Presale:

CIM Trust 2023-I2

June 23, 2023

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Preliminary ratings

Class	Preliminary rating(i)	Initial interest rate (%)	Preliminary amount ($)	Credit enhancement (%)(ii)	Class type
A-1	AAA (sf)	Fixed(iii)	135,246,000	43.30	Senior/pro rata
A-2	AA (sf)	Fixed(iii)	25,046,000	32.80	Senior/pro rata
A-3	A (sf)	Fixed(iii)	26,477,000	21.70	Senior/pro rata
M-1	BBB (sf)	Net WAC	15,981,000	15.00	Mezzanine/sequential
B-1	BB (sf)	Net WAC	12,761,000	9.65	Subordinate/sequential
B-2	B (sf)	Net WAC	9,899,000	5.50	Subordinate/sequential
B-3	NR	Net WAC(iv)	6,918,000	2.60	Subordinate/sequential
B-4	NR	Net WAC(iv)	6,202,036	0.00	Subordinate/sequential
A-IO-S	NR	(v)	Notional(vi)	N/A	Excess servicing
XS	NR	(vii)	Notional(vi)	N/A	Monthly excess cashflow/ prepayment premium/ default interest
R	NR	N/A	N/A	N/A	Residual

Note: This presale report is based on information as of June 23, 2023. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The collateral and structural information in this report reflects the term sheet dated June 21, 2023. The preliminary ratings address the ultimate payment of interest and principal. (ii)This credit enhancement is solely from subordination, though excess spread also provides credit enhancement. (iii)For each accrual period related to a payment date on or prior to the payment date in July 2027, the note rate for each of the class A-1, A-2, and A-3 notes will be an annual rate equal to the fixed rate for each such class set forth in the table above, subject to the pool's net WAC. For each accrual period related to a payment date on and after the payment date in July 2027, the note rate for each of the class A-1, A-2, and A-3 notes will be an annual rate equal to the fixed rate for each such class set forth in the table above plus 1.00%, subject to the pool's net WAC. (iv)Beginning on the distribution date in July 2027 and for each distribution date thereafter, the interest payment amount and interest carryforward amount with respect to the class B-3 and/or B-4 notes may be used to pay any cap carryover amount to the class A-1, A-2, and A-3 notes, and such payments will decrease the amount of interest and principal paid to the class B-3 and/or B-4 notes on the related payment date and will not be reimbursed to the class B-3 and/or B-4 notes on any payment date. (v)Entitled to the excess servicing strip plus excess prepayment interest minus compensating interest. (vi)The notional amount equals the aggregate stated principal balance of the mortgage loans. (vii)Certain excess amounts from the pool's net WAC over classes with fixed coupons plus any prepayment charges collected during the prepayment period and any default interest. WAC--Weighted average coupon. NR--Not rated. N/A--Not applicable.

Profile

Expected closing date	June 30, 2023.

Profile (cont.)

Cut-off date	June 1, 2023.
Distribution date	The 25th of each month, or the next business day, beginning July 25, 2023.
Stated maturity date	The distribution date in December 2067.
Notes' amount, including unrated classes	$238.53 million in aggregate.
Collateral type	Fixed- and adjustable-rate, business purpose, investor, interest only, and fully amortizing residential mortgage loans that are secured by first liens on primarily single-family residential properties, planned unit developments, condominiums, townhouses, two- to four-family properties, and condotels to non-conforming (both prime and nonprime) borrowers. The pool consists of 1,023 loans backed by 1,049 properties that are exempt from the qualified mortgage and ability-to-repay rules; of the 1,023 loans, seven are cross-collateralized, which were broken down to their constituents at the property level (making up 33 properties).
Credit enhancement	Each class of preliminary rated notes has subordination in the form of notes that are lower in payment priority, as well as excess spread that preserves subordination.

Participants

Issuer	CIM Trust 2023-I2.
Sponsor	Chimera Investment Corp.
Seller	Fifth Avenue Trust.
Depositor	Funding Depositor LLC.
Master servicer, paying agent, notes registrar, and certificate registrar	Computershare Trust Co. N.A.
Servicers	NewRez LLC d/b/a Shellpoint Mortgage Servicing
Indenture trustee and owner trustee	Wilmington Savings Fund Society FSB.
Initial purchaser	Goldman Sachs & Co. LLC
Custodian	Computershare Trust Co. N.A.
Originators	United Wholesale Mortgage LLC (28.65%), CrossCountry Mortgage LLC (16.35%), Angel Oak Mortgage Solutions LLC (12.41%), Finance of America Mortgage LLC (11.18%) and various originators contributing 31.41% of the pool by balance--each of which, make up less than 10.00% of the collateral.

D/b/a--Doing business as.

Originators

	By balance (%)	Due diligence (%)	Originator ranking
United Wholesale Mortgage LLC	28.65	100.00	N/A
CrossCountry Mortgage LLC	16.35	100.00	N/A
Angel Oak Mortgage Solutions LLC	12.41	100.00	N/A
Finance of America Mortgage LLC	11.18	100.00	N/A

Originators (cont.)

	By balance (%)	Due diligence (%)	Originator ranking
Other originators	31.41	100.00	N/A

N/A--Not applicable.

Servicers

	By balance (%)	S&P Global Ratings' select servicer	Operation
NewRez LLC d/b/a Shellpoint Mortgage Servicing	100.00	Yes	Primary servicer
Computershare Trust Co. N.A.	100.00	No	Master servicer

D/b/a--Doing business as.

Rationale

The preliminary ratings assigned to CIM Trust 2023-I2's (CIM 2023-I2) mortgage-backed notes reflect our view of:

- The collateral included in the pool (see the Collateral Summary section);
- The credit enhancement provided in the transaction;
- The representation and warranty (R&W) framework;
- The transaction's associated structural mechanics;
- The pool's geographic concentration;
- The transaction's mortgage loan originators/aggregator; and
- The potential impact that current and near-term macroeconomic conditions may have on the performance of the mortgage borrowers in the pool. Per our latest macroeconomic update (see "Economic Outlook U.S. Q2 2023: Still Resilient, Downside Risks Rise," published March 27, 2023), we continue to expect that the U.S. will fall into a shallow recession in 2023. Although safeguards from the Federal Reserve and other regulators have stabilized conditions, banking concerns increase risks of a worse outcome and chances for a worsening recession have increased, with inflation moderating faster than expected in our baseline forecast. As a result, we continue to maintain the revised outlook per the April 2020 update to the guidance to our RMBS criteria, which increased the archetypal 'B' projected foreclosure frequency to 3.25% from 2.50% (see "Guidance: Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published April 17, 2020).

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For RMBS, we view the exposure to environmental credit factors as average, to social credit factors as above average, and to governance credit factors as below average (see "ESG Industry Report Card: Residential Mortgage-Backed Securities," published March 31, 2021). In our view, the transaction's exposure to social and environmental credit factors is in line with the sector benchmark.

For RMBS, we generally consider social credit factors as above average because housing is viewed as one of the most basic human needs and conduct risk presents a direct social exposure for lenders and servicers because regulators are increasingly focused on ensuring fair treatment of borrowers. Social risk is generally factored into our base-case assumptions for RMBS transactions based on our consideration of the origination or aggregation platform, the R&W framework, and the third-party due diligence that informs our view of credit underwriting and compliance with applicable consumer protections.

With respect to environmental factors, the transaction has exposures in line with the environmental credit factors in our sector benchmark. It is also geographically well-diversified, which reduces the pool's exposure to extreme weather events, in our view.

The transaction's governance risk exposure is higher than our benchmark due to certain weaknesses related to the transaction's R&W framework. While individual R&Ws are consistent with our benchmarks, the loans are generally not subject to a mandatory review in the case of default. By applying an R&W pool-level adjustment factor to the transaction, we have accounted for this risk related to ESG credit factors. As an additional mitigant to this risk, we considered that 100% of the loans in the pool were subject to a third-party due diligence review (see the Third-Party Due Diligence Review section below for more detail).

Overview

CIM 2023-I2 is the third RMBS transaction under Chimera Investment Corp.'s (Chimera's) shelf rated by S&P Global Ratings. Chimera purchased the mortgage loans from several originators, and the weighted average FICO score of the borrowers in the pool (729) and the original combined loan-to-value (CLTV) ratio (66.94%) of the collateral pool are better than in S&P Global Ratings' archetypical pool.

Noteworthy Features

All business purpose investor loans

The collateral in this transaction is exclusively business-purpose investor loans. We applied our criteria and made appropriate adjustments to the loss coverages. The entire pool uses business-purpose underwriting programs to underwrite the loans. The loans are exempt from ability-to-repay (ATR) rules; and 99.91% of the loans were underwritten to a debt service coverage ratio (DSCR) based on the actual or estimated rent from the property, which was used in our analysis, and two loans representing approximately 0.91% of the loans were underwritten without a DSCR.

Class B-3 and/or B-4 notes interest is used to cover potential class A-1, A-2, and A-3 class cap carryover amounts

The transaction documents dictate that, on and after the payment date in July 2027, the interest (including interest carryforward amounts) otherwise payable to the unrated class B-3 and/or unrated class B-4 notes, will instead be reallocated to first pay cap carryover amounts due on the class A-1, A-2, and A-3 notes, sequentially. The class B-3 and/or B-4 interest amounts thus diverted will not be paid back to the class B-3 and/or B-4 notes. Although this feature increases the chances of paying cap carryover amounts to the class A-1, A-2, and A-3 notes at the cost of reducing the interest payments to the class B-3 and/or B-4 notes, this did not have an impact on our analysis because the class B-3 and B-4 notes are unrated, and the assigned preliminary ratings on the rated notes address the ultimate payment of interest (including interest carryforward amounts) and principal, and do not address the payment of any cap carryover amounts.

Step-up interest rate

On each distribution date beginning in July 2027, the class A-1, A-2, and A-3 notes will receive the sum of the applicable fixed coupon plus 1.00%, subject to the pool's net weighted average coupon (WAC). We think this step-up feature may motivate the class XS note holders to exercise their option to clean up the transaction. An optional redemption can occur at the earlier of the July 2026 distribution date or when the loans' aggregate stated principal balance is less than or equal to 30.00% of the aggregate stated loans' principal balance as of the cutoff date.

Loans to business entities with limited or no recourse to a guarantor

The vast majority of loans to business entities in the pool benefit from full recourse guarantees to one or more individuals. This is consistent with DSCR loans in other securitized pools backing U.S. RMBS rated by S&P Global Ratings. However, there are 79 loans comprising 9.45% of the pool balance that have limited or no recourse rather than full recourse to a guarantor. As per our U.S. RMBS criteria, to account for this incremental risk, we applied a 2.00x foreclosure frequency adjustment factor at the loan level on top of the typical foreclosure frequency adjustments applied for the DSCR underwrite. Given this additional adjustment in consideration with the small percentage of the pool exposed to this risk, we believe the potential increased likelihood of default on these loans on account of the weaknesses in the guarantee recourse is sufficiently captured.

Cross-collateralized loans

This transaction contains seven cross-collateralized loans backed by 33 properties (2.39% by pool balance). We analyzed the cross-collateralized loans as separate properties, with the balance allocated for each loan in proportion to each property's appraisal value (except for the purposes of our large loan and tail-risk analysis, where we considered the 33 whole loans). The maximum number of properties securing any one loan is 11. The DSCR for these loans is calculated by aggregating the qualifying rental income and expenses for all properties securing the loan. Each property within each cross-collateralized loan is treated as having the same DSCR.

Additionally, all of the cross-collateralized loans contain lien release provisions where the borrower would generally need to pay 120% of the individual allocated property loan amount to remove it from the cross-collateralized loan. This predetermined pay-off premium reduces the incentive for borrowers to release the liens on stronger properties and leave only the relatively weaker properties to back their loans.

Low aggregate servicing fee

We believe the aggregate servicing strip of 25 basis points (bps) provided in the documents is relatively low for investment property ATR-exempt loans and, in our opinion, might not be adequate to attract quality servicers should the servicing function need to be transferred. In situations where the successive servicer charges a fee higher than 25 bps, it will reduce the funds available to distribute to the notes (i.e., reduce the excess spread that acts as soft credit enhancement). Therefore, we ran our cash flow stresses using an aggregate servicing fee of 50 bps at each rating level to stress the excess spread.

Excess spread compression

At issuance, this transaction has relatively low excess spread given the class coupons and to offset this reduction in soft credit enhancement, the transaction has relatively higher levels of hard credit support. In addition, this compressed excess spread may also mean that there are more chances of having cap carryover amounts incurred and ultimately not paid to class A-1, A-2, and A-3 notes in this transaction as compared to transactions that have higher spread. However, this did not affect the assigned preliminary ratings because our ratings do not address the payment of cap carryover amounts.

Collateral Summary

The mortgage loans in CIM Trust 2023-I2 were originated under programs for mortgagors that intend to use the related mortgage property for rental purposes (business-purpose loans). The originators of the mortgages in the pool primarily use FICO scores, LTV ratios, and DSCRs to underwrite the loans. The loans (as described below) are underwritten to actual or estimated rental incomes. None of the loans use the mortgagors' incomes for underwriting.

As of the cutoff date, the $238.53 million mortgage pool consists of 1,023 predominantly newly originated, first-lien, fixed- (96.84%) and adjustable-rate (3.16%), fully amortizing, non-interest-only (non-IO; 85.79%) and IO (14.21%), mostly 30-year term residential mortgage loans. The loans are primarily backed by single-family residences (50.30%), two- to four-family homes (27.83%), planned unit developments (12.97%), condominiums (8.52%), and a condotel(0.38%). The weighted average seasoning for the pool is approximately 10 months.

The weighted average used FICO score for the collateral pool is 729, which includes certain S&P Global Ratings assumptions (see table 1 for a breakdown of the pool by the borrowers' FICO scores). The pool includes 18 loans backed by 18 properties to foreign or nonpermanent resident borrowers (1.93% by pool balance), seven of whom did not have FICO scores. For these seven loans, we applied a FICO score assumption of 697 to each. We applied a 1.5x multiple to the foreclosure frequencies on loans to all foreign or nonpermanent resident borrowers.

Table 1

Updated credit score statistics

FICO score	Current balance (%)	WA current CLTV ratio (%)
>=750	38.49	65.06
725-749	18.08	66.81
700-724	16.55	67.17
675-699	12.71	67.19
650-674	7.06	62.09
625-649	4.43	61.78
600-624	1.69	65.06

Table 1

Updated credit score statistics (cont.)

FICO score	Current balance (%)	WA current CLTV ratio (%)
575-599	0.72	59.99
550-574	0.11	66.59
<550	0.16	72.86
Total	100.00	65.62

WA--Weighted average. CLTV--Combined loan-to-value.

The collateral pool is weaker than S&P Global Ratings' archetypal prime pool from a credit perspective, but it is generally in line with our expectations for a nonprime residential mortgage pool (see table 2).

The pool's 'AAA' loss coverage requirement was determined to be 38.20%, compared to S&P Global Ratings' archetypal pool, which is 7.50%. In our analysis, we considered the following mortgage loan characteristics, amongst others, to be weaker:

- The loans are business-purpose investor loans that are underwritten to DSCRs, based on the rental income on the property.
- 27.83% of the loans are backed by two- to four-family housing.
- 35.66% of the loans are cash-out loans.
- 14.21% of the loans are IO loans.
- 26.88% of the loans by balance were made to borrowers with current FICO scores below 700. The loss estimate of the mortgage pool has been increased to account for the increased default risk on these loans.

Table 2

Collateral characteristics

	CIM 2023-I2	CIM 2023-I1	CIM 2022-I1	VISIO 2023-1	VERUS 2023-INV1	MFA 2023-INV1	S&P Global Ratings' archetypical prime pool(i)
Closing pool balance (mil. $)	238.5	236.2	219.4	183.6	500	203.9	N/A
Closing loan count (no.)	1023(ii)	1,024	473	655	1,244	788	N/A
Avg. loan balance ($)	233,167	230,626	463,936	280,350	401,896	258,698	N/A
WA original CLTV ratio (%)	66.9(iii)	66.5	70.9	71.7	69.0	68.5	75.0
WA current CLTV ratio (%)	65.6(iii)	65.9	70.5	71.7	68.8	68.2	75.0
WA FICO(iv)	729	741	739	739	722	730	725
WA current rate (%)	7.3	7.5	4.7	8.2	8.1	7.0	N/A
WA seasoning (mos.)	10	5	5	4	5	4	0-6
WA debt-to-income (%)	N/A	N/A	N/A	N/A	N/A	N/A	36.0
WA DSCR (non-zero)	1.26	1.26	1.53	1.24	1.07	1.43	N/A
Investor (%)	100	100	100	100	100	100	N/A

Table 2

Collateral characteristics (cont.)

	CIM 2023-I2	CIM 2023-I1	CIM 2022-I1	VISIO 2023-1	VERUS 2023-INV1	MFA 2023-INV1	S&P Global Ratings' archetypical prime pool(i)
Single-family (including planned-unit development) (%)	63.3	78.0	43.3	66.8	66.9	63.6	100.0
Two- to four-family homes (%)	27.8	18.5	36.8	24.0	19.1	26.6	N/A
Adjustable-rate loans (%)	3.1	28.3	18.2	22.4	26.1	24.8	N/A
Loans with interest-only feature (%)	14.2	27.6	28.8	9.3	35.1	15.1	N/A
Cash-out refinancing (%)(v)	35.7	59.2	63.8	44.6	39.0	69.5	N/A
Loans to foreign borrowers (%) (foreign national and non-permanent resident aliens)	1.9	1.7	0.3	0.0	4.6	5.9	N/A
Loans with two or more borrowers (%)	22.4	8.2	24.9	0.0	14.1	33.9	N/A
Current (%)	99.5	100	100	100	98.0	100	100.0
Length of P&I advancing (mos.)(vi)	4	4	4	N/A	3	N/A	Full
Pool-level adjustments (multiplicative factors)							
Geographic concentration	1.00	1.00	1.01	1.00	1.00	1.00	1.00
Mortgage operational assessment	1.05	1.05	1.07	1.00	1.00	1.05	1.00
Representations and warranties	1.10	1.10	1.10	1.05	1.10	1.10	1.00
Other (i.e., forbearance/loan modification/PCE/due diligence)(vii)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Combined pool-level adjustments	1.16	1.16	1.19	1.05	1.10	1.16	1.00
Loss estimates(viii)							
'AAA' loss coverage (%)	38.20	35.75	51.25	35.75	44.25	41.55	7.50
'AAA' foreclosure frequency (%)	65.08	58.07	76.39	62.58	74.47	63.99	15.00
'AAA' loss severity (%)	58.70	61.56	67.09	57.13	59.42	64.93	50.00
'BBB' loss coverage (%)	12.50	10.75	22.15	11.05	15.30	14.85	1.92
'BBB' foreclosure frequency (%)	38.02	32.71	45.37	35.88	44.72	37.32	6.41
'BBB' loss severity (%)	32.88	32.86	48.82	30.80	34.21	39.79	30.00
'B' loss coverage (%)	4.00	2.90	9.90	3.10	5.35	5.60	0.65
'B' foreclosure frequency (%)	17.86	13.78	22.09	15.83	22.41	17.34	3.25

Table 2

Collateral characteristics (cont.)

	CIM 2023-I2	CIM 2023-I1	CIM 2022-I1	VISIO 2023-1	VERUS 2023-INV1	MFA 2023-INV1	S&P Global Ratings' archetypical prime pool(i)
'B' loss severity (%)	22.40	21.04	44.82	19.58	23.87	32.30	20.00

Note: All percentages displayed are calculated using current balances. (i)As defined in our Feb. 22, 2018, criteria (see the Related Criteria section). (ii)1,023 loans backed 1,049 properties. (iii)The original CLTV and current CLTV are calcuated at individual property level. (iv)The WA FICO score reflects the most recent scores, where obtained and assumes the lower of primary and co-borrower FICO scores. For borrowers who are missing FICO scores, we assumed a score that is one standard deviation below the pool mean. (v)Does not include limited cash-out refinancing loans. (vi)Loans in forbearance or out of forbearance but in repayment plan are treated as current; the effect of forbearance is included in loss coverage adjustment. (vi)Months of P&I advancing on a delinquent mortgage loan to the extent the advances are deemed recoverable. (vii)Indicates loss coverage adjustment to address loans that have been granted or may be granted forbearance due to the COVID-19 pandemic. (vii)The guidance document published April 17, 2020, reflects a revision to our 'B' (base case) projected foreclosure frequency assumption for an archetypal loan to 3.25% from 2.50%. LTV--Loan-to-value. CLTV--Combined LTV. WA--Weighted average. P&I--Principal and interest. IO--Interest-only. ARM--Adjustable-rate mortgage. N/A--Not applicable. DSCR--debt service coverage ratio. PCE--Prior credit event.

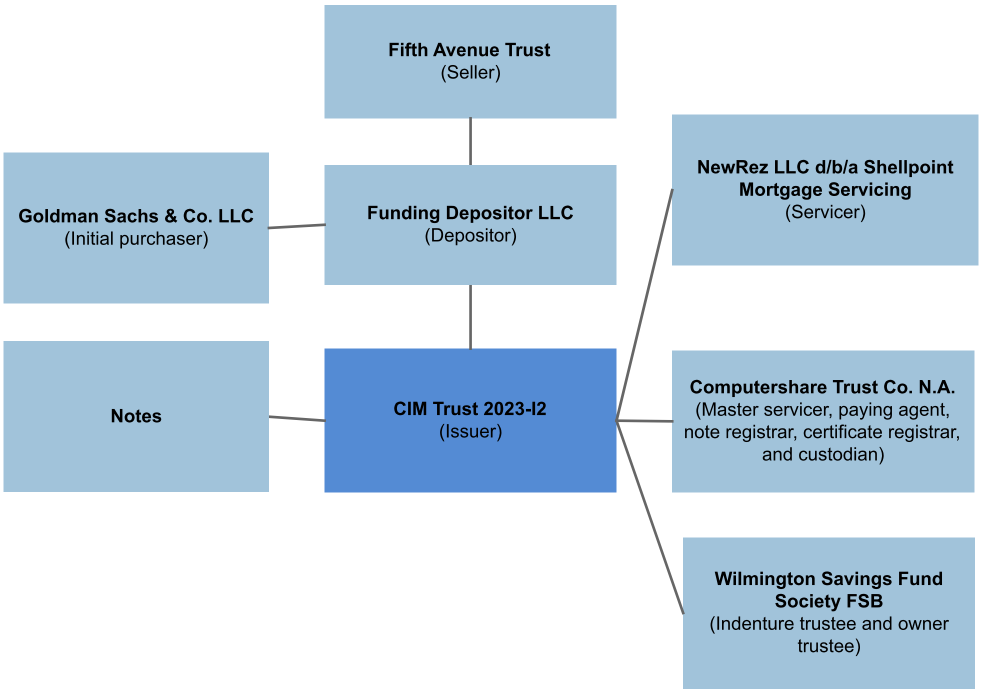
Transaction Structure

The transaction is structured as a two-step transfer of the assets. The mortgage loan seller (Fifth Avenue Trust) transfers the assets to the depositor (Funding Depositor LLC), which then transfers the assets to the issuing trust (CIM Trust 2023-I2). In turn, the issuing trust transfers the notes to the depositor. The depositor sells the offered notes to the initial purchasers, which will sell them to third-party investors. The depositor will sell the non-offered notes and the notes required to be held to satisfy the risk retention rules to the sponsor or a majority-owned affiliate, or it will retain those notes for its own account.

In rating this transaction, S&P Global Ratings will review the legal matters it believes are relevant to its analysis, as outlined in its criteria.

Chart 1

Transaction Structure



D/b/a—Doing business as.

Strengths And Weaknesses

We believe the following characteristics strengthen the CIM Trust 2023-I2 transaction:

- The mortgage pool generally consists of loans to borrowers with significant home equity and better-than-archetypal FICO scores, as demonstrated by the pool's weighted average FICO score of 729 and original CLTV ratio of 66.94%.
- The third-party due diligence providers (SitusAMC, Clayton Services, Consolidated Analytics, Evolve Mortgage Services, Recovco Mortgage Management, and Selene New Diligence Advisors), which appears on our published list of reviewed providers, performed due diligence on 100% of the pool's loans. The review encompassed credit (underwriting) compliance and property valuations. In our opinion, the results of their findings are consistent with high-quality underwriting.
- The senior class A-1, A-2, and A-3 notes benefit from a credit support floor where no principal is paid to the subordinate classes until the class A notes are retired.

We believe the following factors weaken the CIM Trust 2023-I2 transaction:

- The loans are all property-focused investor loans that were underwritten to an investment property program that did not consider borrower income or employment in the underwriting process. The lesser of market rent or lease income was used to calculate a DSCR. The pool's non-zero weighted average DSCR is 1.26. To mitigate risk, the loans have, on average, lower original CLTV ratios (66.94%) compared to our archetypal pool, which our Loan Evaluation and Estimate of Loss System (LEVELS) model considered when determining the foreclosure frequencies.

- Two- to four-family homes make up about 27.83%. We applied a 2.0x adjustment to the foreclosure frequencies of these loans to account for this risk.
- Four hundred eighteen loans (35.66% of the pool) are cash-out refinance loans. We applied a 1.25x adjustment to the pool's foreclosure frequencies to account for this risk.
- Loans with an IO feature comprise 14.21% of the pool, including 2.73%, which are ARM-IO loans.
- The transaction includes 295 loans (26.88% by pool balance) that were made to borrowers with FICO scores below 700. The mortgage pool's loss estimate was increased to account for the loans' higher default risk.
- Chimera Funding TRS LLC, an affiliate of the sponsor, is providing the R&Ws for the loans in this transaction. We consider the R&W framework to be weak because testing for any breaches is at the controlling holder's option (majority holder of class XS notes, whose interest may conflict with those of other noteholders). The framework's weaknesses are somewhat mitigated through third-party due diligence on 100% of the loans and the alignment of interest between noteholders and the sponsor, which intends to hold at least a 5.00% horizontal slice of the capital structure through itself or a majority-owned affiliate. Consequently, we applied an R&W factor that increased our loss expectations at all rating categories by a 1.10x factor.

Credit Analysis And Assumptions

Our analysis of the CIM Trust 2023-I2 collateral pool considers several factors, including certain loan-level characteristics. The details of our analysis are described below.

Investor property concentration

We considered whether there were any additional risks related to foreclosure and liquidation timelines for investor properties compared to owner-occupied properties because the pool consists of 100% business-purpose investor property loans. We considered the variance in foreclosure and liquidation timelines, and determined that the delta of timelines between investor and non-investor properties did not pose an additional risk to the pool.

In particular, the foreclosure and liquidation timelines we used in our analysis are based on historical data that include investor properties, and our servicer evaluation group indicated that there are no material differences in the timelines between investor and non-investor properties. Moreover, investor properties in the transaction may actually provide additional or more stable cash flows to the trust, given the assignment or attornment of leases on certain properties and the corresponding cash flow from those properties during the real estate-owned period.

Property cash flow underwriting and documentation type

We also considered the underwriting methods employed for the loans, given that the qualifying metrics do not use traditional borrower characteristics, such as personal income and liabilities, but instead rely on the property's propensity to generate cash flow from tenants. The loans are underwritten using a ratio of rents compared to mortgage payment liability (including taxes, insurance, and association dues), which is commonly referred to as the DSCR.

We consider the strength of the DSCR and apply DSCR adjustment factors to the foreclosure frequency with higher factors applied to lower DSCRs and lower factors applied to higher DSCRs (see table 3). These DSCR adjustment factors range from 3.15x to 6.00x. Given the limited performance history of DSCR loans through an economic cycle, the low end of the adjustment factors' range (3.15x) was calibrated so that a loan with a high DSCR (e.g., greater than or equal to 1.27) is treated similarly to a weak, traditionally underwritten investor property (i.e., underwritten to the borrower's income) that has less than 12 months of income verification and poor debt-to-income attributes.

The weighted average DSCR-related loss coverage adjustment factor for this pool is 3.65x, which we believe adequately addresses the additional risk of DSCR loans that rely on the property cash more than personal income and liabilities.

Cross-collateralized loans

Seven loans were cross-collateralized. Cross-collateralized loans aggregate multiple properties under one loan and are typically made to experienced investors. The properties within a loan generally share homogenous features, such as loan purpose (rate or cash refinance), property type, and geographical location. The DSCR for these loans is calculated by aggregating the qualifying rental income and expenses for all properties securing the loan. We split out these seven loans into 33 property-level constituents, where appropriate, for our analysis. In general, we found that these loans are slightly worse than single-property DSCR loans because their weighted average current CLTV is 74.31% versus the single-property DSCR loans, which had a weighted average current CLTV of 65.62%.

Table 3

Weighted average 'AAA' and 'B' FFs for DSCR loans

	Loan count (no.)	% of balance	WA DSCR	WA FF (%) ('AAA')	WA FF (%) ('B')	WA used FICO	WA current CLTV (%)
DSCR (non-cross-collateralized)							
DSCR < 1	93	15.41	0.80	54.81	15.32	743	61.77
1 <= DSCR < 1.27	453	44.40	1.11	60.11	16.35	728	65.26
DSCR >= 1.27	468	37.70	1.60	62.26	17.25	723	67.12
Zero DSCR	2	0.09	--	37.96	8.23	752	39.08
Cross-collateral DSCR(i)							
DSCR < 1	--	--	--	--	--	--	--
1 <= DSCR < 1.27	1	0.58	1.20	86.07	18.65	702	79.92
DSCR >= 1.27	6	1.81	1.49	77.63	20.81	751	72.51
Zero DSCR	--	--	--	--	--	--	--

(i)Seven cross-collateralized loans are backed by 33 properties. FF--Foreclosure frequency. DSCR--Debt service coverage ratio. WA--Weighted average.

Table 4 shows the distribution of properties with either leases in place or lease estimates.

Table 4

Distribution of properties with either leases in place at origination or lease estimates

	Property count (no.)	% of the pool balance
Lease in place	481	39.1
No lease in place--estimated rents(i)	568	60.9
Total	1,049	100.0

(i)The lease estimates are generally derived from comparable rent schedule Form 1007s for single-family residences or Form 1025s for multi-unit properties.

Prior credit event (PCE) classification and analysis

For our PCE analysis, we focus primarily on prior bankruptcy, foreclosure, short sale, and deed-in-lieu events that occurred within 24 months (bankruptcy discharges or dismissals) or 36 months (all other non-bankruptcy housing-related events). For loans to borrowers with more seasoned PCEs, we believe the risks associated with those PCEs are reflected in the updated FICO scores. One loan was identified as having prior foreclosures in the past, within the timelines mentioned above; given the minimal exposure, no additional adjustment was applied in our analysis.

QM and ATR standards

All of the loans are exempt from the QM and ATR rules because they are related to business-purpose investment properties.

Servicer advancing obligations

For any loan that is not in forbearance, Shellpoint Mortgage Servicing (the servicer) must advance delinquent principal and interest (P&I) on their respective delinquent loan until it is 120 days' delinquent, or such P&I advance is deemed unrecoverable. If either party fails to advance P&I, the master servicer is obligated to make those advances. In this transaction, Computershare Trust Co. N.A. is the master servicer at closing. Unlike P&I advances, the servicer must make advances of delinquent taxes and insurance (and other property preservation advances) until the related property is liquidated or the servicer deems the advance to be nonrecoverable. We adjusted the loss severities in our model to account for the limited P&I advancing and stressed liquidity in our cash flow analysis, as described further below.

Borrowers or guarantors with multiple loans in the pool

The pool includes 82 borrowers (17.77% of the pool balance) with multiple loans in the pool. The greatest combined exposure to any one borrower in the pool is 2.08%. We determined the combined loss exposure to any one of these borrowers is not materially significant in comparison to the exposure to other single-loan borrowers. Additionally, we do not believe there is a significant default correlation among multiple loans to the same borrower because each loan is backed by cash flow-generating properties. Accordingly, we did not make any additional

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adjustments to the loss coverage or the tail risk analysis in accounting for borrowers with multiple loans.

Table 5

Breakdown of borrowers and guarantors

Property count per borrower/ guarantor	Borrower/ guarantor count	Loan balance ($)	Loan balance (%)	Highest combined loan balance to unique borrower ($)	WA FICO score	WA current CLTV ratio (%)	WA DSCR
23	1	4,965,479	2.08	4,965,479	716	71.83	1.36
20	1	1,929,000	0.81	1,929,000	760	80.14	1.47
9	1	1,304,334	0.55	1,304,334	655	67.65	1.31
8	1	568,976	0.24	568,976	710	72.55	1.50
7	1	1,548,455	0.65	1,548,455	741	62.46	1.01
6	2	3,058,013	1.28	1,973,293	684	69.67	1.43
5	1	604,725	0.25	604,725	790	59.14	1.16
4	7	2,758,349	1.16	680,100	719	67.01	1.39
3	16	7,969,347	3.34	1,387,000	716	66.92	1.33
2	56	21,466,194	9.00	1,331,250	743	68.84	1.38
1	777	192,357,164	80.64	1,770,446	729	64.83	1.23
Total	864	238,530,037	100.0	--	--	--	--

WA--Weighted average. CLTV--Combined loan-to-value. DSCR--Debt service coverage ratio.

Structural Features

CIM 2023-I2 has a structure that is a mix of pro rata and sequential, with principal being paid pro rata among the senior classes (subject to passing a cumulative loss and delinquency trigger test), and then sequentially to the subordinate classes. In the periods that a cumulative loss trigger or delinquency trigger fails, principal is paid sequentially to the senior classes. The transaction document also provides for reallocation of the interest (including carryforward interest) otherwise payable to the class B-3 and B-4 notes to pay cap carryover amounts on the class A-1, A-2, and A-3 notes before making any interest or principal payments to the class B-3 and B-4 notes (see the payment waterfall in tables 6-8). The class B-3 and B-4 interest amounts thus diverted will not be paid back to the class B-3 and B-4 notes.

This transaction also uses monthly excess cash flow to cover current period realized losses and reimburse any applied realized loss amounts sequentially to classes A-1, A-2, A-3, M-1, B-1, B-2, B-3, and B-4.

The paying agent will make monthly interest distributions from the interest remittances and principal from the principal remittances.

The interest remittance amount includes scheduled interest that the servicer collects from the borrowers, the interest portion of any advances, interest accompanying any partial or full prepayments, the interest portion of liquidation proceeds net of servicer's expenses, any compensating interest, the interest portion of subsequent recoveries, the interest portion of purchase price, the redemption price or termination price less the aggregate servicing fee, the master servicing fee, the custodian fee, indenture and owner trustee fee, reimbursement of advances, any other reimbursements allowed under the servicing agreement (subject to an annual cap reimbursable expenses incurred by controlling holder), and extraordinary trust expenses (generally subject to a $300,000 annual cap).

Although the extraordinary expenses are passed through as reduced contractual interest due to the noteholders, we ran these expenses at a certain percentage of their capped amounts to stress the excess spread (as described in the Interest Stresses section below). We also considered the extraordinary expenses when analyzing projected interest reduction amounts (as described in the Imputed Promises section below).

The principal remittance amount includes scheduled principal payments, partial and full principal prepayments, the principal portion of any advances, the principal portion of liquidation proceeds net of the servicer's expenses, the principal portion of subsequent recoveries, the principal portion of the purchase price, the redemption price or the termination price less fees, and expenses that could not be paid from interest collections.

Table 6

Interest payment waterfall

Priority	Payment(i)
1	Interest and interest carryforward amounts(i), sequentially to the A-1, A-2, A-3, M-1, B-1, and B-2 notes.
2(a)	Prior to the payment date in July 2027, interest and interest carryforward amounts sequentially to class B-3 and B-4 notes.
2(b)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-3(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2 and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2 and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2 and A-3 notes any step-up cap carryover reserve account pursuant to priority 2(c) below and after giving effect to any expected payment in reduction thereof, from the unpaid cap carryover amounts thereon; and third, to class B-3, any remaining interest and interest carryforward amounts.
2(c)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-4(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2 and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2 and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2 and A-3 notes any unpaid cap carryover amounts thereon; and third, to class B-4 notes, any remaining interest and interest carryforward amounts.
3	Any remaining amounts paid as part of monthly excess cashflow.

(i)Interest carry-forward amounts are deferred interest payments that accrue interest at the note rate. Our preliminary ratings address the full payment of all interest and interest carry-forward amounts at the note rate by the final scheduled distribution date. (ii)Amounts otherwise used to pay interest carryforward amount or interest payment amount with respect to the class B-3 and B-4 notes that are deposited into the cap carryover reserve account will not be reimbursed to the class B-3 and B-4 notes. (iii)The cap carryover amount is the positive difference between the interest that would have accrued at the fixed coupon (without regard to the net WAC rate) and the actual amount due, based on the net WAC rate. Any prior unpaid cap carryover amounts also accrue interest at the fixed coupon.

Table 7

Principal payment waterfall

Priority	Payment(i)
If a trigger event is not in effect	
1	Interest and interest carryforward sequentially to the class A-1, A-2, and A-3 notes.
2	Principal pro rata to the class A-1, A-2, and A-3 notes until reduced to zero.
3	Interest and interest carryforward amounts, to the class M-1 notes.

Table 7

Principal payment waterfall (cont.)

Priority	Payment(i)
4	Principal to the class M-1 notes until reduced to zero.
5	Interest and interest carryforward amounts, to the class B-1 notes.
6	Principal to the class B-1 notes until reduced to zero.
7	Interest and interest carryforward amounts, to the class B-2 notes.
8	Principal to the class B-2 notes until reduced to zero.
9(a)	Prior to the payment date in July 2027, interest and interest carryforward amounts to class B-3 notes.
9(b)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-3(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2, and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2, and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2, and A-3 notes any step-up cap carryover reserve account pursuant to priority 2(c) in interest payment waterfall and after giving effect to any expected payment in reduction thereof from the unpaid cap carryover amounts thereon; and third, to class B-3 notes any remaining interest and interest carryforward amounts.
10	Principal to the class B-3 notes until reduced to zero.
11(a)	Prior to the payment date in July 2027, interest and interest carryforward amounts to class B-4 notes.
11(b)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-4(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2, and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2, and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2, and A-3 notes any unpaid cap carryover amounts thereon; and third, to class B-4 notes, any remaining interest and interest carryforward amounts.
12	Principal to the class B-4 notes until reduced to zero.
13	Any remaining amounts paid as part of monthly excess cash flows.
If a trigger event is in effect	
1	Principal remittance amount is allocated first to interest and interest carryforward amounts sequentially to the class A-1 and A-2 notes, and then as principal payments sequentially to the class A-1 and A-2 notes. This is followed by interest and interest carryforward amounts to a class followed by principal payments to that class sequentially to the class A-3, M-1, B-1, and B-2 notes.
2(a)	Prior to the payment date in July 2027, interest and interest carryforward amounts to class B-3 notes.
2(b)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-3(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2, and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2, and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2, and A-3 notes any step-up cap carryover reserve account pursuant to priority 2(c) in interest payment waterfall and after giving effect to any expected payment in reduction thereof from the unpaid cap carryover amounts thereon; and third, to class B-3 notes, any remaining interest and interest carryforward amounts.
3	Principal to the class B-3 notes until reduced to zero.
4(a)	Prior to the payment date in July 2027, interest and interest carryforward amounts to class B-4 notes.
4(b)	For any payment date on or after July 2027, from any interest and interest carryforward amount otherwise payable to the class B-4(ii) notes, first, to the extent of any unpaid cap carryover amount(iii) for the classes A-1, A-2, and A-3 notes, to the step-up cap carryover reserve account, up to the cap carryover amount for the class A-1, A-2, and A-3 notes for such payment date; second, sequentially, from amounts on deposit in the step-up cap carryover reserve account, to the class A-1, A-2, and A-3 notes any unpaid cap carryover amounts thereon; and third, to class B-4 notes, any remaining interest and interest carryforward amounts.
5	Principal to the class B-4 notes until reduced to zero.

Table 7

Principal payment waterfall (cont.)

Priority	Payment(i)
6	Any remaining amounts paid as part of monthly excess cash flows.

(i)Interest carryforward amounts are deferred interest payments that accrue interest at the lower of the respective fixed coupon and the net weighted average coupon rate. Our preliminary ratings address the full payment of all interest and interest carryforward amounts by the final maturity date. (ii)The interest and interest carryforward amounts otherwise payable to the class B-3 and B-4 notes that are deposited into the cap carryover reserve account will not be reimbursed to the class B-3 and B-4 notes. (iii)The cap carryover amount is the positive difference between the interest that would have accrued at the fixed coupon (without regard to the net WAC rate) and the actual amount due, based on the net WAC rate. Any prior unpaid cap carryover amounts also accrue interest at the fixed coupon. Our preliminary ratings do not address the payment of cap carryover amounts. WAC--Weighted average coupon. IPIP--Interest, principal, interest, principal.

Table 8

Monthly excess cash flow waterfall

Priority	Payment
1	Up to the amount of any realized losses with respect to such payment date, sequentially to the class A-1, A-2, A-3, M-1, B-1, B-2, B-3, and B-4 notes in reduction of the note amounts thereof, until the note amounts of each class have been reduced to zero.
2	Up to the amount of any cumulative applied realized loss amounts not reimbursed on a previous payment date, sequentially to the class A-1, A-2, A-3, M-1, B-1, B-2, B-3, and B-4 notes in reduction of the note amounts thereof, until the note amounts of each class have been reduced to zero.
3	From the monthly excess cashflow otherwise payable to the class XS notes, (a) to the cap carryover reserve account, up to the aggregate cap carryover amount for the class A-1, A-2, and A-3 notes for such payment date, and then (b) from amounts on deposit in the cap carryover reserve account, sequentially to the class A-1, A-2, and A-3 notes, in that order, any unpaid cap carryover amounts thereon.
4	To the class XS notes, as set forth in the indenture.
5	Pro rata, to the master servicer, the paying agent, the note registrar, the indenture trustee, the owner trustee, and the custodians for extraordinary trust expenses in excess of the annual cap.
6	To the excess reserve account as described in the indenture.
7	Any remaining amounts as described in the indenture.

Prior to the payment date in July 2027, interest on the class A-1, A-2, and A-3 notes is based on the lower of the fixed coupon on the notes and the net WAC rate (defined as the net mortgage interest rate minus fees and extraordinary expenses). On any payment date on or after the payment date in July 2027, the note rate for each of the class A-1, A-2, and A-3 notes will be an annual rate equal to the lower of (a) the fixed coupon on the notes plus 1.00% and (b) the net WAC rate. In line with S&P Global Ratings' ratings definition, our preliminary ratings address the payment of interest at the lower of these two rates (see Using Imputed Promises To Rate Debt Instruments in the "S&P Global Ratings Definitions," published June 9, 2023). Interest on the class M-1, B-1, B-2, B-3, and B-4 notes is equal to the net WAC rate.

Under the transaction documents, the issuer can defer interest payments on these securities. A failure to pay the interest amounts due on the securities will result in the interest being deferred. Such a deferred amount (interest carry-forward amounts) accrues interest at the applicable note rate for the class A-1, A-1, A-2, M-1, B-1, B-2, B-3, and B-4 notes. Our preliminary ratings address the ultimate P&I payments (including interest carry-forward amounts) by the notes' final scheduled distribution date.

However, the preliminary ratings do not address the payment of cap carryover amounts (i.e., the difference between the fixed coupon and the net WAC rate where the fixed coupon exceeds the net

WAC rate), which are subordinated in the payment priority. In our view, neither the notes' initial coupons nor the initial net WAC rate is de minimis, and nonpayment of the cap carryover amounts are not considered an event of default under the transaction documents. Therefore, in line with our ratings definition, we do not consider whether these cap carryover amounts are paid in our cash flow analysis.

The transaction starts with a 43.30% enhancement for the senior classes, which then grows as a percentage of the current balance as they get paid down. Additionally, the occurrence of a trigger event (a delinquency trigger event or a cumulative loss trigger event [see tables 9A and 9B]) protect the more senior classes in tail risk situations if defaults increase much later in the transaction's life (a back-ended default curve) by switching the principal payment priority among the senior classes to sequential.

Table 9A

Delinquency trigger event

Payment date occurring in the following periods	Six-month average of 60+ day delinq. plus loans modified in past 12 months (as a % of the current pool balance)(%)
July 2023 through June 2026	10.00
July 2026 through June 2027	15.00
July 2027 through June 2028	20.00
July 2028 and thereafter	25.00

Delinq.--Delinquent.

Table 9B

Cumulative trigger event

Payment date occurring in the following periods	Applied realized loss amounts since closing date (as a % of the cutoff date pool balance)(%)
July 2023 through June 2026	2.00
July 2026 through June 2027	3.00
July 2027 through June 2028	4.00
July 2028 and thereafter	7.00

If the notes' aggregate class balance exceeds the pool balance, the resulting excess (the applied realized loss amount) will be applied in reverse sequential order to the class B-4, B-3, B-2, B-1, M-1, A-3, A-2, and A-1 notes, in that order, until each class' principal balance has been reduced to zero.

If the pool balance exceeds the notes' aggregate class balance, the note balances will be written up sequentially to classes A-1, A-2, A-1, M-1, B-1, B-2, B-3, and B-4, in that order, up to the aggregate amount of applied realized losses previously allocated.

Geographic Concentration

S&P Global Ratings analyzes the pool's geographic concentration risk based on the concentrations of loans in each of the core-based statistical areas (CBSAs) as defined by the U.S. Office of Management and Budget (see Appendix II of "Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Feb. 22, 2018). In this transaction, the top five

CBSAs account for 18.29% of the aggregate pool, and the largest CBSA concentration was in New York-Jersey City-White Plains, NY-NJ. at 6.72% (see table 10). Since the pool is geographically well-diversified compared to a benchmark (according to the Herfindahl-Hirschman Index--a concentration measure based on the sum of the squared CBSA concentrations), we applied an additional pool-level adjustment factor of just 1.00x.

Table 10

Geographic concentration

CBSA	State	% by balance
New York-Jersey City-White Plains	N.Y.-N.J.	6.72
Miami-Miami Beach-Kendall	Fla.	3.43
Los Angeles-Long Beach-Glendale	Calif.	2.94
Atlanta-Sandy Springs-Alpharetta	Ga.	2.68
Tampa-St. Petersburg-Clearwater	Fla.	2.52
Top five	--	18.29

CBSA--Core-based statistical area (includes metropolitan statistical areas and metropolitan divisions where defined, as well as micropolitan statistical areas).

Large Loans And Tail Risk Considerations

As the number of loans in the transaction decreases, the effect of a single loan's losses becomes greater. If conditional prepayment rates are slow and collateral pool losses are not realized until later in a transaction's life (back-loaded losses), pro rata pay mechanisms can then leave the senior classes exposed to event risk later in the transaction's life (for more information on tail risk in RMBS transactions, see "Older RMBS Transactions Face Increased Tail Risk As Their Pools Shrink," published Aug. 9, 2012).

To mitigate this risk, certain transactions provide for a credit enhancement floor, specifying principal payments not be made to subordinate classes if the credit support available to the senior classes falls below a threshold. This transaction does not explicitly define a credit enhancement floor. However, due to the sequential payment mechanism to the subordinate classes, which make up 21.70% of the capital structure, the preliminary 'AAA (sf)', 'AA (sf)', and 'A (sf)' rated classes effectively have a floor of 21.70% initially. And although subordination can be depleted due to realized losses over time, the effective floor to the more senior classes can increase when losses go over certain thresholds and trip the cumulative loss or delinquency triggers, making the payment priority fully sequential.

To analyze the appropriateness of this effective credit enhancement floor, we use an approach outlined in "Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Feb. 22, 2018. Based on this approach, instead of focusing on the largest loans by balance at issuance, we risk-weighted the loans in the transaction by focusing on those loans with the largest expected loss exposures, assuming default. We also conducted a sensitivity analysis by assuming properties under the same borrower as a single loan (including those cross-collateralized loans) in our large loan analysis.

After considering the enhancement provided in the transaction and the expected paydown on the classes, we believe the rated senior classes are sufficiently protected from tail risk as the transaction seasons.

Mortgage Operational Assessment (MOA) Review

This transaction comprises mortgage loans originated by multiple lending institutions and aggregated by Chimera (NYSE: CIM). We conducted a transaction-specific MOA review of Chimera's aggregation platform of non-QM loans, and we reviewed the loan performance data of the originators that contributed greater than 20.00% of the pool balance.

Chimera is an internally managed real estate investment trust headquartered in New York City. Their primary investment focus is on residential mortgage loans, asset securitization, and mortgage-related securities. Their business objective is to provide attractive risk-adjusted returns to shareholders over the long-term, predominantly through dividends and preservation of capital. They have $3.7 billion in total capital consisting of both common and preferred stock. Their investment strategy is to maintain a diversified investment portfolio focusing on investing in residential mortgage loans, non-agency and agency RMBS, and agency CMBS. Income is generated primarily by the difference, or net spread, between the income earned on their assets and their financing and hedging costs.

Chimera was founded in 2007 and they initially issued two deals off of the PHH Corp. shelf in 2008. After the 2008 financial crisis, their strategy shifted to buying distressed assets for the purpose of securitizing them. Their portfolio grew from $500 million at IPO in 2009 to $3 billion in four years, and used structural leverage to enhance returns. In 2012, Chimera's focus shifted back to buying prime jumbo loans and issued three securitizations totaling $1.4 billion under the CSMC shelf consisting of loans from MetLife. Then in 2014, they acquired $4.5 billion in re-performing loans and did a few seasoned re-performing deals, which they started calling and re-leveraging in 2016 as risk retention changed. Their portfolio grew to $13 billion through several acquisitions.

In 2017, Chimera began calling deals off the CIM shelf, and in 2018, they issued their first prime jumbo deal. From 2018-2021 they did eight-10 agency-eligible investor deals. They retain the subordinate pieces to produce attractive returns. Now they buy prime jumbo loans, which are funded through securitization and retain the subordinate pieces. This transaction is their third private-label non-agency eligible DSCR deal. They want to be a frequent issuer of seasoned re-performing, jumbo, agency investor, and DSCR transactions. Most of their purchases are servicing released (Fay Servicing LLC, Shellpoint Mortgage Servicing, and Select Portfolio Servicing Inc.) with a plan to purchase loans and securitize quickly. Securitization is their primary funding source (approximately 70.00%), with the remaining 30.00% being through repossession borrowings.

Based on the results of our transaction-specific MOA, we determined a loss coverage adjustment factor of 1.05x for this transaction, which accounts for Chimera's management team, history of securitization, and 100% due diligence review of its loan acquisitions, tempered by its short operating track record and limited mortgage loan and securitization performance in the ATR-exempt residential investment property sector.

Mortgage loan concentration

United Wholesale Mortgage LLC (UWM) originated 28.65% of the loans by pool balance. We reviewed performance information on the DSCR loans originated by UWM and concluded it was comparable to the overall performance of DSCR loans aggregated by Chimera.

Based on the results of our transaction-specific MOA on Chimera, as well as our review of the performance of UWM's DSCR loans, we applied a loss coverage adjustment factor of 1.05x to the loss coverage at all rating levels for the loans originated by UWM also.

Third-Party Due Diligence Review

SitusAMC, Clayton Services, Consolidated Analytics, Evolve Mortgage Services, Recovco Mortgage Management, and Selene New Diligence Advisors performed third-party due diligence on 100% of the loans in the transaction. The scope of their review of the loans encompassed credit, property valuation, and fraud reviews. All business-purpose loans are exempt from Regulation Z and the Real Estate Settlement Procedures Act (RESPA), including the TILA-RESPA Integrated Disclosure (TRID) rule.

According to our published third-party due diligence criteria, we adjust our loss expectations based on our view of the firms' findings (see Appendix III of "Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Feb. 22, 2018).

The loans, which were reviewed by third-party due diligence providers, received final credit and property valuation grades of either 'A' or 'B'.

After reviewing the third-party due diligence results, we applied a 1.00x loss coverage adjustment at all rating levels.

R&Ws

Our review of the R&Ws for CIM Trust 2023-I2 focused on whether the representations made by the representing originators and the sponsor were substantially consistent with the set of representations we published as part of our criteria (see Appendix IV of "Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Feb. 22, 2018). In addition, our review of the R&W framework accounts for automatic review triggers, knowledge qualifiers, sunset provisions, gap reps, and enforcement mechanisms. If the R&Ws and framework do not address the issues in our published R&W framework, we will determine whether we believe it is appropriate to assess additional credit enhancement. Lastly, we considered the R&W providers' ability to fulfill their obligations in the event of a breach.

The collateral pool consists of loans from multiple originators. Chimera Funding TRS LLC, an affiliate of the sponsor, is providing the R&Ws on the loans in this transaction.

We consider the R&W framework to be weaker than those seen in recent prime jumbo transactions because the testing or curing of any breaches is not automatic but rather at the option of the controlling holder (the majority holder of class XS notes, initially, the sponsor). However, 25.00% or more of the aggregate noteholders will be able to initiate reviews at their expense if the controlling noteholder chooses not to review or if those noteholders disagree with the findings of the controlling holder on any review. The controlling noteholder's expense for the R&W review will be reimbursed from the trust's interest remittance amount.

The R&Ws are generally consistent with our published criteria and will remain in effect for the transaction's life except for certain R&Ws relating to 14 loans (2.25% by pool balance) purchased by the seller from Goldman Sachs, which sunset in 12 months following the closing date. In addition, the sponsor is required to appropriately remedy any ensuing R&W breach if it has a materially adverse effect on the loan by curing the breach or purchasing the mortgage loan at the purchase price.

The enforcement mechanism for R&W breaches includes provisions for a breach review, at the controlling holder's option, by an independent reviewer or by the controlling holder itself for any loan that experiences a realized loss. Dispute resolutions are ultimately subject to binding arbitration proceedings, if necessary, to determine if a breach occurred. If the controlling holder prevails in arbitration, then the arbitration expenses are reimbursed as part of extraordinary trust expenses. Otherwise, the expenses are not reimbursed by the trust.

Although the transaction-specific MOA's result reflects an adequate aggregation platform, in our view, the party that is providing the R&Ws has limited repurchasing ability. Therefore, we applied a 1.10x loss coverage adjustment to compensate for the risks associated with the financial capacities of this R&W provider and the weaknesses in the general construct of the R&W review framework, including certain R&W sunsets, as noted above. We believe this adjustment is appropriate in the context of the due diligence performed on the loans, the investor DSCR nature of the collateral, and the collateral's relative credit quality.

Cash Flow And Scenario Analysis

We reviewed the transaction structure and performed a cash flow analysis to simulate various rating stress scenarios to determine the preliminary ratings for each class consistent with our criteria, accounting for the available credit enhancement (see table 11). We analyzed a variety of scenarios for each rating category, including combinations of:

- Front- and back-loaded default timing curves;
- 24-month recovery lag assumptions;
- Fast and slow prepayment assumptions;
- Extraordinary trust expense stresses; and
- High, low, and forward interest rate curve assumptions.

For further detail on our cash flow stresses, refer to our criteria "Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Feb. 22, 2018.

Table 11

Cash flow assumptions

	Scenario					
	AAA	AA	A	BBB	BB	B
Recovery lag (mos.)	24	24	24	24	24	24
Prepayments (%)(i)						
Low CPR	1	2	3	4	5	6
High CPR	20	20	20	20	20	20
Delinquency curve	Standard delinquency curve for testing triggers without cash flow stress.					
Extraordinary trust expenses (% of capped amounts)(ii)	100.00	100.00	95.00	40.00	30.00	17.50
Foreclosure frequency (%)	65.08	58.36	47.96	38.02	27.72	17.86
Loss severity (%)	58.70	51.58	40.03	32.88	27.42	22.40
Loss coverage (%)	38.20	30.10	19.20	12.50	7.60	4.00

(i)Using a standard prepayment convention. (ii)Applied monthly between periods 13 and 60 period. CPR--Conditional prepayment rate.

Notwithstanding the use of excess interest as credit enhancement in the transaction structure, we applied our usual front- and back-loaded, rather than bulleted (e.g., semiannual or annual lump sum), default timing curves in our analysis. This reflects our view of the potential volatility of the cash flows, given that the loans are newly originated, subject to third-party due diligence, and include structural considerations, such as sequential principal allocations (see table 12) and partial P&I advancing by the servicer.

We applied the foreclosure frequencies, loss severities, and combinations of the stresses noted above in our cash flow runs and observed some periodic missed interest due to the liquidity stress associated with no advancing. To pass our applicable rating-specific stresses, the interest deferrals (or interest carryforward amounts) resulting from any missed interest payments on the notes must be paid in full by the final scheduled distribution date. All deferred interests were paid back with interest under the applicable rating-specific stresses in our cash flow projections. The results show that each rated class in the transaction is enhanced to a degree consistent with the assigned preliminary ratings (see table 12).

Table 12

Structural assessment

Class	Rating	Initial class size (%)	Initial credit enhancement (%)	Loss coverage (%)	Percentage point difference between credit enhancement and loss coverage
A-1	AAA (sf)	56.70	43.30	38.20	5.10
A-2	AA (sf)	10.50	32.80	30.10	2.70
A-3	A (sf)	11.10	21.70	19.20	2.50
M-1	BBB (sf)	6.70	15.00	12.50	2.50
B-1	BB (sf)	5.35	9.65	7.60	2.05
B-2	B (sf)	4.15	5.50	4.00	1.50
B-3	NR	2.90	2.60	N/A	N/A
B-4	NR	2.60	0.00	N/A	N/A

NR--Not rated. N/A--Not applicable.

Servicer stop advance stresses

Although the transaction documents provide for up to four months of P&I advance obligation, we assumed that no P&I advances were being made in our cash flow projections. This assumption results in no projected monthly cash flows on defaulted loans that have not yet been liquidated (we assume a 24-month lag between default and liquidation). Our cash flow projections consider this additional liquidity stress and the transaction's ability to make monthly interest payments and, if necessary, deferred interest payments (interest carryforward amounts) by the final maturity date on the preliminary-rated classes.

WAC deterioration stress

The transaction structure allows excess spread to provide some of the credit enhancement. We applied a WAC deterioration stress that steps up linearly from zero bps to 100 bps over 10 years and remains at that level to address the potential for the pool's WAC to decline as higher coupon loans prepay or default and thus stress the excess spread.

Interest stresses

All of the rated notes have coupons subject to the net WAC rate cap, as is the case for most post-2009 transactions that we have rated. If the net WAC rate decreases below the fixed coupon, the interest due to the notes will decrease by a similar amount.

In this transaction, extraordinary trust expense payments reduce the net WAC rate, which effectively allocates the extraordinary trust expenses pro rata across all senior and subordinate noteholders by reducing their interest payments by the amount of the extraordinary trust expenses paid (subject to the annual cap). Although the extraordinary trust expenses are passed through as reduced contractual interest due to noteholders, we ran these expenses from period 13 to 60 (four years) at a certain percentage of the capped amounts (see table 11) as specified in our criteria to test any impact on the securities due to their dependence on excess spread as a form of credit enhancement and the presence of certain structural features, such as limited P&I advancing. We also took this approach because interest payments on the securities are deferrable.

Loans with interest rates indexed to one-month SOFR represent approximately 0.27% of the pool balance. We applied our high, low, and forward stresses to the SOFR and LIBOR rates in accordance with our criteria (see "Methodology To Derive Stressed Interest Rates In Structured Finance," published Oct. 18, 2019).

We also believe the aggregate servicing fee rate of 25 bps provided in the documents is relatively low for non-QM loans. The servicing fee typical for non-QM products is approximately 50 bps. We believe the 25 bps might not be adequate to attract quality servicers if the servicing function needs to be transferred and to allow the successor servicer to effectively perform its duties, including loss mitigation. We believe a fee rate of 50 bps would be sufficient to allow a successful transfer, if necessary, and thus stressed the transaction with this rate.

Imputed Promises Analysis

We impute the interest owed to the noteholders when rating U.S. RMBS transactions where credit-related events can reduce interest owed to the tranches across the capital structure, rather than allocating the credit-related loss to the available credit support, based on our loan modification guidance, "Guidance On Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later," published Dec. 8, 2020. WAC deterioration that occurs because of defaults, repurchases, or prepayments is not considered credit-related for this analysis and, therefore, was not considered.

Because this transaction provides for credit-related loan modifications and extraordinary trust expenses to reduce the net WAC, at which the transaction's bond coupons are capped, we applied the approach outlined in the guideline to assess the maximum potential rating (MPR) that could apply based on our projected interest reduction amount (PIRA). Because this is a new issue transaction, we did not account for any cumulative interest reduction amount.

Consistent with our criteria, we assumed that 50.00% of the loans projected to default under the applicable rating stress would be modified. We also assumed that 75.00% of the projected modifications are interest rate modifications, with an interest rate reduction of 2.00%. When added to the extraordinary trust expenses, this resulted in a maximum PIRA on the preliminary rated notes that is below the 4.50% threshold. We stressed extraordinary trust expenses by the relevant extraordinary expense application factor over 48 months, starting from month 13 through 60 of the transaction's life. Based on the results of our analysis, there was no impact on the securities' MPR.

Historically, we have observed that extraordinary trust expenses have been minimal when they occur and have been extremely limited in pre-2009 RMBS transactions. We continue to expect their actual occurrence in post-2009 transactions to be rare.

Operational Risk Assessment

Our criteria "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014, presents our methodology and assumptions for assessing certain operational risks (severity, portability, and disruption risks) associated with asset types and key transaction parties (KTPs) that provide an essential service to a structured finance issuer. According to the criteria, we cap the ratings on a transaction if we believe operational risk could lead to credit instability and affect the ratings.

As provided in the operational risk criteria, for severity risk and portability risk, there are three possible rankings: high, moderate, or low. For disruption risk, there are four possible rankings: very high, high, moderate, or low. The rankings for each of the risks determine the maximum potential rating that can be assigned to a structured finance security for a given KTP before giving consideration to any provisions for a backup KTP, such as a master servicer.

According to our criteria, we rank severity and portability risk for nonprime residential mortgage collateral as moderate and low, respectively. For CIM 2023-I2, the master servicer, Computershare Trust Co. N.A., is the KTP. We consider the disruption risk for this master servicer as low. Given this risk assessment, our criteria does not cap the ratings on the transaction.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities , Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance , Oct. 18, 2019
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria , May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions , March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions , Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Assumptions Supplement For Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later , Feb. 22, 2018
- Criteria | Structured Finance | RMBS: Methodology And Assumptions For Rating U.S. RMBS Issued 2009 And Later , Feb. 22, 2018
- Criteria | Structured Finance | RMBS: U.S. Residential Mortgage Operational Assessment Ranking Criteria , Feb. 22, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017

- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions , Oct. 9, 2014
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- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment , May 28, 2009

Related Research

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- S&P Global Ratings Publishes List Of Third-Party Due Diligence Firms Reviewed For U.S. RMBS As Of May 30, 2023, May 30, 2023
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- U.S. Residential Mortgage Input File Format For LEVELS, March 6, 2020
- Investor Property DSCR Loans: The Nonqualified Mortgage Exempt From Qualified Mortgage Rules, Aug. 27, 2019
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- Credit Rating Model: Intex RMBS Cash Flow Model, April 7, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- Standard & Poor's Comfortable With SFIG Draft Proposal Regarding TRID Due Diligence, April 25, 2016