>
</tr>
<tr>
<td>General</td>
<td>30</td>
</tr>
<tr>
<td>Loan Characteristics</td>
<td>33</td>
</tr>
<tr>
<td>The Largest Borrowers</td>
<td>44</td>
</tr>
<tr>
<td>DESCRIPTION OF THE ISSUER</td>
<td>45</td>
</tr>
<tr>
<td>Limited Liability Company</td>
<td>45</td>
</tr>
<tr>
<td>DESCRIPTION OF THE SERVICING AGREEMENTS</td>
<td>45</td>
</tr>
<tr>
<td>Collection and Other Servicing Procedures</td>
<td>46</td>
</tr>
<tr>
<td>Modifications to Loans</td>
<td>46</td>
</tr>
<tr>
<td>Managing a Problem Loan/Foreclosure</td>
<td>46</td>
</tr>
<tr>
<td>Servicing Compensation and Payment of Expenses</td>
<td>47</td>
</tr>
<tr>
<td>Advances</td>
<td>47</td>
</tr>
<tr>
<td>Evidence as to Compliance</td>
<td>48</td>
</tr>
<tr>
<td>Limitation on Liability</td>
<td>48</td>
</tr>
<tr>
<td>Certain Matters Regarding the Master Servicer and the Special Servicer</td>
<td>48</td>
</tr>
<tr>
<td>Servicer Events of Default</td>
<td>49</td>
</tr>
<tr>
<td>Rights Upon a Servicer Event of Default</td>
<td>49</td>
</tr>
<tr>
<td>Amendment</td>
<td>49</td>
</tr>
<tr>
<td>Sub-Servicing Agreement</td>
<td>50</td>
</tr>
<tr>
<td>DESCRIPTION OF THE NOTES</td>
<td>50</td>
</tr>
<tr>
<td>General</td>
<td>50</td>
</tr>
<tr>
<td>Distributions on the Notes</td>
<td>50</td>
</tr>
<tr>
<td>Interest</td>
<td>51</td>
</tr>
<tr>
<td>Topic</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Principal</td>
<td>51</td>
</tr>
<tr>
<td>Loan Yield Maintenance Amount</td>
<td>51</td>
</tr>
<tr>
<td>Allocation of Losses</td>
<td>51</td>
</tr>
<tr>
<td>Distribution Account</td>
<td>51</td>
</tr>
<tr>
<td>Rated Final Distribution Date</td>
<td>52</td>
</tr>
<tr>
<td>Optional Redemption</td>
<td>52</td>
</tr>
<tr>
<td>Book Entry Registration</td>
<td>52</td>
</tr>
<tr>
<td>Weighted Average Life</td>
<td>54</td>
</tr>
<tr>
<td>DESCRIPTION OF THE INDENTURE</td>
<td>60</td>
</tr>
<tr>
<td>Description of the Contribution Agreement</td>
<td>64</td>
</tr>
<tr>
<td>CERTAIN LEGAL ASPECTS OF THE LOANS</td>
<td>66</td>
</tr>
<tr>
<td>Principal</td>
<td>51</td>
</tr>
<tr>
<td>Optional Redemption</td>
<td>52</td>
</tr>
<tr>
<td>Rated Final Distribution Date</td>
<td>52</td>
</tr>
<tr>
<td>Distribution Account</td>
<td>51</td>
</tr>
<tr>
<td>Allocation of Losses</td>
<td>51</td>
</tr>
<tr>
<td>Loan Yield Maintenance Amount</td>
<td>51</td>
</tr>
<tr>
<td>Indenture Events of Default</td>
<td>60</td>
</tr>
<tr>
<td>Acceleration of Maturity</td>
<td>61</td>
</tr>
<tr>
<td>Enforcement of Remedies</td>
<td>61</td>
</tr>
<tr>
<td>Application of Moneys Collected Upon Acceleration</td>
<td>62</td>
</tr>
<tr>
<td>Satisfaction and Discharge of Indenture</td>
<td>63</td>
</tr>
<tr>
<td>Duties of the Indenture Trustee</td>
<td>63</td>
</tr>
<tr>
<td>Certain Matters Regarding the Indenture Trustee</td>
<td>63</td>
</tr>
<tr>
<td>Resignation and Removal of Indenture Trustee</td>
<td>63</td>
</tr>
<tr>
<td>Amendments to the Indenture</td>
<td>63</td>
</tr>
<tr>
<td>Annual Statement as to Compliance</td>
<td>64</td>
</tr>
<tr>
<td>DESCRIPTION OF THE CONTRIBUTION AGREEMENT</td>
<td>64</td>
</tr>
<tr>
<td>General</td>
<td>64</td>
</tr>
<tr>
<td>Representations, Warranties and Covenants</td>
<td>64</td>
</tr>
<tr>
<td>Reacquisition of Ineligible Loans and Substitution</td>
<td>66</td>
</tr>
<tr>
<td>Financing Statements</td>
<td>66</td>
</tr>
<tr>
<td>Contributors' Acknowledgement</td>
<td>66</td>
</tr>
<tr>
<td>CERTAIN LEGAL ASPECTS OF THE LOANS</td>
<td>66</td>
</tr>
<tr>
<td>Mortgage Loans</td>
<td>66</td>
</tr>
<tr>
<td>Leasehold Mortgages</td>
<td>67</td>
</tr>
<tr>
<td>Loans in Puerto Rico</td>
<td>67</td>
</tr>
<tr>
<td>Foreclosure</td>
<td>68</td>
</tr>
<tr>
<td>Environmental Matters</td>
<td>69</td>
</tr>
<tr>
<td>Rights of Redemption</td>
<td>70</td>
</tr>
<tr>
<td>Anti-Deficiency Legislation and Limitations on Lenders</td>
<td>70</td>
</tr>
<tr>
<td>Bankruptcy Laws</td>
<td>71</td>
</tr>
<tr>
<td>&quot;Due-on-Sale&quot; and &quot;Due-on-Encumbrance&quot; Clauses</td>
<td>72</td>
</tr>
</tbody>
</table>

vii
Prepayment and Late Payment Charges................................................................. 72
Soldiers' and Sailors' Civil Relief Act of 1940............................................................ 72
Forfeitures in Drug and RICO Proceedings............................................................. 73
Americans with Disabilities Act.............................................................................. 73
CERTAIN FEDERAL INCOME TAX CONSEQUENCES ............................................ 73
   General.................................................................................................................... 73
   Tax Characterization of the Issuer........................................................................... 74
   The Notes.................................................................................................................. 74
   Alternative Characterization of the Class A-X Notes as Notional Principal Contracts. .............................................. 75
   Possible Alternative Treatment of the Notes as Interests in a Partnership.................... 76
   Foreign Investors....................................................................................................... 77
ERISA CONSIDERATIONS .................................................................................. 78
   General.................................................................................................................... 78
   Prohibited Transactions and Fiduciary Duty............................................................ 78
   Plan Asset Regulation............................................................................................. 78
   Review by Plan Fiduciaries .................................................................................... 79
PLAN OF DISTRIBUTION.................................................................................. 79
TRANSFER RESTRICTIONS............................................................................ 81
ADDITIONAL INFORMATION....................................................................... 82
LEGAL INVESTMENT....................................................................................... 82
LEGAL MATTERS............................................................................................... 82
APPENDIX A DEFINITIONS............................................................................ A-1
NOTICE TO INVESTORS

Because of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The Notes have not been registered under the 1933 Act, or registered or qualified under any applicable state securities laws. None of the Issuer, the Originator, the Initial Purchasers or any other Person is required so to register or qualify the Notes or to provide registration rights to any investor therein.

The Notes are being offered only to "qualified institutional buyers" within the meaning of Rule 144A under the 1933 Act ("QIBs") in transactions exempt from the registration requirements of the 1933 Act.

The Notes are subject to certain restrictions on transfer, including restrictions that, unless the Notes have been issued in fully-registered, definitive form, do not permit transfer of securities other than to QIBs. See "Plan of Distribution" and "Transfer Restrictions" herein.

AVAILABLE INFORMATION

Questions and requests for information may be directed to the Indenture Trustee:

U.S. Bank National Association
First Trust Center
180 East Fifth Street
St. Paul, Minnesota 55101
Attn: Ms. Jo Anne Schalk, Trust Officer
Telephone: (651) 244-5963

Additionally, on an ongoing basis for so long as the Notes are outstanding, copies of the following items will be available to holders and prospective purchasers of Notes upon request to the Indenture Trustee or the Master Servicer (in the manner detailed below):

1. All Servicer's Certificates delivered to the Indenture Trustee since the initial issuance of the Notes. See "Description of the Indenture—Reports to Noteholders" and "Additional Information" herein.

2. All officer's certificates and accountants' reports delivered or caused to be delivered annually by the Master Servicer to the Indenture Trustee since the initial issuance of the Notes. See "Description of the Servicing Agreements" herein.

The Indenture Trustee will (or will cause the Master Servicer to) make available, upon reasonable advance notice and at the expense of the requesting party, copies of the above items to any direct or beneficial Holder of Notes and to prospective transferees of Notes; provided, that the Indenture Trustee will require (a) in the case of a direct or beneficial holder of Notes, a confirmation executed by the requesting party generally to the effect that such party is a direct or beneficial holder of Notes, as applicable, is requesting the information solely for use in evaluating such party's investment in the Notes and will otherwise keep such information solely confidential and (b) in the case of a prospective transferee, the designation of a requesting party as a prospective transferee by a holder and a confirmation executed by the requesting party generally to the effect that such party is a prospective transferee of Notes, is requesting the information solely for use in evaluating a possible investment in the Notes and will otherwise keep such information confidential.
The following summary of certain pertinent information is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular. Reference is made to Appendix A hereto for the definitions of certain capitalized terms used herein.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rating Moody's/ Fitch IBCA</th>
<th>Initial Balance(1)</th>
<th>Coupon Description</th>
<th>Initial Note Rate</th>
<th>Expected Average Life (years)(2)</th>
<th>Principal Payment Window (month/year)(2)</th>
<th>Approximate Credit Support(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>Aaa/AAA</td>
<td>$ 71,976,000</td>
<td>Fixed Rate</td>
<td>% 5.4</td>
<td>6/99 — 1/09</td>
<td>24.5%</td>
<td></td>
</tr>
<tr>
<td>A-2</td>
<td>Aaa/AAA</td>
<td>$ 44,896,000</td>
<td>Fixed Rate</td>
<td>% 11.7</td>
<td>1/09 — 11/12</td>
<td>24.5%</td>
<td></td>
</tr>
<tr>
<td>A-X</td>
<td>Aaa/AAA</td>
<td>$ 154,798,649</td>
<td>Interest Only-Variable Rate</td>
<td>% 9.8</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Aa2/AA</td>
<td>$ 6,966,000</td>
<td>Fixed Rate</td>
<td>% 13.8</td>
<td>11/12 — 5/13</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>A2/A</td>
<td>$ 6,192,000</td>
<td>Fixed Rate</td>
<td>% 14.3</td>
<td>5/13 — 11/13</td>
<td>16.0%</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Baa2/BBB</td>
<td>$ 8,514,000</td>
<td>Fixed Rate</td>
<td>% 15.2</td>
<td>11/13 — 6/15</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Ba2/BB</td>
<td>$ 3,096,000</td>
<td>Variable Rate(4)</td>
<td>% 16.5</td>
<td>6/15 — 3/16</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>B2/NR</td>
<td>$ 3,867,000</td>
<td>Variable Rate(4)</td>
<td>% 17.3</td>
<td>3/16 — 1/17</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>Issuer Balance(5)</td>
<td>NR/NR</td>
<td>$ 9,291,649</td>
<td>Variable Rate(4)</td>
<td>% 18.6</td>
<td>1/17 — 1/19</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

(1) The Initial Balance is the approximate Initial Aggregate Principal Amount or, in the case of the Class A-X Notes, the Initial Aggregate Notional Amount of the related Class of Notes.

(2) Based on a prepayment assumption of 0% CPR and no accelerations, as described herein under "Description of the Notes—Weighted Average Life”.

(3) The Reserve Account will provide additional credit support for the Notes. The Reserve Account will be funded at closing in an amount equal to the Reserve Deposit Amount.

(4) The rate shall be the WAPT Rate less 1.10%.

(5) The Issuer Balance is not offered hereby.
Peachtree Franchise Loan LLC 1999-A, a special purpose Delaware limited liability company (the "Issuer") conducting its activities pursuant to a limited liability company agreement executed by the Contributors. See "Description of the Issuer" herein. The purposes and powers of the Issuer generally are limited to acquiring the Loans, issuing and selling the Notes and activities incidental thereto. The Issuer's offices are located at 2859 Paces Ferry Road, Suite 1760, Atlanta, Georgia 30339.

Peachtree Franchise Finance, LLC, a Georgia limited liability company ("Peachtree"), and Peachtree Financing Corp., a Delaware corporation (together, the "Contributors"), will contribute and transfer the Loans and other assets to the Issuer pursuant to the Contribution Agreement, dated as of April 1, 1999 (the "Contribution Agreement"), among the Contributors and the Issuer.

Peachtree or its affiliates originated the Loans (in such capacity, the "Originator"). See "The Peachtree Franchise Loan Program" and "The Loans" herein. Peachtree will also act as the primary servicer (in such capacity, along with any successor primary servicer, the "Primary Servicer") and as special servicer (in such capacity, the "Special Servicer"). Pursuant to the Sub-Servicing Agreement dated as of April 1, 1999 (the "Sub-Servicing Agreement") between the Master Servicer and the Primary Servicer, the Master Servicer will delegate certain of its duties in respect of the servicing of the Loans to the Primary Servicer, who will have the duties and be entitled to the benefits and subject to the liabilities provided under the Sub-Servicing Agreement. Pursuant to the Servicing Agreement, the Special Servicer will be responsible for the servicing of the Specially Serviced Loans and REO Properties. Peachtree's offices are located at 2859 Paces Ferry Road, Suite 1760, Atlanta, Georgia 30339.

First Union National Bank, a national banking association, will act as master servicer (the "Master Servicer"). Pursuant to the Servicing Agreement dated as of April 1, 1999 (the "Servicing Agreement"), among the Master Servicer, the Special Servicer, the Issuer and the Indenture Trustee, the Master Servicer will be responsible for the administration and servicing of the Loans other than the Specially Serviced Loans and REO Properties. Pursuant to the Sub-Servicing Agreement, the Master Servicer will delegate certain of its servicing duties under the Servicing Agreement to the Primary Servicer and monitor the servicing of such Loans by the Primary Servicer, but such delegation will not relieve it of any liability for its servicing responsibilities under the Servicing Agreement. The offices of the Master Servicer are located at NC 1075, 8739 Research Drive-URP4, Charlotte, North Carolina 28288-1075. See "The Master Servicer" herein.

U.S. Bank National Association, a national banking association, is the Indenture Trustee (the "Indenture Trustee") pursuant to the terms of the Indenture dated as of April 1, 1999 (the "Indenture") between the Issuer and the Indenture Trustee. The Indenture Trustee will have the duties and be entitled to the benefits provided under the Indenture. See "Description of the Indenture" herein. The principal trust offices of the
Indenture Trustee are located at First Trust Center, 180 East Fifth Street, St. Paul, Minnesota 55101.

Notes

The Notes offered hereby are indicated on the cover page hereof. The Notes are subject to minimum denominations or, in the case of the Class A-X Notes, minimum percentage interests, as described in "Plan of Distribution" herein. The Notes will be issued pursuant to the Indenture and will be secured by the assets of the Issuer. Payments in respect of the Notes will be made in the amounts and in the priority described in this Summary under the caption "Distributions on the Notes." See also the table on the first page of this Summary.

Cut-Off Date

The Cut-Off Date is the close of business on April 1, 1999.

Closing Date

The Closing Date will be on or about May __, 1999.

Payment Date

The Payment Date is the 15th day of each month or, if any such day is not a Business Day, then the next succeeding Business Day, commencing on June 15, 1999.

Due Period

The Due Period is, with respect to a Payment Date, the period from and including the second day of the calendar month preceding the month in which such Payment Date occurs through and including the first day of the calendar month in which such Payment Date occurs; provided, that the initial Due Period shall be the period from and including April 2, 1999 through and including the first day of the calendar month in which the initial Payment Date occurs.

Interest Calculation

Interest on the Notes is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Accrual Period

The Accrual Period is, with respect to any Payment Date, the period from and including the first day of the calendar month preceding the month in which such Payment Date occurs through and including the last day of such month; provided, that the initial Accrual Period shall be the period from and including the Cut-Off Date through and including the last day of the calendar month preceding the initial Payment Date.

Accounting Date

The Accounting Date is, with respect to any Payment Date, the seventh Business Day preceding such Payment Date.

Available Funds

Available Funds shall mean, with respect to a Payment Date: (i) any and all amounts held in any Collection Account (other than with respect to Loan prepayments, reacquisitions or payments made in respect of Defaulted Loans) on the related Accounting Date representing payments on the Loans which were due in the related Due Period or any prior Due Period; (ii) with respect to any Loan prepayment, reacquisition or payment made in respect of a Defaulted Loan received during the related Prepayment Period or any prior Prepayment Period (to the extent not distributed on the related Payment Date), the Prepayment Amount relating thereto (in the case of a Defaulted Loan, to the extent actually received and net of related reimbursements for advances of servicing expenses); (iii) all amounts on deposit in the Reserve Account on the related Accounting Date; and (iv) any P&I Advances on deposit in the Distribution Account on such Payment Date.
Date; provided, however, that Available Funds shall not include any Loan Yield Maintenance Amounts or Early Payments held in any Collection Account, or the amount of any Servicing Fee retained by the Master Servicer.

**Record Date**

The Record Date is, with respect to any Payment Date, the last day of the immediately preceding calendar month.

**Book Entry and Physical Notes**

The Notes will be issued in the form of one or more fully registered global notes (the "Global Securities"). The Global Securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Except under the limited circumstances described herein, Notes will not be issued in certificated form. Global Securities offered and sold outside the United States will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC, for the accounts of Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System ("Euroclear"), and Cedelbank ("Cedel"). See "Description of the Notes—Book Entry Registration" and "Plan of Distribution" herein.

**Pledged Assets**

Pursuant to the Indenture, the Issuer will pledge to the Indenture Trustee and grant to the Indenture Trustee, a first priority, perfected security interest in the Pledged Assets. The "Pledged Assets" will consist of the Issuer's entire right, title, interest and estate in, to and under: (i) the Contribution Agreement, the Loans and the Collateral, including the present and continuing exclusive right, power and authority to exercise each and every right, remedy, power and authority of the Issuer under or in respect of the Loans and the Collateral, but excluding the Pre-Cut-Off Date Loan Payments; (ii) the present and continuing exclusive right, power and authority to make claim for, collect, receive and make receipt for any of the sums, amounts, income, revenues, issues, profits and proceeds under, on account of or with respect to the Loans and the Collateral (excluding the Pre-Cut-Off Date Loan Payments), including, without limitation, (a) all payments made in respect thereof, voluntary or involuntary, whether upon maturity, prepayment, acceleration, conversion, liquidation, casualty or otherwise and paid from any source (including both timely and delinquent payments), (b) the Insurance Policies and any Insurance Proceeds, and (c) the Condemnation Proceeds and any other proceeds of any judicial or public or private nonjudicial sale with respect to the Loans or the Collateral; (iii) all moneys and securities from time to time held by the Indenture Trustee in any Account and all interest, profits, proceeds, or other income derived from such moneys and securities; (iv) the Servicing Agreement and any funds or accounts established thereunder; (v) the present and continuing exclusive right, power and authority to give and receive notices and other communications, to make waivers or other agreements in respect of, or to make claims for and demand performance on, under or pursuant to any of the Collateral, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under or in respect of the Collateral; (vi) all tangible or intangible property, instruments, general intangibles, chattel paper, documents, goods, accounts, securities, money and investment property relating...
thereto and any and all property of every name and nature, now or hereafter transferred, mortgaged, pledged or assigned as security or additional security for payment or performance of any obligation of the Borrowers to the Issuer under the Loans or any of the Collateral or otherwise, and the liabilities, obligations and indebtedness evidenced thereby or reflected therein; and (vii) all income, revenues, issues, products, revisions, substitutions, replacements, profit and proceeds of and from all of the foregoing.

The Loans

The Initial Aggregate Principal Amount of the Loans as of the Cut-Off Date is approximately $154,798,649.

The Loans were made to Borrowers that operate franchises as authorized franchisees (or operators) of one or more of the following franchise concepts (each, a "Concept"): (i) the "Applebee's" concept franchised from Applebee's International, Inc., (ii) the "Arby's" concept franchised from Arby's, Inc., a subsidiary of Triarc Companies, Inc., (iii) the "Burger King" concept franchised from Burger King Corporation, a subsidiary of Diageo PLC, (iv) the "Golden Corral" concept franchised from Golden Corral Franchising Systems Inc., (v) the "Hardee's" concept franchised from Hardee's Food Systems, Inc. (vi) the "KFC" concept franchised from KFC Corporation, a subsidiary of Tricon Global Restaurants, Inc., (vii) the "McDonald's" concept franchised from McDonald's Corporation, (viii) the "Papa John's" concept franchised from Papa John's International, Inc., (ix) the "TGI Friday's" concept franchised from TGI Fridays Inc., a subsidiary of Friday's Hospitality Worldwide, Inc., (x) the "Taco Bell" concept franchised from Taco Bell Corp., a subsidiary of Tricon Global Restaurants, Inc., (xi) the "Tony Roma's" concept franchised from Roma Franchise Corporation, and (xii) the "Wendy's" concept franchised from Wendy's International Inc.

Each Loan was made with full recourse to the related Borrower and in connection with each Loan, the related Borrower executed a secured Promissory Note. Each Borrower granted a security interest in certain of its equipment (subject to permitted encumbrances) and other personal property (other than the franchise agreement) related to its franchise unit. In addition, Loans representing 54.12% of the Initial Aggregate Principal Amount of the Loans are fee simple loans which are also secured by Mortgages on the fee interests in the buildings comprising the related franchise unit and the real property upon which such franchise unit is operated; Loans representing 9.17% of the Initial Aggregate Principal Amount of the Loans are ground lease loans which are also secured by Leasehold Mortgages on the leasehold interests on such property and Mortgages on the fee interests in such buildings; and Loans representing 36.71% of the Initial Aggregate Principal Amount of the Loans are enterprise loans which are either (i) also secured by a Leasehold Mortgage on the premises where the franchise unit is operated, (ii) subject to other agreements with franchisor lessors, giving each party certain rights in respect of such leases, or (iii) cross-collateralized with loans which are so secured and/or have the benefit of personal guarantees. See "The Loans—Composition of All of the Loans by Collateral Type" and "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" herein.
Subject to exceptions described herein under "The Loans," each of the Loans was originated by the Originator or its Affiliates and was underwritten substantially in accordance with Underwriting Guidelines established by the Originator. The Underwriting Guidelines permit Borrowers to borrow up to a specified percentage of the Business Value of the related franchise unit. "Business Value" is defined as the value one franchisee in good standing would pay another franchisee for the right to operate a franchise unit in the specified location, as determined by a third party independent valuation consultant. The cash flow generated by the franchise unit is a primary component of such determination. Furthermore, if the Loan is secured by the Borrower's fee interest in the real estate where a franchise unit is operated, the value of such real estate is also included in the determination of Business Value. Such real estate valuations, which are not MAI or FIRREA appraisals, value the real property on an in-use, income approach that assumes that the property is in use as an income producing franchise property. See "Risk Factors—The Loans—Business Valuation" and "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" herein.

Under the Originator's current Underwriting Guidelines, the Loans are originated after a credit analysis of the applicant's ability to make timely payments on the Loan, the adequacy of cash flow of both the financed franchise unit and the Borrower and an evaluation of the real and/or tangible personal property as Collateral for such Loan. The Originator's loan originations generally range in size for each financed franchise unit from $500,000 to $2,500,000. While the Originator's borrowers are multiple unit operators, the Loans are individually documented on a franchise unit basis.

A summary of certain characteristics of the Loans to be included in the Pledged Assets and a summary of the standard terms of each Loan, including prepayment restrictions, is set forth herein under "The Loans."

None of the Loans will be insured or guaranteed by the Originator, the Contributors, the Issuer, the Indenture Trustee, the Master Servicer, the Primary Servicer, the Special Servicer, the Initial Purchasers or any of their respective affiliates, or by any governmental entity or private insurer.

All numerical information provided herein with respect to the Loans is provided as of the Cut-Off Date, other than the Unit and Borrower FCCR for the Loans, which is as of the Origination Date, and the LTV, which is based upon a valuation obtained at origination and the Aggregate Outstanding Principal Amount of the respective Loan as of the Cut-Off Date.

Set forth below are the states, the number of Loans on franchise units in such states and the percentages of the Aggregate Outstanding Principal Amount represented by such Loans as of the Cut-Off Date, for states with concentrations of 5% or more of the Aggregate Outstanding Principal Amount as of the Cut-Off Date.
<table>
<thead>
<tr>
<th>State(1)</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>12</td>
<td>$19,822,206</td>
<td>12.81%</td>
<td>66.46%</td>
<td>1.72x</td>
</tr>
<tr>
<td>Virginia</td>
<td>8</td>
<td>15,569,318</td>
<td>10.06</td>
<td>64.82</td>
<td>2.08</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>14</td>
<td>14,760,371</td>
<td>9.54</td>
<td>63.00</td>
<td>1.65</td>
</tr>
<tr>
<td>Tennessee</td>
<td>8</td>
<td>11,639,922</td>
<td>7.52</td>
<td>64.64</td>
<td>1.56</td>
</tr>
<tr>
<td>North Carolina</td>
<td>13</td>
<td>10,846,294</td>
<td>7.01</td>
<td>60.89</td>
<td>1.72</td>
</tr>
<tr>
<td>Utah</td>
<td>11</td>
<td>10,524,235</td>
<td>6.80</td>
<td>63.77</td>
<td>1.60</td>
</tr>
<tr>
<td>Washington</td>
<td>14</td>
<td>9,968,800</td>
<td>6.44</td>
<td>63.72</td>
<td>1.44</td>
</tr>
<tr>
<td>Florida</td>
<td>14</td>
<td>8,881,663</td>
<td>5.74</td>
<td>56.60</td>
<td>1.42</td>
</tr>
<tr>
<td>Ohio</td>
<td>9</td>
<td>8,060,657</td>
<td>5.21</td>
<td>65.77</td>
<td>1.63</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>103</strong></td>
<td><strong>$110,073,466</strong></td>
<td><strong>71.11%</strong></td>
<td><strong>63.67%</strong></td>
<td><strong>1.68x</strong></td>
</tr>
</tbody>
</table>

(1) Although included in references herein to lists of jurisdictions described as states of the United States, Puerto Rico is a commonwealth of the United States, not a state. For a description of certain matters relating to Loans originated in Puerto Rico, see "Certain Legal Aspects of the Loans—Loans in Puerto Rico " herein.

Set forth below are the Concepts, the number of Loans to Borrowers in such Concepts and the percentages of the Aggregate Outstanding Principal Amount represented by such Loans as of the Cut-Off Date, for Concepts with concentrations of 5% or more of the Aggregate Outstanding Principal Amount of all Loans as of the Cut-Off Date.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applebee's</td>
<td>27</td>
<td>$41,172,359</td>
<td>26.60%</td>
<td>63.39%</td>
<td>1.71x</td>
</tr>
<tr>
<td>Burger King</td>
<td>43</td>
<td>34,141,788</td>
<td>22.06</td>
<td>64.43</td>
<td>1.50</td>
</tr>
<tr>
<td>Wendy's</td>
<td>37</td>
<td>32,827,347</td>
<td>21.21</td>
<td>64.59</td>
<td>1.58</td>
</tr>
<tr>
<td>Arby's</td>
<td>8</td>
<td>11,188,351</td>
<td>7.23</td>
<td>61.25</td>
<td>2.23</td>
</tr>
<tr>
<td>Golden Corral</td>
<td>4</td>
<td>10,531,609</td>
<td>6.80</td>
<td>63.85</td>
<td>1.79</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>119</strong></td>
<td><strong>$129,861,455</strong></td>
<td><strong>83.89%</strong></td>
<td><strong>63.82%</strong></td>
<td><strong>1.67x</strong></td>
</tr>
</tbody>
</table>

Set forth below are the Borrowers, the Concepts they represent, the number of Loans to such Borrowers and the percentages of the Aggregate Outstanding Principal Amount represented by such Loans as of the Cut-Off Date, for Borrowers and Borrowers under common control ("Affiliated Borrowers") with concentrations of 5% or more of the Aggregate Outstanding Principal Amount of all Loans as of the Cut-Off Date.
## Borrowers and Affiliated Borrowers

<table>
<thead>
<tr>
<th>Borrowers and Affiliated Borrowers</th>
<th>Concept</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple J, LP</td>
<td>Applebee's</td>
<td>9</td>
<td>$16,916,343</td>
<td>10.93%</td>
<td>66.86%</td>
<td>1.73x</td>
</tr>
<tr>
<td>Westwind Group ALWA, LLC</td>
<td>Burger King</td>
<td>23</td>
<td>15,497,329</td>
<td>10.01</td>
<td>64.05%</td>
<td>1.48</td>
</tr>
<tr>
<td>Wendco of Puerto Rico</td>
<td>Wendy's</td>
<td>14</td>
<td>14,760,371</td>
<td>9.54</td>
<td>63.00%</td>
<td>1.65</td>
</tr>
<tr>
<td>Delta Bluff, LLC</td>
<td>Applebee's</td>
<td>8</td>
<td>12,038,730</td>
<td>7.78</td>
<td>65.47%</td>
<td>1.70</td>
</tr>
<tr>
<td>Apple Core Enterprises, Inc.</td>
<td>Applebee's</td>
<td>9</td>
<td>10,350,496</td>
<td>6.69</td>
<td>57.55%</td>
<td>1.72</td>
</tr>
<tr>
<td>The Restaurant Company</td>
<td>Arby's</td>
<td>4</td>
<td>8,910,698</td>
<td>5.76</td>
<td>61.33%</td>
<td>2.38</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>67</strong></td>
<td><strong>$78,473,967</strong></td>
<td><strong>50.69%</strong></td>
<td><strong>63.51%</strong></td>
<td><strong>1.73x</strong></td>
</tr>
</tbody>
</table>

### Payments

All payments made in respect of the Loans will be deposited by or on behalf of the Master Servicer, not later than the Business Day immediately following receipt of available funds, to a Collection Account maintained by the Master Servicer or the Primary Servicer.

On each Payment Date, payments will be made on the Notes from amounts in the Distribution Account as described in this Summary under the caption "Distributions on the Notes."

### Interest

Interest on each Class of Notes will be due on each Payment Date, commencing on June 15, 1999, in an amount equal to the interest accrued in the applicable Accrual Period at the related Note Rate on the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be, of such Class of Notes as of the Business Day immediately preceding such Payment Date. The initial Note Rate applicable to each Class of Notes is as set forth on the cover page hereof.

### Principal

On each Payment Date, principal payments will be due and payable on the Notes in the respective amounts as described in this Summary under the caption "Distributions on the Notes." No principal is payable in respect of the Class A-X Notes. The Aggregate Outstanding Notional Amount of the Class A-X Notes will be reduced in proportion to reductions in the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance.

### Latest Loan Maturity Date

The last maturity date of any Loan included in Pledged Assets as of the Cut-Off Date is January 1, 2019.

### Loan Yield Maintenance Amount

The Loans generally may be prepaid in whole, but not in part, on any Loan payment date subject to payment of the applicable Loan Yield Maintenance Amount. On each Payment Date, Loan Yield Maintenance Amounts will be paid to the Noteholders to the extent such amounts have been received and Yield Maintenance Available Funds are available therefor as described in this Summary under the caption "Distributions on the Notes." For a description of the Loan Yield Maintenance Amounts payable by the Borrowers, see "The Loans—General" herein.

### Distributions on the Notes

On each Payment Date, Available Funds on deposit in the Distribution Account will be distributed in the following descending order of...
priority; provided, that Available Funds constituting funds on deposit in the Reserve Account shall only be available to make the payments specified in clauses (i) through (xv) below:

(i) to the Indenture Trustee, all accrued and unpaid fees and reimbursable expenses due and payable to the Indenture Trustee;

(ii) to the Master Servicer or the Special Servicer, an amount equal to the Servicing Fee due and payable to it on such Payment Date, to the extent not previously retained by the Master Servicer or the Special Servicer;

(iii) pro rata in proportion to the aggregate amount to be distributed pursuant to this clause, (a) to the Holders of the Class A-1 Notes, the Class A-1 Interest Distribution, (b) to the Holders of the Class A-2 Notes, the Class A-2 Interest Distribution and (c) to the Holders of the Class A-X Notes, the Class A-X Distribution;

(iv) to the Holders of the Class A-1 Notes, an amount up to the Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class A-1 Notes is reduced to zero;

(v) to the Holders of the Class A-2 Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class A-2 Notes is reduced to zero;

(vi) to the Holders of the Class B Notes, the Class B Interest Distribution;

(vii) to the Holders of the Class B Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class B Notes is reduced to zero;

(viii) to the Holders of the Class C Notes, the Class C Interest Distribution;

(ix) to the Holders of the Class C Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class C Notes is reduced to zero;

(x) to the Holders of the Class D Notes, the Class D Interest Distribution;

(xi) to the Holders of the Class D Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class D Notes is reduced to zero;
(xii) to the Holders of the Class E Notes, the Class E Interest Distribution;

(xiii) to the Holders of the Class E Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class E Notes is reduced to zero;

(xiv) to the Holders of the Class F Notes, the Class F Interest Distribution;

(xv) to the Holders of the Class F Notes, an amount up to the remaining Optimal Principal Amount until the Aggregate Outstanding Principal Amount of the Class F Notes is reduced to zero; and

(xvi) to the Issuer, any remaining Available Funds.

On each Payment Date, Yield Maintenance Available Funds on deposit in the Distribution Account will be distributed as follows:

(i) The Loan Yield Maintenance Amount collected in the Prepayment Period attributable to each Loan that is either prepaid or a Defaulted Loan shall be distributed to the Holders of each of the Class A-1, Class A-2, Class B, Class C, Class D, Class E and Class F Notes in an amount for each such Class equal to the product of (a) a fraction, the numerator of which is the amount distributed as principal to such Class on such Payment Date, and the denominator of which is the total amount distributed as principal to all Classes of Notes on such Payment Date, (b) the Base Interest Fraction for the related principal prepayment and such Class of Notes and (c) the collected Loan Yield Maintenance Amount; and

(ii) Any remaining Yield Maintenance Available Funds will then be paid to the Holders of the Class A-X Notes.

The "Base Interest Fraction" with respect to any principal prepayment on any Loan and with respect to any Class of Notes (other than the Class A-X Notes) is a fraction (A) whose numerator is the greater of (x) zero and (y) the difference between (i) the Note Rate on the most senior Class of Notes receiving a distribution of principal on such Payment Date (and, if the most senior Class of Notes receiving distributions is the Class A Notes, as long as the Class A-1 Notes are outstanding, the Class A-1 Note Rate, otherwise the Class A-2 Note Rate) and (ii) the Treasury Rate for such Loan and (B) whose denominator is the difference between (i) the Loan Rate of the Loan and (ii) the Treasury Rate; provided, however, that under no circumstances shall the Base Interest Fraction be greater than one. If such Treasury Rate for such Loan is greater than the Loan Rate on the related Loan, then the Base Interest Fraction shall equal zero. For this purpose, the "Treasury Rate" is the per annum rate equal to the interpolated U.S. Treasury having a maturity coterminus with the maturity date of the prepaid Loan.
<table>
<thead>
<tr>
<th><strong>Reserve Account</strong></th>
<th>The Indenture Trustee is required to establish and maintain a Reserve Account for the benefit of Holders of the Notes. On the Closing Date, the Issuer will deposit the Reserve Deposit Amount in the Reserve Account from the proceeds of the sale of the Notes. Amounts on deposit in the Reserve Account will be available to make timely interest payments to the Holders of the Notes in the event the Available Funds are insufficient to pay all interest due on the Notes on any Payment Date, as described in this Summary under the caption &quot;Distributions on the Notes.&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocation of Losses; Subordination</strong></td>
<td>In the event any Net Loss is incurred in respect of a Liquidated Loan, the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance will be greater than the Aggregate Outstanding Principal Amount of the Loans (such excess, if any, being referred to as &quot;Write-down Amount&quot;). The amount of any such Write-down Amount shall be allocated first to the Issuer Balance until reduced to zero, and then, after all amounts on deposit in the Reserve Account have been distributed in the order of priority of distribution set forth in the Summary under the caption &quot;Distributions on the Notes,&quot; any remaining Write-down Amount shall be allocated among the Holders of the Notes in inverse order of such priority of distributions set forth in this Summary under the caption &quot;Distributions on the Notes&quot;; provided, that any Write-down Amounts allocated to the Class A Notes shall be allocated among the Class A-1 Notes and the Class A-2 Notes pro rata, based upon the Aggregate Outstanding Principal Amounts of such Classes. Accordingly, payments to the Issuer in respect of the Issuer Balance are subordinate to payments in reduction of Principal Balances of the Notes. See the table on the first page of this Summary.</td>
</tr>
<tr>
<td><strong>Issuer Balance</strong></td>
<td>The Initial Aggregate Principal Amount of the Loans exceeds the Initial Aggregate Principal Amount of the Notes by approximately $9,291,649 (such difference, as it may change from time to time, the &quot;Issuer Balance&quot;).</td>
</tr>
<tr>
<td><strong>Treatment of REO Properties</strong></td>
<td>Notwithstanding that Collateral related to any Loan may be acquired on behalf of the Noteholders through foreclosure, deed in lieu of foreclosure or otherwise (upon acquisition, an &quot;REO Property&quot;), such Loan will, for purposes of, among other things, determining distributions on and allocations of Net Losses to the Notes, as well as the Servicing Fee and Indenture Trustee Fee, generally be treated as having remained outstanding until such REO Property is liquidated or the Loan otherwise is or becomes a Liquidated Loan. Operating revenues and other proceeds derived from each REO Property (exclusive of related operating costs, including certain reimbursements payable to the Special Servicer in connection with the operation and disposition of such REO Property) will be &quot;applied&quot; or treated by the Special Servicer as interest, principal and other amounts &quot;due&quot; on such Loan as if such Loan had remained outstanding.</td>
</tr>
<tr>
<td><strong>Controlling Class</strong></td>
<td>The &quot;Controlling Class&quot; will be the most subordinate Class of Notes (other than the Class A-X Notes) then Outstanding whose then Aggregate Outstanding Principal Amount is at least equal to 25% of the Initial Aggregate Principal Amount of such Class. After the Issuer Balance has been reduced to zero, any single Holder of Notes representing a majority interest in the Controlling Class will have</td>
</tr>
</tbody>
</table>
certain rights with respect to Specially Serviced Loans, the right to purchase Defaulted Loans from time to time and the right to replace the Special Servicer. The rights of the Issuer or the Controlling Class with respect to the Specially Serviced Loans will be subject to the Servicing Standard. See "Description of the Servicing Agreements—Managing a Problem Loan/Foreclosure" herein.

**P&I Advances**

Subject to a recoverability determination as described herein, on the Business Day preceding each Payment Date, the Master Servicer will be required to make advances (each, a "P&I Advance") with respect to each Payment Date in an amount that is generally equal to the aggregate of all Scheduled Payments, due or deemed due, as the case may be, during the related Due Period, in each case to the extent that such amount was not received as of the close of business on the Accounting Date for the related Payment Date. See "Description of the Servicing Agreements—P&I Advances" herein.

**Optional Redemption**

On any date when the Aggregate Outstanding Principal Amount of the Loans is less than 1% of the Initial Aggregate Principal Amount thereof, the Originator may redeem all, and not less than all, of the Notes by depositing with the Indenture Trustee the Aggregate Outstanding Principal Amount of the Notes and accrued but unpaid interest thereon as of the date of redemption, for payment to Holders of Notes on the following Payment Date. In the event the Originator does not exercise its option to redeem the Notes, the Master Servicer may exercise such option.

**Certain Investment Considerations**

The yield to maturity on any Note will be affected by the rate and timing of prepayments and other collections of principal on or in respect of the Loans and the allocation thereof to reduce the Outstanding Principal Amount or Outstanding Notional Amount, as the case may be, of such Note. An investor should consider in the case of any Note purchased at a discount the risk that a slower than anticipated rate of prepayments could result in a lower than anticipated yield and, in the case of a Class A-X Note or any Note purchased at a premium, the risk that a faster than anticipated rate of prepayments could result in a lower than anticipated yield. In addition, the yield to maturity on the Class A-X Notes will be highly sensitive to the rate and timing of principal payments (in particular as affected by prepayments, reacquisitions, defaults and liquidations) on the Loans, and investors in the Class A-X Notes should fully consider the associated risks, including the risk that an extremely rapid rate of prepayments or liquidations in respect of the Loans could result in the failure of such investors to recoup fully their initial investments. The payment of Loan Yield Maintenance Amounts actually collected on the Loans to any Class of Notes as described herein is intended to reduce the foregoing risks; however, such payments may be insufficient to offset fully such adverse effects. See "Risk Factors—The Notes—Prepayment Risk" herein.

**Reacquisition of Ineligible Loans and Substitution**

The Originator will be obligated to reacquire from the Issuer at the Reacquisition Price any Loan as to which there has been a material breach of any representation or warranty under the Contribution Agreement. In lieu of such reacquisition, the Originator may substitute
a new loan for the Ineligible Loan, all in accordance with the terms of the Contribution Agreement. See "Risk Factors—The Loans—Reacquisition of Ineligible Loans" and "Risk Factors—The Notes—Prepayment Risk and "Description of the Contribution Agreement" herein.

Tax Status

Tax Counsel to the Issuer has opined that under existing law, (i) the Class A-1 Notes, Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes (the "Senior Notes") will be characterized as indebtedness, (ii) the Class A-X Notes, the Class E Notes and the Class F Notes, although this matter is not entirely free from doubt, should be characterized as indebtedness and (iii) the Issuer will be classified as a partnership for federal income tax purposes and will not be characterized as an association (or publicly traded partnership) taxable as a corporation or a taxable mortgage pool. The Issuer and the Noteholders will agree to treat the Notes as indebtedness for all federal, state and local income and franchise tax purposes.

Investors should be aware, however, that no transaction closely comparable to that contemplated herein has been the subject of any Treasury regulation, revenue ruling or judicial decision, and therefore the matter is subject to interpretation.

See "Certain Federal Income Tax Consequences" herein for additional information concerning the application of federal income tax laws.

ERISA Considerations

Generally, a pension or an employee benefit plan subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"), is permitted to purchase instruments like the Senior Notes that are debt under applicable state law and have no "substantial equity features," provided that the conditions described in "ERISA Considerations" herein are satisfied. Except as provided under "ERISA Considerations" herein, the Class A-X Notes, the Class E Notes and the Class F Notes may not be purchased by Benefit Plan Investors.

Any Plan fiduciary considering whether to purchase any Notes on behalf of a Plan should consult with its counsel regarding the applicability of the provisions of ERISA and the Code. See—"ERISA Considerations" herein.

Rating

It is a condition to the issuance of the Notes that each Class of Notes receive the ratings applicable to each Class set forth in the table on the first page of this Summary. See "Risk Factors—The Notes—Limited Nature of Ratings" herein.

Legal Investment Status

The Notes will not constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancements Act of 1994, as amended ("SMMEA"). In addition the real estate collateral securing the Loans generally has not been the subject of any MAI or FIRREA appraisal. Furthermore, institutions whose investment activities are subject to review by certain regulatory authorities may be or may become subject to restrictions on the investment by such institutions in certain forms of derivative securities. Any such restrictions enacted or adopted after the date hereof could alter the extent to which such an
institution may continue to hold a particular investment. Accordingly, investors should consult their own legal advisors to determine whether and to what extent the Notes may be purchased by such investors. See "Legal Investment" herein.
General

An investment in the Notes involves certain substantial risks, including structural, credit, business and collateral risks, including those set forth below. Potential investors in the Notes should carefully review and consider these risks with their respective legal counsel, tax and financial advisors and/or accountants prior to purchasing the Notes or making any investment decision with respect to the Notes.

The Loans

General Underwriting Risk. Loans to franchisees in the restaurant industry generally involve risks similar to those associated with small business loans. While publicly available restaurant industry, franchise industry and franchisor information permits lenders to perform certain risk analysis concerning the default, failure, and closure risks within franchise concepts generally, there is no assurance that the available information correctly reflects the risks associated with lending to franchisees in or operators of the quick service, casual dining and family dining restaurant industry in general, or to any particular operator within any particular Concept. There is no assurance that the underwriting formulas derived by the Originator for particular Concepts will adequately assess the risk of making a Loan to any particular Borrower. The Originator, while consisting of employees with significant franchise experience, only began originating loans in 1998. The Loans are not insured or guaranteed by any governmental entity, by any private mortgage insurer, or by the Originator, the Contributors, the Issuer, the Indenture Trustee, the Master Servicer, the Primary Servicer, the Special Servicer, the Initial Purchasers or any of their respective affiliates. Payment on each of the Loans is dependent primarily on the ability and willingness of the related Borrower to repay such Loan and, in the event of a default thereunder following an acceleration of the maturity of such Loan, on the market value of the related Collateral.

Concentration Risks. Prospective purchasers of the Notes should consider certain substantial concentration risks associated with an investment in the Notes, including risks of (i) Concept concentration, (ii) Borrower concentration, and (iii) geographic concentration. Moreover, as a result of, among other things, prepayments and scheduled amortization of the Loans, the concentrations described below could increase, resulting in a concomitant increase in the risks associated with such concentrations to the holders of the Notes. Certain concentration data is contained below. See "The Loans" herein.

Concepts and Brands. The Loans included in the Pledged Assets have been made to Borrowers that are franchisees or operators in a limited number of Concepts, each of which operates in the quick service/casual dining restaurant market. Loans relating to three Concepts each represent more than 20% of the Loan pool. Loans to Borrowers in the Applebee's, Burger King and Wendy's Concepts, respectively, represent approximately 26.60%, 22.06% and 21.21% of the Initial Aggregate Principal Amount of the Loans as of the Cut-Off Date. Such concentration of Concepts will mean that in the event that any of the included Concepts suffers a material adverse change, the Borrowers in such Concept would be adversely affected, and there would be a concomitant adverse impact on the Notes.

Borrowers. The Loans included in the Pledged Assets have been made to a limited number of Borrowers. Six (6) Borrowers have Loans that each comprise over 5% of the Aggregate Outstanding Principal Amount of the Loans as of the Cut-Off Date. See "The Loans" herein. The ability of these Borrowers to repay their Loans may also be dependent in part on the ability of the respective Borrower to manage a group of franchise units significantly larger than the collateral provided. Also, insufficient cash flow or other difficulties in respect of one location operated by these Borrowers could therefore adversely affect such Borrower's ability to make payments in respect of one or more Loans. As a result, a delinquency by any such Borrower could have a significant impact on the amount of funds available to make payments on the Notes, and any default with respect to such Borrowers should be expected to deplete much of the credit enhancement available to the Notes in the form of subordination. In particular, the bankruptcy or insolvency of any such Borrower or affiliate could have an adverse effect on the operation of all of the related franchise units and on the ability of such franchise units to produce sufficient cash flow to make required payments on the related Loans. For example, if a person that directly or indirectly owns or controls several financed franchise units experiences financial difficulty at one franchise unit, such person
could defer maintenance at one or more other locations in order to satisfy current expenses with respect to the location experiencing financial difficulty, or attempt to avert foreclosure or similar proceedings by filing a bankruptcy petition that might have the effect of interrupting payments for an indefinite period on all of its debts and other obligations. Even if a bankruptcy petition were not filed, foreclosure or similar proceedings could be delayed by such a Borrower. There is no assurance that there are not such affiliations among Borrowers in addition to those identified above or that such affiliations will not develop in the future. In addition, one or more Borrowers may be partnerships or limited liability companies. Under certain circumstances, the bankruptcy of the general partner in a partnership or a member of a limited liability company may result in the dissolution of such partnership or limited liability company. The dissolution of a Borrower structured as a partnership or a limited liability company, the winding-up of its affairs and the distribution of its assets could result in an acceleration of its payment obligations under the related Loan.

**Geographic.** The Loans included in the Pledged Assets have been made to Borrowers operating franchise units in a limited number of jurisdictions. Moreover, Loans relating to franchise units located in two states each represent more than 10% of the Loan pool. Loans to Borrowers operating restaurants in South Carolina and Virginia comprise approximately 12.81% and 10.06%, respectively, of the Aggregate Outstanding Principal Amount of the Loans as of the Cut-Off Date. Such concentration in a limited number of jurisdictions will mean that in the event that any of the included jurisdictions suffers a material adverse change (whether a result of deteriorating market or economic conditions, natural disasters or otherwise), the Borrowers in such jurisdiction could be adversely affected, and there could be an adverse impact on the Notes.

**Business Valuation.** The Loans have been underwritten in accordance with underwriting guidelines which permit Borrowers to borrow up to a specified percentage of the Business Value of the franchise unit. The Business Value of the franchise unit is primarily based upon the cash flow generated by the franchise unit from its operations within one of the Concepts over the latest 12-month period prior to origination, which in turn is dependent upon and derived from the related Borrower's franchise agreement with (or license from) the franchisor. While the valuation for each Loan is performed by Deloitte & Touche LLP, historical operating results may not be indicative of future performance or comparable to future operating results. In certain instances, such as in the case of an acquisition, the historical operating results may be those of operators other than the related Borrower. There is no assurance that any valuation received by the Originator in connection with any Loan actually reflects an amount that would be realized upon a current sale of the franchise unit and related personal and real property. Moreover, such valuation is not indicative of the value of the franchise unit at any time after the date of the valuation. In this regard, the valuations with respect to each Loan were obtained at the time the Loan was originated and none of the valuations have been brought current to the date of this Offering Circular and it is not expected that any new valuations will be performed for Loans in the future. Future values may depend upon a variety of factors, including the economic success of the financed franchise unit, local and general competitive and economic conditions, as well as the strength of the relevant Concept, the franchisor and the related Borrower. In addition, other factors may adversely affect the market value of the Collateral without affecting the current net operating income of the related financed franchise units, including changes in government regulations, changes in health, zoning or tax laws, environmental liabilities, or other legal liabilities and changes in prevailing market rates of interest. In addition, a Borrower's franchise agreement is generally not included in the Collateral securing a Loan, and as a result none of the Issuer, the Master Servicer, the Primary Servicer, the Special Servicer or the Indenture Trustee may foreclose on the franchise agreement in the event of a default by the Borrower. As a result, there is no assurance that the value of the Collateral securing the Loan will equal or exceed the amount of the Loan and related Borrower obligations at any time. In addition, in the event of a default by a particular Borrower, there may well have been present factors that reduced the revenues or cash flow derived at the location and the "value" of the enterprise. Moreover, the liquidation value of the Collateral securing the Loan generally will be less than the value of the enterprise as determined above. Accordingly, in order to realize the full value of the Collateral (which may or may not be sufficient to satisfy a Borrower's obligations to the secured party), the secured party generally will be required to obtain the cooperation of the franchisor. There is no assurance that such cooperation will be obtained nor that the interests of the secured party and the franchisor will coincide.

**Personal Property and Real Estate Collateral.** The Loans are secured by a security interest in certain of a Borrower's equipment and other personal property for a particular franchise unit and may also be secured by a
mortal or deed of trust on a Borrower's fee or leasehold interest in the real property upon which the financed franchise unit operates. The market value of equipment and certain other collateral of the type related to the Loans generally declines with age, and such equipment and other collateral may decline substantially in value either suddenly or periodically as a result of technological advances or changes in Concept requirements. In addition, in many instances a Borrower's interest in real property is in a lease of limited value other than to one who also has the right to operate the franchise at such location and as noted above, a Borrower's franchise agreement is not included in the Collateral securing a Loan. As a result, a lender that acquires the Borrower's interest in the related real property through foreclosure or similar proceeding may be restricted in the use of such real property and may be unable to succeed to the rights of a franchisee under the related franchise agreement. Moreover, in many cases, the real property upon which the franchise unit operates may not readily be converted to alternative uses in the event that the operation of such locations for their original purposes becomes unprofitable for any reason. In such cases, the conversion of the locations to alternative uses generally would require substantial capital expenditures. See "The Peachtree Franchise Loan Program" herein. Loans secured by a lien on the leasehold interest under a lease are subject to certain risks not associated with mortgage loans secured by a lien on the fee estate of the borrower. The most significant of these risks is that if the Borrower's leasehold were to be terminated (for instance, as a result of a lease default, a default by a ground lessor under a fee mortgage or the bankruptcy of the ground lessor or the Borrower), the leasehold mortgagee would be left without its security. In order to mitigate such risks, the Originator usually obtains a landlord estoppel or such other documentation whereby the landlord agrees to provide notice to the Originator of any default under the lease and permit the Originator to cure any such default. The Originator may also obtain from each holder of a mortgage on the fee interest in any real estate relating to a Loan secured by a leasehold mortgage a non-disturbance agreement whereby the landlord agrees not to terminate the lease in the event of a foreclosure by such mortgage holder.

In addition, in cases where the lease, a memorandum of the lease or an assignment of the lease is not recorded in the public record, the rights of a tenant and a leasehold mortgagee under a lease may be subject to a third party asserting an interest in the leasehold estate prior to the tenant's possession under the lease. In such case the leasehold mortgagee may lose its rights in the lease to a third party and be left without its security. Certain of the Loans are secured by liens on leasehold interests that are subject to this risk.

Where a Loan is secured by a fee interest in the related real property or a building interest coupled with a leasehold interest in a ground lease, the Originator determines the value of such real property interest based upon an independent, third-party valuation. Such valuations, which are not MAI or FIRREA appraisals, value the real property on an in-use, income approach which assumes that the property is in use as an income producing franchise property. Because the Loans are made upon a business valuation basis as described above, the sale or liquidation of the real estate Collateral alone generally would not provide such Borrower with sufficient proceeds to satisfy its obligations to the secured party. Moreover, such an appraisal is not indicative of the value of a real property interest at any time after the date of the appraisal. Future values may depend upon a variety of factors, including changes in the surrounding area (e.g., changes which alter the visibility of the location and traffic patterns), the duration of lease, and the absence of sufficient non-disturbance agreements, as well as changes in general or local economic conditions, increases in interest rates, real estate taxes and other operating expenses (including energy costs), changes in governmental rules and regulations (including environmental rules), acts of God and other factors. Accordingly, there is no assurance that the valuation actually reflects the amount that would be realized upon a current sale of the real property interest. As a result, if a Borrower becomes unable to meet its obligations under the Loan, the amount realized in a liquidation may be substantially less than the amount owed by the related Borrower under the Loan. Generally, the Originator requires that title insurance be obtained for Loans secured either by a mortgage on a Borrower's fee interest in the related real property or leasehold interest in a ground lease. See "The Peachtree Franchise Loan Program" herein.

Limitations on Foreclosure and Realization on Collateral. In addition to the foregoing, there may be limitations or restrictions on foreclosure or realization of the Collateral, including those imposed by certain "one action" or "election of remedies" rules in various jurisdictions. See "Certain Legal Aspects of the Loans" herein. In the event of a default under any Loan, payments received in respect of such Loan and the related Collateral, including proceeds of any foreclosure or sale of such Collateral, could be significantly less than the sum of the unpaid principal balance of such Loan, accrued interest thereon, required prepayment premiums, or amounts necessary to reimburse advances by the Master Servicer (plus any required interest thereon) and other related expenses, in which case Noteholders could suffer a loss and such losses could be substantial.
Multiple Loans to a single Borrower or Affiliated Borrowers are always cross-defaulted and in certain cases may be cross-collateralized with each other. Such Loans may be related to units located in different states. Because of various state laws governing foreclosure, similar proceedings and the exercise of a power of sale and because, in general, foreclosure actions and similar proceedings may be brought in state court and the court of one state cannot exercise jurisdiction over property in another state, it may be necessary upon a default under any such Loan to foreclose on or comparably acquire title to the related Collateral in a particular order rather than simultaneously in order to ensure the related mortgages and security interests are not impaired or released. See "Certain Legal Aspects of the Loans" herein.

**Cross-Collateralized Loan Considerations.** Although each Loan is underwritten on the basis of, and secured by, Collateral belonging to the related Borrower, some cross-collateralized Loans may also be secured by additional Collateral owned by entities (the "Third Party Pledgors") that are not the Borrower on that Loan. The value of such additional Collateral is not included in determining the applicable LTV Ratio or Unit FCCR. Creditors of, or a bankruptcy trustee for, a Third Party Pledgor, or such Third Party Pledgor itself as debtor-in-possession in a bankruptcy case could attempt to challenge such grants of security interests as fraudulent conveyances. Generally, under federal and state fraudulent conveyance statutes, the incurring of an obligation or the transfer of property by a person will be subject to avoidance if the person (a) did not receive reasonably equivalent value in exchange for such obligation or transfer and (b) was then insolvent or was rendered insolvent by such obligation or transfer. Accordingly, a creditor, debtor-in-possession or bankruptcy trustee that objects to such an arrangement could assert that (i) such Third Party Pledgor was insolvent at the time any cross-collateralized Loan was made and (ii) such Third Party Pledgor did not, when it agreed to allow its property to be encumbered by a lien securing the indebtedness represented by the cross-collateralized Defaulted Loan, receive reasonably equivalent value. If such an objection were successful, the Loan would no longer be secured by any Collateral pledged by the Third Party Pledgor and the Issuer could be required to return any payments it had already received from the Third Party Pledgor and any Collateral belonging to the Third Party Pledgor that it had already foreclosed on (or the value of such Collateral).

**Acquisition Loan Considerations.** Under certain circumstances the proceeds of a Loan may be used to enable a Borrower to acquire a franchise unit or units under the Loan. Creditors of, or a bankruptcy trustee for, such a Borrower, or such a Borrower itself as debtor-in-possession in a bankruptcy case, could attempt to challenge the Loan or the grant by the Borrower of a security interest securing the Loan as a fraudulent conveyance. Generally, under federal and state fraudulent conveyance statutes, the incurring of an obligation or the transfer of property by a person will be subject to avoidance if the person (a) did not receive reasonably equivalent value in exchange for such obligation or transfer and (b) was then insolvent or was rendered insolvent by such obligation or transfer. Accordingly, a creditor, debtor-in-possession or bankruptcy trustee that objects to such an arrangement could assert that (i) such Borrower was insolvent at the time the acquisition Loan was made or was rendered insolvent as a result of the Loan and (ii) such Borrower did not, when it agreed to become liable with respect to the Loan and allow its property to be encumbered by a lien securing the indebtedness represented by the Loan, receive reasonably equivalent value. If such an objection were successful, the Loan would no longer be secured by any Collateral pledged by the Borrower, and the Issuer could be required to return any payments it had already received from the Borrower and any Collateral belonging to the Borrower that it had already foreclosed on (or the value of such Collateral).

**Borrowers Not Special Purpose.** The Borrowers are not required to be "special purpose entities." As a result, while the Loan Documents contain certain covenant restrictions, the Borrowers are subject to business, credit, financial and other risks unrelated to the operations of the franchise units subject to the Loans. Relatedly, the Borrowers are not required to be "bankruptcy remote" and thus may be more likely to file for bankruptcy than if they were "bankruptcy remote", and in addition may be adversely affected by any bankruptcy of an affiliate.

**Bankruptcy Laws.** Operation of the Bankruptcy Code and related state laws may interfere with or affect the ability of a lender to realize upon collateral and/or to enforce a deficiency judgment. For example, under the Bankruptcy Code, virtually all actions (including foreclosure actions and deficiency judgment proceedings) to collect a debt are automatically stayed upon the filing of the bankruptcy petition and, often, no interest or principal payments are made during the course of the bankruptcy case. The delay and the consequences thereof caused by such automatic stay can be significant. Also, under the Bankruptcy Code, the filing of a petition in bankruptcy by or on behalf of a junior lienor may stay the senior lender from taking action to foreclose out such junior lien.
Under the Bankruptcy Code, provided certain substantive and procedural safeguards protective of the lender are met, the amount and terms of a loan secured by a lien on property of the debtor may be modified under certain circumstances. For example, the amount of the lender's security interest may be reduced to the then-current value of the property pursuant to a confirmed plan or lien avoidance proceeding, thus leaving the lender a general unsecured creditor for the difference between such value and the outstanding balance of the loan. Other modifications may include a reduction in the amount of each scheduled payment, by means of a reduction in the rate of interest and/or an alteration of the repayment schedule (with or without affecting the unpaid principal balance of the loan), and/or by an extension (or shortening) of the term to maturity. Some bankruptcy courts have approved plans, based on the particular facts of the case, that effected the cure of a loan default by paying arrearages over a number of years. Also, a bankruptcy court may permit a debtor, through its reorganization plan, to reinstate a loan payment schedule even if the lender has obtained a final judgment of foreclosure prior to the filing of the debtor's petition.

If a Loan is secured by a leasehold mortgage, then in the event of the bankruptcy of the related Borrower, the related lease may be terminated, thus leaving the secured party without its security and rendering the leasehold mortgage valueless. In addition, a bankruptcy of a Borrower could result in a termination of the Borrower's franchise agreement. The bankruptcy of the lessor could also have a substantial negative effect on the related Borrower. In the event of the bankruptcy of the lessor, the bankruptcy trustee, on behalf of the lessor, could, with the bankruptcy court's approval, elect to reject its lease with the related Borrower. While the Borrower may seek to retain its rights under the lease, there is no assurance that such an effort would be successful.

The bankruptcy of the franchisor or other party upon whom a Concept is dependent could also have a substantial negative effect on the Concepts and/or on the Borrowers within a Concept. In addition, the bankruptcy of a franchisor could permit the bankruptcy trustee of the franchisor to elect to reject its franchise agreement with a Borrower. While the franchisee as a licensee may seek to retain its rights under the franchise agreement, there is no assurance that such effort would be successful, and even if successful, there is no assurance that the franchisee would be permitted to retain such rights beyond the term of the original franchise agreement. See "—Franchise Termination; Non-Renewal" and "—Franchisor and Concept" herein.

Limitations on Full Recourse Obligations; Non-Recourse to Principals. Although the terms of the Loans provide for recourse against the Borrowers, there can be no assurance that the enforcement of such recourse provisions will be practicable or that the assets of the respective Borrowers will be sufficient to permit a recovery on a Defaulted Loan in excess of the liquidation value of the related Collateral. In many instances, the Borrowers' other assets will be subject to the liens and encumbrances of third parties, and often Borrowers have no material assets other than the franchise agreement and those already pledged as Collateral to secure the Loan. The Borrowers generally are corporations, limited liability companies, limited partnerships and other limited liability entities and the principals of the Borrowers generally are not required to personally guarantee the Loans. As a result, in the event of a default by the Borrower under any particular Loan, the shareholders, members or other principals of the defaulting Borrower generally will have no personal liability to repay the Loan.

Limited Payment History. The Loans are newly or recently originated within one year of the Cut-Off Date. In many instances, there is little or no historical financial or other information regarding payment history on the Loans. In addition to the limited payment history with respect to the Loans in particular, the Originator has only been originating Loans since 1998, although key principals of the Originator have been involved in originating loans to franchisees in excess of seven years.

"Changes in Control" and Natural Person Franchisees. The franchise agreements of the Borrowers often prohibit "changes in control" whether by death, disability or otherwise. While in the event of the death or disability of a natural person franchisee or of the principals of an entity franchisee, the executors and representatives of natural person franchisees are often permitted a period of months to locate a person acceptable to the franchisor to acquire the disabled or deceased person's interest in the franchise entity or to become a successor franchisee, there is no assurance that any such person would be found, or if found, would be acceptable to the franchisor and secured party. In the event that an acceptable person is not located, the Borrower would be in default under its franchise agreement and Loan Documents, and among other things, the Borrower's right to operate the franchise unit could be terminated.
Franchise Termination; Non-Renewal. Each Borrower's franchise agreement is subject to termination in the event of default after applicable cure periods. The default provisions under the franchise agreements often are drafted broadly, and include, among other things, failure to meet operating standards, actions which may threaten the licensed intellectual property, and investments by principals in a competitive business.

In addition, certain of the Borrowers' franchise agreements have remaining terms which are less than the full term of the respective Borrower's Loans. In such cases, the respective Borrowers have the option to renew the franchise agreement or receive a "successor" franchise agreement for an additional term. Such option, however, often is contingent on the Borrower's execution of the then-current form of franchise agreement (which may include increased royalties, advertising and other costs and which may contain further restrictions on the franchisee's geographic and other rights) and satisfaction of certain conditions (including modernization of the franchise unit and related operations), the satisfaction of which may require the expenditure of substantial sums by the Borrower. There is no assurance that Borrowers with options will be able to renew their franchise agreements on profitable terms. The Originator's standard loan documentation provides that the termination of a Borrower's franchise agreement is a default under the related Loan which entitles the Originator to declare the principal amount of such Loan, together with accrued interest, immediately due and payable. See "The Loans" and "—Bankruptcy Laws" herein.

There is no assurance that the Borrowers will not default under their respective franchise agreements, or that Borrowers will be able to satisfy the requirement for renewal of the franchise agreement for an additional term. In instances where such renewal is obtained, there is no assurance that such renewal will be on terms which are not disadvantageous to a Borrower. In the event a franchise agreement terminates, the related Borrower would not be able to continue to operate the franchise unit. In some instances, the sole business and source of revenue for the Borrowers is the operation of the franchise unit and the termination of the franchise agreement would mean that such Borrowers would cease franchise business operations. Because the success of the business of the franchisee is largely dependent upon brand recognition and the strength of the franchise Concept in which it operates, Borrowers whose rights to operate within the Concepts have been terminated will likely have substantially depleted revenues and/or higher operating costs, if they are able to operate at all. Accordingly, the termination or non-renewal of the franchise agreement likely will result in a Borrower's inability to satisfy its obligations under the Loan and a substantial decrease in the value of the Collateral securing such obligations.

Limited Covenants. The Loan Documents with each Borrower generally contain only a limited number of covenants, including covenants restricting encumbering or disposing of the Collateral (other than dispositions in the ordinary course of business and encumbrances in connection with purchase money financings and certain other permitted encumbrances). The Loan Documents generally do not contain financial covenants, such as covenants requiring maintenance of minimum levels of loan-to-value ratios, net worth or liquid assets, or covenants restricting or prohibiting distributions, except during the occurrence and continuance of a default. The absence of such covenants (which are often included in traditional bank financings) may limit the secured party's ability to respond to declining Collateral values and/or recover amounts in respect of a Loan in the event of a default.

Competition. The quick service, casual dining and family dining restaurant business sector in which the Borrowers compete is highly competitive, e.g., with respect to price, service, location, food quality and presentation, service and the nature and condition of the restaurant facility, and is affected by changes in taste and eating habits of the public, local, regional and national economic conditions and population and traffic patterns. The Borrowers compete with a variety of locally-owned restaurants, as well as competitive regional and national chains and franchises and supermarkets offering take-out meals. In addition, the Borrowers may be at risk of competition from restaurants within the same Concepts. Moreover, new companies may enter the Borrowers' respective market segments. Such competition, among other things, may have lower operating costs, lower debt service requirements, better locations, better facilities, better management, more effective marketing and more efficient operations. All such competition may adversely affect a Borrower's revenues and profits, the "value" of its enterprise and its ability to satisfy its obligations in connection with its Loan. Furthermore, the Borrowers face competition for competent employees and high levels of employee turnover, which also can have an adverse effect on the operations and profitability of a Borrower and on a Borrower's ability to satisfy its obligations in connection with a Loan.

General Business Risks. The ability of a Borrower to repay its Loan is subject to general business risks associated with operating a business and particularly with operating a business in the business sectors in which these
Borrowers operate (many of which are beyond the control of any Borrower), including, without limitation; (i) changes in the law, including, without limitation, mandatory increases in the minimum wage payable to employees; (ii) disruption in supplies or increases in the cost of products; (iii) a decrease in the consumer demand for a particular product or class of products offered by a particular Concept; and (iv) adverse changes in international, national, regional or local economic conditions. Adverse changes in local economic conditions could include changes in traffic patterns and changes in real estate conditions.

**Insurance.** Each Borrower's franchise agreement and Loan Documents require it to maintain insurance at not less than specified levels. Hazard and liability insurance is required on all units and Borrowers generally are required to maintain insurance coverage that includes fire, property and casualty insurance, liability and business interruption insurance. However, certain extraordinary hazards may not be covered and insurance may not be available (or may be available only at prohibitively expensive premiums) with respect to many other risks. Moreover, there is no assurance that any loss incurred will not exceed the limits of the policies obtained, or that payment on such policies will be received on a timely basis, or that even if obtained on a timely basis that such payments will prevent losses to such Borrower or enable timely payments under the Loans.

**Zoning Compliance.** Due to changes in applicable building and zoning ordinances and codes ("Zoning Laws") affecting certain of the franchise unit locations which have come into effect after the construction of improvements on such franchise unit locations and to other reasons, certain improvements may not comply fully with current Zoning Laws, including use, parking and set back requirements, but qualify as permitted non-conforming uses. Such changes may limit the ability of the related Borrowers to make needed improvements or rebuild the premises "as is" in the event of a substantial casualty loss with respect thereto.

**Litigation.** There may be legal proceedings pending and, from time to time, threatened against the Borrowers and their respective affiliates arising out of the ordinary business of a Borrower and its affiliates. There can be no assurance that such litigation will not have a material adverse effect on the related Borrowers and their ability to satisfy their obligations under their Loans.

**Environmental.** The financed business units are often located in industrial and commercial areas with a number of potential environmental concerns. Many of the Borrowers' owned or leased properties are in close proximity to offsite sources of contamination, including leaking underground storage tanks ("LUSTs") and other sites which may be subject to investigation and/or remediation requirements under Environmental Laws. In addition, certain of the Borrowers' financed business units are located on sites with the potential for contamination from historical uses, including sites which were previously gas stations or automotive sales or service centers or had industrial uses. The Originator performed only a limited amount of environmental diligence in connection with the Loans, including generally obtaining questionnaires about environmental conditions and historical site uses from the Borrowers (or equivalent information) and, with respect to Loans secured by a security interest in a Borrower's fee or leasehold interest in real property and fee interest in a building, a commercially provided search of government environmental databases, such as VISTA Governmental Information, Inc. or similar reports, but no environmental diligence was performed with respect to properties owned or leased by a Borrower which were not pledged as security for the related Loan. With respect to properties securing a Loan, absent evidence of an existing environmental problem (e.g., requiring immediate remediation), the Originator did not perform additional diligence, except generally to make a follow-up inquiry to the appropriate regulatory agency regarding the status of any LUST sites within 0.25 miles of the property and believed to be hydraulically upgradient from the property. In many instances, however, such follow up inquiry was either not made or the response from the regulatory agency did not provide information about the status of the LUST site. Moreover, the Originator did not perform any follow-up diligence on other types of properties that had the potential to affect the Borrowers' properties.

While the Originator has made certain representations and warranties in the Contribution Agreement concerning environmental matters, such representations and warranties are made only to the actual knowledge of the Originator without inquiry, and the Originator has only a limited amount of information on the status of the Borrowers' properties subject to the Loans and no information for the Borrowers' other locations. Moreover, even where the Originator has conducted diligence, there is no assurance that the Borrowers' properties, including those subject to Loans (including Loans secured by mortgages), are free of environmental problems or that such diligence would have revealed all environmental problems. There can be no assurance that the Borrowers' properties, including those subject to Loans (including Loans secured by Mortgages) will not develop environmental problems.
Franchisor and Concept. As noted elsewhere in this Offering Circular, the success of the business of a franchise is largely dependent upon brand recognition and the strength of the franchise Concept in which it operates. The continued success of a Borrower's business may be directly dependent upon the strength of the related Concept, which in turn may be dependent upon the continued strength of the franchisor and the support which it provides to the Concept. While all of the Loans have been made to Borrowers within Concepts approved by the Originator, and the approval of a Concept is based, among other things, on the historical results of the Concept, the strength of the franchisor and the support which it provides to the Concept, there is no assurance that the prior performance of any Concept will be indicative of future results or that any franchisor will continue to have its present strength or continue to provide the support for its Concept. In this regard, prospective purchasers of the Notes should consider that the franchisor may well have a securities rating below that of the Notes, if its securities are rated at all; and there is no assurance that franchisors with rated securities that currently own one or more Concepts will continue to own any such Concepts. In addition, prospective purchasers of the Notes should consider that the name brand recognition and Concept support that provides much of the basis for the successful operation of individual franchise businesses can also mean that changes or problems with the franchisor (e.g., changes in ownership or management or management practices, acts or omissions which adversely affect the related concept or Concept) within the Concept or at other locations (e.g., food poisoning, crime, litigation and negative publicity) can have a substantial negative impact on the operations of otherwise successful individual locations. In addition, changes in the requirements of the franchisor (e.g., requiring equipment purchases or requiring renovation, refurbishment expenses or other expenditures), changes in the cost, quality and availability of products, changes in demographics and changes in consumer tastes can all negatively impact the net operating income of a Borrower within a Concept and due, among other things, to the requirement of the Concept, the Borrower may be unable to respond to such changes to be or remain profitable. Moreover, the bankruptcy, business discontinuation or change in control or financial condition of a franchisor or parties upon whom a Concept is dependent could have a substantial negative impact on the Concept and Borrowers within the Concept. For further information concerning the Concepts and the franchisors (e.g., litigation, closures), prospective purchasers of the Notes may review the Uniform Franchise Offering Circulars of the franchisors to the extent publicly available and other information publicly disclosed by the franchisors.

Site Location. Generally, one of the strengths of the franchise concept is procedures employed in site location for franchises, and an important part of the value of a franchise business is the franchisee's ability to operate the franchise business at the specified location. In this regard, many franchisee agreements are "site" or "location" specific and permit only the Borrower to operate at the specified location. However, in the event of changes adversely affecting the location (e.g., changes in traffic patterns, changes in visibility, deterioration of the surrounding neighborhood), the Borrower may not be able to relocate its operations. There is no assurance that an affected Borrower would have the financial resources required to fund such a move, or would be able to obtain the necessary approvals to relocate its operations. If a Borrower were unable to move, such changes could result in decreased revenue and substantially impair the Borrower's ability to satisfy its obligations under the Loan, as well as the value of the business and collateral securing the Loan.

Operators and Managers. Each of the financed franchise units included in the Collateral securing the Loans is managed by the related Borrower or by an affiliate thereof and management performance may have a positive or negative impact on operating results. Accordingly, concentration of management increases the risk that continued performance by a single manager will be required to maintain the Borrower's performance levels and there is no assurance that such operators and managers will continue to manage such locations. Moreover, such concentration also increases the risk that poor performance by a single manager could have a substantial and adverse effect on the related Borrower and its ability to perform its obligations under the related Loan or Loans.

Reacquisition of Ineligible Loans. As summarized in "Description of the Contribution Agreement" herein, the Originator has made certain representations and warranties with respect to the Loans. In the event of a material breach of any such representations or warranties, the Originator will be obligated to cure the breach or reacquire the Loan. However, prospective purchasers of the Notes should consider that the Originator may have limited net worth and financial resources. See "The Originator, the Contributors, the Primary Servicer and the Special Servicer" herein. In lieu of such repurchase a new Loan may be substituted for the Ineligible Loan, subject
to certain criteria described herein. However, such representation does not include any representation that directly or indirectly guarantees the performance of any Loan. Any such reacquisition of a Loan will impact the Notes in a manner similar to a prepayment of the related Loan; however, the applicable Reacquisition Price will not include any amount similar to the Loan Yield Maintenance Amount required to be paid by a Borrower in connection with a default or prepayment. Moreover, any Loan substitution may alter the characteristics of the Loans in the aggregate and may increase certain risks associated with the Loans in the aggregate. See "—The Loans—Concentration Risks" above.

Servicing. The servicing of the Loans is critical to the Issuer's ability to satisfy its obligations under the Notes. In connection with the issuance of the Notes, First Union National Bank will be engaged as Master Servicer pursuant to the Servicing Agreement and Peachtree will be engaged as Primary Servicer pursuant to the Sub-Servicing Agreement and Special Servicer pursuant to the Servicing Agreement. Pursuant to the Servicing Agreement, the Master Servicer will be responsible for the administration and servicing of the Loans other than the Specially Serviced Loans and REO Properties, and the Special Servicer will be responsible for the administration and servicing of the Specially Serviced Loans. The Master Servicer will have no responsibility for the Special Servicer's performance of its duties with respect to the servicing of the Specially Serviced Loans and REO Properties. Pursuant to the Sub-Servicing Agreement, the Master Servicer will delegate certain of its servicing duties under the Servicing Agreement to the Primary Servicer and will monitor the servicing of the Loans (other than the Specially Serviced Loans and REO Properties). Peachtree has only been in the business of servicing loans to franchisees of quick service and casual dining restaurants since 1998, although key principals have been involved in servicing such loans for more than ten years. However, Peachtree has no experience servicing loans such as the Specially Serviced Loans. For a discussion of the servicing procedures applicable to the Loans, see "The Originator, the Contributors, the Primary Servicer and the Special Servicer" and "Description of the Servicing Agreements" herein. In this regard, an important strength that Peachtree provides in servicing loans such as the Loans is Peachtree's contact with franchisors and franchisees in the Concepts. Peachtree's principals and employees have developed substantial contacts with franchisors and franchisees in the Concepts and other industry participants. However, prospective purchasers of the Notes should consider that Peachtree may have limited net worth and financial resources. See "The Originator, the Contributors, the Primary Servicer and the Special Servicer" herein. Moreover, there is no assurance that it will continue to be managed and operated by its current principals and employees.

Year 2000 Issues. There is a significant uncertainty regarding the effect of the Year 2000 problem because computer systems that do not properly recognize date sensitive information when the year changes to 2000 could generate erroneous data or altogether fail. Peachtree has assessed its internal systems, programs and data processing applications as well as those provided to Peachtree by third-party vendors with respect to Year 2000 data processing issues. Peachtree believes that the computer equipment and software used by Peachtree will function properly with respect to dates in the Year 2000 and thereafter. Peachtree has not incurred significant expense to date, and does not anticipate incurring significant future expense, to address Year 2000 issues although there can be no assurance that Peachtree will not incur significant future expenses. However, third parties that have relationships with Peachtree, including the Master Servicer, vendors and borrowers, may experience significant Year 2000 issues. These issues may have a serious adverse effect on the operations of such third parties, including a shut-down of operations for a period of time, which may, in turn, have a material adverse effect on Peachtree's business, financial condition and results of operations.

The Notes

Limited Assets of the Issuer. The Issuer will not have, nor is it permitted or expected to have, any significant assets or sources of funds other than the Pledged Assets. Holders of the Notes must rely upon payments on the Loans for repayment of their Notes.

Sale of Assets; Insolvency Considerations. An investment in the Notes involves certain significant bankruptcy risks, including those summarized in this paragraph, which should be reviewed by the prospective purchaser with its legal counsel. The Loans are being acquired by the Issuer from the Contributors with the net proceeds of the issuance of the Notes. In the event that a case were commenced by or against either of the Contributors under the Bankruptcy Code, creditors of such Contributor could claim that the contribution and transfer of the Loans to the Issuer was a financing and not a sale. In connection with the contribution and transfer, the Issuer
has received an opinion of legal counsel that the contribution and transfer of the Loans to the Issuer would be characterized as an absolute assignment and not a financing, but the opinion is subject to numerous qualifications and assumptions and there can be no assurance that a court would not characterize the contribution and transfer as a financing. Each of the Contributors will warrant in the Contribution Agreement that the contribution and transfer of all Loans pursuant thereto to the Issuer are valid transfers and assignments of such Loans from the Contributors to the Issuer. Each of the Contributors also will warrant, and legal counsel will opine, that if the contribution and transfer of the Loans by it to the Issuer are deemed to be a grant to the Issuer of a security interest in the Loans, the Issuer will have a first priority perfected security interest therein. The Contributors will file appropriate UCC financing statements to evidence such transfers and perfect the Issuer's right, title and interest to and in such Loans.

The Contributors believe that the contribution and transfer of the Loans to the Issuer pursuant to the Contribution Agreement is an absolute assignment of the Loans. However, in the event of an insolvency of either of the Contributors it is possible that a receiver, conservator or trustee in bankruptcy could, under the Bankruptcy Code, challenge the Issuer's right to the Loans. In any event, such a claim could delay the Indenture Trustee's receipt of Loan payments for application to payments on the Notes. In addition, while the Issuer has been formed as a special purpose entity, and in connection with the issuance of the Notes the Issuer will receive an opinion from legal counsel to the effect that in the event of the insolvency of a Contributor, the Issuer would not be substantively consolidated with the bankrupt Contributor, such opinion is subject to numerous qualifications and assumptions and there can be no assurance that, in the event of the bankruptcy of a Contributor, a court would not substantively consolidate the Issuer with the bankrupt Contributor. Any such consolidation could, at a minimum, result in a delay in the Indenture Trustee's receipt of Loan payments for application to payments on the Notes. See "Certain Legal Aspects of the Loans" herein.

Allocation of Net Losses to Subordinated Classes. In the event any Net Loss is incurred in respect of a Liquidated Loan, the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance will be greater than the Aggregate Outstanding Principal Amount of the Loans (such excess, if any, being referred to as "Write-down Amount"). The amount any such Write-down Amount shall be allocated first to the Issuer Balance until reduced to zero. Thereafter, Net Losses incurred with respect to any Liquidated Loans will be allocated first to reduce the Principal Balance of the Class F Notes, until the Principal Balance thereof has been reduced to zero, and thereafter to the other Classes of Notes, in reverse alphabetical order until the Principal Balance of each Class has been reduced to zero; provided, that any Write-down Amounts allocated to the Class A Notes shall be allocated among the Class A-1 Notes and the Class A-2 Notes pro rata, based upon the Aggregate Outstanding Principal Amounts of such Classes.

Tax Considerations. The anticipated tax consequences to purchasers of Notes are dependent upon (a) the Issuer being characterized as a partnership, or disregarded, for federal income tax purposes, and not characterized as a corporation, publicly traded partnership taxable as a corporation, or taxable mortgage pool and (b) the Notes being characterized as indebtedness for federal income tax purposes. Although Tax Counsel to the Issuer will render an opinion concerning such classification of the Issuer, and such Classes of Notes will be reported as debt, an opinion of counsel, and such reporting position, are not binding on the IRS. See "Certain Federal Income Tax Consequences" herein.

Illiquid Investment. There is no market for the Notes and none is expected to develop. The Notes have not been registered under the 1933 Act or any applicable securities laws of any state and, in reliance upon certain representations by prospective investors, are being sold pursuant to applicable exemptions from such registration. The Notes may not be sold, pledged, hypothecated or otherwise transferred (each, a "Transfer") without such registration or pursuant to an applicable exemption. The Issuer is not required to register the Notes under the 1933 Act and no such registration should be expected. In addition, the Transfer of Notes is subject to restrictions imposed by the Indenture which are designed, among other things, to limit Transfers to eligible transferees. The Notes will contain a legend to such effect. Moreover, Noteholders have no optional redemption right. Further, the market value of the Notes will fluctuate with, among other things, changes in prevailing interest rates and performance of the Loans. Consequently, any sale of Notes in any secondary market may have to be made at a discount from par value or from their purchase price. See "Transfer Restrictions" herein.

Difficulty in Pledging. To the extent transactions in the Notes are effected through DTC, participating organizations, indirect participants and certain banks, the ability of a Holder of a Note to pledge a Note to persons or
entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, may be limited due to lack of a physical certificate representing the Notes. See "Description of the Notes—Book Entry Registration" herein.

**Limited Nature of Ratings.** Any rating assigned to the Notes by a Rating Agency (or other rating agency or group) will reflect only such Rating Agency's assessment of the likelihood that timely payment of interest and, to the extent applicable, the ultimate payment of principal on or before the Rated Final Distribution Date, will be made with respect to the Notes. Such a rating will not constitute an assessment of the likelihood that timely payment of principal or interest will be made on the Loans, nor that any Loan Yield Maintenance Amount will be paid or received. Ratings do not represent an assessment of the yield to maturity that investors may experience. Ratings do not address tax attributes of securities.

The rating of the Class A-X Notes by any Rating Agency does not address the possibility that Holders of Class A-X Notes might suffer a lower than anticipated yield due to prepayments or repurchases of, or defaults on, the Loans or that as a consequence of a rapid rate of prepayments of, or defaults on, the Loans or reacquisitions of Loans on account of breaches of representations or warranties, Holders of the Class A-X Notes may not fully recover their initial investments.

The ratings are not a recommendation to buy, sell or hold any securities, and may be subject to revision or withdrawal at any time by the assigning Rating Agency (or other rating agency or group). Rating Agencies do not evaluate and ratings do not address market price of securities or suitability for a particular investor. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be qualified, lowered or withdrawn entirely by a Rating Agency if in its judgment circumstances in the future so warrant. In the event that any rating initially assigned to any Notes was subsequently qualified, lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Notes. Any qualification, reduction or withdrawal of a rating or any unanticipated adverse rating will have an adverse effect on the liquidity and market price of the Notes. Each security rating should be evaluated independently of similar ratings on different types of securities. In addition, there can be no assurance that any rating agencies other than the Rating Agencies will rate any of the Notes on an unsolicited basis, or that if one does, what rating such agency would assign.

**Availability of Information.** None of the Issuer, the Originator, or the Contributors is currently subject to the reporting requirements of the Securities Act of 1934, as amended. Accordingly, information relating to the Issuer, the Originator, the Contributors, the Loans and the Notes will not be publicly available to Noteholders. The Indenture Trustee has undertaken to deliver specified information to the Noteholders and to make available to prospective transferors and transferees of the Notes requested information required to satisfy the requirements of paragraph (d)(4) of Rule 144A under the 1933 Act. See "Additional Information" herein.

**Prepayment Risk.** The actual maturity of and yield on the Notes will depend in part on the timing of the receipt of principal on the Loans (whether regularly scheduled or by prepayment, reacquisition, acceleration or otherwise), which will result in principal payments on the Notes. All of the Loans have prepayment protection; a majority of the Loans may be prepaid in full, but not in part, at any time, but subject to the payment of any applicable Loan Yield Maintenance Amounts; the remainder of the Loans have a combination of a period when the Borrower cannot prepay the Loan (such period, a "Lockout Period"), and, generally, the payment of an applicable Loan Yield Maintenance Amount for any prepayment following the Lockout Period. The rate of prepayments on franchisee loans, such as the Loans, may be sensitive to prevailing interest rates. Generally, if prevailing interest rates on similar loans fall significantly below the interest rates on the related Loans, such Loans may be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on such Loans. Conversely, if prevailing interest rates rise significantly above the interest rates on the Loans, the rate of prepayments may decrease. Although the requirement to pay Loan Yield Maintenance Amounts is intended to discourage Borrowers from prepaying their Loans, no assurances are given that it will do so. The payment of the Loan Yield Maintenance Amounts is designed to protect the holders of the Loans from any diminished return on investment which such holders may incur due to prepayments of the Loans, but may not fully do so. In addition, there can be no assurance that any Loan Yield Maintenance Amount will be payable or received. No Loan Yield Maintenance Amounts are payable upon a reacquisition of any Loan by the Originator due to a breach of any representation or warranty in the Contribution Agreement, as described herein under "Description of the Contribution Agreement," or in connection...
with an optional redemption of the Notes as described herein under “Description of the Notes—Optional Redemption.” On each Payment Date, any Loan Yield Maintenance Amount collected on a Loan during the Prepayment Period will be distributed on the Classes of Notes to the extent described herein. The Class A-X Notes, as interest-only securities, will be extremely sensitive to the rate and timing of principal payments on the Loans, which may vary over time. A rapid rate of such principal payments on the Loans could result in the failure of investors in the Class A-X Notes to fully recover their initial investments. See "—Nature of Class A-X Notes" below.

**Nature of Class A-X Notes.** As the owners of an interest-only security, Holders of the Class A-X Notes will be entitled to receive monthly distributions of only interest from collections in respect of the Loans, which are in turn included in payments on the Class A Notes as described herein. The Holders of the Class A-X Notes will not be entitled to receive any distributions of principal. Because the Class A-X Notes will not receive any distributions of principal, Holders of the Class A-X Notes will be affected by prepayment of the Loans to a greater degree than will the Holders of the other Classes of Notes. It is expected that the payment of the Loan Yield Maintenance Amount will limit the adverse effect of prepayments on the Class A-X Notes but there can be no assurance as to the extent that it will do so. There is no assurance that any Loan Yield Maintenance Amounts will actually be collected notwithstanding the fact that such amounts are due under the terms of the related Loan Documents. See "Description of the Notes—Loan Yield Maintenance Amounts” herein. As an extreme illustration, which assumes the absence of the Loan Yield Maintenance Amount, in the event that all of the Loans prepay in full during the first month, then on the initial Payment Date the Holders of Notes, other than the Class A-X Notes, will receive the full par value of their Notes while the Holders of the Class A-X Notes will suffer nearly a complete loss (except for one month’s interest on their investment).

Because the yield of the Class A-X Notes is very sensitive to rates of prepayment, it is advisable for potential investors in the Class A-X Notes to consider carefully, and to make their own evaluation of, the effect of any particular assumption regarding the rates and the timing of prepayments. In general, when interest rates decline, prepayments in a pool of fixed-rate loans such as the Loans will increase as Borrowers seek to refinance at lower rates. This will have the effect of reducing the future stream of payments available to an owner of an interest-only security based on such loan pool, thus adversely affecting such investor’s yield. Conversely, when interest rates increase, prepayments will tend to decrease (because more attractive refinancing opportunities are not available) and the future stream of payments available to such an owner of an interest-only security may not decline as rapidly as originally anticipated, thus positively affecting such investor’s yield.

**THE ORIGINATOR, THE CONTRIBUTORS, THE PRIMARY SERVICER AND THE SPECIAL SERVICER**

Peachtree is a Georgia limited liability company organized in January, 1998. Peachtree is managed by its five managing members, Thomas J. Shaughnessy, Thomas M. Pearce, Jr., Kent M. Davis, Clinton V. Barrow, and Courtney Stephens. The majority of the remaining ownership interests are held by other key senior employees, AJG Financial Services, Inc., Greystone Capital Partners I, L.P. and First Union Investors, Inc. First Union Investors, Inc. is a subsidiary of First Union Corporation and an Affiliate of both First Union Capital Markets Corp. and the Master Servicer. Peachtree's principal executive office is located at 2859 Paces Ferry Road, Suite 1760, Atlanta, Georgia 30339.

Peachtree began originating and servicing loans in April, 1998. Peachtree's key senior employees have been engaged in the business of originating and securitizing long-term fixed rate loans to franchisees of major franchise concepts since 1992. Peachtree and its Affiliates originate loans to franchisees of approved franchisors of quick-service restaurants, family dining franchises and casual dining franchises on a nationwide basis. As of March 31, 1999, Peachtree and its Affiliates had originated franchisee loans having an aggregate initial principal amount of approximately $175 million. As of March 31, 1999 (unaudited), Peachtree had total assets of $176 million and stockholders’ equity of $7.5 million and a net loss of $860,000.

Peachtree and its affiliates have originated all of the Loans. Peachtree and its Affiliate, Peachtree Financing Corp., a Delaware corporation, will contribute the Loans and other assets to the Issuer pursuant to the Contribution Agreement.
Peachtree will also act as the Primary Servicer pursuant to the terms of the Sub-Servicing Agreement and Special Servicer pursuant to the terms of the Servicing Agreement. Pursuant to the Sub-Servicing Agreement, the Master Servicer will delegate certain of its servicing duties under the Servicing Agreement to the Primary Servicer. Pursuant to the Servicing Agreement, the Special Servicer shall be responsible for the administration and servicing of the Specially Serviced Loans and REO Properties. As compensation for the performance of its obligations, the Primary Servicer will be entitled to receive a servicing fee from the Master Servicer in accordance with the terms of the Sub-Servicing Agreement and the Special Servicer will be entitled to a portion of the Servicing Fee which relates to the Specially Serviced Loans and REO Properties. See "Description of the Servicing Agreements" herein for a description of the responsibilities of the Master Servicer, the Primary Servicer and the Special Servicer with respect to the servicing of the Loans.

THE MASTER SERVICER

First Union National Bank, a national banking association (the "Master Servicer"), will act as Master Servicer. Pursuant to the Sub-Servicing Agreement, the Master Servicer will delegate certain of its servicing duties under the Servicing Agreement to the Primary Servicer and will monitor the servicing of the Loans (other than the Specially Serviced Loans and REO Properties) by the Primary Servicer, but such delegation shall not relieve it of any liability arising out of such servicing duties. The Master Servicer shall have no responsibilities with respect to the Special Servicer's servicing of the Specially Serviced Loans and REO Properties. The offices of the Master Servicer are located at NC 1075, 8739 Research Drive-URP4, Charlotte, North Carolina 28288-1075.

As of December 31, 1998, the Master Servicer and its affiliates were responsible for servicing approximately 4,164 commercial and multifamily loans, totaling approximately $20.6 billion in aggregate outstanding principal amount, including loans securitized in mortgage-backed securitization transactions, and including approximately 43 franchise loans totaling approximately $27.8 million in aggregate outstanding principal amount.

Except with respect to the information in the two immediately preceding paragraphs, the Master Servicer will have no responsibility for, and will make no representations as to, the validity or sufficiency of the Contribution Agreement, the Servicing Agreement, the Indenture, the Notes, the Loans (including, without limitation, the origination or collectability thereof or operation of the related Concepts), this Offering Circular or related documents.

USE OF PROCEEDS

The net proceeds to be received from the sale of the Notes will be used by the Issuer to acquire the Loans from the Contributors. The Contributors will use the net proceeds received in respect of the contribution and transfer of the Loans to acquire the Loans from an Affiliate that is party to a warehouse financing facility relating to the Loans to which Variable Funding Capital Corporation and certain other lenders and investors, First Union Capital Markets Corp., as deal agent, and First Union National Bank, as liquidity agent, are parties (the "Financing Facility") and for general corporate purposes. Such affiliate of the Contributors will use the proceeds to pay the related outstanding amount under the Financing Facility. Variable Funding Capital Corporation is a special purpose corporation administered by First Union Capital Markets Corp. First Union National Bank is an Affiliate of First Union Capital Markets Corp. and is the Master Servicer.

THE PEACHTREE FRANCHISE LOAN PROGRAM

Underwriting Procedures for Originations

Under the Originator's Underwriting Guidelines, each loan is originated after a review of the applicant's ability to repay the loan, the adequacy of the cash flow of both the business unit and the borrower, and the real and tangible personal property that serves as collateral for such loan. The Originator's loan originations typically range in size from $500,000 to $2,500,000. While all of the borrowers are multiple business unit operators, the loans are documented on an individual business unit basis.
Applicants are identified through direct solicitation, targeted mailings, phone solicitations, maintaining a presence at conventions, existing customer contacts and trade and industry print advertising. Prospective borrowers are contacted by a marketing officer of the Originator and complete an application for a loan. In addition to an application, the Originator requires and reviews substantial documentation depending on the nature of the borrower and the collateral securing the loan.

The collateral securing the loans permits the loans to be placed in one of three classifications: fee title to land and building, title to equipment ("fee simple loans"); ground lease on land, fee interest in building, title to equipment ("ground lease loans"); or leases on premises, title to equipment ("enterprise loans"); provided, that certain of the enterprise loans may not include a leasehold mortgage on the premises, but are either (x) subject to other agreements with franchisor lessors, giving each party certain rights in respect of such leases, or (y) are cross-collateralized with loans that are subject to mortgages or leasehold mortgages and/or have the benefit of personal guarantees. Generally for ground lease loans and enterprise loans, the Originator reviews copies of all executed lease agreements and requires the landlord to sign a lease estoppel which confirms that the lessee is complying with the lease provisions and requires the borrower to grant a leasehold mortgage or obtain a consent from the landlord to the collateral assignment of the borrower's lease by the borrower. Title insurance is required on all fee simple and ground lease loans. See "Risk Factors—The Loans—Personal Property and Real Estate Collateral" herein.

For the loans, the Originator generally requires the borrower to complete an environmental questionnaire and, for the fee simple and ground lease loans, the Originator generally obtains a report from a third party service which identifies certain environmental risks in the vicinity. Additionally, UCC searches are conducted for all borrowers before and after origination of a loan. The Originator generally prefers that borrowers pay off all existing loans and equipment leases related to the business unit financed from the loan proceeds. In limited situations where encumbrances survive the funding of the loan, such encumbrances are limited to specific liens pursuant to UCC-1 financing statements which are reviewed by the Originator.

Although the franchise agreement is not assigned to secure the loan, the continued ability of the borrower to operate the franchise is essential to assure such borrower's ability to repay the related loan. The Originator reviews a copy of the executed franchise agreement to verify (i) that the borrower is the franchisee or has been granted an assignment of franchisee rights from the franchisor, (ii) that the duration of the franchise term is as reported by the borrower, and (iii) that the renewal section of the agreement provides for renewals of the franchise term, particularly when the franchise term does not exceed the loan term. In the event a loan term exceeds the term of a borrower's franchise agreement, the loan documentation provides that it is an event of default if the franchise agreement is not renewed. If a franchise agreement is not renewed, the Originator may permit a borrower to provide substitute collateral instead of declaring a default on the related loan. Such collateral must satisfy the Originator's Underwriting Guidelines. Additionally, confirmation of the borrower's standing is required from the franchisor. Units must meet minimum seasoning requirements which are typically 12 months of operation.

The Originator reviews all organizational documents of borrowers, which are business entities, and reviews the personal net worth of borrowers who are individuals. Business credit reports are obtained from Dun & Bradstreet or a similar service for all borrowers. Personal credit reports are obtained for majority owners of all borrowers. In certain cases, personal guarantees will be required from the principals of the borrower. All former bankruptcies must be discharged and the time since discharge generally must be five years.

Three years of historical operating statements, if available, are required of all borrowers. The revenue and expense numbers are analyzed to determine the ability of the business unit to support the repayment of a prospective loan. Two measures are calculated for this purpose: FCCR (both Unit FCCR and Borrower FCCR) and LTV as more fully described below.

"Unit FCCR" generally is the ratio of pre-occupancy cash flow (i.e. cash flow plus rent and lease payments) to fixed charges. For this purpose, pre-occupancy cash flow generally is equal to the pre-tax net income for the most recently available 12 months (or in some cases annualized on a pro forma basis) adjusted for non-cash and extraordinary items and further adjusted to reflect (i) depreciation, (ii) amortization, (iii) normal management fees and overhead, (iv) owner compensation, (v) interest and (vi) rent payments. Fixed charges generally are equal to the sum of all principal and interest payments and all payments in conjunction with property or equipment leases. The Originator's Unit FCCR calculations generally increase pro forma borrower expenses by approximately $20,000.
per business unit as an overhead expense, which has the effect of showing a reduced Unit FCCR. "**Borrower FCCR**" generally is the FCCR calculated by taking into account all of a Borrower's franchise units, without regard to whether such units secure the Loan made to such a Borrower. FCCR must exceed required levels on both a unit and borrower basis at origination. See "Risk Factors—The Loans" herein.

Subject to the FCCR test, borrowers are able to borrow up to a specified percentage of the Business Value of the business unit. In the case of fee simple loans and ground lease loans, generally, the maximum LTV is 70% and, in the case of enterprise loans, generally, the maximum LTV is 65%. Exceptions to these maximum LTVs may be made in certain circumstances. The "**Business Value**" of a business unit for a loan is derived by Deloitte & Touche LLP from a formula based upon the franchise unit and the revenues (sales) and cash flow generated by the franchise unit which in turn is dependent upon and derived from a borrower's franchise agreement with (or license from) the franchisor and, if the borrower's loan is secured by a fee interest in the real estate where a franchise unit is operated, the value of the such real estate is also included.

**The Concepts**

Set forth below is a list of the franchise Concepts represented in the Loans included in the Collateral. For further information concerning the Concepts and the franchisors (e.g., litigation, closures), prospective purchasers of the Notes may review the Uniform Franchise Offering Circulars of the franchisors to the extent publicly available and other information publicly disclosed by the franchisors.

**Applebee's.** Applebee's International, Inc. is the franchisor of Applebee's Neighborhood Grill and Bar ("**Applebee's**") concept of casual dining restaurants. As of December 31, 1998, Applebee's International, Inc. had approximately 817 franchise units and 247 corporate-managed units in the United States. Loans to franchisees of the Applebee's concept represent approximately 26.60% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Burger King.** Burger King Corporation is the franchisor of the "**Burger King**" concept of quick-service hamburger restaurants. Burger King Corporation is owned by Diageo PLC. As of December 31, 1998, Burger King Corporation had approximately 9,402 franchise units and 786 corporate-managed units worldwide. Loans to franchisees of the Burger King concept represent approximately 22.06% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Wendy's.** Wendy's International, Inc. is the franchisor of the Wendy's Old Fashioned Hamburger Stores ("**Wendy's**") concept of quick-service hamburger restaurants. As of December 31, 1998, Wendy's International Inc. had approximately 3,748 franchise units and 928 corporate-managed units in the United States. Loans to franchisees of the Wendy's concept represent approximately 21.21% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Arby's.** Arby's Inc. is the franchisor of the "**Arby's**" concept of quick-service roast beef restaurants. Arby's Inc. is an indirect wholly-owned subsidiary of Triarc Companies, Inc. As of December 31, 1998, Arby's Inc. had approximately 2,965 franchise units in the United States and 170 international units. Loans to franchisees of the Arby's concept represent approximately 7.23% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Golden Corral.** Golden Corral Franchising Systems, Inc. is the franchisor of the "**Golden Corral**" concept of family grill-buffet value oriented restaurants. Golden Corral Franchising Systems, Inc. is a wholly-owned subsidiary of Golden Corral Corporation, and an indirect wholly-owned subsidiary of Investors Management Corporation. As of December 30, 1998, Golden Corral Franchising Systems, Inc. had approximately 297 franchise units and 142 corporate-managed units in the United States. Loans to franchisees of the Golden Corral concept represent approximately 6.80% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Hardee's.** Hardee's Food Systems, Inc. is the franchisor of the "**Hardee's**" concept of quick-service hamburger restaurants. Hardee's Food Systems, Inc. is a subsidiary of CKE Restaurants, Inc. As of January 27, 1999, Hardee's Food Systems, Inc. had approximately 1,388 franchise units and 1,408 corporate-managed units in
the United States. Loans to franchisees of the Hardee's concept represent approximately 3.92% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**KFC.** KFC Corporation is the franchisor of the "KFC" concept of quick-service chicken restaurants. KFC Corporation is owned by Tricon Global Restaurants, Inc. As of December 26, 1998, KFC Corporation had approximately 3,499 franchise units and 1,633 corporate-managed units in the United States. Loans to franchisees of the KFC concept represent approximately 3.79% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Tony Roma's.** Roma Franchise Corporation is the franchisor of both the Tony Roma's a Place for Ribs and Tony Roma's Famous for Ribs (together, "Tony Roma's") concept of casual dining restaurants. Roma Franchise Corporation is owned by Romacorp, Inc. As of December 27, 1998, Romacorp, Inc. had approximately 163 franchise units and 52 corporate-managed units in the United States. Loans to franchisees of the Tony Roma's concept represent approximately 3.58% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Papa John's.** Papa John's International, Inc. is the franchisor of the "Papa John's" concept of pizza restaurants. As of December 31, 1998, Papa John's International, Inc. had approximately 1,231 franchise units and 418 corporate-managed units in the United States and the District of Columbia. Loans to franchisees of the Papa John's concept represent approximately 1.69% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**Taco Bell.** Taco Bell Corp. is the franchisor of the "Taco Bell" concept of quick-service Mexican food restaurants. Taco Bell Corporation is owned by Tricon Global Restaurants, Inc. As of December 26, 1998, Taco Bell Corp. had approximately 5,266 franchise units and 1,614 corporate-managed units in the United States. Loans to franchisees of the Taco Bell concept represent approximately 1.33% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**McDonald's.** McDonald's Corporation is the franchisor of the "McDonald's" concept of quick-service hamburger restaurants. As of December 31, 1998, McDonald's Corporation had approximately 15,281 franchise units, 5,512 company-owned units and 4,007 affiliate-operated units worldwide. Loans to franchisees of the McDonald's concept represent approximately 1.31% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**TGI Friday's.** Carlson Restaurants Worldwide is the franchisor of the "TGI Friday's" concept of casual dining restaurants. As of December 31, 1998, Carlson Restaurants Worldwide had approximately 212 franchise units and 167 corporate-managed units in the United States. Loans to franchisees of the TGI Friday's concept represent approximately 0.49% of the Aggregate Outstanding Principal Amount of the Loans included in the Pledged Assets as of the Cut-Off Date.

**THE LOANS**

**General**

The Pledged Assets will be comprised of a pool of fully amortizing fixed-rate loans (the "Loans") and other assets contributed and transferred by the Contributors to the Issuer. All of the Loans to be acquired by the Issuer from the Contributors and included in the Pledged Assets are loans to borrowers ("Borrowers") that are franchisees of the Concepts.

In connection with each Loan, the related Borrower executed a note and granted a security interest in its equipment and other related personal property (other than the franchise agreement) pursuant to a security agreement. The Loan may also be secured by a mortgage on the Borrower's fee or leasehold interest in the real property where the franchise unit is operated. Each of the Loans was originated by the Originator or its affiliate substantially in accordance with its Underwriting Guidelines and substantially in conformity with procedures described herein under "The Peachtree Franchise Loan Program – Underwriting Procedures for Originations". The Peachtree Underwriting Guidelines, among other things, permit Borrowers to borrow up to a specified percentage of the Business Value of
the franchise unit being pledged as collateral. Business Value is comprised of estimated enterprise value of the franchise unit based primarily upon the franchise unit's cash flow and, where the loan is also secured by a fee mortgage or deed of trust, the value of the real property where a franchise unit is located. See "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" herein.

In the event the Borrower defaults on a Loan or voluntarily prepaids a Loan, the Loan Yield Maintenance Amount will be payable by the Borrower. The payment of Loan Yield Maintenance Amounts reduces lender exposure to refinancing and the changing interest rate environment. The Loan Yield Maintenance Amount with respect to a Loan will, in accordance with the related Loan Agreement, be an amount calculated using one of the following methods:

1. the greater of:
   
   a. one percent (1%) of the outstanding principal balance of such Loan on the prepayment date; or
   
   b. the Yield Maintenance Amount for such Loan;

2. on or prior to the tenth anniversary of the Origination Date of such Loan, the Yield Maintenance Amount, and thereafter, one percent (1%) of the outstanding principal balance of such Loan on the prepayment date;

3. on or prior to the seventh anniversary of the Origination Date of such Loan, the Loan may not be prepaid in whole or in part; thereafter, a percentage, as set forth below, applied to the outstanding principal balance of such Loan on the prepayment date, based upon the number of years which have elapsed between the Origination Date of such Loan and the prepayment date:

<table>
<thead>
<tr>
<th>Number of Years Elapsed</th>
<th>Percentage</th>
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<tr>
<td>7.01 - 8.00</td>
<td>3.0%</td>
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<tr>
<td>8.01 - 9.00</td>
<td>2.0%</td>
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<tr>
<td>9.01 - or greater</td>
<td>1.0%</td>
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4. on or prior to the tenth anniversary of the Origination Date of such Loan, the Loan may not be prepaid in whole or in part; thereafter, one percent (1%) of the outstanding principal balance of such Loan on the prepayment date.

Based upon the Aggregate Outstanding Principal Amounts of the related Loans as of the Cut-Off Date, 85.18%, 10.93%, 1.21% and 2.69% of the Loan Yield Maintenance Amounts are calculated using methods (1), (2), (3) and (4), respectively. Due to rounding, the sum of these percentages may not equal 100%.

As used herein, "Yield Maintenance Amount" means the present value, as of the prepayment date, of the aggregate of all Calculated Payments from the prepayment date through the maturity date of the Loan, determined by discounting such aggregate Calculated Payments at the Discount Rate. "Calculated Payments" are the monthly payments of interest only which would be due based on the outstanding principal balance of the Loan on the prepayment date and assuming an interest rate equal to the difference (if such difference is greater than zero) between the Loan Rate and the Treasury Constant Maturity Yield Index. The "Discount Rate" is the rate which, when compounded monthly, is equivalent to the Treasury Constant Maturity Yield Index when compounded semi-annually. The "Treasury Constant Maturity Yield Index" is the average yield for "This Week" as reported by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) published during the first full week preceding the prepayment date of the Loan for instruments having a maturity coterminous with the maturity date of the Loan.

The Loan Yield Maintenance Amounts will be payable to Holders of the Notes as described herein under "Description of the Notes—Loan Yield Maintenance Amounts," but may not be payable or received in an amount sufficient to compensate the Holders of such Notes for any diminished yield on their Notes which such Holders may
incur due to prepayments of the Loans. In addition, there can be no assurance that any Loan Yield Maintenance Amounts, to the extent payable, will be received. See "Risk Factors—The Notes—Prepayment Risk" herein.

### Prepayment Protection Analysis

#### Percentage of Mortgage Pool By Prepayment Restriction Category

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<tr>
<td>Lockout/Defeasance</td>
<td></td>
<td>3.89%</td>
<td>3.88%</td>
<td>3.87%</td>
<td>3.86%</td>
<td>3.84%</td>
<td>3.82%</td>
<td>3.79%</td>
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<td>2%</td>
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<td>0.00%</td>
<td>0.00%</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.11%</td>
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<td>1%</td>
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<td>Open</td>
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<td>Total</td>
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#### Aggregate Principal Amount of Loans (in millions)\(^{(1)}\)

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<tbody>
<tr>
<td>Lockout/Defeasance</td>
<td>154.799</td>
<td>150.157</td>
<td>144.661</td>
<td>138.674</td>
<td>132.152</td>
<td>125.065</td>
<td>117.463</td>
<td>109.181</td>
<td>100.326</td>
</tr>
<tr>
<td>Yield Maintenance</td>
<td>82.51%</td>
<td>81.71%</td>
<td>80.62%</td>
<td>78.97%</td>
<td>75.85%</td>
<td>70.85%</td>
<td>70.68%</td>
<td>70.53%</td>
<td>70.82%</td>
</tr>
<tr>
<td>Penalty Points</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>2%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>1%</td>
<td>17.49%</td>
<td>18.29%</td>
<td>19.38%</td>
<td>21.03%</td>
<td>24.15%</td>
<td>29.15%</td>
<td>29.32%</td>
<td>29.47%</td>
<td>29.18%</td>
</tr>
<tr>
<td>Open</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Based on prepayment assumption of 0% CPR with no acceleration.

---

32
Each Borrower covenants under the Loan Documents, among other covenants, to continue to be a franchisee in good standing with the franchisor pursuant to the Franchise Agreement and to keep, use, operate and maintain the Borrower's business and related property in accordance with applicable laws, rules and regulations and the franchise agreement.

Events of default under the Loan Documents relating to each Loan include (i) failure of the Borrower to make any payment under the Loan Documents when due, (ii) failure by the Borrower to perform or observe any covenant or condition in the Loan Documents or the related Franchise Agreement, (iii) the termination of the Franchise Agreement and (iv) the occurrence of a material adverse change in the financial condition or prospects of the Borrower. Upon the occurrence of an event of default in respect of a Loan under the related Loan Documents, the Master Servicer will pursue remedies in accordance with the Servicing Agreement. See "Description of the Servicing Agreements" herein.

The Loans are generally assumable on a one-time basis by qualified borrowers, subject to approval by the Master Servicer, with respect to Loans other than the Specially Serviced Loans, or the Special Servicer, with respect to Specially Serviced Loans, and payment of an assumption fee and related costs.

**Loan Characteristics**

The information set forth below with respect to the Loans is based on the Loans that were outstanding on April 1, 1999 after giving effect to scheduled Principal Payments to be made on such date.

Each Loan was originated between July 1, 1998 and February 1, 1999 in the ordinary course of the Originator's franchise loan program. As of the Cut-Off Date: the Loan Rates of the Loans ranged from 7.81% to 9.25%, and the weighted average Loan Rate of the Loans was 8.55%; the principal balances of the Loans ranged from $48,145 to $3,401,911, and the average principal balance of the Loans was $961,482; the original terms to maturity of the Loans ranged from 60 months to 240 months, and the weighted average original term to maturity of the Loans was 197 months; the remaining terms to maturity of the Loans ranged from 57 months to 237 months, and the weighted average remaining term to maturity of the Loans was 193 months; the LTV Ratios of the Loans ranged from 10.68% to 69.91%, and the weighted average LTV Ratio of the Loans was 63.18%; the Unit FCCR ratios for the Loans ranged from 1.05x to 3.66x, and the weighted average Unit FCCR for the Loans was 1.72x; the Borrower FCCR ratios for the Loans ranged from 1.25x to 2.07x, and the weighted average Borrower FCCR for the Loans was 1.41x; the number of years in which individual franchise units have been in operation ranged from 0.75 years to 34.25 years, and the weighted average number of years in which the individual franchise units have been in operation was 9.17 years; and the number of years in which Borrowers have operated franchise units ranged from 3 years to 36 years, and the weighted average number of years in which the Borrowers have operated franchise units is 18 years. No Loan will mature later than January 1, 2019. Unless otherwise stated, the weighted average information presented herein was determined based on the principal balance for each Loan outstanding on the Cut-Off Date.

Set forth below is certain information regarding the Loans as of the Cut-Off Date (except as otherwise indicated). Due to rounding the sum of the percentages and the balances in the following tables may not equal the total. The information set forth in the tables below is presented based upon the following assumptions:

(i) The Loan information is presented on a franchise unit basis;

(ii) The LTV Ratio is based upon the ratio of the Aggregate Outstanding Principal Amount of the respective Loans as of the Cut-Off Date and the sum of the Business Value and the value of any real estate pledged to secure such Loan based upon the valuation obtained at origination. See "Risk Factors—The Loans—Business Valuation" and "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" herein;

(iii) The Unit FCCR for each Loan is based upon the calculation made for the Loans at origination: the calculations are based on formulas which quantify the cash flow of the related franchise unit. See "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" herein; and
(iv) The Borrower FCCR is based upon the calculation made for the Loans at origination; the calculations are based on formulas which quantify the cash flow of all of the related Borrower’s franchise units. See "The Peachtree Franchise Loan Program—Underwriting Procedures for Originators" herein.
<table>
<thead>
<tr>
<th>State</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>12</td>
<td>$19,822,206</td>
<td>12.81%</td>
<td>66.46%</td>
<td>1.72x</td>
</tr>
<tr>
<td>Virginia</td>
<td>8</td>
<td>15,569,318</td>
<td>10.06</td>
<td>64.82</td>
<td>2.08</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>14</td>
<td>14,760,371</td>
<td>9.54</td>
<td>63.00</td>
<td>1.65</td>
</tr>
<tr>
<td>Tennessee</td>
<td>8</td>
<td>11,639,922</td>
<td>7.52</td>
<td>64.64</td>
<td>1.56</td>
</tr>
<tr>
<td>North Carolina</td>
<td>13</td>
<td>10,846,294</td>
<td>7.01</td>
<td>60.89</td>
<td>1.72</td>
</tr>
<tr>
<td>Utah</td>
<td>11</td>
<td>10,524,235</td>
<td>6.80</td>
<td>63.77</td>
<td>1.60</td>
</tr>
<tr>
<td>Washington</td>
<td>14</td>
<td>9,968,800</td>
<td>6.44</td>
<td>63.72</td>
<td>1.44</td>
</tr>
<tr>
<td>Florida</td>
<td>14</td>
<td>8,881,663</td>
<td>5.74</td>
<td>56.60</td>
<td>1.42</td>
</tr>
<tr>
<td>Ohio</td>
<td>9</td>
<td>8,060,657</td>
<td>5.21</td>
<td>65.77</td>
<td>1.63</td>
</tr>
<tr>
<td>California</td>
<td>9</td>
<td>7,100,036</td>
<td>4.59</td>
<td>64.19</td>
<td>2.25</td>
</tr>
<tr>
<td>North Dakota</td>
<td>7</td>
<td>6,743,350</td>
<td>4.36</td>
<td>52.29</td>
<td>1.78</td>
</tr>
<tr>
<td>Kansas</td>
<td>8</td>
<td>6,256,345</td>
<td>4.04</td>
<td>68.03</td>
<td>1.40</td>
</tr>
<tr>
<td>Alabama</td>
<td>9</td>
<td>5,528,529</td>
<td>3.57</td>
<td>64.66</td>
<td>1.54</td>
</tr>
<tr>
<td>Arizona</td>
<td>3</td>
<td>4,682,043</td>
<td>3.02</td>
<td>64.23</td>
<td>1.84</td>
</tr>
<tr>
<td>West Virginia</td>
<td>5</td>
<td>4,647,112</td>
<td>3.00</td>
<td>65.64</td>
<td>2.00</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>4</td>
<td>3,747,828</td>
<td>2.42</td>
<td>55.88</td>
<td>1.50</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1</td>
<td>3,401,911</td>
<td>2.20</td>
<td>69.43</td>
<td>2.06</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>8</td>
<td>1,642,570</td>
<td>1.06</td>
<td>51.69</td>
<td>1.54</td>
</tr>
<tr>
<td>Indiana</td>
<td>4</td>
<td>975,459</td>
<td>0.63</td>
<td>45.17</td>
<td>2.47</td>
</tr>
<tr>
<td>TOTAL</td>
<td>161</td>
<td>$154,798,649</td>
<td>100.00%</td>
<td>63.18%</td>
<td>1.72x</td>
</tr>
</tbody>
</table>

(1) Although included in references herein to lists of jurisdictions described as states of the United States, Puerto Rico is a commonwealth of the United States, not a state. For a description of certain matters relating to Loans originated in Puerto Rico, see "Certain Legal Aspects of the Loans—Loans in Puerto Rico" herein.
### Composition of the Loans by Concept

<table>
<thead>
<tr>
<th>Concept</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applebee's</td>
<td>27</td>
<td>$41,172,359</td>
<td>26.60%</td>
<td>63.39%</td>
<td>1.71x</td>
</tr>
<tr>
<td>Burger King</td>
<td>43</td>
<td>34,141,788</td>
<td>22.06%</td>
<td>64.43%</td>
<td>1.50</td>
</tr>
<tr>
<td>Wendy's</td>
<td>37</td>
<td>32,827,347</td>
<td>21.21%</td>
<td>64.59%</td>
<td>1.58</td>
</tr>
<tr>
<td>Arby's</td>
<td>8</td>
<td>11,188,351</td>
<td>7.23%</td>
<td>61.25%</td>
<td>2.23</td>
</tr>
<tr>
<td>Golden Corral</td>
<td>4</td>
<td>10,531,609</td>
<td>6.80%</td>
<td>63.85%</td>
<td>1.79</td>
</tr>
<tr>
<td>Hardee's</td>
<td>9</td>
<td>6,065,024</td>
<td>3.92%</td>
<td>64.55%</td>
<td>1.91</td>
</tr>
<tr>
<td>KFC</td>
<td>8</td>
<td>5,860,159</td>
<td>3.79%</td>
<td>64.25%</td>
<td>2.48</td>
</tr>
<tr>
<td>Tony Roma's</td>
<td>5</td>
<td>5,547,032</td>
<td>3.58%</td>
<td>60.63%</td>
<td>1.76</td>
</tr>
<tr>
<td>Papa John's</td>
<td>12</td>
<td>2,618,029</td>
<td>1.69%</td>
<td>49.26%</td>
<td>1.89</td>
</tr>
<tr>
<td>Taco Bell</td>
<td>3</td>
<td>2,062,597</td>
<td>1.33%</td>
<td>60.28%</td>
<td>1.70</td>
</tr>
<tr>
<td>McDonald's</td>
<td>4</td>
<td>2,027,341</td>
<td>1.31%</td>
<td>45.04%</td>
<td>1.47</td>
</tr>
<tr>
<td>TGI Friday's</td>
<td>1</td>
<td>757,012</td>
<td>0.49%</td>
<td>57.79%</td>
<td>1.33</td>
</tr>
<tr>
<td>TOTAL</td>
<td>161</td>
<td>$154,798,649</td>
<td>100.00%</td>
<td>63.18%</td>
<td>1.72x</td>
</tr>
</tbody>
</table>

### Composition of the Loans by Collateral Type

<table>
<thead>
<tr>
<th>Collateral Type</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Simple Loans</td>
<td>57</td>
<td>$83,772,232</td>
<td>54.12%</td>
<td>65.69%</td>
<td>1.80x</td>
</tr>
<tr>
<td>Enterprise Loans</td>
<td>92</td>
<td>56,828,137</td>
<td>36.71%</td>
<td>59.76%</td>
<td>1.57</td>
</tr>
<tr>
<td>Ground Lease Loans</td>
<td>12</td>
<td>14,198,281</td>
<td>9.17%</td>
<td>62.08%</td>
<td>1.78</td>
</tr>
<tr>
<td>TOTAL</td>
<td>161</td>
<td>$154,798,649</td>
<td>100.00%</td>
<td>63.18%</td>
<td>1.72x</td>
</tr>
</tbody>
</table>
### Composition of the Loans by Borrower and Affiliated Borrowers
(Ten Largest Borrowers)

<table>
<thead>
<tr>
<th>Borrower and Affiliated Borrowers</th>
<th>Concept</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple J, LP</td>
<td>Applebee's</td>
<td>9</td>
<td>$16,916,343</td>
<td>10.93%</td>
</tr>
<tr>
<td>Westwind Group ALWA, LLC</td>
<td>Burger King</td>
<td>23</td>
<td>15,497,329</td>
<td>10.01</td>
</tr>
<tr>
<td>Wendco of Puerto Rico</td>
<td>Wendy's</td>
<td>14</td>
<td>14,760,371</td>
<td>9.54</td>
</tr>
<tr>
<td>Delta Bluff, LLC</td>
<td>Applebee's</td>
<td>8</td>
<td>12,038,730</td>
<td>7.78</td>
</tr>
<tr>
<td>Apple Core Enterprises, Inc.</td>
<td>Applebee's</td>
<td>9</td>
<td>10,350,496</td>
<td>6.69</td>
</tr>
<tr>
<td>The Restaurant Company</td>
<td>Arby's</td>
<td>4</td>
<td>8,910,698</td>
<td>5.76</td>
</tr>
<tr>
<td>BDSB of Utah, L.C.</td>
<td>Burger King</td>
<td>7</td>
<td>6,534,967</td>
<td>4.22</td>
</tr>
<tr>
<td>Slaymaker Group, Inc.</td>
<td>Tony Roma's/TGI Fri day's</td>
<td>6</td>
<td>6,304,043</td>
<td>4.07</td>
</tr>
<tr>
<td>Heartland Food Services</td>
<td>Wendy's</td>
<td>8</td>
<td>6,256,345</td>
<td>4.04</td>
</tr>
<tr>
<td>Catie Food Systems, Inc.</td>
<td>Wendy's</td>
<td>4</td>
<td>5,077,984</td>
<td>3.28</td>
</tr>
<tr>
<td>All Other Borrowers</td>
<td>Various</td>
<td>69</td>
<td>52,151,343</td>
<td>33.69</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
### Compositions of Loans by Loan Rate

<table>
<thead>
<tr>
<th>Loan Rate</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.50% — 7.99%</td>
<td>3</td>
<td>$1,792,626</td>
<td>1.16%</td>
<td>54.59%</td>
<td>1.64x</td>
</tr>
<tr>
<td>8.00 — 8.49</td>
<td>60</td>
<td>75,175,267</td>
<td>48.56</td>
<td>62.98%</td>
<td>1.82</td>
</tr>
<tr>
<td>8.50 — 8.99</td>
<td>57</td>
<td>51,799,595</td>
<td>33.46</td>
<td>64.31%</td>
<td>1.63</td>
</tr>
<tr>
<td>9.00 — 9.49</td>
<td>41</td>
<td>26,031,161</td>
<td>16.82</td>
<td>62.10%</td>
<td>1.61</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum Loan Rate for the Loans is 7.81%.
The maximum Loan Rate for the Loans is 9.25%.
The weighted average Loan Rate for the Loans is 8.55%.

### Composition of Loans by Principal Balance as of the Cut-Off Date

<table>
<thead>
<tr>
<th>Principal Balance</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 - $249,999</td>
<td>10</td>
<td>$1,479,723</td>
<td>0.96%</td>
<td>37.75%</td>
<td>1.89x</td>
</tr>
<tr>
<td>250,000 - 499,999</td>
<td>32</td>
<td>12,362,599</td>
<td>7.99</td>
<td>54.63%</td>
<td>1.50</td>
</tr>
<tr>
<td>500,000 - 749,999</td>
<td>32</td>
<td>19,975,829</td>
<td>12.90</td>
<td>61.36%</td>
<td>1.54</td>
</tr>
<tr>
<td>750,000 - 999,999</td>
<td>31</td>
<td>27,653,765</td>
<td>17.86</td>
<td>62.63%</td>
<td>1.68</td>
</tr>
<tr>
<td>1,000,000 - 1,249,999</td>
<td>21</td>
<td>23,329,918</td>
<td>15.07</td>
<td>63.41%</td>
<td>1.67</td>
</tr>
<tr>
<td>1,250,000 - 1,499,999</td>
<td>6</td>
<td>8,263,732</td>
<td>5.34</td>
<td>67.64%</td>
<td>1.67</td>
</tr>
<tr>
<td>1,500,000 - 1,749,999</td>
<td>6</td>
<td>9,803,917</td>
<td>6.33</td>
<td>67.38%</td>
<td>1.56</td>
</tr>
<tr>
<td>1,750,000 - 1,999,999</td>
<td>9</td>
<td>16,817,709</td>
<td>10.86</td>
<td>64.29%</td>
<td>1.78</td>
</tr>
<tr>
<td>2,000,000 - 2,249,999</td>
<td>5</td>
<td>10,719,883</td>
<td>6.93</td>
<td>66.79%</td>
<td>1.90</td>
</tr>
<tr>
<td>2,250,000 - 2,499,999</td>
<td>4</td>
<td>9,508,837</td>
<td>6.14</td>
<td>64.85%</td>
<td>2.11</td>
</tr>
<tr>
<td>2,750,000 - 2,999,999</td>
<td>3</td>
<td>8,477,721</td>
<td>5.48</td>
<td>63.95%</td>
<td>1.98</td>
</tr>
<tr>
<td>3,000,000 - 3,249,999</td>
<td>1</td>
<td>3,003,103</td>
<td>1.94</td>
<td>66.74%</td>
<td>1.61</td>
</tr>
<tr>
<td>3,250,000 - 3,499,999</td>
<td>1</td>
<td>3,401,911</td>
<td>2.20</td>
<td>69.43%</td>
<td>2.06</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum Principal Balance for the Loans is $48,145.
The maximum Principal Balance for the Loans is $3,401,911.
The average Principal Balance for the Loans is $961,482.
### Composition of Loans by Original Loan Term

<table>
<thead>
<tr>
<th>Original Loan Term in Months</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 – 60</td>
<td>1</td>
<td>$355,690</td>
<td>0.23%</td>
<td>46.19%</td>
<td>1.70x</td>
</tr>
<tr>
<td>61 – 72</td>
<td>1</td>
<td>147,451</td>
<td>0.10</td>
<td>10.68</td>
<td>2.09</td>
</tr>
<tr>
<td>85 – 96</td>
<td>2</td>
<td>1,046,578</td>
<td>0.68</td>
<td>48.37</td>
<td>1.42</td>
</tr>
<tr>
<td>97 – 108</td>
<td>1</td>
<td>421,123</td>
<td>0.27</td>
<td>62.85</td>
<td>1.63</td>
</tr>
<tr>
<td>109 – 120</td>
<td>11</td>
<td>2,360,436</td>
<td>1.52</td>
<td>41.56</td>
<td>2.04</td>
</tr>
<tr>
<td>133 – 144</td>
<td>8</td>
<td>4,379,643</td>
<td>2.83</td>
<td>62.39</td>
<td>1.35</td>
</tr>
<tr>
<td>145 – 156</td>
<td>2</td>
<td>906,096</td>
<td>0.59</td>
<td>45.07</td>
<td>1.71</td>
</tr>
<tr>
<td>157 – 168</td>
<td>3</td>
<td>1,997,547</td>
<td>1.29</td>
<td>62.87</td>
<td>1.43</td>
</tr>
<tr>
<td>169 – 180</td>
<td>98</td>
<td>88,044,999</td>
<td>56.88</td>
<td>63.20</td>
<td>1.61</td>
</tr>
<tr>
<td>193 – 204</td>
<td>1</td>
<td>2,367,268</td>
<td>1.53</td>
<td>69.22</td>
<td>1.83</td>
</tr>
<tr>
<td>217 – 240</td>
<td>33</td>
<td>52,771,818</td>
<td>34.09</td>
<td>64.80</td>
<td>1.92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum Original Loan Term for the Loans is 60 months.
The maximum Original Loan Term for the Loans is 240 months.
The weighted average Original Loan Term for the Loans is 197 months.

### Composition of the Loans by Remaining Loan Term as of the Cut-Off Date

<table>
<thead>
<tr>
<th>Remaining Loan Term in Months</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 – 60</td>
<td>2</td>
<td>$503,141</td>
<td>0.33%</td>
<td>35.79%</td>
<td>1.81x</td>
</tr>
<tr>
<td>85 – 96</td>
<td>2</td>
<td>1,046,578</td>
<td>0.68</td>
<td>48.37</td>
<td>1.42</td>
</tr>
<tr>
<td>97 – 108</td>
<td>1</td>
<td>421,123</td>
<td>0.27</td>
<td>62.85</td>
<td>1.63</td>
</tr>
<tr>
<td>109 – 120</td>
<td>11</td>
<td>2,360,436</td>
<td>1.52</td>
<td>41.56</td>
<td>2.04</td>
</tr>
<tr>
<td>133 – 144</td>
<td>10</td>
<td>5,285,739</td>
<td>3.41</td>
<td>59.42</td>
<td>1.41</td>
</tr>
<tr>
<td>157 – 168</td>
<td>3</td>
<td>1,997,547</td>
<td>1.29</td>
<td>62.87</td>
<td>1.43</td>
</tr>
<tr>
<td>169 – 180</td>
<td>98</td>
<td>88,044,999</td>
<td>56.88</td>
<td>63.20</td>
<td>1.61</td>
</tr>
<tr>
<td>193 – 204</td>
<td>1</td>
<td>2,367,268</td>
<td>1.53</td>
<td>69.22</td>
<td>1.83</td>
</tr>
<tr>
<td>217 – 240</td>
<td>33</td>
<td>52,771,818</td>
<td>34.09</td>
<td>64.80</td>
<td>1.92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum Remaining Loan Term for the Loans is 57 months.
The maximum Remaining Loan Term for the Loans is 237 months.
The weighted average Remaining Loan Term for the Loans is 193 months.
### Composition of Loans by Loan Origination Date

<table>
<thead>
<tr>
<th>Origination Date Month/Year</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1998</td>
<td>5</td>
<td>$3,004,476</td>
<td>1.94%</td>
<td>50.89%</td>
<td>1.56x</td>
</tr>
<tr>
<td>8/1998</td>
<td>33</td>
<td>$23,156,525</td>
<td>14.96</td>
<td>57.29</td>
<td>1.66</td>
</tr>
<tr>
<td>9/1998</td>
<td>16</td>
<td>$29,747,055</td>
<td>19.22</td>
<td>65.00</td>
<td>1.91</td>
</tr>
<tr>
<td>10/1998</td>
<td>26</td>
<td>$30,637,899</td>
<td>19.79</td>
<td>63.52</td>
<td>1.83</td>
</tr>
<tr>
<td>11/1998</td>
<td>21</td>
<td>$21,654,672</td>
<td>13.99</td>
<td>64.65</td>
<td>1.67</td>
</tr>
<tr>
<td>12/1998</td>
<td>30</td>
<td>$22,564,217</td>
<td>14.58</td>
<td>64.56</td>
<td>1.57</td>
</tr>
<tr>
<td>1/1999</td>
<td>30</td>
<td>$24,033,806</td>
<td>15.53</td>
<td>65.09</td>
<td>1.59</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum LTV ratio for the Loans is 10.68%.
The maximum LTV ratio for the Loans is 69.91%.
The weighted average LTV Ratio for the Loans is 63.18%.

### Composition of Loans by LTV Ratio

<table>
<thead>
<tr>
<th>LTV Ratio</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.01% – 20.00%</td>
<td>1</td>
<td>$147,451</td>
<td>0.10%</td>
<td>2.09x</td>
</tr>
<tr>
<td>20.01 – 25.00</td>
<td>2</td>
<td>$104,956</td>
<td>0.07</td>
<td>1.57</td>
</tr>
<tr>
<td>25.01 – 30.00</td>
<td>2</td>
<td>$593,061</td>
<td>0.38</td>
<td>1.80</td>
</tr>
<tr>
<td>30.01 – 35.00</td>
<td>1</td>
<td>$215,553</td>
<td>0.14</td>
<td>2.26</td>
</tr>
<tr>
<td>35.01 – 40.00</td>
<td>2</td>
<td>$541,675</td>
<td>0.35</td>
<td>1.98</td>
</tr>
<tr>
<td>40.01 – 45.00</td>
<td>5</td>
<td>$3,002,624</td>
<td>1.94</td>
<td>1.70</td>
</tr>
<tr>
<td>45.01 – 50.00</td>
<td>19</td>
<td>$9,283,389</td>
<td>6.00</td>
<td>1.80</td>
</tr>
<tr>
<td>50.01 – 55.00</td>
<td>11</td>
<td>$11,328,295</td>
<td>7.32</td>
<td>1.96</td>
</tr>
<tr>
<td>55.01 – 60.00</td>
<td>7</td>
<td>$5,966,108</td>
<td>3.85</td>
<td>1.40</td>
</tr>
<tr>
<td>60.01 – 65.00</td>
<td>64</td>
<td>$52,841,842</td>
<td>34.14</td>
<td>1.66</td>
</tr>
<tr>
<td>65.01 – 70.00</td>
<td>47</td>
<td>$70,773,696</td>
<td>45.72</td>
<td>1.73</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>
## Composition of the Loans by Unit FCCR as of the Origination Date

<table>
<thead>
<tr>
<th>Unit FCCR</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00x – 1.09x</td>
<td>2</td>
<td>$1,213,602</td>
<td>0.78%</td>
<td>67.50%</td>
</tr>
<tr>
<td>1.10 – 1.19</td>
<td>13</td>
<td>$7,040,958</td>
<td>4.55</td>
<td>58.22</td>
</tr>
<tr>
<td>1.20 – 1.29</td>
<td>14</td>
<td>$8,015,714</td>
<td>5.18</td>
<td>60.45</td>
</tr>
<tr>
<td>1.30 – 1.39</td>
<td>14</td>
<td>$8,914,512</td>
<td>5.76</td>
<td>62.46</td>
</tr>
<tr>
<td>1.40 – 1.49</td>
<td>20</td>
<td>$16,338,427</td>
<td>10.55</td>
<td>65.10</td>
</tr>
<tr>
<td>1.50 – 1.59</td>
<td>23</td>
<td>$24,518,527</td>
<td>15.84</td>
<td>62.19</td>
</tr>
<tr>
<td>1.60 – 1.69</td>
<td>26</td>
<td>$27,427,832</td>
<td>17.72</td>
<td>66.10</td>
</tr>
<tr>
<td>1.70 – 1.79</td>
<td>12</td>
<td>$13,898,919</td>
<td>8.98</td>
<td>65.87</td>
</tr>
<tr>
<td>1.80 – 1.89</td>
<td>5</td>
<td>$10,629,227</td>
<td>6.87</td>
<td>66.30</td>
</tr>
<tr>
<td>1.90 – 1.99</td>
<td>5</td>
<td>$4,200,916</td>
<td>2.71</td>
<td>63.09</td>
</tr>
<tr>
<td>2.00 – 2.09</td>
<td>6</td>
<td>$8,426,938</td>
<td>5.44</td>
<td>64.21</td>
</tr>
<tr>
<td>2.10 – 2.19</td>
<td>3</td>
<td>$3,095,862</td>
<td>2.00</td>
<td>65.32</td>
</tr>
<tr>
<td>2.20 – 2.29</td>
<td>5</td>
<td>$3,278,244</td>
<td>2.12</td>
<td>49.30</td>
</tr>
<tr>
<td>2.30 – 2.39</td>
<td>4</td>
<td>$9,365,385</td>
<td>6.05</td>
<td>59.32</td>
</tr>
<tr>
<td>2.40 – 2.49</td>
<td>4</td>
<td>$4,891,643</td>
<td>3.16</td>
<td>58.24</td>
</tr>
<tr>
<td>2.70 – 2.79</td>
<td>2</td>
<td>$2,057,419</td>
<td>1.33</td>
<td>60.56</td>
</tr>
<tr>
<td>2.80 – 2.89</td>
<td>2</td>
<td>$1,309,418</td>
<td>0.85</td>
<td>63.89</td>
</tr>
<tr>
<td>3.50 and greater</td>
<td>1</td>
<td>$175,105</td>
<td>0.11</td>
<td>38.91</td>
</tr>
</tbody>
</table>

**TOTAL** 161 $154,798,649 100.00% 63.18%

The minimum Unit FCCR for the Loans is 1.05x.
The maximum Unit FCCR for the Loans is 3.66x.
The weighted average Unit FCCR for the Loans is 1.72x.
## Composition of the Loans by Borrower FCCR as of the Origination Date

<table>
<thead>
<tr>
<th>Borrower FCCR</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.20x – 1.29x</td>
<td>56</td>
<td>$52,910,113</td>
<td>34.18%</td>
<td>62.90%</td>
<td>1.62x</td>
</tr>
<tr>
<td>1.30 – 1.39</td>
<td>66</td>
<td>$59,382,591</td>
<td>38.36</td>
<td>64.64</td>
<td>1.62</td>
</tr>
<tr>
<td>1.40 – 1.49</td>
<td>12</td>
<td>$14,311,135</td>
<td>9.25</td>
<td>62.67</td>
<td>1.69</td>
</tr>
<tr>
<td>1.50 – 1.59</td>
<td>9</td>
<td>$6,321,494</td>
<td>4.08</td>
<td>63.03</td>
<td>2.41</td>
</tr>
<tr>
<td>1.60 – 1.69</td>
<td>4</td>
<td>$5,077,984</td>
<td>3.28</td>
<td>69.56</td>
<td>1.71</td>
</tr>
<tr>
<td>1.70 – 1.79</td>
<td>3</td>
<td>$2,062,597</td>
<td>1.33</td>
<td>60.28</td>
<td>1.70</td>
</tr>
<tr>
<td>1.80 – 1.89</td>
<td>1</td>
<td>$1,866,791</td>
<td>1.21</td>
<td>50.87</td>
<td>1.54</td>
</tr>
<tr>
<td>1.90 – 1.99</td>
<td>4</td>
<td>$8,910,698</td>
<td>5.76</td>
<td>61.33</td>
<td>2.38</td>
</tr>
<tr>
<td>2.00 – 2.09</td>
<td>6</td>
<td>$3,955,244</td>
<td>2.56</td>
<td>50.43</td>
<td>2.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

The minimum Borrower FCCR for the Loans is 1.25x.
The maximum Borrower FCCR for the Loans is 2.07x.
The weighted average Borrower FCCR for the Loans is 1.41x.
### Composition of the Loans by Unit Seasoning as of the Cut-Off Date \(^{1}\)

<table>
<thead>
<tr>
<th>Unit Seasoning in Years</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00 or less</td>
<td>2</td>
<td>$ 828,182</td>
<td>0.54%</td>
<td>59.22%</td>
<td>1.81x</td>
</tr>
<tr>
<td>1.01 – 5.00</td>
<td>52</td>
<td>59,030,577</td>
<td>38.13</td>
<td>64.92%</td>
<td>1.67</td>
</tr>
<tr>
<td>5.01 – 10.00</td>
<td>36</td>
<td>34,483,117</td>
<td>22.28</td>
<td>61.90%</td>
<td>1.72</td>
</tr>
<tr>
<td>10.01 – 15.00</td>
<td>31</td>
<td>28,052,072</td>
<td>18.12</td>
<td>60.43%</td>
<td>1.82</td>
</tr>
<tr>
<td>15.01 – 20.00</td>
<td>22</td>
<td>17,563,351</td>
<td>11.35</td>
<td>63.32%</td>
<td>1.67</td>
</tr>
<tr>
<td>20.01 – 25.00</td>
<td>12</td>
<td>9,784,149</td>
<td>6.32</td>
<td>64.06%</td>
<td>1.59</td>
</tr>
<tr>
<td>25.01 – 30.00</td>
<td>4</td>
<td>3,553,677</td>
<td>2.30</td>
<td>64.35%</td>
<td>1.87</td>
</tr>
<tr>
<td>30.01 – 35.00</td>
<td>2</td>
<td>1,503,524</td>
<td>0.97</td>
<td>67.80%</td>
<td>2.33</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$ 154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

\(^{1}\) Information with respect to Unit Seasoning was obtained from the Borrower at the time of origination.

The minimum Unit Seasoning for the Loans is 0.75 years.
The maximum Unit Seasoning for the Loans is 34.25 years.
The weighted average Unit Seasoning for the Loans is 9.17 years.

---

### Composition of the Loans by Borrower Experience as of the Cut-Off Date \(^{1}\)

<table>
<thead>
<tr>
<th>Borrower Experience in Years</th>
<th>Number of Loans</th>
<th>Aggregate Principal Amount as of the Cut-Off Date</th>
<th>% of Initial Aggregate Principal Amount</th>
<th>Weighted Average LTV</th>
<th>Weighted Average Unit FCCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.00 or less</td>
<td>34</td>
<td>$ 20,801,926</td>
<td>13.44%</td>
<td>63.19%</td>
<td>1.49x</td>
</tr>
<tr>
<td>5.01 – 10.00</td>
<td>28</td>
<td>29,202,226</td>
<td>18.86</td>
<td>61.67%</td>
<td>1.71</td>
</tr>
<tr>
<td>10.01 – 15.00</td>
<td>11</td>
<td>12,830,038</td>
<td>8.29</td>
<td>60.27%</td>
<td>1.83</td>
</tr>
<tr>
<td>15.01 – 20.00</td>
<td>31</td>
<td>29,607,777</td>
<td>19.13</td>
<td>64.16%</td>
<td>1.67</td>
</tr>
<tr>
<td>20.01 – 25.00</td>
<td>25</td>
<td>30,324,933</td>
<td>19.59</td>
<td>64.21%</td>
<td>1.73</td>
</tr>
<tr>
<td>25.01 – 30.00</td>
<td>19</td>
<td>16,403,370</td>
<td>10.60</td>
<td>64.06%</td>
<td>1.75</td>
</tr>
<tr>
<td>30.01 – 35.00</td>
<td>5</td>
<td>9,372,034</td>
<td>6.05</td>
<td>60.65%</td>
<td>2.34</td>
</tr>
<tr>
<td>35.01 – 40.00</td>
<td>8</td>
<td>6,256,345</td>
<td>4.04</td>
<td>68.03%</td>
<td>1.40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>161</strong></td>
<td><strong>$ 154,798,649</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>63.18%</strong></td>
<td><strong>1.72x</strong></td>
</tr>
</tbody>
</table>

\(^{1}\) Information with respect to Borrower Experience was obtained from the Borrower at the time of origination.

The minimum Borrower Experience for the Loans is 3 years.
The maximum Borrower Experience for the Loans is 36 years.
The weighted average Borrower Experience for the Loans is 18 years.
The Largest Borrowers

The Loans were made to an aggregate of 33 Borrowers. The following is a description of the Borrowers (or affiliated Borrowers) representing the six largest concentrations of Loans.

**Apple J, LP ("Apple J").** There are nine (9) Loans in the pool outstanding to Apple J, with an Aggregate Outstanding Principal Amount of approximately $16.9 million or 10.93% of the Loan pool. The weighted average LTV for such Loans is 66.86%, with eight of the Loans being fee simple loans.

Apple J is a newly formed limited partnership operating 29 Applebee's restaurants. The three equal partners include Allan Huston, the former President and CEO of PepsiCo Restaurant Services and President and CEO of Pizza Hut Inc. and KFC International. The operations are headed by Pat Williamson, who has over 25-years' experience with PepsiCo Restaurant Services and was formerly the COO of Pizza Hut Inc. and CEO of East Side Mario's and Pizza Hut Express. The finance department is headed by Bill Klepper who has over 20-years' experience with PepsiCo Restaurant Services and was formerly Senior Vice President and CFO of Pizza Hut, Inc. The partners of Apple J contributed $4.5 million in cash at closing, with an additional $1.5 million in letters of credit and committed capital to guarantee to Applebee's International, Inc. that capital upgrades and new development would be completed. As of May 24, 1998, the last twelve month's ("LTM") sales for the 29 units were $54.6 million, with an average unit volume ("AUV") of $1,884,000. As of May 24, 1998, LTM sales for the nine units relating to Loans in this pool were $16.9 million, with an AUV of $1,884,000.

**The Westwind Group ALWA, LLC ("Westwind").** There are twenty-three (23) Loans in the pool outstanding to Westwind, with an Aggregate Outstanding Principal Amount of approximately $15.5 million or 10.01% of the Loan pool. The weighted average LTV for such Loans is 64.05%. Burger King Corporation has executed an "Inter-creditor Agreement" with respect to these Loans that gives the lender additional rights in a default situation.

Westwind is a limited liability corporation operating 27 Burger King units. An affiliate, Westwind Management Co., Inc. ("Westwind Management"), which oversees 84 Burger King units, provides back office services. Michael Strauss owns 100% of both Westwind and Westwind Management. Westwind's President and COO is a former Burger King and Wendy's executive with 25-years' experience. As of August 1998, the LTM sales for the 27 units were $26.89 million, with an AUV of $973,000. As of August 1998, the LTM sales for the 23 units relating to Loans in the pool were $24.3 million, with an AUV of $1,055,800.

**Wendco of Puerto Rico, ("Wendco").** There are fourteen (14) Loans in the pool outstanding to Wendco, with an Aggregate Outstanding Principal Amount of approximately $14.8 million or 9.54% of the Loan pool. The weighted average LTV for such Loans is 63.00%, with two of the Loans being fee simple loans. Wendy's International, Inc. has entered into a "Consent to Collateral Assignment of the Franchise Agreement" with respect to the Loans that gives the lender additional rights in a default situation. For a description of certain factors relating to the origination of Loans in Puerto Rico, see "Certain Legal Aspects of the Loans—Loans in Puerto Rico" herein.

Wendco is a Puerto Rico corporation operating 28 Wendy's units in Puerto Rico. Wendco is the only Wendy's franchisee in Puerto Rico. As of August 12, 1998, LTM sales for the 28 units were $34.2 million, with an AUV of $1,179,000. As of August 12, 1998, the LTM sales for the 14 units relating to Loans in the pool were $17.3 million, with an AUV of $1,235,000. Ten of the units have LTM sales in excess of $1.3 million, five of which are in excess of $1.5 million.

**Delta Bluff, LLC ("Delta").** There are eight (8) Loans in the pool outstanding to Delta, with an Aggregate Outstanding Principal Amount of approximately $12.0 million or 7.78% of the Loan pool. The weighted average LTV for such Loans is 65.47%, with five of the Loans being fee simple loans.

Delta is a limited liability company operating 13 Applebee's restaurants, and also holds the development rights to a 36 county area within Tennessee. The COO of Delta has over 15-years' experience in the franchise casual dining sector and was formerly a Director of Operations for Apple South. The CFO of Delta was also formerly with Apple South, where she ran the merger and acquisition activities of the divestiture. The President was formerly a
senior brand manager for four product lines at General Mills. As of May 24, 1998, the LTM sales for the 12 units relating to Loans in this pool were $20.1 million, with an AUV of $1,676,000.

**Apple Core Enterprises, Inc. ("Apple Core").** There are nine (9) Loans in the pool outstanding to Apple Core and its affiliates, including four (4) loans to M&E Partnership and five (5) loans to Apple Core, with an Aggregate Outstanding Principal Amount of approximately $10.4 million or 6.69% of the Loan pool. The weighted average LTV for such Loans is 57.55%, with five of the Loans being fee simple loans.

Apple Core is a corporation operating seven Applebee's restaurants, and also holds a development territory for Applebee's units in Yuma, Arizona and Cathedral City, California. Myron Thompson is the 100% owner of Apple Core. Mr. Thompson has been an Applebee's franchisee since 1990. Mr. Thompson is also 100% owner of Food Management Investors, Inc. ("FMI"), which provides management services for the units. As of April 22, 1998, the LTM sales for the six units relating to Loans in the pool were $13.8 million, with an AUV of $2,305,000.

**The Restaurant Company, Inc. ("Restaurant Company").** There are four (4) Loans in the pool outstanding to the Restaurant Company, with an Aggregate Outstanding Principal Amount of approximately $8.9 million or 5.76% of the Loan pool. The weighted average LTV for such Loans is 61.33%, with all four Loans being fee simple loans.

The Restaurant Company is the operating company and franchisee for 17 Arby's units. The Restaurant Company is a wholly-owned subsidiary of Rochelle Holding Company, Inc. ("Rochelle"), which is 100% owned by Richard J. Ripp. Mr. Ripp is also the Chairman of the Arby's Franchise Association. As of June 27, 1998, the LTM sales for the four units relating to Loans in the pool were $8.5 million, with an AUV of $1.5 million.

**DESCRIPTION OF THE ISSUER**

Limited Liability Company

Peachtree Franchise Loan LLC 1999-A is a limited liability company organized under the laws of the State of Delaware. The sole purpose of the Issuer is to engage in the following activities: (i) to accept the contribution and transfer of the Loans and other assets from the Contributors; (ii) to issue the Notes pursuant to the Indenture and to conduct one or more private placements of the Notes; (iii) on the date on which the Notes are first executed, authenticated and delivered in connection with any private placement of the Notes, to use some or all of the Notes or the proceeds thereof, or any combination of Notes and proceeds from the sale of Notes to make distributions to the Contributors in respect of the contribution and transfer of the Loans and other assets; (iv) to distribute to its members any portion of such of its assets as are not subject to the lien of the Indenture; (v) to enter into and perform its obligations under its certificate of formation, the Limited Liability Company Agreement, the Basic Documents and any other agreements, documents and certificates delivered in connection with any of the above; and (vi) to do such other things and carry on any other activities which the Managing Member of the Issuer determines to be necessary, convenient or incidental to any of the foregoing purposes, including, without limitation, to accept additional contributions of equity that are not subject to the lien of the Indenture, and have and exercise all of the power and rights conferred upon limited liability companies formed pursuant to the laws of the State of Delaware as are necessary, convenient or incidental to any of the foregoing purposes.

The Issuer has two members, Peachtree and Peachtree Financing Corp. Peachtree Financing Corp. is also the managing member (the "Managing Member") of the Issuer. The Managing Member is a special purpose corporation whose board of directors includes two independent directors who are not affiliated with the Managing Member, Peachtree or the Issuer.

**DESCRIPTION OF THE SERVICING AGREEMENTS**

The following summary describes certain provisions of the Servicing Agreement and the Sub-Servicing Agreement. The summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Servicing Agreement and the Sub-Servicing Agreement.
Collection and Other Servicing Procedures

The Master Servicer, with respect to the Loans other than the Specially Serviced Loans and REO Properties, and the Special Servicer, with respect to the Specially Serviced Loans and REO Properties, have each agreed to use their reasonable best efforts to cause the collection of all payments called for under the terms and provisions of such Loans and will use their reasonable best efforts to cause each Borrower to make payments in respect of its Loan directly to, or to a lock box account maintained by, the Master Servicer or the Primary Servicer for deposit into a Collection Account. On the Business Day preceding each Payment Date, the Master Servicer will remit to the Distribution Account maintained by the Indenture Trustee for distribution to Holders of the Notes all amounts on deposit in any Collection Account and received during the related Due Period or Prepayment Period, as the case may be, other than Early Payments and the amounts of any Servicing Fees retained by the Master Servicer.

Modifications to Loans

Neither the Master Servicer nor the Special Servicer may allow any modification, waiver or amendment of any material term (as enumerated in the Servicing Agreement) of any Loan in a manner that would have a material adverse effect (as set forth in the Servicing Agreement) on the Noteholders without the consent of (a) until the Issuer Balance has been reduced to zero, the Issuer, and (b) thereafter, a Majority-in-Interest of the Controlling Class, and prior written notification to the Rating Agencies.

Managing a Problem Loan/Foreclosure

The Master Servicer or the Special Servicer, as applicable, will take the following actions if an event of default occurs with respect to any Loan.

Upon the discovery of a non-payment default, the Master Servicer will determine whether to send a notice of default. The Master Servicer will send a notice of default in connection with any payment default upon the expiration of any cure period. Once a notice of default has been sent by the Master Servicer, prior to accelerating the Loan or exercising any other rights and remedies with respect thereto, the Special Servicer will determine a course of action to be followed. If (i) a Loan has been Delinquent for more than 60 days, (ii) the Master Servicer determines that a payment default on a Loan is imminent and not likely to be cured in 60 days, (iii) a Loan has a payment default at maturity, (iv) the related Borrower is a debtor in a bankruptcy proceeding, the subject of certain insolvency proceedings or admits its inability to pay its debts as they become due, (v) the Master Servicer has received notice of a foreclosure on any lien on the related Mortgaged Property, or (vi) there is any other default in respect of a Loan that has, in the sole discretion of the Master Servicer, a material adverse effect on the value of the Loan and not cured in any applicable cure period, such Loan is deemed to be a "Specially Serviced Loan." Each Specially Serviced Loan will be serviced by the Special Servicer, and the Master Servicer will have no responsibility therefor. In the event the default with respect to any such Loan is cured, such Loan will become a "Corrected Loan", and the Master Servicer will resume the servicing responsibilities with respect thereto.

With respect to the servicing of any Specially Serviced Loans, the Special Servicer is required to deliver an Asset Status Report to (x) while the Issuer Balance is greater than zero, the Issuer, and (y) after the Issuer Balance has been reduced to zero, any single Holder of a Majority-in-Interest of the Controlling Class, if any. Each "Asset Status Report" will set forth certain information with respect to such Specially Serviced Loan and the Special Servicer's proposed action with respect to such Loan. If the Issuer or such Holder, as the case may be, does not object to such proposed action within ten (10) Business Days of receipt of the Asset Status Report, the Special Servicer shall take the proposed action. If the Issuer or such Holder, as the case may be, objects to such proposed action, the Special Servicer is required to follow the instructions of the Issuer or such Holder, as applicable. If the Special Servicer believes that any course of action or instruction recommended by the Issuer or such Holder (1) is inconsistent with the Servicing Standards specified in the Servicing Agreement, any other provisions of the Servicing Agreement, the other Basic Documents or the related Loan Documents, (2) violates any law, (3) is unfairly prejudicial to Noteholders not a party to such instruction, or (4) exposes the Special Servicer to liability, the Special Servicer shall have no obligation to follow such action unless the Issuer of such Holder of the Controlling Class provides the Special Servicer with such indemnity as the Special Servicer deems necessary in connection with such action or failure to take action. In addition, the Special Servicer is accorded, and, after the Issuer Balance is
reduced to zero, a single Holder of a Majority-in-Interest of the Controlling Class, is accorded the option of purchasing Defaulted Loans and REO Properties from time to time.

In connection with the commencement of any proceedings against any Collateral, Borrower or any guarantor of any Loans, the Special Servicer is required to retain local counsel and comply with all applicable laws in connection therewith and may commence and prosecute any proceedings in respect of such related Loan. The Special Servicer is required to administer all REO Property and other Collateral, if any, acquired in a manner consistent with the prompt disposition thereof in order to maximize the preservation of capital and the net present value of the REO Property. The expense incurred by the Special Servicer in connection with such activities shall constitute Servicing Advances.

Servicing Compensation and Payment of Expenses

As compensation for the performance of its obligations under the Servicing Agreement, the Master Servicer shall be entitled to receive the items described in clauses (i), (ii) and (iii) of the definition of the Servicing Fee, and the Special Servicer shall be entitled to a portion of such amounts, to the extent such amounts relate to any Specially Serviced Loans or REO Properties. The Servicing Fee may be (x) retained by the Master Servicer or the Special Servicer, as applicable, from amounts to be deposited in the Distribution Account or any Collection Account, or (y) received from the Issuer on each Payment Date (to the extent not previously retained by the Master Servicer or the Special Servicer) out of amounts released by the Indenture Trustee from the Distribution Account on such Payment Date in the priority specified herein under "Summary — Distributions on the Notes."

Advances

Subject to a recoverability determination as described herein, on the Business Day preceding each Payment Date, the Master Servicer will be required to make advances (each, a "P&I Advance") with respect to each Payment Date in an amount that is generally equal to the aggregate of all Scheduled Payments, due or deemed due, as the case may be, during the related Due Period, in each case to the extent that such amount was not received as of the close of business on the Accounting Date for the related Payment Date. Subject to a recoverability determination, the Master Servicer, with respect to Loans other than the Specially Serviced Loans and REO Properties, and the Special Servicer, with respect to the Specially Serviced Loans and REO Properties, will be required to make payments (each, a "Servicing Advance") (whether for maintaining insurance, protecting or maintaining Collateral, or otherwise), in respect of expenses in connection with such Loans. Neither the Master Servicer nor the Special Servicer will be required to make any P&I Advances or Servicing Advances to the extent that the Master Servicer or the Special Servicer, as applicable, determines that it will not be able to recover the Reimbursements with respect to any such P&I Advances or Servicing Advances out of collections on the related Loan.

The Master Servicer and the Special Servicer will be entitled to the recovery of (i) any P&I Advance or Servicing Advance made by it and (ii) interest, compounded annually, on any P&I Advance or Servicing Advance made by it (collectively, the "Reimbursement"). Such interest will accrue from the date any such P&I Advance or Servicing Advance is made at a rate per annum equal to the "prime rate" published in the "Money Rates" section of The Wall Street Journal, as such "prime rate" may change from time to time (the "Reimbursement Rate"), and will be paid contemporaneously with the reimbursement of such P&I Advance or Servicing Advance either out of default interest collected in respect of all Delinquent Loans or Defaulted Loans during the same Due Period or out of general collections on the Delinquent Loan or Defaulted Loan. If the Master Servicer or the Special Servicer is unable to reimburse itself for any Reimbursements out of such collections, it may reimburse itself out of general collections made with respect to all of the Loans.

If the Master Servicer is required but fails to make any P&I Advances and does not cure such failure within one Business Day, it will constitute a Servicer Event of Default under the Servicing Agreement. See "—Servicer Events of Default" below.
Evidence as to Compliance

The Servicing Agreement provides for delivery, on or before 120 days after the end of the fiscal year of the Master Servicer, to the Issuer, the Rating Agencies and the Indenture Trustee (who will, upon request, deliver to any Holder of at least $10,000,000 Initial Aggregate Principal Amount or Initial Aggregate Notional Amount of Notes), of an annual statement prepared by an independent member of the American Institute of Certified Public Accountants selected by the Master Servicer to the effect that it has examined the servicing operation of the Master Servicer for the previous calendar year and has confirmed that the Master Servicer has complied with the minimum servicing standards identified in the Uniform Single Attestation Program for Mortgage Bankers in all material respects, except for certain significant exceptions or errors in records that such program requires it to report. The Master Servicer, the Special Servicer and the Primary Servicer are also required to deliver to such parties annual audited financial statements.

Limitation on Liability

The Servicing Agreement provides that except for their own willful misconduct, negligence or reckless disregard of their respective duties, neither the Master Servicer nor the Special Servicer shall be liable under any circumstances, for any action taken or omitted from being taken pursuant to the Servicing Agreement. The Servicing Agreement provides for the indemnification of the Master Servicer and the Special Servicer from the Pledged Assets for losses incurred by the Master Servicer or the Special Servicer in connection with the performance of their respective duties under the Servicing Agreement, to the extent such losses did not arise as a result of the Master Servicer's or the Special Servicer's, as applicable, own willful misconduct, negligence or reckless disregard for its duties.

Certain Matters Regarding the Master Servicer and the Special Servicer

The Servicing Agreement provides that neither the Master Servicer nor the Special Servicer may resign from its obligations and duties thereunder, except upon appointment of a successor master servicer or special servicer, as the case may be, and receipt by the Indenture Trustee of a letter from the Rating Agencies that such resignation and appointment will not result in the then current ratings of the Notes being qualified, lowered or withdrawn. No such resignation by the Master Servicer or the Special Servicer will become effective until the Indenture Trustee or a successor has assumed the Master Servicer's or the Special Servicer's obligations and duties under the Servicing Agreement.

Pursuant to the terms of the Servicing Agreement, the Master Servicer may assign its rights and obligations under the Servicing Agreement to the Primary Servicer (and, after the fifth anniversary of the date of the Servicing Agreement, the Master will make such an assignment upon sixty days' written notice from the Primary Servicer, if Peachtree is the Primary Servicer, at the Primary Servicer's cost) upon receipt by the Indenture Trustee of a letter from the Rating Agencies that such assignment will not result in the then current ratings of the Notes being qualified, lowered or withdrawn.

Any person into or with which the Master Servicer or the Special Servicer, as the case may be, may be merged, consolidated or converted, or any person succeeding to the business of the Master Servicer (which may be limited to its commercial loan servicing business) or the Special Servicer, as the case may be, shall be the successor of such Master Servicer or Special Servicer, as the case may be, without the execution or filing of any document or any further act; provided, however, that if the short-term debt obligations of any such successor master servicer or special servicer, as applicable, are rated less than P-1 by Moody's and, to the extent rated by Fitch IBCA, F-1 by Fitch IBCA, the Master Servicer or the Special Servicer, as the case may be, shall, at its own expense, retain within 30 days an entity to act as back-up servicer to the Master Servicer or the Special Servicer, as the case may be, under the Servicing Agreement, to be responsible for all duties of the Master Servicer or the Special Servicer, as applicable, if the Master Servicer or the Special Servicer, as the case may be, fails to perform them. Such back-up servicer shall have a short-term debt rating of no less than P-1 by Moody's and, to the extent rated by Fitch IBCA, F-1 by Fitch IBCA, and be otherwise acceptable to the Rating Agencies. If the Master Servicer or the Special Servicer, as the case may be, fails to retain a back-up servicer as required, the Indenture Trustee is required to terminate the Master Servicer or the Special Servicer, as the case may be, and retain a successor master servicer or special servicer, as applicable, acceptable to the Rating Agencies.
After the Issuer Balance has been reduced to zero, holders of a Majority-in-Interest of the Controlling Class may also remove the Special Servicer, and the Indenture Trustee shall then be required to retain a successor special servicer with approval from such Holders and the Rating Agencies.

Servicer Events of Default

Pursuant to the Servicing Agreement, each of the following constitute a "Servicer Event of Default" with respect to the Master Servicer and the servicing of the Loans other than the Specially Serviced Loans and REO Properties: (i) any failure by the Master Servicer to deposit any payments received by it in respect of such Loans into a Collection Account, and the Master Servicer has not cured such failure within one Business Day after its Authorized Officer has obtained actual knowledge of, or has been notified by the Indenture Trustee of, such failure; (ii) any failure by the Master Servicer to make a required P&I Advance, and the Master Servicer has not cured such failure within one Business Day after its Authorized Officer has obtained actual knowledge of, or has been notified by the Indenture Trustee of, such failure; (iii) any failure by the Master Servicer to provide the Indenture Trustee a report required to be provided in accordance with the Servicing Agreement, or a material default by the Master Servicer in the due observance of the provisions regarding existence and performance of obligations thereunder, and such failure or default shall have continued for a period of 30 days (or 90 days if the Master Servicer is diligently pursuing a cure) after its Authorized Officer has obtained actual knowledge of, or has been notified by the Indenture Trustee of, such failure or default; (iv) the material default by the Master Servicer in the due performance and observance of any other provision of the Servicing Agreement and such default shall have continued for a period of 30 days (or 90 days if the Master Servicer is diligently pursuing a cure) after its Authorized Officer has obtained actual knowledge of, or has been notified by the Indenture Trustee of, such default; (v) any representation, warranty or statement of the Master Servicer made in the Servicing Agreement or by the Master Servicer in any certificate, report or other writing delivered pursuant thereto shall prove to be incorrect in any material respect as of the time when the same shall have been made, and which has not been corrected by the Master Servicer within 30 days (or 90 days if the Master Servicer is diligently pursuing a cure) after its Authorized Officer has obtained actual knowledge of, or has been notified by the Indenture Trustee of, such default; (vi) the Master Servicer's making of an assignment for the benefit of creditors, or the Master Servicer is generally not paying its debts as such debts become due; (vii) the Master Servicer's petition or application to any tribunal for, or its consent to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Master Servicer, or of any substantial part of the assets of the Master Servicer, or the Master Servicer's commencement of a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Master Servicer, under the Bankruptcy Law of any other jurisdiction; (viii) any such petition or application is filed, or any such proceedings are commenced, against the Master Servicer and the Master Servicer by any act indicates its approval thereof, consent thereto or acquiescence therein, or any order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving, the petition in any such proceedings and such order, judgment or decree remains unstayed and in effect for more than 45 days; or (ix) any order, judgment or decree is entered in any proceedings against the Master Servicer decreeing the dissolution of the Master Servicer and such order, judgment or decree remains unstayed and in effect for more than 60 days.

The Servicing Agreement will set forth identical Servicer Events of Default for the Special Servicer with respect to the servicing of the Specially Serviced Loans and REO Properties.

Rights Upon a Servicer Event of Default

Upon the occurrence and continuance of certain Servicer Events of Default under the Servicing Agreement, the Issuer or the Indenture Trustee may with the consent of the Holders of a Majority-in-Interest of the Notes, and shall at the direction of the Holders of a Majority-in-Interest of the Notes, pursuant to the Servicing Agreement terminate all of the rights, powers, duties, obligations and responsibilities of the Master Servicer or the Special Servicer, as the case may be, and all such rights and powers of the Master Servicer or the Special Servicer shall vest in the Indenture Trustee or a successor master servicer or special servicer.

Amendment

The Servicing Agreement may be amended from time to time by the Issuer, the Master Servicer, the Special Servicer and the Indenture Trustee, with the consent of the Holders of a Majority-in-Interest of the Notes,
for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Servicing Agreement; provided, however, that no such amendment shall, without the consent of each Holder of Outstanding Notes: (i) reduce in any manner the amount of, or the timing of, payments received on the related Loans which are required to be deposited in a Collection Account; (ii) alter the priorities with which any allocation of funds shall be made under the Servicing Agreement; (iii) permit the creation of any lien (other than the lien of the Indenture) on the Pledged Assets or any portion thereof or deprive any such Holder of the benefit of the Servicing Agreement with respect to the Pledged Assets or any portion thereof; (iv) modify the section of the Servicing Agreement regarding amendments; or (v) cause the then current rating of each Class of Notes to be qualified, lowered or withdrawn by a Rating Agency.

Sub-Servicing Agreement

Pursuant to the terms of the Sub-Servicing Agreement, the Master Servicer has delegated certain of its duties under the Servicing Agreement to the Primary Servicer. However, despite such delegation, the Master Servicer will remain liable for the administration and servicing of the Loans (other than the Specially Serviced Loans and REO Properties) and will monitor the servicing of the Loans (other than the Specially Serviced Loans and REO Properties). The obligations and rights of the Primary Servicer under the Sub-Servicing Agreement will generally be identical to the obligations and rights of the Master Servicer under the Servicing Agreement.

As compensation for the performance of its obligations under the Sub-Servicing Agreement, the Primary Servicer shall be entitled to receive a servicing fee from the Master Servicer from the Servicing Fee received by the Master Servicer. The Primary Servicer may (x) retain such fee from amounts to be deposited into any Collection Account or (y) receive such fee from the Master Servicer on each Payment Date (to the extent not previously retained by the Primary Servicer).

The Sub-Servicing Agreement will set forth events of default for the Primary Servicer substantially similar to the Servicer Events of Default. Upon the occurrence and continuance of an event of default under the Sub-Servicing Agreement, the Master Servicer may terminate all of the rights, power, duties, obligations and responsibilities of the Primary Servicer and all such rights and powers of the Primary Servicer shall vest in the Master Servicer or a successor primary servicer, if any, retained by the Master Servicer.

DESCRIPTION OF THE NOTES

General

The Notes will be issued pursuant to the Indenture and will be secured by the Pledged Assets. The Notes will be issued in the Initial Aggregate Principal Amount or, with respect to the Class A-X Notes, the Initial Aggregate Notional Amount set forth on the cover page hereof. Notes will be issued in the form of one or more fully registered global notes (the "Global Securities"). The Global Securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. Notes offered and sold outside of the United States will be registered in the name of Cede & Co., as nominee of DTC, and deposited with or on behalf of DTC for credit to Euroclear and Cedel for the respective accounts of the purchasers of such Notes. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Beneficial interests in Global Securities may be held through Euroclear, Cedel or any other DTC Participant. Except as provided herein, Notes in certificated form will not be issued in exchange for the Global Securities. See "Description of the Notes—Book-Entry Registration" and "Transfer Restrictions" herein.

Distributions on the Notes

Payments of principal, interest and Loan Yield Maintenance Amount, if any, on the Notes will be made by the Indenture Trustee monthly on each Payment Date to the persons in whose names such Notes are registered at the close of business on the Record Date. Distributions on Notes other than Global Securities will be made by check or money order mailed (or upon the request of a Noteholder owning Notes having denominations aggregating at least $500,000 by wire transfer or otherwise) to the address of the person entitled thereto as it appears on the Note Register in amounts calculated as described herein on the fifth Business Day prior to the related Payment Date.
Interest

Interest on each class of Notes will be due on each Payment Date in an amount equal to the interest accrued in the applicable Accrual Period at the related Note Rate on the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be, of such Class of Notes as of the Business Day immediately preceding such Payment Date. See "Summary—Accrual Period" and "Summary—Distributions on the Notes" herein.

Interest on the Notes will accrue on the basis of a 360-day year and twelve 30-day months.

Principal

On each Payment Date, principal payments will be due on the Notes, in respective amounts described in the Summary under the caption "Distributions on the Notes." Payments of principal on the Notes due on any Payment Date but not paid on such Payment Date shall be payable on subsequent Payment Dates to the extent of Available Funds as described in the Summary under the caption "Distributions on the Notes." No principal is payable in respect of the Class A-X Notes. The Aggregate Outstanding Notional Amount of the Class A-X Notes will be equal to the sum of the Aggregate Outstanding Principal Amount of the other Notes and the Issuer Balance.

Loan Yield Maintenance Amounts

The Loans generally may be prepaid, subject to the payment of the applicable Loan Yield Maintenance Amount. See "The Loans—General" herein. Loan Yield Maintenance Amounts, if any, will be payable to the Holders of the Notes on any Payment Date to the extent such amounts have been received and Yield Maintenance Available Funds are available therefor as described in the Summary under the caption "Distributions on the Notes."

Allocation of Losses

In the event any Net Loss is incurred in respect of a Liquidated Loan, the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance will be greater than the Aggregate Outstanding Principal Amount of the Loans (such excess, if any, being referred to as "Write-down Amount"), such Write-down Amount shall be allocated first to the Issuer Balance until reduced to zero, and then, after all amounts on deposit in the Reserve Account have been distributed in the order of the priority of distribution set forth in the Summary under the caption "Distributions on the Notes," any remaining Write-down Amounts shall be allocated among the Holders of the Notes in inverse order of such priority of distributions set forth under "Summary—Distributions on the Notes" herein; provided, that any Write-Down Amounts allocated to the Class A Notes shall be allocated among the Class A-1 Notes and the Class A-2 Notes pro rata, based upon the Aggregate Outstanding Principal Amounts of such Classes. Accordingly, payments to the Issuer in respect of the Issuer Balance are subordinate to payments in reduction of Principal Balances of the Notes.

Distribution Account

The Indenture Trustee has established the Distribution Account as a segregated trust account (the "Distribution Account"). Not later than the Business Day immediately preceding each Payment Date, the Master Servicer is required to deposit in the Distribution Account all amounts then on deposit in any Collection Account and received during the related Due Period or Prepayment Period, as the case may be, other than Early Payments and the amount of any Servicing Fees retained by the Master Servicer or the Special Servicer. The Master Servicer shall also deposit in the Distribution Account any P&I Advances. On the Servicer Report Date, the Master Servicer will provide its Servicer's Certificate to the Issuer and the Indenture Trustee regarding the amounts to be remitted to the Distribution Account. On each Payment Date, Available Funds on deposit in the Distribution Account will be distributed in the priority set forth in the Summary under the caption "Distributions on the Notes."

Pursuant to the Indenture, the paying agent with respect to the Notes shall initially be the Indenture Trustee.
Rated Final Distribution Date

The final Distribution Date for rating purposes for each Class of Notes is January 15, 2021 (the "Rated Final Distribution Date"). Such date is 24 months after the scheduled maturity of the latest maturing Loan.

Optional Redemption

On any date when the Aggregate Outstanding Principal Amount of the Loans is less than 1% of the Initial Aggregate Principal Amount thereof, the Originator may redeem all, and not less than all, of the Notes by depositing with the Indenture Trustee the Aggregate Outstanding Principal Amount of the Notes and accrued but unpaid interest thereon as of the date of redemption, for payment to Holders of Notes on the following Payment Date. In the event the Originator does not exercise its option to redeem the Notes, the Master Servicer may exercise such option. Notice of such redemption will be given to Holders of Notes not less than five nor more than 25 days prior to the date of redemption.

Book Entry Registration

The description of book-entry procedures in this Offering Circular includes summaries of certain rules and operating procedures of DTC that affect transfers of interests in the global security or securities issued in connection with sales of Notes to QIBs. The Notes will be issued only as fully registered securities registered in the name of Cede & Co. (as nominee of DTC). Global Securities will be issued and will be deposited with DTC.

DTC has advised the Issuer that DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the 1934 Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities Exchange Commission.

Purchases of Notes within the DTC system must be made by or through Participants, which will receive a credit for the Notes on DTC records. The ownership interest of each actual purchaser of Notes ("Beneficial Owner") is in turn to be recorded on the Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Participants or Indirect Participants through which the Beneficial Owners purchased Notes. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC records reflect only the identity of the Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.
Redemption notices in respect of the Notes held in book-entry form shall be sent to Cede & Co. If less than all of the Notes are being redeemed, DTC will determine the amount of the interest of each Participant to be redeemed in accordance with its procedures.

Distributions on the Notes held in book-entry form will be made to DTC in immediately available funds. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of such Participants and Indirect Participants and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to DTC is the responsibility of the Issuer, disbursement of such payments to Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Participants and Indirect Participants.

Except as provided herein, a Beneficial Owner of an interest in a Global Security will not be entitled to receive physical delivery of Notes. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Notes.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving notice to the Issuer. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Notes are required to be printed and delivered. Additionally, the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Notes will be printed and delivered. In each of the above circumstances, the Issuer will appoint a paying agent with respect to the Notes.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the Global Notes as represented by a Global Security.

Because DTC can only act on behalf of Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a Global Security to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate representing such interest. Transfers between participants in Euroclear and Cedel will be affected in accordance with their respective procedures and in accordance with DTC's rules.

Subject to compliance with the transfer restrictions applicable to the Global Securities described above and in the Indenture, cross-market transfers between holders of interest in the Global Securities, on the one hand, and direct or indirect account holders at Euroclear or Cedel (each, a "Member Organization") holding interests in the Global Securities, on the other, will be effected through DTC in accordance with DTC's rules and the rules of Euroclear or Cedel, as applicable. Such cross-market transactions will require, among other things, delivery of instructions by such Member Organization to Euroclear or Cedel, as the case may be, in accordance with the rules and procedures and within deadlines (Brussels time) established in Euroclear or Cedel, as the case may be. If the transaction complies with all relevant requirements, Euroclear or Cedel, as the case may be, will then deliver instructions to its depositary to take action to effect final settlements on its behalf.

Because of time-zone differences, the securities account of a Member Organization purchasing an interest in a Global Security from a DTC Participant that is not a Member Organization will be credited during the securities settlement processing day (which must be a Business Day for Euroclear or Cedel, as the case may be) immediately following the DTC settlement date. Transactions in interests in a Global Security settled during any securities settlement processing day will be reported to the relevant Member Organization on the same day. Cash received in Euroclear or Cedel as a result of sales of interests in a Global Security by or through a Member Organization to a DTC Participant that is not a Member Organization will be received with value on the DTC settlement date, but will
not be available in the relevant Euroclear or Cedel cash account until the Business Day following the settlement in DTC.

Although DTC, Euroclear and Cedel have implemented the foregoing procedures in order to facilitate transfers of interests in the Global Securities among participants of DTC, Euroclear and Cedel, they are under no obligation to perform or continue to comply with such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Indenture Trustee, the Originator, the Contributors, the Primary Servicer, the Master Servicer, or the Initial Purchasers will have any responsibility for the performance by DTC, Euroclear or Cedel or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

**Weighted Average Life**

The weighted average life of the Notes refers to the average amount of time that will elapse from the Closing Date until each dollar allocable to principal of each Note is distributed to the investor. The weighted average life of the Notes will be influenced by, among other things, the rate at which principal on the Loans is paid or otherwise collected and by the availability of any amounts other than distributable principal to amortize the Principal Balance of such Class. As described above, the Optimal Principal Amount for each Payment Date will be allocated first to the Class A-1 Notes, then to the Class A-2 Notes, then to the Class B Notes, then to the Class C Notes, then to the Class D Notes, then to the Class E Notes, and then to the Class F Notes, in each case until the Principal Balances thereof have been paid in full. Consequently, the weighted average life of the Class A Notes will be shorter and the weighted average lives of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes will be longer than would otherwise be the case if such payments or other collections of principal were distributable on a pro rata basis among all such Classes of Notes.

The following tables indicate the percentage of the Initial Aggregate Principal Amount or Initial Aggregate Notional Amount of the Class A-1 Notes, the Class A-2 Notes, the Class A-X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes that would be outstanding after each of the dates shown under various scenarios and the corresponding weighted average life of each such Class of Notes. The tables have been prepared on the basis of the following assumptions, among others: (i) the rates on and amortization terms of the Loans are as described herein under "The Loans"; (ii) scheduled monthly payments of interest and principal on the Loans will be timely received (no defaults) and distributed on each Payment Date, commencing June 15, 1999; (iii) neither the Originator nor the Master Servicer will exercise any option to redeem the Notes; (iv) the Closing Date is May 5, 1999; and (v) in the case of (a) Scenario I, none of the Loans prepay, (b) Scenario II, the Loans prepay at 5% CPR, (c) Scenario III, the Loans prepay at 10% CPR, (d) Scenario IV, the Loans prepay at 15% CPR, (e) Scenario V, the Loans prepay at 20% CPR, (f) Scenario VI, the Loans prepay at 25% CPR and (g) Scenario VII, the Loans prepay at 30% CPR. In each case, the CPR is applied after the end of any applicable Lockout Period or period during which a Loan Yield Maintenance Amount is due for such Loan. "CPR" or "Constant Prepayment Rate" is a prepayment assumption, which represents an assumed rate of prepayment relative to the then-outstanding principal balance on a pool of new loans. For example, 0% CPR indicates no prepayments, 5% indicates prepayments at an annual rate of 5%, and so on. No assurance can be given that the Loans will prepay in a manner consistent with any of the Scenarios.

The above assumptions do not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool loans, including the Loans. There will be discrepancies between the characteristics of the actual Loans and the characteristics assumed in preparing the tables. Any such discrepancy may have an effect upon the percentages of the Initial Aggregate Principal Amount or Initial Aggregate Notional Amount, as the case may be (and the weighted average life) of each Class of Notes set forth in the tables. In addition, since the actual Loans will have characteristics that differ from those assumed in preparing the tables set forth below, the Notes may mature earlier or later than indicated by the tables. Variations in the prepayment experience and the principal balance of the Loans that prepay may increase or decrease the percentages of Initial Aggregate Principal Amounts or Initial Aggregate Notional Amount, as the case may be (and weighted average lives) shown in the following tables. Such variations may occur even if the average prepayment experience of all such Loans equals any of the specified CPR percentages. The tables below have been prepared based on the assumptions described above (including the assumptions regarding the characteristics and performance of the Loans,
which may differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.
### Percentage of Initial Aggregate Principal Amount or Initial Aggregate Notional Amount Outstanding Under the Following Scenarios

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*Weighted Average Life (in years)* ........ 5.4 5.4 5.4 5.4 5.4 5.4 5.4 11.7 11.6 11.5 11.4 11.4 11.3 11.2

* The weighted average life of a Note is determined by (i) multiplying the net reduction, if any, of Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount by the number of years from the date of issuance of the Note to the related Payment Date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net reduction of the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount described in (i) above.

This table has been prepared based on the assumptions described under the section entitled "—Weighted Average Life" preceding this table (including the assumptions regarding the characteristics and performance of the Loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.
### Percentage of Initial Aggregate Principal Amount or Initial Aggregate Notional Amount Outstanding Under the Following Scenarios

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* Weighted Average Life (in years)* ........... 9.8 9.7 9.7 9.6 9.6 9.5 13.8 13.7 13.6 13.5 13.4 13.3 13.3

*The weighted average life of a Note is determined by (i) multiplying the net reduction, if any, of Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount by the number of years from the date of issuance of the Note to the related Payment Date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net reduction of the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount described in (i) above.

This table has been prepared based on the assumptions described under the section entitled "—Weighted Average Life" preceding this table (including the assumptions regarding the characteristics and performance of the Loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.
### Percentage of Initial Aggregate Principal Amount or Initial Aggregate Notional Amount Outstanding Under the Following Scenarios

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* The weighted average life of a Note is determined by (i) multiplying the net reduction, if any, of Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount by the number of years from the date of issuance of the Note to the related Payment Date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net reduction of the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount described in (i) above.

This table has been prepared based on the assumptions described under the section entitled "—Weighted Average Life" preceding this table (including the assumptions regarding the characteristics and performance of the Loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.
The table below presents the percentage of the initial aggregate principal amount or initial aggregate notional amount outstanding under the following scenarios for Class E and Class F.

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Weighted Average Life (in years)* ............ 16.5  16.2  15.9  15.7  15.5  15.4  15.3  17.3  17.0  16.8  16.6  16.5  16.4  16.3

*The weighted average life of a Note is determined by (i) multiplying the net reduction, if any, of Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount by the number of years from the date of issuance of the Note to the related Payment Date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net reduction of the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount described in (i) above.

This table has been prepared based on the assumptions described under the section entitled "—Weighted Average Life" preceding this table (including the assumptions regarding the characteristics and performance of the Loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.
DESCRIPTION OF THE INDENTURE

The following summary describes certain provisions of the Indenture. The summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Indenture.

Certain Covenants of the Issuer

The Indenture will provide that the Issuer may not, among other things, except as expressly permitted by the Indenture: (i) sell, transfer, exchange or otherwise dispose of the Pledged Assets; (ii) claim any credit on, make any deduction from the principal, interest, or Loan Yield Maintenance Amounts, if any, payable in respect of the Notes (other than amounts required to be withheld from such payments under the Code or any other applicable state or federal law) or assert any claim against any present or former Noteholder by reason of the payment of any taxes levied or assessed upon any of the Pledged Assets; (iii) engage in any business or activity or create, incur, assume, guarantee or in any manner become liable on any debt other than in connection with, or relating to, the issuance of the Notes pursuant to the Indenture; (iv) amend the Limited Liability Company Agreement, without the prior written consent of Holders of a Majority-in-Interest of the Notes, or take any actions which would jeopardize its status as a special purpose limited liability company; (v) dissolve or liquidate in whole or in part except as permitted by the Limited Liability Company Agreement; (vi) consolidate with or merge into any other Person or convey, transfer or lease substantially all of its assets as an entirety to any Person unless, subject to the prior written consent of the Holders of a Majority-in-Interest of the Notes, the Person formed by such consolidation or into which the Issuer has been merged or the Person which acquires substantially all of the assets of the Issuer as an entirety is an organization organized under the laws of a state, can lawfully perform the obligations of the Issuer thereunder and executes and delivers to the Indenture Trustee an agreement, in form and substance reasonably satisfactory to the Indenture Trustee, which contains an assumption by such successor entity of the due and punctual performance and observance of each representation, warranty, covenant and obligation to be made, performed or observed by the Issuer under the Indenture; and unless such consolidation, merger, conveyance, transfer or lease does not result in a qualification, reduction or withdrawal of any rating which was assigned to the Notes by any Rating Agency; or (vii) permit the validity or effectiveness of the Indenture to be impaired or permit the lien of the Indenture to be subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under the Indenture, the Loans or the Collateral, (y) permit any lien, pledge, charge, adverse claim, security interest, mortgage or other encumbrance (other than liens created under or pursuant to the Indenture) to be created on or extend to or otherwise arise upon or burden the Pledged Assets or any part thereof or any interest therein or the proceeds thereof, or (z) permit the lien of the Indenture not to constitute a perfected security interest in the Pledged Assets.

Reports to Noteholders

On each Payment Date, the Indenture Trustee will furnish to the Issuer and the Rating Agencies and will include with each distribution to the Noteholders a Servicer's Certificate (in the form furnished by the Master Servicer to the Indenture Trustee).

Indenture Events of Default

With respect to the Notes, an "Event of Default" under the Indenture exists at any time when any one of the following events occur: (i) the Issuer shall fail to make any required payment of principal on the Notes when the same becomes due and payable; (ii) the Issuer shall fail to make any required payment of interest on the Notes when the same becomes due and payable; (iii) the Issuer shall fail to make any payment of Loan Yield Maintenance Amounts, if any, when the same becomes due and payable, except as otherwise contemplated thereby; (iv) the Issuer shall fail to observe or perform in any material respect certain of the covenants of the Issuer thereunder, which failure has continued for a period of 30 days after it obtains knowledge thereof; (v) the Issuer shall fail to observe or perform in any material respect the certain specified covenants of the Issuer thereunder; (vi) any representation or warranty of the Issuer set forth in the Indenture shall prove to be false in any material respect as of the date when made; (vii) the Issuer makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; (viii) the Issuer petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Issuer, or of any substantial part of the assets of the Issuer, or commences a voluntary case under the Bankruptcy Law of the United States or
any proceedings relating to the Issuer, under the Bankruptcy Law of any other jurisdiction or any such petition or application is filed, or any such proceedings are commenced, against the Issuer and the Issuer by any act indicates its approval thereof, consent thereto or acquiescence therein; (ix) any order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings and such order, judgment or decree remains unstayed and in effect for more than 60 days; (x) any order, judgment or decree is entered in any proceedings against the Issuer decreeing the dissolution of the Issuer and such order, judgment or decree remains unstayed and in effect for more than 60 days; (xi) a final judgment in an amount in excess of $100,000 is rendered against the Issuer, and within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 90 days after the expiration of any such stay, such judgment is not discharged; or (xii) any assignment by the Issuer to a delegate of its duties or rights thereunder, except as specifically permitted thereunder.

Acceleration of Maturity

Upon the occurrence and continuance of an Event of Default, if such event is an Event of Default specified in clause (viii), (ix) or (x) above, all of the Notes at the time outstanding shall automatically become immediately due and payable at par together with interest accrued thereon and all accrued and unpaid Loan Yield Maintenance Amounts, if any, with respect to each Note as a result of the prepayment of a Loan or Loans or the acceleration of a Defaulted Loan or Defaulted Loans, without presentment, demand, protest or notice of any kind, all of which are waived by the Issuer; and (ii) if such event is any other Event of Default, the Indenture Trustee may, and, upon the written request of Holders of a Majority-in-Interest of the Notes (by notice in writing to the Issuer and the Indenture Trustee), the Indenture Trustee shall, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with all accrued and unpaid interest thereon and all accrued and unpaid Loan Yield Maintenance Amounts, if any, with respect to each Note as a result of the prepayment of a Loan or Loans or the acceleration of a Defaulted Loan or Defaulted Loans, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer; provided, that the Loan Yield Maintenance Amounts, if any, with respect to each Note shall be due and payable upon such declaration only if (x) such event is an Event of Default specified in any of clauses (i) through (vii) above, inclusive, (y) the Indenture Trustee or the Noteholder, as appropriate, shall have given to the Issuer, at least ten (10) Business Days before such declaration, written notice stating its or their intention so to declare the Notes to be immediately due and payable and identifying one or more such Events of Default whose occurrence on or before the date of such notice permits such declaration and (z) one or more of the Events of Default so identified shall be continuing at the time of such declaration.

At any time after an acceleration, but before any judgment or decree for the payment of moneys due shall have been obtained or entered, unless the same has been discharged, and before the Notes have matured by their term, or as otherwise provided under the Indenture, if all overdue payments of principal, Loan Yield Maintenance Amounts, if any, and interest upon such Notes, together with the reasonable and proper charges, expenses and liabilities of the Indenture Trustee and the Holders of such Notes and their respective agents and attorneys and all other sums then payable by the Issuer under the Indenture (except the principal of, Loan Yield Maintenance Amounts, if any, and interest accrued since the next preceding Payment Date on such Notes or due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Issuer or provisions satisfactory to Holders of a Majority-in-Interest of the Notes shall be made for such payment, and all Events of Default under such Notes and under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) have been cured to the satisfaction of Holders of a Majority-in-Interest of the Notes or provision deemed by Holders of Majority-in-Interest of the Notes to be adequate has been made therefor, then and in every such case, Holders of a Majority-in-Interest of the Notes, by written notice to the Issuer and to the Indenture Trustee, shall have the right, but not be obligated to, rescind such declaration and annul such Event of Default in its entirety. No such rescission and annulment shall extend to or affect any subsequent Event of Default or impair or exhaust any right or power consequent thereon.

Enforcement of Remedies

If an Event of Default shall have occurred and be continuing and the Notes have become or been declared due and payable and such acceleration and its consequences have not been rescinded and annulled, the Indenture Trustee may (and, upon the written request of Holders of Majority-in-Interest of the Notes, will be required to) proceed to protect and enforce its rights and the rights of Noteholders under the Notes and the Indenture and take

61
one or more of the following actions: (i) proceed to protect and enforce its rights and the rights of the Noteholders by appropriate Proceedings whether by the specific enforcement of any covenant or agreement in the Indenture or in the aid of the exercise of any power granted herein, or to enforce any other proper remedy; (ii) institute Proceedings for the collection of all amounts then payable on the Notes, whether by declaration or otherwise, enforce any judgment obtained, and collect any moneys adjudged due; (iii) in accordance with the Indenture, sell the Pledged Assets or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law; (iv) institute Proceedings from time to time for the complete or partial foreclosure of the Indenture with respect to the Pledged Assets; and (v) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders.

The Indenture provides that in the enforcement of any right or remedy under the Notes or the Indenture, the Indenture Trustee is entitled to sue for, enforce payment on and receive any and all amounts then or during any Event of Default becoming, and any time remaining, due from the Issuer, for principal and interest, Loan Yield Maintenance Amounts, if any, or otherwise, under any of the provisions of the Notes or the Indenture, and unpaid, with interest on overdue payment at the rate or rates of interest specified in the Notes, together with any and all costs and expenses of collection and of all Proceedings under the Notes or the Indenture, without prejudice to any other right or remedy of the Indenture Trustee or the Noteholders and to recover and enforce judgments or decrees against the Issuer, but solely as provided in the Indenture and in the Notes for any amounts remains unpaid, with interest, costs and expenses, and to collect (but solely from moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Indenture Trustee is required to file such proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee and the Noteholders allowed in any judicial proceeding, relative to the Issuer or its creditors or property.

The Indenture Trustee may, and if requested in writing by Holders of a Majority-in-Interest of the Notes and furnished with reasonable security and indemnity, the Indenture Trustee shall, institute and maintain such suits and proceedings or take such other acts as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Indenture Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Noteholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys Collected Upon Acceleration

If the Notes have become or been declared due and payable pursuant to the acceleration provisions of the Indenture, any moneys collected by the Indenture Trustee pursuant to its exercise of default remedies under the Indenture or otherwise held by the Indenture Trustee as part of the Pledged Assets shall be applied in the following order at the date or dates fixed by the Indenture Trustee and, in case of the distribution of such moneys on account of principal of, interest and Loan Yield Maintenance Amounts, if any, on the Notes upon presentation and surrender thereof: (i) first, to the payment of compensation and reimbursement amounts due the Indenture Trustee including amounts payable to the Indenture Trustee acting as Master Servicer or Special Servicer and the Indenture Trustee's expenses of collection; (ii) second, to the payment of amounts then due to the Master Servicer and Special Servicer; (iii) third, to the payment of all the amounts then due and unpaid upon the Notes for all accrued and unpaid interest payable on the Notes from the last date on which interest has been paid, to the Holders in accordance with the relative amounts and priorities set forth in the Indenture for payments from the Distribution Account; (iv) fourth, to the payment of all amounts then due and unpaid upon the Notes for principal, to the Noteholders in accordance with the relative amounts and priorities set forth in the Indenture for payments from the Distribution Account; (v) fifth, to the payment of all amounts then due and unpaid representing the Loan Yield Maintenance Amounts relating to the Notes, to the Noteholders in accordance with the priorities set forth in the Indenture for payments from the Distribution Account; and (vi) sixth, to the payment of all other amounts to the Persons entitled thereto in accordance with the priorities set forth in the Indenture for payments from the Distribution Account.
Satisfaction and Discharge of Indenture

The Indenture will be discharged when (i) all Notes have been delivered to the Indenture Trustee for cancellation and (ii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate stating that there has been compliance with all conditions precedent providing for the satisfaction and discharge of the Indenture.

In the event any Notes remain outstanding after satisfaction and discharge of the Indenture, the Indenture Trustee shall, upon the delivery of such custodial agreements, undertakings and indemnities from the Originator and the Issuer as the Indenture Trustee shall reasonably require, continue to collect Loan Payments in the Collection Account in accordance with the Indenture and to distribute such moneys in accordance with the payment priorities contained in the Indenture.

Duties of the Indenture Trustee

The Indenture provides that the Indenture Trustee will be charged with and will accept the trusts and duties set forth in the Indenture in connection with the issuance, payment, administration and securing of the Notes under the Indenture for the benefit of the Noteholders. The Indenture Trustee will also act as the custodian of the Loan Files.

Certain Matters Regarding the Indenture Trustee

The Issuer has agreed (i) to pay the Indenture Trustee from time to time reasonable compensation for all services rendered by it under the Indenture, and (ii) to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel).

Resignation and Removal of Indenture Trustee

Under the Indenture, no resignation or removal of the Indenture Trustee and no appointment of a successor trustee pursuant to the Indenture will become effective until acceptance of the appointment by the successor Indenture Trustee. Any successor Indenture Trustee appointed under the Indenture is subject to confirmation of the Rating Agencies that such appointment will not result in a qualification, reduction or withdrawal of any rating assigned to the Notes by the Rating Agencies.

Amendments to the Indenture

With the consent of Holders of a Majority-in-Interest of the Notes delivered to the Issuer and the Indenture Trustee, the Issuer, pursuant to a written request and the Indenture Trustee may amend the Indenture for the purpose of adding to, changing or eliminating any of the provisions of the Indenture or of modifying the rights of Noteholders under the Indenture; provided, however, that no such amendment shall without the consent of the Holder of each Outstanding Note: (i) change the Maturity of the principal of, or any installment of principal of, interest on or Loan Yield Maintenance Amounts, if any, with respect to any Note, or reduce the principal amount thereof or change the interest rate thereon, or change the provisions of the Indenture relating to the application of the Pledged Assets to payment of principal of Notes, or change any place of payment where, or the coin or currency in which, the principal of or the interest of any Note is payable, or impair the right to institute Proceedings for the enforcement of the provisions of the Indenture requiring the application of funds available therefor, under the Indenture of payment of any amount due on the Notes on or after the Maturity thereof; (ii) reduce the percentage of the Aggregate Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be, of the Notes, the consent of the Holders of which is required for any amendment, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences provided for in the Indenture; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; (iv) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Pledged Assets or terminate the lien of the Indenture on any property at any time subject hereto or deprive any Holder of the security afforded by the lien of the Indenture except as provided therein or as otherwise expressly permitted thereby; (v) reduce the percentage of the Aggregate...
Outstanding Principal Amount or Aggregate Outstanding Notional Amount, as the case may be, of the Notes, the consent of the Holders of which is required to direct the Indenture Trustee to sell the Pledged Assets thereto; (vi) modify any of the provisions regarding amendments, except to increase any percentage specified therein or to provide that certain additional provisions of the Indenture cannot be modified or waived without the consent of each Holder of an Outstanding Note affected thereby; or (vii) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date (including the calculation of any of the individual components of such calculation).

Annual Statement as to Compliance

The Issuer will be required to deliver annually to the Indenture Trustee and the Rating Agencies a written statement as to the fulfillment of its obligations under the Indenture.

DESCRIPTION OF THE CONTRIBUTION AGREEMENT

The following summary describes certain provisions of the Contribution Agreement. The summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Contribution Agreement.

General

Pursuant to the Contribution Agreement, the Issuer will acquire from the Contributors the Loans, the related Collateral, the Loan Files and certain other assets ("Assigned Assets"). Such contribution and transfer is intended by each of the parties to be an absolute and irrevocable assignment of the Assigned Assets. If, however, such contribution and transfer is characterized as a financing, the Contribution Agreement provides that the Contributors have granted the Issuer a security interest in the Assigned Assets and the Contribution Agreement will be deemed a security agreement within the meaning of the UCC.

Representations, Warranties and Covenants

Under the Contribution Agreement, the Contributors make certain representations, warranties and covenants as of the Cut-Off Date including those representations and warranties related to legal compliance and authority to enter into the transactions contemplated by the Basic Documents. In addition, the Originator makes certain representations and covenants as of the Cut-Off Date concerning the Loans including but not limited to the following:

(a) The information pertaining to the Loans set forth in the List of Loans is true and correct in all material respects at the date or dates as of which such information is furnished.

(b) Such Loan, the Originator and all other parties involved in the origination and servicing of the Loan complied in all material respects, as of the date of origination and as of the Closing Date, with all applicable federal, state and local laws, rules and regulations, including, without limitation, those relating to usury, truth-in-lending, real estate settlement procedure, land sales, the offer and sale of securities, consumer credit protection and equal credit opportunity or disclosure.

(c) Each Mortgage and Leasehold Mortgage, other than certain Leasehold Mortgages specified on an exhibit to the Contribution Agreement (the "Unrecorded Leasehold Mortgages"), has been or will be duly filed to be recorded with all appropriate governmental authorities in all jurisdictions in which such Mortgage or Leasehold Mortgage is required to be filed and recorded to create a valid, binding and enforceable lien on the related Mortgaged Property or Leasehold, and each Mortgage or Leasehold Mortgage, other than the Unrecorded Leasehold Mortgages and certain Mortgages and/or Leasehold Mortgages specified on an exhibit to the Contribution Agreement (the "Second Lien Loans"), creates a valid, binding and enforceable first lien on the related Mortgaged Property or Leasehold (except as such enforceability may be limited by insolvency laws or other laws of general application relating to or affecting the enforcement of creditors' rights generally or by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law). The Mortgage Assignments
and Assignments of Leasehold Mortgages are in form acceptable for recording in the jurisdiction where the related Mortgaged Property is located and in a form sufficient to assign the Mortgage or Leasehold Mortgage purported to be assigned thereby.

(d) Immediately prior to the sale and transfer of the Loans, the Originator owned full legal and equitable title to each Loan, free and clear of any lien or participation or ownership interest in favor of any other Person, and had full right and authority to pledge, assign and transfer such Loan; and the form of the Contribution Agreement and the related instruments of transfer are in form sufficient to transfer all right, title and interest in, to and under the Loans to the Issuer. The Originator has given or caused to be given or will give or cause to be given all notices legally necessary to be given by the Originator to effect the contribution and transfer of the Loans to the Issuer.

(e) Each Promissory Note, Loan Agreement and related Security Agreement, Mortgage, if any, Leasehold Mortgage, if any, and Affiliate Guarantee, if any, is genuine, has not been impaired, amended, satisfied, canceled, altered or modified in any respect (other than pursuant to written instruments included on the related Loan Documents) and is the legal, valid and binding obligation of the maker, Borrower, guarantor or other party executing such document or agreement, enforceable in accordance with its terms (except as such enforceability may be limited by insolvency laws or other laws of general application relating to or affecting the enforcement of creditors’ rights generally or by general principles of equity, regardless of whether such enforceability shall be considered in a proceeding in equity or at law), and is not subject to any dispute, counterclaim, right to rescission, right of setoff, counterclaim or defense of any kind.

(f) All parties to each Promissory Note, Loan Agreement and related Security Agreement, Mortgage, if any, Leasehold Mortgage, if any, and Affiliate Guarantee, if any, had the legal capacity to enter into such Loan Documents and to execute and deliver such Loan Documents, and such Loan Documents have been duly and properly executed by such parties.

(g) Each Mortgage, Leasehold Mortgage, Loan Agreement, and Security Agreement contains customary and enforceable provisions so as to render the rights and remedies of the holder thereof adequate for the practical realization against the related Collateral of the benefits of the security interests intended to be provided thereby, including by judicial foreclosure, subject to the limitations described in the following sentence. There is no exemption under existing law available to the related Borrower which would interfere with the mortgagee’s or secured party’s right to foreclose such related Mortgage, Leasehold Mortgage or Security Agreement, as applicable, other than those that may be available under insolvency laws, debt relief or homestead statutes or other laws of general application relating to or affecting the enforcement of creditors’ rights generally or by general principles of equity.

(h) At the time each Loan was made, the related Borrower owned or had a leasehold interest in the related Collateral, including good and marketable title to any Mortgaged Property (subject to exceptions contained in the Title Insurance Policy, if any, relating to such Mortgaged Property). With respect to each Loan, the related Mortgage or Leasehold Mortgage (other than an Unrecorded Leasehold Mortgage) is a valid and enforceable first lien on the fee or leasehold estate of the Borrower in the Mortgaged Property (except as such enforceability may be limited by insolvency laws or other laws of general application relating to or affecting the enforcement of creditors’ rights generally or by general principles of equity, regardless of whether such enforceability shall be considered in a proceeding in equity or at law), which interest is free and clear of all encumbrances and liens having priority over the first lien of the Mortgage or Leasehold Mortgage, except for (a) liens for real estate taxes and special assessments not yet due and payable, (b) covenants, conditions and restrictions, rights of way, easements and other matters that (i) are of public record as of the date of recording of such Mortgage or Leasehold Mortgage and/or (ii) are referred to in the related lender’s Title Insurance Policy, such exceptions being acceptable to mortgage lending institutions generally, and (c) other matters to which like properties are commonly subject that do not, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by such Mortgage or Leasehold Mortgage.

(i) Each Loan File for each Loan contains the documents and instruments specified to be included therein in the form specified in the definition of "Loan File."
To the Originator's knowledge, there exists no material violation of federal or state Environmental Law with respect to any Mortgaged Property; provided, however, that notwithstanding the foregoing, the Originator makes no representation or warranty with respect to the presence of materials normally used in the operation and maintenance of properties such as the Mortgaged Properties and properties subject to Leasehold Mortgages (e.g., cleaning agents and used motor oil).

For purposes of the representations, the phrase "to the best knowledge of the Originator" or "to the Originator's knowledge" means to the actual knowledge of the Originator without inquiry.

Reacquisition of Ineligible Loans and Substitution

The Originator will be obligated to reacquire a Loan as to which there has been a material breach of any representation or warranty by the Originator under the Contribution Agreement if such breach has a material adverse effect on the interests of the Indenture Trustee or the Noteholders in the related Loan. In lieu of such reacquisition, the Originator may, within certain specified time periods, substitute a new loan for the affected Loan, all in accordance with the terms of the Contribution Agreement. Pursuant to the Contribution Agreement, the Issuer has the right to direct the Originator to reacquire a Loan as to which there has been a material breach of any representation and warranty under the Contribution Agreement. See "Risk Factors—The Notes—Reacquisition of Ineligible Loans" and "Risk Factors—The Notes—Prepayment Risk" herein.

Financing Statements

Pursuant to the Contribution Agreement, the Contributors have agreed that they will file, or cause to be filed, at their sole cost and expense (i) all UCC financing statements and (ii) all Mortgage Assignments.

Contributors' Acknowledgement

Pursuant to the Contribution Agreement, the Contributors have agreed that the Indenture Trustee and the Noteholders are entitled to rely on the representations and warranties of the Contributors and such representations and warranties will survive the contribution and transfer of the Loans to the Issuer, and continue in full force and effect, notwithstanding subsequent termination of the Contribution Agreement. Pursuant to the Contribution Agreement, the Contributors have agreed that the representations and warranties shall be unimpaired by any review and examination of the Loans or any failure on the part of the Issuer to review or examine the Loan Files and shall inure to the benefit of any permitted transferee of the Issuer.

CERTAIN LEGAL ASPECTS OF THE LOANS

The following discussion contains summaries of certain legal aspects of the Loans, including Loans which are secured by mortgages on the fee interests in ("Mortgage Loans") or leasehold interest in ("Leasehold Mortgages") real property. Because certain of such legal aspects are governed by applicable state law (which laws may differ substantially), the summaries do not purport to be complete or to reflect the laws of any particular state, nor to encompass the laws of all states in which the properties securing the Loans are situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the Loans.

Mortgage Loans

Certain of the Loans will be Mortgage Loans. Mortgage Loans will be secured by either mortgages or deeds of trust, depending on the prevailing practice in the state in which the property subject to a Mortgage Loan is located. The filing of a mortgage or deed of trust to secure debt creates a lien or title interest upon the real property covered by such instrument and represents the security for the repayment of an obligation that is customarily evidenced by a promissory note. It is not prior to the lien for real estate taxes and assessments or other charges imposed under governmental police powers. Priority with respect to such instruments depends on their terms, the knowledge of the parties to the mortgage and generally on the order of recording with the applicable state, county or municipal office. There are two parties to a mortgage: the mortgagor, who is the borrower/franchisee or the land trustee and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. In the case of a land trust, there are three parties because title to the
property is held by a land trustee under a land trust agreement of which the borrower/franchisee is the beneficiary; at origination of a Mortgage Loan, the borrower executes a separate undertaking to make payments on the mortgage note. A deed of trust transaction normally has three parties: the trustor, who is the borrower/franchisee; the beneficiary, who is the lender; and the trustee, a third-party grantee. Under a deed of trust, the trustor grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. The mortgagee’s authority under a mortgage and the trustee’s authority under a deed of trust are governed by the law of the state in which the real property is located, the express provisions of the mortgage or deed of trust, and, in some cases, in deed of trust transactions, the directions of the beneficiary.

Leasehold Mortgages

A Loan secured by a Leasehold Mortgage encumbering the Borrower’s interest in a lease of real property and the leasehold estate in such real property is subject to certain risks not associated with a Mortgage Loan secured by a mortgage encumbering fee simple interest in real property. The lender’s security interest encumbers the Borrower’s interest in the lease and the leasehold estate and not the fee simple title in the real property. In the case of either a ground lease or a space lease, the lease typically provides that upon the happening of certain conditions, generally after the tenant has had notice and appropriate time to cure such condition, the landlord has the ability to terminate the lease. In the event that the lease is terminated, the lender’s security interest will be extinguished. This risk may be minimized in the case of ground leases and certain long term space leases by having the lease contain “mortgagee protection provisions” which provide the lender with the opportunity to prevent the termination of the lease or if the lease was terminated, the right to a new lease from the landlord of the property in question. In addition, the leases may require the landlord to provide the lender with written notice that a default has occurred under the lease and provide the lender with the opportunity to cure any of the tenants’ defaults prior to termination of the lease. Such remedial action required by the lender in order to avoid a termination of the lease may entail operation of the related franchise unit and the payment of the tenant’s rent and other payment obligations under the lease from the revenue generated by such operation, as well as the performance of other covenants contained in the lease.

In instances where the lease does not provide such lender protections, the Originator may seek to obtain certain such protections through a separate instrument from the landlord. The Originator usually obtains a landlord estoppel whereby the landlord agrees to provide notice to the Originator of any default under the lease and permit the Originator to cure any such default. The Originator also may obtain from each holder of a mortgage on the fee interest in any real estate relating to a Loan secured by a leasehold mortgage a non disturbance agreement whereby the landlord agrees not to terminate in the event of a foreclosure by such mortgage holder.

Loans in Puerto Rico

Certain of the Loans were originated in Puerto Rico. As the law of Puerto Rico does not recognize limited liability companies, such Loans were funded through the Originator’s affiliate, Peachtree Financial Acceptance Corp., and transferred to the Originator simultaneously with closing. The Loan Documents for such Loans are governed by the laws of the state of Georgia, with the exception of the Mortgages, which are governed by the laws of Puerto Rico. Puerto Rico is a civil law jurisdiction. The Originator and its affiliate had the Mortgages executed and delivered in accordance with the requirements of the laws of Puerto Rico, which differ in certain respects from the laws and procedures that commonly prevail in other parts of the United States. In particular, the law of Puerto Rico requires that all original documents to be recorded, such as the Mortgages, must be held permanently either by the notary public who authorizes the same (who must be an attorney) or in a government archive existing for said purpose, and the notary public issues certified copies to be presented to the appropriate registry for recordation. Thus, the Indenture Trustee will not receive the original documents relating to the Mortgages on the Puerto Rican Loans, as it will with all other Loans. In addition, the Mortgages were created, as permitted under the law of Puerto Rico, in the favor of the person to whose order the related Promissory Note is made or endorsed. Consequently, the Mortgage itself may not be independently assigned, but rather benefits whoever is the legal holder of the Promissory Note. In this case, the Mortgages secured payment of the Promissory Notes for the benefit of the Originator’s affiliate, initially, and for the benefit of the Originator upon endorsement and delivery of the Promissory Notes by the Originator’s affiliate to the Originator. Puerto Rican counsel has advised the Originator that the various differences in Puerto Rican procedures will not deny the Originator the practical realization of the benefits intended to be granted to the Originator pursuant to the Loan Documents.
Foreclosure

If the Borrower defaults under a mortgage, the primary remedy of the holder of a Leasehold Mortgage that secures a Loan or other mortgage that secures the Mortgage Loan will be to institute foreclosure proceedings to sell the Mortgaged Property and apply the proceeds to satisfy the indebtedness. The two primary methods of foreclosing a mortgage instrument are judicial foreclosure, involving court proceedings, and non-judicial foreclosure pursuant to a power of sale granted in the mortgage instrument. If the Borrower is willing to relinquish its interest in the Mortgaged Property, the Indenture Trustee may instead obtain a deed to the Mortgaged Property from the Borrower without going through foreclosure (a deed in lieu of foreclosure), or it may conclude that the Borrower is likely to cure a default and therefore decide to refrain from exercising this remedy, or it may negotiate a restructuring of the Mortgage Loan or Loan secured by a Leasehold Mortgage (to defer interest or principal payments, for example) to avoid the delays, expenses and other complications of foreclosure or the exercise of the power of sale. A restructuring of the Mortgage Loan or Loan secured by a Leasehold Mortgage could, depending on the nature of the restructuring, result in changes to the timing and amounts of payment under such Mortgage Loan or Loan secured by a Leasehold Mortgage, thereby affecting timing and amounts of payments on the Notes.

A judicial foreclosure proceeding is conducted in a court having jurisdiction over the Mortgaged Property. Generally, the action is initiated by the service of legal pleadings upon all parties having a subordinate interest of record in the real property and all parties in possession of the property, under leases or otherwise, whose interests are subordinate to the mortgage. Delays in completion of foreclosure actions may result from difficulties in effecting service on all necessary parties. If a lender's right to foreclosure is contested, the legal proceedings necessary to resolve the issue also can be lengthy, and, if defenses or counterclaims are interposed, a foreclosure action may require several years to prosecute. In addition, the Bankruptcy Code imposes certain obligations that may delay or increase the expense of a foreclosure action. After successful resolution of all contested matters by appropriate judicial proceedings, a court issues a judgment of foreclosure and appoints a referee to sell the Mortgaged Property publicly. The sale proceeds are distributed as directed by the court to pay the foreclosed mortgage debt and, if there are surplus monies, any other debts secured by the Mortgaged Property. Such sales are made in accordance with procedures that vary from state to state.

Foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale pursuant to a power of sale typically granted in the deed of trust. A power of sale may also be contained in any other type of mortgage instrument if applicable law so permits. A power of sale under a deed of trust allows a non-judicial public sale to be conducted generally following a request from the beneficiary lender to the trustee to sell the Mortgaged Property upon default by the borrower and after notice of sale is given in accordance with the terms of the deed of trust and applicable state law. In some states, prior to such sale, the trustee under the deed of trust must record a notice of default and notice of sale and send a copy to the borrower and to any other party who has recorded a request for a copy of a notice of default and notice of sale. In addition, in some states the trustee must provide notice to any other party having an interest of record in the real property, including junior lienholders. A notice of sale must be posted in a public place and, in most states, published for a specified period of time in one or more newspapers. The borrower or junior lienholder may then have the right, during a reinstatement period required in some states, to cure the default by paying the entire actual amount in arrears (without regard to the acceleration of the indebtedness), plus the lender's expenses incurred in enforcing the obligation. In other states, the borrower or the junior lienholder is not provided a period to reinstate the loan, but has only the right to pay off the entire debt to prevent the foreclosure sale. Generally, state law governs the procedure for public sale, the parties entitled to notice, the method of giving notice and the applicable time periods.

A foreclosure sale under a mortgage or a deed of trust is a public sale. For a variety of reasons, including (a) the potential difficulty of determining the exact status of title to the Mortgaged Property (see "—Rights of Redemption" below), (b) possible deterioration of the physical condition of the Mortgaged Property during foreclosure proceedings, (c) the specialized or unique nature of a particular Mortgaged Property that makes it attractive to only a few prospective buyers, (d) the assumption made by many prospective foreclosure bidders that a lender will bid for a Mortgaged Property in an amount at least equal to the amount of its unpaid Loan, (e) the difficulty of inspecting a property prior to sale in a contested foreclosure and (f) judicial decisions suggesting that a foreclosure sale may, under certain circumstances, be challenged as a "fraudulent conveyance" and rescinded if a court determines that the property is sold for less than fair consideration while the mortgagor is insolvent and within one year of the filing of bankruptcy (see "— Bankruptcy Laws" herein), third parties may be reluctant to purchase
property at a foreclosure sale, or may reduce their bids to reflect the real and perceived risk attendant to such sale. For these reasons, it is common for the lender to acquire the property for some or all of the unpaid principal amount of the mortgage note, plus accrued and unpaid interest and the expenses of the foreclosure. Thereafter, such lender will be required to assume the burdens of ownership, including the day-to-day management of the property, obtaining hazard insurance and making repairs that are necessary to render the property suitable for resale. In such circumstances, not only will the lender's realization of the proceeds of the sale of the Mortgaged Property be deferred until it can find a buyer for the property, but the lender may incur net carrying costs in excess of the rental produced by the property in the interim.

Depending upon economic factors and changes in market conditions that affect rental rates, operating expenses and property values, the ultimate proceeds of a foreclosure sale or resale of foreclosure property may not equal the lender's investment in the property. Moreover, a lender commonly incurs substantial legal fees and court costs in acquiring a Mortgaged Property through contested foreclosure. Furthermore, a lender may be responsible under Environmental Laws for liabilities relating to property. See "—Environmental Matters" herein. As a result, the Noteholders could realize an overall loss on a Mortgage Loan or Loan secured by a Leasehold Mortgage even if the related Mortgaged Property is sold at a foreclosure sale or resold after it is acquired through foreclosure.

Environmental Matters

Property pledged as security to a mortgagee may be subject to risks under Environmental Laws. See "Risk Factors — The Loans — Environmental" herein. Among other things, under Environmental Laws, various categories of persons, including owners, operators or managers of real property, may be liable for costs of investigation and remediation of Hazardous Substances that are or have been released on or in their property or at other properties and related damages, including personal injury and property damages, even if such releases were by former owners or occupants or others. In addition, Borrowers and their properties may be subject to various other Environmental Laws, which may require Borrowers to incur ongoing costs of compliance. Accordingly, the Borrowers may be subject to certain liabilities under Environmental Laws, including those associated with the Borrowers’ properties subject to the Loans. Such risks, among other things, could subject the Borrower to business interruption or closure for extended periods of time which would negatively affect Borrower’s cash flow and ability to repay the Loan, otherwise substantially impair the affected Borrower’s ability to repay the Loan, result in a substantial diminution in the value of the property pledged as collateral to support the Loan or the inability to foreclose against such property, and/or, in certain circumstances, give rise to liability for compliance, investigation or remediation costs and related liabilities which could exceed the value of such property or the principal balance of the related Mortgage Loan or Leasehold Mortgage.

Under federal law and the laws of certain states, contamination of a property may give rise to a lien on the property to assure the costs of cleanup. In several states, such a lien has priority over the lien of an existing mortgage against such property. The value of the Mortgaged Property as collateral for a Mortgaged Loan or a Loan secured by a Leasehold Mortgage, therefore, could be adversely affected by the existence of any such condition or circumstance. In addition, under the laws of some states and under certain federal laws, including CERCLA, a lender may become liable for costs of addressing releases or threatened releases of certain Hazardous Substances if agents or employees of the lender have become sufficiently involved in the operations of the borrower, regardless of whether or not the environmental damage or threat was caused by a prior owner. A lender also risks liability on foreclosure of mortgaged property. Excluded from CERCLA's definition of "owner" or "operator" is a person "who without participating in the management of the facility, holds indicia of ownership primarily to protect a security interest." A similar exclusion exists under the underground storage tank provisions of the Resource Conservation and Recovery Act ("RCRA"). The Federal Asset Conservation, Lender Liability and Deposit Insurance Protection Act of 1996 ("Lender Liability Act") clarifies the conditions under which a lender may demonstrate that it holds indicia of ownership primarily to protect its security interest and does not participate in the management of the facility. The law, however, applies with respect only to liability under CERCLA and the underground storage tank provisions of RCRA, and lenders may still incur liability under other Environmental Laws, including state laws, or under other theories. If a lender is or become liable, it may be entitled to bring an action for contribution against the owner or operator who created the environmental hazard, but that person or entity may be in bankruptcy or otherwise judgment-proof. Such liabilities may be substantial. It is possible that such costs could become a liability of the Issuer and occasion a loss to Noteholders in certain circumstances described above.
As summarized in "Risk Factors — The Loans — Environmental" and "The Peachtree Franchise Loan Program — Underwriting Procedures for Originations" herein, at the time the Loans were originated, a very limited environmental assessment of the Mortgaged Properties was conducted. There is no assurance that the results of any environmental diligence or audit will disclose all environmental problems associated with a property and if, for example, the Issuer or its successor foreclosed on a property or otherwise acquired the Borrower's rights therein, the Issuer or such successor would be subject to the risks and liabilities associated with being an owner, operator or lessee of such property.

The Servicing Agreement provides that the Special Servicer shall not obtain on behalf of the Indenture Trustee or the Issuer a deed as a result of or in lieu of foreclosure or otherwise, and shall not otherwise acquire possession of, or title to, or commence any proceedings to acquire possession of, or title to, or take any other action with respect to, any Mortgaged Property or any real property, if, as a result of any such action, the Special Servicer or the Indenture Trustee would be considered to hold title to, to be a "mortgagee-in-possession" of, or to be an "owner" or "operator" of, such Mortgaged Property or real property within the meaning of CERCLA, or any other similar state or local environmental statute, unless (i) prior to taking such action the Special Servicer receives an environmental site assessment report prepared by an experienced independent environmental assessment firm which regularly conducts environmental audits for purchasers of commercial property, and (ii) the Special Servicer has determined in accordance with the Servicing Standard and based upon such report that, as of a date not more than three months prior to obtaining title that (A) such Mortgaged Property or real property is in material compliance with applicable Environmental Laws, (B) there are no circumstances present at such Mortgaged Property or real property relating to the presence, use, management or disposal of any Hazardous Substances for which material investigation, testing, monitoring, containment, clean-up or remediation could be required under any federal, state or local law or regulation or (C) it would be in the best economic interest of the Special Servicer or the Indenture Trustee to take such actions as are necessary to comply with any such Environmental Law or take any such action with respect to any such Hazardous Substance. If foreclosure is permitted pursuant to additional specifications of the Servicing Agreement, in addition to the costs of any delays caused by diligence, the value of any foreclosure property would be net of any such diligence costs, and any required remediation. In certain instances, foreclosure would not be permitted and the holder of the Notes could realize no value for such property.

Rights of Redemption

The purposes of a foreclosure action are to enable the lender to realize upon its security and to bar the borrower, and all persons who have interests in the property that are subordinate to that of the foreclosing lender, from the exercise of their "equity of redemption." The doctrine of equity of redemption provides that, until the property encumbered by a mortgage has been sold in accordance with a properly conducted foreclosure and foreclosure sale, those having interests that are subordinate to that of the foreclosing lender have an equity of redemption and may redeem the property by paying the entire debt with interest. Those having an equity of redemption must generally be made parties and joined in the foreclosure proceeding in order for their equity of redemption to be terminated.

The equity of redemption is a common-law (non-statutory) right, which should be distinguished from post-sale statutory rights of redemption. In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the borrower and foreclosed junior lien holders are given a statutory period in which to redeem the property. In some states, statutory redemption may occur only upon payment of the foreclosure sale price. In other states, redemption may be permitted if the former borrower pays only a portion of the sums due. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property because the exercise of a right of redemption would defeat the title of any purchaser through a foreclosure. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired. In some states, a post-sale statutory right of redemption may exist following judicial foreclosure, but not following a trustee's sale under a deed of trust.

Anti-Deficiency Legislation and Limitations on Lenders

Certain states have imposed statutory prohibitions which limit the remedies of the lender. Some states require the lender to sell the property in an attempt to satisfy the full debt before bringing a personal action against
the borrower. Other statutory provisions limit any judgment against the borrower to the difference between the outstanding debt and the fair market value of the property at the time of the sale. Numerous other statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may affect the ability of the lender to realize upon its collateral, to enforce a deficiency judgment, or to collect the full amount of the monthly payments under the Loan. In addition, courts have traditionally imposed general equitable principles to limit the remedies available to lenders in foreclosure actions. These principles are generally designed to relieve borrowers from the effects of mortgage defaults perceived as harsh or unfair. Relying on such principles, a court may alter the specific terms of a loan to the extent it considers necessary to prevent or remedy an injustice, undue oppression or overreaching, or may require the lender to undertake affirmative actions to determine the cause of the borrower's default and the likelihood that the borrower will be able to reinstate the loan.

**Bankruptcy Laws**

Numerous state and federal laws, including the Bankruptcy Code, may delay and impair the ability of a lender to exercise its remedies under a mortgage and related security agreements to obtain payment of its Loan, to realize upon collateral and/or to enforce a deficiency judgment. See "Risk Factors—The Loans—Bankruptcy Laws" herein. For example, under the Bankruptcy Code, virtually all actions (including foreclosure actions and deficiency judgment proceedings) are automatically stayed upon the filing of a bankruptcy petition and, often, no interest or principal payments are made during the course of the bankruptcy case. The delays and other consequences of the automatic stay can be significant.

Under the Bankruptcy Code, provided certain substantive and procedural safeguards for a lender are met, the amount and terms of a Loan secured by property of the debtor may be modified under certain circumstances. For example, the amount that the mortgage secures can be reduced to the then current value of the Mortgaged Property, leaving the mortgagee as a general unsecured creditor for the remainder of the previously secured indebtedness. See "Risk Factors—The Loans—Bankruptcy Laws" herein. Other modifications may include reduction of debt service payments, by way of a reduction in the rate of interest or alteration of the repayment schedule (with or without affecting the unpaid principal balance) and/or an extension (or acceleration) of the final maturity date. Courts with federal bankruptcy jurisdiction have on occasion approved plans of reorganization, based on the particular facts of the reorganization case, that effected the curing of a Mortgage Loan or Leasehold Mortgage default by providing for payment of arrearages over a number of years. Also, under the Bankruptcy Code, a Bankruptcy Court may permit a debtor through its plan of reorganization to de-accelerate a Mortgage Loan or Leasehold Mortgage and reinstate the Loan, even though the mortgagee accelerated the Loan and obtained final judgment of foreclosure in state court prior to the filing of the debtor's bankruptcy petition (provided no sale of the property has yet occurred). Other significant modifications of a mortgage may be acceptable to a bankruptcy court, depending on the facts and circumstances of the specific case.

A chapter 11 debtor-in-possession or a trustee in a bankruptcy may, in some cases, be entitled to collect the trustee's costs and expenses in preserving or selling the mortgaged property ahead of payment to the holder of a mortgage. In certain circumstances, a debtor-in-possession or a trustee may also have the power to grant liens senior to the lien of a mortgage; state insolvency law and general principles of equity also may provide a borrower with means to halt a foreclosure proceeding or sale and to force a restructuring of a Mortgage Loan or a Leasehold Mortgage on terms a lender would not otherwise accept. Moreover, the laws of most states accord certain tax liens priority over the lien of a mortgage, which may have the effect of reducing the amount ultimately recoverable by the mortgagee.

Federal bankruptcy law may also adversely affect a mortgage lender's ability to enforce a debtor's assignment of the rents and leases of a mortgaged property. Under section 362 of the Bankruptcy Code, the lender may be stayed from enforcing the assignment; legal proceedings necessary to obtain relief from the stay and realize upon the rents can be time-consuming and uncertain as to outcome. Rents may escape the assignment (i) if the appropriate enforcement steps are not taken prior to commencement of the bankruptcy proceeding, (ii) to the extent the rents are used by the debtor to maintain the mortgaged property or for other court authorized expenses or (iii) to the extent other collateral may be substituted for the rents.

In a bankruptcy or similar proceeding, action may be instituted to recover as preferential transfers any payments made under a Mortgage Loan or a Leasehold Mortgage. Payments on a debt may be protected from
recovery as preferences if they are payments in the ordinary course of business and the debt was incurred in the ordinary course of business. Whether any particular payment is protected depends upon the facts of the transaction.

In the event of a bankruptcy proceeding instituted by or in respect of an affiliate of the Borrower, a Bankruptcy Court may be asked to order the assets and liabilities of the Borrower to be substantively consolidated with those of such affiliate. See "Risk Factors—The Loans—Bankruptcy Laws" herein. Depending on the circumstances, such a substantive consolidation would most likely impair the right of lender by the lender being treated as creditor of the entity in bankruptcy proceedings. See "Risk Factors—The Loans—Bankruptcy Laws" herein. If a consolidation of assets were sought, there can be no assurance that such effort would not be successful and Noteholders should expect that a delay in receipt of payments on the Loans or Notes could occur even if the request were denied.

"Due-on-Sale" and "Due-on-Encumbrance" Clauses

The Loans contain "due-on-sale" and "due-on-encumbrance" clauses which permit the related lender to accelerate the maturity of a Loan on notice, which is usually thirty days, if the Borrower sells, transfers or conveys an interest in the Mortgaged Property. The enforceability of due-on-sale and due-on-encumbrance clauses has been the subject of legislation or litigation in many states, and in some cases the enforceability of these clauses was limited or denied. However, sec. 341 of the Garn-St. Germain Depository Institutions Act of 1982 (the "Garn Act") preempts state constitutional, statutory and case law that prohibit the enforcement of many due-on-sale clauses and permits lenders to enforce most of these "due-on-sale" clauses in loans made after the effective date of the Garn Act. In addition, under federal bankruptcy law, "due-on-sale" clauses may not be enforceable in bankruptcy proceedings and may, under certain circumstances, be eliminated in any modified mortgage resulting from such a proceeding.

The Loans generally permit a one-time assumption of such Loans upon the transfer of the related Mortgaged Property, subject to approval of the proposed transferee by the Master Servicer, payment of an assumption fee and certain other conditions.

Prepayment and Late Payment Charges

The Loan Documents contain provisions obligating the Borrower to pay a Late Payment Charge if payments are not timely made, and require payment of the Loan Yield Maintenance Amount if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon the Late Payment Charges which a lender may collect from a borrower for delinquent payments. Certain states also limit the amounts that a lender may collect from a borrower as an additional charge if the Loan is prepaid. In addition, the enforceability of provisions that provide for prepayment fees or penalties upon an involuntary prepayment is unclear under the laws of many states. Late Payment Charges are retained by the Master Servicer as additional servicing compensation.

Soldiers' and Sailors' Civil Relief Act of 1940

Under the terms of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended (the "Relief Act"), a borrower who enters military service after the origination of such borrower's mortgage loan (including a borrower who was in reserve status and is called to active duty after origination of the mortgage loan), may not be charged interest (including fees and charges) above an annual rate of 6% during the period of such borrower's active duty status, unless a court orders otherwise upon application of the lender. The Relief Act applies to individuals who are members of the Army, Navy, Air Force, Marines, National Guard, Reserves, Coast Guard and officers of the U.S. Public Health Service assigned to duty with the military, including individuals who enter military service (including reservists who are called to active duty) after origination of the related mortgage loan. Application of the Relief Act would adversely affect, for an indeterminate period of time, the ability of the Master Servicer to collect full amounts of interest on certain of the Loans. Any shortfalls in interest collections resulting from the application of the Relief Act would result in a reduction of the amounts distributable to the holders of the Notes. In addition, the Relief Act imposes limitations that would impair the ability of the Master Servicer to foreclose on an affected Loan during the borrower's period of active duty status, and, under certain circumstances, during an additional three-month period thereafter.
Federal law provides that property owned by persons convicted of drug-related crimes or of criminal
violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") can be seized by the government if
the property was used in, or purchased with the proceeds of, such crimes. Under procedures contained in the
Comprehensive Crime Control Act of 1984 (the "Crime Control Act"), the government may seize the property
even before conviction. The government must publish notice of the forfeiture proceeding and may give notice to all
parties "known to have an alleged interest in the property," including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in the property if it establishes that: (i) its mortgage was
executed and recorded before commission of the crime upon which the forfeiture is based, or (ii) the lender was, at
the time of execution of the mortgage, "reasonably without cause to believe" that the property was used in, or
purchased with the proceeds of, illegal drug or RICO activities.

Americans with Disabilities Act

Under Title III and the Americans with Disabilities Act of 1990 and rules promulgated thereunder
(collectively, the "ADA"), in order to protect individuals with disabilities, public accommodations must remove
architectural and communication barriers which are structural in nature from existing places of public
accommodation to the extent "readily achievable." In addition, under the ADA, alterations to a place of public
accommodation or a commercial facility are to be made so that, to the maximum extent feasible, such altered
portions are readily accessible to and usable by disabled individuals. The "readily achievable" standard takes into
account, among other factors, the financial resources of the affected site, owner, landlord or other applicable person.
In addition to imposing a possible financial burden on the mortgagor in its capacity as owner or landlord, the ADA
may also impose such requirements on a foreclosing lender who succeeds to the interest of the mortgagor as owner
or landlord. Furthermore, since the "readily achievable" standard may vary depending on the financial condition of
the owner or landlord, a foreclosing lender who is financially more capable than the mortgagor of complying with
the requirements of the ADA may be subject to more stringent requirements than those to which the mortgagor is
subject.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

Set forth below is a discussion of the anticipated material United States federal income tax consequences of
the purchase, ownership and disposition of the Notes offered hereunder. This discussion is based upon current
provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury
regulations thereunder, current administrative rulings, judicial decisions and other applicable authorities. There can
be no assurance that the IRS will not challenge the conclusions reached herein, and no ruling from the IRS has been
or will be sought on any of the issues discussed below. Furthermore, legislative, judicial or administrative changes
may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set
forth herein as well as the tax consequences to the holders of Notes.

This discussion is directed to prospective purchasers who purchase Notes in the initial issuance thereof,
including corporations and partnerships, and who hold the Notes as "capital assets" within the meaning of Section
1221 of the Code. It does not purport to deal with all aspects of federal income taxation that may be relevant to the
holders of Notes in light of their personal investment circumstances nor, except for certain limited discussion of
particular topics, to certain types of holders subject to special treatment under the federal income tax laws (e.g.,
financial institutions, broker-dealers, life insurance companies, foreign investors and tax-exempt organizations).
ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS
AS TO THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM
OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.
Tax Characterization of the Issuer

It is intended that the Issuer will be classified as a partnership or disregarded as an entity separate from its sole member for federal income tax purposes. Treasury regulations provide that an unincorporated entity such as the Issuer will be treated as a partnership or, if it has a single owner, disregarded for federal income tax purposes unless it elects otherwise. Dewey Ballantine LLP, Special Counsel to the Issuer ("Tax Counsel"), has rendered an opinion that the Issuer will be treated as a partnership or disregarded for federal income tax purposes. Tax Counsel's opinions are not binding upon the IRS. See " — Possible Alternative Treatment of the Notes as Interests in a Partnership" for a discussion of certain tax consequences if the Notes are not treated as indebtedness for federal income tax purposes.

Under Code Section 7704, a "publicly traded partnership" is subject to taxation as a corporation unless substantially all its income falls within certain categories. Based on representations of the Originator and the Contributor and the terms of the Indenture, Tax Counsel has rendered an opinion to the effect that the Issuer will not be classified as a publicly traded partnership taxable as a corporation.

When asset-backed securities are issued in two or more classes by an entity substantially all of whose assets consist of debt obligations, the entity will be subject to the "taxable mortgage pool" rules of Code Section 7701(i) if, among other factors, more than 50% of the debt obligations it holds at the time of issuance of the asset-backed securities consist of loans principally secured by interests in real estate. A taxable mortgage pool is subject to taxation as a corporation. Based on representations of the Originator and the Contributors, Tax Counsel has rendered an opinion to the effect that the Issuer will not be classified as a taxable mortgage pool.

If the Issuer were taxable as a corporation for income tax purposes, the income from the Loans would be subject to federal and state taxation. The Issuer might be able to reduce its taxable income by its interest expense on the Notes.

The Notes

Characterization as Debt. With respect to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, and the Class D Notes, Tax Counsel has opined that such Notes will be treated as debt for federal income tax purposes. The Issuer, the Originator, the Contributors and each Noteholder, by acquiring an interest in a Note, will agree to treat the Notes as debt for federal, state and local income and franchise tax purposes. Tax Counsel has further opined that, although the matter is not free from doubt, the Class A-X Notes, the Class E Notes and the Class F Notes should be treated as debt for federal income tax purposes.

Investors should be aware, however, that no transaction closely comparable to that contemplated herein has been the subject of any Treasury regulation, revenue ruling or judicial decision, and therefore the matter is subject to interpretation. Tax Counsel's opinions are not binding upon the IRS. See " — Alternative Characterization of the Class A-X Notes as Notional Principal Contracts" and " — Possible Alternative Treatment of the Notes as Interests in a Partnership" for a discussion of certain tax consequences if the Notes are not treated as indebtedness for federal income tax purposes. In particular, if any Class of Notes were treated as equity in the Issuer, it is more likely that any Class of Notes subordinate to such Class would be treated as equity then would otherwise be the case.

Interest Income to Noteholders. If the Notes are treated as indebtedness for federal income tax purposes, then interest on the Notes will be taxable as ordinary income for federal income tax purposes when received by Noteholders utilizing the cash method of accounting (subject to the original issue discount ("OID") rules described below) and when accrued by Noteholders utilizing the accrual method of accounting. Interest received on the Notes may constitute "investment income" for purposes of certain limitations of the Code concerning the deductibility of investment interest expense.

Original Issue Discount, Market Discount and Premium. Notes issued at no discount or less than a de minimis discount (a yield to the stated or expected maturity of less than 1/4 of 1% per year) will not be subject to OID rules, although if a Note has OID falling within the de minimis exception, the Holder must include such OID in income proportionately as principal payments are made on such Note. A Holder who purchases a Note after the initial distribution thereof at a discount that exceeds a statutorily defined de minimis amount will be subject to the
"market discount" rules of the Code, and a Holder who purchases a Note at a premium will be subject to the bond premium amortization rules of the Code.

The Class A-X Notes will be treated as having been issued with OID. A Note will have OID if its stated redemption price at maturity exceeds its issue price by more than a statutory de minimis amount. The stated redemption price at maturity of debt instruments with a notional balance, such as the Class A-X Notes, is equal to the sum of all distributions to be made under such debt instruments. Holders of debt instruments with OID generally must include OID in ordinary income for federal income tax purposes as it accrues, in accordance with a constant yield method that takes into account the compounding of interest, in advance of receipt of the cash attributable to such income. The issue price of Notes is generally the price at which Notes are first sold to a buyer. The stated redemption price at maturity of Notes is the sum of all payments provided by the debt instrument other than qualified stated interest payments (generally interest payable at a single fixed rate or a qualified variable rate at intervals of one year or less during the entire term of the obligation). Because the Notes are subject to prepayment due to prepayments that occur on the Loans and because the receipt of the Loan Yields Maintenance Amount is contingent upon the occurrence of prepayments and the receipt of Loan Yields Maintenance Amount payments from Borrowers, the accrual of OID on the Notes must be determined under a method that takes account of expected and actual prepayments and that makes adjustments to reflect the actual payment of Yields Maintenance Amounts, if any. Reports to Noteholders of the accrual of OID will be based on the assumption that the Loans will not prepay.

Disposition of Notes. If a Noteholder sells a Note, the Holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale and the Holder's adjusted tax basis in the Note. The adjusted tax basis of the Note to a particular Noteholder will equal the Holder's cost for the Note, increased by amounts previously included by such Noteholder in income with respect to the Note and decreased by any bond premium previously amortized and any payments previously received by such Noteholder with respect to such Note, other than payments that constitute qualified stated interest. Subject to the market discount rules of the Code, any such gain or loss will be capital gain or loss if the Note was held as a capital asset. Capital gain or loss will be long-term if the Note was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate taxpayer only to offset capital gains, and by an individual taxpayer only to the extent of capital gains plus $3,000 of other income.

Information Reporting and Backup Withholding. The Indenture Trustee will be required to report annually to the IRS and to each related Noteholder of record, the amount of interest paid on the Notes, the amount of any OID on the Notes, and the amount of interest withheld for federal income taxes, if any, for each calendar year, except as to exempt Holders (generally, corporations, tax-exempt organizations, qualified pension and profit-sharing trusts, and individual retirement accounts). Each Holder (other than holders who are not subject to the reporting requirements, or foreign persons who provide certification as to their status as described above) will be required to provide to the Issuer, under penalties of perjury, a certificate on IRS Form W-9 or its equivalent containing the Holder's name, address, correct federal taxpayer identification number and a statement that the Holder is not subject to backup withholding. Should a nonexempt Noteholder fail to provide the required certification, the Indenture Trustee will be required to withhold, from interest and OID otherwise payable to the holder, 31% of such amounts and remit the withheld amounts to the IRS as a credit against the Holder's federal income tax liability.

The Internal Revenue Service recently issued final regulations (the "Withholding Regulations"), which change certain of the rules relating to certain presumptions currently available relating to information reporting and backup withholding. The Withholding Regulations would provide alternative methods of satisfying the beneficial ownership certificate requirement. The Withholding Regulations are effective January 1, 2000, although valid withholding certificates that are held on December 31, 1999 remain valid until the earlier of December 31, 2000 or the due date of expiration of the certificate under the rules as currently in effect.

Alternative Characterization of the Class A-X Notes as Notional Principal Contracts

It is possible that the IRS could recharacterize the Class A-X Notes, in whole or in part, as interests in a partnership, as discussed below, and, in whole or in part, as notional principal contracts between the Issuer and the Class A-X Noteholders. To the extent that the Class A-X Notes are treated as notional principal contracts, the accrual of income to the Class A-X Noteholders is not clearly delineated in regulations or other IRS pronouncements. The Issuer believes that accrual of such income in the same manner as it would accrue if the Class
A-X Notes were treated as indebtedness would be appropriate. If the IRS were successfully to assert a different method of accruing the income on the Class A-X Notes, not only could the timing and amount of income of Class A-X Noteholders be affected, but their basis for determining gain or loss on a sale or disposition of the Class A-X Notes could be different from that determined under the method described above.

Possible Alternative Treatment of the Notes as Interests in a Partnership

A basic premise of United States federal income tax law is that the economic substance of a transaction generally will determine the United States federal income tax consequences of such transaction. The determination of whether the economic substance of a loan secured by an interest in property is instead a sale of a beneficial ownership interest in such property has been made by the IRS and the courts on the basis of numerous factors designed to determine whether the issuer has relinquished (and the investor has obtained) substantial incidents of ownership in such property. Among those factors, the primary factors examined are whether the investor has the opportunity to gain if the property increases in value, and has the risk of loss if the property decreases in value.

Because the determination is based on numerous factors, no one of which is controlling, the IRS may disagree with the discussion, including the opinion of Tax Counsel, set forth above, and a court may agree with the IRS. As a result, investors should carefully consider the alternative tax consequences set forth below and consult their own tax advisors before investing in the Notes.

The tax consequences to the Class A-X Noteholders, to the extent that the Class A-X Notes are treated as interests in a partnership and not as notional principal contracts, and to the Noteholders other than the Class A-X Noteholders (the "Other Noteholders"), if the Notes other than the Class A-X Notes (the "Other Notes") are not treated as debt for federal income tax purposes, are dependent upon the treatment of the Issuer as a partnership for federal income tax purposes and not as an association taxable as a corporation. As described above, Tax Counsel has opined that the Issuer will be classified as a partnership or disregarded for federal income tax purposes. If the Issuer were for any reason classified as an association taxable as a corporation, it would be required to pay federal income tax at the corporate rate on its taxable income. In such case, the amount of cash available for distribution to the Noteholders would be substantially less than if the Issuer were classified as a partnership. Moreover, distributions by the Issuer to a Noteholder treated as an equity holder in the Issuer generally would be treated as dividends taxable as ordinary income to the extent of the Issuer's earnings (and such Noteholder might not be entitled to a dividends received deduction with respect thereto). The following discussion assumes that the Issuer will be treated as a partnership for federal income tax purposes and that the Noteholders will be treated as partners therein.

As a partnership, the Issuer will not be subject to any federal income tax. Rather, each Noteholder would be required to separately take into account on its own federal income tax return in computing its federal income tax liability each year its distributive share of the Issuer's items of income, gain, loss, and deduction.

The Indenture and the Limited Liability Company Agreement will provide that the taxable income and tax losses of the Issuer generally will be allocated among the parties treated as partners therein in accordance with their respective interests in the Issuer. It is expected that, if any Class of Other Noteholders is treated as a partner in the Issuer, such Class would be allocated an amount of taxable income from the Issuer which is approximately equal to the yield that accrues on such Class of Notes. It is further expected that Class A-X Noteholders would be allocated an amount of taxable income from the Issuer which is approximately equal to the yield that would accrue on that portion of their Class A-X Notes that is treated as an interest in a partnership if such portion were treated as a debt instrument required to accrue income on the basis of a constant yield to maturity under a method taking account of a prepayment assumption with adjustments for actual prepayments. Under Section 704(b) of the Code, a partnership's tax allocations generally will be respected for federal income tax purposes if they have "substantial economic effect" or they are in accordance with the partners' interests in the partnership. If a partnership's allocations do not comply with Section 704(b) of the Code, the IRS may reallocate partnership tax items in accordance with the interests of the partners in the partnership.

Special Rules for Determining Income. The amount and character of the taxable income or tax loss of the Issuer will depend upon the application of a number of complex and uncertain aspects of federal income tax law. Loans acquired by the Issuer may have OID for federal income tax purposes. A Loan will be treated as having OID
if the Loan's stated redemption price at maturity exceeds its issue price by more than a statutory de minimis amount. In the case of any Loan treated as having OID, the Issuer would be required to accrue a portion of the OID daily as interest income even though it would not actually receive the cash payment of such income until a later period.

In addition, the Issuer may acquire certain loans at a "market discount" ("Market Discount Loans"). A Loan will be treated as a Market Discount Loan if the issue price of the Loan exceeds the Issuer's purchase price for the Loan by more than a statutory de minimis amount. In general, any gain recognized on the maturity or disposition of a Market Discount Loan will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Loan. Market discount generally accrues on a straight-line basis. If the Issuer does not elect to include market discount in income currently it generally will be required to defer deductions for interest on borrowings allocable to such Market Discount Loan in an amount not exceeding the accrued market discount on such Market Discount Loan until the maturity or disposition of such Market Discount Loan.

Any gains or losses realized by the Issuer from the sale or other disposition of Loans generally would be treated as capital gains (except to the extent that the Issuer is required to treat all or part of such gains as ordinary income under the market discount rules described above) or capital losses. Similarly, any gains or losses realized by a Noteholder from the sale or other disposition of their Notes generally would be treated as capital gains or capital losses.

In the case of Noteholders who are individuals, estates or trusts, the ability to utilize certain specific items of deduction attributable to the investment activities of the Issuer may be limited under the investment interest limitation in Section 163(d) of the Code, the 2% floor on miscellaneous itemized deductions (including investment expenses) in Section 67 of the Code and/or other provisions of the Code. The effect of the foregoing provisions could be to cause the Noteholders to realize "phantom" income from the Issuer.

Tax-exempt organizations generally are subject to federal income tax on their "unrelated business taxable income." An investment in the Notes would generally not be an appropriate investment for tax-exempt organizations if the Notes were treated as partnership interests in the Issuer because, in such event, the income expected to be recognized by the Issuer will, to a substantial extent, constitute unrelated business taxable income to such tax-exempt investor.

Foreign Investors

If the Notes are treated as indebtedness for federal income tax purposes, interest, including OID, if any, distributable to a Noteholder who or which is not a United States person (other than a foreign bank and certain other persons) generally will not be subject to the normal 30 percent United States withholding tax (or lower treaty rate) imposed with respect to such payments, provided that such Noteholder fulfills certain certification requirements. The Class A-X Notes may not be purchased by non-U.S. persons. For these purposes, "United States person" means a person who or which is for United States federal income tax purposes a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any state (including the District of Columbia) thereof, an estate that is subject to United States federal income tax, regardless of the source of its income, or a trust if a court within the United States can exercise primary supervision over its administration and at least one United States person has the authority to control all substantial decisions of the trust. Under the certification requirements, the Noteholder must certify, under penalties of perjury, that it is not a United States person and provide its name and address. Treasury regulations, which will be effective for payments made after December 31, 2000, provide alternative certification requirements and means for claiming the exemption from federal income and withholding tax. If income or gain with respect to a Note is effectively connected with a United States trade or business carried on by a Noteholder who or which is not a United States person, the 30 percent withholding tax will not apply, but such Noteholder will be subject to United States federal income tax at graduated rates applicable to United States persons. Potential investors who are non-United States persons should consult their own tax advisors regarding the specific tax consequences to them of owning the Notes.
ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Code Section 4975 impose certain restrictions on employee benefit plans subject to ERISA and plans or arrangements subject to Code Section 4975 (together, "Plans") and on persons who are parties in interest or disqualified persons ("parties in interest") with respect to such a Plan. In addition, ERISA imposes a fiduciary duty on any person who is considered to be a fiduciary (as defined in ERISA) with respect to a Plan ("fiduciary"). Certain employee benefit plans, such as governmental plans and church plans (if no election has been made under Code Section 410(d)), are not subject to the restrictions of ERISA, and assets of such plans may be invested in the Notes without regard to the ERISA considerations described below, subject to other applicable federal and state law. However, any such governmental or church plan which is qualified under Code Section 401(a) and exempt from taxation under Code Section 501(a) is subject to the prohibited transaction rules set forth in Code Section 503. Investments by a Plan are also subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that a Plan's investments be made in accordance with the documents governing the Plan. ANY PLAN FIDUCIARY WHICH PROPOSES TO CAUSE A PLAN TO ACQUIRE ANY OF THE NOTES SHOULD CONSULT WITH ITS COUNSEL WITH RESPECT TO THE POTENTIAL CONSEQUENCES UNDER ERISA AND THE CODE OF THE PLAN'S ACQUISITION AND OWNERSHIP OF THE NOTES.

Prohibited Transactions and Fiduciary Duty

Section 406 of ERISA prohibits parties in interest with respect to a Plan from engaging in certain direct or indirect transactions (including loans) or self-dealing transactions ("prohibited transactions") involving a Plan and its assets unless a statutory, regulatory or administrative exemption applies to the transaction. Code Section 4975 imposes certain excise taxes (or, in some cases, a civil penalty may be assessed against a fiduciary pursuant to Sections 502(i) and 502(l) of ERISA) on parties in interest which engage in similar non-exempt prohibited transactions. Section 409 of ERISA imposes personal liability upon a fiduciary who breaches a fiduciary duty with respect to a Plan.

In addition, the acquisition or holding of Senior Notes by or on behalf of a Plan would in some circumstances be considered to give rise to a prohibited transaction if such acquisition and holding of Senior Notes by or on behalf of a Plan is deemed to be a prohibited loan to a party in interest with respect to such Plan. Certain exemptions from the prohibited transaction rules granted by the U.S. Department of Labor ("Labor") could be applicable to the purchase and holding of Senior Notes by a Plan depending on the type and circumstances of the plan fiduciary making the decision to acquire such Senior Notes. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding transactions effected by "qualified professional asset managers"; PTCE 96-23, regarding transactions effected by "in-house professional asset managers"; and PTCE 95-60, regarding transactions involving insurance company general accounts. Each purchaser and each transferee of a Senior Note will be deemed to have represented and warranted that either (a) it is not a Plan or an entity whose underlying assets are plan assets or (b) it is an "insurance company general account" as such term is defined in PTCE 95-60 and there is no Plan with respect to which the aggregate amount of such general account's reserves and liabilities for the contracts held by or on behalf of such Plan and all other such plans maintained by the same employer (and its affiliates as defined in Section V(a)(1) of PTCE 95-60) or by the same employee organization exceeds or will exceed 10% of the total of all reserves and liabilities of such general account (determined in accordance with PTCE 95-60, exclusive of separate account liabilities, plus any applicable surplus) or (c) its purchase and holding of the Senior Note is otherwise covered by a Prohibited Transaction Class Exemption issued by Labor.

Plan Asset Regulation

Labor has issued final regulations concerning the definition of what constitutes the assets of a Plan for purposes of ERISA and the prohibited transaction provisions (the "Plan Asset Regulation"). The Plan Asset Regulation describes the circumstances under which the assets of an entity in which a Plan invests ("Plan Assets")
will be considered to be subject to regulation by ERISA so that any person who exercises control over such plan assets would be subject to ERISA's fiduciary standards and transactions involving such assets would be subject to the prohibited transaction rules. Under the Plan Asset Regulation, generally when a Plan invests in another entity, the Plan's assets do not include, solely by reason of such investment, any of the underlying assets of the entity. However, the Plan Asset Regulation provides that, if a Plan acquires an "equity interest" in an entity that is neither a "publicly-offered security" (as defined therein) nor a security issued by an investment company registered under the 1940 Act, the assets of the entity will be treated as assets of the Plan investor and thus as plan assets, unless certain exceptions apply. If any Class of Notes were deemed to be equity interests and no statutory, regulatory or administrative exemption applies, the Issuer could be considered to hold Plan assets by reason of a Plan's investment in such Class of Notes. Such plan assets would include an undivided interest in any assets held by the Issuer. In such an event, the Indenture Trustee, the Originator, the Contributors, the Master Servicer and other persons, in providing services with respect to the Issuer's assets, may be a fiduciary or a party in interest with respect to such Plan, subject to the fiduciary responsibility provisions of ERISA, and the prohibited transaction provisions of Section 406 of ERISA and the Code, with respect to transactions involving the Issuer's assets.

Under the Plan Asset Regulation, the term "equity interest" is defined as any interest in an entity other than an instrument that is treated as indebtedness under "applicable local law" and which has no "substantial equity features." In the preamble to the Plan Asset Regulation, Labor declined to provide a precise definition of what features are equity features or the circumstances under which such features would be considered "substantial," noting that the question of whether a plan's interest has substantial equity features is an inherently factual one, but that in making a determination it would be appropriate to take into account whether the equity features are such that a Plan's investment would be a practical vehicle for the indirect provision of investment management services. Although there can be no assurance, the Issuer believes that the Senior Notes will be classified as indebtedness without substantial equity features for ERISA purposes. This determination is based upon the terms of the Senior Notes, the opinion of Tax Counsel that the Senior Notes will be classified as debt instruments for federal income tax purposes, the ratings which have been assigned to the Senior Notes, and the collateral securing the Senior Notes. If any Class of the Senior Notes is not deemed to be indebtedness without substantial equity features and no statutory, regulatory or administrative exemption applies, the Issuer could be considered to hold plan assets by reason of a Plan's investment in such Class of Senior Notes.

In order to mitigate the foregoing risk in the event the Class A-X Notes, the Class E Notes and the Class F Notes were treated as an equity investment under the Plan Asset Regulation, each purchaser and each transferee of a Class A-X Note, Class E Note or Class F Note will be deemed to represent and warrant that (i) no part of the funds being used to purchase such Notes constitutes assets of an employee benefit plan (as defined in section 3(3) of ERISA), whether or not it is subject to the provisions of Title I of ERISA, or assets of a plan described in section 4975(e)(1) of the Code (collectively, "Benefit Plan Investors") or (ii) it is an "insurance company general account" as such term is defined in PTCE 95-60 and (1) there is no Benefit Plan Investor with respect to which the aggregate amount of such general account's reserves and liabilities for the contracts held by or on behalf of such Benefit Plan Investor and all other such plans maintained by the same employer (and its affiliates as defined in Section V(a)(1) of PTCE 95-60) or by the same employee organization exceeds or will exceed 10% of the total of all reserves and liabilities of such general account (determined in accordance with PTCE 95-60, exclusive of separate account liabilities, plus any applicable surplus), and the conditions of Section I of PTCE 95-60 are met and (2) the assets of such general account held with respect to all Benefit Plan Investors do not, and will not during the entire period that the purchaser or transferee holds such Notes, equal or exceed 25% of such reserves and liabilities.

Review by Plan Fiduciaries

Any Plan fiduciary considering whether to purchase any Notes on behalf of a Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment, and the likely treatment of the Notes of that Class under the Plan Asset Regulations.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in the Purchase Agreement dated ________, 1999 (the "Purchase Agreement"), First Union Capital Markets Corp. and Bear, Stearns & Co., Inc. (together, the
"Initial Purchasers") have agreed to purchase from the Issuer all of the Notes. The Purchase Agreement provides that the obligations of the Initial Purchasers are subject to certain conditions precedent.

The Initial Purchasers have advised the Issuer that they propose to offer the Notes for sale from time to time in one or more transactions (which may include block transactions), in negotiated transactions or otherwise, or a combination of such methods of sale, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Notes offered for sale shall be subject to minimum denominations. The Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes shall be subject to a minimum denomination of $10,000. The Class E Notes and the Class F Notes shall be subject to minimum denominations of $100,000. The Class A-X Notes shall be subject to minimum percentage interests of 10%. The Initial Purchasers may effect such transactions by selling the Notes to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the Initial Purchasers and/or the purchasers of the Notes for whom they may act as agents. In connection with the sale of the Notes, the Initial Purchasers may be deemed to have received compensation from the Issuer in the form of discounts, and the Initial Purchasers may also receive commissions from the purchasers of the Notes for whom it may act as agent.

The Notes have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except to qualified institutional buyers (as such term is defined in Rule 144A under the 1933 Act, "QIBs"). The Class A-X Notes may not be sold to non-U.S. persons (as defined herein under "Certain Federal Income Tax Consequences—Foreign Investors"). It is expected that delivery of the Notes will be made in book-entry form through the facilities of DTC, which may include delivery through Cedel and Euroclear, as participants of DTC, against payment therefor, on or about the Closing Date. Resales of the Notes are restricted as described herein under "Transfer Restrictions."

The Originator has agreed to indemnify the Initial Purchasers against certain liabilities, or to contribute to payments which the Initial Purchasers may be required to make in respect thereof. The Originator has also agreed to reimburse the Initial Purchasers for all reasonable expenses incurred in connection with this offering.

The Notes are new securities for which there currently is no market. The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes. An application will be made to have the Class E Notes and the Class F Notes designated as eligible for trading in PORTAL.

The Initial Purchasers may engage in over-allotment, stabilizing, transactions, covering transactions and penalty bids in accordance with Regulation M under the 1934 Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a covering transaction to cover short positions. Such stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

First Union Capital Markets Corp., one of the Initial Purchasers, and First Union National Bank, the Master Servicer, are parties to an interim financing facility provided to affiliates of the Originator through one of their affiliates, and such interim financing will be repaid from the proceeds of the offering of the Notes. See "Use of Proceeds" above. In addition, an affiliate of the First Union Capital Markets Corp. holds a minority ownership interest in the Originator. See "The Originator, the Contributors, the Primary Servicer and the Special Servicer" above.
TRANSFER RESTRICTIONS

The Notes have not been registered under the 1933 Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except to QIBs in reliance on the exemption from the registration requirements of the 1933 Act.

Unless the Notes are issued in fully-registered, definitive form, each purchaser of Notes will be deemed to have represented, certified and agreed as follows (terms used in this paragraph that are defined in Rule 144A under the 1933 Act are used herein as defined therein):

(1) The purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Notes for its own account or for the account of a QIB over which it exercises sole investment discretion.

(2) The purchaser understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the 1933 Act, that the Notes have not been and, except as described in the Offering Circular, will not be registered under the 1933 Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only to QIBs and in accordance with the legends described below.

(3) The purchaser acknowledges that none of the Issuer, the Initial Purchasers or any Person representing the Issuer or the Initial Purchasers have made any representation to it with respect to the Issuer, any Affiliates thereof or the offering or sale of the Notes, other than the information contained in this Offering Circular. It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the 1933 Act, subject to any requirements of law that the disposition of its property or the property of such investor account be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A.

(4) The purchaser understands that the Notes will, unless otherwise agreed by the Issuer and the holder thereof in compliance with applicable law, bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, (B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE 1933 ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (C) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT, SUBJECT TO THE ISSUER'S, THE REGISTRAR'S AND THE INDENTURE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSES (A) OR (C) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE REGISTRAR, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.
If the purchaser is purchasing the Class A-X Notes, the purchaser is a U.S. person (as defined herein under "Certain Federal Income Tax Consequences—Foreign Investors").

Each purchaser of the Class A-X Notes, the Class E Notes or the Class F Notes understands that such Notes may not be transferred unless the transferee represents, warrants and covenants, and each transferee will be deemed to have represented, warranted and covenanted, that (i) no part of the funds being used to purchase such Notes constitutes assets of a Benefit Plan Investor or (ii) it is an "insurance company general account" as such term is defined in PTCE 95-60 and (1) there is no Benefit Plan Investor with respect to which the aggregate amount of such general account's reserves and liabilities for the contracts held by or on behalf of such Benefit Plan Investor and all other such plans maintained by the same employer (and its affiliates as defined in Section VI(a)(1) of PTCE 95-60) or by the same employee organization exceeds or will exceed 10% of the total of all reserves and liabilities of such general account (determined in accordance with PTCE 95-60, exclusive of separate account liabilities, plus any applicable surplus), and the conditions of Section I of PTCE 95-60 are met, and (2) the assets of such general account held with respect to all Benefit Plan Investors do not, and will not during the entire period that the purchaser or transferee holds such Notes, equal or exceed 25% of such reserves and liabilities.

ADDITIONAL INFORMATION

The Indenture Trustee will make available on behalf of the Issuer the information requested by prospective purchasers necessary to satisfy the requirements of Rule 144A (the "Rule 144A Information"). A description of the available information and certain access and confidentiality requirements with respect thereto is set forth herein under "Notice to Investors" and "Available Information." Requests for any of the foregoing information may be directed to the Indenture Trustee at the address and telephone number specified herein under "Available Information."

LEGAL INVESTMENT

No Class of Notes will constitute "mortgage related securities" for purposes of the Secondary Mortgage Enhancement Act of 1984, as amended. There are regulatory requirements and considerations applicable to regulated financial institutions and restrictions on the ability of such institutions to invest in certain types of derivative securities. Prospective purchasers of the Notes should consult their own legal, tax and accounting advisors in determining the suitability of and consequences to them of the purchase, ownership and disposition of the Notes. Accordingly, investors should consult their own legal advisors to determine whether and to what extent any Class of Notes may be purchased by such investors.

LEGAL MATTERS

Certain legal matters relating to the Notes, including federal income tax consequences, will be passed upon for the Issuer, the Originator, the Contributors and the Primary Servicer by Dewey Ballantine LLP, New York, New York. Certain legal matters relating to the Notes will be passed upon for the Initial Purchasers by Brown & Wood LLP, New York, New York.
APPENDIX A
DEFINITIONS

The definitions contained herein are incorporated into and made a part of the Offering Circular, each as defined below:

**Acceleration Date** shall mean the date on which the acceleration of the maturity of the Notes occurs pursuant to Section 7.2 of the Indenture.

**Account** shall mean any account or fund, and any subaccount thereof, established under the Indenture or the Servicing Agreement.

**Accounting Date** shall mean with respect to a Payment Date the seventh Business Day preceding such Payment Date.

**Accrual Period** shall mean with respect to any Payment Date, the period from and including the first day of the calendar month preceding the month in which such Payment Date occurs through and including the last day of such month; provided, that the initial Accrual Period shall be the period from and including the Cut-Off Date through and including the last day of the calendar month preceding the initial Payment Date.

**ADA** shall mean the Americans with Disabilities Act of 1990, as amended.

**Affiliate** shall mean with respect to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**Affiliate Guarantee**, with respect to a Loan, shall mean the guarantee (including a secured guarantee) contained in the Loan Documents of certain Borrowers relating to each such Borrower's Loan from an Affiliate of the Borrower of the Borrower's obligations under such Loan.

**Affiliated Borrowers** shall mean Borrowers under common control.

**Agent Member** shall mean a DTC participant who maintains accounts for purchasers of securities.

**Aggregate Outstanding Notional Amount** shall mean as of any date of determination with respect to the Class A-X Notes, the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance.

**Aggregate Outstanding Principal Amount** shall mean as of any date of determination, (i) with respect to the Notes, other than the Class A-X Notes, the Initial Aggregate Principal Amount of all Notes, less any payment of principal on such Notes and all Write-down Amounts attributable to the Notes prior to such date of determination, (ii) with respect to any Class of Notes, other than the Class A-X Notes, the Initial Aggregate Principal Amount of all Notes of such Class, less any payment of principal on such Notes and all Write-down Amounts attributable to such Class of Notes prior to such date of determination and (iii) with respect to the Loans, the aggregate Remaining Principal Payments of all Loans, less all Net Losses, at such date of determination.

**Asset Status Report** shall have the meaning accorded such term under "Description of Servicing Agreements—Managing a Problem Loan/Foreclosure" in the Offering Circular.

**Assigned Assets** shall mean the Loans and related Collateral, together with all interest accrued thereon from and including the Cut-Off Date to but not including the Closing Date (but not including the Pre-Cut-Off Date Loan Payments) and all escrow deposits relating thereto.
Assignment of Leasehold Mortgage shall mean with respect to each Leasehold Mortgage, the one or more executed original assignments in recordable form evidencing the assignment of the related Leasehold Mortgage from the Originator to the Issuer and from the Issuer to the Indenture Trustee for the benefit of the Noteholders.

Authorized Officer shall mean (i) in the case of the Issuer, the Chief Executive Officer, President, Treasurer, Secretary or any Vice President of the Managing Member of the Issuer, (ii) in the case of the Master Servicer or the Special Servicer, any Assistant Vice President or more senior officer thereof and (iii) in the case of the Indenture Trustee, any officer in the Corporate Trust Department.

Available Funds shall mean with respect to a Payment Date, (i) any and all of amounts held in any Collection Account (other than with respect to Loan prepayments, reacquisitions or payments made in respect of Defaulted Loans) on the related Accounting Date representing payments on the Loans which were due in the related Due Period or any prior Due Period, (ii) with respect to any Loan prepayment, reacquisition or payment made in respect of a Defaulted Loan received during the related Prepayment Period or any prior Prepayment Period (to the extent not distributed on the related Payment Date), the Prepayment Amount relating thereto (in the case of Defaulted Loan, to the extent actually received and net of related reimbursements for advances of servicing expenses), (iii) all amounts on deposit in the Reserve Account on the related Accounting Date, and (iv) and P&I Advances on deposit in the Distribution Account on such Payment Date; provided, however, that Available Funds shall not include any Loan Yield Maintenance Amounts or Early Payments held in any Collection Account, or the amount of any Servicing Fee retained by the Master Servicer.

Bankruptcy Code shall mean Title 11 of the United States Code, as amended.

Bankruptcy Law shall have the meaning accorded such term in the Servicing Agreement.

Base Interest Fraction shall have the meaning accorded to such term under the heading "Summary—Distributions on the Notes" in the Offering Circular.

Basic Documents shall mean the Contribution Agreement, the Indenture, the Servicing Agreement, and any other documents and certificates delivered in connection with any of the above.

Beneficial Owner shall have the meaning accorded to such term in "Description of the Notes—Book Entry Registration" in the Offering Circular.

Benefit Plan Investor shall have the meaning accorded to such term in "ERISA Considerations" in the Offering Circular.

Borrower shall mean the party executing a Promissory Note to evidence its obligations thereunder, and its successors and assigns.

Borrower FCCR shall have the meaning accorded such term under "The Peachtree Franchise Loan Program—Underwriting Procedures for Originations" in the Offering Circular.

Business Day shall mean any day that is not a Saturday, Sunday or a day on which banking institutions located in (a) the City of New York, New York, or (b) the city and state where the principal offices of each of the Indenture Trustee, the Master Servicer and the Special Servicer are located, are authorized or obligated by law or executive order to be closed.

Business Value shall have the meaning accorded to such term under the heading "The Peachtree Franchise Loan Program — Underwriting Procedures for Originations" in the Offering Circular.

Calculated Payments shall have the meaning accorded such term under "The Loans—General" in the Offering Circular.
Cedel shall have the meaning accorded such term under “Summary—Book Entry and Physical Notes” in the Offering Circular.

CERCLA shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

Class shall mean each respective class of Notes.

Class A Note shall mean each Class A-1 Note, Class A-2 Note and the Class A-X Note issued pursuant to Article II of the Indenture.

Class A Interest Distribution shall mean with respect to any Payment Date, the sum of (a) the Class A-1 Interest Distribution and (b) the Class A-2 Interest Distribution.

Class A-1 Interest Distribution shall mean with respect to the Class A-1 Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class A-1 Note Rate on the Aggregate Outstanding Principal Amount of the Class A-1 Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.

Class A-1 Note shall mean each Class A-1 Note issued pursuant to Article II of the Indenture.

Class A-1 Note Rate shall mean, with respect to any Accrual Period, a per-annum rate equal to _____%.

Class A-2 Interest Distribution shall mean with respect to the Class A-2 Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class A-2 Note Rate on the Aggregate Outstanding Principal Amount of the Class A-2 Notes on the Business Day immediately prior to such Payment Date, plus (b) any previously accrued and unpaid interest for prior Payment Dates.

Class A-2 Note shall mean each Class A-2 Note issued pursuant to Article II of the Indenture.

Class A-2 Note Rate shall mean, with respect to any Accrual Period, a per-annum rate equal to _____%.

Class A-X Distribution shall mean with respect to the Class A-X Notes on any Payment Date, the amount of interest accrued during the related Accrual Period at the Class A-X Note Rate on the Aggregate Outstanding Notional Amount of the Class A-X Notes on the Business Day immediately prior to such Payment Date.

Class A-X Note shall mean each Class A-X Note issued pursuant to Article II of the Indenture.

Class A-X Note Rate shall mean, with respect to any Accrual Period, a per-annum rate equal to (i) the calculated WAPT Rate less (ii) the Total Weighted Average Rate.

Class B Interest Distribution shall mean, with respect to the Class B Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class B Note Rate on the Aggregate Outstanding Principal Amount of the Class B Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.

Class B Note shall mean each Class B Note issued pursuant to Article II of the Indenture.

Class B Note Rate shall mean, with respect to any Accrual Period, a per-annum rate equal to _____%.

Class C Interest Distribution shall mean, with respect to the Class C Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class C Note Rate on the Aggregate Outstanding Principal Amount of the Class C Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.
**Class C Note** shall mean each Class C Note issued pursuant to Article II of the Indenture.

**Class C Note Rate** shall mean, with respect to any Accrual Period, a per-annum rate equal to ____%.

**Class D Interest Distribution** shall mean, with respect to the Class D Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class D Note Rate on the Aggregate Outstanding Principal Amount of the Class D Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.

**Class D Note** shall mean each Class D Note issued pursuant to Article II of the Indenture.

**Class D Note Rate** shall mean, with respect to any Accrual Period, a per-annum rate equal to ____%.

**Class E Interest Distribution** shall mean with respect to the Class E Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class E Note Rate on the Aggregate Outstanding Principal Amount of the Class E Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.

**Class E Note** shall mean each Class E Note issued pursuant to Article II of the Indenture.

**Class E Note Rate** shall mean, with respect to any Accrual Period, a per-annum rate equal to the WAPT Rate less 1.10%.

**Class F Interest Distribution** shall mean with respect to the Class F Notes on any Payment Date, the sum of (a) the amount of interest accrued during the related Accrual Period at the Class F Note Rate on the Aggregate Outstanding Principal Amount of the Class F Notes on the Business Day immediately prior to such Payment Date and (b) any previously accrued and unpaid interest for prior Payment Dates.

**Class F Note** shall mean each Class F Note issued pursuant to Article II of the Indenture.

**Class F Note Rate** shall mean, with respect to any Accrual Period, a per-annum rate equal to the WAPT Rate less 1.10%.

**Closing Date** shall mean the date on which the Notes are first executed, authenticated and delivered.

**Code** shall mean the Internal Revenue Code of 1986, as amended, or any successor statute thereto, including the regulations promulgated thereunder.

**Collateral** shall mean, with respect to a Loan, the related Security Agreement, the Leasehold Mortgage or the Mortgage, if any, the Affiliate Guarantee, if any, and any other Loan Documents and the security interests and liens granted thereunder.

**Collection Account** shall mean any Account by that name established and maintained pursuant to the Servicing Agreement by either the Master Servicer or the Primary Servicer with the Indenture Trustee or an Eligible Institution, for the benefit of the Indenture Trustee, on behalf of the Noteholders.

**Concept or Concepts** shall mean individually or collectively the franchise concepts owned or leased and operated under (i) the "Applebee's" concept franchised from Applebee's International, Inc., (ii) the "Arby's" concept franchised from Arby's, Inc., a subsidiary of Triarc Companies, Inc., (iii) the "Burger King" concept franchised from Burger King Corporation, a subsidiary of Diageo PLC, (iv) the "Golden Corral" concept franchised from Golden Corral Franchising Systems Inc., (v) the "Hardee's" concept franchised from Hardee's Food Systems, Inc., (vi) the "KFC" concept franchised from KFC Corporation, a subsidiary of Tricon Global Restaurants, Inc., (vii) the "McDonald's" concept franchised from McDonald's Corporation, (viii) the "Papa John's" concept franchised from Papa John's International, Inc., (ix) "TGI Friday's" concept franchised from TGI Fridays Inc., a subsidiary of Friday's Hospitality Worldwide, Inc., (x) the "Taco Bell" concept franchised from Taco Bell Corp., a subsidiary of...
Tricon Global Restaurants, Inc., (xi) the "Tony Roma's" concept franchised from Romacorp, Inc., and (xii) the "Wendy's" concept franchised from Wendy's International Inc.

Condemnation Proceeds shall mean all compensation, awards and proceeds received by or on behalf of a Borrower as a result of a condemnation (which term shall include any damage or taking by any governmental or quasi-governmental authority and any transfer by private sale in lieu thereof), net of all reasonable direct fees, costs (exclusive of overhead) and disbursements incurred in connection with the collection thereof or the restoration or replacement of the Borrower's collateral as contemplated by the Loan Documents and amounts, if any, released to the Borrower in accordance with applicable law.

Constant Prepayment Rate or CPR shall have the meaning accorded such term in "Description of the Notes—Weighted Average Life" in the Offering Circular.

Contribution Agreement shall mean the Contribution Agreement between the Contributors and the Issuer.

Contributors shall mean Peachtree Franchise Finance, LLC, a Georgia limited liability company, and Peachtree Financing Corp., a Delaware corporation.

Controlling Class shall mean the most subordinate Class of Notes then outstanding whose Aggregate Principal Amount is at least equal to 25% of the Initial Aggregate Principal Amount of such Class of Notes.

Corrected Loan shall have the meaning accorded such term under "Description of Servicing Agreements—Managing a Problem Loan/Foreclosure" in the Offering Circular.


Cut-Off Date shall mean the close of business on April 1, 1999.

Default shall mean any occurrence that is, or with notice or the lapse of time or both, would become an Event of Default or Servicer Event of Default, as the case may be.

Defaulted Loan shall mean a Loan (a) as to which the Master Servicer has determined in its sole discretion, for purposes of the Indenture, that eventual payment of Scheduled Payments is unlikely or (b) which is a Delinquent Loan for which a Scheduled Payment is overdue (without taking into account any extension of the due date for any such Scheduled Payment) for more than 120 consecutive days.

Delinquent Borrower shall mean a Borrower of a Delinquent or Defaulted Loan.

Delinquent Loan shall mean a Loan (a) as to which a Scheduled Payment was not received as of the date on which such payment was due and payable and (b) which is not a Defaulted Loan.

Determination Date, as used in the definitions of the terms Prepayment Amount and Remaining Principal Payments, shall mean the date Remaining Principal Payments are to be prepaid (in the case of a prepaid Loan) or accelerated (in the case of a Defaulted Loan).

Discount Rate shall have the meaning accorded such term under "The Loans - General" in the Offering Circular.

Distribution Account shall mean the Account by that name established and maintained by the Indenture Trustee, for the benefit of the Noteholders, pursuant to the Indenture.

DOL shall mean the United States Department of Labor.

DTC shall mean The Depository Trust Company.
Due Period shall mean with respect to a Payment Date, the period from and including the second day of the calendar month preceding the month in which such Payment Date occurs through and including the first day of the calendar month in which such Payment Date occurs; provided, that the initial Due Period shall be the period from and including April 2, 1999 through and including the first day of the calendar month in which the initial Payment Date occurs.

Early Payment shall mean with respect to a Loan and any Payment Date, any Scheduled Payment in respect of such Loan which is due for any Due Period subsequent to the Due Period relating to such Payment Date. An Early Payment shall not be deemed a prepayment of any Loan.

Eligible Institution shall mean a depository institution organized under the laws of the United States of America or any one of the States thereof (a) the deposits of which are insured, to the full extent permitted by applicable law, by the FDIC through the Bank Insurance Fund, which is subject to supervision and examination by federal or state authorities and (b) whose long-term unsecured debt or certificate of deposit rating is acceptable to each Rating Agency.

Eligible Investments at any time means any of the following:

(i) Government Obligations; or

(ii) commercial paper having an original maturity of less than 270 days and a rating in the highest rating category of Moody's and Fitch IBCA, if rated by Fitch IBCA, at the time of such investment; or

(iii) certificates of deposit of, banker's acceptances issued by or federal funds sold by any depository institution or trust company (including the Indenture Trustee or any agent of the Indenture Trustee acting in its commercial capacity so long as it is an Eligible Institution) incorporated under the laws of the United States of America or any State thereof and subject to supervision and examination by federal and/or state authorities, so long as at the time of such investment or contractual commitment providing for such investment each depository institution or trust company has a long-term unsecured debt rating (in the case of obligations of 270 days or over) or short-term unsecured debt rating (in the case of obligations under 270 days) in the highest rating category of Moody's and, Fitch IBCA, if rated by Fitch IBCA, and provided that each such investment has an original maturity of less than 365 days, or (b) demand or time deposit or certificate of deposit is fully insured by the FDIC through the Bank Insurance Fund; or

(iv) repurchase obligations with respect to (a) any security described in clause (i) collateralized at 105% of the principal amount of such repurchase obligations or (b) any other security issued or guaranteed as to timely payment by an agency or instrumentality of the United States of America, collateralized at 105% of the principal amount of such repurchase obligations in either case entered into with a depository institution or trust company (including the Indenture Trustee), acting as principal, whose obligations having the same maturity as that of the repurchase agreement would be Eligible Investments under clause (iii) above (provided that the counterparty is rated at least P-1 by Moody's, and F-1 by Fitch IBCA, if rated by Fitch IBCA; or

(v) a guaranteed investment contract issued by any insurance company or other corporation having a claims-paying ability rating, counter-party risk rating, long-term unsecured debt rating or guaranteed by an entity with such rating in the highest rating category of Moody's and, Fitch IBCA, if rated by Fitch IBCA, at the time of such investment; or

(vi) investments in money market funds (which may be 12b-1 funds, as contemplated under the rules promulgated by the Securities and Exchange Commission under the Investment Company Act of 1940) having a rating of Aaa from Moody's (including funds for which the Indenture Trustee or any of its affiliates acts as an investment advisor or manager), and having a rating of AAA by Fitch IBCA, if rated by Fitch IBCA; or
(vii) investments approved in writing by the Majority-in-Interest of the Notes and acceptable to the Rating Agencies.

*Enterprise Loans* shall have the meaning accorded to such term in "The Peachtree Franchise Loan Program" in the Offering Circular.

*Environmental Laws* shall mean any foreign, federal, state or local statute, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, judicial decision, common law rule, decree, agency interpretation, injunction or other authorization or requirement whenever promulgated, issued, modified or otherwise in effect, including the requirement to register underground storage tanks, relating to: (i) emissions, discharges, spills, releases or threatened releases of Hazardous Substances or materials containing Hazardous Substances, into ambient air, surface water, groundwater, watercourses, publicly or privately owned treatment works, drains, sewer systems, wetlands, septic systems or onto land; (ii) the use, treatment, storage, disposal, handling, manufacturing, transportation, or shipment of Hazardous Substances, materials containing Hazardous Substances (or of equipment or apparatus containing Hazardous Substances) as defined in or regulated under the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., and/or the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and their implementing regulations as they may be amended from time to time or (iii) otherwise relating to pollution or the protection of human health or the environment.

*ERISA* shall mean the Employee Retirement Income Security Act of 1974, as amended.

*Euroclear* shall have the meaning accorded such term under "Summary—Book Entry and Physical Notes" in the Offering Circular.

*Event of Default* shall have the meaning accorded to such term in Article VII of the Indenture, which is summarized under "Description of the Indenture—Indenture Events of Default" in the Offering Circular.

*FCCR* shall mean the fixed charge coverage ratio as determined in accordance with the Underwriting Guidelines and generally calculated as described in "The Peachtree Franchise Loan Program" in the Offering Circular.

*FDIC* shall mean The Federal Deposit Insurance Corporation, or any successor thereto.

*Fee Simple Loans* shall have the meaning accorded to such term in "The Peachtree Franchise Loan Program" in the Offering Circular.

*Fiduciary* with respect to a Plan shall have the meaning accorded to such term in ERISA.

*Financing Facility* shall have the meaning accorded to such term in "Use of Proceeds" in the Offering Circular.

*FIRREA* shall mean the Financial Institutions Reform and Recovery Act of 1989, as amended.

*Fiscal Year* shall mean the calendar year from each January 1 to the following December 31.

*Fitch IBCA* shall mean Fitch IBCA, Inc.

*Franchise Agreement* shall mean with respect to any Borrower, the franchise agreement with a franchisor pursuant to which the Borrower operates its franchise business at the location specified in such agreement.

Global Securities shall have the meaning accorded to such term in "Description of the Notes—General" in the Offering Circular.

Government Obligations shall mean (i) non-callable direct obligations of, or non-callable obligations fully guaranteed by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America, or (ii) an investment in a no-load money market fund rated Aaa by Moody's, the assets of which are invested solely in obligations described in (i).

Grant shall have the meaning specified in the Granting Clauses of the Indenture.

Ground Lease Loan shall have the meaning accorded to such term in "The Peachtree Franchise Loan Program" in the Offering Circular.

Hazardous Substances shall mean (a) hazardous materials, hazardous wastes, hazardous substances and toxic substances as those terms are defined under the following statutes and their implementing regulations as they may be amended from time to time: the Hazardous Materials Transportation Act, 49 U.S.C. § 1791 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., (b) petroleum and petroleum products including crude oil and any fractions thereof, (c) natural gas, synthetic gas and any mixtures thereof, (d) asbestos and/or any material which contains any hydrated mineral silicate, including, without limitation, chrysolite, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or nonfriable, (e) PCBs, or PCB-containing materials or fluids, (f) radon, (g) any other hazardous, radioactive, toxic or noxious substance, material, pollutant, contaminant, product, by-product or solid, liquid or gaseous waste, and (h) any other substance regulated by any Environmental Laws.

Holder shall mean a Noteholder.

Indenture shall mean the Indenture, dated as of April 1, 1999, between the Issuer and the Indenture Trustee, as the same may be amended or supplemented from time to time.

Indenture Trustee shall mean U.S. Bank National Association, a national banking association, until a successor Person shall have become the Indenture Trustee pursuant to the applicable provisions of the Indenture, and thereafter "Indenture Trustee" shall mean such successor Person.

Indenture Trustee Fees shall mean the fee payable to the Indenture Trustee pursuant to the Indenture which for any Payment Date shall be an amount equal to one-twelfth of the product of (x) the Indenture Trustee Fee Rate and (y) the Aggregate Outstanding Principal Amount of the Loans for such Payment Date.

Indenture Trustee Fee Rate shall mean 0.0145% per annum.

Independent Accountant shall mean the firm of independent accountants appointed by the Master Servicer pursuant to Section 3.3 of the Servicing Agreement.

Independent Director with respect to the Managing Member shall mean any natural person who, for the five-year period prior to his or her appointment as Independent Director has not been, and during the continuation of his or her service as Independent Director is not: (i) an employee, director, stockholder, partner or officer of the Managing Member or any of its affiliates (other than his or her service as an Independent Director of the Managing Member or any affiliate of the Managing Member); (ii) a customer or supplier that derives more than ten percent of its revenues from the Issuer or any of its affiliates; or (iii) any member of the immediate family of a person described in (i) or (ii).

Indirect Participants shall have the meaning accorded to such term in "Description of the Notes—Book Entry Registration."
**Ineligible Loan** shall have the meaning accorded to such term in the Contribution Agreement.

**Initial Aggregate Notional Amount** shall mean with respect to the Class A-X Notes $154,798,649.

**Initial Aggregate Principal Amount** shall mean approximately (i) $145,507,000 with respect to all Notes, (ii) $71,976,000 with respect to the Class A-1 Notes, (iii) $44,896,000 with respect to the Class A-2 Notes, (iv) $6,966,000 with respect to the Class B Notes, (v) $6,192,000 with respect to the Class C Notes, (vi) $8,514,000 with respect to the Class D Notes, (vii) $3,096,000 with respect to the Class E Notes, (viii) $3,867,000 with respect to the Class F Notes and (ix) $154,798,649 with respect to the Loans.

**Initial Balance** shall mean the Initial Aggregate Principal Amount or, with respect to the Class A-X Notes, the Initial Aggregate Notional Amount of the related Class of Notes.

**Initial Deposit** shall mean the initial deposit into the Collection Account maintained by the Master Servicer and represents payments, if any, made in respect of the Loans after the Cut-Off Date and prior to the Closing Date.

**Initial Issuer Balance** shall mean $9,291,649.

**Initial Notional Amount** shall mean, with respect to any Class A-X Note, the initial notional amount of such Class A-X Note on the Closing Date, as indicated thereon.

**Initial Principal Amount** shall mean, with respect to any Note, the initial principal amount of such Note on the Closing Date as indicated thereon.

**Initial Purchasers** shall mean First Union Capital Markets Corp. and Bear, Stearns & Co., Inc., and their respective successors and assigns.

**Insurance Policy or Insurance Policies** shall mean any insurance policy or policies maintained by a Borrower in accordance with the requirements of its Loan Documents or by the Master Servicer pursuant to the Servicing Agreement with respect to any Loan.

**Insurance Proceeds** shall mean any amounts received upon settlement of a claim filed under an Insurance Policy (including proceeds of title insurance), net of direct fees, costs (exclusive of overhead) and disbursements incurred in connection with the collection thereof or the restoration or replacement of such Borrower's collateral as contemplated by the Loan Documents, exclusive of amounts thereof released to the Borrower in accordance with the applicable Loan Documents or the Servicing Standard.

**Interest Payment** shall mean, with respect to a Payment Date and a Loan, any payment of interest due from the Borrower in respect of such Loan in the related Due Period.

**Investment Income** shall mean, with respect to any Account and any Due Period, the difference (but not below zero) of (i) the sum of all investment interest or other earnings on such Account during such Due Period, minus (ii) any investment losses incurred in respect of such Account during such Due Period.

**IRS** shall mean the Internal Revenue Service.

**Issuer** shall mean Peachtree Franchise Loan LLC 1999-A, a special purpose limited liability company organized under the laws of the State of Delaware, and its successors and assigns.

**Issuer Balance** shall mean as of any date of determination, an amount equal to the difference, if any, obtained by subtracting (i) the Aggregate Outstanding Principal Amount of the Notes from (ii) the Aggregate Outstanding Principal Amount of the Loans.

**Issuer Rate** shall mean, with respect to any Accrual Period, a per annum rate equal to the WAPT Rate less 1.10%.
**Late Payment Charges** shall mean, with respect to a Payment Date and a Loan, all late payment charges (as described in the Promissory Note) due for such Loan in respect of the related Due Period.

**Leasehold Mortgage** shall mean the leasehold mortgage (or collateral assignment of lease) with respect to any lease, if any, securing the obligations of the Borrower under its Promissory Note, as such leasehold mortgage (or assignment of lease) may be amended, modified or renewed from time to time.

**Lender Liability Act** shall mean the Asset Conservation, Lender Liability and Deposit Insurance Protection Act of 1996, as amended.

**Limited Liability Company Agreement** shall mean the limited liability company agreement of the Issuer.

**Liquidated Loan** shall mean any Defaulted Loan as to which the Special Servicer has reasonably determined that all amounts it reasonably expects to collect with respect to such Defaulted Loan have been collected.

**Liquidation Date** shall mean, with respect to a Defaulted Loan, the date on which such Defaulted Loan is determined to be a Liquidated Loan.

**List of Loans** shall mean the schedule listing all of the Loans constituting a part of the Pledged Assets under the Indenture, which schedule shall set forth or include for each Loan listed thereon (i) the name of the Borrower under such Loan, (ii) the original principal amount of the Promissory Note evidencing such Loan, (iii) the original and the remaining term to the Maturity Date of such Loan, (iv) the amortization term of such Loan and (v) the interest rate.

**Loan** shall mean each franchise loan made or acquired by the Originator to a Borrower, which Loans are evidenced by a Promissory Note owned by the Issuer listed on the List of Loans and granted and delivered to the Indenture Trustee under the Indenture as security for the Notes.

**Loan Agreement** shall mean the loan agreement between the Borrower and the Originator relating to the Borrower's Loan.

**Loan Documents** shall mean, with respect to a Loan, those instruments, agreements, guaranty documents, certificates or other writings, now or hereafter executed and delivered by the Borrower in respect of such Loan, including, without limitation, those which are required to be included in the Loan File therefor, as the same may be modified, amended, consolidated, continued or extended from time to time.

**Loan File** shall mean the following instruments and documents in connection with each Loan:

(i) the executed original of the Promissory Note endorsed in blank, without recourse, with all intervening endorsements, if any, showing a complete chain of title from the Originator to the party endorsing such Promissory Note, plus amendments thereto;

(ii) an executed original of the Loan Agreement between the Borrower and the Originator relating to the Loan;

(iii) an executed original Security Agreement;

(iv) the original Mortgage, if applicable, with evidence of recording thereon, or a duplicate original of such Mortgage, if applicable, together with escrow instructions requiring such Mortgage to be dispatched to the appropriate public recording office for recordation;

(v) an executed original Leasehold Mortgage, if applicable, with evidence of recording thereon, or a duplicate original of such Leasehold Mortgage, if applicable, together with escrow
instructions requiring such Leasehold Mortgage to be dispatched to the appropriate public recording office for recordation;

(vi) an executed original Affiliate Guaranty, if applicable;

(vii) the UCC-1 financing statement, with evidence of filing thereon, or a copy of the original UCC-1 financing statement, together with escrow instructions requiring such UCC-1 financing statement to be dispatched to the appropriate public filing office;

(viii) an executed original or copy of each landlord, mortgagee or prior lienor estoppel, if applicable;

(ix) an executed original or copy of an intercreditor or similar agreement among the franchisor, the Originator and the Borrower, if applicable;

(x) an executed original or copy of a subordination of lessor's lien or similar agreement between the franchisor and the Originator, if applicable;

(xi) the original title insurance policy, if applicable; together with all riders thereto; or in the event that the original title policy has not been received from the insurer, any one of an original title binder, an original preliminary title report, or an original title commitment, or copy thereof certified by the title;

(xii) applicable certificates of insurance;

(xiii) the environmental indemnity, if applicable;

(xiv) a copy of an executed assignment of Mortgage, if applicable;

(xv) a general assignment of the Loan File from the Originator; and

(xvi) any other credit or security document necessary for the enforcement of such Loan.

Loan Payments shall mean, with respect to a Payment Date and a Loan, the sum of all Principal Payments, Interest Payments, Loan Yield Maintenance Amounts, if any, Late Payment Charges, if any, and any other amounts received from the Borrower in respect of such Loan for the related Due Period.

Loan Rate shall mean, with respect to each Loan, the rate of interest borne as set forth on the List of Loans.

Loan Yield Maintenance Amount, with respect to any prepaid Loan or Defaulted Loan which is not a Reacquired Loan, shall mean the loan yield maintenance amount specified in the related Loan Agreement.

Lockout Period shall have the meaning accorded such term in "Risk Factors—Prepayment Risk" in the Offering Circular.

LTV or LTV Ratio shall mean with respect to any Loan the original principal amount of a Loan at origination divided by the related Business Value determined at origination.

LUST shall mean leaking underground storage tank.

MAI shall mean Mortgage Appraisal Institute.

 Majority-in-Interest shall mean Holders of Notes representing in excess of fifty percent (50%) of the Percentage Interests or, with respect to any Class of Notes, Holders of Notes representing in excess of fifty percent (50%) of the Percentage Interests of such Class or, with respect to the Class A-X Notes, the Class A-X Noteholders representing in excess of fifty percent (50%) of the Percentage Interests of such members; provided, that the
Percentage Interests of any Notes held by the Contributors or the Master Servicer shall be disregarded for the purposes of such calculation.

**Managing Member** shall mean Peachtree Financing Corp., a Delaware corporation, as managing member of the Issuer.

**Market Discount Loans** shall have the meaning accorded such term in "Certain Federal Income Tax Consequences—Possible Alternative Treatment of the Notes as Interests in a Partnership" in the Offering Circular.

**Master Servicer** shall mean First Union National Bank, a national banking association, in its capacity as master servicer under the Servicing Agreement, together with its successors and assigns as permitted thereunder.

**Maturity** shall mean, with respect to any Note, the date on which the unpaid principal of such Note becomes due and payable as provided in the Indenture, whether at its stated maturity or otherwise.

**Maturity Date**, with respect to any Loan, shall have the meaning specified in the Promissory Note evidencing such Loan.

**Member Organization** shall have the meaning accorded such term in "Description of the Notes—Book Entry Registration" in the Offering Circular.

**Moody's** shall mean Moody's Investors Service, Inc.

**Mortgage** shall mean any mortgage or deed of trust or deed to secure a Loan entered into by a Borrower (but not including Leasehold Mortgages) creating a lien on and a security interest in the Mortgaged Property securing the obligations of the Borrower under the related Promissory Note, together with any other security instruments and any related UCC financing and continuation statements delivered by the Borrower, including, in all events, the property and rights assigned under all such instruments, together with all amendments, substitutions and replacements of any of the foregoing.

**Mortgage Assignment** shall mean, with respect to each Mortgage, one or more executed original assignments in recordable form evidencing the assignment of the related Mortgage from the Originator to the Issuer and from the Issuer to the Indenture Trustee for the benefit of the Noteholders.

**Mortgage Loans** shall have the meaning accorded such term under "Certain Legal Aspects of the Loans" in the Offering Circular.

**Mortgage Title Insurance** shall mean title insurance obtained by the Originator in connection with a Mortgage or Leasehold Mortgage securing a Loan.

**Mortgaged Property** shall mean, collectively, all fee simple (or ground lessee) interests of the mortgagor in any real property, including the improvements thereon, subject to the lien of a Mortgage which secures a Loan.

**Net Loss** shall mean, with respect to a Liquidated Loan, the amount equal to (i) the Remaining Principal Payments with respect to such Loan on the Business Day immediately prior to the Liquidation Date for such Liquidated Loan, less (ii) all principal received in liquidation of such Loan, net of any Reimbursements of the Master Servicer.

**1933 Act** shall mean the Securities Act of 1933, as amended, and the applicable published rules and regulations thereunder.

**1934 Act** shall mean the Securities Exchange Act of 1934, as amended, and the applicable published rules and regulations thereunder.
1940 Act shall mean the Investment Company Act of 1940, as amended, and the applicable published rules and regulations thereunder.

Note or Notes shall mean any note or notes, as the case may be, issued pursuant to the Indenture.

Noteholder shall mean the registered owner of a Note as evidenced by the Note Register.

Note Obligations shall mean any and all liabilities and obligations under or in connection with the Notes, including, without limitation, any and all liabilities and obligations for payment of principal of, interest on and Loan Yield Maintenance Amount, if any, under the Notes.

Note Rate shall mean (i) with respect to the Class A-1 Notes, the Class A-1 Note Rate, (ii) with respect to the Class A-2 Notes, the Class A-2 Note Rate, (iii) with respect to the Class A-X Notes, the Class A-X Note Rate, (iv) with respect to the Class B Notes, the Class B Note Rate, (v) with respect to the Class C Notes, the Class C Note Rate, (vi) with respect to the Class D Notes, the Class D Note Rate, (vii) with respect to the Class E Notes, the Class E Note Rate and (viii) with respect to the Class F Notes, the Class F Note Rate.

Note Register shall have the meaning specified in Section 2.6 of the Indenture.

Offering Circular shall mean the Preliminary Confidential Offering Circular dated April 27, 1999, relating to the Notes.

Officer's Certificate shall mean, unless otherwise specified, a certificate signed by any Authorized Officer of the party delivering such certificate, delivered to the Indenture Trustee and complying with the applicable requirements of Section 11.1 of the Indenture or, with respect to a transferee under Section 2.6(c) of the Indenture, complying with the requirements thereof.

OID shall have the meaning accorded to such term in "Certain Federal Income Tax Consequences" in the Offering Circular.

Opinion of Counsel shall mean one or more written opinions of counsel who may, except as otherwise expressly provided in the Indenture, be counsel for the Issuer or its affiliates.

Optimal Principal Amount shall mean, with respect to any Payment Date, an amount equal to the sum of the following, without duplication:

(i) for all Loans (other than Loans included in (iii)), an amount equal to scheduled monthly payments received on such Loans attributable to reductions in principal less advances of principal with respect thereto made with respect thereto for any prior Due Period and not previously reimbursed;

(ii) all advances of principal made by the Master Servicer with respect to such Due Period;

(iii) for each prepaid or Defaulted Loan (or Reacquired Loan) for which a Prepayment Amount (or, with respect to a Reacquired Loan, the Reacquisition Price therefor) has been received during the Prepayment Period and not distributed on any prior Payment Date, an amount equal to the Remaining Principal Payments of such Loan as of the date of prepayment (or reacquisition); and

(iv) all Principal Payments, Insurance Proceeds, Condemnation Proceeds and other moneys constituting principal in respect of the Loans (including, without limitation, Remaining Principal Payments in respect of prepaid or Defaulted Loans) received in the related Due Period and not included in (i) or (ii).

Origination Date shall mean, with respect to a Loan, the date on which such Loan was originated.

Originator shall mean Peachtree Franchise Finance, LLC, a Georgia limited liability company.
Other Noteholders shall have the meaning accorded in "Certain Federal Income Tax Consequences—Possible Alternative Treatment of the Notes as Interests in a Partnership" in the Offering Circular.

Other Notes shall have the meaning accorded in "Certain Federal Income Tax Consequences—Possible Alternative Treatment of the Notes as Interests in a Partnership" in the Offering Circular.

Outstanding shall mean, as of the date of determination, all Notes theretofore authenticated and delivered under the Indenture except:

(i) Notes theretofore canceled by the Registrar or delivered to the Registrar for cancellation;

(ii) Notes for the payment of which money in the necessary amount has been theretofore deposited with the Indenture Trustee in trust for the Holders of such Notes;

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered under the Indenture; and

(iv) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided for in Section 2.8 of the Indenture;

provided, however, that in determining whether the Holders of Notes having the requisite aggregate Percentage Interest have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer or any other obligor upon the Notes or any Affiliate of the Issuer or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Indenture Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer or any other obligor upon the Notes or any Affiliate of the Issuer or such other obligor.

Outstanding Principal Amount shall mean as of any date of determination, with respect to any Note, other than a Class A-X Note, the Initial Principal Amount thereof less any payment of principal on such Note and all Write-down Amounts attributable to such Note prior to such date of determination.

Participants shall have the meaning accorded such term in "Description of the Notes—Book Entry Registration" in the Offering Circular.

Party in Interest shall have the meaning accorded to such term in "ERISA Considerations—General" in the Offering Circular.

P&I Advance shall have the meaning accorded such term in "Description of the Servicing Agreements—Advances" in the Offering Circular.

Payment Date shall mean the fifteenth day of each month in each year, or if such day is not a Business Day, the next succeeding Business Day commencing June 15, 1999.

Peachtree shall mean Peachtree Franchise Finance, LLC, a Georgia limited liability company.

Percentage Interest shall mean (i) with respect to each Class of Notes, other than the Class A-X Notes, a fraction, expressed as a percentage, the numerator of which is the Initial Aggregate Principal Amount of such Class of Notes and the denominator of which is the Initial Aggregate Principal Amount of all Notes, (ii) with respect to each Note, other than a Class A-X Note, a fraction, expressed as a percentage, the numerator of which is the Initial Principal Amount of such Note, and the denominator of which is the Initial Aggregate Principal Amount of all Notes of the same Class and (iii) with respect to a Class A-X Note, the percentage interest set forth on the face thereof.
Periodic Filings shall mean any filings or submissions that the Issuer is required to make with any state or federal regulatory agency or under the Code.

Person shall mean any legal person, including any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Plan shall have the meaning accorded to such term in "ERISA Considerations" in the Offering Circular.

Plan Assets shall have the meaning accorded to such term in "ERISA Considerations" in the Offering Circular.

Plan Asset Regulation shall have the meaning accorded to such term in "ERISA Considerations—Plan Asset Regulations" in the Offering Circular.

Pledged Assets shall have the meaning accorded to such term in "Summary—Pledged Assets" in the Offering Circular.

PORTAL shall mean The Portal℠ Market, a subsidiary of the Nasdaq Stock Market, Inc.

Pre-Cut-Off Date Loan Payments shall mean all payments under the Loans (including all payments of principal and interest) due on and prior to the Cut-Off Date.

Prepayment Amount shall mean as of any Determination Date (i) with respect to a prepaid Loan or a Defaulted Loan, an amount equal to the sum of (1) the Remaining Principal Payments of such Loan or Defaulted Loan, together with any other principal payments due on the Loan, (2) accrued interest on such Loan or Defaulted Loan to the date of prepayment and (3) an amount equal to the Loan Yield Maintenance Amount, if any, with respect to such prepaid Loan or Defaulted Loan; and (ii) with respect to a Reacquired Loan, an amount equal to the Reacquisition Price for such Loan.

Prepayment Period shall mean (i) with respect to the first Payment Date, the period from and including the Cut-Off Date through and including the last day of the related Due Period and (ii) with respect to each Payment Date after the first Payment Date, the related Due Period.

Primary Servicer shall mean Peachtree Franchise Finance, LLC, a Georgia limited liability company, in its capacity as Primary Servicer under the Sub-Servicing Agreement, together with its successors and assigns as permitted thereunder.

Principal Balance shall mean with respect to any Note or Class of Notes, other than the Class A-X Notes, and any date of determination, the Initial Principal Amount or Initial Aggregate Principal Amount of such Note or Classes of Notes reduced by all distributions in respect of principal on such Note or Class of Notes, respectively, and all Write-down Amounts allocated to such Notes or Class of Notes.

Principal Payment shall mean, with respect to a Payment Date and a Loan, any payment of principal due in respect of such Loan in the related Due Period.

Proceeding shall mean any suit in equity, action at law or other judicial or administrative proceeding.

Prohibited Transaction shall have the meaning accorded such term in "ERISA Considerations—Prohibited Transactions and Fiduciary Duty" in the Offering Circular.

Promissory Note shall mean the promissory note executed by a Borrower as evidence of the obligation of such Borrower to repay funds borrowed by the Borrower from the Originator constituting a Loan, as such promissory note may be amended, extended, modified or renewed from time to time.
**Prospective Owner** shall mean each prospective transferee of an interest in Notes.

**PTCE** shall have the meaning accorded such term in "ERISA Considerations—Prohibited Transactions and Fiduciary Duty" in the Offering Circular.

**Purchase Agreement** shall mean, with respect to the purchase and resale of the Notes, that certain Purchase Agreement between the Issuer and the Initial Purchasers relating thereto.

**QIBs** shall mean "qualified institutional buyers" as defined in Rule 144A under the 1933 Act.

**Rated Final Distribution Date** shall mean for each Class of Notes and the Rated Final Distribution Date for such Class of Notes as identified in "Description of the Notes" in the Offering Circular.

**Rating Agencies** shall mean Moody's and Fitch IBCA.

**Reacquired Loan** shall mean any Loan reacquired by the Originator for the Reacquisition Price in accordance with the Contribution Agreement and shall be treated as a prepaid Loan for purposes of the Indenture.

**Reacquisition Option** shall mean, with respect to any Loan which has become an Ineligible Loan, the right to require the Originator to reacquire such Loan for the Reacquisition Price for such Loan, which right is granted in the Contribution Agreement with respect to such Loan and is exercisable during the related Reacquisition Option Period by written notice of election to exercise to the Originator.

**Reacquisition Option Date** shall mean the date upon which the Issuer delivers written notice to the Originator stating that one or more of the Originator's representations and warranties with respect to a Loan set forth in the Contribution Agreement were inaccurate in a material and adverse respect on the date and time in which such representations and warranties were made.

**Reacquisition Option Period** shall mean, with respect to any Reacquisition Option, the period commencing on the Reacquisition Option Date and terminating on the earliest of (i) the date that the Originator contributes and transfer to the Issuer a Loan meeting the requirements established for a substituted Loan in exchange for the Loan subject to the Reacquisition Option; (ii) the date such breached representations and warranties are cured to the reasonable satisfaction of the Issuer; and (iii) the date which is 90 days from the Reacquisition Option Date.

**Reacquisition Price** shall mean, with respect to any Loan which is reacquired in accordance with the Contribution Agreement, an amount equal to the then outstanding principal amount of such Loan plus any unpaid interest thereon plus any unpaid interest thereon that has accrued at the Loan Rate to the date of reacquisition.

**Record Date** shall mean, with respect to a Payment Date, the last day of the immediately preceding calendar month.

**Recoveries** shall mean for any Prepayment Period occurring after the date on which any Loan becomes a Defaulted Loan and with respect to such Defaulted Loan all payments or amounts received on or in respect of such Loan (whether in connection with the disposition of such Loan or any of the related Collateral or otherwise) during such Prepayment Period in respect of amounts then payable pursuant to such Defaulted Loan (including, without limitation, any amounts received by the Special Servicer or the Indenture Trustee in connection with the management or operation of any REO Property), net of out-of-pocket direct costs (exclusive of overhead) and expenses reasonably incurred by the Special Servicer or the Indenture Trustee in connection with any such payments or amounts and any preservation and disposition of the Loan or related Collateral.

**Registrar** shall have the meaning specified in Section 2.6 of the Indenture.

**Reimbursement** shall have the meaning accorded to such term in "Description of the Servicing Agreements—P&I Advances" in the Offering Circular.
Reimbursement Rate shall have the meaning accorded to such term in "Description of the Servicing Agreements—P&I Advances" in the Offering Circular.

Remaining Average Life shall have the meaning accorded such term in "The Loans—General" in the Offering Circular.

Remaining Principal Payments shall mean as of any Determination Date, with respect to any Loan or a Loan that is a Defaulted Loan, all scheduled Principal Payments with respect to such Loan or Loan that is a Defaulted Loan that would be or become due on or after such date for such Loan or Loan that is a Defaulted Loan; provided, however, that the Remaining Principal Payments of any Liquidated Loan shall be deemed to be zero.

REO Properties shall mean collateral related to any Loan acquired by or on behalf of the Noteholders through foreclosure, deed in lieu of foreclosure or otherwise.

Reserve Account shall mean the account by that name created, maintained and disbursed, from time to time, pursuant to Article V of the Indenture.

Reserve Deposit Amount shall mean $100,000.

RICO shall mean the Racketeer Influenced and Corrupt Organizations Act, as amended.

RRCA shall mean the Resource Conservation and Recovery Act, as amended.

Rule 144A Information shall have the meaning accorded to such term in "Additional Information" in the Offering Circular.

Scheduled Payment shall mean, with respect to a Payment Date and a Loan, the sum of the scheduled principal payments and interest payments, if any, due from the Borrower in respect of such Loan in the related Due Period in accordance with the terms of the related Loan Documents.

Second Lien Loans shall have the meaning accorded such term in "Description of the Contribution Agreement—Representations, Warranties and Covenants" in the Offering Circular.

Secured Party shall, with respect to any Loan, have the meaning accorded to such term in the Loan Documents for such Loan.

Security Agreement shall mean, with respect to a Loan, the Security Agreement included in the Loan Documents in respect of such Loan.

Senior Notes shall mean the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, and the Class D Notes.

Servicer Events of Default shall have the meaning accorded such term under "Description of the Servicing Agreements—Servicer Events of Default" in the Offering Circular.

Servicer Report Date shall mean, with respect to a Payment Date, the fourth Business Day preceding such Payment Date.

Servicer's Certificate shall mean a certificate to be provided by the Master Servicer or the Special Servicer in accordance with Section 3.1 of the Servicing Agreement and signed by an Authorized Officer of the Master Servicer or the Special Servicer, as the case may be, and furnished to the Issuer and the Indenture Trustee by the Master Servicer or the Special Servicer.

Servicing Advances shall have the meaning accorded such term under "Description of Servicing Agreements—Advances" in the Offering Circular.
Servicing Agreement shall mean the Servicing Agreement dated as of April 1, 1999, by and among the Issuer, the Indenture Trustee, the Master Servicer and the Special Servicer wherein the Master Servicer and the Special Servicer agreed to provide administrative, servicing and collection supervision services in respect of the Loans for the benefit of the Noteholders.

Servicing Fee shall mean the fee payable to the Master Servicer (other than a portion of which, to the extent related to Specially Serviced Loans and REO Properties, which is payable to the Special Servicer) pursuant to the Servicing Agreement which for any Payment Date shall mean an amount equal to the sum of (i) one twelfth of the product of (x) the Servicing Fee Rate and (y) the Aggregate Outstanding Principal Amount of the Loans for such Payment Date, plus (ii) Late Payment Charges, assumption fees, modification fees, or processing fees, if any, received during the related Due Period or Prepayment Period with respect to the Loan, plus (iii) Investment Income on any Collection Account, plus (iv) any Reimbursements of P&I Advances and Servicing Advances.

Servicing Fee Rate shall mean 0.30% per annum.

Servicing Standard shall mean such customary, prudent and usual procedures of financial institutions which service loans similar to the Loans and to the extent more exacting, the procedures which the Master Servicer would use if the Loans were owned by the Master Servicer.

SMMEA shall mean the Secondary Mortgage Market Enhancement Act of 1984, as amended.

Special Servicer shall mean Peachtree Franchise Finance, LLC, a Georgia limited liability company, in its capacity as Special Servicer under the Servicing Agreement, together with its successor and assigns as permitted thereunder.

Specially Serviced Loan shall mean (i) a Loan which is a Delinquent Loan for a period of 60 consecutive days and (ii) a Loan with respect to which the related Borrower is a debtor in any proceeding under any Bankruptcy Law.

State shall mean any one of the states of the United States of America, or the District of Columbia.

Sub-Servicing Agreement shall mean the Sub-Servicing Agreement, dated as of April 1, 1999, between the Master Servicer and the Primary Servicer.

Tax Counsel shall mean Dewey Ballantine LLP, as special tax counsel to the Issuer.

Third Party Pledgor shall have the meaning accorded such term in "Risk Factors—The Loans—Cross-Collateralization Considerations" in the Offering Circular.

Title Insurance Policy shall mean, with respect to a particular Mortgaged Property, an ALTA (extended coverage) Loan Title Insurance Policy or Policies or other title insurance (including all riders or endorsements thereto) containing no survey exceptions and insuring the Originator that the Mortgage constitutes a valid first lien on the Mortgaged property, subject to permitted encumbrances.

Total Weighted Average Rate shall mean, for any Accrual Period, a per annum rate equal to (a) the sum of (i) the sum of the products of the Aggregate Outstanding Principal Amount of each Class of Notes, other than the Class A-X Notes, multiplied by the related Note Rate and (ii) and the product of the Issuer Balance multiplied by the Issuer Rate, divided by (b) the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance.

Transfer shall have the meaning accorded such term under "Risk Factors—The Notes—Illiquid Investment" in the Offering Circular.

Treasury Constant Maturity Yield Index shall have the meaning accorded such term under "The Loans—General" in the Offering Circular.
Treasury Rate shall have the meaning accorded such term in "Summary—Distributions on the Notes" in the Offering Circular.

Trust Office shall mean the office of the Indenture Trustee located at First Trust Center, 180 East Fifth Street, St. Paul, Minnesota 55101, as such location may be changed from time to time in accordance with the Indenture.

UCC shall mean Uniform Commercial Code.

Underwriting Guidelines shall mean, with respect to the Originator and a Loan, the underwriting guidelines of the Originator under which the Loan was originated. See "The Peachtree Franchise Loan Program" in the Offering Circular.

Unit FCCR shall have the meaning accorded such term under "The Peachtree Franchise Loan Program—Underwriting Guidelines for Originations" in the Offering Circular.

Unrecorded Leasehold Mortgages shall have the meaning accorded such term in "Description of the Contribution Agreement—Representations, Warranties and Covenants" in the Offering Circular.

U.S. person shall have the meaning accorded such term under "Certain Federal Income Tax Consequences" in the Offering Circular.

WAPT Rate shall mean with respect to any Accrual Period, a per annum rate equal to (i) (x) the sum of the products of the outstanding principal balance of each Loan multiplied by the related Loan Rate, in respect of such Accrual Period, divided by (y) the Aggregate Outstanding Principal Amount of the Loans, less (ii) the sum of (a) the Indenture Trustee Fee Rate and (b) the Servicing Fee Rate.

Write-down Amount shall mean, with respect to any Payment Date and Net Loss incurred in respect of any Liquidated Loan during the related Due Period, the amount by which (a) the sum of the Aggregate Outstanding Principal Amount of the Notes and the Issuer Balance as of the end of such Due Period is greater than (b) the Aggregate Outstanding Principal Amount of the Loans as of the end of such Due Period.

Yield Maintenance Amount shall have the meaning accorded such term under "The Loans—General" in the Offering Circular.

Yield Maintenance Available Funds shall mean, with respect to any Prepayment Period, all Loan Yield Maintenance Amounts collected in the Collection Account during such Prepayment Period.

Zoning Laws shall mean, with respect to any Borrower and franchise unit, the applicable building and zoning ordinances and codes affecting such franchise unit.
Prospective investors are advised to read carefully, and should rely solely on, the Preliminary Confidential Offering Circular dated April 27, 1999 (the "Offering Circular") relating to the Notes referred to below in making their investment decision. This diskette accompanies and is a part of the Offering Circular relating to the Peachtree Franchise Loan Notes, Series 1999-A (the "Notes"). The information set forth on this diskette is an electronic copy of certain information set forth in the section entitled "The Loans" in the Offering Circular together with additional information. This diskette should be reviewed only in conjunction with the entire Offering Circular. This diskette does not contain all relevant information relating to the Notes, particularly with respect to the risks and special considerations associated with an investment in the Notes. Such information is described elsewhere in the Offering Circular.

Methodologies used in deriving certain information contained on this diskette are more fully described elsewhere in the Offering Circular.

The information on this diskette should not be viewed as projections, forecasts, predictions or opinions with respect to value.

Prior to making any investment decision, a prospective investor must receive and should carefully review the Offering Circular. NOTHING IN THIS DISKETTE SHOULD BE CONSIDERED AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY CERTIFICATES.

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$154,798,649

PEACHTREE FRANCHISE LOAN LLC 1999-A

Peachtree Franchise Finance, LLC
Originator, Primary Servicer
and the Special Servicer

Peachtree Franchise Loan Notes,
Series 1999-A

Class A-1 Notes
Class A-2 Notes
Class A-X Notes
Class B Notes
Class C Notes
Class D Notes
Class E Notes
Class F Notes

PRELIMINARY CONFIDENTIAL OFFERING CIRCULAR

FIRST UNION CAPITAL MARKETS CORP.

BEAR, STEARNS & CO. INC.

April 27, 1999