Asset Securitization report

The Premier Guide to Asset and Mortgage-Backed Securitization

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WHISPERS

Buyout firm **The Carlyle Group** has hired **Martin Glavin** as an associate director from **Prudential M&G**. The new hire plus **Louis Reynolds**, who came on board last September from **General Electric Co.**, boosts to 10 Carlyle's roster of bankers and analysts who trade leveraged credits, including CLOs.

Dominion Bond Rating Service

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Cifuentes settles with Wachovia

But bank may not be out of the woods

Wachovia Securities reached a settlement with its former head of CDO research, Arturo Cifuentes, who filed a Sarbanes-Oxley complaint against the bank arguing that he was improperly dismissed. The settlement, however, may not mean the end of the Securities and Exchange Commission's ongoing investigation into the matter.

Cifuentes contends Wachovia fired him last April after he had refused to sign an analyst certification on a research report stating that his compensation was not tied to his recommendations. He subsequently filed a whistleblower complaint with the Department of Labor's Occupational Safety and Health Administration (OSHA). Under Sarbanes-Oxley, OSHA has jurisdiction over whistleblower complaints in the securities industry.

As a part of the settlement, Cifuentes agreed to withdraw his complaint to OSHA. But the SEC, which is automatically copied on OSHA complaints, could move forward with its own probe. Regulators in the SEC's Atlanta

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New structure weds whole ABS & CMBS

European corporate securitizations are poised for another slow year, with bank lending remaining the financing route of choice. And volumes could be further pressured this year with a developing new trend that could see some ageing corporate deals refinished as CMBS deals in 2006.

"Traditionally, activity in this sector has been driven by private equity firms using ABS as an exit to funding ventures, but the banking market has been so buoyant and we won't see an increase in issuance until banks are less prone to issue in this area," said Alain Carron at a Standard & Poor's press conference last week in London. The relatively low interest rates and borrowing costs for European corporates

- SEE ***ABS & CMBS*** ON PAGE 16 -

Big CDO managers bulk up to 3Q05

In what may not come as a huge surprise to market participants, large CDO managers in 2005 became even larger — with 28 collateral managers representing half of the U.S. CDO market in terms of outstanding liabilities by the third quarter of the year, according to Standard & Poor's. The 10 largest managers last year comprised almost 30% of the CDO market.

Conversely, in 2004, 35 managers made up 50% of the CDO market, with the 10 largest managers accounting for 25% of the market. The rating agency found three main trends among collateral manager participation in 2005: the largest CDO collateral managers increased market

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

January:

Jan. 19 -20 - Princeton, N.J. - Strategic Research Institute is hosting a conference on 'Separating Alpha from Beta to Enhance Portfolio Returns (From Theory to Practice)' at the Hyatt Regency Princeton. For further information, or to register, go to: www.srinstitute.com

Jan. 25-27 - Laguna Beach Calif. - Information Management Network is hosting the third annual Winter forum on 'Real Estate Opportunity & Private Fund Investing' at the Montage Resort & Spa. For full details, or to register, go to: www.imn.org

Jan. 29-Feb. 1 - Las Vegas, Nev. - The American Securitization Forum invites you to attend its 'ASF 2006 at the Wynn Las Vegas Hotel. For full conference agenda, or to register, go to: www.americansecuritization.com

Jan. 29-Feb. 1 - Scottsdale, Ariz. - Strategic Research Institute is hosting the fourth annual 'Institutional Real Estate Investing Forum' at the Fairmont Scottsdale Princess hotel. For further information, or to register, go to: www.srinstitute.com

February:

Feb. 5-8 - Orlando, FL. - The Mortgage Bankers Association presents its 'Commercial Real Estate Finance/Multifamily Housing Convention & Expo 2006' at the Walt Disney Swan and Dolphin hotel. For more information, or to register, go to: www.mortgagebankers.org/ or call 1-800-793-6222

Feb. 7-10 - Phoenix, Ariz. - Information Management Network presents its eleventh annual 'ABS West 2006' at the J.W. Marriott Desert Ridge Resort & Spa. For more information, or to register, go to: http://secure.imn.org

Feb. 7 - Las Vegas, Nev. - Strategic Research Institute is hosting the second annual 'Tranche B Lending & SCIL Finance Summit' at the Bellagio Hotel and Casino. For further information, or to register, go to: www.srinstitute.com

Feb. 7-9 - Las Vegas, Nev. - Strategic Research Institute invites you to attend the fifth annual 'Asset Based Lending in the Capital Markets' conference at the Bellagio Hotel and Casino. For further information, or to register, go to: www.srinstitute.com

Feb. 14-17 - Phoenix, Ariz. - The Mortgage Bankers Association presents its 'National Mortgage Servicing Conference & Expo' at the Phoenix Civic Plaza. For more information, or to register, go to: www.mortgagebankers.org/ or call 1-800-793-6222

Feb. 15-17 - Orlando FL - Standard & Poor's presents its 'Housing Finance 2006' conference at the Hyatt Regency Grand Cypress Resort. For more information, or to register, e-mail seminars@standardandpoors.com or call (212) 438-2800.

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has appointed **Jerry Marriott** as a senior vice president in its Toronto-based Canadian structured finance group. Marriott, who will be reporting to Assistant Group Managing Director **Huston Loke**, joins DBRS from **BMO Nesbitt Burns**' securitization and structured finance group, where he worked on a variety of ABCP and ABS deals and asset classes, including credit card receivables, rental car fleets, and floorplan financing. Before joining the securitization and structured finance group, Marriot spent a number of years in the corporate banking and Treasury functions at **Bank of Montreal**. Marriott received his MBA from the **University of Western Ontario** and his LLB from **Dalhousie University**.

Law firm **Loeb** & **Loeb** has hired **Joseph Sverchek** as a partner in its New York office. Prior to the move, he was Special Counsel at **Cadwalader Wickersham** & **Taft**, which he joined in 1998. Svercheck has experience representing sponsors and placement agents alike in structuring ABCP in both the U.S. and European markets. On the capital markets front, he has covered collateralized debt obligations, medium term notes, and structured investment vehicles. Among asset classes, Svercheck has worked on trade receivables, equipment leases, auto loans, tax liens, automobile leases, dealer floor plan receivables and others. "Adding Joe is another step in our continuing commitment to expand our capital markets presence," said Loeb & Loeb's Co-Chair **Michael Beck**.

Australia's **Macquarie Bank** is rumored to be in talks to buy major

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share; a higher number of new managers entered the space — particularly in the ABS CDO, CLO and commercial real estate CDO sectors; and the more established managers ventured into new asset types.

Overall, the largest CDO manager as of Sept. 30 was Los Angeles, CA-based Trust Company of the West, with $22 billion in assets under management. The manager, which led by a substantial margin, also took the number one spot for largest CDO of ABS manager, with $15.55 billion in assets under management. TCW recently told *ASR* it plans to keep growing — market permitting — with projections for total structured finance CDO assets under management this month at $23 billion (see *ASR*, 12/05/05).

S&P counted total U.S. CDO issuance through Sept. 30 at $132.9 billion, up 16% from the $111.6 billion in volume during all of 2004. The largest contributions to the growth in overall CDO issuance came from the ABS CDO and CLO markets, according to S&P. A little more than a third of the top 25 CDO managers across all asset types generally had consistent standings with year-end 2004 numbers.

Babson Capital Management came in at number two as the largest overall CDO manager as of Sept. 30. Babson had $12.53 billion in CDO assets under management. Duke Funding Management came in as the third largest overall CDO manager, with $10.45 billion in assets under management, followed by Credit Suisse Alternative Capital, with $9.97 billion and BlackRock Financial Management Inc., which came in at fifth place with $9.49 billion in CDO assets under management.

In addition, four managers that didn't make the top 25 in 2004 hit the big league by 3Q05. Bear Stearns Asset Management placed 13th, with $5.77 billion in liabilities; Aladdin Capital Management LLC made it up to 21st place with $4.28 billion in assets under management; Paramax Capital Group was close behind at 22nd place with $4.27 billion and Declaration Management and Research edged into the 24th place spot with $4.14 billion in assets under management.

Through the third quarter of last year, 15% of new CDO issuance was handled by managers either new to the CDO market or new to the asset type, according to S&P. A fair portion of the new managers, however, consisted of seasoned professionals that had branched off to start their own firms. Others, such as in the CRE CDO sector, were familiar with the collateral, but were for the first time drawn to the securitization structure as a form of matched-term financing.

Among the largest CDO of ABS managers through the third quarter of 2005 were, after TCW, Duke Funding Management LLC, rising eight spots from year-end 2004 to take second place with $10.45 billion in assets under management; Brightwater Capital Management, with $9 billion; BlackRock Financial Management, with $7.32 billion; and Vanderbilt Capital Advisors, in fifth place with $6.57 billion, according to S&P data.

Leading as the top CLO managers during the same time period were Credit Suisse Alternative Capital, in the lead with $6.51 billion; Sankaty Advisors, which rose from ninth place in 2004 to a second place finish as of the third quarter with $4.88 billion; Babson Capital Management, with $4.62 billion; Highland Capital Management with $4.52 billion and Ares Capital Management, rounding out the top five CLO managers with $3.94 billion. — *AP*

All eyes on the road ahead, as auto tiering may fishtail

Tiering in the auto sector is poised to shift, Lehman Brothers predicts. Some nonprime and subprime auto deals should start trading tighter relative to prime paper, as financially struggling U.S. automakers force ABS investors to re-evaluate tiering in the sector.

The expected shuffle represents a significant change in the retail auto ABS market.

Traditionally, auto issuers have fallen into two distinct categories: The prime issuers tended to be large investment-grade corporates, captive finance companies or banks. The nonprime issuers were typically smaller independent finance companies with lower ratings, often below investment grade. This less appealing crowd also had less capitalization and fewer sources of liquidity, making them more reliant on the ABS market for funding.

But for the first time, the demarcation lines between prime and nonprime issuers are blurring. "Tiering used to be straightforward since ABS with lower credit quality collateral was usually issued by lower-rated seller/servicers," Lehman researchers said in their 2006 market forecast. "This is no longer the case."

Both General Motors Corp. and Ford Motor Co., formerly the sector's longtime benchmark issuers, saw their status in the market tumble significantly over the past year, with multiple corporate downgrades from the rating agencies. Ford took the most recent hit, with its Jan. 5 downgrade to 'BB-' by Standard & Poor's. The agency dunked GM to 'B' in December.

At the same time, recent acquisitions of nonprime issuers like WFS Financial and Onxy Acceptance Corp. by stronger parent companies is likely to boost their stature in the market. Wachovia Corp. announced in September that it would buy Westcorp and its subsidiary WFS, with the acquisition expected to close this quarter. Capital One Financial Corp. completed its purchase of Onyx in January last year.

Giving tiering another look

Citing such changes, Lehman researchers advise investors to re-evaluate the tiering framework.

Because of the resulting impact on seller/servicer risk, they anticipate an effect on auto ABS spreads. And they believe this change in tiering is here to stay at least for the foreseeable future.

To illustrate the point, they offer analysis of the CARAT and WESTO transactions: GM's CARAT benefits from lower losses and cumulative defaults, but also has lower credit enhancement. The WESTO transactions from WFS, meanwhile, are sometimes wrapped. Both have a history of strong underwriting and stable collateral performance. Triple-A bonds from both shelves are well protected.

"However, given the corporate woes in GM's automotive franchise (B1/B/B+) and Wachovia's (Aa3/A+/AA-) ownership of WFS, which bonds, CARAT or WESTO, are more susceptible to idiosyncratic seller/servicer risk?" Lehman researchers asked. Their answer was CARAT.

Nonprime borrowers are more exposed to adverse macroeconomic conditions such as a slowdown in the housing market or a rise in unemployment, they wrote.

However, their analysis of Lehman's proprietary loan level database indicated that changes in unemployment affect borrower default rates proportionally. They found a 1% rise in unemployment leads to a 20% increase in defaults across the borrower credit.

Subprime transactions wrapped by monoline insurers will have even less credit risk, they pointed out.

Therefore, they concluded, nonprime issuers with a strong seller/servicer profile and stable collateral performance should trade inside weaker prime auto ABS issuers.

The Lehman researchers also said GM- and Ford-sponsored paper lagged other prime issuers by as much as 12 basis points in early May. The two names ended the year more respectably, trading just 5 basis points back. But the researchers caution investors to be wary at that tighter level, and recommend underweighting triple-As from both automakers.

"We have few credit concerns regarding the bonds and do not expect a flood of supply, but spreads could widen if the news from Detroit does not improve," the Lehman report said. "At a concession of just 5 basis points in three-year GM/Ford triple-As, total return investors may lose more in spread widening than they gain in carry in the coming months. In other words, we fear that 5 basis points is inadequate compensation for the elevated headline risk." — *Bonnie McGeer*

Ford corporate rating actions by Fitch

Date	Action	Rating
12/19/05	downgrade	BB+
07/20/05	downgrade	BBB-
05/19/05	downgrade	BBB
04/11/05	revision outlook	BBB+ (to negative from stable)

GM corporate rating actions by Fitch

Date	Action	Rating
11/09/05	downgrade	B+ (and placed on Rating Watch Negative)
09/26/05	downgrade	BB
05/24/05	downgrade	BB+
03/16/05	downgrade	BBB-

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shareholdings in Taiwan's **Chiang Kai Shek International Airport** and Taipei City's public parking lots. According to local media, Macquarie — making news globally with recent acquisition activity — could pay between NT$100 billion ($3.1 billion) and NT$200 billion for CKS Airport and up to NT$20 billion for the parking lots. It is speculated the assets will then be sold into a newly-established real estate asset trust, which will then securitize revenues earned off the back of the acquisitions, presumably for refinancing purposes. CKS, located in the manufacturing center of **Taoyan City** in North West Taiwan, was the only airport of the 18 currently owned by the government to record a profit in 2005.

After reviewing the sector, the European Commission confirmed last week that it would not subject credit rating agencies to new legislation. The commission examined rating agencies, but felt the current voluntary code was sufficient. Analysts at **Royal Bank of Scotland** noted that the European Union still has significant room to penalize agencies through the application of the credit quality steps in the Capital Adequacy Directive, to align risk weightings with rating scales.

Spreads for the two **Four Seasons** Health Care deals, **PHF Securities** and **Tiara Securities**, were expected to tighten on the back of claims that **Allianz**, the owner, has appointed **Dresdner Kleinwort Wasserstein** to investigate refinancing options. The refinancing is likely to be based on a sale and leaseback of the group's property portfolio, and could be followed by a flotation or

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Subprime loan defaults, on average, fall year-over-year

Default rates among subprime loans rose 56.5% — or 187 of the 331 metropolitan statistical areas in October 2005 from the year-ago period, according to Friedman Billings Ramsey. On average, however, the default rate for subprime loans fell to 6.16% from 6.38%.

FBR is forecasting subprime loan default rates in 311 MSAs to rise to 6.68% this October, up from the 6.16% delinquency rate reached in October of 2005. "We attribute the increase to the ineveitable surge in default rates in the 10 MSAs affected by Hurricane Katrina, to continued weakness in the 56 MSAs, and to the natural aging of the stock of subprime loans."

The percentage of securitized loans considered to be subprime that were in foreclosure in the month of October rose to 2.27% from 2.25% in September, while the portion of loans that were 90-days or more delinquent rose to 3.15% from 2.87%. The portion of loans reported as 60-days delinquent rose to 2.76% from 2.49%, while 30-day delinquencies rose to 7.07% from 6.99%, according to FBR.

Improvements in ability to make payments among subprime borrowers overall year-over-year, however, was attributed by FBR to better labor market conditions. Payroll employment grew by 1.92% in October from the previous year, while the household unemployment rate fell by 8.8% to 4.7%. Similar to trends in delinquency rates, employment did not improve in every MSA — leaving a pocket of MSAs that continue to experience relatively high delinquency rates.

"It is evident that a slowly expanding majority of MSAs is experiencing better labor market conditions, while a minority, due to chronically weak local economic activity, is not," FBR researchers wrote last week.

FBR identified 56 MSAs in 16 states that are experiencing consistently high rates of default, but, the population of those areas represents 11% of the U.S. population, or 31.1 million people. Within this MSA, subprime loans in October experienced a 13.82% default rate, compared with 2.54% for alt-A loans and 0.56% default rate for prime loans. The MSA with the highest subprime loan default rate as of October was Cleveland, Ohio, which experienced a 20.02% rate of default. Not far after Cleveland for subprime loan defaults was Charleston, S.C., which experienced a 18.38% of default in October. The worst prime borrowers among the bunch resided in Hamilton, Ohio, where 1.65% of prime loans were delinquent in October. — *AP*

2006 ABS issuance volume to keep par with last year

Consensus for overall ABS issuance volumes for 2006 is 'steady as she goes.' Most expect the final tally to come in near $700 billion, and close to the 2005 total, assuming shifts in volume among classes. In any case, the backdrop to all the sectors will be closely tied to the consumer credit outlook. While consumers remain highly leveraged, and home values are soaring to all time highs, "both job growth and accumulated real estate and financial wealth will provide a cushion," said Ivan Gjaja, director and head of ABS research at Citigroup Global Markets. "We're unlikely to see a sharp deterioration."

There are also different outlooks for the various ABS sectors, including home equities, credit cards, autos and student loans

HELs

Is there a bubble in residential real estate? Arguments rage on, but either way the market will probably run out of steam to some extent. Slower home appreciation will translate into slower equity buildups. Interest rate direction is a massive question mark, and could dampen the sector. Gjaja foresees a flat to "modestly inverted" curve in the second half of 2006, resulting in a compressed spread between subprime floating and Libor rates, as subprime lenders raise rates to play catch up. However, HEL borrowers, who need financing, tend to be less rate-sensitive. Gjaja adds that usually higher interest rates lead to slower prepayments, and hence lower issuance for the next round.

"In addition, the upward move towards rationalization on mortgage rates was not entirely completed last year," said Quincy Tang, senior vice president RMBS at Dominion Bond Rating Service. "As lenders continue to increase mortgage rates in the coming months, origination volume will inevitably slow."

Various offsets will give comfort, and should help keep the sector relatively buoyant. "HELs should see robust financing, given that a large percentage of those borrowers hold short, adjustable-rate products that are due to reset in 2006," said Peter DiMartino, managing director at RBS Greenwich Capital. Lender sentiment also offers a ray of hope. DiMartino notes that lenders have been suggesting some bearishness on volume relative to a year ago. "The housing market likely won't turn in 2005-type numbers, but it is still healthy despite what you read in the newspapers."

DBRS' Tang also expects downward pressure on issuance volume to be partially offset by the continued proliferation of certain affordability products, such as longer IO's, more extended amortization terms, and higher LTV programs.

Credit cards

Consolidation in the industry may lead to slightly lower levels of issuance. Last year saw a number of mergers and acquisitions, such as Bank of America's purchase of MBNA, and Citigroup's digestion of Sears' credit card portfolio. "Players who would have been stand-alones before have now become part of superbanks," said Mark Adelson, head of structured finance research at Nomura Securities. These giant acquirers will have less need to tap the securitization markets. DiMartino observes that credit card master trusts headed lower, as cardholders have grown more reliant on home equity products. "Today's consumers better understand concepts like credit score, and try to improve their creditworthiness," he said.

Autos

Ford Motor Credit Co. and General Motors Acceptance Corp. are thanking their lucky stars for securitization markets, as the parent automakers struggle to turn profits. Both were heavily reliant on them in 2005, and will remain active participants in ABS, as secured financing proves attractive relative to the unsecured side.

Student loans

Getting an education costs an arm and a leg these days, and higher tuition translates into issuance. The Deficit Omnibus Reconciliation Act of 2005, legislation enacted at the close of last year, should become effective by mid-2006. The bill raises annual loan limits for first and second year students. Meanwhile, loan consolidation should play less of a role going forward, as new incentives make that route less compelling.

Other assets

The more off-the-run assets include all but the kitchen sink. "Investors have become more sophisticated, and are actively seeking to boost returns," said Gjaja, by turning to asset pools comprising intellectual property, insurance, timeshares, stranded assets and telecom cell towers.

Stranded assets should thrive now that political risk concerns have lifted. Nomura's Adelson thinks that the concept may be parlayed into other pioneer areas like pollution credits. Pharmaceutical royalty streams, a close cousin to music copyright and other intellectual property, have now proved themselves "doable," he said. — *Vanessa Drucker*

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auction. A number of the homes owned by Allianz are tied up in securitization deals, which will likely carry a fee to have them removed and increases the likelihood of the deals' redemption.

Residential mortgage banker **MortgageIt Holdings** announced last Wednesday that it has cut its number of branches by half. It is also reducing staff, with both moves a response to the slowdown in the subprime lending industry. The firm cut the number of branches catering to subprime lending to three. However, the company did not reveal the exact number of staff it intends to let go as part of the announced restructuring. MortgageIt cites pressures on "gain on sale" margins and industry consolidation as factors hurting fourth quarter earnings by between 10 and 15 cents while stating that its self-originated portfolio reached roughly $4.6 billion at the end of the quarter.

Fitch Ratings' U.S. CMBS loan delinquency index dipped eight basis points on the month to 0.79%. According to Fitch, 2004 and 2005 vintages now represent 14% and 28% of the rating agency's index by balance and continue to have low delinquency rates. If these vintages were removed from the tracking universe, the delinquency index rises to 1.34%, which is equivalent to 55 basis points more than its current level. The seasoned delinquency index, which omits deals with less than one year seasoning, dipped nine basis point this month to 1.09%. Meanwhile, new Katrina-related delinquencies slowed in December to $40.3 million versus $180.5 million the previous month.

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U.S. ABS warms up with $14 billion week

The U.S. ABS primary market showed its first signs of life last week as issuance nearly doubled from the previous week to hit roughly $14 billion.

More than half of those deals had yet to price as of press time, but the largest to price was a $1.8 billion home equity securitization from California mortgage giant Long Beach Mortgage and led by Goldman Sachs. The first three tranches were retained, with the largest tranche, a $536 million triple-A-rated one-year offering, pricing nine basis points over one-month Libor. The two-year tranche priced 18 basis points plus one-month Libor, while the 3.25-year tranche priced 24 basis points over the index. The final triple-A tranche of the deal, at six years in duration, priced 34 basis points over one-month Libor.

The largest to price was a $1.8 billion home equity securitization from California mortgage giant Long Beach Mortgage.

Ace Securities Corp. also put a healthy dollop of home equity securities in the market, with a $1.25 billion offering arranged by Deutsche Bank. The one-year tranche priced at seven basis points over one-month Libor, with the two-year tranche coming in at 15 basis points over one-month Libor.

Also bringing a moderately hefty home equity offering was CBASS, with an $828 million offering led by Barclays Capital. The one-year tranche of the deal priced 29 basis points over EDSF, while the two-year tranche priced 35 basis points over swaps and the four-year tranche priced 80 basis points over swaps. The 5.6-year tranche ratcheted in from the four-year's price, and finished at 62 basis points over swaps.

Morgan Stanley was in the market with a $729 million home equity securitization that priced a one-year tranche at eight basis points over one-month Libor, and a three-year tranche priced at 20 basis points over one month Libor. The 6.5-year tranche priced 33 basis points over one-month Libor.

Cendant Corp.'s Aesop Funding trust offered at $600 million auto loan securitization to the market via Deutsche Bank and Merrill Lynch as joint-leads. The single tranche, triple-A-rated, five-year deal priced at 22 basis points over one-month Libor.

Bear Stearns was also in the home equity market with a $516 million offering, the one-year tranche of which priced nine basis points over one-month Libor, the three-year tranche priced at 22 basis points over one-month Libor and the six year tranche priced 33 basis points over one-month Libor.

Of the deals that had yet to price, Irwin Home Equity had a $312 million home equity deal in the market, Goldman Sachs had $490 million home equity deal circulating, and Ownit Mortgage Solutions had a $708 million home equity offering as well.

The student loan sector was represented by GCO Education Loan Funding Corp., with a whopping, and rare, $1.14 billion student loan securitization that had yet to price, while Barclays had a $1.218 billion home equity securitization still on the table and Bear Stearns had a $464 million securitization left in the market. Goldman also had a $904 million home equity deal circulating in the market through its GSAA trust. — *Editorial Staff*

CIFUENTES *CONTINUED FROM PAGE 1*

office began interviewing Wachovia employees about the alleged incidents in late 2005.

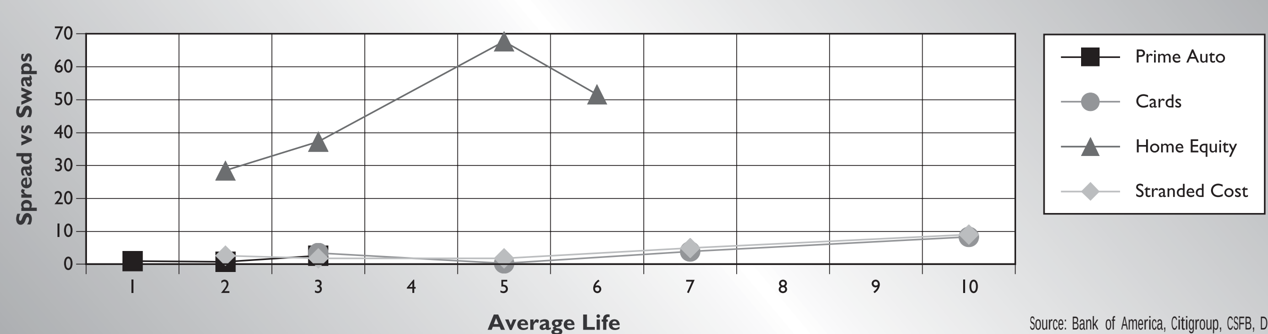
Cifuentes' attorney, Jenice Malecki of Malecki Law in New York, confirmed that Cifuentes is not precluded from testifying in an SEC investigation, and said her client would comply with any SEC requests. The SEC declined to comment on the situation, though a spokesperson noted that "in general, [the settlement] would not affect an investigation." It is believed that the settlement is monetary in nature, as the complaint with OSHA was based on income lost due to an unjust firing. The settlement is conditional upon a review by the Department of Labor, said a person familiar with whistleblower procedures.

In the OSHA complaint, Cifuentes said he protested repeatedly to his superiors about pressure from the bank's investment bankers to change or tailor his group's CDO research. Under Sarbanes-Oxley, influence and pressure by investment bankers on research analysts is strictly prohibited. Cifuentes maintains that when senior management refused to step in, he declined to certify his group's research reports and was fired.

The whistleblower complaint contained several alleged infractions of the Chinese Wall that was set in place by Sarbox and contained numerous e-mail exchanges between Brian Lancaster, the head of Wachovia's research group, various investment bankers tied to structured finance at the bank, and Cifuentes, who said that pressure from the investment bankers violated polices relating to independent research.

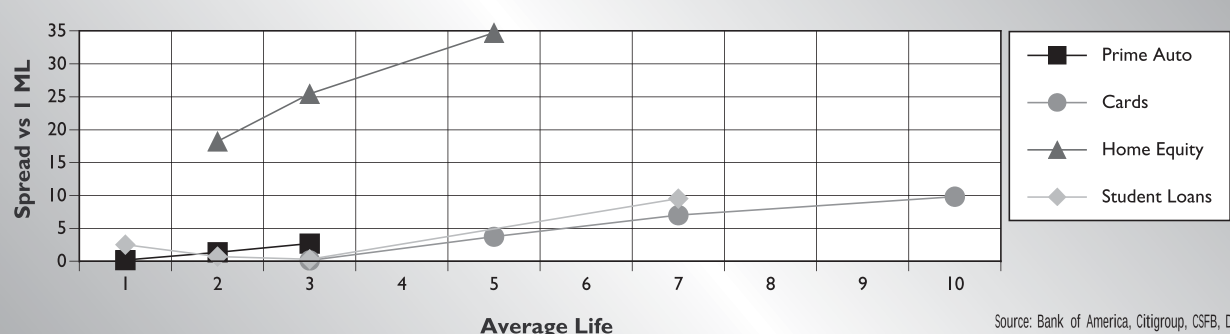
Yu-Ming Wang, Wachovia's head of structured products, is named repeatedly in the complaint for allegedly pressuring the CDO group to produce favorable research in conjunction with CDOs the firm was marketing. In one exchange, it is alleged senior bankers, including Russ Andrews and Bo Weatherly, who reported to Wang, pressured Cifuentes to write a favorable article on CDO equity in conjunction with their marketing of the AXA CDO Equity fund in February 2004. And a Feb. 3, 2005 e-mail, allegedly from banker Anthony Sciacca to Cifuentes, chastised Cifuentes for a Jan. 31, 2005 report on the performance of CDO managers. The e-mail claimed the research piece contributed to the cancellation of a meeting with Pacific Investment Management Co. (Pimco) regarding a new collateralized loan obligation.
— *Colleen O'Connor*

AAA FXD vs Swaps as of 1/16/06



Source: Bank of America, Citigroup, CSFB, DBSI, Merrill Lynch, Morgan Stanley, Lehman Brothers, JP Morgan

AAA FRN vs 1ML as of 1/16/06



Source: Bank of America, Citigroup, CSFB, DBSI, Merrill Lynch, Morgan Stanley, Lehman Brothers, JP Morgan

Robust CLO issuance likely to continue in 2006, but risks remain

The pace of collateralized loan obligation (CLO) issuance is expected to remain strong in 2006, as long as leveraged loan issuance, liquidity, default rates, liability and underlying collateral spreads, and investor demand for CLO equity remain stable this year, according to market sources. The consensus is that issuance should be at least on par with or higher than 2005's CLO issuance levels.

According to preliminary data released by Moody's Investors Service, more than 90 U.S. CLOs were issued in 2005, totaling about $42 billion. This compares with 57 Moody's-rated CLOs issued in 2004, totaling about $22 billion. Standard & Poor's also reported a rise in CLO issuance, according to its 2005 data, which show 99 US S&P-rated CLOs issued in 2005 to total about $47 billion. This compares with 66 S&P-rated CLOs issued in 2004, totaling about $26 billion.

There is a very deep pipeline for new CLOs and no slowdown in issuance is expected anytime soon, said William May, managing director at Moody's. "Managers are ramping up more deals than ever." And CLO equity investors from Asia, Europe and North America continue to show interest, he said.

"I think [CLO issuance in 2006] will be robust," agreed David Ardini, CLO portfolio manager for Franklin Templeton Investments' Franklin Floating Rate Debt Group. "I don't think we will see too much more in 2006 over 2005 than we saw in 2005 [compared with] 2004. But we still could very well see 20% growth," he said. "Right now, there is a strong CLO pipeline and, generally speaking, the economy's outlook is good.... The key has been access to collateral, and loan issuance has been fairly robust," Ardini added.

Historically low default rates, despite having risen since 2004, have also helped maintain investor allure to the leveraged loan asset class. Moody's reported a 1.8% issuer-weighted US leveraged loan default rate at the end of 2005, compared with a 1.6% rate at the end of 2004. Meanwhile, S&P reported a 1.98% US leveraged loan default rate at the end of 2005, compared with a 1.12% rate at the end of 2004. S&P expects loan defaults to remain below average this year, sliding back to 1.25% by December 2006. "Liquidity remains plentiful, and the distress ratio —measured as the percentage of performing loans in the US trading at prices below 80 cents on the dollar — still remains near record lows, wrote S&P managing director Diane Vazza in a January 6 default report.

CLO investors have also been attracted to the loan market's strong liquidity levels. "There are strong technicals in the [collateralized debt obligation (CDO)] marketplace.... There are also many new CLO managers, and a lot of loan demand is coming from the hedge funds," Ardini said, explaining reasons why liquidity in the loan market has been so robust.

And the low Libor spreads on leveraged loans, which have resulted largely because of the high competition for loan paper by investors, appears to not have hurt the prospects for CLO issuance — at least not yet. That's because CLO investors have been accepting low liability spreads in tandem with lower leveraged loan spreads over Libor.

Ardini noted that triple-A liability spreads have averaged Libor plus 26 basis points or lower for about nine months now. "They probably will not go tighter, but they could stay at that level for some time into 2006," he said.

Risks remain

But despite the consensus that strong CLO issuance should continue well into 2006, there are still scenarios that could jeopardize issuance, market sources pointed out. One central risk relates to the chance that CLO investors might flee loans for more profitable asset classes. "Given the current level of returns in the CLO market, rising default rates, and other asset classes starting to perform better, [will] money and investor interest shift away from CLOs?" another CLO manager asked. "Is the demand from CLO investors sustainable at this level?" he continued. "The returns on CLOs have been acceptable to equity investors only because the liabilities have been priced so tight that, despite the tight spreads on loan collateral, equity returns are still better than [in] many other asset classes. If either of them — equity buyers or liability buyers — wants more return/yield and loan spreads don't widen out commensurately, the arbitrage [might] really shrink to an unattractive level." He noted that investors might begin to look to the stock market, for example, for higher returns. "If liability spreads widen out and loan collateral spreads do not, the equity returns will fall to a level where buyers probably are no longer interested in CLO equity, which would definitely impact an issuer's ability to get new [CLOs] done," the CLO manager explained.

He noted that even though default rates have risen slightly, the spreads on loans have remained at all-time lows. "In a normal market, default rates rise and that leads to a natural widening of spreads. But that is not happening in a substantial way due to the strong technical conditions of the market," he said, referring to the high amount of loan demand coming from CLO managers and other types of institutional investors.

The average spread on BB/BB- rated institutional loans was at Libor plus 185 bps in December 2005, while the average spread on B/B+ rated loans was at Libor plus 263 basis points, according to S&P's Leveraged Commentary & Data.

That being said, loan spreads may begin to widen out more if demand for them decreases due to certain loan investors exiting the market for more profitable ones. For example, if rates stabilize, some investors may switch to investing in bonds. "If the [Federal Reserve Board] stops raising rates, you could see investors move back to bonds," said Tyler Chan, director of research for the Franklin Floating Rate Debt Group. "Total return investors might start moving away," he explained.

In addition to concerns about loan spreads not increasing at the same pace as liability spreads, market players are also concerned about the growing amount of lower quality loan paper clearing the market. If CLO managers continue to invest in a high number of lower quality deals, they are increasing their portfolio's chances of hitting trouble down the road, market sources said.

"Although deal flow is heavy, the percentage of those deals that are marginal credits is increasing," said Chan. He explained that investment bankers are filling a gap by issuing more of these lower quality loans in order to create enough supply to meet investor demand. In addition, bankers are beginning to alter certain deal structures so that loan investors receive a more subordinate debt position on a company's collateral, Chan said. For example, the $3.85 billion bank deal to back the buyout of Hertz Corp. includes bank loan debt that is more risky because its collateral is Hertz's trademark instead of its fleet of rental cars, he said.

Increasing investments in different types of debt, such as second lien or middle market loans, could also raise the level of performance risk for CLOs. "It is clearly a riskier proposition to buy second lien loans, high yield bonds and middle market loans," said Moody's' May. CLOs often include buckets to invest in other forms of debt such as high yield bonds, second lien loans, middle market loans and synthetics.

If CLOs do start to experience more trouble due to their investments in riskier forms of debt, such as middle market loans, it is the new and more inexperienced CLO managers that might face the most problems. "It is not necessarily the case that a [good] loan manager is going to be a good middle market loan manager," said Mark Froeba, vice president and senior credit officer at Moody's. "Also, a smaller shop might not have the resources to get good experience investing in middle market loans outside of a CDO," Froeba said.

New kinds of CLOs

However, as CLO issuance continues to remain strong for now, an increasing amount of CLO managers are devising alternative types of CLOs.

For example, as issuance of middle market CLOs increases, market sources expect to see more creative middle market investment structures. "Recently-launched middle market loan CDOs have also included buckets of asset-backed securities and loans from the broadly-syndicated markets," reported Fitch Ratings in a December 2005 structured finance outlook report. "In addition, Fitch has noted a trend in middle market CLOs that follow more traditional CLO structures and utilize overcollateralization and interest coverage tests."

"With respect to middle market CLOs, we are definitely expecting more issuance than last year, as well as different types of CLOs with different assets in them," said Alla Zaydman, a director in Fitch's credit products group.

Synthetic CLO issuance could also increase this year, especially as an ad hoc committee comprised of investors and bankers moves closer to releasing proposed standard documentation for synthetically referencing loans on credit default swaps to rating agencies, The Loan Syndications and Trading Association and the International Swaps and Derivatives Association. "CLO issuance (in synthetic form) may accelerate in the relatively near future if the market responds favorably to the upcoming ISDA templates for synthetically referencing loans," stated Moody's in a third quarter CDO review released in December 2005. — *Judy McDermott*

- CONTINUED FROM PAGE 8 -

However, Fitch says it remains to be seen whether these delinquencies have stabilized, which would probably be clarified later in the first quarter, the rating agency said.

Moody's KMV announced last Tuesday that it has appointed **Brian Ranson**, as a managing director in the newly formed credit strategies group. Ranson was most recently a senior vice president at **Bank of Montreal.** Ranson's appointment comes as Moody's KMV, a provider of quantitative credit risk measurement and management solutions, announced the launch of the credit strategies group and the credit risk specialists team, both of which will focus on providing thought leadership and best practices to its customers, Moody's KMV reported in a statement. **Jeffrey Bohn**, managing director of global research and credit strategies, will lead the credit strategies group, while other senior members will include **Brian Dvorak**, **Martha Sellers** and **William Morokoff**. The credit risk specialists team will be led by Managing Director **David Merrill** in the Americas, and managing director **Gavin Style** in Europe, the Middle East, Africa and Asia Pacific.

Last week the leaders of RBS **Greenwich Capital**'s debt capital markets push of the past few years said they are leaving the bank to start their own hedge fund. **John Walsh**, head of credit markets, and **Ben Cohen**, his deputy, are off to start a credit-focused investment vehicle. Cohen and Walsh, formerly the global head of debt capital markets at **Credit Suisse**, joined the US arm of RBS in 2004.

Total U.S. bond issuance slated to decline in 2006

As the U.S. economy expands and the Federal Reserve continues its gradual uptick on medium- to long-term interest rates, overall bond issuance is forecasted to decline 13.3% to $3.56 trillion in 2006, compared to $4.10 trillion in 2005, according to results from a recent Bond Market Association survey. However, while issuance is expected to fall in interest rate-sensitive sectors, it is anticipated to either stay steady or rise in others that are not driven by rate fluctuations.

It is projected higher rates will have the greatest effect on MBS issuance, according to the BMA's 2006 credit market issuance outlook. Mortgage-related issuance is expected to fall 20.2% to $1.68 trillion in 2006, compared to $2.10 recorded in 2005. The estimate comes in light of rising mortgage rates and a slower growth in the housing sector.

In addition, long-term municipal issuance is predicted to total $352 billion, a 13.5% decrease from the $407 billion reported in 2005. ARM mortgage-related issuance is also expected to drop 26.7% to $633 billion due to higher initial rates and adjustments related to higher short-term rates. Agency MBS and CMO issuance are both slated to decrease by 17.5% to $755 billion and $260 billion, respectively. Non-agency MBS is expected to decrease in 2006 to $664 billion, down 23.9% from the previous year. Although a sharp fall in issuance is anticipated in the mortgage area, it will still be the fifth highest issuance year for the sector, according to the report.

ABS issuance is also expected to decline for the first time since 1999. It will fall 12.5% to $636 billion from $727 billion issued in 2005, according to the survey.

"ABS will be down, but that's because the largest sub-sector within ABS is home equity loans," said Michael Decker, senior vice president and head of research and policy analysis at the BMA. "Home equity loans issuance is driven to a larger extent by real estate evaluations. There's an expectation that the run-up in home values will slow so you'll see less home equity loan and home equity line borrowing and that'll be reflected in lower issuance in that area."

Auto loan, credit card receivable and other collateral sub-sectors within ABS are expected to rise, however.

Based on the survey, cash CDO issuance is expected to increase by 8.8% to $173 billion, compared to $159 billion issued in 2005. Leveraged loans will account for about 40% of the total cash issuance in this sector with a projected $63 billion in issuance, a 12.5% rise from 2005, according to the report. In addition, synthetic CDO issuance will be $80 billion in 2006.

Corporate bond issuance, including investment grade and high yield securities, is predicted to increase slightly to $719 billion, a 1.6% increment from the $708 issued in 2005. — *HBO*

Mortgage sell-off punctuates strong start to year

The strong start to the New Year is continuing in mortgages, though Tuesday last week did see a heavy sell-off that raised questions of whether the tone had shifted. Mortgage flows were strong and two-way. Monday got the week off to a good start as December paydowns — totaling over $40 billion — were reinvested. The strong gains encouraged profit-taking as the day progressed and it picked up steam on Tuesday with real and fast money as well as servicers jumping in with the strong sell-off in Treasurys due to heavy corporate supply and mortgage-related selling. This brought fears that maybe the positive tone in mortgages since the start of the year had shifted, but the cheapening led to active buying on Wednesday as the market held stable, particularly from servicers adding duration and from overseas. The buying was continuing into Thursday's session with central bank and fast money support. The early year and week flows were up in coupon, but that shifted down in coupon following Tuesday's sell-off.

Originator selling continues to be uneventful with supply averaging less than $1 billion per day. Also supportive for mortgages has been the continued low vol environment. The near- term outlook remains favorable. In midweek comments, JPMorgan Securities analysts are holding with their tactical overweight due to lower vol, firming rolls and overseas buying —which they believe should help support the near-term tightening. They also don't expect a turnaround before February. UBS remains a modest overweight on the mortgage basis. They expect foreign and crossover buying should offset the increase in net supply.

In their weekly *MBS Strategy* report, RBS Greenwich Capital analysts are recommending a neutral weighting. They note that January is typically a slightly positive month for mortgages with most of the gain earned in the first week of trading. The rest of month has traditionally experienced some retracement, often in the third week, analysts say. Bear Stearns is neutral to negative on expectations of higher supply and limited demand from banks and GSEs. Finally, Lehman Brothers increased their mortgage short. They don't believe the sector can continue to tighten on a further rally. One reason is the potential for increased ARM-to-fixed refinancings.

Application activity moves higher

Mortgage application activity picked up in the first week of January. For the week ending Jan. 6, the Refinance Index rose 10% to 1498, according to the Mortgage Bankers Association. This was inline with expectations. As a percentage of total application activity, refinancings were down slightly to 42.2% from 42.7% in the previous report. ARM share was also down slightly to 28.1% from 28.8%.

Mortgage rates declined again for the week ending Jan.13, according to Freddie Mac's latest survey. Freddie Mac's Chief Economist Frank Nothaft, attributed the further drop to "some economic data releases that pointed towards more subdued inflation in the near term."

The 30-year fixed rate mortgage rate averaged 6.15% versus 6.21% last week. This is the lowest they've been since the week ending Oct. 28, 2005, when they also averaged 6.15%. Since hitting a near-term high of 6.37% in mid-November, mortgage rates have retraced 22 basis points.

Also reported, 15-year fixed rates slipped five basis to 5.71%; 5/1 hybrid ARMs were down two basis points to 5.76%; and the one-year ARM rate was little changed at 5.15% versus 5.16% previously.

With mortgage rates holding steady to slightly lower, expectations are for mortgage application activity to hold around the 1500 area, and possibly move towards 1600 in this week's MBA report.

December prepayment reports match expectations

December FNMA prepayment reports came in pretty much as expected with a couple of exceptions. One was 2003 4.5s and 2003 5s which declined 13% to 14% versus expectations of 7% to 8%. The other was 6.5s that declined less than expected. Lehman suggests the limited decline in the higher coupons was due to delayed response from borrowers to the rate backup in September and October.

In comments from Bear Stearns' Senior Managing Director Dale Westhoff, he observed that the aggregate speed on FNMA collateral is at its lowest level in five years at 13.8% CPR. The last time the aggregate speed was below 15 CPR was in January 2001.

Speeds on GNMAs were a bit more mixed with 2004 vintage 5.5s and 6s slowing just 2% to 3% versus expectations of 14% to 20%. Meanwhile, 5.5s generally slowed less than expectations, while 6.5s declined more than expectations. GNMA speeds continue to be much faster than conventional cohorts.

Paydowns totaled around $42 billion, according to JPMorgan. Net fixed rate issuance grew $21 billion with 30s up $25 billion and 15s declining $4 billion, analysts add. — *Sally A. Runyan/IFR MortgageData*

Prepayments expected to slow along with the housing market

This year's theme in the MBS market appears to be the potential slowing in the housing market and by extension, the resulting impact on prepayments. While there are some signs that housing may be slowing, a clearer idea of this isn't likely until the spring, when housing activity tends to pick up from the winter doldrums.

Elevated prepayments in the last two years have been due to strong home price appreciation, the increasing array and use of affordability mortgages, attractive mortgage rate levels and the steep yield curve. Although not to the level seen in the recent past, speeds on discounts are expected to remain relatively strong. Alec Crawford, managing director and head of agency MBS strategy, expects speeds will stay on the fast side despite a slowdown in home price growth. "There is still a fair amount of home price appreciation in the market," he said. "Tapping home equity is still a very strong trend among borrowers."

In a study by Merrill Lynch, analysts expect speeds on current coupons to be lower than in 2004 and 2005, however, they believe speeds will be higher than in the 1994 to 1997 period and at least as high as in 2000. They note in part that home prices aren't likely to fall overnight, and changes in borrower and lender attitudes take time.

Currently, estimates for home price appreciation for 2006 range from 3% to 8%.

Expectations are for a typical seasonal slowing over the next couple of months, before picking up again in March. Still, speeds in May are projected to be near December's levels, which were essentially the slowest in 2005.

Looking nearer to January's reports, previous estimates suggest around a 15% decline from December. In the period covering the January report, mortgage rates were fairly stable, averaging 6.27% in December versus 6.33% in November. The Refinance Index was down modestly in December, averaging around 1546 versus 1633 in the previous month. Also contributing to the expected slowing are seasonal factors. With the December data just out, firms will be revising their estimates over the next week or so. — *Sally A. Runyan/IFR MortgageData*

Mortgage market spread volatility likely to linger

The spreads on the subordinate tranches of RMBS might have narrowed from the wider levels achieved in the final months of 2005, but the outlook for the performance of the residential housing market is not necessarily better — or worse — than before.

According to Bear Stearns analyst Gyan Sinha, it would be "hard to point out" any prior year in which exuberant investors, unleashed from year-end balance sheet restrictions, tightened spreads by piling into structured finance bonds, a phenomenon often seen in the equities market. "The idea that investors park money on the sidelines waiting to deploy it at the turn of the year is not new, but the effect has been relatively muted in most years," Sinha wrote last week, "A confluence of events appears to have changed history in this regard."

For example, spreads on Baa1 cash RMBS bonds were at 190 basis points, 250 basis points and 350 basis points, respectively, as of December 5. By January 8, spreads had moved out to 150 basis points, 190 basis points and 290 basis points. As well, the basis between cash and synthetic spreads on the same bonds had moved from -50, -35 and -25 to -30, -15 and -20 for triple-B plus, triple B, and triple-B minus RMBS bonds, respectively.

Those events would include the recent rash of buying home equity ABS credit default swap protection from hedge funds and others looking for a new way to short the housing market. The activity caused a degree of volatility within the sector that hadn't been seen in some time. And, as Sinha pointed out, the widening caused the return-on-equity for some ABS CDOs to reach beyond 20%, and CDO deals with tight liability structures also viewed the asset markets as fundamentally cheap, he wrote.

But aside from recent tightening, Sinha and others are anticipating that uncertainty in regard to the housing market's outlook, among other factors, will lead to spread volatility within the sector — at least in the near term.

HEL performance mixed

Performance indicators so far have been relatively unclear, and most forward-looking estimates rely on future interest rate and gas price estimates. The American Bankers Association last week echoed this sentiment. While the organization reported a 42 basis point drop — or 2.33% — in home equity loan delinquencies in the third quarter of 2005, the organization warned that short-term interest rates could pinch consumers' budgets too far. Meanwhile, the ABA said that positive factors such as economic growth and lower gas prices could help push consumers along with timely mortgage payments. Home equity line of credit delinquencies were up by three basis points, or 0.46%, according to the ABA, while property improvement loan delinquencies also saw an uptick in the third quarter, to 1.55% from 1.52%.

"The persistent interest rate increases by the Federal Reserve and record high gas prices in the third quarter provided a one-two punch that continued to inflict pain on personal budgets," said James Chessen, the ABA's chief economist, in a statement last week. Chessen added that the full impact of Hurricane Katrina has yet to be felt.

Agency MBS: headed toward oversupply?

On the agency side, Margaret Kerins, a U.S. agency strategist with RBS Greenwich Capital, is anticipating spreads to trade "directionally with the level of rates and shape of the curve in 2006," she wrote last week, "The historical relationship between spreads and rates suggests that in a flat yield curve, relatively low rate environment, front-end spreads are fair. Longer-end spreads are rich, but we think that is justified by the lack of supply."

Kerins added that a worst case scenario for agency spreads would include heavy agency supply coupled with low Treasury supply, high headline risk and an inverted yield curve — causing spreads to widen to resist inversion. For 2006, those types of risks do not pose a threat to agency spreads. The big risks, instead, stem from competing products; foreign demand; and cheapening of agency arbitration, which would result in portfolio growth, Kerins wrote.

Meanwhile, Citigroup wrote last week that even though seasonal patterns may be providing a "short-term boost for the mortgage basis, increased supply is likely to quickly overwhelm this positive. We recommend caution on the mortgage basis."

Citi is anticipating more agency fixed rate net supply in the first part of this year due to a combination of a flatter yield curve and greater regulatory oversight on the so-called nontraditional mortgage products. The push toward fixed-rate origination, which began in the latter end of 2005, should be amplified by a purchase-driven atmosphere. As well, ARM prepayments should show more of a slowdown than their fixed-rate counterparts. These, among other factors, will increase agency supply — causing Citi to recommend conservative strategies for agency MBS going forward. — *AP*

ABS & CMBS *CONTINUED FROM PAGE 1*

in 2005 has put the heat on alternative finance in the secured and unsecured debt markets. S&P said that the total rated volume for European corporate securitizations slowed over the past 12 months. In 2005, the agency rated 23 issues for a total £7.9 billion ($13.9 billion), from 20 issues totaling £12.1 billion ($21.18) in 2004.

For 2006, the rating agency said it expected the market to remain steady with small and medium sized transactions outnumbering larger deals. One key development in 2005 that is expected to continue this year has been the application of Opco Propco to assets which would previously have been corporate securitizations, for example, Fleet Street (Four Seasons Healthcare) by Goldman Sachs and Barclays Capital and Talisman (Priory) from ABN Amro. According to Matthew Lindsay, a corporate partner at Mishcon de Reya, the Opco/Propco structure often enables a borrower to raise additional funds compared to a straightforward 'bricks and mortar' financing, provided the target company has a significant number of property assets with a related profitable business element.

> ***"These are single obligor specialist property assets securitizations."***

"These are single obligor specialist property assets securitizations," said Paul Geertsema at Barclays' securitization research team. "By structuring deals as CMBS rather than as a corporate securitization, issuers are achieving greater leverage and higher ratings for essentially the same assets." Geertsema added that he expected this trend to result in further reductions in corporate securitization issuance and possible redemptions/restructurings of existing corporate securitization transactions into CMBS-type structures in 2006.

Analysts at S&P said that Talisman -2 (Priory) Finance Plc was the first transaction in Europe to be rated with a hybrid blend of corporate securitization and real estate finance analysis enabling the notes to achieve a 'AAA' rating without the benefit of explicit external third-party support. The transaction is backed by a single loan supported by single tenant operating risk. Michela Bariletti on the structured finance team at S&P said that while these deals are structured on the basis of their real estate value, S&P categorizes them as corporate securitization when they are significantly exposed to the borrower's or tenant's operating risk. "We view it as a whole business deal because when you compare it to a single loan CMBS deal you see much higher exposure to the operational risk."

The benefits of this hybrid structure include a less strict package of operating covenants and higher rating than traditional corporate securitization, said Bariletti. Another feature is bullet payments with refinancing risk at the expected maturity, although the financing term is shorter than that of a classic corporate securitization —at about seven years instead of 30. Other deals have been executed via the private market but now that one market value transaction has been successfully placed in the market the rating agency expects to receive further requests. Bariletti added that other proposals have been analyzed, but whether or not these will make it to the market is difficult to predict. — *NC*

Multifamily transactions seize German CMBS spotlight

The market is ripe for the first pure multifamily residential dwelling securitization of Eastern German properties, market sources said. The deal is expected to be €400 million in size.

But the transaction won't be alone as 2006 is expected to be another big year for these deals, said market sources. "In general, CMBS will continue to a big area of growth and, in particular, multifamily home securitizations will drive this growth," Nicolaus Trautwein, head of the German securitization team at Commerzbank, said.

Stuart Nelson from the structured finance team at Standard & Poor's said that deals that have come to market so far have been well received. The trend towards privatization has seen the government and large corporations selling off sizeable chunks of housing stock to investors. Goldman Sachs last year acquired 65,000 apartments for €2 billion ($2.4 billion) and Deutsche Annington, which is owned by terra firma, purchased 152,000 apartments for €7 billion ($8.4 billion). These portfolios are among the larger size acquisitions that have prepped deals for the securitization market. "Multifamily housing has been sold in big concentrations to private equity firms like terra firma who now own these huge portfolios," Trautwein said. "It's more efficient for them to look at alternative funding sources where they only have to deal with one or three banks as opposed to funding the deal via lots of smaller banks. The securitization market is the only place firms with a big concentration of these assets can find one big loan."

Trautwein added, however, that

Fitch, RBS explore outcome of likely smoking ban in U.K.

It is looking increasingly likely that England will go the way of its neighboring U.K. countries and issue an outright ban on smoking in public places. How this might affect pub securitizations is still unclear, but Fitch Ratings analysts said that the full smoking ban in Scotland slated to take effect at the end of March should paint a clearer picture of what to expect.

The Health Bill issued in October last year proposed a partial ban on smoking in public places and also moved the date of introducing the ban forward to summer 2007 rather than the end of 2008. "By the end of last year, a Commons select committee had branded the proposal unfair and unworkable and have been working to get a full ban on smoking passed at the earlier date," said Paul Crawford, an analyst at Fitch last week during a teleconference on the sector. "We will have to wait and see how it pans out but the full smoking ban in Scotland — where a number of pub companies have transactions with exposure to Scotland — will no doubt be used as a learning experience to get up to date one how the ban might affect transactions with exposure in England."

How this might affect pub securitizations is still unclear.

The Health Bill is expected to enter the report stage and have its third reading in the Commons within the next two weeks. The government will allow a free vote among Labor MPs, most of whom appear to favor an amendment to remove the opt-out for pubs not serving food and private member clubs. The MPs will have three choices to choose from: an opt-out for food pubs and private member clubs, opt-out for private member clubs, and a blanket ban for all pubs and clubs. Health Secretary Patricia Hewitt is believed to back the second option.

According to the British Beer & Pub Association, over 20,000 private clubs are registered in England and Wales. "We see an outright ban as the better outcome for the pub industry as it would create a level playing field, should see a much more consistent effect on all pubs, and should not result in a loss of trade to private members' clubs," reported analysts at the Royal Bank of Scotland. "We feel that lower quality tenanted pubs would suffer most from such a compromise given they are more likely to be located close to clubs than managed outlets [and] their offering is not very different to that of a private members' club." — *NC*

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executing these larger deals takes a bit of time for structuring to work efficiently. Still, he expects to see more of the more voluminous transactions, sized between €3 billion ($3.6 billion) and €4 billion ($4.8 billion), to be part of the securitization repertoire in 2006. "I think one area that will be looked at will be multifamily home assets in conduits which, at the moment, are being set up by several German banks," he said. S&P's Nelson estimated that between 20 and 25 banks sought to provide clients with an ABS platform. "Approximately 20% of the deals we saw this year in Germany were actually refinancing activities," he said. "If this goes away then the slack will have to fall on these lenders."

In the past, multifamily property companies were able to fund cheaply via the Landesbanks but with the changing environment these banks have less incentive to provide loans at the competitive rates they used to offer. "I think it's a combination of the market speed decreasing quite significantly, while the need for funding has increased and all of a sudden the market has shifted to where the terms of securitization seem quite attractive for these property companies," Trautwein said. Commerzbank is currently working on a multifamily deal due out sometime in the 2Q06.

And NPLs?

Elsewhere in the securitization marketplace, skepticism is growing that the anticipated German NPL boom (see *ASR* 1/10/05) will ever materialize. Market analysts say that its been harder to sell the benefits of securitization and that, at the moment, it's not likely that 2006 will offer the boom that has been expected since last year. "There has been a lot of talking and a lot of buying and selling but securitization is still seen as a difficult tool," Trautwein said. "It seems to be also that securitization is not as competitive as the traditional method of funding because it's perceived as being data administrative heavy." However, one source added that there has been talk of one bank possibly planning a securitization takeout for sometime this year. S&P's Nelson added that it has taken awhile to make securitization friendly and, at the same time, it's still unclear whether issuers will opt to come to market with large deals or break up portfolios into smaller market issues. — *NC*

Granite deal poised to set early benchmark for 2006

The primary pipeline in Europe is slowly gathering momentum, but the main story remains secondary trading. With only a handful of deals visible on the primary so far, market sources say trades continue to pull in.

"The beginning of the year is what it is," said one trader at BNP Paribas. "The market is slowly coming up to speed with 12 deals that are supposed to be marketing on the primary that should bring in a total of approximately €15.7 billion ($18.8 billion), but some of that is smoke and mirrors or issues that may have been left over from last year."

Price guidance out for Northern Rock

Price guidance came out for Northern Rock's Granite 2006-1, which its triple-B tranche talked 10 basis point wider than current market levels, according to sources. The triple-A guidance was talked at Euribor plus seven to eight basis points for the euro piece, 10 to 11 basis points over Libor for the dollar tranche and 12 to 13 basis points for the sterling tranche. That is in line with December's Gracechurch Mortgage Funding.

However, the triple-B rated notes are talked almost 18 basis points wider than Gracechurch's notes, which priced at 47 basis points over Libor. Market sources noted that the Gracechurch deal benefited from a static pool and increasing subordination from note amortization. "The rest of the price talk is actually somewhat less generous than usual, being flat to just 1bp wide of secondary," said a source on the Dresdner Kleinwort Wasserstein trading desk. "However, as Granite is also renowned for tightening price guidance more than average, perhaps this situation will be avoided this time round, although we would expect some revision for [triple-Bs], or further news flow explaining the wide guidance."

Toys R Us plays CMBS

Marketing is underway for Vanwall Finance, a £356 million ($626.8 million) sale and leaseback CMBS for Toys R Us. The properties, which include 29 stores and a distribution center, were leased for 30 years to Toys R Us. A total of six tranches are offered, rated from triple-A to triple-B with corresponding LTVs of 34.5% to 70.4%. Toys R Us is currently rated 'Caa2/B-/CCC', a weak credit standing reflected in the relatively low LTVs of the bonds issued in the transaction.

ABN markets 2nd covered bond

ABN Amro is marketing its second covered bond from its €25 billion ($30 billion) Dutch program. A total of €2.5 billion ($3 billion) of notes are expected, with maturity determined by demand, bringing its total issuance from the program to €4.5 billion ($5.4 billion). The collateral pool consisted of €7.1 billion ($8.5 billion) of mortgages with a 92.1% weighted average-LTV.

"These primary deals haven't been enough to satiate appetite and spreads on U.K. prime for example continue to come in by .5 basis point to 1 basis point," said the BNP source. "Mezzanine is also coming in and we should continue to see tightening — it's a very good time for the market."

Secondary still offers discounts

Analysts said that the final deals of 2005 that struggled due to the oversupply in the market are now trading at discount to par. There has been a lot of activity on Italian state side — the SCCI deal offers good value and tightened by a basis point but there is still some value on the longer end.

Traders at DrKW noted one interesting recent development is the decline in demand for "high cash premium" pass through amortization product. Accounts and traders reluctance to take the inherent prepayment risk when there is an abundance of par-area product available has led to widening of spread differential between two equivalent bonds where one is trading at par and the other is trading at a significant cash premium. "With conservative assumptions and correct interpretation of CPR developments in a given deal, this could lead to relative value opportunities over the coming weeks for savvy investors," said traders at the bank. — *NC*

AEON lines up Thai card deal, arranged, again, by Citi

Thai consumer finance company AEON Thana Sinsap, a subsidiary of Japan's AEON Credit Service, is plotting a third raid on the ABS market at the end of this month. Citigroup Global Markets will arrange the THB2.3 billion ($57.4 million) credit card deal, reprising the role the bank filled for AEON's THB2 billion securitization of the same assets in February 2005 (*ASR*, 2/21/05).

Roadshows will shortly take place in Bangkok for the latest four-tranche offering, with pricing due around the Jan 27. AEON officials said proceeds will be used for working capital requirements and new loan origination.

The transaction, issued out the Eternal 3 SPV, is backed by a THB2.8 billion pool of revolving loans. Fitch Ratings has assigned local ratings of triple-A to two senior fixed rate tranches: a THB1.5 billion three-year piece and THB500 million of five-year notes. Credit support will come chiefly through two subordinated five-year pieces: THB120 million of AA-rated paper and THB160 million single-A rated tranche. Additional enhancement comes from a small cash reserve.

With Thai consumer finance companies no longer able to take deposits, securitization should constitute a core part of their funding strategy going forward. One of AEON's domestic competitors, Siam Panich Leasing, will issue a THB5 billion auto loans ABS in the first quarter, with Standard Chartered the appointed arranger.

Aeon's last offering featured three-year and five-year senior notes, which respectively paid 70 and 85 basis point spreads over government bonds with similar maturities.

Meanwhile, in the People's Republic of China, Huaneng Power International could be the latest high-profile entity to test the securitization waters. The company has called an extraordinary shareholder's meeting on Jan. 18 to gain approval for a RMB15 billion ($1.86 billion) ABS program and RMB5 billion offering of short-term debentures.

If shareholders give the green light, Huaneng will send out requests for proposals to prospective arrangers with a view to issuing the first in a series of ABS transactions towards the end of 2006.

Huaneng, listed in New York, Hong Kong and Shanghai, is one of China's largest independent power companies with a market capitalization of $8.4 billion. Its current total plant capacity is 22,253 MW — mostly coal-fired — but Huaneng wants to boost this through acquisitions and building new plants.

The company views securitization as an alternative to bank loans for funding capital expenditure. The success of China's first corporate ABS — a RMB3.2 billion short-term deal by China United Telecommunications in September (*ASR*, 9/12/05) — laid a template that several other major companies are likely to follow in 2006.

Unicom's transaction comprised six-month paper paying 2.55% and one-year notes offering 2.8%. While that equated to an 80-point pickup over bank-issued commercial paper, it was significantly under the 5% one-year loan rate charged by commercial banks. Consequently, it came as no surprise when Unicom announced plans for a follow-up deal, expected in the first quarter. ABS bankers also anticipate small regional banks to use securitization extensively as a means to fund loan origination.

Elsewhere in China, the Shenzhen City Government will target securitization issuers as part of a wider strategy to position the city as an industrial finance center. Government officials for the city — located in the southern province of Guangdong — say they will introduce a series of reforms designed to facilitate ABS issuance on the Shenzhen Stock Exchange. Toll road operator Dongguan Development Holdings listed the first securitization deal on the city's exchange in the last week of 2005 (ASR, 1/9/06).

Elsewhere, Japan is on course for another bumper year with issuance of ¥7.5 trillion ($65.4 billion) forecast by Merrill Lynch's ABS research team. That would be a slight drop on 2005's total of ¥7.7 trillion for transactions where details were made public. It should, however, be remembered that last year was comfortably the best on record, with a 54% leap from 2005's figure of ¥5 trillion.

Merrill largely based its prediction for the coming year on the assumption RMBS will stay bright. In 2005, it accounted for almost ¥4 trillion, with private bank issuers and the Government Housing Lending Corp. to the fore.

While growth in traditional asset classes may level off this year, Merrill believes that equipment lease-backed issuance might edge up, while spread widening should help boost arbitrage CDO activity.

Meanwhile, Bank of Tokyo-Mitsubishi UFJ — now reckoned to be the biggest bank in the world following the recent merger of BOTM and UFJ Bank — is to extend the securitization program established in 2005 by UFJ for small and medium sized enterprises.

The bank lent ¥200 billion to SMEs struggling to access bank loans at favorable terms in exchange for ownership rights to their accounts receivables, which UFJ then securitized. With BOTM on board, the program will add a further ¥500 billion over the next two years. — *RD*

Consolidated Street Research

To submit research recommendations e-mail research.asr@sourcemedia.com

Bear Stearns

MBS

Despite the curve being nearly flat on Monday (01/09), IOs were near their local wides in OAS. That leaves them slightly positive on IOs for the first time in a while. Floaters are starting to look attractive - either alone or as part of a barbell strategy. Floaters add anywhere from five to 20 basis points of OAS over their underlying collateral and no longer require a large yield give up. Favor 10-year PACs over other longer products for their extension protection. As speeds slow, long sequentials are likely to extend more than the PACs, leaving the PACs more attractive. The five-year PAC and NAS bonds are offering attractive alternatives to 15-year collateral. They add significant OAS, yield, spread and have better projected returns. Look to these structured products rather than 15-year collateral as a way to limit the extension risk of 30-year collateral (01/10)

CDO

Analysts believe that mezzanine spreads in both cash and synthetic subprime mortgage markets will remain range-bound over the short term while CDO liability spreads are likely to remain more sticky in the absence of sustained negative news from the housing markets. That would cause some amount of volatility in mezzanine ABS CDO equity yields, and continue to present fleeting opportunities for investors to lock in baseline yields that are higher than what has been the norm in the recent history. Additionally, at current collateral spread levels, there has been some interest shown by housing market speculators to buy protection. However, the CDO pipeline seems to suggest a much stronger CDO bid that should keep collateral spreads at the lower end of the range in the near term. Of course, if a drastic downturn in the housing markets and a corresponding spike in defaults and delinquencies were to occur, they will outweigh any positive technicals and take spreads on both ABS and ABS CDOs significantly wider from current levels. In the absence of such an event, for investors looking to buy mezzanine new issue ABS CDO debt, current levels may be a good opportunity to lock-in relatively higher spreads before they begin to gravitate to previous levels in line with the movement in underlying collateral spreads. (01/10)

Citigroup Global Markets

MBS

Analysts see cheapness across the board in structured MBS and ARM MBS, especially relative to 15-year passthroughs. They like the non-agency basis in 15-year paper and short hybrids. 5/1 and 7/1 agency hybrids have widened dramatically in the past three weeks and look attractive to 15-year MBS. CMOs are fair to hybrids. Analysts like five-year PACs (and short sequentials) versus 15-year MBS. Concerns of massive bank selling of underwater sequentials seem overblown. Analysts like the non-agency basis in short hybrids. The jumbo basis in 3/1s has been range-bound. Currently, jumbo 3/1s offer the best OAS/price pickup among all hybrids versus agency ARMs. Non-agency 3/1s and seasoned 5/1s might be a better place to take advantage of the recent widening in 3/1s, extra carry provides some measure of protection against further REIT selling. (01/06)

Countrywide Securities

MBS

The firm recommend selling 15-year 4.5s to buy 20-year 5.0s. Lower coupon 15-years are trading to extremely narrow yield spreads, sending 4.5s inside to swaps +20 bps; the firm believes there is little room for further tightening from there. Moving into 20-year 5.0s improves yield spread by 35 basis points and OAS by 20 basis points — even though the 20-years are very similar in duration and dollar price, and have only modestly greater extension risk. (01/11)

Credit Suisse First Boston

MBS

Buy front sequentials off 30-year 4.5s versus securities backed by 15-year 4.5s Front sequentials off 30-year 4.5% collateral are cheap versus securities backed by 15-year fixed-rated MBS. This is based on favorable yield and OAS levels, lower dollar prices on the CMO off 30-year 4.5s, and a rich valuation on 15-year 4.5s versus the rest of the 15-year MBS coupon stack. (01/10)

Deustche Bank

MBS

Deutsche Bank continues to recommend a small overweight to the mortgage sector, despite the substantial tightening of spreads over the first two weeks of the year. Deutsche analysts observe that any profit selling in MBS from the hedge fund and relative value community has been met with strong interest from yield oriented investors. On the opposite side of the equation, origination has been slow from banks and Deutsche expects supply to slow down further into the winter months. By February, the Deutsche analysts project that net supply of 30-year conventional mortgages should drop from over $20 billion a month to less than $12 billion a month. Deutsche points out that net supply continues to be negative in the GNMA and 15-year sectors. Among fixed-rate passthroughs, Deutsche recommends the middle coupons (30-year 5.5 to 6% passthroughs) and seasoned specified pools in particular. Given the soft dollar roll market, Deutsche contends that this is a good time to benefit from the superior convexity of seasoned specified 30-year conventional pools. Among structures, extension protection is priced inexpensively in PACs; and Deutsche strategists especially like intermediate and last-cash-flow PACs. Among shorter duration alternatives, extension protections can be found in hybrid ARMs. 5/1s and 7/1s are attractive versus 15-year passthroughs. (01/11)

JPMorgan Securities

MBS

The firm's tactical outlook for the basis remains positive, as declining volatility, firmer rolls, and relatively heavy overseas purchases support the near term tightening. Analysts continue to favor a combination of FNMA 5s and 6s versus five-year Treasurys. The FNMA 5.5 fly has been a very strong performer but nothing unusual occurred with the roll and supply in the coupon remains heavy. Consequently, analysts suggest resetting shorts in the FNMA 5.5 fly. Recommended trades: FNMA 5s and 6s versus 5-year Treasury; sell the DW 4.5/FNMA 5 swap; DW 5.5/FNMA 5.5 swap; FNMA 6/5.5 swap plus 5.5 POs; sell FNMA 5.5 fly. (01/11)

CDO

Dramatic widening in subordinate ABS HEL spreads has greatly increased the arbitrage currently available in Mezz SF CDOs . From mid October to early December, triple-B and triple-B minus HEL spreads widened 125 basis points and 200 basis points, respectively, a trend which has reversed somewhat in recent weeks, with both moving in 65 basis points. There are already indications higher arbitrage levels are influencing issuance trends. CDO demand for SF assets could help support recent ABS HE tightening but greater issuance volumes may also keep SF CDO liability spreads on the weaker side. The recently wider SF liability spreads (triple-As through triple-Bs 2, 3, 15, and 100 basis points wider since October) may also pressure CLO liabilities. Currently, SF CDOs pick up approximately 4, 15, 80, and 180 basis points over indicative CLO liabilities, triple-As through triple-B, respectively. For the near-term in 2006, analysts reiterate their underweight recommendation for CLOs and SF CDOs across the capital structure. (01/09)

Lehman Brothers

MBS

Both single A-rated and triple-B MTA/neg-am subordinates offer higher loss coverage multiples and pickup in spread versus subprime subordinates. Long triple-Bs off MTA and buying protection on synthetic triple-Bs off HELs picks 100 basis points in carry and enables investors to express a bearish view on the housing market. Analysts argue that credit risk in the high FICO MTA collateral was being priced conservatively both by investors and rating agencies. MTA subordinates are attractive versus subprime subordinates given the higher loss coverage multiples, especially in a housing slowdown. Over the last two weeks, subprime triple-B spreads have tightened by nearly 40 basis points driven by strong technicals, and consequently the trade is now attractive even at the triple-B level. With triple-B MTA subordinate spreads at 275 basis points, the trade picks nearly 100 basis points in carry and enables investors to benefit from a slowdown in the housing market. (01/09)

Merrill Lynch

CMBS

At this juncture, the firm believes the market has some marginal value (especially with corporates and mortgages tightening since the start of December), but is not as attractive from a relative value basis as it was a few weeks back. Relative value opportunities will continue to crop up as dealers continue to innovate and the market wrestles with pricing new structures. Many of these tranches have leveraged risk to just a couple of loans. To take advantage of any mispricings it is important to understand the structure, how these bonds work and how they behave under different scenarios. (01/06)

MBS

Analysts remain neutral on MBS; further tightening may lead them to an underweight. In 30-year coupon swaps, they are removing their up in coupon bias which they have held for the past two months after very strong performance. Prefer Gold/FNMA 6 to Gold/FNMA 5.5.In 15-years, they are neutral on 15s relative to conventional 30s but retain an overweight relative to GNMAs. In GNMAs, analysts believe GNMAs are expensive and remain underweight GNMA/FNMA 5, GNMA/FNMA 5.5, Dwarf 5.5 / GN 5.5, and Dwarf 6/GNMA 6.5.In specified pools, analysts recommend holding MLB 5.5s and seasoned 4.5s.In CMOs, they like intermediate 5/5 PACs and LCF sequentials backed by 20-yearcollateral. They also favor the first reference REMIC to Dwarf 4.5sIn hybrids, non-agency 5.25% 7/1s have outperformed agency 5.25% 7/1s by approximately 4+/32s since they recommended the trade last week. Their agency 5/1 versus Dwarf trade recommendation looks even more compelling at current levels given the recent tightening in fixed-rate mortgages. They believe that both trades continue to offer value and would hold both positions. Seasoned jumbo hybrid discounts and intermediate sequentials look attractive for investors concerned about reset speeds. (01/11)

RBS Greenwich Capital

MBS

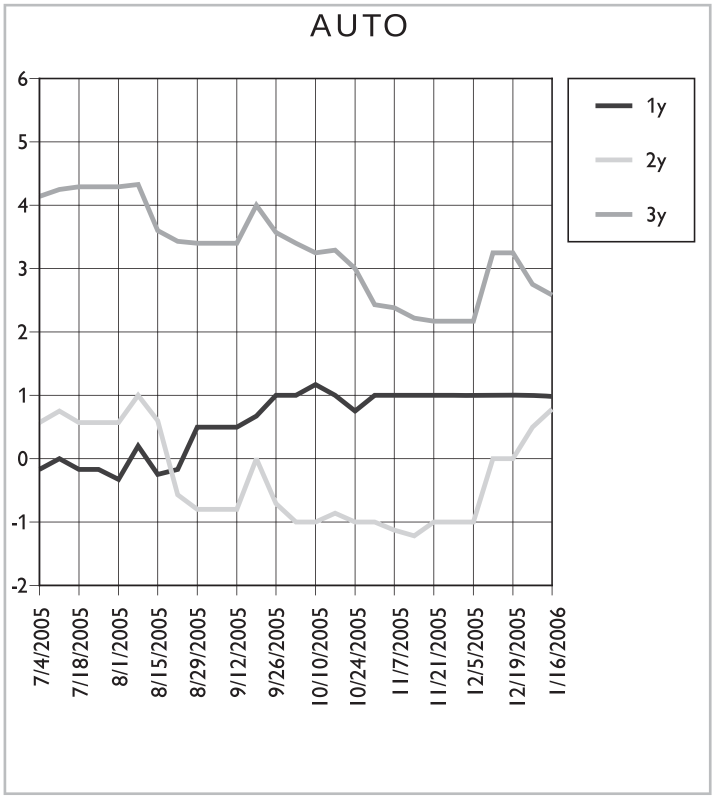
Analysts don't mind being short mortgages for a trade here, based on low vol and their recent tightening. However, they would keep the size small, as longer term, they are close to fair if vol is correct. Keep the stop loss tight, and shoot for a four to five tick move. Buy 15-year versus 30-year MBS. This looks cheap, stealth basis short. If you are bearish on MBS and think the yield curve will steepen, another way to express that without too much negative carry would be buying 15-year MBS and selling 30-year MBS. Receive on CMM, buy FNMA 6s to pick up carry. If you think rates will remain stable, one thought is receiving on CMM to get long mortgage exposure, then buy FNMA 6s against that to get some positive carry. This trade does well in a sell-off because the FNMA 6 roll should improve. This trade does poorly in a rally as the FNMA 6 hedge ratio will shrink while CMM maintains a pretty stable duration that of the par price mortgage. (01/10)

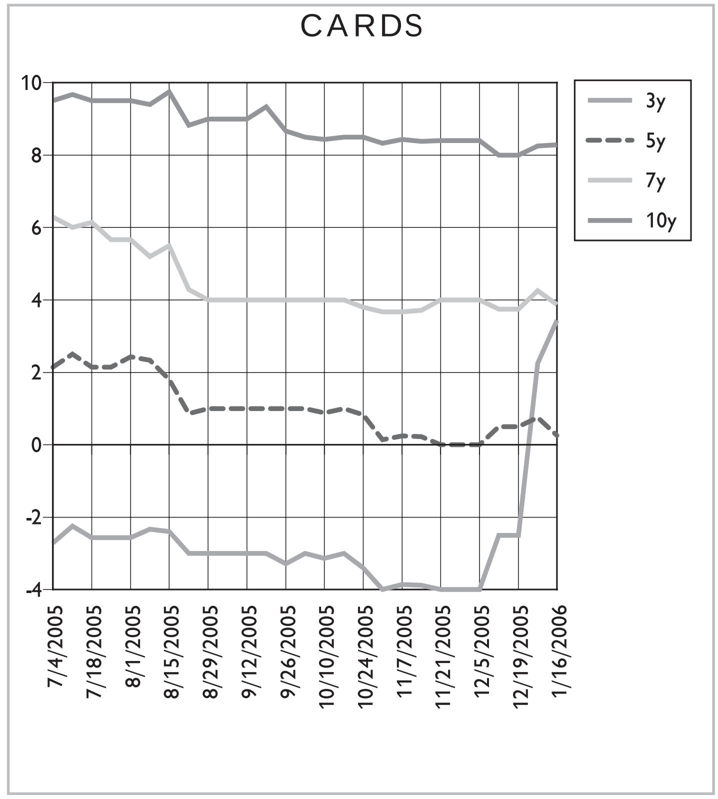
UBS

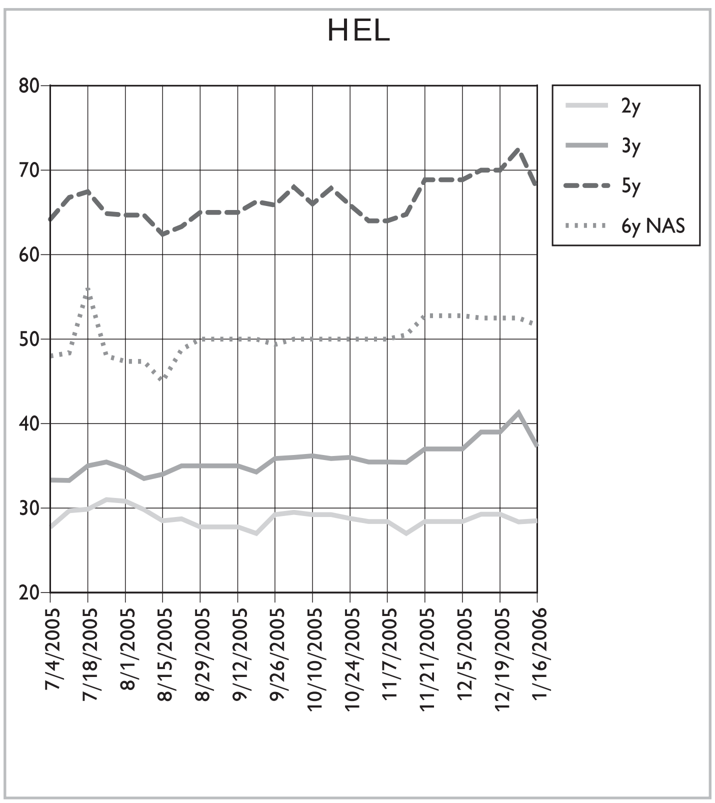
MBS

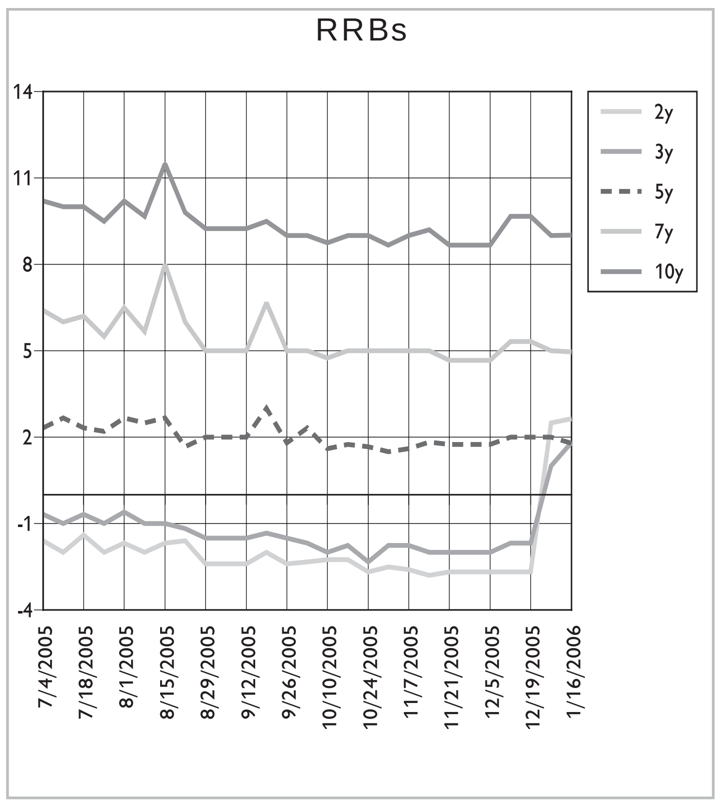
Analysts continue to hold their modest overweight on the mortgage basis. Lower coupon 15-year paper (especially 4.5s) looks very rich — move up-in-coupon in 15-year paper. Analysts really like 7/1 hybrids. Extending from 5/1 to 7/1 hybrids (in either Agency or non-Agency) is one of the highest yield pick-ups per unit of additional duration anywhere. Analysts continue to like buying 7/1 Agency hybrids, instead of lower coupon 15-year passthroughs, to achieve equal yield, shorten duration, and to pick OAS. The sinking fund feature of the super sequential makes for a very stable structure. And cheapness in the AS sector has made these super sequential AS bonds a good relative value pick to other stable structures, such as PACs and guaranteed final CMOs. (01/10)

FIXED RATE SPREADS VERSUS SWAPS



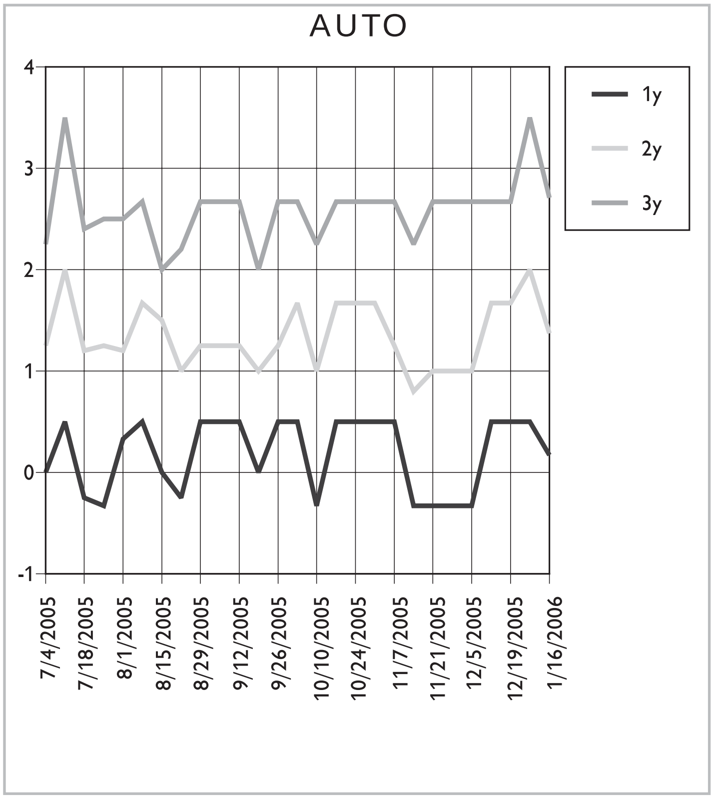


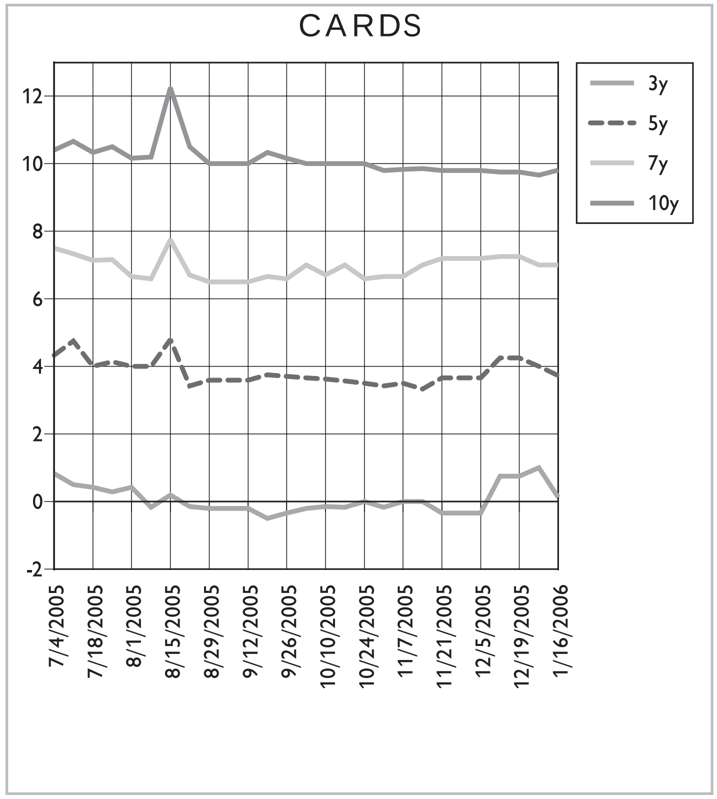


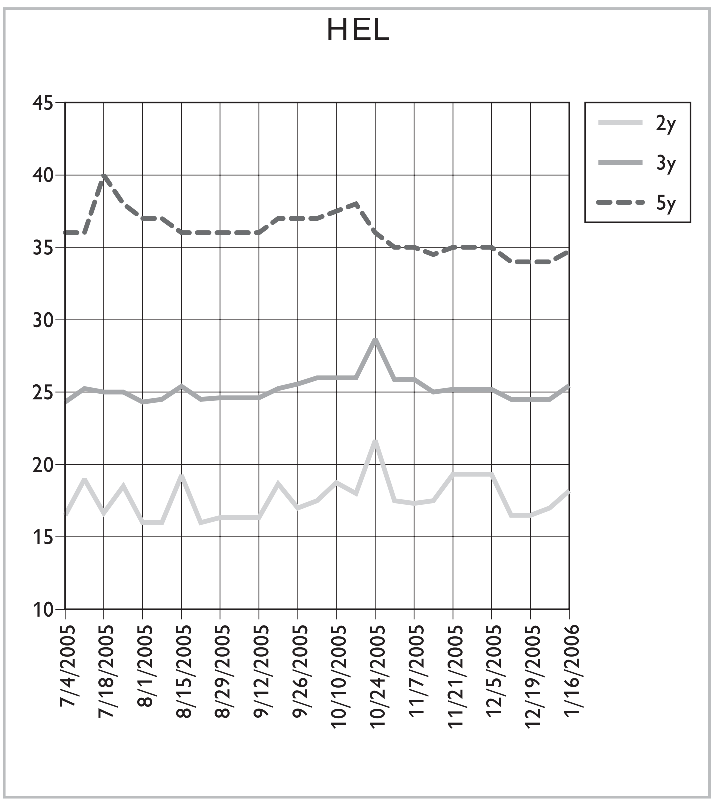


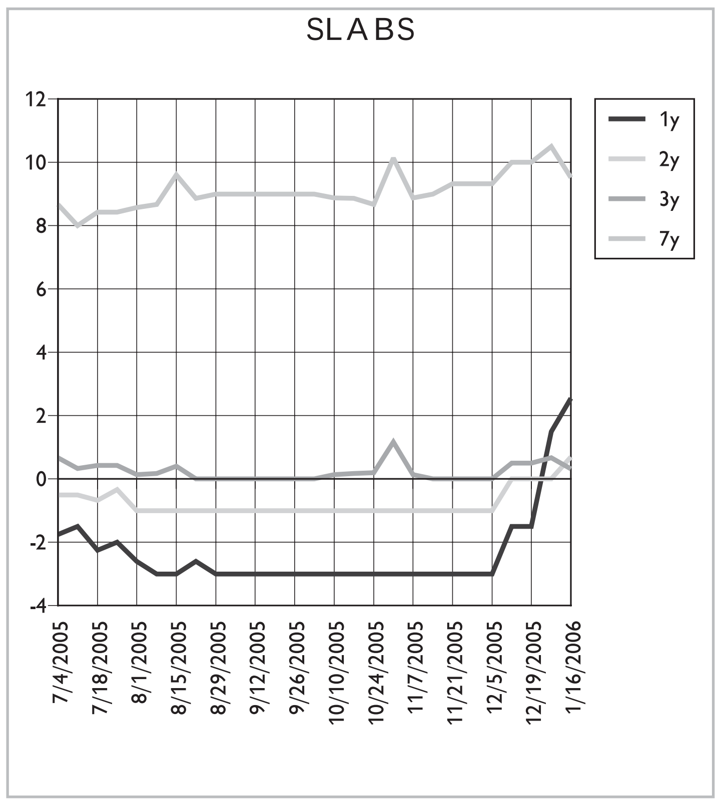
Source: Asset Securitization Report

FLOATING RATE SPREADS VERSUS LIBOR









Source: Asset Securitization Report

Pricing Date	Issuer	Transaction	Collateral	Underwriters	Amount	(%) of total
Assured Guaranty						
12/29/05	Countrywide	CWHEQ Revolving Home Equity Loan Trust Series 2005-J Class A-1		HELOC	Countrywide Securities	$750.00
12/29/05	Countrywide	CWHEQ Revolving Home Equity Loan Trust Series 2005-J Class A-2		HELOC	Countrywide Securities	$750.00
12/21/05	Orkney Holdings, LLC	Orkney Re II plc Series A-1	Insurance Securitization	Goldman, Sachs & Co.	$382.50	
09/30/05	Garanti	Garanti Diversified Payment Rights Finance Company 2005-D		Future Flow	Standard Chartered	$165.00
09/15/05	Leasing Associates Inc.	LAI Vehicle Lease Securitization Trust 2005-A		Vehicle Lease	JP Morgan Securities	$64.40
09/09/05	Bear Stearns	SACO I Trust 2005-GP1	HELOC	Bear Stearns	$331.10	
				Total	***$2,443.00***	
Ambac						
12/31/05	Aviation Capital	ACG Trust III	aircraft	UBS	$540.0	
12/30/05	SACO I Trust	Series 2005-10	closed end second lien	Bear Stearns	$284.6	
12/30/05	Lehman XS Trust Mortgage	Series 2005-9N	residential mortgages	Lehman Brothers	$184.9	
12/29/05	Countrywide Asset Backed Certificates Trust	Series 2005-17	home equity	Countrywide Securities	$860.4	
12/29/05	IMPAC Secured Assets Corp.	Series 2005-2	residential mortgages	Countrywide Securities	$325.0	
12/29/05	Countrywide Revolving Home Equity Loan Trust	Series 2005-L	HELOC	Countrywide Securities	$400.0	
12/28/05	Countrywide Asset Backed Certificates Trust	Series 2005-16	home equity	Countrywide Securities	$1,039.0	
12/17/05	Chevy Chase 2005-3	Chevy Chase 2005-4	residential mortgages	Barclays Capital, Credit Suisse First Boston	$319.0	
12/14/05	Hertz Rent-A-Car	Hertz Vehicle Financing Trust 2005-2	rental car fleet lease	Deutsche Bank Securities, Lehman Brothers, Goldman Sachs, JPMorgan Securities, Merrill Lynch	$2,150.0	100.00%
12/09/05	Iowa Student Loan Liquidity Corp.	Series 2005-C1; 2005-C2	Federal & Private Student Loans	UBS Securities	$58.3	100.0%
11/30/05	Harborview	Series 2005-16	residential mortgages	RBS Greenwich Capital	$450.0	
11/30/05	Lehman XS Trust Mortgage	Series 2005-7N	residential mortgages	Lehman Brothers	$289.3	
11/29/05	Home Loan Investment Bank	Home Loan Mortgage Loan Trust 2005-1	home equity	RBS Greenwich Capital	$170.0	100.0%
11/22/05	Chevy Chase Funding LLC	Series 2005-C	residential mortgages	Barclays Capital, Credit Suisse First Boston	$122.0	
11/21/05	GE Seaco	GE Seaco Finance Trust 2005-1	shipping container leases	Wachovia Securities	$600.0	100.0%
11/09/05	AmeriCredit Corp.	AmeriCredit Auto Receivables Trust 2005-DA	retail loans/nonprime	Barclays Capital, Credit Suisse First Boston, UBS	$1,400.0	100.0%
10/31/05	GreenPoint Mortgage Funding Trust		Series 2005-AR5	residential mortgages	Goldman Sachs	$187.7
10/26/05	State of NC Educational Assistance Authority	Series 2005-A	Federal & Private Student Loans	RBC Dain	$506.3	100.0%
10/21/05	Universal Compression Inc.	Universal Funding 2005-1	natural gas compressors	Wachovia Securities	$200.0	100.0%
10/20/05	MA Educational Finance Authority	Series 2005	Federal & Private Student Loans	UBS Securities	$211.8	100.0%
10/13/05	MI Higher Education Student Loan Authority	Series 17-P	Private Student Loans	UBS Securities	$41.1	100.0%
10/12/05	National Collegiate Student Loan Trust	NCSLT -2005-3	Private Student Loans	Deutsche banc Securities, Goldman Sachs, JPMorgan	$390.0	23.3%
09/14/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-F	HELOC	Countrywide Securities	$2,700.0	100.0%
08/18/05	GreenPoint Financial Corp.	GreenPoint Home Equity Loan Trust 2005-HE3	HELOC	Lehman Brothers	$417.2	100.0%
05/24/05	Cendant Corp.	AESOP Funding 2005-4	rental car fleet lease	Banc of America Securities, Merrill Lynch	$800.0	100.0%
05/18/05	Triad Financial Corp.	Triad Auto Receivables Owner Trust 2005-A	retail auto loans	Citigroup Global Markets, Goldman Sachs	$1,100.0	100.0%
05/16/05	Textainer Marine Equipment Mgnt	Textainer Marine Containers Trust 2005-1	equipment lease	Wachovia Securities	$580.0	100.0%
05/11/05	United Capital Markets	United Capital Aviation Trust 2005-1	repackaging/aircraft lease	United Capital Markets	$203.0	100.0%
05/10/05	First Citizens Bank	First Citizens Home Equity Loan Trust 2005-1	HELOC	SunTrust Robinson Humphrey	$248.4	100.0%
4/7/05	United Auto Credit Corp.	United PanAm Auto Trust 2005-1	retail loans/nonprime	Deutsche Bank Securities	$195.0	100.0%
03/30/05	Capital One Financial	Capital One Auto Finance Trust 2005-A	retail loans/nonprime	Barclays Capital, Deutsche Bank Securities	$1,500.0	100.0%
03/24/05	Vanguard Car Rental U.S.A.	ARG Funding 2005-2	rental car fleet lease	CDC IXIS Capital Markets, Lehman Brothers	$1,000.0	100.0%
03/23/05	Countrywide Home Loans	Countrywide Home Equity Loan Trust 2005-3	home equity	Countrywide Securities	$39.0	1.7%
03/11/05	Countrywide Home Loans	Countrywide Home Equity Loan Trust 2005-1	home equity	Countrywide Securities	$30.0	1.0%
01/24/05	Morgan Stanley	MSDWCC HELOC Trust 2005-1	HELOC	Morgan Stanley	$753.6	100.0%
				Total:	***$20,295.6***	
Fannie Mae						
06/22/05	AmeriQuest Mortgage	Park Place Securities Trust 2005-WCW2	subprime MBS	Citigroup Global Markets, UBS	$1,433.7	62.3%
05/11/05	Fannie Mae	Fannie Mae Grantor Trust 2005-T2	repackaging/home equity	RBS Greenwich Capital	$3,000.0	100.0%
				Total:	***$4,433.7***	

Pricing Date	Issuer	Transaction	Collateral	Underwriters	Amount	(%) of total
FGIC						
12/21/05	Aviation Capital Group Trust	ACG Trust III	aircraft	UBS	$540.00	
12/28/05	RFC	RAMP 2005-EFC7	subprime	GMAC-RFC Securities, Barclays Capital	$698.2	100.0%
12/28/05	RFC	RAMP 2005-NC1	subprime	Credit Suisse First Boston, GMAC RFC Securities	$870.75	100.0%
12/29/05	RFC	RFMSII 2005-HSA1	CES, HELOC	GMAC-RFC Securities, Banc of America Securities, Bear Stearns, Credit Suisse First Boston	$279.00	100.0%
12/16/05	The Winter Group	Terwin Mortgage Trust 2005-13SL	CES, HELOC	The Winter Group	$448.35	
12/16/05	IndyMac Mortgage	IndyMac Loan Trust 2005-L3	lot loans	Lehman Brothers, Bear Stearns, Credit Suisse First Boston	$243.50	100.0%
12/16/05	RFC	RASC 2005-EMX5	subprime	GMAC -RFC Securities	$380.00	100.0%
11/29/05	RFC	RFMSII 2005-HS2	CES, HELOC	Banc of America Securities, Bear Stearns, GMAC RFC Securities, RBS Greenwich Capital	$577.46	100.0%
11/29/05	RFC	RAMP 2005-RS9	subprime	Bear Stearns, Credit Suisse First Boston, GMAC RFC Securities, RBS Greenwich Capital	$1,179.00	100.0%
10/04/05	Capital One Financial	Capital One Auto Finance Trust 2005-C	retail loans/nonprime	Banc of America Securities, Wachovia Securities	$2,000.0	100.0%
09/28/05	American Home Mortgage Investment Corp.	American Home Mortgage Investment Trust 2005-4	HELOC	Bear Stearns	$197.30	100.0%
09/23/05	GMAC Mortgage	GMAC Mortgage Loan Trust 2005-HE3	HELOC	Bear Stearns	$964.00	100.0%
09/22/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-G	HELOC	Countrywide Securities	$1,770.00	100.0%
09/15/05	GMAC-RFC	GMAC-RFC RFMS II 2005-HS1	HELOC	Credit Suisse First Boston, RBS Greenwich Capital	$853.00	100.0%
09/08/05	Citibank, N.A.	Hedged Mutual Fund Fee Trust 2005-3	12b-1 fees	Citigroup Global Markets	$198.50	100.0%
08/02/05	Cendant Corp.	Cendant Timeshare Receivables Funding Trust 2005-1	timeshare receivables	Credit Suisse First Boston, RBS Greenwich Capital	$525	100.0%
07/12/05	Onyx Acceptance Corp.	Onyx Acceptance Auto Trust 2005-B	retail loans/nonprime	Credit Suisse First Boston, JPMorgan Securities	$900.0	100.0%
06/22/05	Citibank, N.A.	Hedged Mutual Fund Fee Trust 2005-2	12b-1 fees	Citigroup Global Markets	$256.0	100.0%
06/16/05	American Home Mortgage Investment Corp.	American Home Mortgage Investment Trust 2005-2	HELOC	Lehman Brothers	$237.8	100.0%
06/15/05	GMAC Mortgage	GMAC Mortgage Loan Trust 2005-HE2	HELOC	RBS Greenwich Capital, Bear Stearns	$1,100.0	100.0%
06/09/05	IndyMac Mortgage	IndyMac Home Equity Loan Trust 2005-L1	lot loans	Bears Stearns	$242.0	100.0%
05/13/05	Citibank, N.A.	Hedged Mutual Fund Fee Trust 2005-1	12b-1 fees	Citigroup Global Markets	$157.7	100.0%
04/11/05	AmeriQuest Mortgage	Argent Securities Asset Trust 2005-W1	home equity	Morgan Stanley, RBS Greenwich Capital	$2,400.0	100.0%
03/17/05	GMAC Mortgage	GMAC Mortgage Loan Trust 2005-HE1	HELOC	JPMorgan Securities	$991.0	100.0%
03/15/05	Cendant Corp.	AESOP Funding 2005-2	rental car fleet lease	RBS Greenwich Capital	$250.0	100.0%
03/11/05	Alaska Student Loan Corp.	Alaska Student Loan Corp. Trust 2005-A	private loans	RBC Dain Rauscher	$88.3	100.0%
03/07/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-B	HELOC	Countrywide Securities	$1,800.0	100.0%
01/05/05	GMAC-RFC	GMAC-RFC RFMS II 2005-HI1	high LTV MBS	Bear Stearns	$240.0	100.0%
				Total:	***$20,386.8***	
FSA						
12/22/05	Consumer Portfolio Services	CPS Auto 2005-D	retail loans/nonprime	Bear Stearns, UBS	$127.6	
11/30/05	Drive Financial	Drive Auto Receivables Trust 2005-3	retail loans/nonprime	Wachovia Securities	$650.0	100%
11/29/05	Hann Financial Service	Susquehanna Home Equity Loan Trust 2005-HE1	HELOC	Bear Stearns	$239.0	100%
10/19/05	The Winter Group	Terwin Mortgage Trust 2005-16HE	home equity	Terwin Capital	$124.0	22.54%
11/30/05	Drive Financial	Drive Auto Receivables Trust 2005-3	retail loans/nonprime	Wachovia Securities	$650.0	100.0%
11/29/05	Hann Financial Service	Susquehanna Home Equity Loan Trust 2005-HE1	HELOC	Bear Stearns	$239.0	100.0%
09/26/05	Consumer Portfolio Services	CPS Auto Trust 2005-C	retail loans/nonprime	UBS	$183.0	100.0%
09/21/05	Long Beach Acceptance Corp.	Long Beach Auto Receivables Trust 2005-B	retail loans/nonprime	RBS Greenwich Capital	$350.0	100.0%
09/13/05	The Winter Group	Terwin Mortgage Trust 2005-14HE	home equity	UBS	$183.3	100.0%
08/30/05	AmeriCredit Corp.	AmeriCredit Automobile	retail loans/nonprime	Deustche Bank, Wachovia Receivables Trust 2005 C-F	$1,100.0	
08/30/05	IXIS Real Estate Capital	IXIS Real Estate Capital Trust 2005-He3	home equity	Morgan Stanley	$212.2	28.3%
08/16/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-D	HELOC	Countrywide Securities	$2,000.0	100.0%
08/09/05	Skyway Concession Co.	Skyway Concessions Trust 2005-1	U.S. toll road	Citigroup Global Markets, Goldman Sachs	$1,400.0	100.0%
08/02/05	Friedman Billings Ramsey	Friedman Billings Ramsey Securities Inc. Trust 2005-1	home equity	Friedman Billings Ramsey	$1,100.0	100.0%
07/19/05	Triad Financial Corp.	Triad Auto Receivables Owner Trust 2005-B	retail loans/nonprime	Citigroup Global Markets, Goldman Sachs	$905.0	100.0%
06/30/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-C	HELOC	Countrywide Securities	$1,015.0	100.0%
06/23/05	Wachovia Bank, N.A.	Wachovia Asset Securities Inc. 2005-HM1	HELOC	Wachovia Securities	$1,000.0	100.0%
06/16/05	New Century Mortgage Securities, Inc.	New Century Home Equity Loan Trust 2005-A	home equity	Banc of America Securities	$181.0	22.0%

Pricing Date	Issuer	Transaction	Collateral	Underwriters	Amount	(%) of total
FSA cont.						
06/14/05	Consumer Portfolio Services Inc.	CPS Auto Trust 2005-B	retail loans/nonprime	UBS, WestLB	$130.6	100.0%
06/14/05	Prestige Financial Services Inc.	Prestige Auto Receivables Trust 2005-1	retail loans/nonprime	WestLB	$150.0	100.0%
06/09/05	Long Beach Acceptance Corp.	Long Beach Auto Receivables Trust 2005-A	retail loans/nonprime	Citigroup Global Markets, RBS Greenwich Capital	$350.0	100.0%
05/23/05	Bank of America, N.A.	Asset Backed Funding Certificates Trust 2005-AQ1	home equity	Banc of America Securities	$40.0	4.9%
03/29/05	Consumer Portfolio Services	CPS Auto Trust 2005-A	retail loans/nonprime	WestLB, UBS	$137.50	100.0%
03/17/05	1st Financial Bank	1st Financial Bank 2005-1	bank/general purpose/student	SG Corporate & Investment Banking, UBS	$92.5	100.0%
01/21/05	The Winter Group	Terwin Mortgage Trust 2005-2HE	home equity	Terwin Capital	$322.0	87.1%
				Total:	***$12,881.7***	
MBIA						
12/14/05	Hertz Rent-A-Car	Hertz Vehicle Financing Trust 2005-2	rental car fleet lease	Deutsche Bank Securities, Lehman Brothers, Goldman Sachs, JPMorgan Securities, Merrill Lynch	$2,400.0	100%
12/01/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-I	HELOC	Countrywide Securities	$2,000.0	100%
11/22/05	Capital One Financial	Capital One Auto Finance Trust 2005-D	retail loans/nonprime	Barclays Capital, Deutsche Bank Securities	$1,400.0	100%
11/11/05	J.G. Wentworth	321 Henderson Receivables Trust 2005-A	annuity payments	Deutsche Bank Securities	$225.6	100%
11/02/05	DriveTime Auto	DriveTime Auto Owner Trust 2005-C	retail loans/nonprime	RBS Greenwich Capital	$150.0	100%
09/15/05	Bombardier Capital	Raspro Trust 2005	pooled aircraft lease	Wachovia Securities	$1,390.0	100.0%
08/31/05	debis AirFinance	Aircraft Lease Securitization Limited 2005-1	pooled aircraft lease	Calyon Securities, Lehman Brothers	$885.0	88.5%
08/16/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-E	HELOC	Countrywide Securities	$2,000.0	100.0%
06/24/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-7	home equity	Countrywide Securities	$2,140	100.0%
06/09/05	Drive Financial	Drive Auto Receivable Trust 2005-2	retail loans/nonprime	Wachovia Securities	$350.0	100.0%
05/17/05	AmeriCredit Corp.	AmeriCredit Auto Receivables Trust 2005-BM	retail loans/nonprime	Barclays Capital, Lehman Brothers	$1,350.0	100.0%
04/27/05	First Investors Financial Services	First Investors Auto Owner Trust 2005-A	retail loans/nonprime	Wachovia Securities	$175.0	100.0%
03/22/05	DriveTime Auto	DriveTime Auto Owner Trust 2005-A	retail loans/nonprime	RBS Greenwich Capital	$230.0	100.0%
02/17/05	Vanguard Car Rental USA	ARG Funding 2005-1	rental car fleet lease	CDC IXIS Capital Markets, Lehman Brothers	$1,800.0	100.0%
02/17/05	Cendant Corp.	AESOP Funding 2005-1	rental car fleet lease	Barclays Capital, Deutsche Bank Securities	$750.0	100.0%
02/15/05	Onyx Acceptance Corp.	Onyx Acceptance Auto Trust 2005-A	retail loans/nonprime	Credit Suisse First Boston, Merrill Lynch	$700.0	100.0%
02/15/05	Bay View Acceptance Corp.	Bay View Auto Trust 2005-LJ1	retail loans/nonprime	Barclays Capital	$232.0	100.0%
02/02/05	Drive Financial	Drive Auto Receivables Trust 2005-1	retail loans/nonprime	Wachovia Securities	$400.0	100.0%
01/28/05	Countrywide Home Loans Inc.	Countrywide Home Equity Loan Trust 2005-A	HELOC	Countrywide Securities	$1,500.0	100.0%
				Total:	***$20,077.6***	
MGIC						
05/20/05	NovaStar Financial	NovaStar Home Equity Loan Trust 2005-2	home equity	Deutsche Bank Securities, RBS Greenwich Capital, Wachovia Securities	$781.0	43.6%
				Total:	***$781.0***	
XLCA						
12/27/05	Countrywide Home Loans	CWHEL 2005-K	home equity	Countrywide Securities	$1,000.0	100%
11/23/05	Securitized Asset-Backed Receivables LLC	SABR 2005-HE1	home equity	Barclays Capital	$69.0	100%
11/18/05	Ameriquest Mortgage	ARSI 2005-W4	home equity	Merrill Lynch, Citigroup Global Markets, Bamc of America Securities, JPMorgan Securities	$344.50	100%
09/26/05	Greenwich Capital Acceptance	HVMLT 2005-15	home equity	RBS Greenwich Capital	$36.0	100%
07/26/05	AmeriFirst Home Improvement Co.	Amerifirst Home Improvement Finance Trust 2005-1	home improvement loans	Harris Nesbitt Burns	$81.6	100.0%
07/20/05	DriveTime Auto	DriveTime Auto Owner Trust 2005-B	retail loans/nonprime	RBS Greenwich Capital	$150.0	100.0%
04/14/05	Dollar-Thrifty	Rental Car Finance Corp Trust 2005-1A	rental car fleet lease	Deutsche Bank Securities, JPMorgan Securities	$400.0	100.0%
01/26/05	AmeriCredit Corp.	AmeriCredit Auto Receivables Trust 2005-AX	retail loans/nonprime	JPMorgan Securities, Wachovia Securities	$900.0	100.0%
				Total:	***$2,981.1***	

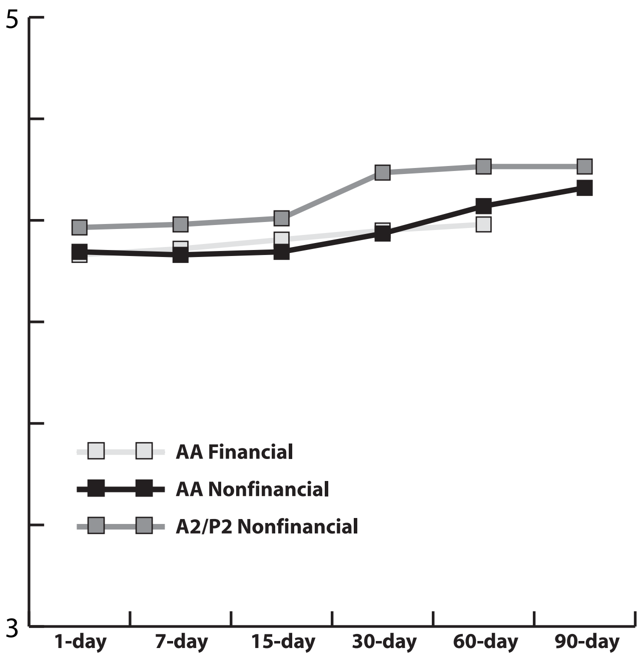
COMMERCIAL PAPER TWO-WEEK DISCOUNT RATES

Term (days)	1/5	1/6	1/9	1/10	1/11	1-wk Change (bps)*	5-day Average	52-wk High	52-wk Low
AA Financial									
1-day	4.25	4.22	4.24	4.22	4.22	0.00	4.23	4.28	2.19
7-day	4.21	4.23	4.23	4.22	4.22	-2.05	4.22	4.32	2.19
15-day	4.24	4.23	4.23	4.23	4.23	-4.55	4.23	4.31	2.23
30-day	4.28	4.28	4.30	4.29	4.28	1.35	4.29	4.30	2.31
60-day	4.36	4.36	4.40	4.39	4.39	1.75	4.38	4.40	2.42
90-day	4.42	4.42	4.44	4.45	4.47	3.00	4.44	4.47	2.50
AA Nonfinancial									
1-day	4.24	4.21	4.22	4.23	4.22	-1.10	4.22	4.29	2.17
7-day	4.26	4.22	4.24	4.24	4.22	-2.90	4.24	4.35	2.21
15-day	4.28	4.23	4.26	4.30	4.26	-0.65	4.27	4.36	2.24
30-day	4.25	_	4.33	4.30	4.30	5.00	4.30	4.33	2.29
60-day	_	_	_	4.32	4.32	2.00	4.32	4.32	2.39
90-day	_	_	_	_	_		_	_4.23	2.50
A2/P2 Nonfinancial									
1-day	4.32	4.30	4.31	4.30	4.30	-2.40	4.31	4.39	2.26
7-day	4.34	4.34	4.32	4.33	4.29	-0.35	4.32	4.46	2.29
15-day	4.32	4.33	4.35	4.36	4.34	-2.75	4.34	4.46	2.33
30-day	4.49	4.42	4.5	4.51	4.52	2.30	4.49	4.52	2.48
60-day	4.52	4.57	4.51	4.48	4.48	-0.55	4.51	4.57	2.59
90-day	4.50	4.47	4.49	4.55	4.55	2.20	4.51	4.63	2.68

***Note:** One week change based on the consecutive five-day floating averages*

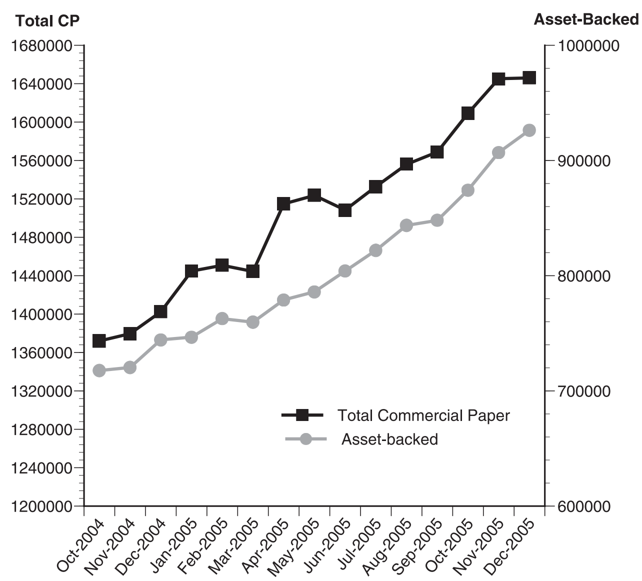
***Source:** Federal Reserve Bank*

RATE CURVE



Note: Based on the five-day floating average.

OUTSTANDINGS



***Source:** Federal Reserve Bank*

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 01/13/05	**6.15%**	**5.71%**	**5.76%**	**5.15%**	**1497.5**	**457.4**
Week ending 01/06/05	**6.21%**	**5.76%**	**5.78%**	**5.16%**	**1363.2**	**418.3**
One Year Ago	**5.74%**	**5.19%**	**5.05%**	**4.10%**		

*Refinancings made up **42.2%** of the total volume of mortgage loan applications, decreasing from **42.7%** from last week. Base period for indexes 3/16/90 = 100*

PREPAYMENT OUTLOOK

		Fannie Mae			Freddie Mac			Ginnie Mae		
Cpn	Year	Nov	Dec	%Chg	Nov	Dec	%Chg	Nov	Dec	%Chg
4.5	2003	9	8	-14%	8	7	-6%	15	13	-13%
5.0	2004	10	10	-7%	10	9	-15%	13	12	-8%
5.0	2003	12	11	-13%	12	10	-12%	18	16	-12%
5.5	2004	16	14	-11%	15	14	-9%	18	17	-2%
5.5	2003	17	15	-12%	16	14	-16%	22	20	-10%
5.5	2002	16	13	-17%	16	13	-16%	20	18	-6%
6.0	2004	24	22	-9%	22	20	-13%	28	27	-3%
6.0	2003	24	22	-11%	22	20	-9%	30	27	-10%
6.0	2002	21	18	-15%	22	19	-17%	27	24	-12%
6.0	1998	20	17	-12%	21	19	-12%	23	19	-17%
6.5	2002	27	26	-6%	26	22	-15%	33	29	-12%
6.5	2001	27	26	-4%	27	24	-13%	32	27	-17%
6.5	1998	26	23	-11%	25	23	-7%	28	25	-9%

Source: IFR Mortgage Data

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
01/05/06	5.0	5.49	113	5.16	80	4.36
01/06/06	5.0	5.49	111	5.16	78	4.38
01/09/06	5.0	5.49	111	5.18	80	4.38
01/10/06	5.0	5.54	111	5.24	81	4.43
01/11/06	5.0	5.55	109	5.26	80	4.46

ADJUSTABLE-RATE MORTGAGE SPREADS

ARM Type	Index Value	Effective Margin	OAS	ZVO
GNMA				
01/11/06	4.370	68	55	53
Previous Week	4.370	69	59	55
Conventional - 1-Year CMT				
01/11/06	4.370	79	57	57
Previous Week	4.370	80	59	58
Conventional - Cofi- 11TH				
01/11/06	3.190	160	70	36
Previous Week	3.190	157	52	25

Source: CMS BondEdge, an Interective Data division

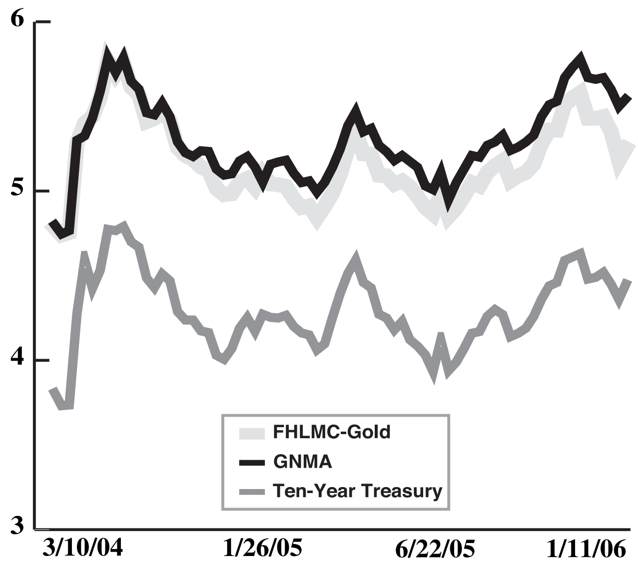
DIRECT AGENCY CMO SPREADS

Average Life (Yrs.)	0 to 2	2 to 7	7 +
PAC			
01/11/06	148	159	172
Previous Week	148	157	171
1-Month Average	148	158	170
12-Month Range	130-170	140-190	150-190
TAC			
01/11/06	50	114	150
Previous Week	50	115	151
1-Month Average	50	115	151
12-Month Range	40-90	100-160	130-170
SEQ			
01/11/06	114	136	168
Previous Week	113	135	167
1-Month Average	113	136	168
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

CURRENT COUPON VS. 10-YEAR TREASURY YIELDS



FIXED-RATE MORTGAGES (01/12/05)

	Average Conventional 30-Year Commitment Rate	Fees & Points	Average Conventional 15-Year Commitment Rate	Fees & Points
US	6.15	0.6	5.71	0.6
Northeast	6.17	0.5	5.71	0.5
Southeast	6.08	0.8	5.69	0.8
N. Central	6.20	0.2	5.80	0.3
Southwest	6.10	0.6	5.69	0.6
West	6.15	0.7	5.69	0.6

Source: Freddie Mac

ADJUSTABLE-RATE MORTGAGES (01/12/05)

	5/1 ARM Commitment Rate	Fees & Points	Margin	1 Year ARM Commitment Rate	Fees & Points	Margin
US	5.76	0.5	2.78	5.15	0.6	2.78
Northeast	5.68	0.4	2.84	5.09	0.6	2.83
Southeast	5.70	0.4	2.76	5.16	0.4	2.76
N. Central	5.99	0.3	2.80	5.21	0.6	2.77
Southwest	5.61	0.7	2.78	5.06	0.9	2.79
West	5.79	0.6	2.74	5.2	0.7	2.74

Source: Freddie Mac

Mortgage Servicer	Servicer Rating Fitch	Date Rated	Moody's	Date Rated	S&P	Date Rated
Accredited Home Lenders	RPS3	5/27/2004				
AMC Mortgage Services (fka ABN AMRO Mortgage)	RPS2+#	7/26/2004	SQ3*	6/13/2004	Above Avg#	1/27/2003
Ameriquest Mortgage	RPS2	11/3/2003	SQ2	7/8/2003	Strong	8/6/2002
Chase Manhattan Mortgage	RPS1	12/19/2003	SQ1	4/23/2003		
Centex Home Equity Corp.	RPS2+	6/9/2004			Above Avg	9/13/2002
CitiFinancial Mortgage	RPS2	12/30/2003			Average	3/8/2004
Countrywide Home Loans	RPS1	9/15/2003	SQ1	3/3/2004	Strong	9/6/2001
EMC Mortgage	RPS1	6/2/2004	SQ1	4/4/2003	Above Avg	8/4/2003
Equity One	RPS3+	3/22/2004	SQ3	10/17/2003	Above Avg	2/12/2003
Fremont Investment & Loan	RPS3-	4/5/2004				
GMAC Mortgage Corp.	RPS1	7/22/2004			Above Avg	9/6/2002
GMAC-RFC	RPS1	11/12/2003	SQ1*	12/9/2002	Above Avg*	6/4/2003
Homecomings Financial	RPS1	11/12/2003	SQ2	2/10/2004	Strong	7/30/2002
Homeloan Management Limited	RPS2+	6/7/2004				
HomEq Servicing	RPS1	5/27/2004	SQ1	4/24/2003	Strong	2/25/2003
Indymac Bank, FSB	RPS2	10/7/2003			Above Avg	7/28/2004
Litton Loan Servicing	RPS1	11/21/2003	SQ1	6/20/2003	Strong	6/9/2004
National City Home Loan Services	RPS2-	5/19/2004			Above Avg	10/7/2004
New Century Mortgage	RPS3	4/16/2004			Average	6/28/2004
Novastar Mortgage	RPS3+	3/5/2004	SQ2	4/12/2004	Strong	8/8/2003
Ocwen Federal Bank	RPS2	12/4/2003	SQ2	2/17/2004	Strong	9/9/2002
Option One Mortgage	RPS1	12/31/2003	SQ1	6/16/2003	Pending	5/2/2006
PCFS Mortgage Resources	RPS2-	6/2/2003			Above Avg	12/7/2004
Saxon Mortgage	RPS2+	7/25/2003	SQ2	9/30/2002	Above Avg	2/15/2006
Select Portfolio Servicing (fka Fairbanks)	RPS3-	3/1/2004	SQ3	4/28/2004	Average	5/7/2004
SN Servicing			SQ2	11/20/2003		
Washington Mutual Bank	RPS2	7/6/2004				
Wells Fargo Home Mortgage	RPS1	11/14/2003	SQ1	7/17/2003	Strong	1/23/2003
Wilshire Credit	RPS2+	6/8/2004	SQ2	9/19/2003	Above Avg	1/10/2006

Credit Cards Servicer	Primary Servicer Rating Fitch	Date Rated	Moody's	Date Rated	S&P	Date Rated
First National Bank of Omaha			SQ3	3/4/2004	Above Avg	4/26/2004
MBNA					STRONG	2/17/2004

Student Loans Servicer	Primary Servicer Rating Fitch	Date Rated	Moody's	Date Rated	S&P	Date Rated
CFS-SunTech Servicing			SQ1	6/9/2004		

Subprime Servicer Rating unless otherwise indicated;

****Indicates Master Servicer Rating; #Indicates Prime Servicer Rating***

To add or correct a rating contact Allison Pyburn at 212-803-8794 or allison.pyburn@sourcemedia.com

Date	Class	Size	Agency	Action	Prior	Current

Irwin RMBS

Date	Class	Size	Agency	Action	Prior	Current
01/10/06	2000-LB1, M-1	9.00	FTC	upgrade	AA	AA+
01/10/06	2002-1, IIM-1	24.96	FTC	upgrade	AA	AAA
01/10/06	2002-1, IIM-2	21.06	FTC	upgrade	A	A+
01/10/06	2002-1, IIB-1	26.52	FTC	upgrade	BBB	BBB+

Contact: Jaka Ismail 212-908-0275

PPM High Yield CBO

Date	Class	Size	Agency	Action	Prior	Current
01/10/06	A-1	93.66	FTC	downgrade	BB	B
01/10/06	A-3	55.70	FTC	downgrade	CC	C

Contact: Jeffery Cromartie 212-908-0722

Petrobras International Finance Company

Date	Class	Size	Agency	Action	Prior	Current
01/10/06	Senior Notes	600.00	MDY	upgrade	Baa1	A2
01/10/06	Senior Notes	400.00	MDY	upgrade	Baa1	A2

Contact: 212-553-0300

Petrobras International Finance Company Ltd.

Date	Class	Size	Agency	Action	Prior	Current
01/10/06	Senior Notes	450.00	MDY	upgrade	Baa1	A2

Contact: 212-553-0300

CLASSIC I (Netherlands) B.V. Series 2003-1

Date	Class	Size	Agency	Action	Prior	Current
01/09/06	Series 2003-1	25.00	MDY	upgrade	A2	Aa3

Contact: 212-553-0300

Independence II CDO, Ltd

Date	Class	Size	Agency	Action	Prior	Current
01/09/06	A	291.50	MDY	downgrade	Aaa	Aa2

Contact: 212-553-0300

Long Beach Mortgage Loan Trust 2002-2

Date	Class	Size	Agency	Action	Prior	Current
01/06/06	I-M2	33.80	FTC	downgrade	A	BBB
01/06/06	I-M3	20.58	FTC	downgrade	BBB-	B
01/06/06	I-M4	11.75	FTC	downgrade	B	CCC
01/06/06	II-M2	20.60	FTC	downgrade	A	BBB
01/06/06	II-M3	16.57	FTC	downgrade	BBB-	B
01/06/06	II-M4	8.25	FTC	downgrade	B	CCC

Contact: Jaka Ismail 212-908-0275

First Nationwide Mortgage Corporation

Date	Class	Size	Agency	Action	Prior	Current
01/04/06	2000-1, II-B-3	1.60	FTC	upgrade	BBB	A
01/04/06	2001-1, B-1	1.55	FTC	upgrade	BBB	BBB+
01/04/06	2001-4, CB2	2.29	FTC	upgrade	AA	AAA
01/04/06	2001-4, CB3	1.23	FTC	upgrade	A	AA
01/04/06	2001-4, IB4	0.38	FTC	upgrade	BB+	BBB+
01/04/06	2001-4, IIB4	0.49	FTC	upgrade	BB+	BBB+
01/04/06	2001-4, IB5	0.31	FTC	upgrade	B+	BB+
01/04/06	2001-4, IIB5	0.39	FTC	upgrade	B+	BB+

Contact: Charmaine Estwick 212-908-0254

DLJ Commercial Mortgage Corp. 1999-CG3

Date	Class	Size	Agency	Action	Prior	Current
01/03/06	A-3	49.46	MDY	upgrade	A1	Aa1
01/03/06	A-4	13.49	MDY	upgrade	A2	Aa2
01/03/06	A-5	15.74	MDY	upgrade	A3	A1
01/03/06	B-1	17.99	MDY	upgrade	Baa1	A3
01/03/06	B-2	15.74	MDY	upgrade	Baa3	Baa2
01/03/06	B-7	8.99	MDY	downgrade	Caa1	Ca
01/03/06	B-8	8.99	MDY	downgrade	Caa2	C
01/03/06	C	4.50	MDY	downgrade	Ca	C

Contact: 212-553-0300

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

Date	Class	Size	Agency	Action	Prior	Current
CDC Mortgage Capital Trust 2001-HE1						
12/28/05	B	10.25	S&P	downgrade	BBB-	BB
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2002-HE2						
12/28/05	B-2	6.48	S&P	downgrade	BBB-	BB
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2002-HE3						
12/28/05	M-1	39.59	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE1						
12/28/05	M-1	39.64	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE2						
12/28/05	M-1	41.14	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE3						
12/28/05	M-1	45.31	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2001-HE1						
12/28/05	B	10.25	S&P	downgrade	BBB-	BB
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2002-HE2						
12/28/05	B-2	6.48	S&P	downgrade	BBB-	BB
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2002-HE3						
12/28/05	M-1	39.59	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE1						
12/28/05	M-1	39.64	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE2						
12/28/05	M-1	41.14	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CDC Mortgage Capital Trust 2003-HE3						
12/28/05	M-1	45.31	S&P	upgrade	AA	AA+
Contact: Taoheed A. Agbabiaka 212-438-9540 Ernestine Warner 212-438-2633						
CSFB Mrtg Securities Corp. Commercial Mtge Pass-Through Ctfs. 2004-TFL1						
12/20/05	E	18.50	MDY	upgrade	Aa2	Aaa
12/20/05	F	17.00	MDY	upgrade	A1	Aa2
12/20/05	G	17.00	MDY	upgrade	A3	A2
Contact: 212-553-0300						

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

Date	Class	Size	Agency	Action	Prior	Current
J.P. Morgan Chase Commercial Mortgage Securities Corp., Series 2002-C3						
12/20/05	B	27.96	MDY	upgrade	Aa2	Aaa
12/20/05	C	9.32	MDY	upgrade	Aa3	Aaa
12/20/05	D	24.23	MDY	upgrade	A2	Aa2
12/20/05	E	9.32	MDY	upgrade	A3	Aa3
12/20/05	F	22.37	MDY	upgrade	Baa2	Baa1
12/20/05	N	4.66	MDY	downgrade	B3	Caa1
Contact: 212-553-0300						
J.P. Morgan Commercial Mortgage Finance Corp 1997-C4						
12/20/05	D	20.35	MDY	upgrade	Aa1	Aaa
12/20/05	E	6.10	MDY	upgrade	Aa2	Aaa
Contact: 212-553-0300						
Wachovia Bank Commercial Mortgage Trust 2002-C2						
12/20/05	B	32.81	MDY	upgrade	Aa2	Aaa
12/20/05	C	39.38	MDY	upgrade	Aa3	Aaa
12/20/05	D	8.75	MDY	upgrade	A2	Aa3
12/20/05	E	10.94	MDY	upgrade	A3	A1
12/20/05	F	15.31	MDY	upgrade	Baa1	A3
12/20/05	G	13.13	MDY	upgrade	Baa2	Baa1
12/20/05	H	16.41	MDY	upgrade	Baa3	Baa2
Contact: 212-553-0300						
AIMCO CDO Series 2000-A						
12/20/05	B-1	$7,500,000.00	S&P	upgrade	A-/watch pos	AA
12/20/05	B-2	$28,500,000.00	S&P	upgrade	A-/watch pos	AA
Contact:Niyati Shah						
MKP CBO II Ltd						
12/20/05	A-2	$53,392,404	S&P	downgrade	AA+/RWN	AA
12/20/05	B	$18,000,000	S&P	downgrade	BB+/RWN	B+
12/20/05	C-1	$13,171,186	S&P	downgrade	CCC/RWN	CC
12/20/05	C-2	$13,509,231	S&P	downgrade	CCC/RWN	CC
Contact: Dov Warman 212-438-2506						
TCW LINC III CBO Ltd						
12/20/05	A-2	$62,218,890.00	S&P	creditwatch	B	B/watch pos
12/20/05	A-2L	$16,313,490.00	S&P	creditwatch	B	B/watch pos
Contact: Ian Stewart 212-438-2931						
Varick Structured Asset Fund						
12/20/05	A-1	$29,411,178.82	S&P	creditwatch	B+	B+/RWN
12/20/05	A-2	$176,467,072.92	S&P	creditwatch	B+	B+/RWN
Contact: Dov Warman 212-438-2506						
SLM Student Loans Trust						
12/19/05	1996-A, B	9.92	FTC	upgrade	A	AAA
12/19/05	1997-A, B	19.05	FTC	upgrade	BBB	A+
Contact: David Laterza 212-908-0714						

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

SLM Student Loans Trust

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	2000-1, B	71.71	FTC	upgrade	AA+	AAA
12/19/05	2000-2, B	72.29	FTC	upgrade	AA+	AAA
12/19/05	2000-3, B	89.75	FTC	upgrade	AA+	AAA
12/19/05	2000-4, B	71.91	FTC	upgrade	AA+	AAA
12/19/05	2001-1, B	53.56	FTC	upgrade	AA+	AAA
12/19/05	2001-2, B	53.75	FTC	upgrade	AA+	AAA
12/19/05	2001-3, B	46.17	FTC	upgrade	AA+	AAA
12/19/05	2002-1, B	46.07	FTC	upgrade	AA+	AAA
12/19/05	2002-2, B	61.38	FTC	upgrade	AA+	AAA
12/19/05	2002-3, B	45.93	FTC	upgrade	AA+	AAA

Contact: David Laterza 212-908-0714

Structured Asset Securities Corp. (SASCO)

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	2002-10H, B4	0.4	FTC	downgrade	BB	B
12/19/05	2002-10H, B5	0.27	FTC	downgrade	B	C
12/19/05	2003-7H, B5	0.33	FTC	downgrade	B	CCC

Contact: Mark Mininni 212-908-0325

Gleacher CBO 2000-1 Ltd

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	A	$91,968,032	S&P	creditwatch	AA-	AA-/watch pos
12/19/05	B-1	$33,000,000	S&P	creditwatch	BB+	BB+/watch pos
12/19/05	B-2	$10,000,000	S&P	creditwatch	BB+	BB+/watch pos

Contact: Chwan-Jye Carrington

Archstone I PLC

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	2005-C1	$20,300,000.00	S&P	creditwatch	AA/RWN	
12/19/05	2005-C2	$5,000,000.00	S&P	creditwatch	AA/RWN	

Contact: Jimmy Kobylinski 212-438-6314

Barton Springs CDO SPC Series 2005-1 SEG

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	D-1	$1,000,000	S&P	creditwatch	BB+	BB+/watch neg
12/19/05	D-2	$1,000,000	S&P	creditwatch	BB+	BB+/watch neg

Contact: Jimmy Kobylinski 212-438-6314

Blue Point CDO SPC Series 2005-1

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	C-1	$5,000,000.00	S&P	creditwatch	A	A/RWN
12/19/05	C-2	$1,000,000.00	S&P	creditwatch	A	A/RWN
12/19/05	D-1	$1,000,000.00	S&P	creditwatch	BBB	BBB/watch neg
12/19/05	D-2	$1,000,000.00	S&P	creditwatch	BBB	BBB/watch neg
12/19/05	C	$10,000,000.00	S&P	creditwatch	A	A/RWN
12/19/05	D	$3,000,000.00	S&P	creditwatch	BBB	BBB/watch neg

Contact: Jimmy Kobylinski 212-438-6314

Morgan Stanley ACES SPC Series 2005-14

Date	Class	Size	Agency	Action	Prior	Current
12/19/05	II secured	$47,638,000.00	S&P	creditwatch	AAAAAA/RWN	
12/19/05	II secured	JPY 3,000,000,000.00	S&P	creditwatch	AAAA/RWN	
12/19/05	SFRN	$36,147,000.00	S&P	creditwatch	AAA	AAA/watch neg
12/19/05	Notes	$26,900,000.00	S&P	creditwatch	AAA	AAA/watch neg

Contact: Jimmy Kobylinski 212-438-6314

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

Date	Class	Size	Agency	Action	Prior	Current
SALS 2004-A						
12/19/05	F1	$21,500,000.00	S&P	creditwatch	BB	BB/RWN
12/19/05	F2	$21,500,000.00	S&P	creditwatch	BB	BB/RWN
Contact: Jimmy Kobylinski 212-438-6314						
Salt Creek High Yield CSO 2005-1 Ltd						
12/19/05	A-4$L	$30,000,000.00	S&P	creditwatch	AA-	AA-/watch neg
12/19/05	A-6	$1,000,000	S&P	creditwatch	A	A/RWN
12/19/05	A-6EL-1	$3,000,000	S&P	creditwatch	A	A/RWN
12/19/05	A-6EL	$1,500,000	S&P	creditwatch	A	A/RWN
12/19/05	A-7	$40,000,000	S&P	creditwatch	A-	A-/RWN
12/19/05	B-2	$10,000,000	S&P	creditwatch	BBB	BBB/watch neg
12/19/05	B-3$L	$3,000,000	S&P	creditwatch	BBB-	BBB-/watch neg
12/19/05	B-5	$500,000.00	S&P	creditwatch	BB	BB/RWN
12/19/05	B-6$L	$2,000,000	S&P	creditwatch	BB-	BB-/watch neg
Contact: Jimmy Kobylinski 212-438-6314						
Signum Finance II PLC Series 2005-5						
12/19/05	E	$5,400,000	S&P	creditwatch	BB-	BB-/watch neg
12/19/05	Combo notes	$4,000,000	S&P	creditwatch	BB-	BB-/RWN
12/19/05	E	$2,000,000	S&P	creditwatch	BB-	BB-/watch neg
Contact: Jimmy Kobylinski 212-438-6314						
Strata 2004-8 Ltd						
12/19/05	Floating rate notes	$20,000,000	S&P	creditwatch	BBB	BBB/RWN
12/19/05	FRN	$15,000,000	S&P	creditwatch	BBB-	BBB-/watch neg
Contact: Jimmy Kobylinski 212-438-6314						
Sunseet Park CDO Ltd SPC Series 2004-4						
12/19/05	B	$35,000,000	S&P	creditwatch	A-	A-/RWN
12/19/05	B	$25,000,000	S&P	creditwatch	AA	AA/RWN
12/19/05	D-1	$49,000,000	S&P	creditwatch	AA-	AA-/watch neg
12/19/05	D-2	$5,000,000	S&P	creditwatch	AA-	AA-/watch neg
12/19/05	E	$3,000,000.00	S&P	creditwatch	A-	A-/RWN
Contact: Jimmy Kobylinski 212-438-6314						
MSDW Capital I Inc. Trust 2001-AM1						
11/18/05	B-1	3.12	S&P	dowgrade	BBB-	BB
11/18/05	M-1	41.30	S&P	upgrade	AA	AA+
11/18/05	M-1	41.26	S&P	upgrade	AA	AA+
11/18/05	M-1	20.57	S&P	upgrade	AA	AAA
11/18/05	M-1	51.21	S&P	upgrade	AA	AA+
11/18/05	B-2	0.80	S&P	upgrade	AA	AAA
11/18/05	B-3	0.48	S&P	upgrade	A	AAA
11/18/05	M-1	56.62	S&P	upgrade	AA	AA+
11/18/05	M-1	68.63	S&P	upgrade	AA	AA+
11/18/05	M-1	41.97	S&P	upgrade	AA	AA+
11/18/05	M-1	40.84	S&P	upgrade	AA	AA+
Contact: Scott Davey 212-438-2441 Ernestine Warner 212-438-2633						

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

U.S.

CBASS 2006-CB1

Date: 1/12/2006 | **Sellers: Credit Based Asset Servicing and Securitization** | **Amount: $763.4 million** | **Sector: real estate ABS**

Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
AF1	$181.3	Aaa/AAA/AAA/AA	0.95y	EDSF	n/a	+29bp	n/a	n/a	5.116%
AF2	$114.2	Aaa/AAA/AAA/AA	2.20y	SWAPS	n/a	+35bp	n/a	n/a	5.122%
AF3	$14.4	Aaa/AAA/AAA/AA	4.10y	SWAPS	n/a	+80bp	n/a	n/a	5.581%
AF4	$34.4	Aaa/AAA/AAA/AA	5.64y	SWAPS	n/a	+62bp	n/a	n/a	5.424%
AV1	$287.3	Aaa/AAA/AAA/AA	2.00y	1ML	n/a	n/a	n/a	n/a	n/a
B1	$11.3	Baa1/A-/a/A-	4.20y	1ML	n/a	+150bp	n/a	100	n/a
B2	$10.5	Baa2/BBB+/BBB/	4.17y	1ML	n/a	n/a	n/a	n/a	n/a
M1	$27.5	Aa1/AA+/AA/AA+	4.71y	1ML	n/a	+43bp	n/a	100	n/a
M2	$25.9	Aa2/AA+/AA/AA+	4.49y	1ML	n/a	+45bp	n/a	100	n/a
M3	$15.8	Aa3/AA-/AA/AA	4.38y	1ML	n/a	+47bp	n/a	100	n/a
M4	$14.6	A1/AA-/AA/AA	4.31y	1ML	n/a	+60bp	n/a	100	n/a
M5	$13.7	A2/A+/A/A+	4.27y	1ML	n/a	+63bp	n/a	100	n/a
M6	$12.5	A3/A/A/A	4.23y	1ML	n/a	+70bp	n/a	100	n/a

Credit Enhancement: sr/sub | **Manager: Barclays Capital**

Notes: Notes: Settles: 1/26/06; Co-mgrs: Lehman Brothers; UBS; Rabo Securities; Collateral: home equity

ACE 2006-NC1

Date: 1/11/2006 | **Sellers: Ace Securities Corp.** | **Amount: $1.27 billion** | **Sector: real estate ABS**

Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
A1	$596.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2A	$231.0	Aaa/AAA/NR	1.00y	1ML	n/a	+7bp	n/a	n/a	n/a
A2B	$81.4	Aaa/AAA/NR	2.00y	1Ml	n/a	+15bp	n/a	n/a	n/a
A2C	$64.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2D	$67.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M1	$47.0	Aa1/AA+/NR	4.91y	1ML	n/a	+41bp	n/a	n/a	n/a
M2	$43.0	Aa2/AA/NR	4.79y	1ML	n/a	+43bp	n/a	n/a	n/a
M3	$25.2	Aa3/AA/NR	4.73y	1ML	n/a	+47bp	n/a	n/a	n/a
M4	$22.5	A1/AA/NR	4.69y	1ML	n/a	+60bp	n/a	n/a	n/a
M5	$21.2	A2/AA-/NR	4.66y	1ML	n/a	+62bp	n/a	n/a	n/a
M6	$19.2	A3/A+/NR	4.64y	1ML	n/a	+73bp	n/a	n/a	n/a
M7	$18.5	Baa1/A/NR	4.62y	1ML	n/a	+150bp	n/a	n/a	n/a
M8	$16.6	Baa2/BBB+/NR	4.61y	1ML	n/a	+185bp	n/a	n/a	n/a
M9	$13.2	Baa3/BBB+/NR	4.59y	1ML	n/a	+280bp	n/a	n/a	n/a

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

Notes: Notes: Settles:; Co-mgrs:; Collateral: home equity

AESOP 2006-1

Date: 1/11/2006 | **Seller: Aesop Funding Corp.** | **Amount: $600 million** | **Sector: auto ABS**

Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
A1	$600.0	Aaa/AAA/NR	4.96y	1ML	n/a	+22bp	n/a	n/a	n/a

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

Notes: Notes: Settles:; Co-mgrs: Calyon Securities, Mitsubishi UFJ Securities, Scotia Capital, Wachovia Securities; Collateral: auto

BSABS 2006-HE1

Date: 1/10/2006			Seller: Bear Stearns			Amount: $1.17 billion			Sector: real estate ABS
Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
A1	$438.2	Aaa/AAA/AAA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2a	$324.8	Aaa/AAA/AAA	1.00y	1ML	n/a	+8bp	n/a	n/a	n/a
A2b	$104.9	Aaa/AAA/AAA	3.00y	1ML	n/a	+20bp	n/a	n/a	n/a
A2c	$77.4	Aaa/AAA/AAA	6.47y	1ML	n/a	+33bp	n/a	n/a	n/a
B1	$18.4	Baa1/A/A	4.84y	1ML	n/a	+155bp	n/a	n/a	n/a
B2	$16.6	Baa2/A-/A-	4.82y	1ML	n/a	+190bp	n/a	n/a	n/a
B3	$14.7	Baa32/BBB+/BBB	4.82y	1ML	n/a	+290bp	n/a	n/a	n/a
M1	$44.8	Aa1/AA+/AA+	5.05y	1ML	n/a	+42bp	n/a	n/a	n/a
M2	$41.2	Aa2/AA+/AA+	4.96y	1ML	n/a	+44bp	n/a	n/a	n/a
M3	$25.2	Aa3/AA/AA	4.91y	1ML	n/a	+46bp	n/a	n/a	n/a
M4	$22.1	A1/AA/AA	4.89y	1ML	n/a	+61bp	n/a	n/a	n/a
M5	$20.9	A2/AA-/AA-	4.87y	1ML	n/a	+64bp	n/a	n/a	n/a
M6	$18.4	A3/A+/A+	4.85y	1ML	n/a	+73bp	n/a	n/a	n/a
Credit Enhancement: sr/sub									Manager: Bear Stearns
Notes: Notes: Settles:; Co-mgrs:; Collateral: home equity									

SHARP 2005-HE6N

Date: 1/10/2006			Seller: Sharp SP			Amount: $40.6 million			Sector: real estate ABS
Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
N	$40.6	NR/BBB-/NR	0.60y	n/a	n/a	n/a	n/a	n/a	7.50%
Credit Enhancement: sr/sub									Manager: Deutsche Bank Securities
Notes: Notes: Settles:; Co-mgrs:; Collateral: nim									

SVNIM 2005-OPT4

Date: 1/10/2006			Seller: Greenwich Capital Acceptance			Amount: $44.7 million			Sector: real estate ABS
Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
N1	$30.4	NR/A/A-	0.50y	n/a	n/a	n/a	n/a	n/a	5.90%
N2	$7.7	NR/BBB-/BBB-	1.20y	n/a	n/a	n/a	n/a	n/a	7.75%
N3	$6.6	NR/BB+/BB	1.54y	n/a	n/a	+35bp	n/a	n/a	16.25%
Credit Enhancement: sr/sub									Manager: RBS Greenwich Capital
Notes: n/a; Collateral type: n/a									

FIAOT 2006-A

Date: 1/9/2006			Seller: First Investors Financial Services			Amount: $1.17 billion			Sector: auto ABS
Class	*Amount*	*MDY/S&P/FTC*	*Avg. Life*	*Benchmark*	*Guidance*	*Spread*	*Coupon*	*Price*	*Yield*
A1	$438.2	Aaa/AAA/AAA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2a	$324.8	Aaa/AAA/AAA	1.00y	1ML	n/a	+8bp	n/a	n/a	n/a
A2b	$104.9	Aaa/AAA/AAA	3.00y	1ML	n/a	+20bp	n/a	n/a	n/a
A2c	$77.4	Aaa/AAA/AAA	6.47y	1ML	n/a	+33bp	n/a	n/a	n/a
B1	$18.4	Baa1/A/A	4.84y	1ML	n/a	+155bp	n/a	n/a	n/a
B2	$16.6	Baa2/A-/A-	4.82y	1ML	n/a	+190bp	n/a	n/a	n/a
B3	$14.7	Baa32/BBB+/BBB	4.82y	1ML	n/a	+290bp	n/a	n/a	n/a
M1	$44.8	Aa1/AA+/AA+	5.05y	1ML	n/a	+42bp	n/a	n/a	n/a
M2	$41.2	Aa2/AA+/AA+	4.96y	1ML	n/a	+44bp	n/a	n/a	n/a
M3	$25.2	Aa3/AA/AA	4.91y	1ML	n/a	+46bp	n/a	n/a	n/a
M4	$22.1	A1/AA/AA	4.89y	1ML	n/a	+61bp	n/a	n/a	n/a
M5	$20.9	A2/AA-/AA-	4.87y	1ML	n/a	+64bp	n/a	n/a	n/a
M6	$18.4	A3/A+/A+	4.85y	1ML	n/a	+73bp	n/a	n/a	n/a
Credit Enhancement: sr/sub									Manager: Wachovia Securities
Notes: Notes: Settles; Co-mgrs:; Collateral: home equity									

LBMLT 2006-WL1

Date: 1/9/2006 | **Sellers: Long Beach Acceptance Corp.** | **Amount: $1.84 billion** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
IA1	$284.7	Aaa/AAA/NR	1.83Y	n/a	n/a	n/a	n/a	n/a	n/a
IA2	$256.2	Aaa/AAA/NR	1.83y	n/a	n/a	n/a	n/a	n/a	n/a
IA3	$28.5	Aaa/AAA/NR	1.83y	n/a	n/a	n/a	n/a	n/a	n/a
IIA1	$536.1	Aaa/AAA/NR	0.95y	1ML	n/a	+9bp	n/a	n/a	n/a
IIA2	$147.4	Aaa/AAA/NR	2.00y	1ML	n/a	+18bp	n/a	n/a	n/a
IIA3	$158.8	Aaa/AAA/NR	3.25y	1ML	n/a	+24bp	n/a	n/a	n/a
IIA4	$53.0	Aaa/AAA/NR	5.80y	1ML	n/a	+34bp	n/a	n/a	n/a
M1	$69.8	Aa1/AA+/NR	4.87y	1ML	n/a	+42bp	n/a	n/a	n/a
M10	$20.1	Ba1/BBB-/NR	4.11y	n/a	n/a	n/a	n/a	n/a	n/a
M11	$19.11	BBB-/Ba2/NR	4.08y	n/a	n/a	n/a	n/a	n/a	n/a
M2	$63.1	Aa2/AA/NR	4.55y	1ML	n/a	+45bp	n/a	n/a	n/a
M3	$39.2	Aa3/AA-/NR	4.40y	1ML	n/a	+48bp	n/a	n/a	n/a
M4	$34.4	A1/A+/NR	4.32y	1ML	n/a	+62bp	n/a	n/a	n/a
M5	$31.5	A2/A/NR	4.26y	1ML	n/a	+65bp	n/a	n/a	n/a
M6	$28.7	A3/A-/NR	4.21y	1ML	n/a	+72bp	n/a	n/a	n/a
M7	$26.8	Baa1/BBB+/NR	4.17y	1ML	n/a	+155bp	n/a	n/a	n/a
M8	$23.9	Baa2/BBB/NR	4.23y	1ML	n/a	+210bp	n/a	n/a	n/a
M9	$19.1	Baa3/BBB/NR	4.12y	1ML	n/a	+320bp	n/a	n/a	n/a

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

Notes: Notes: Settles:; Co-mgrs: ; Collateral: home equity

MSHEL 2006-1

Date: 1/9/2006 | **Sellers: Morgan Stanley** | **Amount: $1.17 billion** | **Sector: real estate ABS**

Class	Amount	MDY/S&P/FTC	Avg. Life	Benchmark	Guidance	Spread	Coupon	Price	Yield
A1	$438.2	Aaa/AAA/AAA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A2a	$324.8	Aaa/AAA/AAA	1.00y	1ML	n/a	+8bp	n/a	n/a	n/a
A2b	$104.9	Aaa/AAA/AAA	3.00y	1ML	n/a	+20bp	n/a	n/a	n/a
A2c	$77.4	Aaa/AAA/AAA	6.47y	1ML	n/a	+33bp	n/a	n/a	n/a
B1	$18.4	Baa1/A/A	4.84y	1ML	n/a	+155bp	n/a	n/a	n/a
B2	$16.6	Baa2/A-/A-	4.82y	1ML	n/a	+190bp	n/a	n/a	n/a
B3	$14.7	Baa32/BBB+/BBB	4.82y	1ML	n/a	+290bp	n/a	n/a	n/a
M1	$44.8	Aa1/AA+/AA+	5.05y	1ML	n/a	+42bp	n/a	n/a	n/a
M2	$41.2	Aa2/AA+/AA+	4.96y	1ML	n/a	+44bp	n/a	n/a	n/a
M3	$25.2	Aa3/AA/AA	4.91y	1ML	n/a	+46bp	n/a	n/a	n/a
M4	$22.1	A1/AA/AA	4.89y	1ML	n/a	+61bp	n/a	n/a	n/a
M5	$20.9	A2/AA-/AA-	4.87y	1ML	n/a	+64bp	n/a	n/a	n/a
M6	$18.4	A3/A+/A+	4.85y	1ML	n/a	+73bp	n/a	n/a	n/a

Credit Enhancement: sr/sub | **Manager: Morgan Stanley**

Notes: Notes: Settles:; Co-mgrs:; Collateral: home equity

EMPLOYMENT OPPORTUNITIES

PMA Securities, Inc. is Midwest regional public finance firm headquartered near Chicago. The firm is a recognized leader in brokerage and asset management and has recently expanded its service offerings to include debt management. The firm administers investment portfolios in excess of $6 billion for nearly 800 public accounts in Minnesota, Wisconsin, Illinois, and Michigan. The company has been serving the public sector marketplace since 1984 and has offices in the suburbs of Minneapolis, Chicago, and Milwaukee.

QUANTITATIVE ANALYST

PMA Securities, Inc. is looking to add to its quantitative analysis team working with regional municipal issuers. Working as a quantitative analyst, you will provide essential support to the public finance team providing future strategies for the long term analysis and issuance of public debt.

The successful candidate will have a strong background, in math, finance, statistics or a similar quantitative subject from a leading academic institution, and have at least a theoretical knowledge of credit products in the public finance market place. Those with experience from the financial arena in credit products will be at a strong advantage, though this knowledge must be combined with the character that wishes to be highly successful in this dynamic, competitive environment. A superior working knowledge of either DBC Financial Software or MUNEX is critical. An MBA or a CFA is preferred although consideration will be given to previous credit analysis or quantitative experience. Regulatory licensing is required including a Series 7 or 52.

PUBLIC FINANCE ANALYST/ ASSOCIATE BANKER

PMA Securities, Inc. is seeking a Public Finance Associate to join our office working with regional municipal issuers. Responsibility will include financial modeling, proposal and presentation writing, credit analysis, and extensive interaction with clients, legal counsel, bond insurance agencies and credit rating agencies.

The ideal candidate will start with excellent financial modeling, communication, and project management skills and have a demonstrated capacity to work independently. A working knowledge of either DBC Financial Software or MUNEX is helpful. The successful candidate will have a top level academic background in math, finance, accounting or public administration. Previous related experience in the public finance sector is valuable. Regulatory licensing is required including a Series 7 or 52.

PMA offers a highly competitive compensation and benefit package. Qualified candidates are encouraged to forward their resume, indicating position of interest, to:

asr.recruit@sourcemedia.com
Reference Code PMA-2

The Firm is an Equal Opportunity Employer.

STONE & YOUNGBERG

ASSOCIATE,
PUBLIC FINANCE INVESTMENT BANKING

Stone & Youngberg LLC is seeking a Public Finance Associate to join our Los Angeles office. Responsibilities will include financial modeling, proposal and presentation writing, credit analysis, and extensive interaction with the firm's underwriting desk, research department and legal counsel as well as financial consultants, rating agencies, and credit enhancement organizations.

The ideal candidate will start with excellent financial modeling, communication, and project management skills and have a demonstrated capacity to work independently. A superior working knowledge of DBC Finance software is critical. An MBA from a well-regarded institution is required. Previous related experience in engineering, capital markets or public sector finance would also be valuable.

Qualified candidates are invited to forward cover letter, resume, and salary requirements to:

asr.recruit@sourcemedia.com
Reference SY-5

Resumes sent directly to Stone & Youngberg will not be considered. Please, no telephone calls.

Stone & Youngberg LLC is an equal opportunity employer.

SITUATIONS WANTED

SEASONED FINANCE PROFESSIONAL Strong sales experience Trade Finance, Syndicated Debt, Structured Trade, Export Credit Agency Contracts, Credit Analysis and Debt Restructuring. Strong project finance and investment banking experience with track record in supporting senior local and global senior investment bankers, experienced in debt portfolio management, debt structuring and syndication, credit analysis and client management/service. Strong skills in identifying, evaluating and recommending risk strategies inherent in global markets. Keen negotiator and skilled communicator/relationship builder with tier 1 corporations. Extensive knowledge of financial contracts. In-depth understanding of finance cultures. Available for relocation and travel. MBA Degree. **A1003V1P**

VP/SENIOR ASSOCIATE Senior manager with 8 years muni finance experience seeking position with growing, established company. Current duties include overseeing annual multi-billion dollar expenses of muni healthcare agencies and capital planning of almost $1 B for the construction of public facilities. Extensive exposure to public sector budgeting and muni credit risk analysis. Close interaction on a consistent basis with government officials, state regulators, bond counsel, and underwriters. Strong written, analytical, and communications skills. Columbia MBA with specialization in finance and public management. **A205E1P**

TRADE SUPPORT - FIXED INCOME Motivated and focused professional with solid experience in marketing, sales and trade support seeks a growth opportunity on a fixed income trading desk which will lead to a position as a trader or fixed income salesperson. Excellent interpersonal skills, deals effectively with sales and trading groups, as well as customers, strong multi-tasking abilities. Series 7 & 66. **A1506L1O5**

ANALYST I bring a strong skill set inclusive of fixed income analysis, surveillance and portfolio management: bonds, notes, credit enhanced, floating rate, insured and derivative obligations, as well as taxable debt. I have public finance, lending, counterparty, contingent risk and liquidity risk experience in addition to significant high net worth client contact and new business presentation experience. This background and experience has allowed me to develop the ability to rapidly analyze situations, make difficult decisions and function well under pressure. I am a dedicated and creative person who will work extremely hard for the benefit of the institution and its clientele. **A206A1P**

TRADING / SALES Dynamic securities professional with vast financial services experience seeks position with growing company in trading or marketing. Individual has excellent customer-relations skills, as well as a comprehensive knowledge of financial products with an emphasis in the Municipal Bond market. Has previously developed a Municipal Bond retail operation from scratch at a major commercial bank. Goal-oriented problem solver, with an ability to direct as well as work actively in a team environment. Series 7, 63, 65. **A708-1502W17P**

ATTORNEY with substantial 103 experience in governmental issues (both general obligation and revenue), qualified 501I(3) issues, and qualified small issues and additional experience preparing bond documents seeks position. **A301Y1O**

PUBLIC FINANCE ATTORNEY Experience as an Associate Attorney in all facets of public finance law, including bond counsel work and underwriter's counsel work representing municipalities, counties, school districts, community college districts, and 501c-3 corporations; willing to relocate. **A304X1P4**

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placing a Situations Wanted, contact Kerry Savage at 212-803-8561
or via email to asr.recruit@sourcemedia.com.


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