Asset Securitization report

The Premier Guide to Asset and Mortgage-Backed Securitization

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WHISPERS

Robert Fleisher has been appointed head of the U.S. securitization group at **HVB**. Fleisher is responsible for managing the origination and execution of new ABS transactions booked in the Americas. The U.S. securitization group is part of the broader product sales and structuring group managed by **William Orsini** out of New York. HVB is actively looking at both on-the-run and off-the run opportunities, and

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First managed CCO comes to market

Investors are soon to have another chance to buy into the first managed, publicly rated CDO backed by so-called commodity trigger swaps. **Barclays Capital** last week closed the roughly $100 million first offering of Everest I — the first-ever managed deal of its kind and only the second deal backed entirely by commodity trigger swaps to be publicly rated.

A second close of the deal is in the works, according to **Jeffrey Sherman**, a vice president at **Trust Company of the West**. The transaction priced some 100 basis points wider than most new issue CDOs, the deal's arrangers said — a factor that, along with its touted benefits for portfolio diversification, could draw a number in the yield-hungry market.

"We anticipate multiple closings for this structure. We think, as is the case with all these things, we will find imitators out there that are going to do this," said **Claude Erb**, a managing director and lead portfolio manager on the deal at TCW. Others may not be far behind in following in Barclay's footsteps, with at least one CDO in the works backed by corporate credit default swaps and commodity trigger swaps. **Standard and Poor's** is the only rating agency

- SEE CCO ON PAGE 13 -

Slow HPA has small impact on HEL

While the actual pace at which home price appreciation (HPA) dropped in the first quarter can vary depending on the source, nearly all market participants agree that the housing market is cooling off — with first quarter HPA estimates ranging from little more than 3% to 8.1%. And as the potential for continued **Federal Reserve** tightening threatens to further stifle what has been record growth in the U.S. housing market, many are beginning to wonder when the sluggishness, and uptick in rating agency prudence, might take its toll on the home equity ABS market.

UBS noted last week that year-over-year home price increases might register a zero — or even negative — by

- SEE HPA ON PAGE 9 -

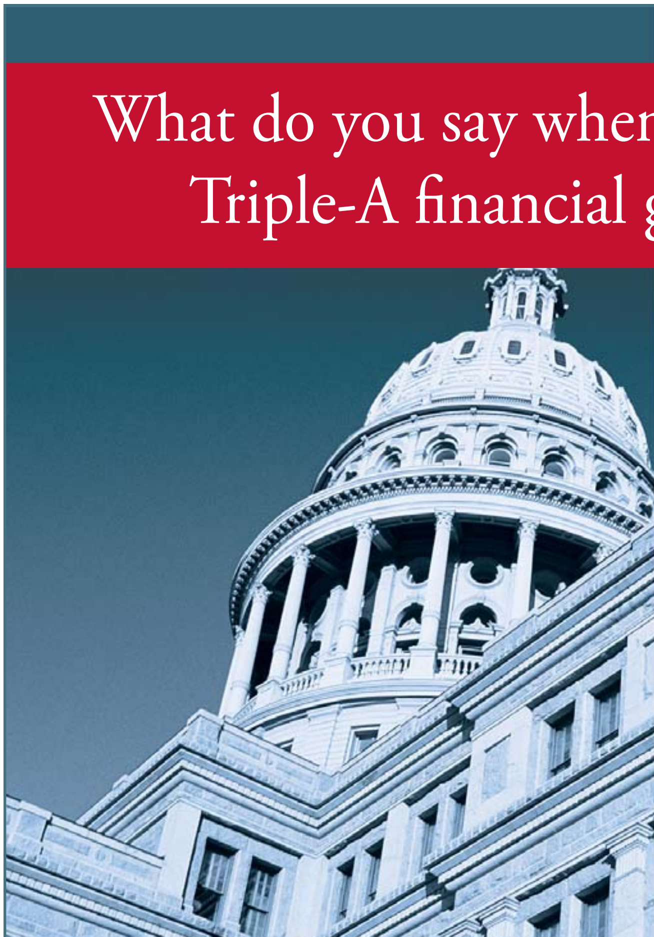
Russia RMBS gets split rated

Two major rating agencies last week issued ratings on what could be Russia's first public RMBS. **Vneshtorgbank** (VTB) secured a split 'BBB+'/'A2' from **Fitch Ratings** and **Moody's Investors Service**, respectively, for $74.2 million in A notes, with a 28-year legal final.

Joint leads **HSBC** and **Barclays Capital** are expected to hold some low-key investor meetings during **Information Management Network**'s Barcelona conference this week, but the roadshow will start in earnest only after the meeting, said a source close to the deal. Given that the deal is Reg S, the arrangers will focus on European investors, but might also sell to U.S. offshore accounts.

- SEE RMBS ON PAGE 22 -

What do you say when the markets demand a Triple-A financial guaranty alternative?



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To include an event in the calendar please e-mail: Research.ASR@sourcemedia.com

June:

June 12-14 - New York, NY - The Commercial Mortgage Securities Association presents its twelfth annual convention to be held at Waldorf Astoria. For more information, or to register, go to: http://www.cmbs.org/; or e-mail: register@cmbs.org.

June 12-15 - Barcelona, Spain - Information Management Network is holding its tenth annual 'Investor's and Issuer's Summit on Global ABS' to be held at the Hotel Arts. For more information, or to register, go to: www.imn.org/esb858/hwe; or call Jade Friedensohn at: 212-768-2800 ext. 260; or e-mail: jfriedensohn@imn.org.

June 15 - New York, NY - Andrew Davidson & Co. presents the fourteenth annual conference on 'Understanding Borrowers' Actions: A Look at Prepayments, Defaults & Security Valuation' at The Puck Building. For more information, or to register (by June 1), go to: http://www.ad-co.com; or e-mail Laura Gridley at: laura@ad-co.com; or call: 212-274-9075.

June 15-16 - New York, NY - Strategic Research Institute is holding its ninth annual 'Distressed Debt Investing Forum - Strategies To Capitalize on the Pending Wave of Distressed Debt Opportunities' to be held at the Marriott Marquis. For more information, or to register, visit: http://www.srinstitute.com.

June 19-21 - New York, NY - Institute for International Research presents 'CDO Summit 2006' at Beekman Tower Hotel. For more information, or to register, go to: www.iirusa.com/cdo; call: 1-888-670-8200; or e-mail: register@iirusa.com.

June 20 - San Francisco - Andrew Davidson & Co. presents the fourteenth annual conference on 'Understanding Borrowers' Actions: A Look at Prepayments, Defaults & Security Valuation' at The W Hotel. For more information, or to register (by June 1), go to: http://www.ad-co.com; or e-mail Laura Gridley at: laura@ad-co.com; or call: 212-274-9075.

June 22 - New York, NY - Fitch Ratings is hosting its 'Global Banking Conference' for investors at the Grand Hyatt Hotel. For more information, or to register, go to: http://www.fitchratings.com/corporate/conferences/2006/globalbanking.

June 21-22 - New York, NY - The Bond Market Association is hosting an 'Insurance and Risk-Linked Securities Conference' at the Grand Hyatt Hotel. For more information, or to register, go to: http://www.bondmarkets.com/story.asp?id=2350; or e-mail: kkeller@bondmarkets.com; or call: 646-637-9281.

June 27-28 - New York, NY - Information Management Network presents the 'Seventh Annual U.S. Real Estate Opportunity and Private Fund Investing Forum' at Pier 60, Chelsea Piers. For more information, or to register, go to: http://www.imn.org; e-mail: mail@imn.org; call: 212-768-2800 ext. 1; or fax: 212-768-2484. For after hours, call: 212-560-5132.

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expects to hire an additional banker in the near future.

Fortis Securities, which lured away **James Frischling** from **Société Générale**'s CDO group in July 2005, recruited another three executives from the bank last week. **Scott Friedman** joined as senior vice president, while **Advait Joshi** and **Larry Bowman** were hired as vice presidents in the structured credit group at Fortis. All three will report to Frischling. As managing director, Frischling has beefed up the group and now oversees a team of 18 professionals.

Greg Lippman, managing director and head of ABS trading and syndicate for North America and global head of CDO trading at **Deutsche Bank Securities**, has been promoted to global head of ABS trading and syndicate for North America. Lippman, who is based in New York, reports to Richard D'Albert, Deutsche's global head of the securitized products group.

Deutsche Bank announced the appointment of **Neil Servis** as managing director and global head of managed synthetic CDO origination and distribution. In addition, he will co-head European CDO origination and distribution alongside **Fritz Thomas**, managing director and head of Europe and Asia for the CDO group. Servis, who will be responsible for originating and distributing publicly managed synthetic CDOs, will be based in London and will report to Thomas. Previous to this role, Servis was responsible for the European structured credit syndicate and European collateralized loan obliga-

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Exploding ABCP market requires more homework before buying, panelists said

NEW YORK — ABCP volume has topped the $1 trillion mark, a welcome update at the **Asset Securitization Forum**'s annual meeting here last week. Such a showing, however, means that competition is increasingly fierce for investors and dealers. Also, as newer ABCP structuring techniques, such as extendible notes and structured investment vehicles (SIVs) continue to boost the market's volumes, investors will have to dedicate much more time understanding the deals and the managers who run them.

Fierce competition, particularly in the multi-seller sector, has ushered in diverse models and new entrants, and in some cases for the better, said **Eric Wise**, a managing director at the **Royal Bank of Canada**. The lack of layering among deals, however, is a growing concern at the bank, he added.

"We think that perhaps some of the subtleties of these programs, which look very homogenous on the surface, are very different in the details [are being overlooked]," he said. For most of 2005 and all of this year, Royal Bank of Canada has been thinking about the modeling behind the new programs, and developing ways of protecting its business model, stay relevant to its client base and provide products that can be regarded and premier funding vehicles and stand up well if market downturns should occur.

In an effort to assure clarity for its investor and issuer clients, Wise said, the bank has been buying liquidity insurance and models that provide stability of funding. Still, the bank has had time to develop an ABCP innovation of its own. The bank recently launched a program called White Point Funding, which will give the bank exposure to structured credit in pure derivative form, said Wise.

"We rely on one-on-one meetings with the managers ... to get more of a feel for the personality running the program."

"Our view is that there will be a greater convergence between the cash and derivatives markets," said Wise. The bank expects White Point Funding will ramp up to $1 billion in outstanding paper by October, after which it will begin executing derivative transactions.

"We're concerned, because we see a food fight in every asset-backed issue that comes to market," said **Victoria Kess**, senior credit analyst for New York City-based **Western Asset Management**. "Our next concern is ... will they go down in credit quality, just to be able to get into that market to get some growth in their conduit?"

That has prompted Western Asset Management to reinforce their surveillance to make sure the conduits are not reaching too low on the credit scale of what they are buying, said Kess. Still, she said, many securities are well priced, and investors continue to be careful when buying ABCP.

Another major event in the ABCP market, several professionals noted, was newer smaller entrants among ABCP programs, which are not traditional bank sponsors, said **Deborah Toennies**, a managing director at **JPMorgan Securities**.

TPS CDO to close this week

FTN Financial Capital Markets and **Keefe Bruyette & Woods Inc**. are planning to close the 26th CDO in a series of CDOs backed by bank and insurance trust preferred securities this week. The $1 billion Preferred Term Securities XXII, Ltd. is backed by a static portfolio consisting of 66.5% trust preferred securities and senior and subordinated debentures of bank and thrifts; roughly 26% surplus notes and insurance trust preferred securities; and about 7.54% of trust preferred securities issued by REITs. **Bank of New York** will act as the trustee. The deal is the second this year in the PTS series, the last deal came to market March 1. Four from the series, which dates back to the year 2000, were issued last year.

The static deal, which matures Sept. 2038, consists of five floating-rate tranches and two five-year hybrid tranches, which begin as fixed rate and convert to floating rate. The deal has a turbo feature which, beginning 10 years into its life and extending through maturity, will use 60% of the excess spread normally available to income notes to pay down the principal balance of the most senior notes outstanding. The feature essentially reduces leverage and increases excess spread during the later years of the deal. Beginning at the same time, the trustee will have the option to solicit auction bids for the entire portfolio. The PTS XXII also has an additional principal paydown trigger if an underlying security defaults or is deferred. If the trigger is hit, 50% of interest proceeds, up to the notional amount of the effected security, will be used to pay down rated notes on a pro rata basis. — *AP*

They include cashflow CDOs, SIVs from non-bank sponsors and cashflow extendible notes.

These changes have impacted investors the most. In previous years, when banks dominated the ranks of ABCP dealers, investors generally considered the bank's reputation first when judging the merits of the ABCP program. Not anymore, said **Trisha Ostergaard**, an executive director at **Morgan Stanley**.

"These {newer programs} now have non-bank sponsors, they have unbundled a lot of elements of the structure," Ostergaard said. Whereas banks would provide all of the major support for the programs, such as liquidity and credit enhancement, the more exotic ABCP programs have separate collateral managers, put providers and swap providers, among other parties, to manage the program.

"That means a lot more work for the analysts," Kess said. "We rely on one-on-one meetings with the managers ... to get more of a feel for the personality running the program. And their technology has to be at the top of the curve."

The market's newest ABCP programs are diverse, minimizing common themes among them, noted Kess. "Each stands on its own two feet," she said. "It's just a lot more labor intensive than it was in the past." — *DM*

Aether purchases UCC Capital

Aether Holdings acquired **UCC Capital Corp**., which provides structured finance solutions to intellectual property focused firms. The purchase, which was completed on Tuesday last week, will provide Aether with an IP centric company acquisition platform. **Robert D'Loren**, who was previously UCC's president and CEO, has been named as Aether's new CEO and has been appointed to the Board of Directors. **David Oros** will continue as chairman.

D'Loren said the merged company will fund its operations through partnerships or directly. Although it plans to retain its MBS, it does not expect to tap the ABS market very often. He said that through Aether, UCC would be able to shift its focus from the bond markets to acquiring consumer branded and franchising firms. "This is part of the evolution of UCC," D'Loren. "I've been doing this for some time and have seen the market's tremendous growth. There's no shortage of deal flow and we have a lot of things we are currently exploring."

Under the purchase's terms, Aether has bought all of UCC Capital's outstanding equity as well as several affiliated firms for 2.5 million shares of Aether common stock. Aether also said that it will pay up to another 2.5 million shares, and up to $10 million in cash, if the new business achieves specified financial targets and the price of Aether's common stock goes over specified levels within five years. Additionally, D'Loren has entered into a long-term employment arrangement with Aether that includes a combination of cash and equity bonus opportunities and a package of stock options and warrants.

It will decide on the future of this business based upon the outlook on MBS market conditions and the progress of its new IP strategy. The UCC acquisition will not require the firm to sell any existing MBS investments.

The firm will move its headquarters to New York City where UCC is currently based. — *KS*

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tion business at **Citigroup**.

Société Générale Corporate & Investment Banking formed a U.S. debt capital markets group. Based in New York, this new group combines all of the company's U.S. debt capital markets products, including loan and structured debt syndicate (including securitization and project finance), high yield and mezzanine debt, private placements and euro bond origination, under one roof. **Neil Parekh**, global head of high yield finance, has been appointed as the head of the new U.S. debt capital markets group, and will report to New York-based head of debt finance in the Americas, **Paolo Taddonio**. **Gail McDermott**, **David Stern** and **Julian Carter** will remain the heads of private placements, securitization syndicate and origination, respectively. Among other changes in the company, **Ted Lunney** has been named head of high yield sales and trading and **Terry Sanabria** has been appointed head of loan sales and trading. Both Lunney and Sanabria will report to Parekh.

Wachovia Securities announced that **Tom Burke** will join the firm in London as managing director and head of European principal finance. He will be responsible for building a new principal finance business in the region. **Lee Rochford** will also be joining the firm in London as managing director of the same group. Burke most recently held the position of managing director in the debt principal finance and securitization group at **Dresdner Kleinwort Wasserstein.** Rochford joins Wachovia from **Credit Suisse** where he was managing director and head of European asset finance, a group in charge of all

- CONTINUED ON PAGE 8 -

Market shrugs off HEL weaknesses, with promise of a nearly $20 billion week

Strictly speaking, the U.S. ABS market did not have a lot to celebrate last week. According to **JPMorgan Securities**'s tally, year-to-date issuance amounted to $290 billion, roughly flat compared to last year. The bank also pointed to weakening fundamentals ahead for the subprime housing market, on top of an expected slowdown because of the threat of inflation.

Still, issuers priced at least $9 billion in issuance at press time, and were expected to price slightly more than $18 billion in new transactions by Friday. Meanwhile, other market players viewed the year-to-date issuance number as a solid sign of progress.

"Despite all the protestations of declining volume, it is not below 2005 levels."

"Despite all the protestations of declining volume, it is not below 2005 levels," said one market professional. "It is marginally up, and June last year was a big month."

Several credit card deals made their way into the market this week, including a pair of five-year deals from AMEX totaling $1.5 billion. The series 2006-1 transaction, benchmarked against one-month Libor, came in at three basis points under the benchmark on the senior tranche, and 27 basis points over on the junior piece.

Chase Manhattan Auto Owner Trust rolled out an $800 million auto loan deal, via JPMorgan. The two-year tranche on that piece came in at four basis points below EDSF, while the most junior piece priced at 10 basis points over swaps.

As usual, the home equity sector churned out the bulk of new ABS issuance for the week. Carrington Mortgage Loan Trust priced a $912 million deal via **Citigroup Global Markets**. The two-year senior tranche priced at nine basis points over one-month Libor, while the four-year subordinate piece offered huge yield pickup at 500 basis points over the benchmark., **Merrill Lynch**'s Specialty Underwriting and Residential Finance priced a $238 million home equity loan deal, but did not offer the three senior pieces broadly to investors. The three-and-a-half year tranche came in at 15 basis points over Libor, while the most subordinate piece was at 190 basis points over the benchmark. Novastar Home Equity Loan priced a $1 billion deal via **RBS Greenwich Capital**.

Even late in the game, the ABS market promised huge issuance volume before the week's close. By press time, ever-busy **Sallie Mae** had submitted a $3 billion FFELP transaction. Earlier in the week, the student loan lender restructured the deal to include 12-year triple-A rated maturities. There was also talk of a $750 million home equity deal from Indymac; the ACE dealer shelf was prepping a $1 billion home equity deal; and Ameriquest was planning a massive $3 billion transaction through the ARSI trust. Wachovia 2006-AMN1 was preparing a $705 million home equity offering; and the $912 million Carrington 2006-NC2 deal continued to be marketed. RBS Greenwich Capital had also announced another home equity deal, the tiny $34.1 million Fremont NIM 2006-A notes. Among more esoteric assets, Michigan Tobacco was in the market with a $496 million tobacco settlement. HEAT was preparing to come to market with an $836 million deal, via **Credit Suisse**. — *DM*

DTCC tries to solve CMO and ABS processing problems

Along with the rapid growth of CMOs and ABS came a number of processing challenges and often late and inaccurate notifications related to these transactions. In an effort amend this situation, **The Depository Trust & Clearing Corp.** (DTCC) has proposed a series of new initiatives aimed at solving the processing problems of the structured securities market. These new initiatives were discussed in a new white paper issued on June 8 by DTCC.

According to **James Balbo**, managing director of asset services for DTCC, the average monthly distribution of principal and interest for securities by the company's depository increased to $52.5 billion in 2005, up from $9.5 billion in 2001.

"Thousands of these transactions fail to be processed in an accurate and timely manner each year. Last year alone, more than 5,300 CMO or ABS transactions had to be adjusted or reversed after payment," Balbo said, articulating the concerns. "This paper outlines steps to improve and expedite processing capabilities in 2006 and calls upon the industry to help resolve this difficult and growing problem."

But this is not the first time the issue has been discussed. DTCC first addressed CMO and ABS processing in a white paper issued to industry in 2003. Although some improvements have been made since then in terms of automation and process, little has occurred in improving the accuracy.

Thus, DTCC, in addition to working with the industry, hopes to: expand the distribution of monthly agent performance "report card" beyond the agency community; create a time limit for late adjustment; implement financial disincentives for failure to comply with established industry standards for accuracy and timeliness; and explore other recommendations to improve timeliness and accuracy, including establishing best practices for all parties involved in the processing chain.

According to the paper, which is titled, "Structured Securities Processing Challenges: A White Paper on the processing challenges posed by Collateralized Mortgage Obligations and other Asset-Backed Securities," DTCC believes the problem is largely structural and can only be solved through a concerted effort by the entire industry to change the terms of the deal structures and the time frame given to those involved in the payment process. — *Megan DeRita*

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European securitization and principle finance activities across multiple jurisdiction and asset classes.

Deutsche Bank announced that **Massimo Ruggieri** has been appointed as a director in its securitized products group. In his new role, Ruggieri will be responsible for all Italian securitizations, including financial institutions and public sector deals. Most recently a director at **UBS**, Ruggieri will now be based in London and report to **Jeff Stolz**, managing director and co-head of financial institutional group, securitized product group.

CWCaptial, a full-service national lender to multifamily and commercial real estate industries, announced that it has hired **Jeffrey Baevsky** as managing director within the company's structured finance division. In his new role, Baevsky, who is a former vice president in the real estate finance division of **Wachovia Bank**, will be focusing on originating high yield transactions. He will report to **Kent Daiber**, senior managing director of CWCaptial's structured finance division, and will be based out of New York City and Greenwich, Conn.

GSC Partners appointed former GSC board of advisors member, **Michael Lynch**, as senior managing director. A member of GSC's board of advisors since March of 2005, Lynch was formerly with **Goldman, Sachs** in their investment banking division where he was elected partner in 1986. Lynch will continue to serve as the chairman of GSC's strategic initiatives committee, as well as an investment committee member for the GSC credit strategies fund and the GSC

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TRS CLO volume could increase as market players warm up to vehicle

The CDO market continues to expand in leaps and bounds, and along with the expected surge in loan-only credit default swaps, one of the latest manifestations of its growth comes in the form of synthetic CLOs that uses total return swaps (TRS). This structure, the TRS CLO, is becoming more popular both with CLO managers as well as with investors, and if the loan market remains as it is today, market players expect the popularity of the TRS CLO to increase further.

For managers, a TRS CLO is a good way to get around the problem of allocation. In the loan market, competition for assets is still fierce, a CLO manager said, and there are still more buyers of leveraged loans than there is supply. Through the usage of a synthetic product, managers can ramp up with greater ease and are less reliant upon funded warehouse lines, as a TRS provider does not need to hold the loans, and can therefore avoid both the difficulty and cost of getting allocations, the manager said.

TRS CLOs incorporate mechanisms to divert and trap cash flows similar to those found in cash-funded CLOs.

According to a recent report put out by **Fitch Ratings**, a synthetic TRS CLO also reduces the administrative burden of investing in loans that managers typically face. In addition to being less costly to put together, these vehicles also assure ease and transparency of performance measurement, Fitch said.

From an investor's point of view, a synthetic TRS CLO also offers certain benefits. Investors can benefit from the ability to tailor a desired investment with respect to portfolio composition requirements and tenor, thereby allowing for a quick response to changes in economic cycles and credit markets. Most importantly, investors can customize leverage to a given risk tolerance, Fitch said.

To be sure, a typical TRS is levered five times to eight times, whereas a CDO is levered 12 times, a manager said. "This is often the biggest reason for doing a TRS."

In a typical TRS CLO structure, the primary form of credit enhancement is the excess spread between the costs of financing the reference portfolio and the interest and fees generated by the loans. The issued notes are typically first- or second-loss tranches that are dependent on the availability of excess spread as credit enhancement, Fitch said. The successful performance in the structure depends upon the excess spread in the transaction and the more predictable and superior performance of senior secured bank loans relative to other types of corporate debt, namely high yield bonds.

TRS CLOs incorporate mechanisms to divert and trap cash flows similar to those found in cash-funded CLOs, but they use different triggers, Fitch said. Instead of the standard overcollateralization and interest coverage tests, TRS CLOs use a market value test, wherein a sponsoring bank will typically mark the reference portfolio to market at regular intervals using various pricing services and/or dealer polls.

"This test then compares to the current value of the reference assets belonging to the [special purpose

HPA *CONTINUED FROM PAGE 1*

this summer, according to quarterly data from the **National Association of Realtors**. The data, which tracks the average of all sales transactions in a given quarter, indicates progressive slowing; throughout 2004 and 2005, HPA was running at rates of 9% to 10% year-over-year, but since it has consistently slowed — indicating a 3.1% year-over-year HPA rate in April. And, on a quarterly basis, the NAR data has turned negative for the last two quarters, UBS reported.

Meanwhile, data from the **Office of Federal Housing Enterprise Oversight**, which tracks price fluctuations on repeat sales of the same home, showed slowing in the last three quarters. It also reported a first quarter HPA rate of 5.27% — the slowest rate since the fourth quarter of 2001, when taking into account only homes that were purchased, not simply refinanced.

A number of market participants are not expecting headline risk from the turn in HPA to affect spreads until the figures become more dramatic. Although, certain market technicals in the short-term could do the job.

The release last month by **Standard and Poor's** of a more stringent update to its methodology for analyzing the probability of home equity loan default and delinquency — which will take effect July 1 — is anticipated to send a glut of issuance through the market this month, as issuers work to slide deals under the belt before they are required to post more credit enhancement for their deals.

If housing prices stabilize near levels reported in the first quarter, the market is likely to remain optimistic about a soft landing, according to **Lehman Brothers**. Analysts at the investment bank last week said that, "on the other hand, if deceleration continues, we may need to start worrying about how bad things can get." Home equity loans are expected to be the first mortgage-related securities to react to a softening U.S. housing market because of the often financially stretched nature of the borrowers. Futhermore, many have speculated that underwriting criteria has crumbled in light of increasing competition with the subprime lending market.

"If deceleration continues, we may need to start worrying about how bad things can get."

Even so, spreads on home-equity ABS have remained at or near record tights. For example, three-year, triple-A spreads were recently pegged at three basis points over Libor, seven basis points lower than both the 12-month average and the average since 1998, according to Lehman. What's more, five-year triple-B minus spreads have widened by some 20 basis points from a 12-month tight of 175, but are still more than 100 basis points below the average since 1998. But even though the short-term expected increase in supply could put pressure on spreads, continued demand from various sources across the credit spectrum could keep them in, according to Lehman.

Nomura Securities agreed. "We expect the increased HEL deal supply this month could cause spreads to widen, but this widening could be short-lived due to the resulting smaller July supply calendar," Nomura analysts wrote last week. — *AP*

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vehicle] (including any excess spread that has been trapped within the structure as well as collateral), net-of-credit losses and market value erosion of such assets, to the aggregate amount of outstanding notes or a predetermined threshold amount," the Fitch report stated. "If this percentage drops below a certain point due to either excessive credit losses or market value decline, a test is breached."

Although the fundamentals of TRS CLOs are established, variations occur from deal to deal. Thus far, all synthetic TRS CLOs rated by Fitch have primarily referenced senior secured bank loans, and have had very small buckets for unsecured, subordinate or structured finance debt, the rating agency said. The synthetic TRS CLO market, though, is just growing, and it's likely there will be greater innovation as the structure becomes more widespread and more people get comfortable with it, sources said. Indeed, very few people in the market-at-large even know what a synthetic TRS CLO really is, a source said, so it will take some time for the knowledge to spread. — *Savita Iyer*

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European mezzanine funds. He will be based in the firm's New York office.

Fried, Frank, Harris, Shriver & Jacobson LLP announced that **David Mitchell** has joined the firm as a partner in the corporate department. Mitchell provides regulatory, transactional and litigation advice to clients on structuring transactions and funds, new product development and regulatory, compliance and enforcement matters. His primary areas of practice include: the structuring and regulatory analysis of complex derivatives and synthetic and structured products as well as providing advice to derivatives businesses concerning managing and mitigating legal and regulatory risks of transactions. Mitchell joins the firm from **Cadwalader, Wickersham & Taft LLP** where he was a partner in the capital markets department.

SunTrust Robinson Humphrey, the investment banking arm of **SunTrust Bank**, added five new hires. Among the new appointments is **Mike Wheeler**, who will take on the roles of managing director and head of institutional derivative sales. Wheeler comes to Robinson Humphrey from Wachovia Securities where he was most recently head of institutional derivative sales, and he has also previously held a similar position at **Bank of America**.

BNP Paribas announced last week the appointment of **Ricardo Moura** as head of debt capital markets in Latin America. Moura previously held a position at the Brazilian Central Bank where he structured Brazilian external debt issuances. In his new role, Moura will be based in Sao

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CAT bonds placed on negative watch

With the U.S. hurricane season officially kicking off this month, participants in the esoteric sector of catastrophe bonds find themselves awkwardly in step with the mainstream. As speculation abounds over hurricanes making landfall in the U.S. again this year, all eyes are focused on and the probability for destruction.

But for the CAT bond market, a far more important indicator signals the start of the hurricane season — updated figures from agencies that model catastrophe risk. This year's updates, which don't look promising, triggered a negative credit outlook announcement by one rating agency for certain bonds tied to U.S. hurricane risk.

Standard & Poor's analysts placed $1.476 billion worth of CAT bonds on credit watch negative last week, while it reviews the updated modeling information. These agencies, **Applied Insurance Research** (AIR), **EQE International**'s **EQE-CAT**, and **Risk Management Solutions**, say updated modeling shows hurricanes would be more devastating in the near term than initially predicated.

The CAT bonds under review by S&P were issued by a variety of issuers, including **Converium Holding AG**, **Hartford Fire Insurance Co.**, **Swiss Reinsurance Co.**, **PXRE Reinsurance**, **Montpelier Reinsurance, and USAA Casualty Insurance Co.** Of the notes issued, few are highly rated with just Arbor II Ltd. Series 1, issued by **Swiss RE**, currently rated 'A+,' and **Hartford Fire Insurance's Foundation Re**'s class B series 2004-1, is currently rated triple-B plus. Elsewhere, nine notes on watch are rated 'BB+;' two are rated 'BB;' two are rated 'B+;' and eleven notes are currently rated 'B.'

S&P analysts said they expect to lower the ratings on certain notes by one to two notches in most cases, due to the criteria change.

Year-to-year, change induced by catastrophe modeling is "usually diminutive," said **Gary Martucci**, an analyst in S&P's insurance group. This year, however, updated models information produced indications that the probability of these CAT bonds loosing the first dollar — the standard to which S&P rates for — seems to be 40% to 50% higher than usual, he said. Final results are pending.

Secondary market traders said spreads widened slightly on a few bonds named in the release, following the announcement. One secondary market trader said prices for the double-B classes dropped about one dollar point after news, to about $98.5 from $99.5 the prior day. He declined to be named.

The credit watch negative outlook is expected to lift in the coming 30 to 45 days, replaced by specific pronouncements about each note in question, said **David Zuber**, a catastrophe bond analyst at S&P.

"We went to resolve it before the de-facto hurricane season begins," Zuber said, meaning that while June is the official start of the hurricane season, historically tropical storms (which can turn into hurricanes) don't begin appearing in numbers until mid-July. August is considered the first hot bed month for US hurricane activity, experts said, maxing out usually in November; however storms raged in the Atlantic well through December of last year.

Should those notes become downgraded, expect secondary market activity to pickup, a bit of a change from the norm, said sources. Traditionally, CAT bonds are a buy-and-hold instrument, with many bonds bearing maturities of just two to four years.

"We are seeing a lot of activity in the secondary market, as investors readjust, or anticipate readjusting their portfolios," said **Barney Schauble**, a principal at **Nephila Capital**, a hedge fund manager dedicated to insurance-linked securities, catastrophe bonds and weather derivatives. Some investors will have to sell the bonds because they won't be rated double-B plus, he said. Sinking below that level places many notes well below investment grade ranges, preventing many investors from holding onto them due to portfolio criteria. Nephila, however, is unlikely to do much selling, if any, Schauble said, because the firm is less ratings sensitive than the average bond buyer.

Can the market deal with increased storms?

A widespread sell off in CAT bonds linked to hurricane risk in general is not expected, said numerous market sources. That's because as far as natural perils go, hurricanes moving from formation to actually causing destruction, is, fortunately, somewhat hard to achieve. The list of factors tied to US hurricane risk assessment is as fascinating as it is long.

Rating agencies rate a wide variety of CAT bonds, but much of the underlying information they tap comes from catastrophe risk experts like AIR. As a result of different modeling strategies, AIR is one modeling agency not predicting a large increase in losses from hurricane risk, said **S. Ming Lee**, executive vice president at AIR.

"There have been two years of increased hurricane activity. However, we shouldn't automatically jump to the conclusion that hurricane losses will increase by 50%," Ming said. "There is no one single metric that you can use for forecasting hurricane activity."

Hurricane activity runs in cycles that span decades and coincide with warming and cooling water temperatures. Sea temperatures are now warmer, and hurricane activity has increased, but the cycle actually began back in 1995.

And sea temperature alone is not the only factor utilized in looking at hurricane risk. The patterns of El Nino and La Nina play a role, as periods of El Nino tend to coincide with less hurricanes forming in the Atlantic compared to when La Nina is present; however these atmospheric-related events themselves fluctuate in two to three year, or even eight year, cycles. Other atmospheric phenomena tied to winds found at extremely high-in-the-sky, or stratospheric levels, are another factor, and when these winds flow westerly they tend to help hurricanes form, experts believe. Furthermore, a high pressure system in the Atlantic, dubbed the Bermuda High, which helps determine the path of hurricanes heading towards the US or, say, Africa, can fluctuate weekly or bi-weekly. All of these factors go into determining hurricane risk, explained Ming, and none of these guarantees a hurricane will even make landfall.

"In 2005, we moved into Greek letters for storm names because there were so many hurricanes, but there was actually more landfall in 2004," points out S&P's Martucci.

That said, investors are quite conscious of the fact that the last two years saw quite a few intense hurricane landfalls, with Charley, Ivan, France and Jeanne in 2004, and Katrina, Rita and Wilma in 2005, causing $100 billion in insured losses, according to industry data.

But the level of losses, some say, is exactly what's driving the CAT bond market to expand. New issuance continues as insurers and reinsurers are increasingly looking to the capital markets to help unload some of the risk.

"There is a lot of issuance this year, and there still is a lot of interest in the product," said **Rodrigo Araya**, a senior credit analyst at **Moody's Investors Service**. To date, none of the CAT bonds rated by Moody's has resulted in losses to note holders, he said of the market's performance. Araya added Moody's is unlikely to take any action due to the new modeling predictions; it only rated one of the notes included in the S&P list.

As far as new issuance goes, on June 7, Swiss RE announced a $950 million CAT bond program called Successor, a shelf-offering platform that issued several types of notes for protection against North Atlantic hurricanes, Europe windstorms, and California and Japan earthquakes.

S&P analysts said several new CAT bonds deals were in the pipeline but declined to provide details.

CAT bond returns remain attractive, and there is almost zero-correlation between CAT bonds and other financial markets risk, which makes CAT bonds a diversity play of sorts, many say. While some sources noted the market was likely to see a slowdown in issuance of CAT bonds tied to U.S. hurricane risks, market participants said that was due more to saturation of one type of risk than concerns about hurricanes wiping out the US coast line.

Nonetheless, images of Hurricane Katrina remain alive in the mind's eye; the insurance industry is still debating how costly that storm was.

"Katrina is an event that will be looked back upon as an inflection point for the market," Schauble says. She stated that the CAT bond market is growing because of how well it performed after Katrina.

Just one CAT bond linked to U.S. hurricane risk, KAMP RE, was downgraded following Katrina. Rating agency analysts confirmed no other CAT bond has been ever been downgraded to date.
— *Colleen Marie O'Connor*

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Paulo, Brazil, and report to **Carlos Calabresi**, head of fixed income in Latin America, and **Luis Berlfein**, head of fixed income sales in Brazil.

Capital One Financial Corp. announced that **Jory Berson**, executive vice president of U.S. card operations, has been named head of the company's U.S. card business. Berson's appointment follows the departure of former head of U.S. card, **Catherine West**, who has accepted the position of executive vice president and COO for **J.C. Penney Co.** In his new role, Berson will be responsible for directing Capital One's U.S. card business, which has more than 37 million customer accounts and over $47 billion in managed loans. He will report to the company's Chairman and CEO **Richard Fairbank**, and will be a member of the company's executive committee.

The **International Swaps and Derivatives Association** announced the launch of a documentation template for CDS on CDOs last week. The Credit Derivative Transaction on Asset-Backed Security with Pay-As-You-Go or Physical Settlement is intended for use with reference obligations that are CDOs in note form, said the ISDA. Although the CDS on CDO template is similar to the template for other forms of CDS on ABS with a pay-as-you-go approach, a key difference is that the CDS on CDO template addresses implied write-downs, whereby a drop in the asset value of the underlying necessitates an adjustment in the collateralization.

Cohen runs second middle-market CLO

Merrill Lynch brought to market last week the $366 million Emporia Preferred Funding II — a collateralized loan obligation managed by **Cohen Brothers** subsidiary **Emporia Capital Management** and backed primarily by middle-market loans.

The market priced the deal relatively wide, with the triple-A tranche pricing at 29 basis points over Libor and the triple-B tranche at 195, according to **JPMorgan Securities**. The middle-market loan sector has been increasingly sought after by some CLO managers because of its relatively high yield (*ASR*, 04/17/06).

The deal has a 12-month ramp-up period and six-year reinvestment period. Eighty-five percent of the collateral is first-lien, broadly syndicated loans, while 15% are second lien, according to **Fitch Ratings**. **U.S. Bank** will act as trustee. Middle-market loan CLO issuance should reach between $16 billion and $18 billion by year-end, according to JPMorgan. To compare, last year's issuance totaled a record $10.6 billion.

Cohen Brothers subsidiary Emporia Capital Management — initially called Cohen Brothers CLO Manager — was formed in March 2005, and closed its first issue, Emporia Preferred Funding I, the following October. Cohen has been gearing for more issuance and portfolio management, adding two portfolio managers to the Emporia team since its first issue, along with an additional staff member allocated to CDO administration and operation. The team reports to **Kevin Braddish**, managing director and chief financial officer. — *AP*

Student loan servicer Campus Partners to lend, securitize after AIG investment

Campus Partners, of Rockville, Md., one of the largest servicers of student loans in the U.S., is getting into the private student lending business, after it received an infusion of equity financing from **AIG United Guaranty**. After its initial launch this fall, Campus Partners will eventually issue ABS to help finance the lending business.

"We will rely on securitization as one of our primary financing tools," said **Michael Carey**, president of Campus Partners. The first securitization might take as much as 18 months to come to market. In the meantime, Campus Partners expects to keep its loans on its balance sheet.

Under the agreement, Campus Partners will provide lending services for schools and other lenders beginning this fall. AIG United Guaranty, whose affiliate companies provide mortgage industry financial services, including mortgage guaranty insurance, will provide insurance on the Campus Partners student loans.

"Our entry into this market will provide a flexible alternative for lenders and schools to what is currently offered in the marketplace," said Carey, who worked at **Sallie Mae** for 16 years.

There appears to be plenty of room for another lender in the growing private student loan market, which some say will increase by 25% yearly. Originations exceeded $14 billion in the 2004 to 2005 academic year, and are expected to hit $20 billion in 2005 to 2006, according to the **College Board**. At the same time, federal sources of financial aid have remained almost unchanged for more than a decade. — *DM*

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publicly involved in the structures.

Everest references a portfolio of 100 commodity trigger swaps — similar to credit default swaps. The deal has a five-year life and an S&P 'AA+' weighted average rating. The swaps at the deal's close referenced nine commodities — primarily base and precious metals. The terms of the deal allow for up to 16 different commodities and a 20% portfolio turnover each year of the five-year transaction. Eighty percent of Barclay's Everest notes, marketed globally, were issued in euros, while 20% were U.S. dollar.

Diversification through commodities

As the market grows weary of credit risks associated with rising U.S. interest rates, lagging home prices and the specter of a downturn in corporate credit, some are expecting the commodity-linked investments to become more prevalent as players look to diversify. According to Erb, "there is no indication" that movements within the commodities market are correlated with any of the above mentioned risks. Barclays said applying the CDO technology to commodities was a natural step in the evolution of the market — which has grown from a range of products based on the commodity indices, to structured notes taking directional views. As of last year, Barclays was the largest dealer in commodity-linked notes, issuing some $2.7 billion. Its team pioneered the CCO market in December 2004 with a static deal.

Now, Everest's arrangers say the ability to lightly manage the deal could improve performance because of the opportunity to exploit price fluctuations within more volatile commodities markets such as energy. The nine commodities referenced in the Everest deal — silver; platinum; aluminum; copper; nickel; tin; lead; and zinc — have trigger prices ranging from 46% of the commodity spot price at the deal's close to 12%, according to S&P. The other seven commodities that could be referenced during the life of the deal are relatively more volatile. These are gold, West Texas Intermediate, Brent crude oil, heating oil, gas oil, natural gas and unleaded gasoline. There are between eight and 16 trigger swaps per commodity. The swaps are valued for a 10-day time period, falling 20 days prior to the deal's close. A trigger event occurs when one of the commodities falls below its predetermined valuation price, and there are no recoveries. If a trigger is hit, the payments are fixed and equal, despite commodity type and divergence from the trigger amount.

High yields to draw buyers

Institutional investors are expected to be the primary market for the product. "By using CDO tranching methodology, the CCO offers investors commodity risk in a format they are used to," said **Martin Woodhams**, co-head of commodity structured products and principal investing at Barclays. "The yield on the product is also very attractive compared with other similar rated transactions."

Indeed, like any untracked sector, the yields on the notes are relatively high — a reason alone investors may be inclined to try them out. Interest was particularly peaked in the highly rated triple-A and double-A tranches — which priced at 120 and 205 basis points over Libor, respectively, according to Erb. Meanwhile, spreads from leveraged loan CDOs to ABS CDOs are at or near record tights, a phenomenon that has sent investors in search of yield, and structurers finding ways to create it.

As of June 1, new-issue triple-A mezzanine structured finance CDO spreads were averaging 32 basis points over Libor, according to **JPMorgan Securities**, while double-A spreads on the deals had tightened five basis points from the previous week to 55 over Libor. Double-A high yield CBO tranches had also tightened five basis points, to 55 over Libor, while triple-A HY CBO spreads were at 30 over Libor — five basis points tighter than yearend levels. — *AP*

Deutsche Bank and Pinnacle Commercial enter joint venture

Deutsche Bank Securities announced last week that it has entered into a joint venture with **Pinnacle Financial Corp**. to form **Pinnacle Commercial Mortgage**, which is a Florida-based originator of Alt-A small-balance multifamily, commercial and mixed-use mortgage loans. Financial terms of the agreement were not disclosed.

Pinnacle Financial, which was founded in 1988, is an independently owned mortgage lender. It funded over $5.5 billion in residential and commercial mortgage loans in 2005. "Through this joint venture, Deutsche Bank and its residential mortgage backed securities business will continue its expansion in U.S. mortgages and enhance the bank's securitization capabilities," said **Phil Weingord**, managing director and head of global markets Americas at Deutsche.

Meanwhile, **Doug Long**, CEO of Pinnacle said, "This transaction merges Pinnacle Financial's product knowledge and ability to increase loan volume with Deutsche Bank's securitization expertise." — *KS*

Mortgages bear near-term risks but have longer-term potential

As last week opened, the market was feeling pretty good as the weaker-than-expected jobs report increased the odds that the **Federal Reserve** would pause in June. On top of that, the week saw limited key data to roil the markets, and support potential from reinvestment of paydowns and roll related trading. But the market got its hopes quickly deflated following comments from Fed Chairman **Ben Bernanke** Monday afternoon at an international monetary conference. His hawkish tone moved the odds for another rate hike in June.

Over the week, flows were mostly two-way with broad domestic participation. The early week saw moves up-in-coupon — despite the curve flattening — as investors took advantage of recent cheapening in the higher coupons on the previous week's strong down in coupon trade. Midweek, there was some reversal of the move up, with decent buying again in lower coupons. Activity slowed into Thursday's trading session as global equity distress returned to the forefront. In general, investors are more or less trading the market right now — adding on weakness and selling on strength — given the risks. Meanwhile, originator selling held to average levels last week. Supply is currently split between 5.5s, 6s and 6.5s.

The longer-term outlook for mortgages is looking favorable at this time. For example, **JPMorgan Securities** analysts last week upgraded their recommendation to modest overweight from neutral. One reason they cite is that spreads are near their widest levels since the start of the year. Another factor is that longer dated vol has the potential to soften for three reasons: more clarity from the Fed in coming weeks, the potential cap on the GSEs' portfolios, sizeable supply recently in longer-dated vol; and longer dated vol is substantially higher in the U.S. versus Europe and Japan, which suggests that volatility has the potential to move lower. **UBS** and **Bear Stearns** are also favorable on the sector for similar reasons. UBS believes that after the Fed Chairman "establishes his inflation-fighting credentials with perhaps another hike," implied volatility is likely to drop. Bear Stearns analysts add that bank demand is holding steady with limited loan demand keeping the focus on mortgages, while overseas interest should pick up following a Fed pause.

MORTGAGE INDEXES

Wk Ending	Refi Index	Purchase Index	FH 30Yr Fixed Mortgage Rate
06/09/06	-	-	6.62%
06/02/06	1356	396	6.67%
05/26/06	1409	396	6.62%
05/19/06	1481	396	6.60%
05/12/06	1547	427	6.58%
05/05/06	1427	417	6.59%
04/28/06	1566	433	6.58%
04/21/06	1489	389	6.53%
04/14/06	1526	407	6.49%
04/07/06	1532	418	6.43%
03/31/06	1640	438	6.35%
03/24/06	1558	404	6.32%
03/17/06	1575	394	6.34%
03/10/06	1584	403	6.37%

However, near-term issues continue to be vol risk associated with both the data dependency of the Fed and global equity risks, ongoing lack of support from Asia, and high dealer inventories.

This week, volatility is anticipated to pick up with lots of economic data. In particular, the market gets key inflation data on Tuesday and Wednesday, which will provide additional clues to potential action in late June by the Fed. Also, the Beige Book is released on Wednesday with additional information regarding various aspects of the economy around the country.

Application activity slips

Mortgage application activity was down just slightly for the week ending June 2, according to the **Mortgage Bankers Association**. On a seasonally adjusted basis, the Purchase Index was unchanged at 395.6 versus 395.5 in the previous report. Meanwhile, the Refinance Index fell 3.8% to 1356. A year ago, both indexes stood at 479 and 2362, respectively, with 30-year mortgage rates at 5.62%.

As a percentage of total application activity by dollar volume, refinancings slipped to 36.3% from 37.10% in the previous report. ARM share recorded a large decline to 42.8% from 45.2%.

Mortgage rates decline with recent rally

Mortgage rates declined last week as expected according to **Freddie Mac's** latest survey. The 30-year fixed mortgage rate averaged 6.62% — where it was two weeks ago — and down five basis points from the previous week. In the 15-year sector, rates slipped three basis points to 6.23%; 5/1 hybrid ARMs declined six basis points to 6.20%; and one-year ARMs fell five basis points to 5.63%.

Application activity is expected to generally move lower in the weeks ahead in response to the increase in mortgage rates. Analysts also anticipate that the relationship between mortgage rates and the Refinance Index will start behaving as expected because the attractiveness of ARM alternatives is becoming less as mortgage rates continue to rise. — *Sally A. Runyan/IFR MortgageData*

May prepayments mostly in-line with expectations

The May prepayment report was fairly uneventful with speeds on FNMA 30-years mostly in-line with expectations. Noteworthy were speeds on certain discount vintages that were slightly slower than previously anticipated. These results could indicate a sooner-than-expected slowing in the housing market.

FACTORS INFLUENCING PREPAYMENTS			
Month	Day Count	30-Yr Mrtg Rate	Refi Index
Jan	20	6.15%	1666
Feb	19	6.25%	1633
Mar	23	6.32%	1594
Apr	19	6.51%	1528
May	22	6.61%	1444

Source: MBA/FHLMC - Monthly Averages

In FHLMC Golds, percentage increases were mostly higher than corresponding FNMAs, particularly for discount coupons. Speeds on FNMA discounts were generally running slightly faster than Golds, and similar on par and premium coupons.

Prepayment speeds on GNMAs were modestly faster than expected for 4.5% and 5% coupons, and in-line to slightly slower than estimated for higher coupons. CPRs continue to run substantially faster for most coupons and vintages versus conventional cohorts. However, the difference is less in the higher coupons. **Bear Stearns** analysts reported that the prepayment differential between FNMAs and GNMAs has narrowed significantly in the more recent originations, "suggesting that the GNMA program changes in 2005 are having an impact," they said.

May paydowns are estimated at nearly $39 billion, up from $35 billion in April, according to **Credit Suisse**. Fixed-rate net issuance totaled $15 billion — which is down from $23.6 billion previously — on a combination of conventional net issuance of $21 billion, 15-year net issuance totaling negative $6.0 billion, and less than $1 billion in net issuance from **Ginnie Mae**. Analysts also note that agency 30-year conventional issuance was down from $28.4 billion in April.

Looking ahead, speeds in June are anticipated to increase less than 5% in FNMA 4.5s and 5s, and be flat to slightly slower in higher coupons. Not too much change is expected as mortgage rates averaged just 10 basis points higher in May, compared to April (6.61% versus 6.51%); the Refinance Index was just 6% lower on average (1444 versus 1528), and the day count remains unchanged at 22 days. Further out, early estimates have speeds declining around 10% in July, and increasing 10% in August. There are day count influences in those reports with just 20 collection days in July, increasing to 23 days in August.

UBS analysts believe that the relationship between mortgage rates and the Refinance Index should start behaving more in line with tradition. They expect that as mortgage rates continue their move higher, the influence of hybrid refinancings on the Refinance Index will diminish, allowing mortgage rates and the Refinance Index to "reconnect."

Bear Stearns' Senior Managing Director **Dale Westhoff** echoes this sentiment. He believes that, over the next few months, there will be a more pronounced slowing in speeds as the rate of home price appreciation moderates and the full impact of the increase in mortgage rates are factored in. Westhoff adds that there are virtually no refinancing options available within the traditional amortizing ARM or fixed-rate sectors at this time. Thus prepayments are expected to converge with historical norms. — *Sally A. Runyan/IFR MortgageData*

MAY PREPAYMENTS

		Fannie Mae			Freddie Mac			Ginnie Mae		
Cpn	Year	Apr	May	%Chg	Apr	May	%Chg	Apr	May	%Chg
4.5	2003	7	8	15%	7	9	28%	13	15%	22
5.0	2005	6	8	21%	6	7	15%	7	8%	24
5.0	2004	9	10	11%	9	10	16%	13	15%	20
5.0	2003	10	11	10%	9	10	19%	15	17%	13
5.5	2005	9	11	15%	9	10	20%	10	10%	8
5.5	2004	13	14	10%	12	13	11%	16	18%	9
5.5	2003	13	14	9%	12	13	9%	18	19%	9
5.5	2002	12	13	11%	11	12	16%	18	18%	1
6.0	2005	16	17	9%	14	15	12%	12	14%	14
6.0	2004	17	20	12%	15	17	14%	19	20%	5
6.0	2003	17	18	9%	16	17	6%	19	21%	10
6.0	2002	15	16	7%	15	16	10%	19	21%	11
6.0	1998	14	15	10%	16	16	-1%	17	16%	-6
6.5	2002	17	20	14%	18	20	7%	23	24%	5
6.5	2001	19	21	8%	18	21	16%	21	22%	3
6.5	1998	17	19	12%	17	19	11%	21	21%	-1

Source: IFR Mortgage Data

AD&Co. models credit risk as non-agency mortgage share rises

When MBS issued by **Freddie Mac**, **Fannie Mae** and **Ginnie Mae** dominated the secondary market, these government-sponsored enterprises assumed virtually all of the credit risk, leaving investors to worry principally about prepayment risk. Over the last two to three years, the non-agency share of the secondary market has exploded, leaving investors to confront the "two-headed risk monster" of both prepayment risk and credit risk. To account for the addition of credit risk, **Andrew Davidson & Co.** has developed a behavioral model that provides projections of prepayment, delinquency, and default for non-agency MBS.

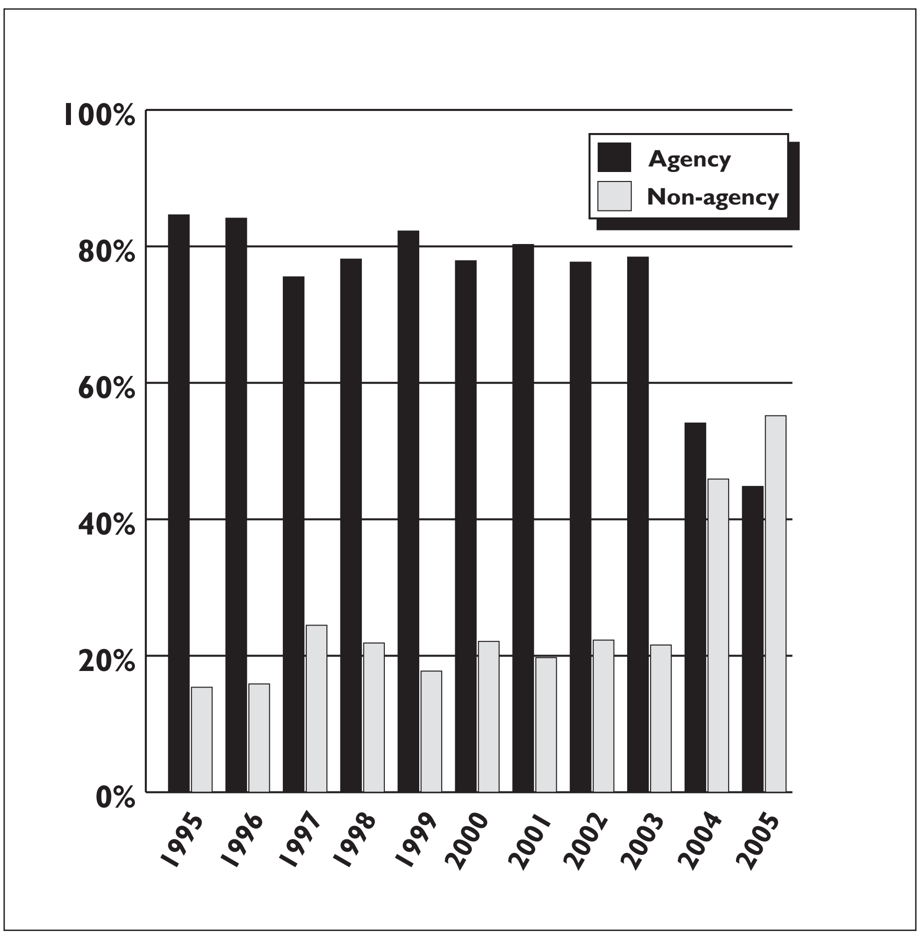
Kyle Lundstedt, the director of credit modeling at AD&Co., explained that credit risk traditionally has been the focus in origination or underwriting, while prepayment risk was the domain of portfolio management. "Over the last two decades, agencies comprised the vast majority of available mortgage securities, so investors principally focused on interest rate and prepayment risk," Lundstedt said. "Now, over half the secondary market is comprised of non-agency securities with a wide range of collateral characteristics, so investors must assume the credit risk themselves."

> ***"Every month, there are some subprime borrowers in a position either to prepay or default."***

Lundstedt emphasized that the prepayment and credit risks are fungible and completely interdependent, an issue of primary importance in the subprime credit sector.

"Every month, there are some subprime borrowers in a position either to prepay or default. Consider a subprime borrower who has made 11 consecutive payments, yet whose house value has dropped slightly below the current mortgage amount. Making the twelfth payment puts them in a position to refinance; however, the house price decline might push them to default. The prepayment and credit risks are interrelated."

MBS MARKET SHARE



Consequently, AD&Co is introducing a credit model to provide investors with a tool for evaluating these risks. The model uses many of the same loan-level variables as those used in the firm's loan-level prepayment models. In effect, the prepayments variables in the credit model — the refinancing spread, loan-to-value ratio, FICO score, etc. — are essentially the same as in the firm's widely used prepayment models. Moreover, AD&Co is using the same loan-level information to project the probability of delinquency and default, as well as the severity of loss.

"The key thing that distinguishes the credit model is not the data used, but the fact that we incorporate the effect of the loan's payment status on borrower behavior," Lundstedt explained. It is generally accepted that, if a loan's payment status is current, termination of that loan constitutes a prepayment. Conversely, termination of a foreclosed loan is almost certainly a default. It is not clear, however, how to treat loans that pay off from, say, 60 days past due, Lundstedt added. He also noted that investors, in addition to termination from prepayment and default, also care about delinquency triggers and their corresponding effect on bond cash flows.

The new AD&Co credit model covers most credit sectors within the non-agency market, including jumbo, Alt-A, low FICO and high LTV loans. "Traditionally, investors had to identify the credit sector occupied by a pool of loans in order to run the correct behavioral model," Lundstedt said. "One of the real innovations of the AD&Co. model is that credit sector is not a variable; loans are evaluated based upon observable characteristics, not loosely defined marketing terms like "subprime" or "Alt-A".

Lundstedt said that this new credit model has a unique place in the market. For several years, rating agency tools such as **Standard & Poor's** Levels or **Moody's Investors Service**'s Mortgage Metrics have met the needs of MBS issuers interested in the rating agencies' perspective on the credit risk of their prospective bond issues. "This is the first credit model that is targeted specifically to the needs of non-agency investors," Lundstedt said. Such investors typically include hedge funds, insurance companies, REITs and money managers.

Aside from its new credit model, AD&Co. has built additional tools critical to evaluating MBS credit risk. In particular, they have created simulation software for house price indices, similar to that used for Monte Carlo-based OAS modeling. House prices have become an increasingly important economic risk driver for both prepayments and defaults.

Lundstedt noted that investors already are familiar with home price appreciation effects on "cash out" refinancing, which affect prepayment risk even when interest rates remain constant. "Simulation of house price indices," he said, "enables investors to understand both prepayment and default behavior under a range of future house price scenarios." AD&Co. will be working to integrate its new tools into various software systems such as **Wall Street Analytics** and **QRM**. "Investors hopefully will find our new tools substantially increase their ability to understand the credit risk of MBS," Lundstedt said. — *KS*

Investors look at currency-based relative value

Investors are rethinking their relative value framework for looking at the mortgage sector after Asian net purchases of mortgages have exceeded banks and agencies in all but one year since 2000, according to **JPMorgan Securities** analysts. While some investors are looking for "yield targets" where bank demand will resurface, others are exploring dollar/yen levels at which mortgages are more attractive to Asian buyers.

At the foundation of this currency-based approach is the notion that when the dollar is cheap versus the yen, Asian buyers should buy mortgages as they would benefit from the currency appreciation as well as the carry, and possibly even mortgage tightening as well. When analysts set out to explore this concept, however, the results were surprising.

"Ultimately, while looking at mortgage prices in yen terms has been popular with some market participants, there are fundamental issues with this approach (in addition to the lack of historical predictive power)," the firm's recent report said. Analysts stated that Asia, as a whole, has obviously played a significant role in the mortgage market even though many countries in the region have currencies that do not fluctuate versus the dollar. Although currency movements could impact Asian demand, other factors are equally important in driving these investors' preferences, analysts said.

"In the end, we believe that Asian demand will be driven by a number of macroeconomic factors."

In a comparison of the price of FNMA 5.5s (in dollars), as well as the dollar/yen exchange rate and the price of FNMA 5.5s (in yen, divided by 100), the price variability of FNMA 5.5s paled in comparison to the currency exchange moves.

That alone was not enough to prove that currency rates are not a useful indicator, however. The analysts also examined the regressions of the level of FNMA 5.5 OAS versus the price of FNMA 5.5s denominated in yen over various time periods. The results show that from 2004 to the present — at a time when one would think that the relationship was the strongest based on strong Asian net purchases and shrinking agencies' portfolios — there was practically no relationship.

Using a six-month window, JPMorgan analysts also looked at a rolling regression of weekly changes in OAS, versus changes in the price of FNMA 5.5s in yen. The average correlation was close to zero, and it flipped a sign a number of times, which, according to the analysts, is not a strong predictive indicator.

"In the end, we believe that Asian demand will be driven by a number of macroeconomic factors, including U.S. trade deficit and the need for investors in the region to reinvest in dollars," the report concluded. "Many of the investors in that region are banks, and we believe the best approach to gauge their sponsorship is to examine tradeoffs between potential price appreciation and yield." — *Megan DeRita*

Freddie reports annualized Q1 home price growth

Freddie **Mac** reported last week that its quarterly national **Conventional Mortgage Home Price Index** rose 2.1% in quarter one 2006, or an annualized 8.7%. This is down from the fourth quarter's annualized rate of 12.9%. The year-over-year change (1Q05 to 1Q06) was 12.7%. These results were similar to the **Office of Federal Housing Enterprise Oversight**'s recent report, which recorded first quarter growth at 2.03%, an annualized first quarter rate of 8.12%, and a year-over-year rate of 12.54%.

According to Freddie Mac, the Pacific states posted the strongest home-value appreciation in the U.S. with 3.2% for the quarter, or an annualized 13.3%. This region includes Hawaii, which the OFHEO last week reported as having the highest quarterly growth. Freddie Mac's Deputy Chief Economist **Amy Crews Cutts** also noted that Hawaii has the fastest growth rate in the first quarter at 20.7% annualized.

The second fastest region was the South Atlantic at 12.7%. This region includes Florida. The OFHEO's report showed the state as having the second highest quarterly growth after Hawaii. The second slowest area of growth was in the East North Central Division with 3% annualized growth. This includes Michigan, Ohio and Indiana, which have been hurt by job losses in manufacturing, Cutts said. The slowest area at 2.5% was the West North Central Division, which includes, Iowa and South Dakota, states that had negative growth rates for the quarter.

Barclays decodes recent housing numbers

For some time, Street analysts have claimed that the combination of a less robust housing market and higher interest rates would result in slower prepayment speeds. And with the latest releases from the **Office of Federal Housing Enterprise Oversight** (OFHEO) and **National Association of Home Builders** (NAHB), they were provided with the data to support their claims.

"The latest releases of the OFHEO home price index and the NAHB data point to a significant slowdown," **Barclays Capital** said in a recent report. "While speeds have not yet reacted to a slowdown in housing, we expect that as summer seasonals decline, prepayments will decelerate — and the latest data suggest sooner rather than later."

The OFHEO released their quarterly home price index for the first quarter 2006 in two home price indices, purchase-only index and the Refinance and Purchase Index. Analysts only focus on the former, however, as it is a much more stable indicator of housing strength.

The first data that analysts examined was the OFHEO purchase-only home price index for the past 15 years. They found that home price appreciation in the first quarter of this year was 7.2 per annum (annualized quarterly data), which are strong levels by historical standards. Yet, the data also showed a pattern of slowing home price appreciation over the past year — a trend that indicates weakening in the housing market.

Similarly, recent data from the NAHB Housing Market Index (HMI) also seem to hint at a decline in the housing market as builder confidence is dropping to its lowest level since mid-1995. Moreover, the data illustrates higher mortgage rates, housing affordability issues and the retreat of investors and speculators from the market.

According to analysts at Barclays Capital, all of the subcomponents of the HMI index declined in May. The six-month sales outlook fell five points to 54, while the index measuring the traffic of prospective home buyers fell seven points to 32, making the indices near their weakest levels for the past five years.

Prepay outlook

Based on these results, Barclays Capital projects for the June payment report that improving seasonals and a day-count increase will offset higher driving rates. Thus, prepayment speeds would remain about the same, with changes within 1 CPR. It is expected that driving rates should increase about 18 basis points for next month, and then rise another seven basis points for the July report. Seasonals should continue to improve, pushing up turnover to 8% in the June report and 14% in July's. In terms of the August report, a two-day-shorter day count should result in decelerations of 1 to 3 CPR.

"We expect higher mortgage rates for both conventionals and GNMAs to be offset by an increase in day count," analysts concluded. "However, as most GNMA cohorts are currently faster than comparable conventionals, and day-count effects are proportional to speeds, we expect mild accelerations for the June report on GNMAs and unchanged speeds for conventionals."— *Megan DeRita*

"The first quarter of 2006 marks the third consecutive quarter of moderation in home-value growth," **Frank Nothaft**, Freddie Mac's chief economist said. "We are expecting about half of the increase that we saw in the national average home-value appreciation in 2005 for 2006, which puts annual home price growth between six and eight percent, depending on how fast interest rates rise over the remainder of the year." He added that this is still above the long-term average growth rate and "reflects a still vibrant but normalizing housing market."

Regarding the OFHEO's recent report, **Lehman Brothers** analysts believe that the decline from 12% annualized in 4Q05 to 8% in 1Q06 is fairly significant. They note that over the past 15 years, this was the fourth largest quarter-over-quarter decline in the rate appreciation. "So while home prices continued to grow in 1Q06, the decline in HPA points to a significant slowdown in the market," analysts said.

They also raised concerns with price reversals across MSAs. For example, they point out that just 7% of MSAs recorded annualized price appreciation compared to over 20% in the fourth quarter. Also of note is that 22% of MSAs had a negative HPA in the first quarter versus less than 10% in the Q4 survey.

Potentially adding to further pressure on home price appreciation going forward is the increasing supply of homes on the market, **Credit Suisse** analysts said. Current levels — at nearly six months — is the highest level since February 1998. — *Sally A. Runyan/IFR MortgageData*

Summer slowdown nowhere in sight for European ABS market

Even as several new deals priced in the run-up to **Information Management Network**'s Barcelona conference, the pipeline still has enough steam to pump out product over the rest of the month. The weather may be calling for siesta, but ABS flow is wide-awake.

"Spreads have shown few signs of stress at the unrelenting bias toward tightening, despite the burgeoning calendar size," **Royal Bank of Scotland** analysts said. "We continue to be amazed by the European market's ability to chew through new deals at high subscription multiples, and only triple-A rated volume shows signs of slowing multiple subscription levels (though still more than well-covered)."

Several new CMBS deals began marketing last week. **Merrill Lynch** had a new transaction from the Taurus CMBS conduit in the lineup. Taurus CMBS (Germany) 2006-1 has on offer €582.5 million ($743 million) of notes backed by 10 loans to 12 borrowers on 36 properties that include multifamily units in the mix. The transaction has €290 million of 5.4-year triple-A rated notes on offer, as well as six-year double-A, single-A and triple-B rated paper.

Bear Stearns' began marketing a £350 million ($647 million) issue from its Ursus CMBS conduit. The deal is backed by a loan secured on 180 U.K. petrol stations leased to the **Shell Group**.

Barclays' new £401.3 million U.K. CMBS transaction from its conduit, Equinox (Eclipse 2006-1), has on offer €329.0 million of Class A notes with a 6.7-year average life, €18.5 million of subordinated triple-A rated notes and four further subordinated notes rated from double-A to triple-B.

Italy announced its new government-sponsored €398 million CMBS deal, Patrimonio UNO. Patrimonio offers €115.0 million of 4.0-year triple-A rated notes and three subordinated double-A rated tranches totaling €210.7 million — the lower two of which are on ratings watch negative by **Fitch Ratings** because the notes are linked to Italy's ratings, which was placed on watch earlier this month.

Preliminary details also circulated for **Credit Suisse**'s latest CMBS conduit, Titan Europe 2006-3. The collateral includes 18 loans backed by 40 properties with 296 tenants. The deal's geographic distribution is 42.9% France, 28.5% Germany, 15.0% the Netherlands, 7.0% Belgium and 6.4% Luxemburg. The properties were split by use, 57.1% mixed industrial, 31.3% office, 2.54% retail and 9.1% other. Pricing is expected the week after the Barcelona gathering.

On the RMBS front, new nonconforming issues were on offer. Marketing began for **Investec Bank**'s debut U.K. nonconforming RMBS deal sized at £200 million, Landmark Mortgage Securities 1. A total of £168.6 million of 2.6-year triple-A rated notes are offered alongside 4.0-year subordinated notes. The mortgages were originated by **Amber Homeloans**, **Infinity Mortgages** and **Unity Homeloans**. Landmark's provisional pool had a 79.1% weighted average LTV and 7 months seasoning.

Mortgages plc is also marketing a £500 million nonconforming RMBS issue dubbed Newgate Funding 2006-2. The triple-A rated tranches are offered with one-year, 1.8-year and 3.8-year average lives along with a four-year split triple-A rated Class M. Four subordinated tranches are also on offer. The deal is backed by self-certified mortgage loans with a 79.9% weighted average LTV and two months seasoning. The Newgate transaction includes detachable coupons initially paying 0.75% of the Class A notes outstanding stepping up to 1.25%.

More details were offered for **Kensington Mortgages**' latest U.K.

- SEE ABS MARKET PAGE 25 -

U.K. credit card penalty charges challenged

The major U.K. credit card lenders announced last week plans to cut penalty charges by almost half their current rate. For issuers, this means finding new ways to generate yield that could translate into higher charges for the consumer.

The recent legal and regulatory challenges faced by the U.K. credit card industry will affect yield in the short term, but market sources believe that card issuers will find other avenues to replace that lost yield. The latest change comes via the **Office of Fair Trading** (OFT) investigation into penalty charges. The OFT said in March that credit card charges for late or missed payments were set at a significantly higher level than is economically fair and said that it would consider any penalty charge of more than £12 ($22) as being unfair.

Banks were given until May 31 to tell the OFT whether they would reduce their penalty charges, which typically average between £20 and £25. The major U.K. card lenders — **Barclaycard**, **Lloyds TSB** and **HSBC** — said that they plan to cut penalty

New kid on the block means more transparency for European ratings game

Dominion Bond Rating Service (DBRS) is setting up its own brand of structured finance ratings in Europe (*ASR*, 06/05/06). Although this is expected to add a new dimension to the European ratings business, it would likely take some time before any impact is felt.

Some market sources believe there are still barriers that DBRS will have to overcome before it establishes itself as an equal among the big three ratings agency. **Fitch Ratings**, which is a relative newcomer to European structured finance ratings, began establishing its presence in this sector of the market more than five years ago. A source at Fitch said that the rating agency is still often referred to as the "third rating agency," behind **Standard & Poor's** and **Moody's Investors Service**.

The Fitch team has approximately 150 analysts in London alone, which is about the same number of people working globally for DBRS. Developing Fitch's structured finance practice also took a lot of hard work, and was aided by a series of mergers and acquisitions that enabled the agency to grow rapidly. One source doubted these types of acquisitions could be made anymore.

If DBRS's establishment in the European markets mirrors its evolution in the U.S., it will likely take a year before it has a model and criteria in place. Nevertheless, the added competition can only be a good thing for market transparency. "All the signs indicate that the European structured finance market would welcome a credible alternative opinion," said **Michael MacKenzie**, senior vice president of the new structured finance group at DBRS.

"SIVs have restrictions on what rated paper they can buy."

Mackenzie added that the early June announcement comes after a long period of research conducted by DBRS. "Our market research and discussions with market participants point to the need for more competition, transparency and timeliness and a raising of service standards in area of structured finance ratings in Europe," Mackenzie said.

The new hires for the team include seasoned players, adding the element of experience to the start-up phase. Mackenzie said that DBRS would be releasing more information in the coming weeks regarding who the new names on the team will be as well as additional details on its business platform.

The new group will be based in London, and will be led by Managing Director **Apea Koranteng**. "DBRS' commitment to the EMEA region reflects the importance of the region to global capital markets and the high demand for credit ratings as capital markets activity increases in the region," Koranteng said. "I am very excited about the opportunity and initial success in attracting a high caliber team of established professionals from the market to help DBRS build its ratings coverage in the region."

Fitch's next move is to get in on the European SIV action. "SIVs have restrictions on what rated paper they can buy and, at the moment, they are lobbying hard to have a Fitch-rated bucket added to their portfolios," the Fitch source said.

Meanwhile, the logical first move for DBRS would be in the CDO sector where investors usually only require one rating, sources said. — *NC*

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charges to the suggested £12 limit. **HBOS**, **Egg** and the **Royal Bank of Scotland** have also announced that they intend to reduce penalty fees, though not by how much.

Deutsche Bank analysts estimate that late payment charges contribute between 2% to 3% to portfolio yield and estimated that a £15 cap on default charges could reduce the late payment fee yield contribution to around 1.5% to 2% of U.K. credit card trusts. In a report on the industry released last week, analysts at **Moody's Investors Service** said they expected that some credit card issuers are likely to supplement income by tapping other revenue streams, such as raising APRs or reintroducing annual fees, thereby limiting the potential impact on gross yield. Barclaycard has already indicated that it plans to recoup the lost revenue by increasing the credit card APRs for its 900,000 customers.

The fee reduction comes after a string of legal and regulatory changes that have faced credit card issuers over the past two years, beginning with the OFT looking into interchange fees charged by U.K. credit cards. That investigation found that the charges made by **MasterCard** restricted competition and, as a result, the OFT pressured U.K. companies to reduce these fees. While these charges are not considered for ratings purposes, any sudden reduction is also likely to impact U.K. credit card ABS trust yields and excess spread (*ASR*, 02/13/06).

The OFT is also in the early stages of an investigation into payment protection insurance, but market sources believe that the findings should have a limited impact on card issuers. — *NC*

Brazil's Dacasa to offer FIDC investors a new taste

A first-time issuer in Brazil is set to provide a test case for securitizing personal and consumer loans whose payments don't rely on automatic deduction. **Dacasa Financeira** is prepping a receivable investment fund (FIDC) backed by loans to lower income individuals who have to proactively make payments, according to a source on the transaction.

So far, the only loans to be securitized in Brazil are owed by pensioners and public sector employees, with payments automatically deducted from their paychecks or social security payments.

Registered with regulators last week, Dacasa's FIDC is currently sized at R$100 million ($44 million), with a senior chunk of shares totaling R$80 million. **Fitch Ratings** has rated the senior piece 'AA+(bra)' on the national scale. The subordinated slice is unrated. Much of the structure's credit strength rests on a bulky excess spread, estimated at 65% a year initially. The first batch of loans being sold to the fund charges an average monthly rate of around 6%, while the pre-set yield on the senior shares is 112% of the benchmark CDI rate. The senior and subordinated shares have a maturity of 36 months.

The structurer of the deal, **BNC Securitizadora**, is apparently green in the FIDC business — at least in the public realm — while more seasoned names are attached as well, with **Mellon Distribuidora** in charge of placement, and **Banco Bradesco** acting as custodian and asset manager, according to the source on the deal.

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Dacasa customers can make loan payments through branches of **Banco Santander, Caixa Economica Federal**, and **Bradesco**. Given that the company focuses on the lower-income strata, losses are steep, running at about 12% on the loan book, according to the source. Dacasa's credit assets total R$133 million.

Dacasa is based in Espirito Santo a state on the Atlantic that is flanked by Rio de Janeiro state to the south and Bahia to the north. The company operates in all three states, with a portfolio of about one million clients.

Elsewhere in the Brazilian FIDC market, regulators have held back an FDIC for **Marcopolo**, a company that manufactures bus bodies (*ASR*, 04/24/06). Company officials raised the hackles of the **CVM** — Brazil's SEC — by disclosing too much about the deal to the local press before it launched, according to a source close to the transaction. He added that the situation has now blown over and distribution should begin no later than this week. Bradesco is committed to purchasing the entire 80% senior portion of each issue of R$20 million in shares, which are planned on a monthly basis until the fund reaches its R$120 million cap.

Collateral for the deal consists of vehicle loan owed to Marcopolo's own bank, **Banco Moneo**. Maturity is 60 months. **Gainvest** and Bradesco are joint arrangers. — *FO*

RMBS *CONTINUED FROM PAGE 1*

The transaction also includes $10.6 million in B notes with a 28-year final and respective ratings of 'BBB'/'Baa2', and $3.5 million in C notes with the same final and respective ratings of 'BB-'/ 'B2'.

Collateral consists of dollar-denominated loans secured on Russian residential property. Apart from the subordination, a non-amortizing cash reserve equaling 2.5% of the placement volume, and a liquidity facility up to 6% of the issue provide credit enhancement. The deal also has the **International Finance Corp**. on board, with the multilateral guaranteeing a liquidity that covers shortfalls stemming from capital controls imposed by the Russian government.

The senior notes pierce the Russian sovereign ceiling in the cases of both Fitch and Moody's.

The mortgage pool is secured by properties in the Moscow and St. Petersburg areas. VTB is the primary servicer and **ZAO Raiffeisen** is acting as backup servicer. The notes will be priced as floaters, while the rates on the underlying mortgages are fixed. To mitigate the resulting rate mismatch, **Barclays Bank** is providing an interest rate swap.

Meanwhile, another Russian RMBS is reportedly timed to price as soon as July. **Citimortgage** has a deal in the works via **Greenwich Financial Services** and **MNB Capital Markets**. While more details are out on the VTB deal, it remains to be seen which will earn the distinction of being Russia's first public RMBS.

Elsewhere in EEMEA, a $815 million deal for **Turkiye Vakiflar Bankasi** backed by diversified payment rights is expected to price around June 22 when bankers from leads **Standard Chartered** and **WestLB** are back from Barcelona (*ASR, 06/05/2006*). — *FO*

Czech Republic's Home Credit taps payment cards

An originator in the Czech Republic has closed a deal backed by payment cards, an asset that is mass marketed in Eastern Europe and Russia, according to sources close to the deal. **Home Credit**, a leading provider of consumer credit in the country, closed a CZK4.79 billion ($214 million) deal on June 2, with a senior tranche of CZK4.14 billion dropped into a conduit of structurer and lead manager **HVB**, a source said. Pricing on that piece came to 80 basis points over one month Pribor (Prague Interbank Offered Rate). A pair of investors bought the subordinated piece totaling CZK645 million at 190 basis points over one month Pribor, which was managed by Czech bank **PPF banka**.

Both PPF banka and Home Credit belong to the PPF group, a major financial conglomerate in Central Eastern Europe. **Moody's Investors Service** and **Standard & Poor's** rated the senior notes 'A2' and 'A,' respectively. Moody's gave the subordinated piece 'Baa2.' The structure has a full substitution period to April 30, 2009, when a bullet redemption is expected at the call date. The legal final maturity is April 30, 2015.

While this is the first publicly listed true sale ABS out of the Czech Republic, Home Credit is not new to the business. In fact, the bank is using the proceeds to refinance an existing deal backed by payment cards that closed in September 2003. The current deal is more efficiently structured, according to sources. The advance rate — the funding secured by Home Credit as a percentage of the collateral value — jumps to the upper 80s in the current transaction from the low 70s in the prior one.

"The overall efficiency of the transaction and the capital structure have further improved compared to the original deal," said Home Credit's Chairman of the Board **Milos Stibor**, in a release posted on the company's Web site.

With the consent of investors, the transaction size can be upped to CZK5 billion for the A notes and CZK779 million for the B notes.

Payment cards are similar to debit cards. They can be used at ATMs and in specified retail stores. In the case of Home Credit's cards, users have to repay 4% of the credit limit each month, but, as with a credit card, can, and typically, pay more. "It's an easier way for [lenders] to manage exposure to borrowers' credit risk," said a source close to the deal. "The contract in a payment card is between borrower and seller, not borrower and lender."

Home Credit funded client purchases worth CZK6.7 billion in 2005. In 2000, the company began providing revolving loans through its card brands "YES" and "CP".

The buzz is that other payment card-backed deals from the region are in the works. — *FO*

Maghreb Titrisation opens Tunisia to the structured world

Having arranged the debut securitization for the North African republic of Tunisia, Moroccan boutique shop **Maghreb Titrisation** plans to do more. The investment bank has a contract to lead two more RMBS for **Banque Internationale Arabe de Tunisie** (BIAT) and is encouraging two or three other clients to follow suit, according to Maghreb CEO **Hicham Karzazi**.

While BIAT's deal, which closed May 22, went to only locals, Karzazi said that Middle Eastern investors might become buyers of Tunisian structured paper in the future. "There's a big appetite for assets in the Maghreb region coming from the Middle East," Karzazi said. "In Morocco, they buy dinar [denominated] deals directly; why not in Tunisia?"

Tunisia's maiden securitization totaled TND48.5 million ($36.5 million), parceled out in three tranches. P1 notes amounted to TND36 million and were rated 'Aaa.tn' on the national scale by **Moody's Investors Service**. They priced at 50 basis points over the TMM (Taux Moyen Mensuel du Marche Monetaire). P2 notes, rated 'Aaa.tn', totaled TND10 million and priced at 120 basis points over. S notes, rated 'A3.tn', were sized at TND2.5 million and priced to yield 220 basis points over. The P1 piece had a 2.9 year average life, while the other tranches had a seven-year average life.

Collateral consists of residential mortgages that had a current weighted LTV of 55.9% at closing. Among the deal's strengths is the subordination of the S notes and credit quality of BIAT, which has a Moody's rating on its foreign currency senior unsecured debt of 'Baa2', according to the rating agency. Weaknesses include limited historical data on Tunisian real estate in general and on the bank's loan portfolio specifically.

"They're relatively new in the mortgage market," Karzazi said. "They're trying to gain more market share." BIAT's deal is governed by a securitization law passed in 2001, which only covers banking collateral. "The law doesn't permit other assets," Karzazi said. But he added that a proposed change in the legislation should open the door to other kinds of collateral. — *FO*

Asset-backed activity stirs in Southeast Asia

With fears of interest rate increases affecting securitization plans across Asia, the number of completed deals has been thin on the ground compared to the same period in 2005. Even so, that has not stopped some from pressing forward in prepping transactions.

In Malaysia, the **Credit Guarantee Corp**. (CGU), last week inked a memorandum of understanding (MOU) with Germany's **KfW Bankengruppe** to help small and medium-sized entities raise capital market funding.

The MOU covers the introduction of new products by CGU such as securitization and collateralized loan obligations. As one of Europe's largest issuers, KfW's role would be to educate CGU in product innovation, having been involved in similar arrangements in Europe and Thailand.

Senior CGU officials said they hope a first ABS deal could be completed by year-end.

CGU — which is 79.3% owned by Malaysia's central bank **Bank Negara** — was established specifically to aid smaller companies struggling to raise capital through the bank markets, by providing guarantees on credit facilities.

If CGU and KfW decide to go down the CLO route, it will not be the first SME CLO in Malaysia. **Nomura Securities** has acted as technical advisor on three such deals, the most recent being a M$1 billion ($273.5 million) issue last September led by **Malaysian International Merchant Bankers** (*ASR*, 09/12/05).

However, the market environment was considerably more favorable at that time. Several deals have been held up this year, including the two synthetic CLOs being put together by **Citigroup** and **Aseambankers** as well as **Deutsche Bank** and **OCBC.**

The two consortia were selected last June by secondary mortgage company and Malaysia's benchmark MBS issuer, **Cagamas**, to structure deals backed by SME loans. Cagamas's role is rumored to involve paying arranging fees and purchasing the subordinated equity tranches.

According to rumors, Cagamas selected the Citigroup-Aseambankers transaction to be issued first, with the second CLO to follow at its completion.

The deal, apparently ready for launch since the first quarter (*ASR*, 01/23/06), was initially delayed while awaiting approval from the **Securities Commission**. As the first Malaysian synthetic CLO, this was understandable.

More recently, however, it is suspected that pricing issues are holding up launch, with fears of a 50 basis point rate hike coming this quarter.

"I have heard the Cagamas SME deal has already been approved, but that Cagamas does not want to launch a synthetic CLO into this market environment given the pricing would be far out from their RMBS transactions," a source said.

Citigroup would not comment on the current status of the deal.

Philippine ABS

Elsewhere, the first public securitization from the Philippines since the Asian Financial Crisis of 1997 is back on the cards. In February, the government announced plans to issue a PHP10 billion ($188.9 million) ABS program backed by tax revenues owed to local government units (LGUs) (*ASR*, 03/06/06).

The deal, to be issued via an onshore special purpose trust, was due in March. However, it was put on the backburner when an alleged attempted coup to oust President **Gloria Macapagal-Arroyo** led the government to declare a state of emergency.

Given the way political crises halted several other ABS attempts in the Philippines since 1997, bankers were skeptical the deal would get done.

However, the two arrangers on the transaction —state-owned banks **Land Bank of the Philippines** and **Development Bank of the Philippines** — said last week the transaction will launch this month, once the Treasury gives its approval.

According to the leads, LGUs have sold rights to **Inland Revenue** taxes withheld from them by the government in 2001, when it was mired in severe fiscal difficulties. Over the next six years, LGUs will receive payment in installments from the sale of securitized bonds, which will carry maturities stretching from one to seven years. The bonds will have an unconditional government guaranty. — *RD*

RMBS deals dominate Aussie market

Australia's **St. George Bank** will soon launch its second RMBS of 2006 with an A$1.7 billion ($1.2 billion) offering via its Crusade program. **Barclays Capital** is the appointed arranger, with St. George co-lead.

The deal, to be marketed in Australia, Europe and Asia, is backed by 10,025 loans worth A$2.05 billion, with an average LTV of 65.58% and seasoning of 17.3 months. Mortgage cover comes chiefly through **PMI** and **SG Insurance**. Low-doc loans make up 9.4% of the pool.

St. George will sell two senior tranches rated triple-A by all three international agencies: including an €400 million ($513 million) piece and A$975 million domestic tranche.

Two sub-pieces will also feature, comprising A$28.6 million of paper ►

ABN Amro explores opportunities in China

In China, **ABN Amro** has become the latest foreign bank to sign a memorandum of understanding (MOU) with a Chinese entity, eager to exploit growing opportunities in the People's Republic.

The bank has aligned itself with **Haitong Securities**, a Shanghai-located securities firm and China's fourth largest brokerage. Analysts predict the move is a precursor to ABN buying a stake in the company.

Securitization is one of several business areas the two will look to develop, along with corporate financial advisory and cross-border capital raisings.

By creating a tie-up with a securities firm, ABN will be looking — at least as far as ABS goes — to assist corporate issuers as a means to gain market share. Several companies in China have already issued ABS deals using customer asset management plan structures (*ASR*, 06/05/06).

These deals are put together by securities firms, listed on various stock exchanges and officiated by the **China Securities Regulatory Commission**. They have also proved much more straightforward to issue than the official pilot deals, which are limited to financial institutions and regulated by the **People's Bank of China** and **China Banking Regulatory Commission**.

If the ABN Amro-Haitong arrangement proves successful, other foreign houses may follow suit. To date, most of the focus from overseas bank investors has been on forming joint ventures with Chinese banks.

Such arrangements could also lead to spin-off securitization opportunities — particularly in the residential mortgage sector — but these may not materialize until regulatory controls are eased.

Meanwhile, the Hong Kong and London-listed **Standard Chartered Bank** last week began marketing its second synthetic balance sheet CLO. Called Start II CLO, the deal — jointly led by StanChart and **Lehman Brothers** — is referenced to a $1.6 billion portfolio originated by the borrower.

Roadshows took place last week in major European cities, with focus turning to Asia this week. Pricing is expected around June 19.

StanChart completed its first offering via the Start facility last November. **Deutsche Bank Securities** was joint lead on the deal, linked to a $2 billion pool and listed on the **Irish Stock Exchange** (*ASR,* 11/28/05).

The transaction comprised five rated tranches with six-year maturities. Pricing varied from 45 basis points over Libor on the triple-A piece to 650 points for the double-B paper.

The publicly offered part of the upcoming deal will amount to $182.2 million. Again split into five tranches with ratings from triple-A to double-B, the notes are structured as five-year bullets. — *RD*

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rated 'AA' by Fitch and S&P, plus an A$13.6 million 'AA-'/'A+' tranche.

St. George tapped the market in February with an A$3 billion issue arranged by **Credit Suisse** and **Deutsche Bank Securities**. The euro piece finished eight points over Euribor for 2.96-years, while the senior domestic piece paid 14 basis points over the Bank Bills Swap Rate (BBSW) for 2.9-years (*ASR*, 02/27/06).

Meanwhile, **Interstar Wholesale Finance** has completed its second RMBS of the year through the Interstar Millennium facility. Barclays Capital and **JPMorgan Securities** jointly led the A$1.6 billion-equivalent global deal, upsized from A$1.38 billion.

The deal was backed by a pool of 6,908 loans, 18.25% of which are low-doc mortgages. Insurance was provided by **Genworth** and PMI. The deal featured $600 million of 0.92-year money market notes — rated F1+/P1/A1+ by **Fitch Ratings**, **Moody's Investor's Service** and **Standard & Poor's**, respectively —which priced at two points inside one month Libor. The $550 million triple-A notes offered an eight point spread for 2.96-years.

In addition, two domestic subordinated tranches with a 4.56-year average life were included. The A$34.5 million notes — rated triple-A by Fitch and S&P and Aa1 by Moody's —ended 18 points over BBSW, while theA$40.5 million of AA/Aa2/AA paper offered a 24 basis point pickup. — *RD*

ABS MARKET *CONTINUED FROM PAGE 20*

nonconforming RMBS, RMS 22. The £800 million transaction will offer notes rated from triple-A to double-B. Its provisional pool will have 11 months seasoning with a 76.4% weighted average LTV.

Nordax Finans has its €177.7 million Swedish consumer loans deal, Scandinavian Consumer Loans. The deal features a five-year revolving period. Its senior triple-A rated tranche was sized at €119.0 million and offered alongside four subordinated tranches, including double-B rated notes funding the reserve. The loans were made to prime quality borrowers.

Marketing is also underway for EPIC II, a €900 million synthetic CLO for **DEPFA**. EPIC references 42 loans for PFI and PPP projects in 11 jurisdictions. A total of €78.8 million of rated notes are offered, including €45.0 million of triple-A rated notes and four subordinated tranches rated from double-A to double-B. — *NC*

Consolidated Street Research

To submit research recommendations email research.asr@sourcemedia.com

Countrywide Securities

MBS

The firm believes that intermediate PACs offer good value at current levels. While five-year PACs off 30-year 5.5s and 6.0s are trading to roughly the same LOAS levels, there are some interesting tradeoffs between the two products. While bonds backed by 6.0s have shorter option-adjusted durations, they also have higher option costs and greater sensitivity to curve flattening than PACs structured off 5.5s. The firm suggests that investors active in the sector also consider four-year PACs off 5.5s. (06/07)

Credit Suisse

MBS

Analysts maintain a neutral view on the MBS basis based on an ongoing reassessment of global risk appetite. This process is seemingly ongoing judging by the pace and magnitude of the plunge in Credit Suisse's Global Risk Appetite Index from a 20-year high. The firm's analysis of historical returns adjusted for volatility of returns identifies MBS as offering amongst the highest Sharpe ratios across a broad spectrum of asset classes across the globe. Analysts maintain a neutral view on 15/30 swaps. Valuations on 15/30 swaps have cheapened in June from their richest level in 12 months on 31 May. Up-in-coupon trades remain cheap on 30-year 6s and 6.5s, and 15-year 5.5s and 6s. These swaps have continued to underperform amidst a rally, curve flattening, and reassessment of risk appetite. A continuation of these trends poses further risks to these trades. They maintain our positive bias on GN/FN 5 and 5.5 swaps even as the swaps have Analysts maintain a neutral view on the Gold/FNMA 6 swap and believe the 6.5 swap has further downside from its current level of 5.75 ticks. The potential for portfolio limits on Freddie Mac removes a positive factor that has supported Gold/FN swaps in recent months. (06/05)

Deutsche Bank

ABS

With every sector in the global markets highly correlated to one another, analysts expect to see bigger swings and choppier flows in the near future especially during the thinner summer trading months. Inflationary concerns from the Fed resulted in selling in the bond and stock market. Investors' attitude appeared to be sell first and analyze later. Analysts remain cautious and will look to lighten up on a relatively heavy secondary position of HEQ especially since HEQ issuance will likely be heavy in June as issuers rush to bring deals prior to the S&P rating criteria change. Analysts recommend that investors invest in the more traditional consumer asset classes like cards, autos, and student loans, which generally face less supply pressures and remain highly liquid even during less liquid times. (06/02)

MBS

Deutsche Bank maintains a slight overweight allocation to the mortgage basis, because MBS have historically produced positive excess returns over Treasurys in similar rate volatility environments. Mortgages have cheapened recently because implied vols have risen faster than realized vols, and DB thinks the bid for volatility will dissipate. While fundamentally positive on mortgages, DB acknowledges that OFHEO constraints on GSE portfolios could limit how quickly spreads will tighten back in. Among passthroughs, DB recommends seasoned 6.5s over TBAs because of the superior convexity of collateral and the analysts think Freddie Golds will continue to trade tight to Fannies because of the smaller float. DB points out that demand for floaters continues to drive CMO deals, and the analysts recommend sequentials over PACs to position for a softening of volatility. ARMs have outperformed fixed-rate mortgages as volatility has increased. Among ARM structures, DB recommends 3/1 hybrids over 5/1s and 7/1s. (06/07)

JPMorgan Securities

ABS

While analysts remain very mindful of powerful CDO technicals as a support for spreads, they nonetheless maintain an underweight due to deteriorating fundamentals in the housing market, recognizing that fundamentals will likely win in the long run. Finally, although analysts continue to recommend buying protection to help reduce exposure, they think better opportunities to do so will emerge as the gap between synthetics and cash normalizes some (currently positive). (06/02)

CMBS

Within the capital structure, analysts once again favor junior triple-As versus double-As. Over the past month, junior triple-As underperformed double-As by 2 basis points, which puts the spread differential between the two rating categories at a scant three basis points, which analysts think is too narrow (compared to the average of about nine basis points over the past year). Given that the junior triple-A offers about 2% more subordination, a larger tranche size, which should offer better secondary trading liquidity, and a triple-A rating, analysts think that junior triple-As offer better relative value than double-As' and should either tighten versus the double-As or remain unchanged at these levels while double-A spreads widen. Further down the credit curve, however, analysts are more cautious. With benchmark triple-B and triple-B minus spreads at record tight levels of S+80 and S+115, respectively, it is hard to imagine they have much more room to tighten. (06/02)

MBS

Analysts continue to recommend a modestly positive mortgage weighting, with the current coupon OAS near the widest levels since the beginning of the year, and with possible softening pressure on longer-dated vol. Analysts would express an overweight to the sector in the 30-year 6% coupon, which should benefit from sponsorship. They also like the 6/5.5 for similar reasons, as well as the richness of the 5.5 fly historically versus carry and mortgage yields. Analysts are neutral on 6.5s, after their significant widening over the past two months. Agency hybrids look pretty fair across resets. However, a flat OAS curve favors 5/1s. Additionally, non-agency 5/1s and 10/1s offer the most spread pick over comparable agency hybrids. Analysts like 10/20 IO pools over traditional amortizing passthroughs and versus 10/1 IO in both the agency and non-agency sectors. (06/07)

CDO

Analysts remain overweight on CLOs given their strong technicals, stable credit fundamentals (especially compared to residential mortgage risk in HEL ABS) and relative value versus alternatives. ABS HEL tightening has led to improved relative value of late, as currently triple-A CLOs offer 10 basis points over triple-A HEL securities and 30 basis points over single- As. At the subordinate level, the spread pickup versus alternatives such as emerging markets and corporates remains attractive. For instance, double-B CLOs offer 164 basis points over like-rated corporates in the CDX High Yield Index, and 250 basis points over EM. (06/05)

Lehman Brothers

ABS

Analysts are still long-term positive on ABS and believe any spread widening that materializes will not be massive. Analysts continue to favor Mitsubishi bonds as a source of incremental yield for less risk averse investors. CDRs started to rise earlier this year but have since been trending down. Analysts see value in private student loan ABS. Despite limited performance data, their analysis shows that Sallie Mae transactions are amply protected from losses. The multiple sources of credit enhancement, including over-collateralization, excess spread, and the cash collateral account, should provide sufficient protection to investors across the capital structure in a typical deal. Even under fast prepayment assumptions, loss coverage multiples on bonds across the capital structure are higher than those implied by their ratings. In addition, analysts found that the average lives of the bonds are relatively stable relative to Stafford loan ABS, meaning that private ABS are subject to only moderate prepayment risk. At a spread advantage of five to 20 basis points, triple-A buyers should consider privates student loans over FFELP ABS. Moreover, subordinates may be among the most attractive non-mortgage ABS in the market given their reasonable spreads and high loss-coverage multiples. Among the subordinates, analysts recommend class C over class B because of its shorter average life and 10 to 15 basis point spread advantage. While the short-term supply technicals might put some pressure on spreads, analysts think that triple-As and double-As will be less affected since they still look attractive compared with other sectors. (06/02)

MBS

Analysts stick with a neutral allocation on the mortgage basis for now and will use any major cheapening of the sector to go long the basis. Analysts recommend owning DW 6s versus two-year swaps. This is a core carry trade for the portfolio. Analysts think premiums on the 15-year stack are less likely to cheapen because of shifts in deliverables than 30-year premiums. They also recommend owning the coupon versus DW 5.5s. Analysts continue to like owning IOs as a good carry vehicle and a core hedge against the housing market. They would choose to own IOs off of alt-collateral rather than trust IOs, as these would see the most upside from a housing downturn. (06/02)

RBS Greenwich Capital

MBS

Short FNMA 6.5s long U.S. Treasury five-year in a rally via options One very consistent trend has been the underperformance of the higher coupons (FNMA 6.5s) in a rally. One can implement this view by buying calls on U.S. Treasury five-year and writing them on FNMA 6.5s for one month. This can be done premium neutral, so the trade is flat if rates rise significantly. Analysts like up-in-coupon Gold 5.5-FNMA 5. Slightly weaker since they had recommended the trade. It still looks cheap to the firm. Analysts also note that they continue to like PAC bonds from an OAS and stability perspective. (06/08)

UBS

ABS

Student loans look relatively attractive to their credit card counterparts. And within the student loan sector, private loans look fair-to-slightly attractive when compared to FFELP loans (despite the slight spread tightening recently). Although there may be some pressure on spreads due to higher student loan issuance this year (as of June 2, the market has seen a 40% year-over-year increase from last year), there are numerous positive technicals in the student loan market: prepays will likely slow post the July to August time period, with private loans being non-dischargeable in bankruptcy filings and FFELP loans having a 98% guaranty (99% for loans serviced by servicers who have the exceptional performer designation), losses from bankruptcy and defaults are likely to be low, demand should outweigh supply as new investors enter this market and additional purchase commitments are made by existing investors, and given the uncertainty around the current marketplace, and believe that student loans are less likely to widen than other credit sectors in the case of an ABS spread widening event. Given all these factors, we believe that student loans should tighten relative to credit cards. (06/06)

MBS

Analysts suggest that investors stick to the firm's modest overweight recommendation. Additionally, the basis is starting to look somewhat cheap on the firm's models as mortgages have lagged the decline in volatility over the past two weeks. Because of the firm's outlook for volatility, they would also prefer 30-year mortgages over 15-yr ones. The rally has resulted in 6 and 6.5s looking cheap to 5 and 5.5s. Servicers have gone down in coupon as is their usual behavior in rallies, while 6 and 6.5s have faced continuing pressure from originator selling. 6.5s/5.5s look about 9 ticks cheap. Agency fixed rate IO collateral now looks rich to their amortizing counterparts, courtesy of a robust CMO bid for this product. In hybrid ARMs, analysts continue to like 3/1 and 5/1 non-Agency hybrids versus their agency counterparts. (06/06)

Wachovia Securities

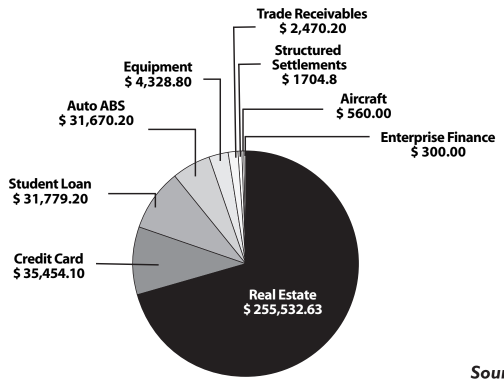
ABS

With S&P's change in rating criteria scheduled to be effective July 1, analysts expect deals that can be closed prior to that date to be rushed to market, potentially putting more pressure on spreads. They are experiencing this in the single name CDS with the market heavy with protection selling from CDO managers trying to finish the ramping of deals. (06/08)

CDO

Analysts anticipate continuing to see a flattening of the credit curve for debt. Additionally, the difficultly being experienced by non-tier-one issuers should impact collateral spreads in other markets. They remain bullish for debt spreads. Top-tier managers in either the ABS CDO or CLO space are still seeing excellent execution up and down the capital structure, including equity. (06/08)

U.S. DOLLAR MARKET EXCLUDING CDOS



Source: ASR

CROSS SECTOR VOLUME

YEAR TO DATE

Proceeds in $mils

	2006	2005	2004
ABS (Public + 144A)	426,312.4	477,045.2	319,877.3
ABS (Public + 144 A excluding CDOs)	335,620.5	424,747.2	292,107.1
ABS (Public Only)	279,775.5	369,335.7	249,112.7
ABS (144A Only)	146,536.9	107,709.5	70,764.7
Non-Agency MBS	293,434.8	207,211.4	133,023.5
Agency MBS	123,965.4	158,171.2	183,221.6
CMBS	62,312.1	54,881.8	39,028.3

Source: Thomson Financial

U.S. DOLLAR MARKET

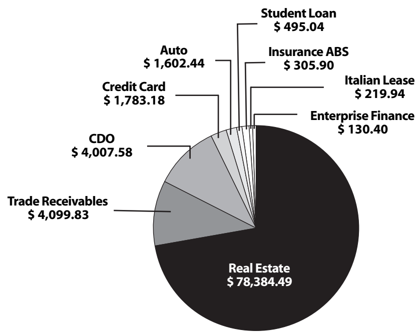
ASSET CLASS	AMOUNT	DEALS	FXD/FLT	N/A	AVG. AAA WALS (FXD/FLT)	A1/P1/F1	AAA	AA(+/-)	A(+/-)	=<BBB+	N/A
Real estate ABS											
home equity	175,503	181	5,286 / 114,887	32%	4.37y / 3.1y	0%	64%	9%	3%	4%	20%
residential MBS	26,107	31	1,355 / 16,744	31%	4.17y / 3.1y	0%	60%	11%	4%	5%	21%
U.K. RMBS	17,613	12	0 / 17,613	0%	- / 2.14y	16%	76%	3%	1%	3%	0%
second lien MBS	14,283	25	1,859 / 10,204	16%	3.51y / 2.55y	0%	75%	10%	4%	4%	7%
HELOC	8,253	8	0 / 6,404	22%	- / 3y	0%	93%	2%	%	1%	5%
subprime MBS	6,336	7	301 / 4,456	25%	4.28y / 2.93y	0%	77%	12%	3%	4%	4%
whole ARM	4,379	5	0 / 2,811	36%	- / 3.23y	0%	79%	13%	3%	5%	0%
NIM	815	15	144 / 217	56%	- / 0.91y	0%	27%	0%	29%	41%	3%
commercial real estate	812	1	0 / 712	12%	- / 3.6y	0%	86%	0%	10%	4%	0%
German/French CMBS	710	1	0 / 710	0%	- / 3.54y	0%	82%	4%	4%	11%	0%
timeshare receivables	250	1	250 / 0	0%	3.77y / -	0%	83%	5%	7%	5%	0%
UK nonconforming RMBS	243	1	0 / 243	0%	- / 0.96y	0%	100%	0%	0%	0%	0%
High LTV MBS	230	1	136 / 94	0%	4.41y / 0.8y	0%	100%	0%	0%	0%	0%
Summary:	**$255.53 billion**	**289**	**9,330 / 175,093**								
Credit card ABS											
bank/general purpose	32,579	46	9,675 / 22,904	0%	5.46y / 4.64y	0%	84%	0%	8%	8%	0%
credit card	1,825	4	0 / 1,825	0%	- / 5y	0%	100%	0%	0%	0%	0%
bank/general purpose business	550	2	250 / 300	0%	3.04y / 4.95y	0%	100%	0%	0%	0%	0%
retail/private label	500	1	0 / 438	12%	- / 6.9y	0%	79%	4%	5%	12%	0%
Summary:	**$35.45 billion**	**53**	**9,925 / 25,467**								
Student loan ABS											
student loans	18,885	11	353 / 17,306	6%	3.06y / 6.46y	0%	92%	3%	1%	0%	4%
FFELP	12,242	10	0 / 10,114	17%	- / 5.47y	0%	86%	1%	3%	0%	10%
private loans	653	1	0 / 445	32%	- / 6.66y	0%	58%	0%	10%	0%	32%
Summary:	**$31.78 billion**	**22**	**353 / 27,865**								
Auto ABS											
auto loans	15,967	11	11,388 / 4,303	2%	2y / 1.69y	19%	77%	%	2%	1%	%
retail loans/prime	6,287	8	4,871 / 1,085	5%	2.09y / 0.24y	14%	83%	1%	2%	1%	0%
retail loans/nonprime	3,633	5	3,152 / 480	0%	2.18y / -	13%	85%	0%	1%	1%	0%
retail loans/truck	2,428	3	1,949 / 479	0%	1.95y / -	20%	78%	0%	2%	0%	0%
retail loan/prime	944	1	227 / 0	76%	0.95y / -	26%	74%	0%	0%	0%	0%
retail leases	912	2	272 / 640	0%	1.64y / 2.65y	0%	97%	0%	2%	1%	0%
retail loans/motorcycle	800	1	800 / 0	0%	1.95y / -	0%	94%	0%	6%	0%	0%
rental car fleet lease	600	1	0 / 600	0%	- / 5y	0%	100%	0%	0%	0%	0%
auto notes	100	1	100 / 0	0%	0.91y / -	0%	100%	0%	0%	0%	0%
Summary:	**$31.67 billion**	**33**	**22,759 / 7,587**								

ASSET CLASS	AMOUNT	DEALS	FXD/FLT	N/A	AVG. AAA WALS (FXD/FLT)	A1/P1/F1	AAA	AA(+/-)	A(+/-)	=<BBB+	N/A
Equipment ABS											
equipment loans	1,432	2	1,136 / 293	%	2.21y / -	20%	76%	%	3%	%	0%
commercial equipment lease	1,008	1	678 / 330	0%	2.03y / -	33%	60%	2%	2%	3%	0%
equipment leases	680	1	0 / 680	0%	- / 5.07y	0%	100%	0%	0%	0%	0%
wholesale dealer floorplan	600	1	0 / 600	0%	- / 2.98y	0%	96%	0%	4%	0%	0%
railcar leases	355	1	355 / 0	0%	10.09y / -	0%	100%	0%	0%	0%	0%
France shipping containers	254	1	254 / 0	0%	7y / -	0%	100%	0%	0%	0%	0%
Summary:	**$4.33 billion**	**7**	**2,423 / 1,903**								
Trade receivables											
insurance premiums	2,352	2	10 / 1,540	34%	10.6y / 13.7y	0%	71%	11%	0%	2%	17%
12b-1 fees	119	1	0 / 119	0%	- / 3.06y	0%	100%	0%	0%	0%	0%
Summary:	**$2.47 billion**	**3**	**10 / 1,659**								
Structured settlements											
franchise fees	1,600	1	1,600 / 0	0%	5.06y / -	0%	94%	0%	0%	6%	0%
legal settlements	105	1	105 / 0	0%	7y / -	0%	87%	0%	13%	0%	0%
Summary:	**$1.7 billion**	**2**	**1,705 / 0**								
Aircraft ABS											
pooled aircraft lease	560	1	0 / 560	0%	- / 4.5y	0%	100%	0%	0%	0%	0%
Summary:	**$560 million**	**1**	**0 / 560**								
Enterprise finance											
small business loans	300	1	0 / 300	0%	- / 5.8y	0%	88%	0%	8%	4%	0%
Summary:	**$300 million**	**1**	**0 / 300**								

EUROPEAN/INTERNATIONAL MARKETS (U.S. EQUIVALENTS)

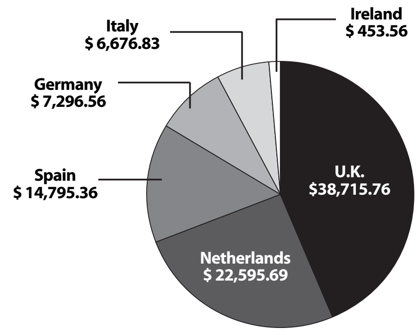
ASSET CLASS	AMOUNT	DEALS	FXD/FLT	N/A	AVG. AAA WALS (FXD/FLT)	A1/P1/F1	AAA	%AA(+/-)	A(+/-)	=<BBB+	N/A
Real estate ABS											
U.K. RMBS	26,648	13	0 / 26,648	0%	- / 3.54y	0%	88%	3%	2%	6%	0%
Dutch RMBS	12,866	7	0 / 6,643	48%	- / 4.46y	0%	93%	3%	1%	3%	%
Spain RMBS	11,841	8	0 / 11,379	4%	- / 4.46y	0%	95%	1%	2%	2%	0%
Dutch synthetic RMBS	4,713	1	0 / 4,713	0%	- / -	0%	95%	2%	2%	2%	0%
U.K. CMBS	4,507	7	530 / 3,976	0%	5y / 6.9y	0%	76%	10%	2%	13%	0%
European RMBS	2,730	1	0 / 2,730	0%	- / 3.6y	0%	95%	3%	0%	2%	0%
Italy RMBS	2,549	2	0 / 2,549	0%	- / 4.9y	0%	95%	1%	2%	2%	%
German CMBS	2,467	3	0 / 2,026	18%	- / 5.13y	0%	75%	9%	5%	10%	0%
Netherlands RMBS	2,288	2	0 / 2,288	0%	- / 7.64y	0%	84%	0%	0%	16%	0%
Pan-European CMBS	1,831	1	0 / 1,831	0%	- / 7.77y	0%	73%	12%	8%	8%	0%
Italy MBS	1,757	1	0 / 1,757	0%	- / 5.1y	0%	88%	0%	2%	10%	0%
UK nonconforming RMBS	1,055	1	0 / 1,055	0%	- / 2.16y	0%	81%	9%	5%	4%	0%
Spanish CMBS	1,006	1	0 / 834	17%	- / 5.27y	0%	95%	2%	3%	1%	0%
UK subprime RMBS	841	1	0 / 841	0%	- / 2.67y	0%	78%	12%	4%	5%	0%
German RMBS	649	1	0 / 649	0%	- / 5.3y	0%	87%	5%	3%	4%	0%
Irish CMBS	454	1	0 / 454	0%	- / 7y	0%	67%	13%	11%	9%	0%
European CMBS	184	1	0 / 184	0%	- / 7.7y	0%	77%	9%	0%	14%	0%
Summary:	**$78.38 billion**	**52**	**530 / 70,557**								
Trade receivables											
consumer loans	1,949	1	0 / 1,949	0%	- / 3.32y	0%	97%	2%	2%	0%	0%
Italian finance lease	1,307	1	0 / 1,307	0%	- / 3.48y	0%	93%	0%	5%	1%	0%
Italy consumer loans	844	1	0 / 844	0%	- / 4.8y	0%	94%	0%	4%	2%	0%
Summary:	**$4.1 billion**	**3**	**0 / 4,100**								

INTERNATIONAL MARKET



Source: ASR

INTERNATIONAL MARKET



Source: ASR

EUROPEAN/INTERNATIONAL MARKETS (U.S. EQUIVALENTS)

ASSET CLASS	AMOUNT	DEALS	FXD/FLT	N/A	AVG. AAA WALS (FXD/FLT)	A1/P1/F1	AAA	%AA(+/-)	A(+/-)	=<BBB+	N/A
CDO											
SME	2,499	1	0 / 269	89%	- / -	0%	87%	%	4%	9%	0%
Mezz CDO	840	2	17 / 823	0%	- / 7.5y	0%	76%	11%	7%	6%	0%
European managed CLO	426	1	8 / 417	0%	9.1y / 8.85y	0%	74%	9%	7%	10%	0%
German SME CLO	243	1	0 / 243	0%	- / 6.5y	0%	69%	10%	5%	11%	5%
Summary:	**$4.01 billion**	**5**	**25 / 1,752**								
Credit card ABS											
European consumer loans	1,062	1	1,062 / 0	0%	5y / -	0%	100%	0%	0%	0%	0%
U.K. credit cards	495	1	0 / 495	0%	- / 1.2y	0%	92%	6%	0%	2%	0%
bank/general purpose	226	1	0 / 226	0%	- / -	0%	0%	0%	42%	58%	0%
Summary:	**$1.78 billion**	**3**	**1,062 / 721**								
Auto ABS											
German auto loans	1,254	1	0 / 1,254	0%	- / 3.9y	0%	97%	0%	3%	0%	0%
retail loans	349	1	0 / 349	0%	- / 1.35y	0%	72%	0%	13%	15%	0%
Summary:	**$1.6 billion**	**2**	**0 / 1,602**								
Student loan ABS											
student loans	495	1	0 / 0	100%	- / -	0%	100%	0%	0%	0%	0%
Summary:	**$495.04 million**	**1**	**0 / 0**								
Insurance ABS											
European insurance	306	1	0 / 306	0%	- / -	0%	0%	0%	0%	100%	0%
Summary:	**$305.9 million**	**1**	**0 / 306**								
Italian Lease ABS											
auto/residential/equipment	220	1	0 / 220	0%	- / -	0%	0%	0%	0%	100%	0%
Summary:	**$219.94 million**	**1**	**0 / 220**								
Enterprise finance											
whole business ABS	130	1	130 / 0	0%	- / -	0%	0%	0%	57%	43%	0%
Summary:	**$130.4 million**	**1**	**130 / 0**								

Notes: Unless otherwise noted, volume charts are derived from weekly scorecards collected by *ASR* from market sources believed to be reliable. Not-available indicates information was either withheld by seller, or correspond to classes that were privately-placed or retained-by-seller. In most cases, terms reflect pricing date, not settlement. U.S. dollar equivalents correspond to pricing date. Corrections or suggestions should be sent to research.asr@sourcemedia.com
The Thomson Financial volume charts previously printed in ASR are still available at asreport.com.

MANAGER ACTIVITY: YEAR TO DATE

Full Credit to Book (Equal if Joint) • U.S. Public ABS Market/144A Market

Autos

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Citigroup	6,327.6	1	21.0	13
JP Morgan	4,628.5	2	15.4	11
Wachovia Corp	3,139.5	3	10.4	7
Deutsche Bank AG	2,602.6	4	8.7	8
Royal Bank of Scotland Group	2,169.3	5	7.2	5
Merrill Lynch & Co Inc	1,847.5	6	6.1	4
Barclays Capital	1,705.7	7	5.7	4
Banc of America Securities LLC	1,682.4	8	5.6	2
Credit Suisse	1,550.0	9	5.2	3
Morgan Stanley	982.4	10	3.3	2
Industry Total	**30,071.2**	**-**	**100.0**	**38**

CDOs

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Citigroup	13,852.8	1	15.3	23
Merrill Lynch & Co Inc	12,695.7	2	14.0	18
Banc of America Securities LLC	8,538.7	3	9.4	21
Deutsche Bank AG	6,810.1	4	7.5	11
UBS	5,654.0	5	6.2	16
Credit Suisse	5,617.9	6	6.2	10
Bear Stearns & Co Inc	5,211.1	7	5.8	11
Morgan Stanley	4,165.0	8	4.6	16
Lehman Brothers	4,042.3	9	4.5	7
Royal Bank of Scotland Group	3,245.9	10	3.6	6
Industry Total	**90,691.9**	**-**	**100.0**	**178**

Credit Cards

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Citigroup	8,982.0	1	26.7	13
Banc of America Securities LLC	7,939.0	2	23.6	12
JP Morgan	7,403.7	3	22.0	15
Deutsche Bank AG	2,549.9	4	7.6	7
Morgan Stanley	1,829.0	5	5.4	2
Barclays Capital	1,209.0	6	3.6	4
HSBC Holdings PLC	1,000.0	7	3.0	1
Credit Suisse	875.0	8	2.6	3
ABN AMRO	500.0	9	1.5	1
Lehman Brothers	425.0	10	1.3	2
Industry Total	**33,695.5**	**-**	**100.0**	**49**

Real Estate ABS

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Morgan Stanley	24,392.3	1	10.7	24
Lehman Brothers	23,939.3	2	10.5	56
Credit Suisse	20,537.0	3	9.0	42
Royal Bank of Scotland Group	17,539.4	4	7.7	24
Countrywide Securities Corp	15,630.8	5	6.9	18
Deutsche Bank AG	15,022.1	6	6.6	27
Bear Stearns & Co Inc	14,860.7	7	6.5	39
Merrill Lynch & Co Inc	13,597.2	8	6.0	19
JP Morgan	13,584.1	9	6.0	30
Citigroup	12,877.1	10	5.7	33
Industry Total	**227,446.3**	**-**	**100.0**	**425**

Student Loans

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Citigroup	4,793.6	1	17.9	7
Deutsche Bank AG	4,445.0	2	16.6	7
Credit Suisse	3,306.5	3	12.4	6
Banc of America Securities LLC	2,550.5	4	9.5	4
Morgan Stanley	2,507.4	5	9.4	3
Merrill Lynch & Co Inc	2,301.0	6	8.6	2
Goldman Sachs & Co	1,803.8	7	6.7	2
Lehman Brothers	1,284.7	8	4.8	1
UBS	998.7	9	3.7	2
JP Morgan	769.3	10	2.9	1
Industry Total	**26,771.8**	**-**	**100.0**	**21**

Dealer Floorplan

Managers	Proceeds (mils)	Rank	Mkt. Share	# of Issues
Credit Suisse	695.0	1	20.0	2
Barclays Capital	575.5	2	16.6	1
Citigroup	575.5	2	16.6	1
Deutsche Bank AG	504.2	4	14.5	1
Merrill Lynch & Co Inc	504.2	4	14.5	1
Fortis Capital	340.0	6	9.8	1
Lehman Brothers	282.8	7	8.1	1
Industry Total	**3,477.2**	**-**	**100.0**	**5**

Issues describes number of deals.

Source: Thomson Financial/ASR

Pricing Date	Issuer	Transaction	Collateral	Underwriters	Amount	(%) of total
Ambac						
01/23/06	Triad Financial	Triad Auto Receivables Owner Trust 2006-A	retail auto loans	Citigroup Global Markets, Goldman Sachs	$822.50	
01/30/06	Bear Stearns	SACO I Trust 2006-2	CES	Bear Stearns	$598.57	
01/30/06	Lehman Brothers	Lehman XS Trust Mortgage 2006-2N	negam	Lehman Brothers	$214.01	
02/28/06	IndyMac Mortgage	IndyMac INDX Mortgage Loan Trust 2006-AR2	negam	Lehman Brothers	$178.72	
03/17/06	IndyMac Mortgage	IndyMac Loan Trust 2006-L1	lotloan	Credit Suisse	$239.63	
03/21/06	Dollar Thrifty Automotive Group	Rental Car Asset Backed Notes, 2006-1	rental car fleet lease	Deutsche Bank Securities, JPMorgan Securities	$600.00	
03/22/06	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2006-C	HELOC	Countrywide Securities	$1,850.00	
03/27/06	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2006-B	HELOC	Countrywide Securities	$1,150.00	
03/29/06	Countrywide Home Loans Inc.	Countrywide Asset-Backed Certificates 2006-S1	CES	Countrywide Securities	$860.00	
03/29/06	GreenPoint Mortgage	GreenPoint Mortgage Funding Trust 2006-AR2	negam	Bear Stearns	$169.83	
04/26/06	Ballantyne Re Plc	Ballantyne Re	insurance premiums	Lehman Brothers	$900.00	
				Total	***$7,583.26***	
Assured Guaranty						
04/26/06	Ballantyne Re Plc	Ballantyne Re	insurance premiums	Lehman Brothers	$500.00	
				Total	***$500.00***	
CIFG						
02/10/06	Merrill Lynch	Merrill Lynch Mortgage Investors 2006-WMC1	subprime RMBS	Merrill Lynch	$104.82	
02/13/06	Deutsche Bank	ACE Securities Corp. 2006-HE1	subprime RMBS	Deutsche Bank Securities	$104.27	
03/28/06	Frontier Leasing	Frontier Funding Company V	equipment leases	RiviereJenison	$51.59	
				Total	***$260.68***	
FGIC						
001/19/06	Citigroup	Hedged Mutual Fund Fee Trust 2006-1	mutual fund fees	Citigroup Global Markets	$120.25	
01/20/06	GMAC-RFC	RFMSII Home Equity Loan Trust 2006-HSA1	close-end seconds	Countrywide Securities	$461.44	
01/31/06	GMAC-RFC	RFMSII Home Equity Loan Trust 2006-HSA2	closed-end seconds	Countrywide Securities	$447.90	
02/15/06	The Winter Group	Terwin Mortgage Trust 2006-2HGS	closed-end seconds	Terwin Capital	$491.10	
02/27/06	Ameriquest Mortgage	Quest Trust 2006-X1	subprime	RBS Greenwich Capital	$244.16	
03/27/06	Countrywide Home Loans Inc.	Countrywide Asset-Backed Certificates 2006-S2	closed-end seconds	Countrywide Securities	$1,050.00	
03/27/06	First Tennessee Bank	First Horizon ABS Trust 2006 HE-1	HELOC	FTN Financial	$299.80	
03/28/06	GMAC	GMACM Home Equity Loan Trust 2006-HE1	HELOC	JPMorgan Securities	$1,274.15	
03/28/06	GMAC	GMACM Home Loan Trust 2006-HLTV1	High-LTV	Bear Stearns	$229.86	
03/29/06	IndyMac Mortgage	IndyMac Home Equity 2006-H1	HELOC	Lehman Brothers	$490.25	
				Total	***$5,108.91***	

Pricing Date	Issuer	Transaction	Collateral	Underwriters	Amount	(%) of total
FSA						
01/25/06	Greenwich Capital Financial Products Inc.	Harborview Mortgage Loan Trust 2006-1	negam	RBS Greenwich Capital	$364.3	
01/31/06	Deutsche Bank	Deutsche Alt-B Securities Mortgage Loan Trust 2006-AB1	residential	Deutsche Bank Securities	$95.0	
02/14/06	Luminent Capital Mortgage Inc.	Luminent Mortgage Trust 2006-2	negam	RBS Greenwich Capital	$107.6	
02/22/06	Prestige Financial Services Inc.	Prestige Auto Receivables Trust 2006-1	retail loans/nonprime	JPMorgan Securities	$236.8	
03/21/06	Consumer Portfolio Services	CPS Auto Receivables Trust 2006-A	retail loans/nonprime	UBS/Bear Stearns	$245.0	
05/04/06	Long Beach Auto Receivables Trust 2006-A	Long Beach Acceptance Corp.	retail loans/nonprime	RBS Greenwich Capital	$450.0	
05/19/06	GMAC-RFC RFMS II-HSA3	GMAC-RFC	home equity	RBS Greenwich Capital, RFC Securities	$201.0	
				Total	***$1,699.70***	
MBIA						
01/10/06	First Investors Financial Services	First Investors Auto Owner Trust 2006-A	auto subprime receivables	Wachovia Securities	$189.06	
01/11/06	Cendant Corp.	AESOP Funding 2006-1	operating assets and enhanced equipment trust certs	Deutsche Bank Securities, Merrill Lynch	$600.00	
03/23/06	JG Wentworth	JG Wentworth 2006	separate account GICs	Deutsche Bank Securities	$76.86	
05/09/06	AmeriCredit Corp.	AmeriCredit Auto Receivables Trust 2006-RM	auto loans	Credit Suisse; Lehman Brothers	$1,200.00	
				Total	***$2,065.92***	
XLCA						
02/24/06	Bear Stearns	SACO I Trust 2006-1	HELOC	Bear Stearns	$286.07	
02/27/06	RBS Greenwich Capital	Harborview Mortgage Loan Trust-CB1	home equity	RBS Greenwich Capital	$65.55	
03/03/06	RBS Greenwich Capital	DSLA Mortgage Loan Trust 2006-AR1	home equity	RBS Greenwich Capital	$156.72	
03/24/06	Countrywide Securities	Countrywide Home Equity Loan Trust 2006-D	HELOC	Countrywide Securities	$1,850.00	
03/28/06	RBS Greenwich Capital	Harborview Mortgage Loan Trust-BU1	home equity	RBS Greenwich Capital	$80.79	
05/12/06	DT Auto Finance	Drive Time Auto Owner Trust 2006-A	retail loans/nonprime	RBS Greenwich Capital	$240.00	
				Total	***$2,679.13***	

MORTGAGE DATA

	30-yr. Fixed-Rate Mortgage	15-yr. Fixed-Rate Mortgage	5-yr. Treasury Indexed ARMS	1-yr. Treasury-Indexed ARMS	MBA Refi Index	Home Purchase Index
Week ending 06/09/06	6.62%	6.23%	6.20%	5.63%	1356.0	395.6
Week ending 06/02/06	6.67%	6.26%	6.26%	5.68%	1409.0	395.5
One Year Ago	5.56%	5.14%	5.01%	4.21%		

*Refinancings made up **34.2%** of the total volume of mortgage loan applications, decreasing from **34.9%** from last week. Base period for indexes 3/16/90 = 100*

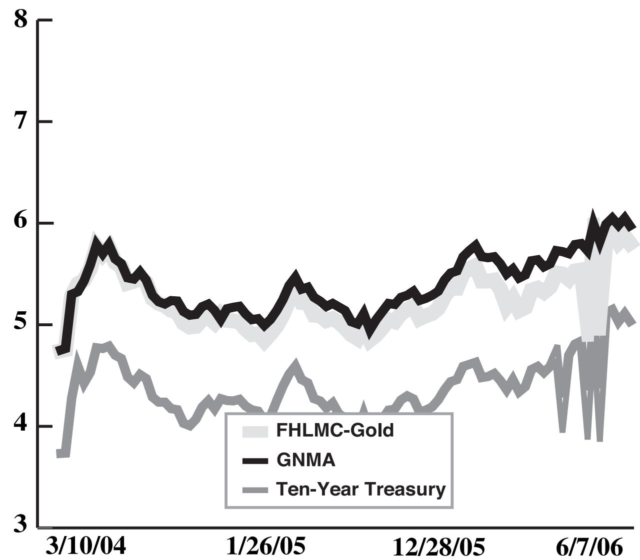
PREPAYMENT OUTLOOK

Fannie Mae

Cpn	Year	May	June (E)	%Change	July (E)	August (E)
4.5	2003	8	9	6%	8	9
5.0	2005	8	8	2%	7	8
5.0	2004	10	10	3%	9	10
5.0	2003	11	11	3%	10	11
5.5	2005	11	11	-3%	10	11
5.5	2004	14	14	0%	12	14
5.5	2003	14	14	-1%	12	14
5.5	2002	13	13	-1%	11	13
6.0	2005	17	16	-5%	15	17
6.0	2004	20	19	-2%	17	19
6.0	2003	18	18	-2%	16	18
6.0	2002	16	16	-3%	14	16
6.0	1998	15	14	-5%	13	15
6.5	2002	20	19	-4%	17	19
6.5	2001	21	19	-6%	17	19
6.5	1998	19	18	-6%	17	18

Source: IFR Mortgage Data

CURRENT COUPON VS. 10-YEAR TREASURY YIELDS



CURRENT COUPON YIELD SPREADS OVER THE 10-YEAR TREASURY

Date	MBS Coupon	FHLMC Gold Yield	FHLMC Gold Spread	Ginnie Mae Yield	Ginnie Mae Spread	10y Tsy Yield
06/01/06	5.0	6.03	92	5.84	73	5.11
06/02/06	5.0	5.90	91	5.72	73	4.99
06/05/06	5.0	5.94	92	5.76	74	5.02
06/06/06	5.0	5.93	92	5.78	77	5.01
06/07/06	5.0	5.96	94	5.79	77	5.02

ADJUSTABLE-RATE MORTGAGE SPREADS

ARM Type	Index Value	Effective Margin	OAS	ZVO
GNMA				
06/07/06	5.030	57	79	77
Previous Week	4.990	56	80	82
Conventional - 1-Year CMT				
06/07/06	5.030	89	115	114
Previous Week	4.990	88	120	119
Conventional - Cofi - 11TH				
06/07/06	3.759	143	46	16
Previous Week	3.624	143	43	13

Source: Capital Management Sciences

DIRECT AGENCY CMO SPREADS

Average Life (Yrs.)	0 to 2	2 to 7	7 +
PAC			
06/07/06	158	171	183
Previous Week	157	170	182
1-Month Average	157	170	181
12-Month Range	130-170	140-190	150-200
TAC			
06/07/06	50	117	159
Previous Week	50	117	158
1-Month Average	50	117	158
12-Month Range	40-90	100-160	130-170
SEQ			
06/07/06	115	142	173
Previous Week	116	141	172
1-Month Average	115	142	172
12-Month Range	80-130	120-160	140-190

All nominal spreads are in basis points over the equivalent maturity Treasury and are derived from actual transactions in each of the sectors defined.

Source: CMS BondEdge, an Interective Data division

FIXED-RATE MORTGAGES (06/08/06)

	Average Conventional 30-Year Commitment Rate	Fees & Points	Average Conventional 15-Year Commitment Rate	Fees & Points
US	6.62	0.5	6.23	0.5
Northeast	6.67	0.4	6.27	0.4
Southeast	6.54	0.7	6.18	0.7
N. Central	6.73	0.3	6.31	0.3
Southwest	6.60	0.5	6.23	0.5
West	6.57	0.6	6.57	0.7

Source: Freddie Mac

ADJUSTABLE-RATE MORTGAGES (06/08/06)

	5/1 ARM Commitment Rate	Fees & Points	Margin	1 Year ARM Commitment Rate	Fees & Points	Margin
US	6.20	0.5	2.76	5.63	0.8	2.75
Northeast	6.06	0.4	2.80	5.5	0.6	2.77
Southeast	6.20	0.7	2.75	5.7	1.0	2.75
N. Central	6.38	0.3	2.79	5.6	0.6	2.80
Southwest	6.11	0.8	2.76	5.68	0.7	2.79
West	6.25	0.6	2.73	5.68	0.9	2.71

Source: Freddie Mac

Mortgage	Servicer Rating					
Servicer	**Fitch**	**Date Rated**	**Moody's**	**Date Rated**	**S&P**	**Date Rated**
Aames Financial Corp.			SQ3	3/7/05		
Accredited Home Lenders	RPS3	5/31/05	SQ2	2/21/06	Confidential	
ABN AMRO Mortgage	RPS2+#	7/26/04	SQ3-*	10/24/05	Above Avg#	7/1/04
Aegis Mortgage Corp					Average	5/17/05
AMC Mortgage	RPS2+	12/28/04	SQ2	7/11/05	Strong	8/6/02
Aurora			SQ2#	6/10/05	Average	4/19/05
Bank of America, N.A.			SQ1#	2/9/06		
Chase Home Finance	RPS1	10/26/04	SQ1	2/28/05	Strong	3/1/05
Centex Home Equity Corp.	RPS2+	5/10/05			Above Avg	12/15/04
Central Mortgage Co.			SQ3#	7/5/05		
CitiFinancial Mortgage	RPS2+	12/28/04	SQ2	2/9/06	Above Avg	3/14/05
Countrywide Home Loans	RPS1	9/1/04	SQ1	1/10/06	Strong	8/1/04
EMC Mortgage	RPS1	6/2/05	SQ1	6/27/05	Above Avg	8/4/03
Equity One	RPS3+	6/17/05	SQ2-	5/13/05	Strong	8/11/05
First Horizon Home Loan Corp.			SQ2#	3/8/05		
Fremont Investment & Loan	RPS3	7/26/05	SQ3+	1/3/06	Confidential	
GMAC Mortgage Corp.	RPS1	7/22/04			Above Avg	9/6/02
GMAC-RFC	RPS1	11/12/03	SQ1*	7/5/05	Above Avg	6/4/03
Green Tree Servicing	RPS3	10/18/04	SQ3	11/7/05	Above Avg	7/19/04
Homecomings Financial	RPS1	10/28/04	SQ2	4/22/05	Strong	7/1/04
Homeloan Management Limited	RPS2+	6/7/04	SQ2	9/7/05		
HomEq Servicing	RPS1	5/27/04	SQ1	1/12/05	Strong	2/25/03
Indymac Bank, FSB	RPS2+	10/22/04	SQ2	1/3/05	Above Avg	7/28/04
Litton Loan Servicing	RPS1	12/9/04	SQ1	11/1/05	Strong	6/9/04
Mortgage Lenders Network USA					Confidential	
National City Home Loan Services	RPS2-	4/29/05	SQ2+	7/19/05	Above Avg	10/7/04
New Century Mortgage	RPS3	7/28/05	SQ3*	11/11/05	Average	6/28/04
Novastar Mortgage	RPS3+	3/5/04	SQ2	7/11/05	Strong	8/8/03
Ocwen Loan Servicing	RPS2	12/29/04	SQ2-	7/1/05	Strong	4/23/04
Option One Mortgage	RPS1	9/16/04	SQ1	2/10/06	Strong	5/2/05
Regions			SQ2	4/11/05	Above Avg	9/7/05
Saxon Mortgage	RPS2+	9/1/04	SQ2	8/9/05	Above Avg	2/17/05
Select Portfolio Servicing (fka Fairbanks)	RPS2-	3/4/05	SQ2-	12/9/05	Average	5/7/04
SN Servicing			SQ2-	1/13/06	Confidential	
U.S. Bank Home Mortgage			SQ3*	1/26/06		
Washington Mutual Bank	RPS2	7/6/04	SQ2	7/8/05	Confidential	
Wells Fargo Bank N.A.			SQ1*	3/29/06		
Wells Fargo Home Mortgage	RPS1	9/21/04	SQ1*	1/26/06	Strong	8/1/04
Wilshire Credit	RPS1-	4/28/05	SQ2+	10/19/05	Strong	1/10/05

Credit Cards	Primary Servicer Rating					
Servicer	**Fitch**	**Date Rated**	**Moody's**	**Date Rated**	**S&P**	**Date Rated**
1st Financial Bank USA			SQ2	12/8/05	Confidential	
Arrow Financial Services LLC						
First National Bank of Omaha	ABPS/S 3	2/4/05	SQ3-	8/24/05	Above Avg	4/26/04
HSBC Finance Corp.	ABPS/S 2+	7/11/05				
InfiniCorp Holdings	ABPS/S 3+	2/4/05				
MBNA America Bank	ABPS/S 1-	7/11/05			Strong	2/17/04
Providian National Bank	ABSS/S 3+	10/10/05				

Student Loans	Primary Servicer Rating					
Servicer	**Fitch**	**Date Rated**	**Moody's**	**Date Rated**	**S&P**	**Date Rated**
CFS-SunTech Servicing			SQ1-	8/2/05		
Great Lakes Loan Services			SQ1	3/7/06		
Sallie Mae, Inc.	ABP/S 1	1/27/06				

Subprime Servicer Rating unless otherwise indicated;
****Indicates Master Servicer Rating; #Indicates Prime Servicer Rating***
To add or correct a rating contact Karen Sibayan at 212-803-8735 or karen.sibayan@sourcemedia.com

Date	Class	Size	Agency	Action	Prior	Current
Aphex Capital MOTIVE Series 2004-C						
06/07/06	A	$10,000,000	S&P	cw negative	AA+	AA+ / neg
Contact: Renee Gallizzo 212-438-2566						
Barton Springs CDO SPC 2005-1 SEG						
06/07/06	A-1	$1,000,000	S&P	cw removal	AA- / dev	AA-
06/07/06	A-2	$1,000,000	S&P	cw removal	AA- / dev	AA-
06/07/06	B-1	$19,000,000	S&P	cw removal	BBB+ / dev	BBB+
06/07/06	B-2	$17,000,000	S&P	cw removal	BBB+ / dev	BBB+
06/07/06	C-1	$17,000,000	S&P	cw removal	BBB- / dev	BBB-
06/07/06	C-2	$17,000,000	S&P	cw removal	BBB- / dev	BBB-
06/07/06	C-3	$5,000,000	S&P	cw removal	BBB- / dev	BBB-
06/07/06	D-1	$5,000,000	S&P	cw removal	BB / dev	BB
06/07/06	D-2	$4,300,000	S&P	cw removal	BB / dev	BB
Contact: Renee Gallizzo 212-438-2566						
Birkenstein Limited						
06/07/06	B	€54,000,000	S&P	cw negative	AA	AA / neg
Contact: Renee Gallizzo 212-438-2566						
Blue Point CDO SPC 2005-1						
06/07/06	B-1	$10,000,000	S&P	cw negative	AA / dev	AA / neg
06/07/06	B-2	$8,000,000	S&P	cw removal	AA / dev	AA / neg
06/07/06	C-1	$5,000,000	S&P	cw removal	BBB / dev	BBB
06/07/06	C-2	$1,000,000	S&P	cw removal	BBB / dev	BBB
06/07/06	D-1	$1,000,000	S&P	cw removal	BB+ / dev	BB+
06/07/06	D-2	$1,000,000	S&P	cw removal	BB+ / dev	BB+
Contact: Renee Gallizzo 212-438-2566						
Blue Point CDO SPC 2005-2						
06/07/06	B	€1,000,000	S&P	cw negative	AA / dev	AA / neg
06/07/06	C	€10,000,000	S&P	cw removal	BBB / dev	BBB
06/07/06	D	€3,000,000	S&P	cw removal	BB+ / dev	BB+
Contact: Tim Walsh 435-3663						
Jefferson Valley CDO SPC 2006-1						
06/07/06	A	$2,500,000	S&P	cw negative	AAA	AAA / neg
06/07/06	B-1	$7,000,000	S&P	cw negative	AA	AA / neg
06/07/06	B-2	$300,000	S&P	cw negative	AA	AA / neg
Contact: Renee Gallizzo 212-438-2566						
Momentum CDO (Europe) Ltd. 2005-9						
06/07/06	notes	€10,000,000	S&P	cw removal	A- / neg	A-
Contact: Ian Stewart 212-803-2931						
Morgan Stanley ACES SPC 2005-21						
06/07/06		∏¥500,000,000	S&P	cw negative	AA+	AA+ / neg
Contact: Niyati Shah 212-803-6263						
Morgan Stanley ACES SPC 2006-2						
06/07/06	Secd Nts	US$6,000,000	S&P	cw negative	AAA	AAA / neg
Contact: Ian Stewart 212-803-2931						

Note: Full details on abridged deals available at asreport.com

Date	Class	Size	Agency	Action	Prior	Current
Morgan Stanley ACES SPC 2006-4						
06/07/06	IA	$ 5,000,000	S&P	cw negative	AA+	AA+ / neg
06/07/06	IIA	¥1,000,000,000	S&P	cw negative	A+	A+ / neg
Contact: Ian Stewart 212-803-2931						
Morgan Stanley ACES SPC 2006-7						
06/07/06	IA	¥500,000,000	S&P	cw negative	AAA	AAA / neg
Contact: Ian Stewart 212-803-2931						
Oban Trust 2005-2						
06/07/06	A	CAD 25,000,000	S&P	cw negative	AA	AA / neg
Contact: Renee Gallizzo 212-438-2566						
Oban Trust 2006-1						
06/07/06	A	CAD 53,500,000	S&P	cw negative	AAA	AAA /neg
Contact: Renee Gallizzo 212-438-2566						
Robania CDO Limited						
06/07/06	A-1	$1,000,000	S&P	cw removal	AA / dev	AA
06/07/06	A-2	$1,000,000	S&P	cw removal	AA / dev	AA
06/07/06	B-1	$10,000,000	S&P	cw removal	BBB+ / dev	BBB+
06/07/06	B-2	$10,000,000	S&P	cw removal	BBB+ / dev	BBB+
06/07/06	B-3	$1,000,000	S&P	cw removal	BBB+ / dev	BBB+
06/07/06	C-1	$1,000,000	S&P	cw removal	BBB- / dev	BBB-
06/07/06	C-2	$1,000,000	S&P	cw removal	BBB- / dev	BBB-
Contact: Renee Gallizzo 212-438-2566						
SALS 2003-10						
06/07/06	F	$10,000,000	S&P	cw negative	BB+	BB+ /neg
Contact: Ian Stewart 212-803-2931						
Sunset Park CDO Ltd. SPC 2004-1						
06/07/06	B	$6,000,000	S&P	cw removal	AA / dev	AA
06/07/06	C	$5,000,000	S&P	cw removal	A / dev	A
Contact: Renee Gallizzo 212-438-2566						
Sunset Park CDO Ltd. SPC 2004-2						
06/07/06	D	$10,800,000	S&P	cw removal	BBB+ / dev	BBB+
Contact: Renee Gallizzo 212-438-2566						
Sunset Park CDO Ltd. SPC 2004-4						
06/07/06	B	$35,000,000	S&P	cw removal	BBB+ / dev	BBB+
Contact: Renee Gallizzo 212-438-2566						
Sunset Park CDO Ltd. SPC 2005-5						
06/07/06	A1	$12,000,000	S&P	downgrade	AA+ / neg	AA
06/07/06	A2	$9,100,000	S&P	downgrade	AA+ / neg	AA
06/07/06	B	$25,000,000	S&P	downgrade	AA / neg	AA-
06/07/06	C	$5,000,000	S&P	downgrade	A+ / neg	A / neg
Contact: Ian Stewart 212-803-2931						

Note: Full details on abridged deals available at asreport.com

Date	Class	Size	Agency	Action	Prior	Current
Sunset Park CDO-M Limited SPC 2005-3 SEG						
06/07/06	D-1	$49,000,000	S&P	cw removal	AA- / dev	AA-
06/07/06	D-2	$5,000,000	S&P	cw removal	AA-/ dev	AA-
06/07/06	E	$3,000,000	S&P	cw removal	A- / dev	A-
Contact: Renee Gallizzo 212-438-2566						
TIERS Georgia Floating Rate Credit Linked Trust, Series 2006-1						
06/07/06	certs	$28,000,000	S&P	cw negative	BBB	BBB / neg
Contact: Ian Stewart 212-803-2931						
UBS AG (Jersey Branch) 24-Feb-06						
06/07/06	notes	$10,000,000	S&P	cw negative	BBB	BBB / neg
Contact: Ian Stewart 212-803-2931						
UBS Investment AG 17-Mar-06						
06/07/06	notes	$7,000,000	S&P	cw negative	BBB-	BBB- / neg
Contact: Ian Stewart 212-803-2931						
FACT-2004 Limited						
06/06/06	B	22.50	MDY	upgrade	A2	Aa2
Contact: 212-553-0300						
PNC, Series 2000-C1						
06/06/06	C	34,047	FTC	upgrade	AA-	AAA
06/06/06	D	10,014	FTC	upgrade	A+	AAA
06/06/06	E	26,036	FTC	upgrade	BBB+	AA+
06/06/06	E	12,016	FTC	upgrade	BBB-	AA-
06/06/06	G	12,017	FTC	upgrade	BB+	A-
06/06/06	H	18,024	FTC	upgrade	BB	BBB-
06/06/06	J	8,011	FTC	upgrade	BB-	BB+
06/06/06	K	7,010	FTC	upgrade	B+	BB-
Contact: Scott Pritchard 312-368-3268						
TIAA CMBS I Trust 2001-C1						
06/06/06	C	51,277	FTC	upgrade	AA+	AAA
06/06/06	D	21,975	FTC	upgrade	AA-	AAA
06/06/06	E	14,650	FTC	upgrade	A+	AA+
06/06/06	E	18,314	FTC	upgrade	A-	AA-
06/06/06	G	14,650	FTC	upgrade	BBB+	A
06/06/06	H	32,964	FTC	upgrade	BBB	BBB+
06/06/06	J	14,650	FTC	upgrade	BBB-	BBB
Contact: Greg Christoforides 212-908-0703						
ML CBO Series 1997-AIG-1						
06/05/06	A Float Rate Sen Sec Nts	230.50	MDY	downgrade	Caa2	Ca
Contact: 212-553-0300						
Structured Asset Tst Unit Repackaging Tribune Co Debenture Backed S 2006-1						
06/02/06	A units	$79,795,000.00	S&P	downgrade	A-	BBB-
06/02/06	B units	notional	S&P	downgrade	A-	BBB-
Contact: Bradley Browne 212-438-7316						

Note: Full details on abridged deals available at asreport.com

Date	Class	Size	Agency	Action	Prior	Current
Green Tree Financial Corp Man Hsg Trust 1998-5						
06/02/06	B-1	$8,153,155.51	S&P	downgrade	CCC-	D
Contact: Kelly Luo 212-438-2535						
Galleria IV Ltd						
06/02/06	B	$14,000,000	S&P	cw negative	BB-	BB- / neg
Contact: Ramki Muthukrishnan 212-438-1384						
PreferredPLUS trust Series GRC-1						
06/01/06	Certs	$38.75	S&P	upgrade	BBB-	BBB
Contact: Bradley Browne						
SATURNS Trust No 2002-15						
06/01/06	Units	$25.02	S&P	upgrade	BBB-	BBB
Contact: Bradley Browne						
Corp Backed Tst Certis Kinder Morgan Inc Debenture Backed S 2002-6 Tst						
06/01/06	Certs	$10.57	S&P	creditwatch	BBB	BBB/RWN
Contact: Bradley Browne 212-438-7316						
PreferredPLUS Trust series ELP-1						
06/01/06	A	$40.75	S&P	upgrade	B-	B
06/01/06	B	notional	S&P	upgrade	B-	B
Contact: Bradley Browne 212-438-7316						
Centaur Funding Corp $934.5 million series B						
06/01/06	Pref shares	$934,500,000.00	S&P	downgrade	A-	BBB
Contact: Bradley Browne 212-438-7316						
Centaur Funding Corp $715.5 million series C						
06/01/06	Pref shares	$715,500,000.00	S&P	downgrade	A-	BBB
Contact: Bradley Browne 212-438-7316						
Capital One Master Trust Series 1998-1						
06/01/06	B	$50,236,407.00	S&P	upgrade	A/watch pos	A+
Contact: Kelly Luo 212-438-2535						
Capital One Master Trust Series 1999-3						
06/01/06	B	$50,000,000.00	S&P	upgrade	A/watch pos	A+
Contact: Kelly Luo 212-438-2535						
Capital One Master Trust Series 2000-3						
06/01/06	B	$92,500,000.00	S&P	upgrade	A/watch pos	A+
Contact: Kelly Luo 212-438-2535						
Capital One Master Trust Series 2001-1						
06/01/06	B	$120,000,000.00	S&P	upgrade	A/watch pos	A+
Contact: Kelly Luo 212-438-2535						
Capital One Master Trust Series 2001-6						
06/01/06	B	$130,000,000.00	S&P	upgrade	A/watch pos	A+
Contact: Kelly Luo 212-438-2535						

Note: Full details on abridged deals available at asreport.com

U.S.

NovaStar Home Equity Loan Trust 2006-2

Date: 6/8/2006 | **Seller: NovaStar Financial** | **Amount: $571 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A2A	$195.0	Aaa/AAA/AAA	1.00y	1ML	n/a	+5bp	5.188%	n/a	n/a
A2B	$108.5	Aaa/AAA/AAA	2.00y	1ML	n/a	+11bp	5.248%	n/a	n/a
A2C	$90.3	Aaa/AAA/AAA	3.50y	1ML	n/a	+15bp	5.298%	n/a	n/a
A2D	$37.6	Aaa/AAA/AAA	5.85y	1ML	n/a	+23bp	5.378%	n/a	n/a
M1	$60.2	Aa2/AA/AA	3.96y	1ML	n/a	+27bp	5.418%	n/a	n/a
M2	$15.8	Aa3/AA/AA	5.86y	1ML	n/a	+30bp	5.448%	n/a	n/a
M3	$15.3	A1/AA/AA-	4.21y	1ML	n/a	+35bp	5.498%	n/a	n/a
M4	$13.7	A2/AA-/AA-	4.18y	1ML	n/a	+38bp	5.528%	n/a	n/a
M5	$10.2	A3/A+/A+	4.16y	1ML	n/a	+47bp	5.608%	n/a	n/a
M6	$8.1	Baa1/A+/A+	4.13y	1ML	n/a	+90bp	6.038%	n/a	n/a
M7	$6.1	Baa2/A/A	4.13y	1ML	n/a	+105bp	6.238%	n/a	n/a
M8	$10.2	Baa3/BBB+/BBB	4.05y	1ML	n/a	+190bp	7.138%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: RBS Greenwich Capital; Deutsche Bank Securities; Wachovia Securities**

Notes: Settles: 06/15/06; Co-mgrs: Morgan Stanley; Collateral type: home equity

American Express Credit Account Master Trust 2006-1

Date: 6/7/2006 | **Seller: American Express Centurion Bank** | **Amount: $1 billion** | **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	$835.0	Aaa/AAA/NR	4.92y	1ML	n/a	+3bp	5.180%	n/a	n/a
B	$75.0	A1/A/NR	4.92y	1ML	n/a	+14bp	5.290%	n/a	n/a
C	$90.0	Baa2/BBB/NR	4.92y	1ML	n/a	+28bp	5.430%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: ABN Amro; Credit Suisse; JPMorgan Securities**

Notes: Settles: 06/14/06; Co-mgrs: Banc of America Securities; Wachovia Securities; Williams Capital; Collateral type: bank/general purpose

American Express Credit Account Master Trust 2006-2

Date: 6/7/2006 | **Seller: American Express Centurion Bank** | **Amount: $500 million** | **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	$437.5	Aaa/AAA/NR	5.00y	Swaps	n/a	-3bp	5.350%	n/a	n/a
B	$27.5	A1/A/NR	5.00y	Swaps	n/a	+15bp	5.550%	n/a	n/a
C	$35.0	Baa2/BBB/NR	5.00y	Swaps	n/a	+27bp	5.650%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: ABN Amro**

Notes: Settles: 06/14/06; Collateral type: bank/general purpose

Carrington Mortgage Loan Trust 2006-NC2

Date: 6/7/2006 | **Seller: Carrington Mortgage** | **Amount: $911.9 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$362.5	Aaa/AAA/AAA	1.00y	n/a	n/a	n/a	n/a	n/a	n/a
A2	$199.8	Aaa/AAA/AAA	2.00y	1ML	n/a	+9bp	5.201%	n/a	n/a
A3	$99.4	Aaa/AAA/AAA	3.00y	1ML	n/a	+15bp	5.251%	n/a	n/a
A4	$41.8	Aaa/AAA/AAA	5.84y	1ML	n/a	+24bp	5.351%	n/a	n/a
M1	$41.5	Aa1/AA+/AA+	5.22y	1ML	n/a	+27bp	5.371%	n/a	n/a
M2	$48.1	Aa2/AA/AA	4.67y	1ML	n/a	+29bp	5.391%	n/a	n/a
M3	$17.9	Aa3/AA-/AA-	4.45y	1ML	n/a	+31bp	5.411%	n/a	n/a
M4	$17.9	A1/A+/A+	4.37y	1ML	n/a	+35bp	5.461%	n/a	n/a
M5	$17.9	A2/A/A	4.30y	1ML	n/a	+38bp	5.481%	n/a	n/a
M6	$17.0	A3/A-/A-	4.25y	1ML	n/a	+44bp	5.581%	n/a	n/a
M7	$16.5	Baa1/BBB+/BBB	4.21y	1ML	n/a	+85bp	5.981%	n/a	n/a
M8	$12.3	Baa2/BBB/BBB	4.17y	1ML	n/a	+100bp	6.181%	n/a	n/a
M9	$8.5	Baa3/BBB-/BBB	4.16y	1ML	n/a	+185bp	7.081%	n/a	n/a
M10	$10.8	Ba1/BB+/BB+	4.14y	1ML	n/a	+500bp	7.581%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Citigroup Global Markets**

Notes: Settles: 06/21/06; Collateral type: home equity

MBNA Series 2006-C4

Date: 6/7/2006 | **Seller: MBNA America Bank** | **Amount: $375 million** | **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
C4	$375.0	Baa2/BBB/BBB	3.00y	1ML	n/a	+23bp	5.375%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Banc of America Securities**

Notes: Settles: 06/15/06; Co-mgrs: Citigroup Global Markets; Lehman Brothers; Collateral type: bank/general purpose

Specialty Underwriting & Residential Finance Trust 2006-BC3

Date: 6/7/2006 | **Seller: Merrill Lynch** | **Amount: $818.9 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$384.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2A	$148.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2B	$47.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2C	$64.0	Aaa/AAA/NR	3.50y	1ML	n/a	+15bp	5.367%	n/a	n/a
A2D	$21.2	Aaa/AAA/NR	6.46y	1ML	n/a	+25bp	5.457%	n/a	n/a
M1	$31.5	Aa1/AA+/NR	4.78y	1ML	n/a	+28bp	5.517%	n/a	n/a
M2	$28.1	Aa2/AA/NR	4.65y	1ML	n/a	+29bp	5.537%	n/a	n/a
M3	$16.6	Aa3/AA-/NR	4.59y	1ML	n/a	+31bp	5.567%	n/a	n/a
M4	$15.3	A1/AA-/NR	4.55y	1ML	n/a	+36bp	5.617%	n/a	n/a
M5	$14.5	A2/A+/NR	4.52y	1ML	n/a	+39bp	5.667%	n/a	n/a
M6	$13.2	A3/A/NR	4.50y	1ML	n/a	+46bp	5.737%	n/a	n/a
B1	$13.2	Baa1/A-/NR	4.48y	1ML	n/a	+90bp	6.217%	n/a	n/a
B2	$11.9	Baa2/BBB+/NR	4.45y	1ML	n/a	+110bp	6.367%	n/a	n/a
B3	$9.4	Baa3/BBB/NR	4.45y	1ML	n/a	+190bp	7.317%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Merrill Lynch**

Notes: Settles: 06/27/06; Collateral type: home equity

Chase Manhattan Auto Owner Trust 2006-A

Date: 6/6/2006 | **Seller: Chase Manhattan Bank, N.A.** | **Amount: $1.16 billion** | **Sector: auto ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$330.0	Aaa/NR/AAA	0.32y	n/a	n/a	n/a	n/a	n/a	n/a
A2	$270.0	Aaa/NR/AAA	0.95y	EDSF	n/a	-4bp	5.370%	n/a	n/a
A3	$399.0	Aaa/NR/AAA	1.90y	EDSF	n/a	-4bp	5.340%	n/a	n/a
A4	$138.0	Aaa/NR/AAA	2.82y	Swaps	n/a	-1bp	5.360%	n/a	n/a
B	$26.0	A2/NR/AA-	2.12y	Swaps	n/a	+10bp	5.470%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: JPMorgan Securities**

Notes: Settles: 06/13/06; Co-mgrs: Banc of America Securities; Citigroup Global Markets; RBS Greenwich Capital; Collateral type: retail loans/prime

Renaissance Home Equity Loan Trust HEL 2006-2

Date: 6/6/2006 | **Seller: Delta Funding Corp.** | **Amount: $800.8 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
AV1	$64.0	Aaa/AAA/NR	0.85y	1ML	+4-5bpA	+5bp	n/a	n/a	n/a
AV2	$45.0	Aaa/AAA/NR	3.00y	1ML	+15-16bpA	+15bp	n/a	n/a	n/a
AV3	$31.0	Aaa/AAA/NR	6.69y	1ML	+24-25bpA	+24bp	n/a	n/a	n/a
AF1	$195.0	Aaa/AAA/NR	0.90y	EDSF	+11-12bpA	+12bp	n/a	n/a	5.484
AF2	$105.0	Aaa/AAA/NR	2.00y	Swaps	+18-20bpA	+18bp	n/a	n/a	5.444
AF3	$79.0	Aaa/AAA/NR	3.00y	Swaps	+30bpA	+29bp	n/a	n/a	5.434
AF4	$56.0	Aaa/AAA/NR	5.00y	Swaps	+65bpA	+62bp	n/a	n/a	5.477
AF5	$47.7	Aaa/AAA/NR	8.12y	Swaps	+75bpA	+72bp	n/a	n/a	5.549
AF6	$41.0	Aaa/AAA/NR	6.57y	Swaps	+45bpA	+43bp	n/a	n/a	5.514
M1	$28.0	Aa1/AA+/NR	5.60y	Swaps	+75bpA	+75bp	n/a	n/a	5.492
M2	$25.9	Aa2/AA+/NR	5.59y	Swaps	+80bpA	+80bp	n/a	n/a	5.492
M3	$14.4	Aa3/AA/NR	5.59y	Swaps	+85bpA	+85bp	n/a	n/a	5.492
M4	$14.0	A1/AA/NR	5.59y	Swaps	+95-100bpA	+95bp	n/a	n/a	5.492
M5	$12.4	A2/A+/NR	5.58y	Swaps	+105-110bp	+105bp	n/a	n/a	5.492
M6	$11.5	A3/A/NR	5.58y	Swaps	+115-120bp	+115bp	n/a	n/a	5.492
M7	$10.3	Baa1/A-/NR	5.58y	Swaps	+150-155bp	+145bp	n/a	n/a	5.492
M8	$6.6	Baa2/BBB/NR	5.58y	Swaps	+165-175bp	+165bp	n/a	n/a	5.492
M9	$7.0	Baa3/BBB-/NR	5.58y	Swaps	+250-260bp	+250bp	n/a	n/a	5.492
M10	$7.0	Ba1/BBB-/NR	5.58y	Swaps	+575-600bp	+575bp	n/a	n/a	5.492

Credit Enhancement: sr/sub | **Manager: RBS Greenwich Capital; Citigroup Global Markets**

Notes: Settles: 06/29/06; Co-mgrs: Banc of America Securities; JPMorgan Securities; Collateral type: residential MBS

WASHINGTON MUTUAL MASTER NOTE TRUST 2006-A2

Date: 6/6/2006 | **Seller: Washington Mutual** | **Amount: $750 million** | **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	$750.0	Aaa/AAA/AAA	5.00y	n/a	n/a	n/a	5.188%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Barclays Capital; Deutsche Bank Securities**

Notes: Settles: 06/15/06; Co-mgrs: Citigroup Global Markets; Wamu Capital Corp; Collateral type: bank/general purpose

FIRST FRANKLIN MORTGAGE LOAN TRUST 2006-FF8

Date: 6/2/2006 | **Seller: First Franklin Mortgage** | **Amount: $579.5 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
IIA1	$194.7	Aaa/AAA/NR	1.00y	1ML	+3bpA	+3bp	n/a	n/a	n/a
IIA2	$99.3	Aaa/AAA/NR	2.00y	1ML	+9bpA	+9bp	n/a	n/a	n/a
IIA3	$96.7	Aaa/AAA/NR	3.43y	1ML	+14-15bpA	+15bp	n/a	n/a	n/a
IIA4	$30.5	Aaa/AAA/NR	6.15y	1ML	+23bpA	+23bp	n/a	n/a	n/a
M1	$31.8	Aa1/AA+/NR	3.68y	1ML	+25bpA	+25bp	n/a	n/a	n/a
M2	$28.5	Aa2/AA+/NR	4.55y	1ML	+28bpA	+28bp	n/a	n/a	n/a
M3	$17.2	AA3/AA+/NR	6.14y	1ML	+31bpA	+31bp	n/a	n/a	n/a
M4	$15.5	A1/AA/NR	4.38y	1ML	+35bpA	+34bp	n/a	n/a	n/a
M5	$14.7	A2/AA/NR	4.35y	1ML	+38bpA	+37bp	n/a	n/a	n/a
M6	$13.8	A3/A+/NR	4.32y	1ML	+45bpA	+45bp	n/a	n/a	n/a
M7	$11.7	Baa1/A/NR	4.30y	1ML	+90bpA	+88bp	n/a	n/a	n/a
M8	$10.9	Baa2/A-/NR	4.29y	1ML	+105-110bp	+100bp	n/a	n/a	n/a
M9	$5.8	Baa3/BBB/NR	4.29y	1ML	+190-195bp	+185bp	n/a	n/a	n/a
M10	$8.4	Ba1/BBB-/NR	4.24y	1ML	+500-525bp	+500bp	n/a	n/a	n/a

Credit Enhancement: sr/sub | **Manager: RBS Greenwich Capital**

Notes: Settles: 06/29/06; Co-mgrs: Sandler O'Neill Partners; Morgan Keegan, NatCity; Collateral type: residential MBS

GOLDMAN SACHS ASSET MORTGAGE PRODUCT TRUST 2006-S4

Date: 6/2/2006 | **Seller: Goldman Sachs** | **Amount: $640.8 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$352.5	Aaa/AAA/NR	0.77y	1ML	+8bpA	+9bp	n/a	n/a	n/a
A2	$103.5	Aaa/AAA/NR	1.90y	EDSF	+24bpA	+24bp	n/a	n/a	n/a
A3	$21.1	Aaa/AAA/NR	2.38y	n/a	n/a	n/a	n/a	n/a	n/a
M1	$72.7	Aa2/AA/NR	4.58y	1ML	+32bpA	+35bp	n/a	n/a	n/a
M2	$13.2	Aa3/AA-/NR	3.90y	1ML	+35bpA	+37bp	n/a	n/a	n/a
M3	$30.8	A2/A/NR	3.74y	1ML	+45bpA	+50bp	n/a	n/a	n/a
M4	$13.2	A3/A-/NR	3.64y	1ML	+52bpA	+55bp	n/a	n/a	n/a
M5	$12.2	Baa1/BBB+/NR	3.59y	Swaps	+165bpA	+180bp	n/a	n/a	n/a
M6	$10.8	Baa2/BBB/NR	3.55y	1ML	+115bpA	+120bp	n/a	n/a	n/a
M7	$10.8	Baa3/BBB-/NR	3.53y	1ML	+210bpA	+220bp	n/a	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Goldman Sachs**

Notes: Settles: 06/09/06; Collateral type: residential MBS

GOLDMAN SACHS ASSET MORTGAGE PRODUCT TRUST 2006-SEA1

Date: 6/2/2006 | **Seller: Goldman Sachs** | **Amount: $152.37 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	$126.5	NR/AAA/AAA	2.47y	1ML	+30bpA	+30bp	5.438%	n/a	n/a
M1	$12.3	NR/AA/AA	5.07y	1ML	+50bpA	+50bp	5.638%	n/a	n/a
M2	$8.0	NR/A/A	5.02y	1ML	+85bpA	+110bp	6.237%	n/a	n/a
B1	$2.9	NR/BBB+/BBB+	5.01y	1ML	+200bpA	+200bp	6.487%	n/a	n/a
B2	$1.1	NR/BBB/BBB	4.99y	Swaps	+700bpA	+700bp	4.500%	n/a	n/a
B3	$1.57	NR/BBB-/BBB-	4.99y	Swaps	+900bpA	+900bp	4.500%	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Goldman Sachs**

Notes: Settles: 06/16/06; Collateral type: residential MBS

HSBC Automotive Trust 2006-1

Date: 6/2/2006 **Seller: Household Finance** **Amount: $944.3 million** **Sector: auto ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$246.6	P-1/A-1+/F1+	0.30y	IntL	-1bpA	-2bp	5.276%	100.000	5.276
A2	$227.0	Aaa/AAA/AAA	0.95y	EDSF	0bpA	-1bp	5.400%	99.993	5.468
A3	$352.0	Aaa/AAA/AAA	2.20y	IntS	+3bpA	+2bp	5.430%	99.991	5.496
A4	$118.7	Aaa/AAA/AAA	3.40y	IntS	+10bpA	+10bp	5.520%	99.984	5.589

Credit Enhancement: sr/sub **Manager: HSBC Securities**

Notes: Settles: 06/08/06; Co-mgrs: ABN Amro; Banc of America Securities; Deutsche Bank Securities; Collateral type: retail loan/prime

ACS Pass Through Trust 2006-1

Date: 6/1/2006 **Seller: ACS Pass Through Trust** **Amount: $560 million** **Sector: aircraft ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
G1	$560.0	Aaa/AAA/NR	4.50y	1ML	+M-H20bpA	+29bp	5.407%	n/a	n/a

Credit Enhancement: sr/sub **Manager: Citigroup Global Markets; Bear Stearns; JPMorgan Securities**

Notes: Settles: 06/15/06; Collateral type: pooled aircraft lease

Countrywide Home Equity Loan Trust 2006-SPS1

Date: 6/1/2006 **Seller: Countrywide Home Loans Inc.** **Amount: $230.9 million** **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$161.1	Aaa/AAA/AAA	1.20y	1ML	+12bpA	+11bp	n/a	n/a	n/a
M1	$13.1	Aa1/AA+/AA+	5.37y	Swaps	+80bpA	+90bp	n/a	n/a	n/a
M2	$11.5	Aa2/AA/AA+	4.65y	Swaps	+85bpA	+95bp	n/a	n/a	n/a
M3	$7.0	Aa3/AA/AA+	4.28y	Swaps	+90bpA	+100bp	n/a	n/a	n/a
M4	$6.4	A1/AA-/AA	4.13y	Swaps	+100bpA	+115bp	n/a	n/a	n/a
M5	$6.4	A2/A+/AA-	4.04y	Swaps	+110bpA	+135bp	n/a	n/a	n/a
M6	$6.0	A3/A/A	3.97y	Swaps	+125bpA	+150bp	n/a	n/a	n/a
M7	$6.0	Baa1/BBB+/A-	3.92y	Swaps	+155bpA	+185bp	n/a	n/a	n/a
M8	$5.1	Baa2/BBB+/BBB	3.89y	Swaps	+190bpA	n/a	n/a	n/a	n/a
M9	$4.0	Baa3/BBB/BBB	3.86y	Swaps	+280bpA	n/a	n/a	n/a	n/a
B	$4.3	Ba1/BBB-/BBB-	3.85y	Swaps	+650bpA	+650bp	n/a	n/a	n/a

Credit Enhancement: sr/sub **Manager: Countrywide Securities**

Notes: Settles: 06/27/06; Collateral type: home equity

MASTR ABS Trust 2006-WMC2

Date: 6/1/2006 **Seller: UBS** **Amount: $799.5 million** **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$282.5	Aaa/AAA/NR	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2	$203.2	Aaa/AAA/NR	1.00y	1ML	+3bpA	+3bp	5.159%	n/a	n/a
A3	$50.7	Aaa/AAA/NR	2.00y	1ML	+9bpA	+9bp	5.219%	n/a	n/a
A4	$88.8	Aaa/AAA/NR	3.50y	1ML	+15bpA	+15bp	5.279%	n/a	n/a
A5	$33.0	Aaa/AAA/NR	6.30y	1ML	+24bpA	+25bp	5.379%	n/a	n/a
M1	$28.1	Aa1/AA+/NR	3.61y	1ML	+26bpA	+26bp	5.389%	n/a	n/a
M2	$25.2	Aa2/AA/NR	4.58y	1ML	+29bpA	+29bp	5.419%	n/a	n/a
M3	$14.7	Aa3/AA/NR	6.31y	1ML	+31bpA	+31bp	5.439%	n/a	n/a
M4	$13.4	A1/AA-/NR	4.43y	1ML	+36bpA	+36bp	5.489%	n/a	n/a
M5	$13.0	A2/A+/NR	4.40y	1ML	+38bpA	+38bp	5.509%	n/a	n/a
M6	$11.1	A3/A/NR	4.38y	1ML	+46bpA	+46bp	5.589%	n/a	n/a
M7	$11.4	Baa1/BBB+/NR	4.35y	1ML	+90bpA	+95bp	6.079%	n/a	n/a
M8	$9.8	Baa2/BBB/NR	4.34y	1ML	+105bpA	+115bp	6.279%	n/a	n/a
M9	$6.5	Baa3/BBB-/NR	4.33y	1ML	+190-195bp	+205bp	7.179%	n/a	n/a
M10	$8.1	Ba1/BB+/NR	4.22y	1ML	+525bpA	+550bp	7.629%	n/a	n/a

Credit Enhancement: sr/sub **Manager: UBS**

Notes: Settles: 06/29/06; Collateral type: home equity

MBNA Series 2006-A5

Date: 6/1/2006 **Seller: MBNA America Bank** **Amount: $700 million** **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A5	$700.0	Aaa/AAA/AAA	6.92y	1ML	+6bpA	+6bp	5.190%	n/a	n/a

Credit Enhancement: sr/sub **Manager: Banc of America Securities**

Notes: Settles: 06/09/06; Co-mgrs: ABN Amro; JPMorgan Securities; RBS Greenwich Capital; Collateral type: bank/general purpose

Sallie Mae Student Loan Trust 2006-B

Date: 6/1/2006 **Seller: Sallie Mae** **Amount: $2.24 billion** **Sector: student loan ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$465.0	Aaa/AAA/AAA	3.00y	3ML	flatA	+1bp	5.281%	n/a	n/a
A2	$198.0	Aaa/AAA/AAA	5.00y	3ML	+5-6bpA	+5bp	5.321%	n/a	n/a
A3	$348.0	Aaa/AAA/AAA	7.00y	3ML	+12-13bpA	+14bp	5.411%	n/a	n/a
A4	$332.0	Aaa/AAA/AAA	9.80y	3ML	+17-18bpA	+18bp	5.451%	n/a	n/a
A5	$720.8	Aaa/AAA/AAA	14.00y	3ML	+27bpA	+27bp	5.541%	n/a	n/a
B	$73.1	Aa2/AA-/AA	11.55y	3ML	+LM20bpA	+29bp	5.561%	n/a	n/a
C	$101.2	A2/A/A	10.49y	3ML	+L40bpA	+40bp	5.671%	n/a	n/a

Credit Enhancement: sr/sub **Manager: Merrill Lynch**

Notes: Settles: 06/08/06; Collateral type: FFELP

Turquoise Series 2006-1

Date: 6/1/2006 **Seller: HSBC Securities** **Amount: $1 billion** **Sector: credit card ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	$880.0	Aaa/AAA/NR	2.98y	1ML	n/a	+1bp	n/a	100.00	n/a
B	$55.0	A1/A/NR	2.98y	1ML	n/a	+16bp	n/a	100.00	n/a
C	$65.0	Baa2/BBB/NR	2.98y	1ML	n/a	+33bp	n/a	100.00	n/a

Credit Enhancement: sr/sub **Manager: HSBC Securities**

Notes: Settles: 06/08/06; Co-mgrs: JPMorgan Securities; Banc of America Securities; Collateral type: bank/general purpose

Germany

Primus Multi Haus 2006 GmbH plc

Date: 6/7/2006 **Seller: Nord LB** **Amount: $382.6 million** **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
CDS	€255.95	Aaa/NR/AAA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A+	€0.5	Aaa/NR/AAA	4.54y	n/a	n/a	n/a	n/a	n/a	n/a
A	€28.65	Aaa/NR/AAA	5.00y	3ME	n/a	+30bp	+30bp	100.00	n/a
B	€50.0	Aa1/NR/AA+	5.00y	3ME	n/a	+40bp	+40bp	100.00	n/a
C	€18.5	A2/NR/A	5.00y	3ME	n/a	+60bp	+60bp	100.00	n/a
D	€21.35	Baa3/NR/BBB	5.00y	3ME	n/a	+110bp	+110bp	100.00	n/a
E	€7.65	NR/NR/B	5.00y	n/a	n/a	n/a	n/a	n/a	n/a

Credit Enhancement: sr/sub **Manager: Banc of America Securities**

Notes: Collateral type: German CMBS

EMAC DE 2006-1 plc

Date: 6/5/2006 **Seller: GMAC RFC** **Amount: $502.5 million** **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	€437.0	Aaa/AAA/AAA	5.3y	3ME	n/a	+16bp	+16bp	100.00	n/a
B	€27.0	Aa2/AA/AA-	6.9y	3ME	n/a	+21bp	+21bp	100.00	n/a
C	€17.5	A1/A/A-	6.9y	3ME	n/a	+40bp	+40bp	100.00	n/a
D	€11.5	A3/BBB/BBB+	6.9y	3ME	n/a	+67bp	+67bp	100.00	n/a
E	€7.0	Baa2/BBB-/BBB	6.9y	3ME	n/a	+88bp	+88bp	100.00	n/a
F	€2.5	Ba3/BB/BB+	2.2y	3ME	n/a	+190bp	+190bp	100.00	n/a

Credit Enhancement: sr/sub **Manager: Deutsche Bank Securities**

Notes: Collateral type: German RMBS

VCL No.8 plc

Date: 6/5/2006 | **Seller: GMAC RFC** | **Amount: $970 million** | **Sector: auto ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	€940.0	Aaa/AAA/AAA	3.9y	3ME	n/a	+8bp	+8bp	100.00	n/a
B	€30.0	A1/A+/A+	4.0y	3ME	n/a	+18bp	+18bp	100.00	n/a

Credit Enhancement: sr/sub | **Manager: Citigroup Global Markets, Commerzbank**

Notes: Collateral type: German auto loans

Spain

AyT Kutxa Hipotecario I FTA

Date: 6/8/2006 | **Seller: IM Pastor 4 plc** | **Amount: $920 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	€886.0	NR/AAA/AAA	5.4y	3ME	n/a	+14bp	+14bp	100.00	n/a
B	€17.9	NR/A/A	9.0y	3ME	n/a	+19bp	+19bp	100.00	n/a
C	€9.2	NR/BBB/BBB	9.0y	3ME	n/a	+50bp	+50bp	100.00	n/a
D	€6.9	NR/BBB/BBB	9.0y	3ME	n/a	+190bp	+190bp	100.00	n/a

Credit Enhancement: sr/sub | **Manager: Calyon, Banco Pastor**

Notes: Collateral type: Spain RMBS

U.K.

Rural Hipotecario VII FTA

Date: 6/8/2006 | **Seller: RMAC 2006-NS2 plc** | **Amount: $926.1 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1A	£59.3	Aaa/AAA/AAA	0.96y	3ML	n/a	+6bp	+6bp	100.00	n/a
A1B	$243.0	Aaa/AAA/AAA	0.96y	3ML	n/a	+6bp	+6bp	100.00	n/a
A1C	€54.0	Aaa/AAA/AAA	0.96y	3ME	n/a	+6bp	+6bp	100.00	n/a
A2A	£210.6	Aaa/AAA/AAA	3.37y	3ML	n/a	+15bp	+15bp	100.00	n/a
A2C	€225.0	Aaa/AAA/AAA	3.37y	3ME	n/a	+15bp	+15bp	100.00	n/a
M1A	£26.0	Aa3/AA/AA+	4.19y	3ML	n/a	+24bp	+24bp	100.00	n/a
M1C	€37.5	Aa3/AA/AA+	4.19y	3ME	n/a	+24bp	+24bp	100.00	n/a
M2C	€35.6	A2/A+/A+	4.19y	3ME	n/a	+43bp	+43bp	100.00	n/a
B1A	£15.0	Baa3/BBB/BBB+	4.19y	3ML	n/a	+83bp	+83bp	100.00	n/a
B1C	€13.8	Baa3/BBB/BBB+	4.19y	3ME	n/a	+83bp	+83bp	100.00	n/a
B2	€6.3	Ca2/NR/CC	4.19y	3ME	n/a	+210bp	+210bp	100.00	n/a

Credit Enhancement: sr/sub | **Manager: Barclays Capital, Merrill Lynch**

Notes: Collateral type: UK nonconforming RMBS

Whinstone 2 Capital Management Ltd.

Date: 6/5/2006 | **Seller: Northern Rock** | **Amount: $209 million** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A	£80.0	Ba2/BB/BB	6.85y	3ML	n/a	+265bp	+265bp	100.00	n/a
B	€129.0	Ba2/BB/BB	6.85y	3ME	n/a	+265bp	+265bp	100.00	n/a

Credit Enhancement: sr/sub | **Manager: Barclays Capital, Lehman Brothers**

Notes: Collateral type: U.K. RMBS

EMPLOYMENT OPPORTUNITIES

SITUATIONS WANTED

SALES FORCE DEVELOPMENT/MANAGEMENT Would you like to increase tax exempt bond sales to institutions, both top tier and middle market? I have a successful history of hiring, training and managing fixed income sales people, with particular experience in identifying and developing relationships with the broad array of accounts in the middle market range. Utilize my skills to develop or augment your municipal sales and revenues. **A701N1P5**

SENIOR CREDIT ANALYST Broad investment experience that covers credit analysis, corporate lending, risk evaluation, compliance, loan documentation and marketing for various types of funds. Background includes secured and unsecured debt, public and private placements, investment grade and high yield. Have managed multiple projects using a strong technology orientation and have the demonstrated ability to explain complex issues to internal committees, staff and clients. Work productively with Portfolio Managers, senior management and other analysts. Additional areas of expertise include debt restructuring of troubled credits including working through creditor's cash flow crisis, securitizing and valuing collateral and pledged assets, and working with opposing creditor groups, management and advisers. Portfolio Manager for small cap aggressive stock and balanced (stock and bond) portfolio. Marketing material development includes RFP preparation based on portfolio manager's philosophy and my experience and history in portfolio management. **A228T1P4**

EXPERIENCED RELATIONSHIP & PORTFOLIO MANAGER/CREDIT ANALYST My experience at a European bank allowed me to construct and grow an investment credit portfolio to about $1 billion. The products included relationship committed and bilateral loan facilities, single name credit default swaps, CDO/CLO, convertible bond asset swaps, project finance and distressed restructured debt. My responsibility required me to find relative value opportunities in the credit market in various industries (i.e. financial institutions, oil & gas, consumer products, media and insurance companies etc.), express my views upon complete credit analysis, review and comment on loan/bond documentation and amendments, and trade the product with the leading broker/dealers out there. Given my experience along with my strong credit skills, I believe I would be well suited for any buy-side credit opportunities. **A1012N1P6**

BOND TRADING/MARKETING Energetic, optimistic, and hard-working professional with over 14 years experience in retail sales, retail/institutional trading, underwriting, regional trading desk supervision, and related compliance activities. Comprehensive knowledge of financial products and markets. Determined to provide positive employer and customer service. MS Office, Bloomberg, and other technology skills. CFP and NASD 7, 24, 53, and 63. **A1008K1P5**