

Deflating the Mortgage and Housing Bubble, Part IV: Where is the Bottom?

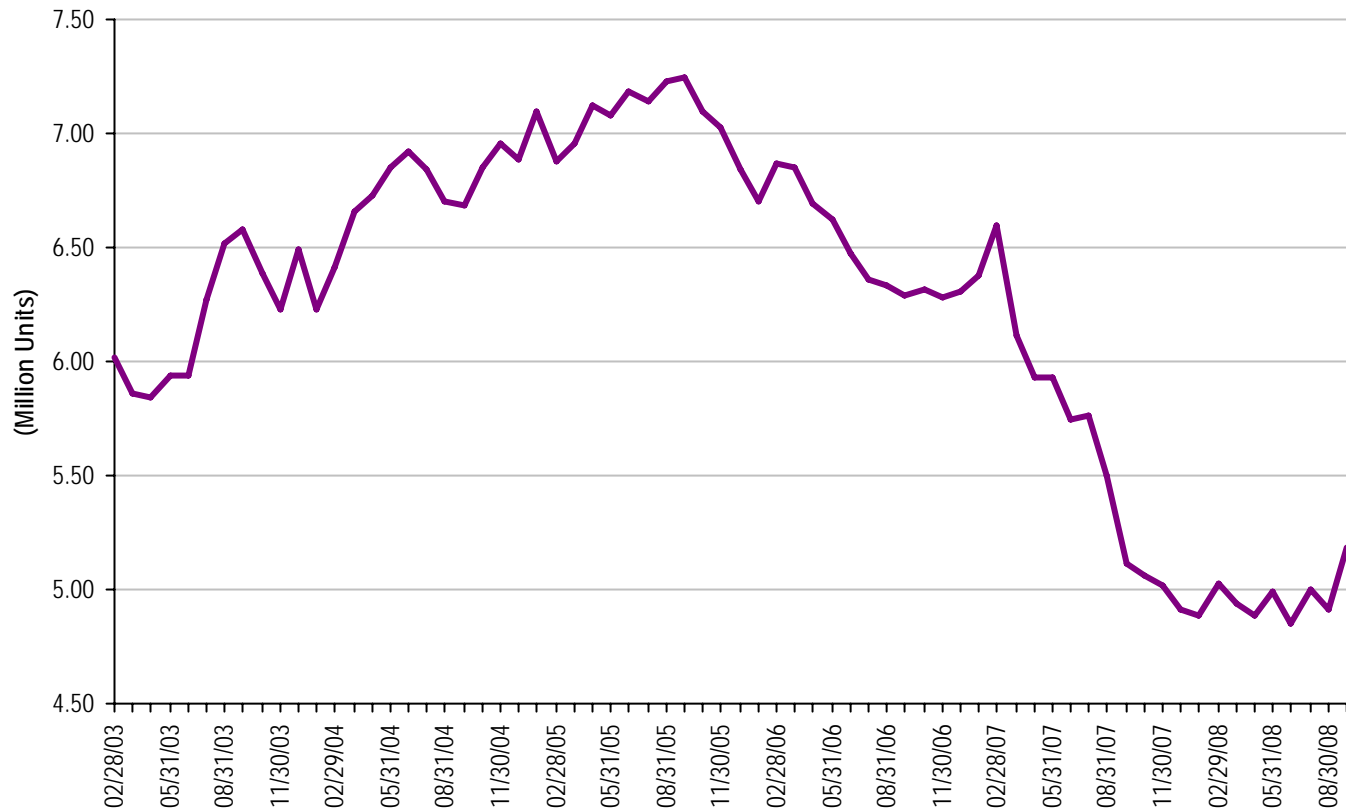
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Washington, D.C.

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A Few Positive Signs

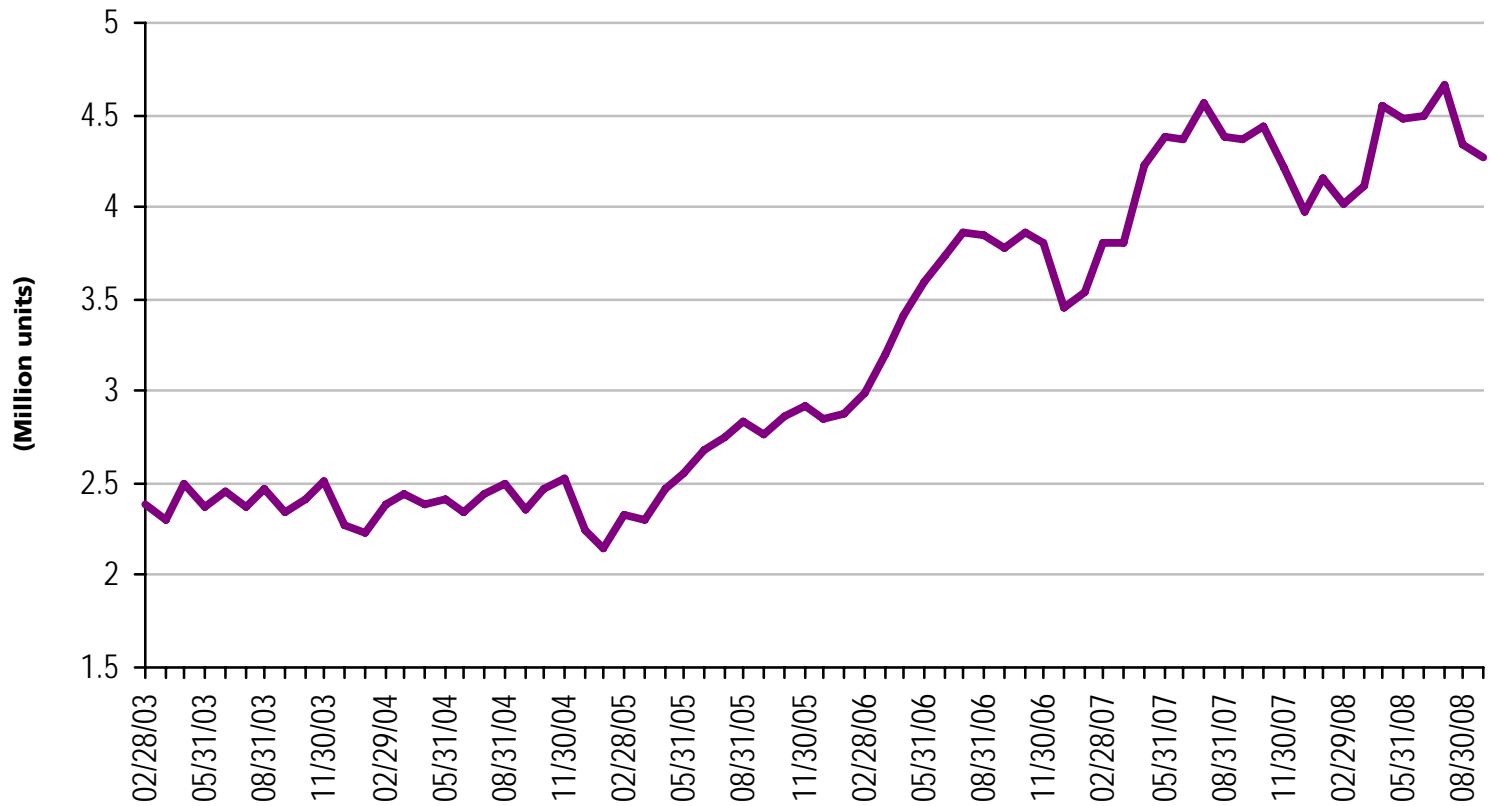
- ◆ Existing and new home sales near bottom
- ◆ Home price depreciation (HPD) has slowed in many areas and turned positive in others

Have Existing Home Sales Bottomed?



Source: Bloomberg

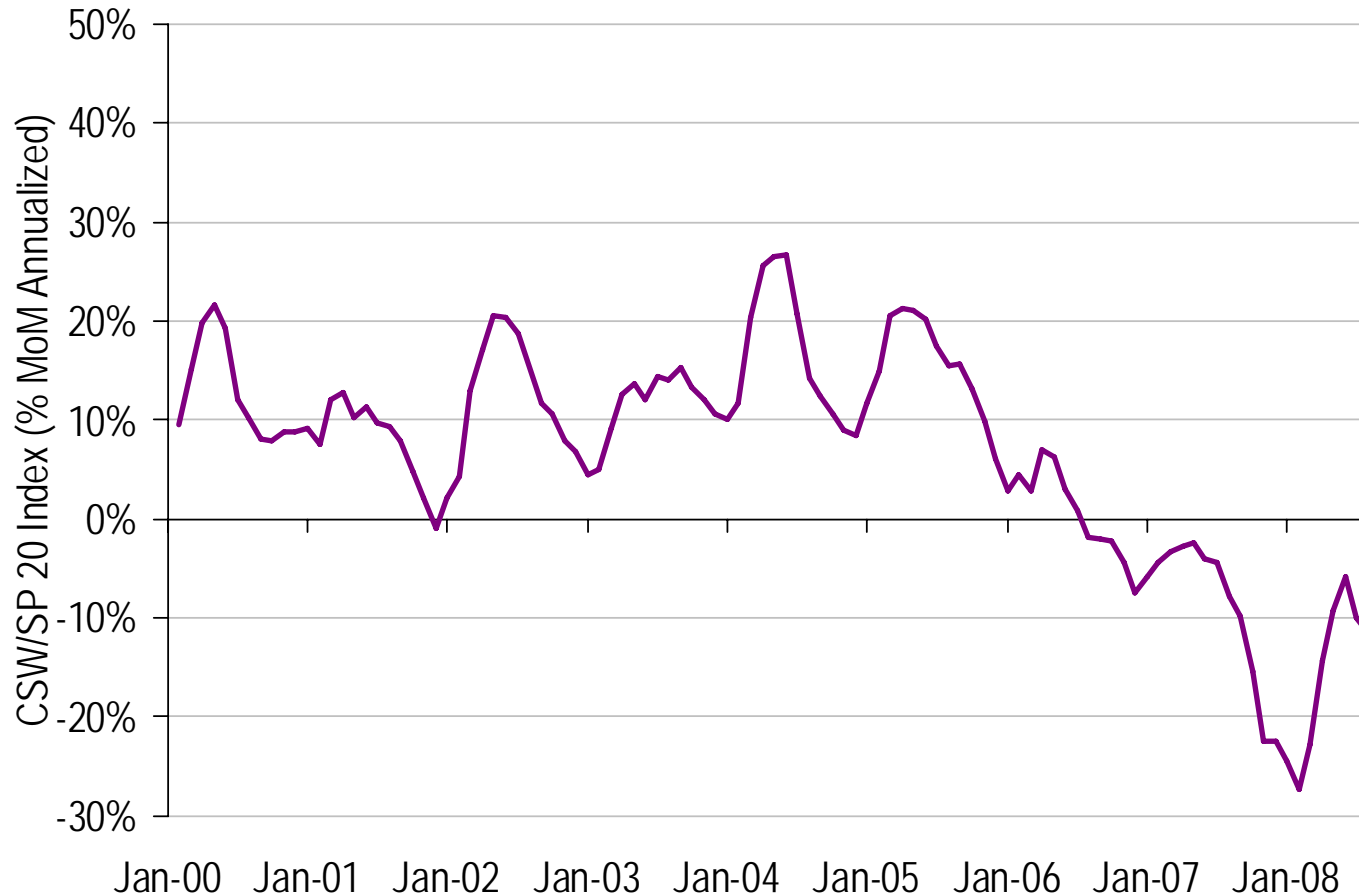
EHS Inventory Weights on Home Prices



Source: Bloomberg

Rate of Home Price Decline Has Slowed

Case Shiller 20 MSA Index - Monthly Chg Annualized

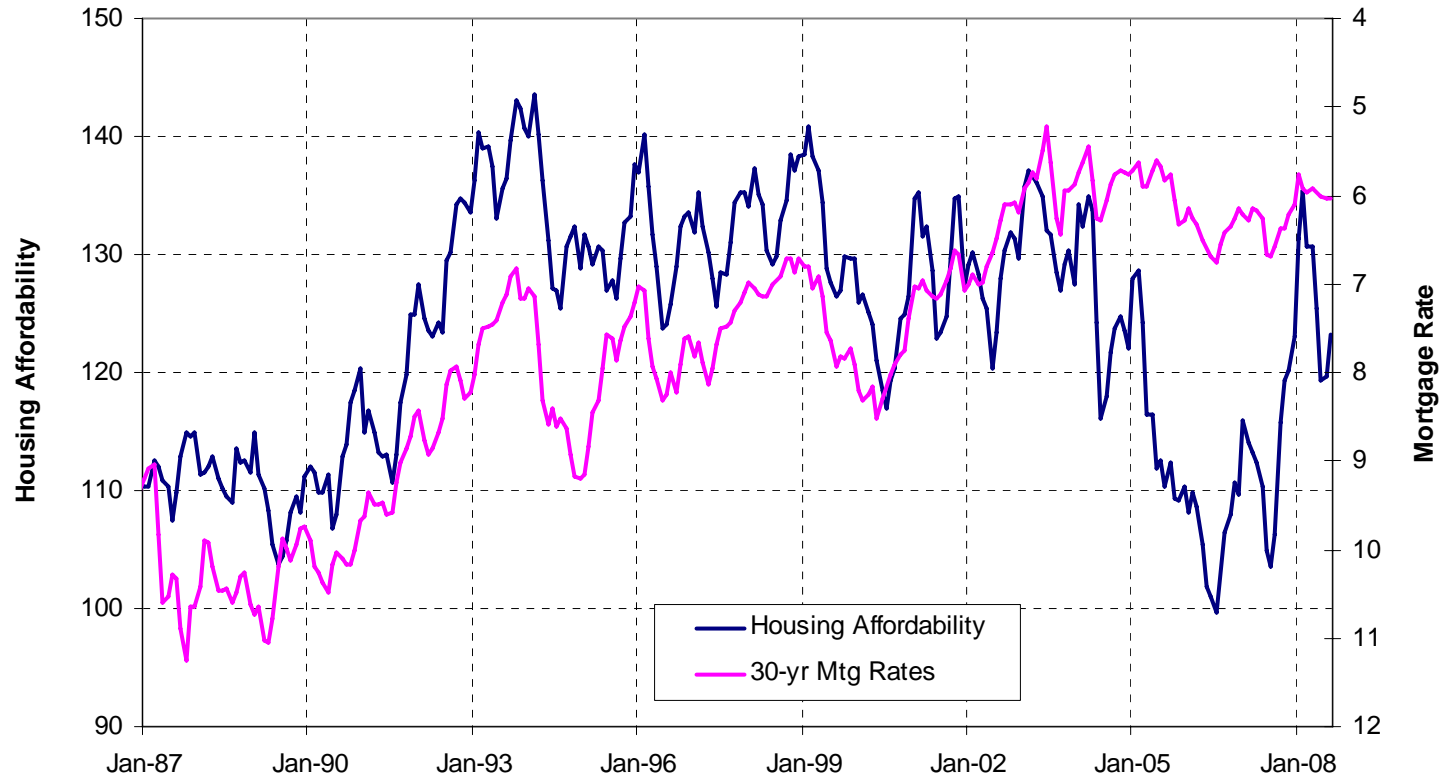


Source: Standard & Poor's, UBS

Case Shiller, HPD by State (through Q2, 2008)

State	1y HPA	2y HPA	5y HPA	State	1y HPA	2y HPA	5y HPA
AK	-5.95	-1.67	5.84	MS	-7.00	0.05	3.68
AL	0.04	2.31	5.19	MT	-1.65	1.95	7.44
AR	-1.13	0.29	4.09	NC	-3.10	-0.22	3.16
AZ	-22.97	-14.04	6.56	ND	-2.50	-0.06	4.36
CA	-27.96	-17.24	3.00	NE	-2.15	-0.36	2.10
CO	-4.45	-2.78	1.20	NH	-6.45	-5.51	2.41
CT	-4.47	-2.52	4.73	NJ	-7.83	-4.79	5.79
DC	-1.20	-1.19	9.47	NM	-20.97	-12.79	4.43
DE	-4.14	-0.97	6.88	NV	-26.39	-15.94	5.74
FL	-22.77	-13.60	6.02	NY	-6.85	-4.22	5.59
GA	-6.88	-2.55	1.53	OH	-5.72	-3.83	0.31
HI	-6.78	-4.05	11.47	OK	1.21	4.58	5.69
IA	-0.25	1.13	3.33	OR	-4.42	1.03	8.58
ID	-4.90	1.03	7.34	PA	-1.25	0.04	6.81
IL	-10.26	-4.96	2.96	RI	-7.28	-5.69	4.26
IN	-3.03	-1.31	0.76	SC	1.58	3.40	5.35
KS	-0.37	0.96	2.88	SD	-2.82	-0.91	3.17
KY	-1.49	-0.24	2.37	TN	-2.18	0.58	3.61
LA	-0.55	1.69	5.81	TX	2.41	4.41	4.45
MA	-5.47	-4.78	1.84	UT	-20.97	-12.79	3.21
MD	-9.66	-5.07	8.21	VA	-17.18	-13.36	4.61
ME	-4.74	-3.14	5.09	VT	1.13	1.22	7.20
MI	-15.31	-11.25	-3.20	WA	-5.44	1.50	8.64
MN	-14.21	-8.53	0.20	WI	-0.41	-0.44	3.83
MO	-5.53	-3.38	2.27	WV	-4.71	-2.80	3.45
				WY	-0.90	3.34	7.72

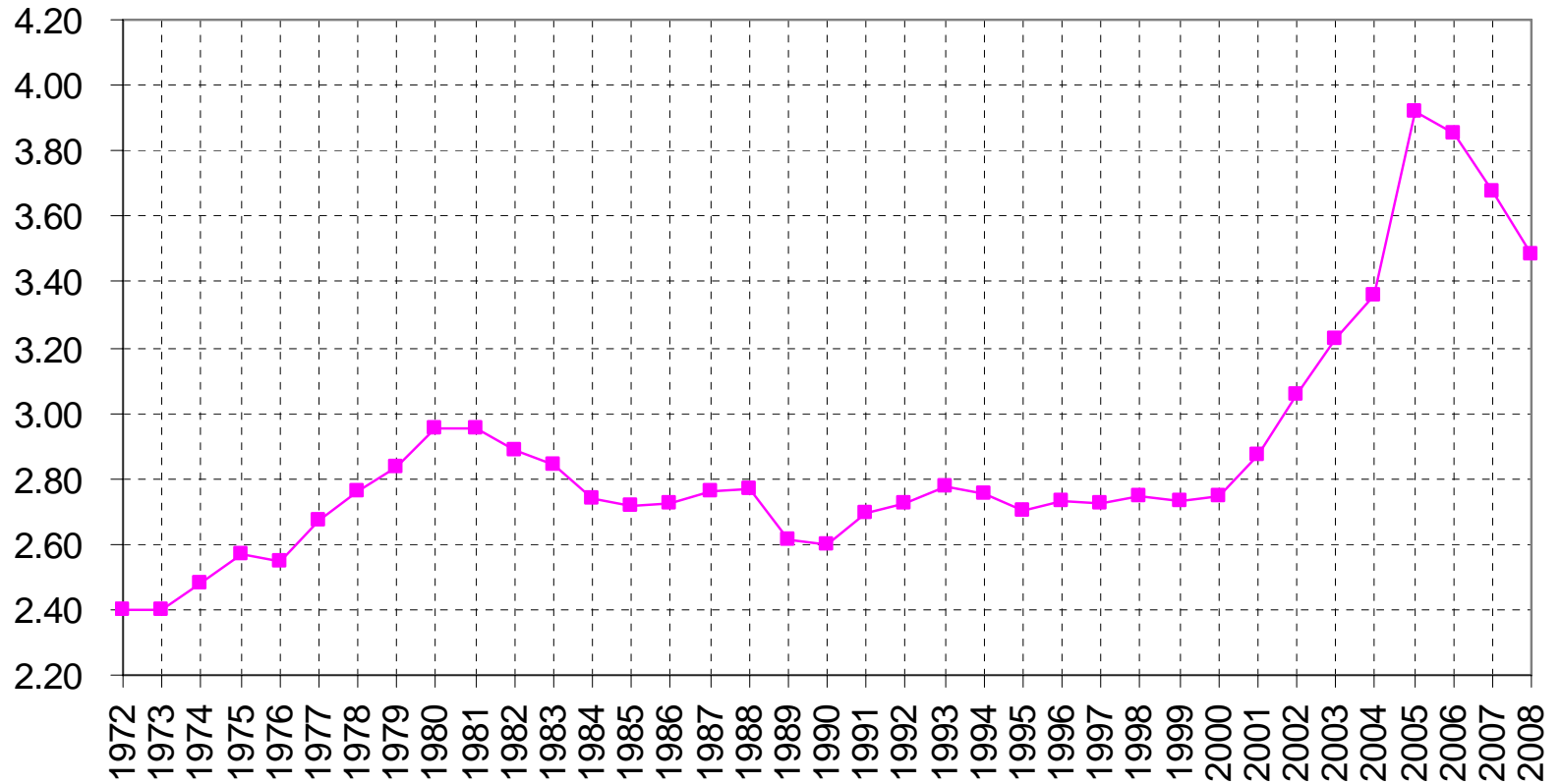
Housing Affordability Has Improved



Source: National Association of Realtors, Freddie Mac

Latest is estimated: Aug 2008: Housing Affordability = 123; average 30-yr Mortgage Rate = 6.03

Median Home Sales Price/Median Family Income



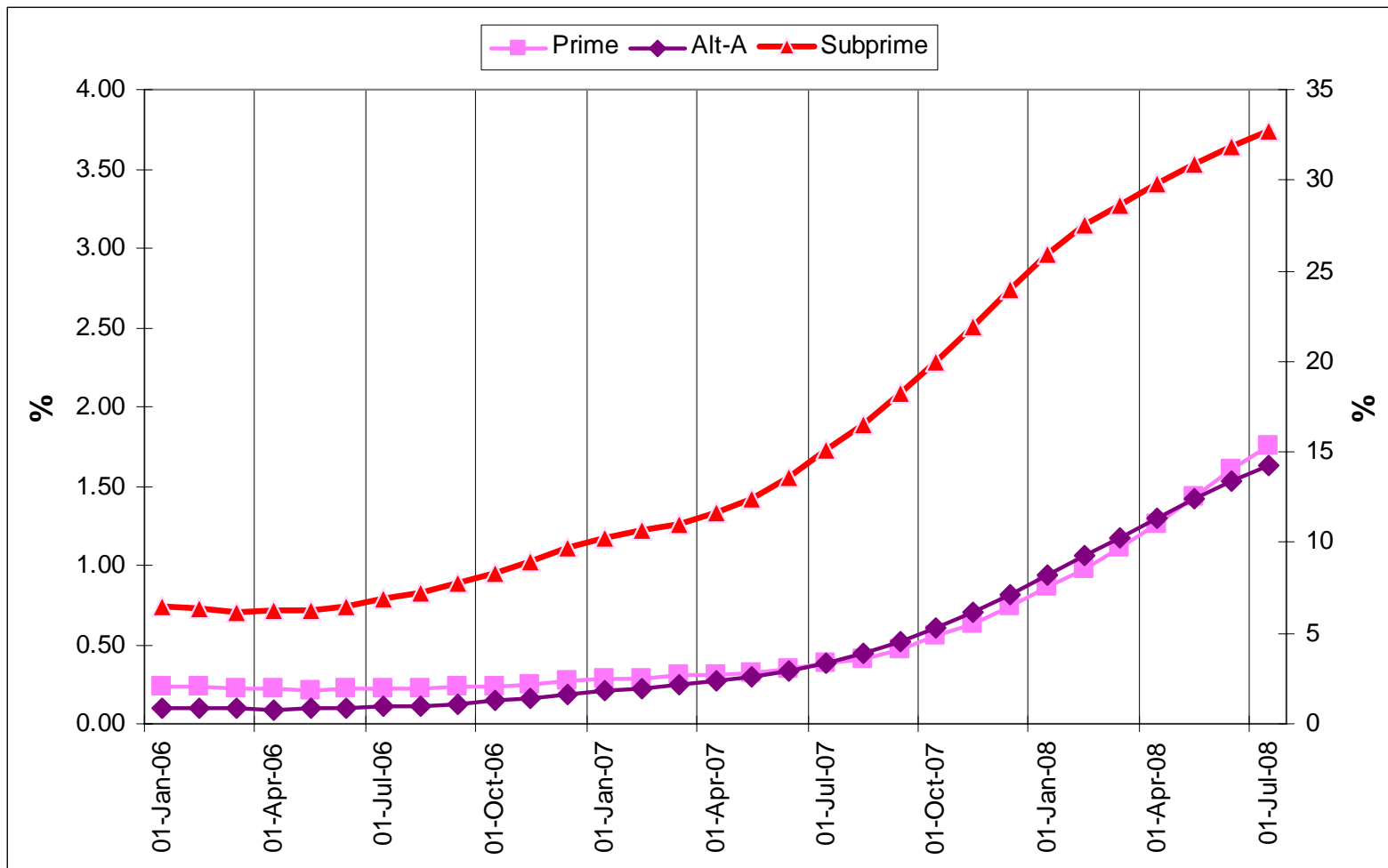
Source: National Association of Realtors

Latest data: YTD-Jul 2008 = 3.49

Other Indicators Very Negative

- ◆ Delinquencies spreading to other sectors beyond subprime and Alt-A
- ◆ Roll rates up sharply
- ◆ Loss severities continue to climb
- ◆ Voluntary prepayment speeds extremely low

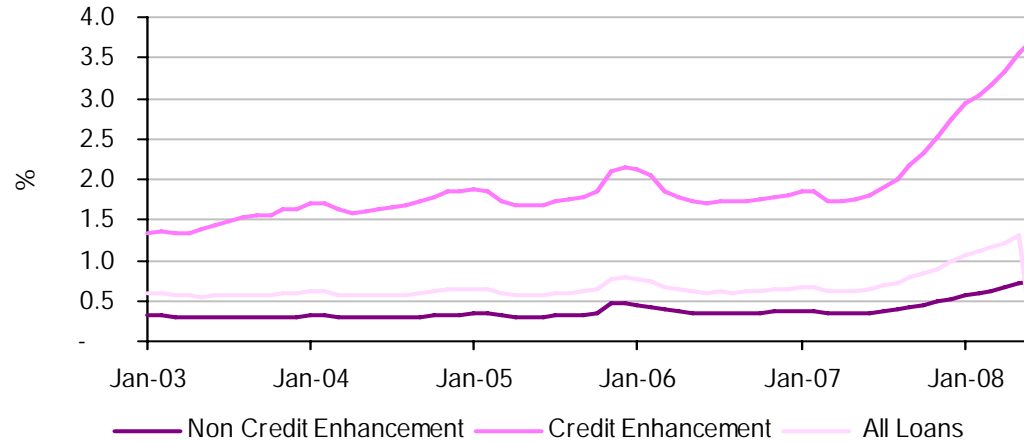
Timing of 60+ DQ Deterioration



Source: Loan Performance, CPR CDR

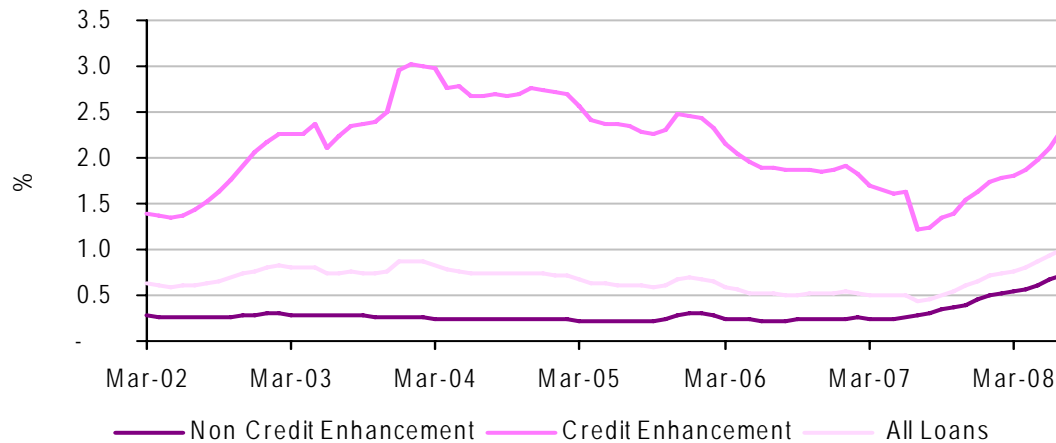
Fannie/Freddie Serious Delinquency Rates

Fannie Mae



Source: Fannie Mae

Freddie Mac



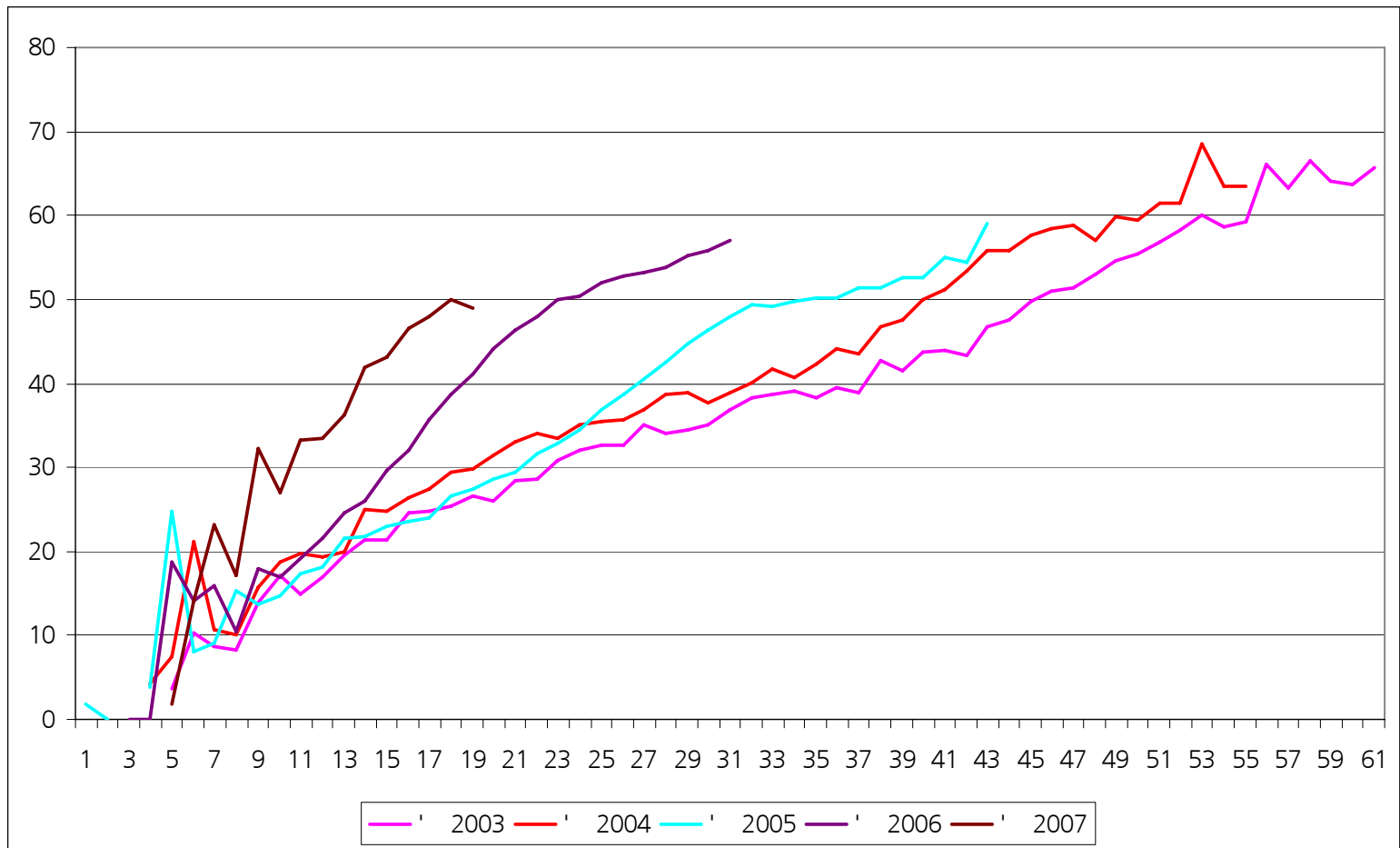
Source: Freddie Mac

Roll Rates Show Deterioration in Non-Agency Markets

	Current - 30 DQ			30 DQ - 60 DQ			60 DQ - 90+		
	Q2 2007	Q2 2008	Chg	Q2 2007	Q2 2008	Chg	Q2 2007	Q2 2008	Chg
Jumbo Hybrid	0.5	0.7	40.0%	17.1	34.2	100.0%	37.5	55.6	48.3%
Alt-A Hybrid	2.3	3.1	34.8%	32.3	44.0	36.2%	54.1	62.8	16.1%
Option ARM	2.2	4.4	100.0%	25.2	44.9	78.2%	43.8	66.0	50.7%
Subprime Hybrid	6.9	9.4	36.2%	32.3	36.6	13.3%	42.0	47.2	12.4%
	90+ -- FC			30 DQ - Current			60 DQ - 30 DQ		
	Q2 2007	Q2 2008	Chg	Q2 2007	Q2 2008	Chg	Q2 2007	Q2 2008	Chg
Jumbo Hybrid	27.7	33.4	20.6%	53.4	35.2	-34.1%	13.2	8.1	-38.6%
Alt-A Hybrid	42.2	32.4	-23.2%	33.3	22.6	-32.1%	10.4	7.1	-31.7%
Option ARM	41.9	35.1	-16.2%	40.9	22.7	-44.5%	12.5	7.0	-44.0%
Subprime Hybrid	27.4	24.3	-11.3%	25.3	20.4	-19.4%	13.6	10.3	-24.3%

Source: Loan Performance, CPR CDR

Subprime Loss Severities

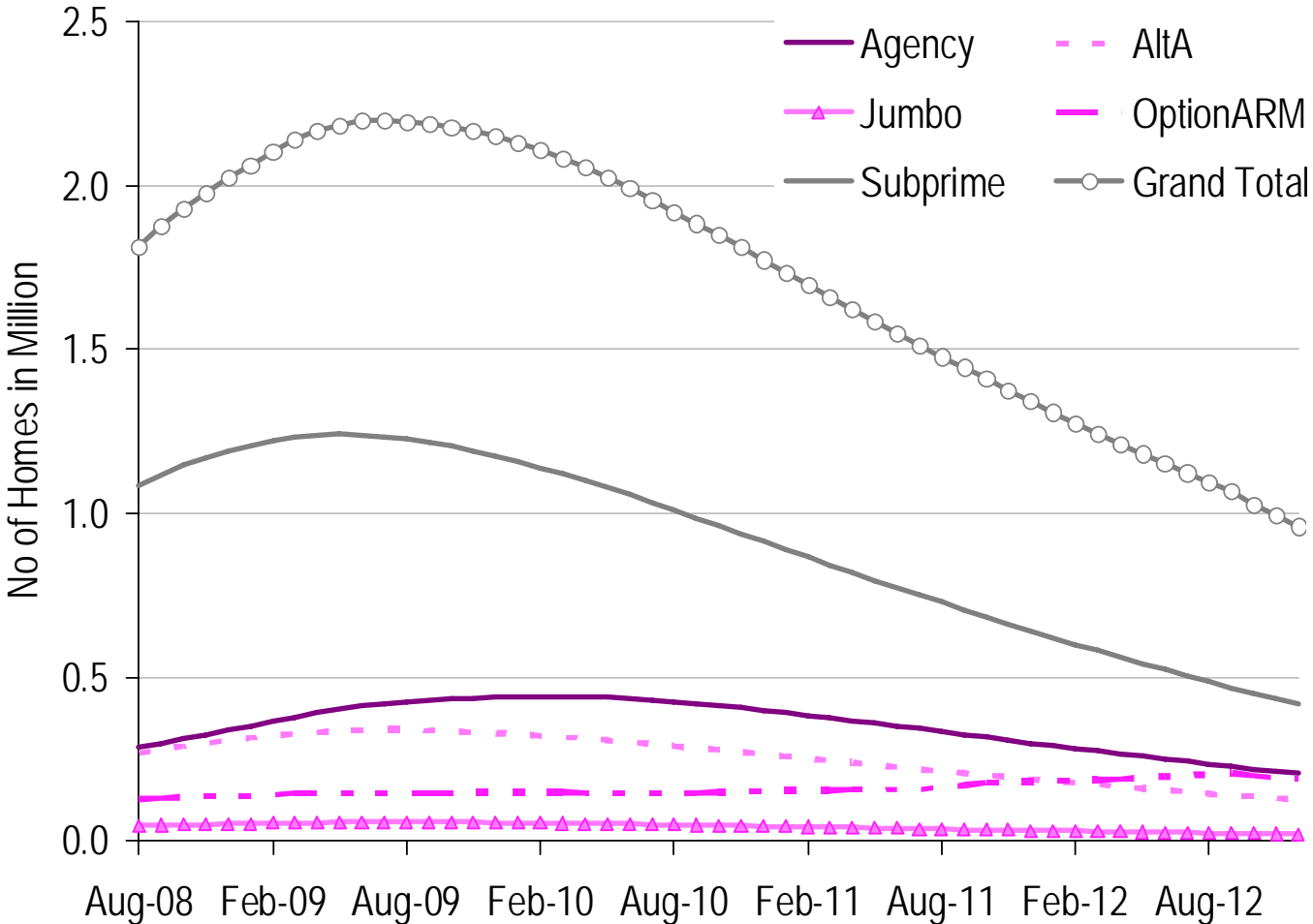


Source: Loan Performance, CPR CDR

Reasons Downturn Gets Worse Before It Improves

- ◆ Foreclosure wave peaks near mid-2009
- ◆ Recession will cause more foreclosures
- ◆ Severe “credit crunch” eliminates many prospective homebuyers

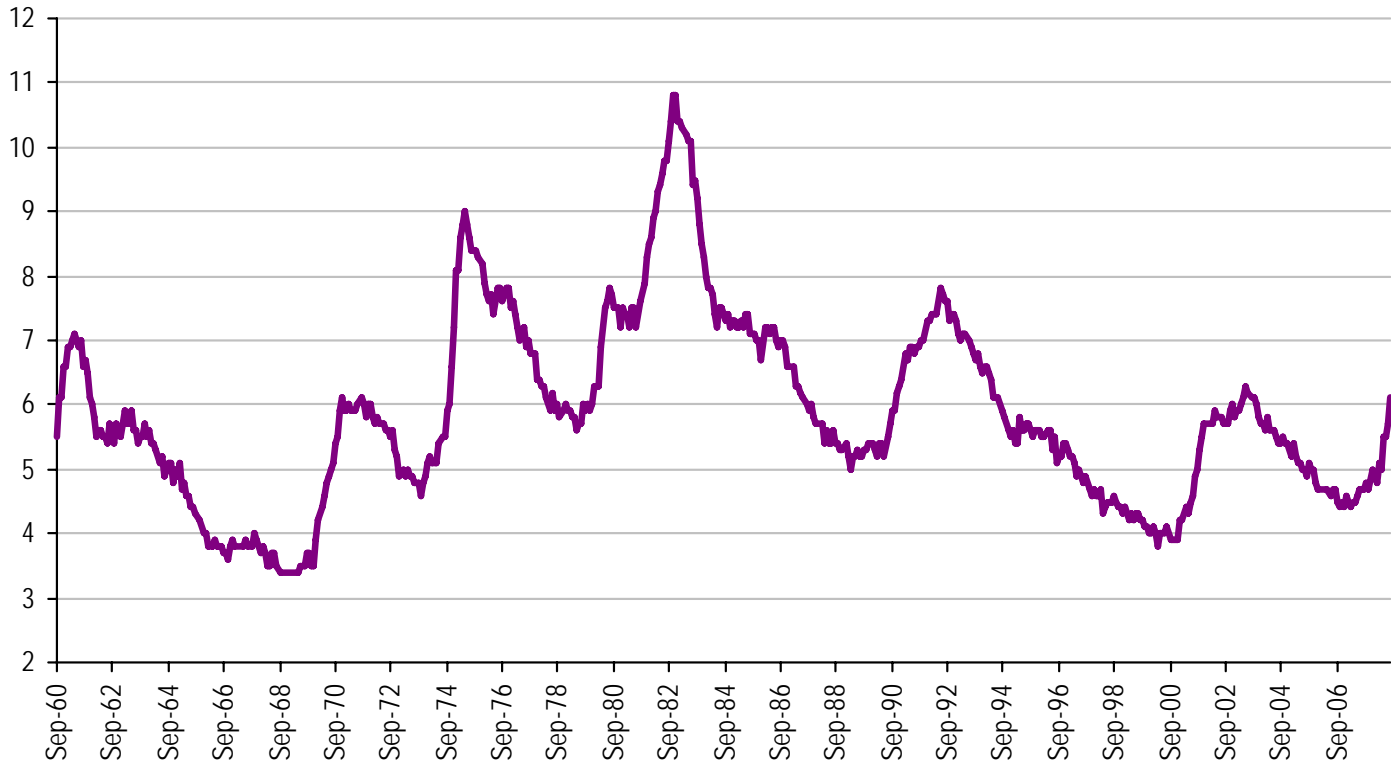
Foreclosure & REO Schedule – All Sectors (# of loans)



Source: Loan Performance, UBS



U.S. Unemployment Rate on the Rise



Source: Bloomberg

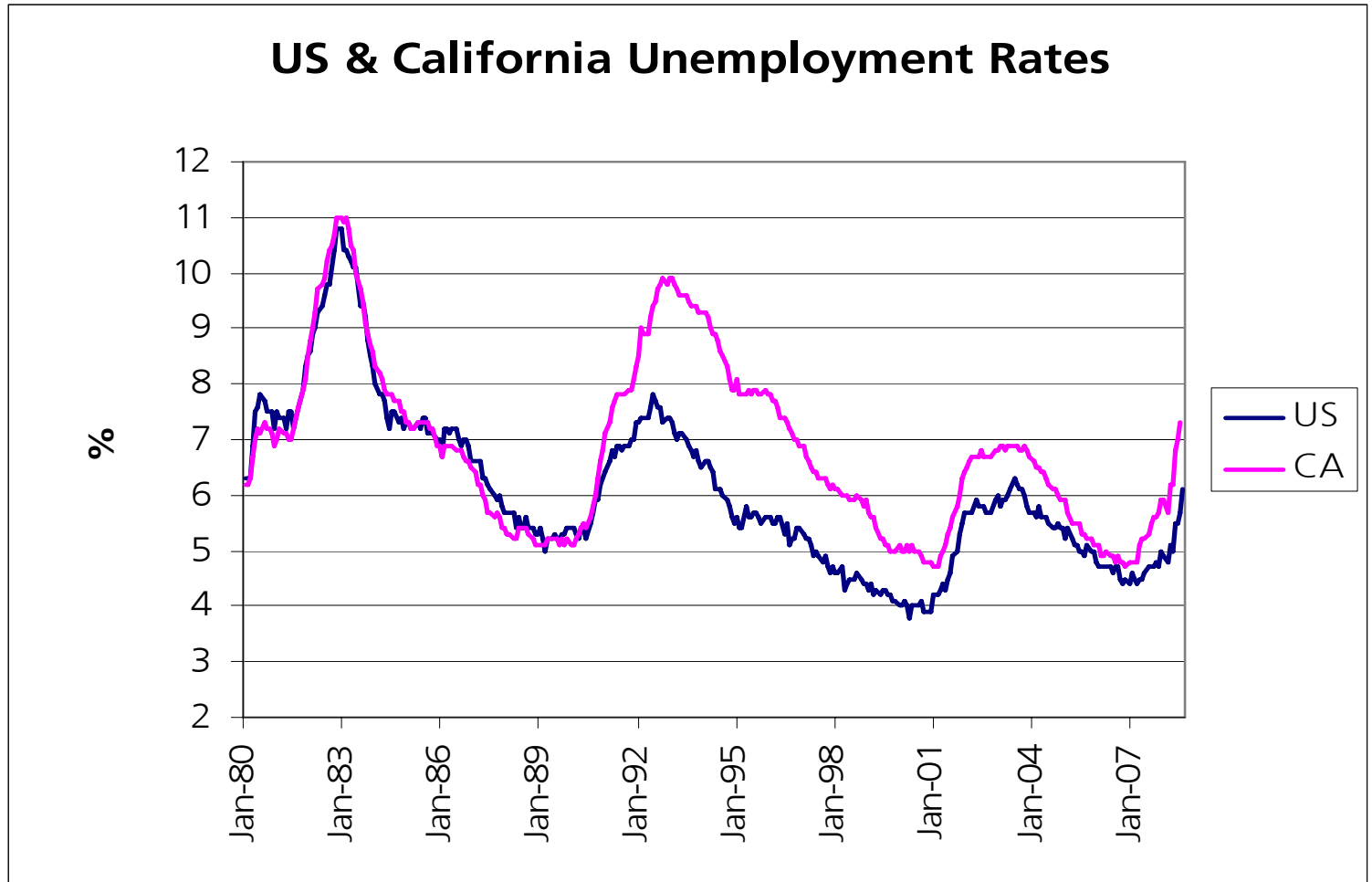
Impact of Unemployment on Defaults

	Change in HPI							
	Annual:	-2.5	-1.25	0	1.25	3	5.5	7
	4 Yrs:	-10	-5	0	5	12	22	28
A) Default Multipliers								
Unemployment Rate	4.0	108	103	98	93	86	76	70
	4.5	118	113	108	103	96	86	80
	5.0	128	123	118	113	106	96	90
	5.5	138	133	128	123	116	106	100
	6.0	148	143	138	133	126	116	110
	6.5	158	153	148	143	136	126	120
	7.0	168	163	158	153	146	136	130
	7.5	178	173	168	163	156	146	140
8.0	188	183	178	173	166	156	150	
B) Loss Severities								
	Fixed	67	64	60	56	51	44	40
	ARM	57	54	50	46	41	34	30

Baseline Default Rate = 100 at 7% HPI/Yr and 5.5% Unemployment

Concensus = 3% HPI/Yr and 5.0% Unemployment

U.S. & California Unemployment Rates



Source: Bloomberg, UBS

“Vicious” Housing / Mortgage / Credit Cycle



Mortgage “Credit Crunch”

- ◆ Securitization shut down, not likely to return soon
 - NO-Subprime, Alt-A or Jumbo
- ◆ Banks continue to tighten standards
 - Credit crisis suggests this gets worse
- ◆ Freddie/Fannie have tightened guidelines
 - Government control will reverse this only slightly
- ◆ FHA is growing, but this still leaves many homeowners without access to mortgage money

Need for Government Intervention

- ◆ Recent housing bill likely to prove ineffective
- ◆ FHA program will help only limited number
- ◆ New goals for Freddie/Fannie unclear
- ◆ Need Federal intervention to stabilize housing market

Summing it Up

- ◆ Some indicators – HPD and EHS – point to near term bottoming of housing market
- ◆ However, others show stress is accelerating :
 - DQ rates, roll rates, voluntary prepayments, loss severity, etc.
- ◆ Based on these trends we have increased our loss estimates for non-agency deals
- ◆ In addition we see other forces that will continue to pressure the housing and mortgage markets:
 - Rising unemployment
 - Increase in foreclosures through mid-2009
 - Tightening of credit crunch that has severely reduced homeowners' access to mortgage money
- ◆ Without government intervention expect to see further deterioration

Historical Non-Agency Collateral Losses

Loss as % of original balance

HISTORICAL

	Prime	Alt-A	Subprime
1998	0.03	0.18	5.14
1999	0.04	0.37	5.26
2000	0.06	0.69	4.93
2001	0.02	0.39	4.19
2002	0.02	0.36	2.31
2003	0.02	0.13	1.37
2004	0.02	0.10	1.03
2005	0.01	0.06	0.75
2006	0.00	0.03	0.42

PROJECTED

	Prime	Alt-A	Sbprime
2005	2.50	6.20	13.60
2006	5.00	16.10	28.50
2007	7.25	22.50	46.00

Source: UBS

ABX Projected Lifetime Cum Losses

Remit Date	BASE				Loss
	06-1	06-2	07-1	07-2	Severity
Jul-06	4.43	3.84			37%
Aug-06	4.61	5.00			
Sep-06	4.70	5.99			
Oct-06	4.84	7.04			
Nov-06	4.94	7.60			
Dec-06	5.13	8.07			
Jan-07	5.35	8.61	6.17		
Feb-07	5.47	8.79	7.64		
Mar-07	5.47	8.82	9.00		
Apr-07	5.45	8.72	10.04		
May-07	5.52	8.91	10.93		
Jun-07	5.63	9.15	11.57		
Jul-07	5.81	9.43	12.30		
Aug-07	6.00	9.74	12.94		
Sep-07	6.31	10.09	13.61		
Oct-07	6.70	10.44	14.33	15.18	
Nov-07	7.19	10.79	14.80	16.75	37%
Dec-07	8.71	12.74	17.49	20.80	45%
	Shut Down				
	06-1	06-2	07-1	07-2	
Dec-07	11.24	15.71	22.18	24.62	45%
Jan-08	11.68	16.24	22.49	25.97	45%
Feb-08	12.42	16.95	22.94	26.91	45%
Mar-08	14.66	21.07	29.15	37.04	60%
Apr-08	14.83	21.48	29.01	36.86	60%
May-08	14.42	22.86	33.29	43.17	60%
Jun-08	14.73	23.16	33.81	43.59	60%

Enhancement Levels on 2006 Subprime Deals

Ratings	Enhancement
AAA	25-29%
AA	17-19%
A	12-14%
BBB	9-11%
BBB-	8-10%

Source: UBS

Outstanding Subprime and Alt-A MBS Securities

Current Balance (\$ 000,000,000)

SubPrime						
	2004	2005	2006	2007	Total	Pct
AAA	12.9	66.5	206.4	106.4	392.2	64.6%
AA	18.3	34.0	39.5	15.5	107.3	17.7%
A	11.6	18.7	20.7	7.5	58.6	9.6%
BBB	5.0	12.7	14.2	5.4	37.2	6.1%
BB	0.4	2.2	2.7	0.5	5.8	1.0%
NR	1.1	4.6	0.5	0.0	6.1	1.0%
Grand Total	49.3	138.7	284.0	135.3	607.2	100.0%

ALT A						
	2004	2005	2006	2007	Total	Pct
AAA	25.5	110.4	215.3	160.8	512.0	91.2%
AA	1.4	7.2	12.2	7.9	28.8	5.1%
A	0.9	3.5	4.4	2.4	11.2	2.0%
BBB	0.6	2.5	3.2	1.8	8.0	1.4%
BB	0.0	0.2	0.3	0.2	0.7	0.1%
NR	0.1	0.3	0.1	0.1	0.6	0.1%
Grand Total	28.6	124.0	235.4	173.3	561.3	100.0%

Source: Intex, UBS
Data as of February 2008

Investment Grade Residential Mortgage Securities

(Spreads / dollar price / price spreads to agency pass throughs)

	2006 3rd Pay Subprime Floaters	2006 Alt-A Hybrid Floaters	Alt-A Hybrid P/T	Alt-A Non- Agency Fixed Pass-thru	Prime Non- Agency Fixed Pass-thru	MTA Floaters
Then — January 11, 2007						
AAA	L+14	L+18	N+39	-16 ticks	-20 ticks	L+19
Super Senior		L+17	N+36	-13 ticks	-19 ticks	L+17
Mezz		L+25	N+46	-1.5 pts	-1 pt	L+21/25
Now — August 26, 2008						
AAA	High \$50s	-	-	-	-17pts	-
Super Senior		\$62-00	\$65-75	-32pts	-15pts	\$65
Mezz		-	-	-	-	-

Source: UBS

Representative Alt-A Fixed Rate SSNR Bond

RALI 07-QS9 A32 (Severity@50%)		Offering Price 66-00					(Severity@65%)
CDR	CPR	2	4	6	10	15	4
3.0	%Loss	16.90%	14.30%	12.26%	9.34%	7.04%	18.48%
	% Liquidation	35.74%	30.27%	25.96%	19.73%	14.76%	30.27%
	%Yield	11.4	12.5	13.6	16.1	19.4	11.9
	WAL	13.4	11.2	9.5	7.1	5.1	11.3
	%Writedown	10.18%	7.39%	5.28%	2.43%	0.45%	12.21%
	Prin. Window	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38
4.0	%Loss	20.66%	17.61%	15.20%	11.71%	8.91%	22.79%
	% Liquidation	43.96%	37.52%	32.41%	24.94%	18.88%	37.52%
	%Yield	11.2	12.4	13.5	16.0	19.4	11.6
	WAL	12.5	10.6	9.0	6.8	5.0	10.6
	%Writedown	14.68%	11.24%	8.58%	4.87%	2.10%	17.35%
	Prin. Window	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38
8.0	%Loss	30.49%	26.72%	23.65%	19.01%	15.03%	34.64%
	% Liquidation	65.72%	57.68%	51.08%	41.04%	32.40%	57.68%
	%Yield	10.6	11.7	12.9	15.4	18.8	10.0
	WAL	9.5	8.3	7.3	5.8	4.5	8.3
	%Writedown	26.62%	22.16%	18.55%	13.17%	8.68%	31.76%
	Prin. Window	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38
14.0	%Loss	37.10%	33.61%	30.63%	25.86%	21.44%	43.59%
	% Liquidation	80.70%	73.14%	66.67%	56.26%	46.58%	73.14%
	%Yield	9.5	10.6	11.8	14.3	17.5	7.6
	WAL	6.8	6.1	5.6	4.7	3.8	6.2
	%Writedown	34.73%	30.54%	26.99%	21.32%	16.16%	42.75%
	Prin. Window	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38
18.0	%Loss	39.22%	36.11%	33.39%	28.89%	24.53%	46.85%
	% Liquidation	85.59%	78.81%	72.88%	63.02%	53.45%	78.81%
	%Yield	8.8	9.9	11.1	13.5	16.7	5.9
	WAL	5.7	5.2	4.8	4.1	3.5	5.2
	%Writedown	37.34%	33.60%	30.35%	24.99%	19.86%	46.74%
	Prin. Window	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38	Sep08 to Jun38

Representative Alt-A Hybrid SSNR Bond

CWALT 07-HY4 2A1 (Severity@50%)		Offering Price 68-00					(Severity@65%)
CDR	CPR	2	4	6	10	15	4
6.0	%Loss	27.12%	23.44%	20.48%	16.13%	12.53%	30.28%
	% Liquidation	58.68%	50.72%	44.30%	34.76%	26.80%	50.72%
	%Yield	11.2	12.2	13.1	15.2	18.1	11.1
	WAL	11.6	10.0	8.6	6.6	5.0	10.0
	%Writedown	19.36%	15.17%	11.91%	7.35%	3.92%	23.55%
	Prin. Window	Sep08 to May43	Sep08 to Aug39	Sep08 to Jun37	Sep08 to Jun37	Sep08 to May37	Sep08 to Feb39
8.0	%Loss	31.17%	27.30%	24.15%	19.39%	15.34%	35.31%
	% Liquidation	67.92%	59.50%	52.60%	42.13%	33.15%	59.50%
	%Yield	10.9	11.8	12.8	15.0	17.9	10.3
	WAL	10.2	8.9	7.8	6.2	4.8	8.9
	%Writedown	24.55%	19.98%	16.34%	11.05%	6.84%	29.96%
	Prin. Window	Sep08 to Oct38	Sep08 to Jun37	Sep08 to Jun37	Sep08 to Jun37	Sep08 to May37	Sep08 to Jun37
10.0	%Loss	34.05%	30.19%	27.00%	22.07%	17.76%	39.06%
	% Liquidation	74.54%	66.10%	59.08%	48.20%	38.61%	66.10%
	%Yield	10.5	11.5	12.5	14.7	17.6	9.5
	WAL	9.0	8.0	7.1	5.7	4.5	8.0
	%Writedown	28.25%	23.61%	19.85%	14.22%	9.53%	34.79%
	Prin. Window	Sep08 to Jun37	Sep08 to Jun37	Sep08 to Jun37	Sep08 to May37	Sep08 to May37	Sep08 to Jun37
14.0	%Loss	37.65%	34.08%	31.04%	26.18%	21.69%	44.12%
	% Liquidation	82.94%	75.06%	68.34%	57.53%	47.51%	75.06%
	%Yield	9.8	10.8	11.8	13.9	16.8	7.9
	WAL	7.3	6.6	6.0	5.0	4.1	6.6
	%Writedown	32.93%	28.60%	24.95%	19.24%	14.15%	41.37%
	Prin. Window	Sep08 to Jun37	Sep08 to Jun37	Sep08 to May37	Sep08 to May37	Sep08 to Jun35	Sep08 to May37
18.0	%Loss	39.66%	36.49%	33.73%	29.15%	24.75%	47.25%
	% Liquidation	87.70%	80.66%	74.51%	64.30%	54.44%	80.66%
	%Yield	9.0	10.0	11.1	13.2	16.0	6.3
	WAL	6.1	5.6	5.2	4.4	3.7	5.6
	%Writedown	35.60%	31.74%	28.41%	22.98%	17.84%	45.52%
	Prin. Window	Sep08 to May37	Sep08 to May37	Sep08 to May37	Sep08 to Aug35	Sep08 to Jul32	Sep08 to May37

Representative Option ARM SSNR Bond

RALI 07-Q03 A1 (Severity@60%)		Offering Price 65-00					(Severity@75%)
CDR	CPR	2	4	6	10	15	4
6.0	%Loss	36.91%	31.41%	27.12%	20.94%	15.97%	39.24%
	% Liquidation	64.20%	54.90%	47.60%	37.03%	28.47%	54.90%
	%Yield	10.4	11.3	12.3	14.4	17.5	10.9
	WAL	12.7	10.6	8.9	6.6	4.7	11.4
	%Writedown	0.05%	0.03%	0.02%	0.01%	0.00%	1.18%
	Prin. Window	May09 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48
8.5	%Loss	43.02%	37.40%	32.88%	26.17%	20.51%	46.72%
	% Liquidation	75.18%	65.63%	57.93%	46.41%	36.66%	65.63%
	%Yield	10.7	11.6	12.5	14.5	17.4	10.8
	WAL	11.6	9.8	8.4	6.5	4.8	10.5
	%Writedown	3.03%	2.12%	1.49%	0.74%	0.30%	8.34%
	Prin. Window	May09 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48
10.0	%Loss	45.54%	40.03%	35.54%	28.73%	22.85%	50.01%
	% Liquidation	79.76%	70.38%	62.71%	51.02%	40.87%	70.38%
	%Yield	10.8	11.7	12.6	14.6	17.5	10.7
	WAL	10.8	9.3	8.1	6.3	4.8	9.9
	%Writedown	6.36%	4.66%	3.44%	1.91%	0.93%	13.40%
	Prin. Window	May09 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48
15.0	%Loss	50.53%	45.73%	41.66%	35.12%	29.07%	57.15%
	% Liquidation	89.02%	80.82%	73.84%	62.60%	52.16%	80.82%
	%Yield	10.7	11.7	12.7	14.7	17.5	9.4
	WAL	8.5	7.6	6.8	5.5	4.4	7.9
	%Writedown	16.72%	13.56%	11.07%	7.53%	4.78%	27.24%
	Prin. Window	Jun09 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48
20.0	%Loss	52.91%	48.88%	45.34%	39.41%	33.61%	61.08%
	% Liquidation	93.59%	86.68%	80.61%	70.42%	60.43%	86.68%
	%Yield	10.2	11.3	12.3	14.4	17.3	7.7
	WAL	6.9	6.3	5.7	4.9	4.0	6.5
	%Writedown	23.46%	20.10%	17.31%	13.03%	9.31%	36.23%
	Prin. Window	Jul09 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48	Sep08 to Mar48



Source: Intex, UBS. Prices as of close of August, 25, 2008

Representative Option ARM Senior Mezz Bond

RALI 07-QO3 A2 ((Severity@60%)		Offering Price 45-00					(Severity@75%)
CDR	CPR	2	4	6	10	15	4
6.0	%Loss	36.91%	31.41%	27.12%	20.94%	15.97%	39.24%
	% Liquidation	64.20%	54.90%	47.60%	37.03%	28.47%	54.90%
	%Yield	16.8	19.0	21.4	26.6	34.2	17.6
	WAL	12.2	10.3	8.8	6.6	4.7	9.8
	%Writedown	8.38%	5.63%	3.73%	1.32%	0.00%	24.03%
	Prin. Window	May09 to Apr44	Sep08 to Jul43	Sep08 to Oct42	Sep08 to Feb42	Sep08 to May31	Sep08 to Sep32
8.5	%Loss	43.02%	37.40%	32.88%	26.17%	20.51%	46.72%
	% Liquidation	75.18%	65.63%	57.93%	46.41%	36.66%	65.63%
	%Yield	16.3	18.7	21.2	26.6	34.0	15.0
	WAL	9.1	8.1	7.2	5.8	4.5	7.2
	%Writedown	34.38%	27.19%	21.58%	13.60%	7.38%	47.54%
	Prin. Window	May09 to Aug28	Sep08 to Feb28	Sep08 to Aug27	Sep08 to Sep26	Sep08 to Dec25	Sep08 to Jun22
10.0	%Loss	45.54%	40.03%	35.54%	28.73%	22.85%	50.01%
	% Liquidation	79.76%	70.38%	62.71%	51.02%	40.87%	70.38%
	%Yield	15.3	18.0	20.7	26.2	33.8	12.7
	WAL	7.7	7.0	6.3	5.3	4.3	6.2
	%Writedown	43.93%	36.44%	30.29%	21.02%	13.18%	55.36%
	Prin. Window	May09 to Dec23	Sep08 to Aug23	Sep08 to Apr23	Sep08 to Aug22	Sep08 to Dec21	Sep08 to Aug19
15.0	%Loss	50.53%	45.73%	41.66%	35.12%	29.07%	57.15%
	% Liquidation	89.02%	80.82%	73.84%	62.60%	52.16%	80.82%
	%Yield	10.6	13.8	17.0	23.3	31.5	3.4
	WAL	5.2	4.8	4.5	4.0	3.4	4.3
	%Writedown	58.94%	52.67%	47.14%	37.87%	28.77%	68.69%
	Prin. Window	Jun09 to May17	Sep08 to Mar17	Sep08 to Jan17	Sep08 to Oct16	Sep08 to Jun16	Sep08 to May15
20.0	%Loss	52.91%	48.88%	45.34%	39.41%	33.61%	61.08%
	% Liquidation	93.59%	86.68%	80.61%	70.42%	60.43%	86.68%
	%Yield	5.2	8.7	12.2	19.0	27.7	-6.1
	WAL	3.9	3.7	3.6	3.2	2.9	3.3
	%Writedown	64.94%	59.89%	55.29%	47.23%	38.76%	74.34%
	Prin. Window	Jul09 to Nov14	Sep08 to Oct14	Sep08 to Sep14	Sep08 to Jul14	Sep08 to Apr14	Sep08 to Aug13

Non-Agency Loss Forecasts

	2005			2006			2007			Forward Loss Severity
	Defaults	Losses	Severity	Defaults	Losses	Severity	Defaults	Losses	Severity	
Prime Hybrid	7.1	3.1	44%	13.8	6.1	45%	19.9	8.9	45%	45%
Prime Fixed	4.8	2.1	44%	8.7	3.9	44%	12.5	5.6	45%	45%
Alt-A ARM	16.0	7.1	44%	39.6	18.8	48%	53.3	26.3	49%	50%
Alt-A FIX	11.3	5.3	47%	27.6	13.4	48%	37.6	18.6	50%	50%
Option ARM	26.0	15.1	58%	48.0	28.4	59%	54.0	32.2	60%	60%
Subprime	25.0	13.6	54%	46.7	28.5	61%	71.7	46.1	64%	65%
Closed End 2nds	30.0	30.0	100%	50.0	50.0	100%	66.0	66.0	100%	100.0%
Home Eq (HELOC)	8.0	8.0	100%	18.0	18.0	100%	32.0	32.0	100%	100.0%

Estimate of Dollar Losses on Non-Agency MBS

CURR BAL	2005	2006	2007	TOTAL
Prime Hybrid	72,236,017,071	55,423,591,051	58,909,824,555	186,569,432,677
Prime Fixed	44,496,579,336	51,022,417,575	73,363,408,984	168,882,405,895
Alt-A ARM	76,507,795,321	110,841,381,730	85,221,726,067	272,570,903,118
Alt-A FIX	77,400,667,648	91,778,508,682	81,068,369,950	250,247,546,280
Option ARM	53,085,349,544	108,956,876,037	75,379,181,528	237,421,407,109
Subprime	130,790,785,676	250,012,635,854	147,875,192,213	528,678,613,744
Closed End 2nds	3,203,706,381	18,052,878,487	8,608,858,607	29,865,443,476
Home Eq (HELOC)	720,298,447	1,336,338,983	1,200,875,486	3,257,512,915
All Non-Agency	458,441,199,424	687,424,628,398	531,627,437,391	1,677,493,265,213
PROJECTED LOSSES	2005	2006	2007	TOTAL
Prime Hybrid	2,248,346,031	4,670,041,273	6,338,445,800	13,256,833,105
Prime Fixed	942,882,516	2,513,163,623	4,555,878,096	8,011,924,234
Alt-A ARM	5,435,878,858	30,637,023,841	26,016,306,432	62,089,209,131
Alt-A FIX	4,090,625,285	16,863,756,705	17,200,433,585	38,154,815,575
Option ARM	7,993,591,934	43,140,574,999	27,030,406,026	78,164,572,959
Subprime	17,817,628,733	120,764,710,346	82,876,322,154	221,458,661,233
Closed End 2nds	961,111,914	17,487,795,047	8,215,013,280	26,663,920,241
Home Eq (HELOC)	57,623,876	592,132,957	666,568,170	1,316,325,003
All Non-Agency	39,547,689,147	236,669,198,791	172,899,373,543	449,116,261,481
REALIZED LOSSES	2005	2006	2007	TOTAL
Prime Hybrid	83,820,506	86,837,712	16,395,224	187,053,442
Prime Fixed	16,511,104	30,564,330	13,550,173	60,625,608
Alt-A ARM	1,212,135,671	2,117,031,650	542,526,632	3,871,693,953
Alt-A FIX	337,557,108	833,569,106	239,322,513	1,410,448,727
Option ARM	545,261,876	1,081,328,242	222,421,554	1,849,011,671
Subprime	12,228,540,214	19,847,162,956	4,341,077,800	36,416,780,969
Closed End 2nds	1,910,264,188	6,151,939,127	1,959,469,037	10,021,672,352
Home Eq (HELOC)	54,199,410	352,365,132	241,698,884	648,263,426
All Non-Agency	16,388,290,076	30,500,798,255	7,576,461,817	54,465,550,148

Mortgage Outstanding – Top 10 States

	Amount Outstanding (billions)							% of US							Rank
	Agency	Prime	Alt-A	Subprime	Option ARM	Nonagy TOTAL	TOTAL	Agency	Prime	Alt-A	Subprime	Option ARM	Nonagy TOTAL	TOTAL	
CA	637.37	219.07	217.48	155.65	134.32	726.52	1229.57	13.98	43.90	36.15	27.02	56.14	37.92	19.72	1
FL	323.95	26.94	59.83	63.53	28.87	179.16	474.24	7.10	5.40	9.94	11.03	12.07	9.35	7.60	2
NY	212.44	34.16	31.93	37.45	5.96	109.50	315.98	4.66	6.85	5.31	6.50	2.49	5.72	5.07	3
TX	255.46	12.20	16.58	28.82	1.36	58.96	313.06	5.60	2.44	2.76	5.00	0.57	3.08	5.02	4
IL	210.28	13.33	14.71	21.97	3.34	53.35	260.29	4.61	2.67	2.45	3.81	1.40	2.78	4.17	5
NJ	160.20	18.22	18.95	17.82	4.83	59.82	215.19	3.51	3.65	3.15	3.09	2.02	3.12	3.45	6
VA	156.62	22.13	21.77	13.02	7.19	64.12	213.54	3.43	4.44	3.62	2.26	3.01	3.35	3.42	7
GA	157.58	9.98	16.38	13.89	1.58	41.85	197.84	3.46	2.00	2.72	2.41	0.66	2.18	3.17	8
WA	150.23	12.95	14.98	12.60	5.83	46.36	190.76	3.29	2.60	2.49	2.19	2.44	2.42	3.06	9
AZ	132.51	10.24	22.83	18.06	8.00	59.14	183.65	2.91	2.05	3.79	3.14	3.34	3.09	2.94	10
Top 5	1639.49	305.70	340.54	307.42	173.85	1127.49	2593.14	35.96	61.26	56.60	53.36	72.66	58.84	41.58	
Top 10	2396.62	379.23	435.45	382.81	201.29	1398.78	3594.11	52.56	76.00	72.37	66.45	84.13	73.00	57.63	
US	4559.57	499.00	601.68	576.11	239.25	1916.04	6236.36	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Source: CPRCDR

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