



Insight beyond the rating.

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DBRS Rates Bear Stearns Mortgage Funding Trust 2007-AR2 Mortgage Pass-Through Certificates, Series 2007-AR2

Industry: Sec.--RMBS

DBRS has today assigned the following ratings to the Mortgage Pass-Through Certificates, Series 2007-AR2 issued by Bear Stearns Mortgage Funding Trust 2007-AR2 (the Trust or the Underlying Trust).

- \$430.9 million Class A-1 rated at AAA
- \$215.5 million Class A-2 rated at AAA
- \$71.8 million Class A-3 rated at AAA
- 29.2 million Class B-1 rated at AA
- \$15.6 million Class B-2 rated at A
- \$11.6 million Class B-3 rated at BBB
- \$4.0 million Class B-4 rated at BBB
- \$16.0 million Class B-5 rated at BB

The AAA ratings on the Class A certificates reflect credit enhancement provided by excess spread, including targeted overcollateralization (OC) of 0.80% of the collateral and the subordinate classes (9.55%). The AA, A, BBB, BBB and BB ratings on Classes B-1 through B-5 reflect credit enhancement provided by excess spread, OC and subordination. In the cases of B-1 through B-4, subordination is 5.90%, 3.95%, 2.50% and 2.00%, respectively.

The ratings on the certificates also reflect the quality of the underlying assets and the capabilities of EMC Mortgage Corporation as Servicer. Wells Fargo Bank, National Association will act as Trustee and custodian. In addition, the certificates will be entitled to the benefits of interest-rate cap contracts with ABN AMRO Bank, N.V. (the Cap Counterparty). The Trust will receive floating-rate payments indexed to the one-month LIBOR on declining cap notional balances in exchange for fixed-rate payments to the Cap Counterparty.

Interest and principal payments collected from the mortgage loans will be distributed on the 25th of each month, commencing in March 2007. Interest will first be paid concurrently to the Senior Certificates, followed by sequential-interest payments to the subordinate classes. Until the step-down date, principal collected will be paid exclusively to the Senior Certificates unless each of such classes has been paid down to zero. After the step-down date – and provided that certain performance tests have been met – principal payments will be distributed among the certificates of all classes on a pro



rata basis. In addition, provided that certain performance tests have been met, the level of overcollateralization may be allowed to step down to 2.00% (prior to February 2013) and 1.60% (after February 2013) of the then-current balance of the mortgage loans.

All mortgage loans in the Underlying Trust were originated or acquired by Bear Stearns Residential Mortgage Corporation (34.31%) and EMC Mortgage Corporation (65.69%). All the loans are first-lien, payment-option, hybrid-adjustable rate mortgages that are fixed for the first five years. During the fixed-rate period, a borrower may make one of three payments: the fixed fully amortizing payment, the fixed fully indexed interest-only payment or the fixed minimum payment that may result in negative amortization. After the five-year initial fixed period, the loans adjust semi-annually or annually and are indexed to the six-month (99.50%) or the one-year LIBOR (0.50%) plus a gross margin. After year five, or the loan has reached its negative amortization cap (most of the loans are capped at 115%), the minimum payment is adjusted to a fully indexed interest-only payment. As of the cut-off date (February 1, 2007), the aggregate principal balance of the mortgage loans is \$801,108,419, the weighted-average mortgage rate is 7.594%, the weighted-average FICO is 712, and the weighted-average original loan-to-value is 76.64%.

Note:

All figures are in U.S. dollars unless otherwise noted.

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class A-1	New Rating	AAA	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class A-2	New Rating	AAA	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class A-3	New Rating	AAA	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class B-1	New Rating	AA	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class B-2	New Rating	A	--	Feb 28, 2007

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Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class B-3	New Rating	BBB	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class B-4	New Rating	BBB	--	Feb 28, 2007
Bear Stearns Mortgage Funding Trust 2007-AR2	Mortgage Pass-Through Certificates, Series 2007-AR2, Class B-5	New Rating	BB	--	Feb 28, 2007

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