

Asset-Backed
Special Report

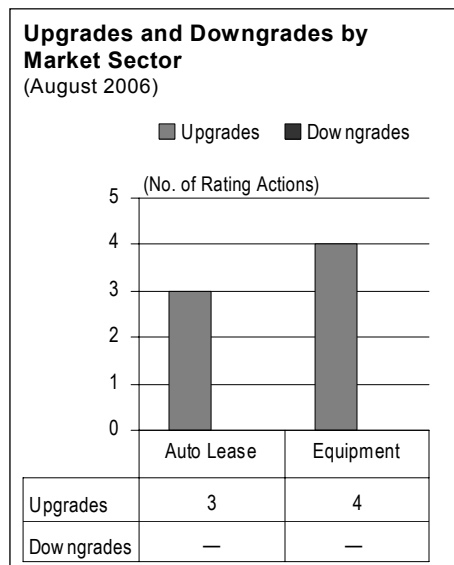
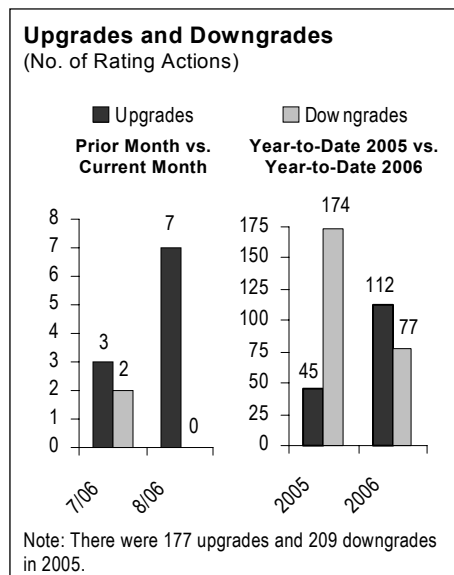
**Term ABS Credit Action Report:
August 2006**

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Summary

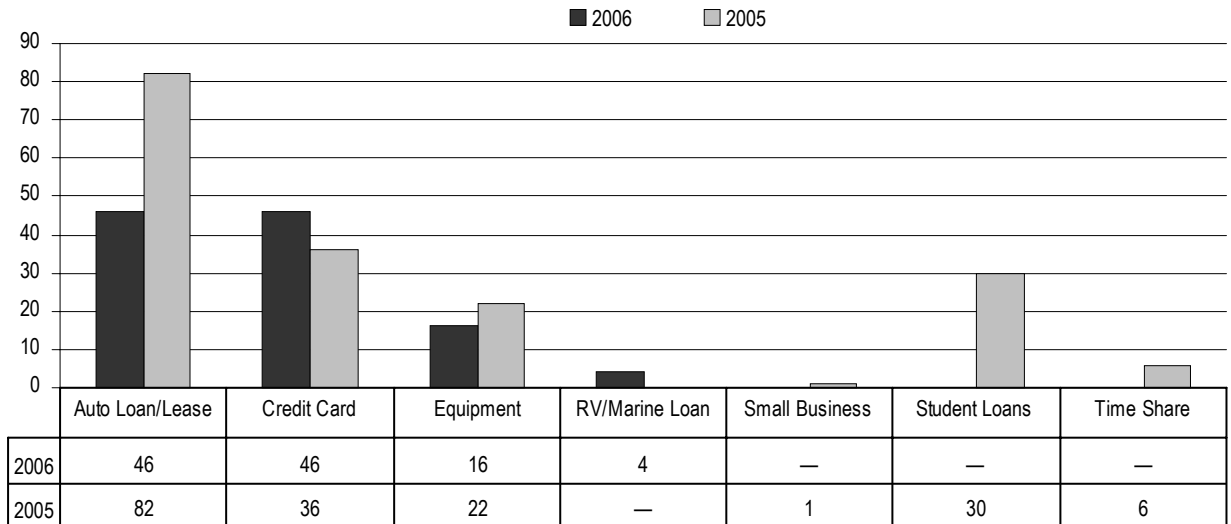
This report highlights credit trends and rating actions taken by Fitch Ratings in the nonmortgage term asset-backed securities (ABS) market during August 2006.

- Fitch sees mounting concern about the impact of high energy prices and the slumping real estate market on consumers, especially amidst lackluster income and employment growth results. In addition, on Aug. 8, the Federal Reserve (the Fed) failed to raise interest rates for the first time in more than two years, holding rates at 5.25%. In response to growing concerns, the Fed statement strongly conveyed that it will remain vigilant in keeping inflation under control.
- In August 2006, Fitch issued a total of seven positive rating actions in the auto (three) and equipment (four) lease sectors, reflecting continued stable collateral performance and increased available credit enhancement. Fitch raised three ratings in the equipment lease sector in the previous month and raised no ratings during the corresponding period in 2005.
- There were no downgrades to report in August 2006, compared with two downgrades in the insurance-related ABS sector in the previous month and 20 during August 2005.
- ABS upgrades continue to significantly outpace downgrades. Year to date, Fitch has issued 112 upgrades and 77 downgrades, compared with 45 upgrades and 174 downgrades during the same period in 2005 (for a breakdown of rating activity by market sector, see charts, pages 2 and 4).
- As part of its ongoing surveillance of existing transactions, Fitch affirmed 130 ratings in the utility tariff (102), equipment lease (12), auto lease (five), auto loan (two), and insurance-related (nine) sectors. Year to date, 1,007 ratings have been affirmed across all term ABS sectors.

Key August Rating Activity

- In the auto lease sector, Fitch upgraded three and affirmed five classes of Capital Auto Receivables Asset Trust, Series 2005-SN1 as a result of increased available credit enhancement and the attainment of target reserve balances.
- In the equipment lease sector, Fitch upgraded two and affirmed 10 ratings on three CNH Equipment Trust transactions. In addition, Fitch upgraded the class B and C notes for GE Commercial Equipment Financing LLC, Series 2004-1. Positive sector rating activity is due to favorable collateral performance and increased available credit enhancement to each class of notes.
- Also in the equipment lease sector, Fitch withdrew the ratings on Bancorp Financial Services L.L.C., Series 2001-A. The rating was withdrawn as a result of significant undercollateralization due to prior portfolio deterioration. Fitch does not anticipate any significant recoveries.

Rating Actions by Market Sector — Upgrades
(Full-Year 2005 vs. Year-to-Date 2006)



2005 Upgrades: 177 2006 Upgrades: 112

■ **Upgrades**

In August 2006, there were seven positive rating actions in the auto (three) and equipment (four) lease sectors, compared with a total of three upgrades in the equipment lease sector in the previous month and no ratings during the same period in 2005. In the first eight months of 2006, Fitch issued a total of 112 upgrades in the credit card (46), auto loan/lease (46), equipment lease (16), and recreational vehicle/marine loan (four) sectors. In comparison,

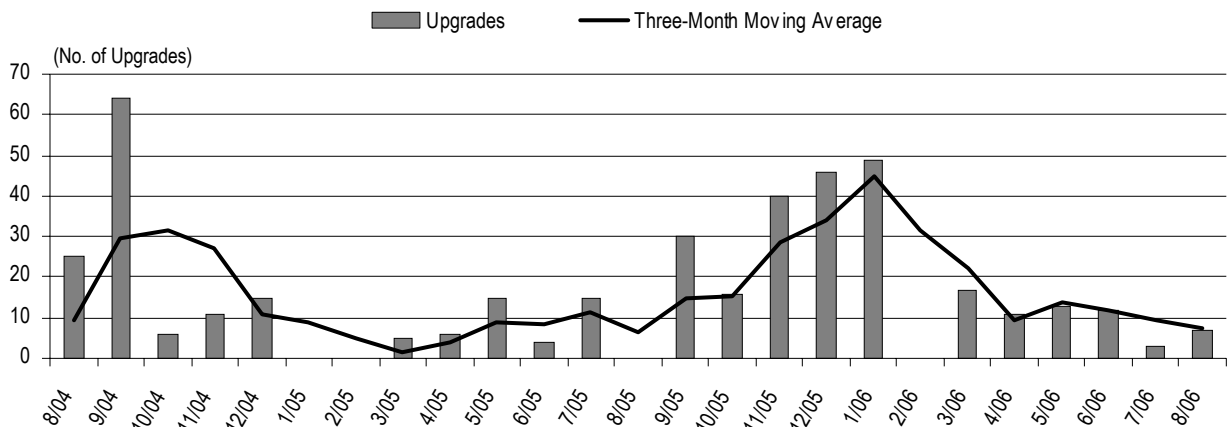
Fitch issued 45 upgrades in the first eight months of 2005 and a total of 177 for the full year. Year to date, upgrades have made up about 1.8% of outstanding ratings, compared with 0.8% as of August 2005.

Auto Lease

In August, Fitch upgraded the following ratings in the auto lease sector.

Capital Auto Receivables Asset Trust, Series 2005-SN1: On Aug. 9, Fitch upgraded three

Upgrades: August 2004–August 2006



Capital Auto Receivables Asset Trust, Series 2005-SN1 Upgrades

Class	Rating Action Date	Original Rating	Rating Change
Class A-2a	8/9/06	'AAA'	Affirmed at 'AAA'
Class A-2b	8/9/06	'AAA'	Affirmed at 'AAA'
Class A-3a	8/9/06	'AAA'	Affirmed at 'AAA'
Class A-3b	8/9/06	'AAA'	Affirmed at 'AAA'
Class A-4	8/9/06	'AAA'	Affirmed at 'AAA'
Class B-1	8/9/06	'A'	'AA' from 'A'
Class B-2	8/9/06	'A'	'AA' from 'A'
Class C	8/9/06	'BBB'	'A' from 'BBB'

subordinate classes and affirmed five classes of Capital Auto Receivables Asset Trust, as listed above.

The affirmations and newly assigned ratings are due to increased available credit enhancement resulting from de-levering within the sequential note structure and attainment of target reserve balances. Credit and residual losses have both performed within Fitch's expectations, with residual value recoveries posting cumulative gains of approximately \$37.9 million through July 2006. As measured by credit and residual value losses, the collateral continues to perform within Fitch's expectations, and under the credit enhancement structure, the securities can now withstand stress scenarios consistent with the new ratings and still make full payments to investors in accordance with the terms of the documents. Notwithstanding the strong residual value recoveries to date, Fitch remains cautious with future residual value performance based on qualitative factors surrounding General Motors Co. (GM) and the auto industry as a whole. These factors include the potential deterioration in GM's credit profile, continued and prolonged use of incentives, and wholesale price volatility within certain vehicle segments, such as sport utility vehicles, due to currently high fuel prices.

As before, the ratings reflect the quality of General Motors Acceptance Corporation's retail auto loan originations, its servicing capabilities, and the sound financial and legal structure of the transaction.

Equipment Lease

In August, Fitch upgraded the following ratings in the equipment lease sector.

GE Commercial Equipment Financing LLC, Series 2004-1: T Equipment Collateral Trust: On Aug. 10, Fitch upgraded the classes of securities for GE Commercial Equipment Financing LLC as listed above right.

GE Commercial Equipment Financing LLC, Series 2004-1 Upgrades

Class	Rating Action Date	Original Rating	Rating Change
Class A-3	8/10/06	'AAA'	Affirmed at 'AAA'
Class A-4	8/10/06	'AAA'	Affirmed at 'AAA'
Class B	8/10/06	'A'	'AA' from 'A'
Class C	8/10/06	'BBB'	'A' from 'BBB'

The rating upgrades are a result of increased available credit enhancement in the form of subordination, a reserve account, and overcollateralization. The transaction continues to perform within Fitch's expectations and, under Fitch's analysis of the credit enhancement structure, the securities can now withstand stress scenarios consistent with the upgraded ratings and still make full payments to investors in accordance with the terms of the documents. As of July 20, 2006, delinquencies of 30 or more days totaled 0.01%, and cumulative net losses were 0.01%. The ratings reflect the quality of the origination, underwriting, and servicing experience and procedures of General Electric Capital Corporation, as well as the sound financial and legal structure of the transaction.

CNH Equipment Trust: On Aug. 3, Fitch upgraded two classes and affirmed 10 classes of notes from three CNH Equipment Trust transactions, as listed below.

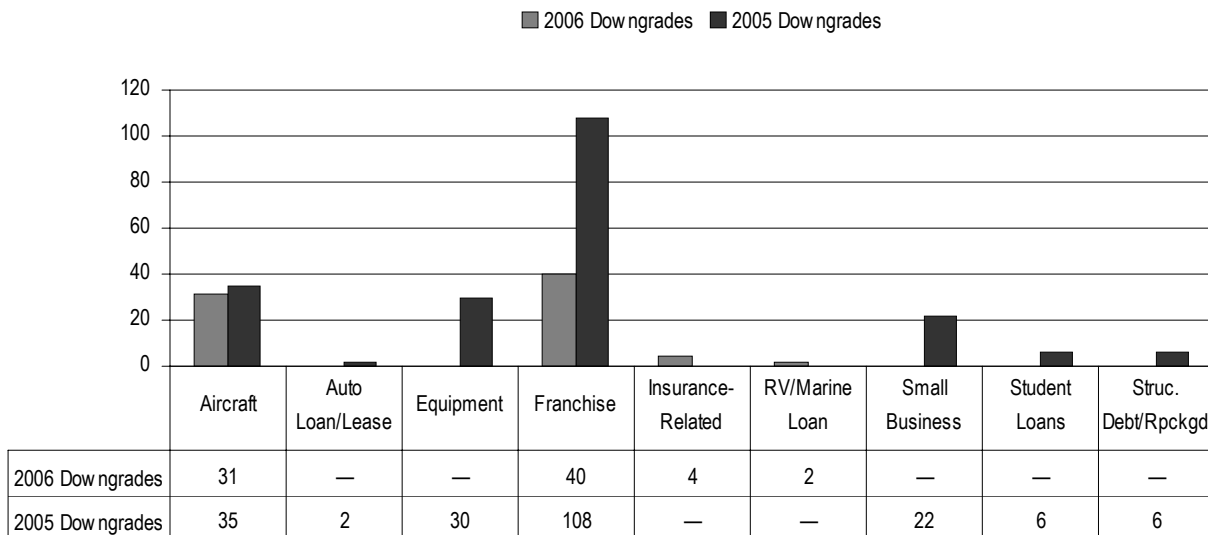
Fitch's review of the CNH transactions noted increasing levels of credit enhancement available to each class of notes. Specifically, the current credit enhancement available to the class B notes for the 2003-B and 2004-A transactions is significantly greater than the original levels at closing. Each class of notes benefits from credit

CNH Equipment Trust Upgrades

Series/Class	Rating Action Date	Original Rating	Rating Change
CNH Equipment Trust, Series 2004-VA			
Class A-2	8/3/06	'AAA'	Affirmed at 'AAA'
Class B	8/3/06	'A'	Affirmed at 'A'
CNH Equipment Trust, Series 2004-A			
Class A-3a	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-3b	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-4a	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-4b	8/3/06	'AAA'	Affirmed at 'AAA'
Class B	8/3/06	'A'	'AA' from 'A'
CNH Equipment Trust, Series 2003-B			
Class A-3a	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-3b	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-4a	8/3/06	'AAA'	Affirmed at 'AAA'
Class A-4b	8/3/06	'AAA'	Affirmed at 'AAA'
Class D	8/3/06	'A'	'AAA' from 'AA'

Rating Actions by Market Sector — Downgrades

(Full-Year 2005 vs. Year-to-Date 2006)



2005 Downgrades: 209

2006 Downgrades: 77

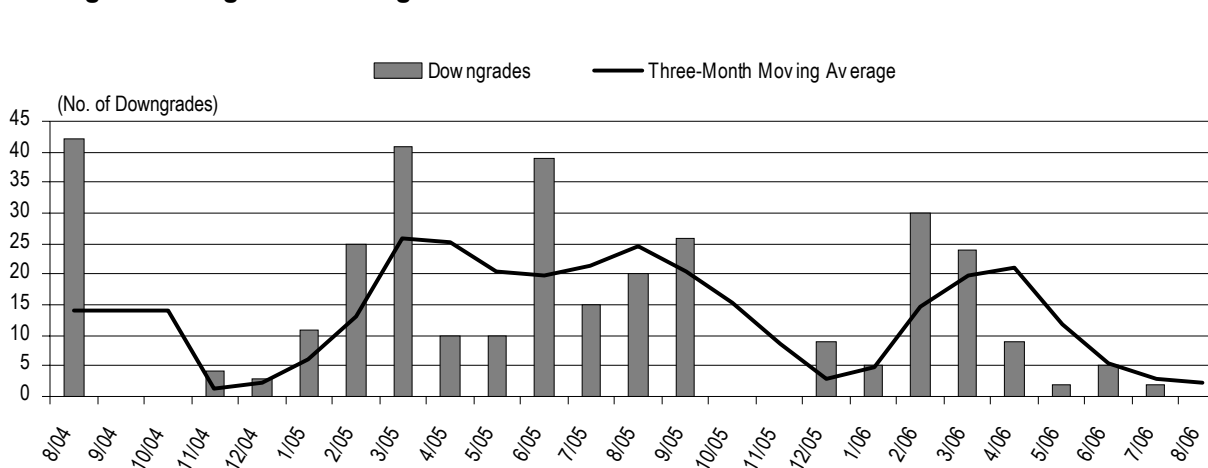
enhancement components that include a reserve account and overcollateralization in the form of certificates. The class A notes also benefit from the subordination of the class B notes.

The continued increase in credit enhancement is a result of better than expected portfolio performance and transaction structure mechanics. All classes of notes benefit from a non-amortizing certificate that nominally increases credit enhancement as the senior notes amortize. Furthermore, portfolio delinquencies have been relatively consistent since each transaction's inception. The loss experience for all four transactions

has been better than expected, with cumulative net defaults to date ranging from 0.14%–0.39% across the three transactions as of the July 2006 reporting period. As a result, the lifetime collateral losses for the transactions may yield an ultimate default number less than Fitch's original assumptions. The 2004-VA transaction is performing within Fitch's expectations. As a result, Fitch affirms both classes of notes.

Fitch will continue to closely monitor this transaction and may take additional rating action in case of changes in performance and credit enhancement measures.

Downgrades: August 2004–August 2006



**Bancorp Financial Services L.L.C.,
Series 2001-A Rating Withdrawal**

Series/ Class	Rating Action Date	Original Rating	Rating Change
Class C	8/10/06	'A'	Remains at 'C/DR6'

■ **Downgrades**

In August 2006, there were no downgrades to report, compared with two downgrades from one sponsor in the insurance-related sector in the previous month. As shown in the chart on the top of page 4, for the current year through August, Fitch reported 77 downgrades in four sectors representing about 1.3% of outstanding ratings, compared with a total of 174 downgrades (3.1%) in six sectors during the same period in 2005.

■ **Ratings Withdrawals**

Year to date, there have been 17 rating withdrawals, all affecting the equipment lease sector. Fitch's actions were based on prior loan performance deterioration.

Bancorp Financial Services (BFS) L.L.C., Series 2001-A: On Aug. 10, Fitch withdrew the rating on the following class of notes for BFS L.L.C., Series 2001-A, as listed above.

In its review of BFS series 2001-A, Fitch noted significant undercollateralization due to prior portfolio deterioration from high delinquencies and defaults. Furthermore, the transaction has zero collateral balance outstanding as of May 2006. As a result, the transaction is significantly undercollateralized, with \$1.9 million outstanding in class C Notes. Fitch does not anticipate any significant future recoveries. Based on this review, class C notes remain at 'C/DR6', and the rating is withdrawn.

Fitch's distressed recovery (DR) ratings, introduced in April 2006 across all sectors of structured finance, are designed to estimate future recoveries while taking into account the time value of money. *(For more information on Fitch's DR ratings, see Fitch Research on "Structured Finance Distressed Recovery Ratings," dated April 25, 2006, available on Fitch's web site at www.fitchratings.com.)*

■ **Downgrades from Investment Grade to Below Investment Grade**

Year to date, there have been six ratings downgraded from investment grade to non-investment grade, of

which five are in the franchise loan sector and one in aircraft finance. In 2005, there were a total of 37 downgrades from investment grade to non-investment grade in the franchise loan (25), small business loan (five), aircraft finance (six), and auto lease (one) sectors.

■ **Recent New Criteria Reports**

Fitch recently published the following new structured finance rating criteria reports:

- "U.S. Credit Card ABS Rating Criteria and Validation Study," dated Aug. 1, 2006.
- "Fitch LIBOR Stresses," dated Aug. 31, 2006.
- "Basis Risk in Structured Finance Transactions: T-Bill, CP, and Prime versus USD LIBOR," dated July 28, 2006.
- "Special Purpose Vehicles in Structured Finance Transactions," dated June 13, 2006.
- "Fitch LIBOR Stresses," dated June 1, 2006.
- "Interest Rate Risk in Structured Finance Transactions: USD LIBOR," dated May 15, 2006.
- "Using the Default VECTOR CP Model to Rate Securities-Backed ABCP," dated May 12, 2006.
- "Distressed Recovery Ratings — ABS," dated April 26, 2006.
- "Structured Finance Distressed Recovery Ratings," dated April 25, 2006.
- "Rating U.S. Student Loan Seller/Serviceers," dated April 20, 2006.
- "Rating U.S. ABS Seller/Serviceers," dated April 20, 2006.
- "The Role of Multilaterals in Structured Finance," dated March 16, 2006.
- "Structured Finance Distressed Recovery Ratings," dated Feb. 28, 2006.
- "Rating ABS Seller/Serviceers: Credit Card Addendum," dated Jan. 18, 2006.

■ **Presale Reports**

Fitch issued the following U.S. term ABS presale reports in August 2006:

- "Cascadia II Limited," dated Aug. 25, 2006.
- "Ford Credit Auto Owner Trust Series 2006-B," dated Aug. 21, 2006.
- "Capital Auto Receivables Asset Trust, Series 2006-SN," dated Aug. 16, 2006.
- "Blade Engine Securitization Ltd. Series 2006-1A and 2006-1B," dated Aug. 15, 2006.
- "District of Columbia Tobacco Settlement Financing Corp., Series 2006," dated Aug. 9, 2006.
- "Northern Tobacco Securitization Corporation, Series 2006," dated Aug. 9, 2006.

Upgrades and Downgrades — August 2006

Rating Action Date	Deal Name	Class	Current Rating	Previous Rating	Basis for Rating Action
Upgrades					
<i>Auto Lease</i>					
8/9/06	Capital Auto Receivables Asset Trust, Series 2005-SN1	B-1	'AA'	'A'	Positive collateral performance
		B-2	'AA'	'A'	Positive collateral performance
		C	'A'	'BBB'	Positive collateral performance
<i>Equipment Lease</i>					
8/10/06	GE Commercial Equipment Financing LLC, Series 2004-1	B	'AA'	'A'	Positive collateral performance
		C	'A'	'BBB'	Positive collateral performance
8/3/06	CNH Equipment Trust, Series 2004-A	B	'AA'	'A'	Positive collateral performance
8/3/06	CNH Equipment Trust, Series 2003-B	B	'AAA'	'AA'	Positive collateral performance

Downgrades

No downgrades to report

Note: The basis for rating actions given above may be a result of a variety of factors, including but not limited to: stable collateral performance and improving credit enhancement; negative collateral performance and declining credit enhancement; seller/servicer upgrades or downgrades; and counterparty performance.

- “Pennsylvania Higher Education Assistance Agency, Series 2006,” dated Aug. 2, 2006.
- “SLM Student Loan Trust 2006-7,” dated Aug. 1, 2006.

■ **ABS Special Reports**

Over the past eight months, Fitch also published the following special reports discussing ABS credit trends:

- “Term ABS Credit Action Report: July 2006,” dated Aug. 11, 2006.
- “Term ABS Credit Action Report: June 2006,” dated July 31, 2006.
- “Midyear 2006 Term ABS Recap and Outlook,” dated July 26, 2006.
- “Bank Securitisation: IFRS versus Basel II — Risk Transfer Revealed,” dated July 20, 2006.
- “Fitch Ratings 1991–2005 U.S. Structured Finance Transition Study,” dated July 7, 2006.
- “Term ABS Credit Action Report: May 2006,” dated June 22, 2006.
- “Global Structured Finance — Q106 and End–2005 Rating Performance Update,” dated May 30, 2006.
- “VECTOR CP Study: Is U.S. Multiseller ABCP Risk Lower Than You Think?” dated May 25, 2006.
- “Term ABS Credit Action Report: April 2006,” dated May 19, 2006.
- “International Structured Finance Rating Comparability Survey,” dated May 16, 2006.
- “Dealer Floorplan Asset-Backed Securities — A Performance Review,” dated May 11, 2006.

- “Recent Trends in Disaster Recovery Planning,” dated April 20, 2006.
- “Term ABS Credit Action Report: March 2006,” dated April 19, 2006.
- “Do Recent Legislative Changes Make the Grade for U.S. Student Loan ABS?” dated April 7, 2006.
- “2006 Franchise Loan Outlook and 2005 Performance Review,” dated March 27, 2006.
- “U.S. Structured Finance Rating Comparability Survey,” dated March 24, 2006.
- “Term ABS Credit Action Report: February 2006,” dated March 17, 2006.
- “Global Asset-Backed Commercial Paper: 2005 Review and 2006 Outlook,” dated March 3, 2006.
- “Term ABS Credit Action Report: January 2006,” dated Feb. 21, 2006.
- “New ABS Assets: The Real Thing or Just Another Fad?” dated Jan. 27, 2006.
- “Term ABS Credit Action Report: December 2005 and Full-Year Review,” dated Jan. 27, 2006.
- “Trends and Best Practices for Credit Card Seller/Servicers,” dated Jan. 27, 2006.
- “Private Student Loan ABS Tutorial,” dated Jan. 26, 2006.
- “2006 Global Structured Finance Outlook: Economic and Sector-by-Sector Analysis,” dated Jan. 17, 2006.

Details on these and other Fitch Research reports are available on Fitch’s web site at www.fitchratings.com.

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