

ABX Index- The Constituent Breakdown

April 19, 2006

Introduction

One of the most talked about topics in structured finance has been the price (and spread) movements within the ABX home equity (ABX.HE) and tranching-ABX (TABX) indices. Indeed, hardly a morning seems to go by without a financial news story about the U.S. housing market and the woes of the sub-prime sector, and it doesn't appear that this trend will disappear any time soon. Because of all the attention that the indices are receiving currently, we are updating our constituent analysis (see: *ABX Index – the Constituent Breakdown, Nomura FI Research, June 6, 2006*) of the individual deals backing the ABX indices. By collecting and aggregating this data,¹ we hope to be able to better analyze the properties of the three series' of the ABX and compare them to both each other and the overall market, as well as ascertain possible trading opportunities.

Key Findings

- FICO scores and LTV ratios are poor predictors of credit performance.
- The use of silent second-lien loans have underestimated LTV ratios, as a result CLTV ratios are likely a better indicator of credit quality.²
- As expected, for the most part, full documentation loans are outperforming low and no documentation loans. Also, in general, loans with higher ARM percentages appear to be correlated with higher delinquencies.
- As home price appreciation and the use of non-traditional loan products soared, an increase in "for purchase" loans likely represent more and more borrowers that may have "stretched" to purchase a home they could not otherwise afford.
- ABX 2006-01, despite trading at the tightest implied spread, has the highest LTV, ARM and interest only percentages of the three ABX series.
- Loan data can vary significantly between third-party vendors.

¹ We have tried to the best of our ability to capture the most accurate data available in the market by using Intex, LoanPerformance, and Bloomberg on this project. Occasionally, however, each of the three data sources gave us different answers for a number that we were looking for (thankfully, in most of the cases the numbers did not vary widely), an example being a deal weighted average FICO score. Thus, while the data is, to the best of our knowledge, "correct," we would advise any investors interested in the ABX to check the numbers against current trustee/servicer deal documents.

² Standard & Poor's U.S. mortgage analytic model, LEVELS, has adopted a similar view that LTV ratios are no longer an accurate predictor of default. S&P's model no longer use first-lien LTV as the most heavily weighted variable in determining default probability and has instead replaced it with CLTV. See: Beauchamp, K, S. Mason, and B. Grow, *Standard & poor's Enhances LEVELS 6.0 Model* (March 1, 2007).

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How do the issuers measure up?

In the table below we take a close look at only those issuers who have supplied deals to each of the three ABX series. We aggregated the deals contributed by each of the 15 issuers and compared the weighted average of select underwriting and credit attributes. The issuers are sorted by the weighted average 60+ day delinquency experienced by their deals underlying the three ABX series.

Issuers behind the ABX Indices								
Issuer (dealer shelf)	Short Name	60+ Delq %	FICO	CLTV	Current ARM %	Current IO %	Full Doc %	Low/No Doc %
Long Beach Mortgage Loan Trust	LBMLT	15.67	634	78.61	87.52	8.10	51.73	48.11
GSAMP Trust (Goldman Sachs)	GSAMP	12.62	626	72.43	80.88	21.03	55.94	44.06
Morgan Stanley ABS Capital I	MSAC	12.34	636	75.72	83.52	15.01	50.16	49.84
Merrill Lynch Mortgage Investors Trust	MLML	10.54	633	80.97	79.02	35.19	48.97	51.03
Home Equity Asset Trust (CSFB)	HEAT	10.34	629	78.11	83.25	23.39	52.41	47.59
ACE Securities Corp. (Deutsche Bank)	ACE	9.68	633	81.55	78.12	25.43	51.04	48.96
MASTR Asset Backed Securities Trust (UBS)	MABS	9.26	634	82.10	83.33	44.27	40.88	59.12
Bear Stearns Asset Backed Securities, Inc.	BSABS	9.06	617	80.98	78.00	23.75	53.17	46.83
Residential Asset Securities Corp. (RFC/GMAC)	RASC	9.04	625	78.34	77.39	15.87	62.39	37.61
Securitized Asset Backed Receivables (Barclays)	SABR	8.90	636	76.97	82.93	29.34	52.11	47.89
Countrywide Asset-backed Certificates	CWL	7.30	613	77.77	69.48	27.01	64.29	35.70
First Franklin MTG Loan Asset Backed Cert	FFML	7.21	649	81.61	84.89	47.69	63.47	36.53
JP Morgan Mortgage Acquisition Corp.	JPMAC	6.84	631	77.35	71.95	10.53	51.62	48.38
Soundview Home Equity Loan Trust (Greenwich)	SVHE	6.80	618	80.18	77.37	13.66	61.02	38.98
Structured Asset Securities Corp. (Lehman Brothers)	SASC	4.39	619	76.46	70.27	17.05	81.23	18.77

Source: Nomura, Intex, Bloomberg, Loan Performance

A few observations that we would point out about the results above:

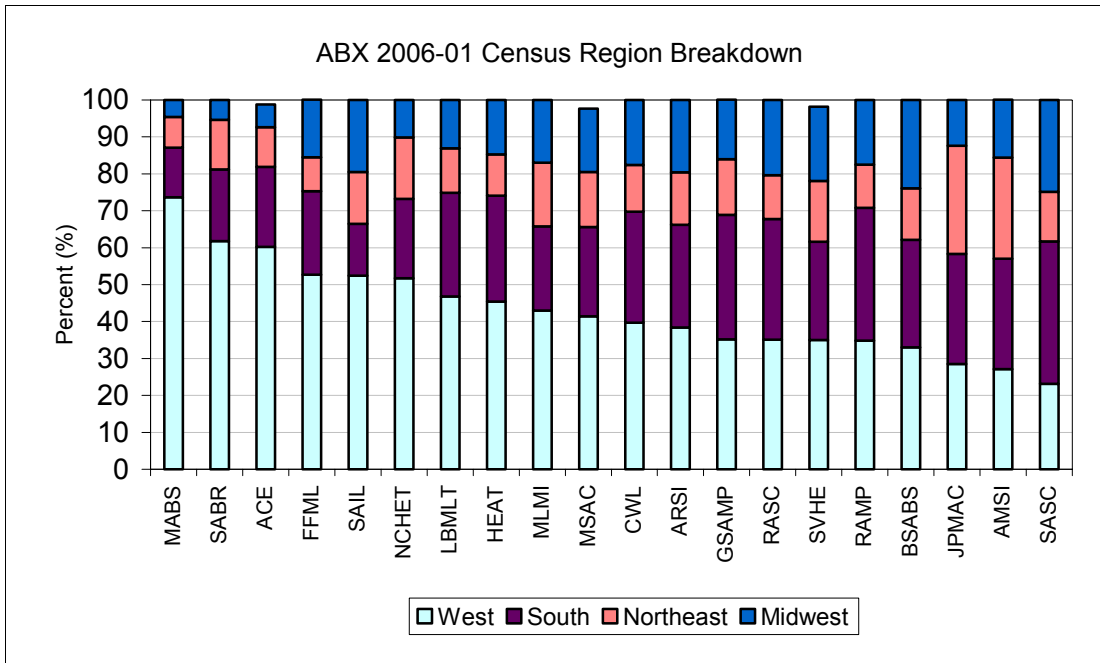
- FICO and LTV don't appear to be strongly correlated with credit performance in these deals.
- With a few exceptions, higher ARM percentages appear to be somewhat correlated with higher delinquencies. This characteristic will likely become more important as the loans backing these deals reach their reset dates. We view deals with a high concentration of ARMs as inherently risky in an uncertain interest rate environment.
- For the most part, deals with higher percentages of full documentation loans appear to be outperforming those with lower percentages of full doc loans. Loans with full documentation imply more diligent underwriting practices and consequently better quality loans.

Long Beach Mortgage Loan Trust appears to be the poorest performing issuer, with its three deals averaging 15.67% in 60+ day delinquency and 12.75% in 90+ day delinquency. Unsurprisingly, all three deals issued by LBMLT have exceeded their delinquency trigger limits. LBMLT's deals also contain the highest weighted-average percentage of ARMs (adjustable rate mortgages). When a borrower takes on an ARM, he leaves himself exposed to interest rate risk at the time of the reset period and is compensated with a low initial rate. If interest rates go up when the rate is set to readjust, the borrower might no longer be able to make his monthly payments or refinance – leading to default.

Conversely, on a weighted-average basis, deals issued by Structured Asset Securities Corp. appear to be experiencing less delinquency than deals from the other 14 issuers. Currently only 4.39% of these deals are 60+ days delinquent and 2.89% are 90+ days delinquent. These deals have the second lowest concentration of ARM loans at 70.27% and the highest percentage of loans with full documentation at 81.2%.

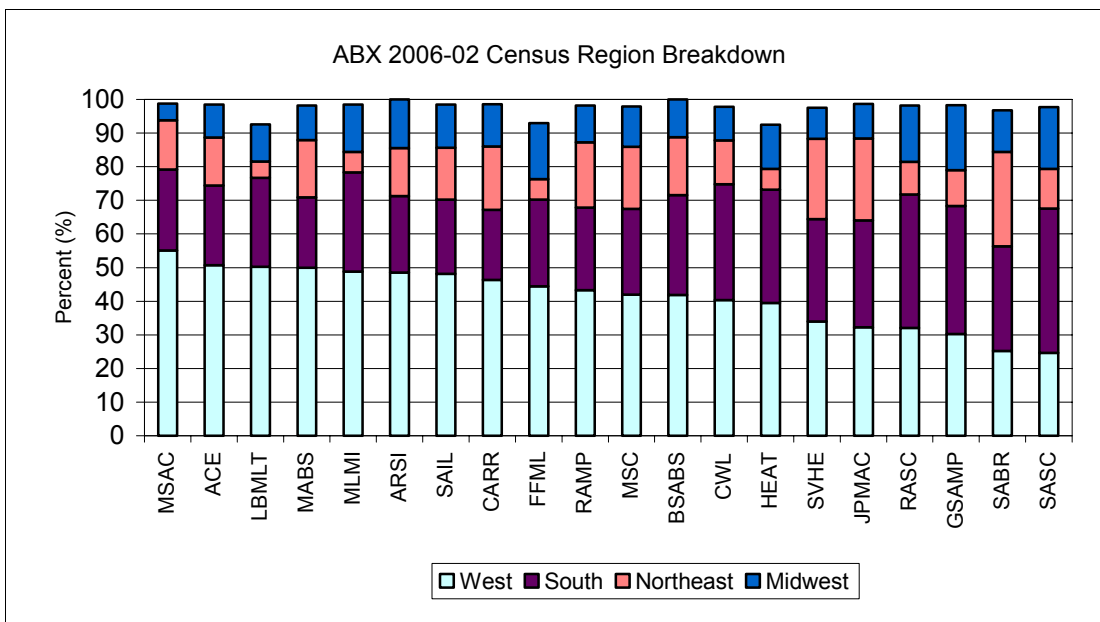
ABX Constituent Deal-Geographic Breakdown

In the charts below, we separated each deal of the three ABX series into four geographical regions as defined by the Census Bureau. The percentages are based on the active loan balances in each of the deals.



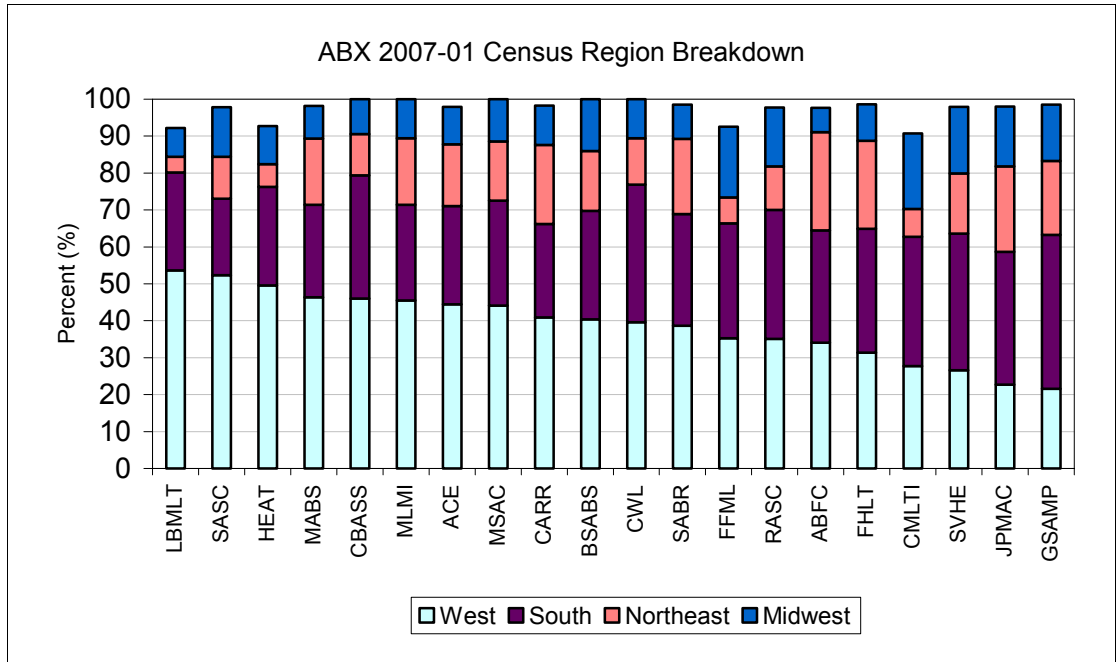
Source: Bloomberg, Intex, Loan Performance

ABX.HE.2006-01: The high concentration of loans in California, Arizona and Nevada makes Western region exposure the highest concentration for 17 out of the 20 deals that comprise the ABX 2006-01. The MABS 2005-NC2 deal leads the way for West region exposure at 73.7%, while SASC 2005-WF4 has only 23.1% exposure to the West. The volatility of the California market and SASC's limited exposure, as compared to its peers may be one of the reasons that SASC is currently experiencing the fewest 60+ day delinquencies among deals in the 2006-01 series. SASC is experiencing a 60+ day delinquency rate of 6.22%, while MABS has a delinquency rate nearly double at 12.03%.



Source: Bloomberg, Intex, Loan Performance

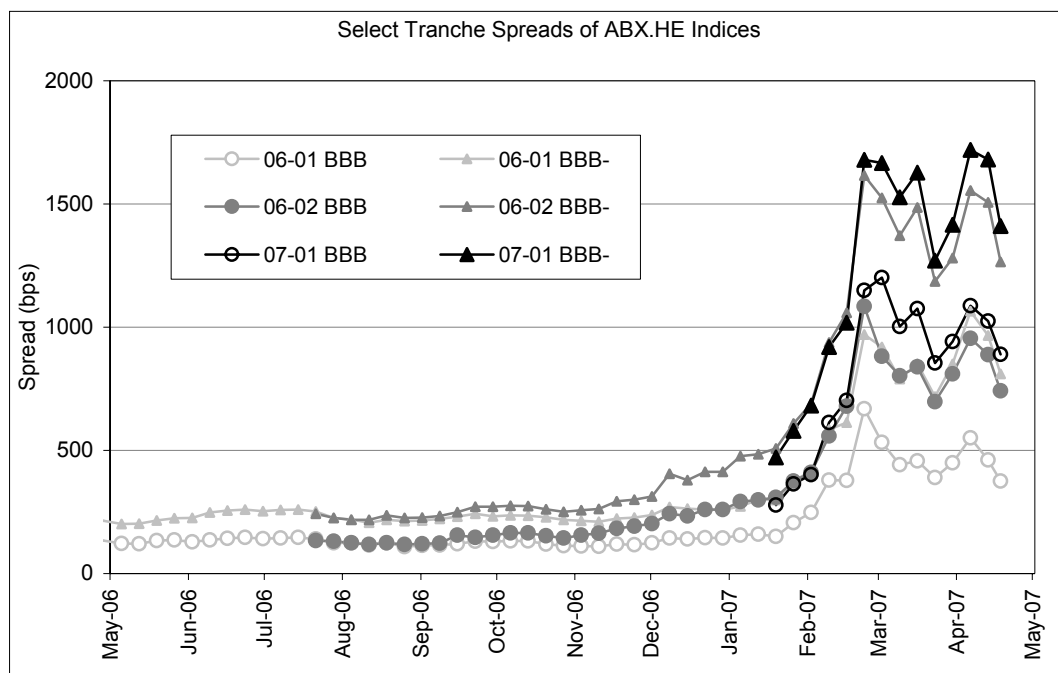
ABX.HE.2006-02: Once again Structured Asset Securities Corp. (SASC) has the lowest exposure to the West at just 24.66% for its SASC 2006-WF2 deal. The deal with the highest concentration to the Western region is MSAC 2006-WMC2 with an exposure more than twice that of SASC at 55.11%. We find delinquency results to also be similar to ABX 2006-01, as the SASC deal within this series is experiencing 60+ day delinquencies of just 4.82% compared to MSAC at 12.84%. While larger exposure to the West is not significantly correlated to higher delinquencies, on a stand alone basis, we point out that LBMLT 2006-1 with the third highest Western exposure of 50.28% is currently experiencing the highest 60+ day delinquencies within the ABX 2006-02 series at 19.46%.



Source: Bloomberg, Intex, Loan Performance

ABX.HE.2007-01: Although the overall exposure to the West has decreased with each roll of the index, the West continues to be the source of a majority of the collateral. In this series the LBMLT 2006-6 deal has the highest Western region concentration at 53.61% and also is experiencing the highest 60+ day delinquency rate of 11.12%. This is even more alarming once you consider that this loan is just 15 months seasoned with an ARM percentage of almost 90%. Consequently, as a majority of ARMs typically reset in months 24 and 36 (to a higher interest rate with a higher mortgage payment) we would expect delinquencies to continue to grow. Supporting our previous statement that one can not look to any one statistic in forecasting performance, GSAMP has the lowest exposure to the West at 21.62% but is experiencing the third highest 60+ day delinquency rate within the series at 10.09%.

ABX.HE Series Comparison



Note: Spread data based on 35% CPR and 0% default assumption.
Source: Markit, Informa Global Markets, and Nomura Securities International

Before we breakdown the deals that underlie all three series of the ABX.HE we thought that it would be helpful to list some key characteristics of each ABX series for comparison sake. The table below provides weighted average characteristics for each series along with the current cost of buying protection on the lowest rated index (triple-B minus) of the three ABX series.

Active Weighted Average Deal-Collateral Characteristics							
	ABX.HE.BBB-spread* (bps)	60+ Delq %	FICO	LTV	ARM %	IO %	Full Doc %
ABX 2006-01	810	11.94	634	80.36	81.75	32.13	58.71
ABX 2006-02	1265	11.94	627	77.76	80.78	22.52	56.90
ABX 2007-01	1410	5.48	626	79.21	76.84	15.64	57.57

* Spreads are calculated using 35% CPR and 0% default assumptions, as of April 18, 2007
Source: Loan Performance, Markit

The progression of weakened underwriting standards and a peak in home price appreciation are believed to be some of the reasons that the newest 2007-01 series trades at a wider spread (most risk) than the 2006-02 series, while the 2006-01 trades at the tightest spread (least risk) of all three triple-B minus indices.³ Since spreads imply that the ABX 2006-01 is the least risky series of the three we were not surprised to find that this series had the highest weighted average FICO score and the highest percentage of loans that were fully documented. However, contrary to what you would expect for the series with the lowest implied probability of loss, the collateral underlying the 2006-01 series has the highest CLTV, ARM and interest only (IO) percentages.

³ When the rated tranche of a deal that underlies an ABX index is upgraded/downgraded it bears no impact on the make-up of that ABX index since constituents remain static throughout the life of each index.

ABX 2006-01 Deal-Loan Characteristics

ABX 2006-01 Deal Credit Performance													
Deal	Loan Age (m)	30 Day DQ	60 Day DQ	90 Day DQ	FCL	REO	60+*	DQ Trigger** (Actual)	DQ Trigger** (Limit)	Pass /Fail	Loss Trigger (Actual)	Loss Trigger (Limit)	Pass/ Fail
BSABS 2005-HE11	20	4.56	3.18	3.20	6.32	2.00	16.24	15.896	11.928	Fail	0.612	3.400	Pass
LBMLT 2005-WL2	22	4.49	2.77	1.99	5.44	3.65	15.53	14.850	12.565	Fail	0.299	1.300	Pass
SAIL 2005-HE3	22	3.79	1.62	1.89	5.91	4.21	15.47	14.907	13.283	Fail	0.503	1.050	Pass
ACE 2005-HE7	18	2.94	1.94	1.32	6.34	3.78	14.44	14.240	11.679	Fail	0.568	1.400	Pass
ARSI 2005-W2	19	2.51	1.22	1.29	6.43	3.42	14.09	14.091	11.989	Fail	0.399	1.450	Pass
HEAT 2005-8	19	4.75	2.91	2.02	4.55	3.10	13.92	12.890	11.046	Fail	0.347	3.050	Pass
MLMI 2005-AR1	22	5.29	2.09	2.86	4.28	2.71	13.54	12.627	15.453	Pass	0.220	2.650	Pass
GSAMP 2005-HE4	22	4.41	1.40	0.43	6.99	2.30	13.14	12.533	13.259	Pass	0.535	1.700	Pass
MSAC 2005-HE5	21	4.53	1.69	0.81	5.29	2.91	12.67	11.458	12.470	Pass	0.383	1.500	Pass
SVHE 2005-4	20	4.37	0.99	1.05	6.55	2.23	12.22	11.834	11.322	Fail	0.560	1.450	Pass
NCHET 2005-4	20	2.50	0.91	1.32	5.96	2.24	12.08	10.928	13.805	Pass	0.361	1.450	Pass
MABS 2005-NC2	19	3.45	1.89	2.35	5.05	1.79	12.03	12.025	11.058	Fail	0.049	1.250	Pass
JPMAC 2005-OPT1	23	2.41	0.98	1.71	5.44	1.63	11.43	10.280	14.906	Pass	0.245	1.500	Pass
CWL 2005-BC5	20	4.49	1.61	1.30	4.78	2.35	11.15	10.113	12.055	Pass	0.085	1.250	Pass
SABR 2005-HE1	20	2.49	1.49	1.28	4.87	2.37	10.99	10.216	11.935	Pass	0.323	1.500	Pass
RASC 2005-KS11	18	4.75	1.65	1.23	5.75	1.53	10.97	9.980	11.711	Pass	0.417	1.600	Pass
RAMP 2005-EFC4	19	3.28	1.24	0.99	4.36	1.43	8.66	8.265	11.931	Pass	0.340	1.650	Pass
FFML 2005-FF12	17	2.45	1.55	2.39	2.61	0.57	7.84	7.079	9.975	Pass	0.103	2.850	Pass
AMSI 2005-R11	16	1.63	0.93	0.94	3.50	0.96	6.95	6.958	11.960	Pass	0.079	1.250	Pass
SASC 2005-WF4	19	2.04	1.30	0.46	2.23	1.04	6.22	5.502	11.495	Pass	0.121	1.250	Pass

Sources: Loan Performance, Intex, Bloomberg

* Our 60+ day delinquency column includes foreclosures, REOs, and bankruptcies (not shown).

** According to Intex – Delinquency trigger limit values are generally based on some percentage of the senior credit enhancement level, and the delinquency trigger actual values are usually either the 3-month rolling average of all loans 60+ days delinquent or the aggregate principal value of all 60+ delinquencies during the current month.

On the heels of a report from the Mortgage Banker's Association of America that sub-prime delinquencies stand at 13.3 percent and loans in foreclosure reached an all-time high, it is not unexpected that some of these 20 deals would be failing their delinquency triggers. What may have come as a surprise to the market was how quickly some of the poorly performing deals above reached their delinquency triggers (this is even more pronounced with ABX 2006-02, see page 8 of this report). And looking at the new delinquencies in the chart above, we may see more of these deals pass their limit values during the next few months.⁴ On the positive side, a few of these deals appear to be performing significantly better than the overall market. In the underwriting section below we put forth a few opinions as to why this may be.

⁴ It's worth stating that many of these deals have a significant cushion between their actual cumulative losses and the loss triggers, and sometimes deals can "game the system" a bit by disposing of delinquent loans quickly (take a loss), such that they "disappear" from the 60+ delinquency figure. Given that a recent census report noted that homes classified as vacant for sale were at a 50-year high, this likely has been less of an option during the past year.

ABX.HE 2006-01 Deal Underwriting Analytics

Deal	FICO	LTV	Current ARM %	Current IO %	Full Doc	Low/ No Doc	Loan Purpose (P)*	Loan Purpose (ET)*	Loan Purpose (R)*	Occup (Owner)	Occup (Vac.)*	Occup (Inv.)*
BSABS 2005-HE11	632	80.79	72.64	29.53	60.85	39.15	38.17	55.38	6.46	89.83	0.60	9.57
LBMLT 2005-WL2	632	79.70	88.62	9.70	57.40	42.60	62.32	34.62	3.07	90.38	8.31	1.31
SAIL 2005-HE3	630	81.70	77.09	33.83	58.90	41.10	40.88	54.38	4.42	89.10	1.24	9.67
ACE 2005-HE7	643	81.60	84.55	32.44	40.08	59.92	60.60	37.23	2.17	95.92	2.16	1.92
ARSI 2005-W2	620	78.63	80.11	10.25	52.91	47.09	44.16	50.28	5.56	91.28	8.72	0.00
HEAT 2005-8	629	79.10	88.79	32.46	52.92	47.08	50.82	43.45	5.72	95.53	0.70	3.77
MLMI 2005-AR1	633	86.82	83.67	47.03	54.90	45.10	37.39	58.69	3.92	94.17	0.00	5.83
GSAMP 2005-HE4	628	79.28	81.26	31.71	59.18	40.82	55.82	40.98	3.20	93.27	1.37	5.35
MSAC 2005-HE5	639	77.60	86.40	25.24	59.00	41.00	53.78	38.25	7.97	95.80	1.59	2.61
SVHE 2005-4	660	82.10	80.12	37.04	47.20	52.80	39.17	55.45	5.38	93.20	1.29	5.36
NCHET 2005-4	630	86.90	78.14	41.11	57.60	42.40	44.14	0.00	55.86	91.50	2.14	6.35
MABS 2005-NC2	658	93.61	100.00	100.00	22.80	77.20	65.12	26.08	8.80	94.37	5.63	0.00
JPMAC 2005-OPT1	620	78.20	78.66	22.40	60.00	40.00	33.19	56.88	9.93	93.01	1.55	5.44
CWL 2005-BC5	626	78.20	67.70	30.61	63.96	36.03	35.70	53.83	10.47	97.70	0.43	1.87
SABR 2005-HE1	655	76.30	87.65	51.31	40.40	59.60	58.12	37.73	4.16	96.93	1.99	1.08
RASC 2005-KS11	623	77.20	77.92	18.20	65.30	34.70	44.65	40.03	15.32	94.20	0.00	5.80
RAMP 2005-EFC4	631	82.20	85.00	28.10	75.90	24.10	45.61	51.14	3.26	97.91	0.00	2.09
FFML 2005-FF12	646	79.71	88.88	65.65	63.52	36.48	NA	NA	NA	100.00	0.00	0.00
AMSI 2005-R11	632	78.30	75.09	21.37	73.10	26.90	3.13	92.65	4.21	96.51	2.58	0.91
SASC 2005-WF4	623	76.70	70.46	15.71	92.70	7.30	25.34	67.60	7.06	98.07	0.44	1.49

Source: Loan Performance, Intex, Bloomberg

Note: shaded cells represent loans that are currently breaching one of their deal triggers

* P - Purchase, ET - Equity Take-out, R - Refinancing, Vac. - Vacation, Inv. - Investment

Though it's hard to pinpoint the definitive reasons behind superior/inferior performance, we note the following:

- The SASC, AMSI, and RAMP deals (three of the four best performers in terms of 60+ day delinquencies) have the highest percentages of full documentation loans of the 20 in the 2006-01 series (92.7%, 73.1%, and 75.9%). In general, a higher percentage of full doc loans imply more stringent underwriting standards.
- The SASC and AMSI deals have the lowest percentage of loans that are classified as "for purchase" in series 2006-01. Purchase loans are usually associated with "silent seconds" and are typically seen as riskier than loans classified as "equity take out," or "refinance."
- Only five of the 20 deals have California exposure below 20%. They are: AMSI, JPMAC, RAMP, RASC, and SASC. Each has 60+ day delinquencies below the weighted average for the entire series.
- The SASC, AMSI, and RAMP deals have the highest percentage of loans with property types classified as "single family" (the other classifications are 2-4 family, condo, and PUD)
- The MABS deal was highlighted in the June 6th paper as potentially problematic given its high percentage of IO and low documentation loans. Indeed, it is one of the eight currently failing its delinquency trigger test in series 2006-1.

ABX 2006-01 Deal Prepayment Speeds											
Deal	Deal Closing Date	Gross WAC	Original Deal Size (\$mm)	Current Deal Size (\$mm)	Factor	1 Mo. CPR	3 Mo. CPR	6 Mo. CPR	12 Mo. CPR	Life CPR	Prepay Penalty Loans
MLMI 2005-AR1	9/29/2005	7.15	\$1,108.3	\$608.3	0.549	17.69	24.21	26.90	32.50	32.60	66.93
CWL 2005-BC5	12/28/2005	7.07	\$950.0	\$584.2	0.615	19.77	22.31	28.13	32.66	31.72	78.54
LBMLT 2005-WL2	8/30/2005	7.23	\$2,755.7	\$1,497.1	0.543	23.14	27.20	29.37	33.94	31.47	70.54
JPMAC 2005-OPT1	7/26/2005	7.21	\$1,510.1	\$798.7	0.529	25.36	26.72	29.33	32.10	31.21	66.86
SAIL 2005-HE3	8/30/2005	7.21	\$2,370.3	\$1,328.6	0.561	24.64	25.97	30.13	32.64	30.16	69.00
AMSI 2005-R11	12/20/2005	7.59	\$1,830.2	\$1,179.9	0.645	31.05	33.48	35.71	33.14	29.07	59.97
SABR 2005-HE1	11/30/2005	6.85	\$1,240.1	\$798.4	0.642	17.50	23.81	27.01	29.08	27.84	73.61
MSAC 2005-HE5	10/28/2005	7.08	\$1,486.7	\$934.8	0.629	20.36	22.72	25.46	29.49	27.38	77.23
GSAMP 2005-HE4	8/25/2005	7.39	\$1,465.3	\$874.9	0.597	23.64	24.61	25.78	29.56	27.33	72.08
NCHET 2005-4	8/17/2005	7.07	\$2,080.2	\$1,245.5	0.599	25.01	27.27	29.66	31.21	27.23	74.89
ARSI 2005-W2	9/27/2005	7.23	\$2,750.0	\$1,687.4	0.614	22.33	26.12	29.78	31.29	27.15	59.38
SASC 2005-WF4	11/23/2005	7.02	\$1,962.2	\$1,279.9	0.652	16.19	22.71	26.38	27.07	26.74	74.84
BSABS 2005-HE11	11/30/2005	7.38	\$641.0	\$424.8	0.663	22.33	23.02	26.23	27.55	26.00	70.04
HEAT 2005-8	11/1/2005	7.09	\$1,500.0	\$1,002.2	0.668	20.35	22.98	27.49	28.02	24.21	78.24
ACE 2005-HE7	11/28/2005	7.06	\$1,797.6	\$1,235.7	0.687	14.79	20.74	26.56	26.68	24.06	73.70
SVHE 2005-4	12/21/2005	7.19	\$883.0	\$610.6	0.692	19.58	21.52	22.86	25.18	23.74	67.52
RASC 2005-KS11	11/29/2005	7.40	\$1,380.0	\$971.0	0.704	19.97	24.10	27.38	26.31	22.54	69.42
MABS 2005-NC2	11/29/2005	6.52	\$902.8	\$647.0	0.717	13.25	17.07	23.43	24.26	22.11	84.04
RAMP 2005-EFC4	9/29/2005	6.89	\$733.1	\$519.1	0.708	19.36	21.67	22.70	24.26	19.93	75.80
FFML 2005-FF12	12/28/2005	6.79	\$1,965.2	\$1,520.5	0.774	15.60	18.56	23.15	20.06	18.26	70.63

Source: Loan Performance, Intex, Bloomberg

Note: shaded cells represent loans that are currently breaching one of their deal triggers

To recap, sellers of protection on the ABX index (i.e. those who are long the index) would like to see the best performing deals prepay slowly and the worst performing deals prepay rapidly for two reasons. First, higher prepayments in a poorly performing deal will de-leverage the structure and therefore provide further credit enhancement for those higher up on the capital structure. Second, as the deals prepay the relative weight of each deal in the index changes. Therefore if a well-performing deal prepays slowly, it will assume a greater proportion of the index going forward.

Currently, with an average of 19.5 months of seasoning, the deals backing the first series of the ABX index have prepayment speeds ranging from 18.3 to 32.6 CPR. It appears that, for the most part, the good performers and the poor performers (in terms of credit) are randomly interspersed throughout the range of the "life" prepayment speeds, thus, there has been no *clear* benefit to either protection buyer or seller in the 2006-1 prepayment data thus far.

In the far right column, the current percentage of deals with prepay penalties are listed. The Amerquest and Argent (Amerquest subsidiary) deals have the lowest current percentage of loans with prepay penalties at 59-60% of their loan pools, while the MABS (MASTR) deal has the highest percentage of loans with prepay penalties (83.7). During the last six months, both the Amerquest and Argent deals have prepaid at the high end of the 20 deal range (at 35.7 and 29.8 CPR, respectively), while the MASTR (MABS) deal has prepaid near the lower end of the 20-deal range (23.4 CPR).⁵

⁵ Note also that the Amerquest (AMSI) deal has the highest weighted average gross WAC at 7.59%, while the MASTR (MABS) deal has the lowest, at 6.52%.

ABX 2006-02 Deal-Loan Characteristics

ABX.HE 2006-02 Constituent Deal-Credit Performance													
Deal	Loan Age (m)	30 Day DQ	60 Day DQ	90 Day DQ	FCL	REO	60+*	DQ Trigger** (Actual)	DQ Trigger** (Limit)	Pass/Fail	Loss Trigger (Actual)	Loss Trigger (Limit)	Pass/Fail
LBMLT 2006-1	15	4.81	3.04	3.12	7.94	4.29	19.46	18.96	10.53	FAIL	0.18	1.30	PASS
JPMAC 2006-FRE1	16	4.40	1.78	0.66	9.76	3.29	17.27	17.28	11.96	FAIL	0.60	1.60	PASS
BSABS 2006-HE3	15	5.38	2.87	2.54	7.51	2.68	16.83	16.49	11.23	FAIL	0.12	3.80	PASS
ARSI 2006-W1	16	2.63	1.84	1.59	7.37	2.81	14.47	14.45	11.12	FAIL	0.02	1.55	PASS
MABS 2006-NC1	16	3.89	2.04	1.24	6.18	3.18	13.96	13.79	11.18	FAIL	0.20	1.40	PASS
GSAMP 2006-HE3	12	5.16	2.78	1.45	6.28	2.47	14.06	13.05	9.96	FAIL	0.27	1.65	PASS
RAMP 2006-NC2	15	3.99	1.84	0.84	7.51	2.34	12.90	11.77	10.93	FAIL	0.32	1.40	PASS
MSAC 2006-WMC2	11	3.79	2.76	1.49	6.32	1.54	12.70	11.72	8.09	FAIL	0.40	1.25	PASS
SAIL 2006-4	12	4.33	2.32	2.21	6.21	1.34	13.03	11.66	9.36	FAIL	0.13	1.20	PASS
MSC 2006-HE2	15	4.38	2.24	1.26	5.42	2.62	12.84	11.42	9.86	FAIL	0.36	1.40	PASS
MLMI 2006-HE1	18	4.65	2.13	3.25	3.83	1.84	12.54	11.28	10.83	FAIL	0.41	100.00	PASS
RASC 2006-KS3	14	4.23	1.86	1.22	5.36	1.90	11.04	10.28	10.50	PASS	0.50	100.00	PASS
ACE 2006-NC1	18	2.10	1.09	1.13	4.80	1.75	9.75	9.75	11.39	PASS	0.24	1.45	PASS
CARR 2006-NC1	16	2.22	0.72	1.29	5.98	1.99	11.01	9.75	10.89	PASS	0.02	3.00	PASS
FFML 2006-FF4	14	3.98	2.03	1.21	4.46	2.02	10.37	9.36	9.73	PASS	0.12	100.00	PASS
HEAT 2006-4	15	3.63	2.00	1.20	4.62	1.20	9.75	8.74	10.45	PASS	0.16	100.00	PASS
SVHE 2006-OPT5	11	4.04	1.98	2.84	2.79	0.15	8.00	7.93	9.86	PASS	0.02	1.50	PASS
CWL 2006-8	10	4.24	1.62	0.96	4.31	1.29	8.75	7.52	9.07	PASS	0.01	1.35	PASS
SABR 2006-OP1	20	2.12	1.29	1.47	2.93	1.19	7.75	6.82	10.94	PASS	0.09	100.00	PASS
SASC 2006-WF2	12	1.89	1.45	0.46	1.72	0.52	4.82	3.85	9.97	PASS	0.03	1.65	PASS

Source: Loan Performance, Intex

* Our 60+ day delinquency column includes REOs, foreclosures and bankruptcies (not shown)

** According to Intex – Delinquency trigger limit values are generally based on some percentage of the senior credit enhancement level, and the delinquency trigger actual values are usually either the 3-month rolling average of all loans 60+ days delinquent or the aggregate principal value of all 60+ delinquencies during the current month.

The table above ranks the 20 underlying deals of the ABX 2006-02 index in order of their actual delinquency trigger rates. Although the loans that make up the series have only experienced 10 to 20 months of seasoning, 60+ day delinquency rates are currently at least 7.75% for 19 of the 20 deals with 12 deals already experiencing double-digit delinquency rates. The worst performing deal is LBMLT 2006-1 with a 60+ day delinquency rate of 19.46%. On the other hand, SASC 2006-WF2 deal continues to perform relatively stronger than the other constituents, as its 60+ delinquency rate is just 4.82%.

While it is likely still too early for the above loans to surpass their loss trigger limits, 11 deals are already breaching their delinquency trigger limits. When looking at delinquency triggers, an additional 7 loans are within just 2 percentage points of surpassing their delinquency trigger limits. The only two deals that appear to have some breathing room before reaching their delinquency triggers are SASC 2006-WF2 and SABR 2006-OP1. The next table will highlight the underwriting analytics of each of these loans in order to identify any possible outliers that may lead to higher delinquency rates.

ABX.HE 2006-02 Constituent Deal-Underwriting Analytics												
Deal	FICO	LTV	Current ARM %	Current IO %	Full Doc	Low/ No Doc	Loan Purpose (P)*	Loan Purpose (ET)*	Loan Purpose (R)*	Occup (Owner)	Occup (Vac.)*	Occup (Inv.)*
LBMLT 2006-1	633	79.25	89.95	8.13	47.67	52.33	66.38	30.20	3.41	90.33	8.20	1.47
JPMAC 2006-FRE1	628	76.62	87.61	16.58	57.60	42.40	59.74	39.44	0.82	93.83	0.96	5.20
BSABS 2006-HE3	616	81.29	86.03	33.64	47.72	52.28	36.91	55.90	7.19	91.14	1.33	7.54
ARSI 2006-W1	624	81.46	84.88	32.14	57.91	42.09	48.45	47.85	3.70	91.59	7.17	1.24
MABS 2006-NC1	630	78.60	77.44	28.15	28.34	71.66	41.15	51.33	7.52	88.90	3.14	7.96
GSAMP 2006-HE3	628	63.92	83.56	23.49	52.21	47.79	NA	NA	NA	NA	NA	NA
RAMP 2006-NC2	626	78.61	75.53	20.08	58.24	41.76	41.60	58.22	0.18	90.22	3.11	6.67
MSAC 2006-WMC2	644	74.53	80.91	14.28	44.23	55.77	61.72	36.02	2.26	96.15	2.66	1.20
SAIL 2006-4	622	78.37	81.34	19.56	52.01	47.99	41.03	52.76	6.19	87.53	2.87	9.60
MSC 2006-HE2	631	75.48	85.20	11.65	52.31	47.69	51.20	42.89	5.91	96.57	2.13	1.30
MLMI 2006-HE1	634	82.36	75.57	33.02	47.00	53.00	49.59	45.16	5.25	94.11	0.87	5.02
RASC 2006-KS3	623	77.73	81.33	19.31	63.74	36.26	41.77	53.18	5.06	95.57	1.50	2.93
ACE 2006-NC1	631	81.39	74.81	29.42	56.21	43.79	49.62	43.59	6.79	90.24	2.54	7.22
CARR 2006-NC1	630	80.71	84.57	52.69	60.60	39.40	44.42	54.89	0.69	93.68	3.16	3.16
FFML 2006-FF4	652	82.17	85.05	53.60	56.03	43.97	63.73	32.57	3.70	96.35	0.82	2.83
HEAT 2006-4	624	76.20	81.36	22.40	69.00	31.00	40.94	52.78	6.25	93.38	0.97	5.65
SVHE 2006-OPT5	606	80.98	81.63	9.01	63.29	36.71	32.68	60.04	7.28	93.50	5.07	1.44
CWL 2006-8	616	76.96	61.49	28.60	62.84	37.16	40.39	54.86	4.75	97.34	0.56	2.10
SABR 2006-OP1	627	79.34	81.24	24.53	59.45	40.55	39.55	54.82	5.63	92.69	2.12	5.19
SASC 2006-WF2	614	74.03	71.87	13.31	99.41	0.59	33.65	59.51	6.84	96.70	1.08	2.22

Source: Loan Performance, Intex, Bloomberg

Note: shaded cells represent loans that are currently breaching one of their deal triggers

* P - Purchase, ET – Equity Take-out, R – Refinancing, Vac. – Vacation, Inv. - Investment

Looking at the underwriting trends for the 2006-02 index, which is also sorted in descending order by current delinquency trigger rates, it is difficult to develop clear cut conclusions. However, we are able to make some generalizations that should hold true as these loans season further.

- SASC, which has the lowest 60+ day delinquency rate, also has the lowest LTV, lowest ARM %, and a below average percentage of IOs at just 13.31%. This loan also likely benefits from having 99.4% full documentation collateral, whereas the next highest full documentation concentration is only 69.0%
- FICO scores are a poor predictor of delinquencies as the top four performing deals all have a FICO at or below 627, which is the weighted average of the entire series. On the other hand, the two worst performing deals have higher FICO scores at 633 and 628, respectively.
- Delinquency results based off of LTV were mixed, as GSAMP 2006-NC2 had the lowest LTV of 63.92% but was the sixth worst performing deal in the series. The three best performing loans and two worst performing loans in the series each had LTVs below 80%.
- The five best performing deals had a full documentation range of 60-99%, while the five worst performing deals had a full documentation range of 28-58%.
- While the average weighted average ARM% of the 2006-02 series was 80.8%, the worst three performing deals (LBMLT, JPMAC, and BSABS) were also the deals with the highest ARM percentages (89.95%, 87.61%, and 86.03%). Counter intuitively, the worst performing deal, LBMLT, also had the lowest IO percentage at just 8.13%.
- LBMLT has the highest percentage of “for purchase” loans at 66.38%, while SASC has the second lowest at 33.65%. The loan purpose data becomes mixed inside these ranges as BSABS had the second lowest “for purchase” percentages at 36.91%, but the third highest 60+ day delinquency rate. In a non-inflated real estate market, a high mix of “for purchase” loans point toward loan balances that are in line with true home values. However, as home price appreciation and the use of non-traditional loan products soar, an increase in “for purchase” loans represent more and more borrowers that may have “stretched” to purchase a home they could not otherwise afford.

ABX.HE 2006-02 Constituent Deal-Prepayment Speeds

Deal	Deal Closing Date	Gross WAC	Original Deal Size (\$ Mil)	Current Deal Size (\$ Mil)	Factor	1 Mo. CPR	3 Mo. CPR	6 Mo. CPR	12 Mo. CPR	Life CPR	Prepay Penalty Loans
SABR 2006-OP1	1/26/2006	7.35	\$1,259.7	\$807.1	0.641	25.69	25.09	28.40	31.75	31.20	67.16
BSABS 2006-HE3	3/30/2006	7.89	\$793.4	\$563.0	0.710	25.89	30.37	32.43	28.68	28.68	63.80
JPMAC 2006-FRE1	1/27/2006	7.52	\$1,011.1	\$675.8	0.669	24.90	30.52	32.97	29.73	28.65	56.69
MABS 2006-NC1	2/24/2006	7.52	\$915.2	\$641.6	0.701	19.77	24.19	30.00	28.75	27.46	73.17
HEAT 2006-4	5/1/2006	7.78	\$1,600.0	\$1,199.4	0.750	21.79	29.69	29.40	-	26.69	72.70
ARSI 2006-W1	2/7/2006	7.60	\$2,266.7	\$1,609.8	0.710	22.69	28.73	29.56	27.70	26.62	67.09
SVHE 2006-OPT5	6/19/2006	8.39	\$3,100.0	\$2,460.0	0.794	21.58	23.12	30.31	-	26.16	77.14
ACE 2006-NC1	1/30/2006	7.30	\$1,324.3	\$922.6	0.697	17.91	24.36	27.10	27.55	26.11	79.35
SAIL 2006-4	6/30/2006	8.32	\$2,446.4	\$1,959.1	0.800	20.93	24.60	26.13	25.28	25.26	70.40
SASC 2006-WF2	6/30/2006	8.34	\$1,299.2	\$1,039.2	0.800	24.32	24.19	25.95	25.21	25.19	69.12
GSAMP 2006-HE3	5/26/2006	8.32	\$1,596.3	\$1,257.4	0.788	27.98	29.90	27.24	24.51	25.18	69.32
MSC 2006-HE2	4/28/2006	7.69	\$2,266.8	\$1,761.4	0.777	21.16	25.17	25.18	-	25.17	71.33
LBMLT 2006-1	2/7/2006	8.13	\$2,500.0	\$1,821.3	0.729	23.42	27.40	27.01	25.68	24.94	69.36
RAMP 2006-NC2	3/2/2006	7.86	\$760.0	\$554.4	0.730	28.13	28.04	29.42	26.36	24.81	70.71
CARR 2006-NC1	2/8/2006	7.16	\$1,441.1	\$1,058.7	0.735	22.66	26.74	28.51	25.52	24.41	67.36
RASC 2006-KS3	3/29/2006	8.04	\$1,150.0	\$875.9	0.762	34.64	30.20	28.10	23.25	23.25	72.08
MLMI 2006-HE1	2/7/2006	7.40	\$781.3	\$576.8	0.738	13.70	19.59	23.78	23.90	22.37	76.22
FFML 2006-FF4	3/30/2006	7.71	\$1,524.8	\$1,205.0	0.790	25.35	25.93	23.89	20.75	20.75	74.85
MSAC 2006-WMC2	6/28/2006	8.01	\$2,603.0	\$2,221.0	0.853	27.51	22.68	21.59	19.06	18.67	73.13
CWL 2006-8	6/28/2006	8.20	\$2,000.0	\$1,732.4	0.866	18.45	21.55	20.75	17.06	16.96	76.18

Note: shaded cells represent loans that are currently breaching one of their deal triggers.

Source: Loan Performance, Intex, Bloomberg

The loans underlying the 2006-02 series have an average age of 15 months with lifetime prepayment speeds ranging from 17.0 to 31.2 CPR. As witnessed in the 2006-01 series, the best and worst performers are randomly dispersed within the series when sorted by their lifetime prepayment speed.

As expected, a deal's percentage of prepayment penalty loans appears to have a significant impact on which deals pay down the fastest. In general, loans with the fastest lifetime CPR have a relatively low concentration of loans with a prepayment penalty. JPMAC 2006-HE3 has the lowest prepayment penalty mix at 56.69% and the third fastest life CPR at 28.65%. The five loans with the slowest CPR speed have a prepayment penalty loan concentration within the range of 72.1-76.2%. Two outliers in this assumption were SVHE 2006-OPT5 and ACE 2006-NC1, which had the two highest prepayment penalty loan mixes of 77.1% and 79.4%, respectively, but also had the 7th and 8th fastest life CPR speeds.

ABX 2007-01 Deal-Loan Characteristics

ABX.HE 2007-01 Constituent Deal-Credit Performance													
Deal	Loan Age (m)	30 Day DQ	60 Day DQ	90 Day DQ	FCL	REO	60+*	DQ Trigger** (Actual)	DQ Trigger** (Limit)	Pass/Fail	Loss Trigger (Actual)	Loss Trigger (Limit)	Pass/Fail
LBMLT 2006-6	9	4.72	2.93	3.13	4.61	0.24	11.12	10.927	9.048	FAIL	0.220	1.300	PASS
MSAC 2006-HE6	9	5.16	2.42	1.42	6.24	0.47	10.88	8.992	8.633	FAIL	0.056	1.350	PASS
GSAMP 2006-HE5	8	4.54	2.55	1.10	5.33	0.61	10.09	8.455	9.120	PASS	0.016	1.600	PASS
MLMI 2006-HE5	9	4.26	2.58	2.54	2.71	0.18	8.16	6.521	8.773	PASS	0.026	1.550	PASS
SABR 2006-HE2	10	4.16	2.09	1.56	3.91	0.11	8.05	6.496	9.082	PASS	0.039	1.400	PASS
HEAT 2006-7	8	5.29	2.52	1.29	3.28	0.22	7.47	5.992	8.663	PASS	0.008	1.300	PASS
CBASS 2006-CB6	11	4.69	2.32	1.01	3.24	0.50	7.24	9.165	9.542	PASS	0.008	1.200	PASS
FHLT 2006-3	7	5.21	3.22	2.52	0.61	NA	6.35	6.343	9.363	PASS	0.000	1.550	PASS
RASC 2006-KS9	6	4.05	1.95	0.86	2.92	NA	5.97	3.948	8.907	PASS	0.006	1.550	PASS
CARR 2006-NC4	8	2.98	1.69	1.46	2.41	0.01	5.74	5.593	8.514	PASS	0.004	3.000	PASS
ACE 2006-NC3	6	2.76	2.26	2.03	1.07	NA	5.42	3.440	7.920	PASS	0.000	1.250	PASS
FFML 2006-FF13	8	2.71	1.09	0.41	3.09	NA	4.77	3.250	8.560	PASS	0.003	1.150	PASS
MABS 2006-NC3	6	4.03	2.29	1.85	0.08	NA	4.35	2.154	8.263	PASS	0.000	1.450	PASS
CWL 2006-18	8	3.98	1.78	0.45	1.78	0.18	4.31	3.710	8.420	PASS	0.001	1.450	PASS
SASC 2006-BC4	8	2.13	1.21	0.52	1.41	0.07	3.41	3.310	8.680	PASS	0.000	1.750	PASS
ABFC 2006-OPT2	7	3.81	1.57	1.10	0.16	NA	2.92	1.534	9.194	PASS	0.000	1.300	PASS
SVHE 2006-EQ1	6	3.50	1.72	0.14	0.57	NA	2.47	1.231	8.732	PASS	0.000	1.250	PASS
BSABS 2006-HE10	5	3.73	1.77	0.11	0.48	NA	2.40	2.711/ 2.240	8.251/ 8.288	PASS	0.000/ 0.000	4.700/ 3.700	PASS
CMLTI 2006-WFH3	7	2.28	1.28	0.11	0.78	0.01	2.40	2.213	8.790	PASS	0.000	1.250	PASS
JPMAC 2006-CH2	8	1.80	0.59	0.10	0.42	NA	1.23	0.501/ 1.312	6.880/ 7.842	PASS	0.000/ 0.000	0.550/ 1.000	PASS

Source: Loan Performance, Intex

* Our 60+ day delinquency column includes REOs, foreclosures and bankruptcies (not shown)

** According to Intex – Delinquency trigger limit values are generally based on some percentage of the senior credit enhancement level, and the delinquency trigger actual values are usually either the 3-month rolling average of all loans 60+ days delinquent or the aggregate principal value of all 60+ delinquencies during the current month.

Looking at the table above, it becomes quite obvious that the deals underlying the ABX 2007-01 series have not yet had a chance to season as much as those comprising the 2006 indices. With loan ages ranging from 5 to 11 months and averaging 7.7 months, most of the deals have not experienced significant credit deterioration.

The LBMLT 2006-6 deal is performing the poorest with over 11% of the underlying loan pool currently more than 60 days delinquent, with 4.61% already in foreclosure – quite high for such a new deal. It has already failed the delinquency trigger, thereby causing the deal to pay sequentially rather than to enhancement targets. As mentioned earlier in this report, the issuer of this deal, Long Beach Mortgage Loan Trust, is responsible for the most 60+ day delinquencies overall in the three ABX series. At 41.8%, LBMLT 2006-6 has the highest exposure to the California residential real estate market than any of the other 19 deals. We view the significant concentration of loans on properties located in California and Florida as inherently risky because home price appreciation in these two states has been particularly rampant.

MSAC 2006-HE6 is the only other deal in the index that has already failed its delinquency trigger limit and is performing poorly as well, with 6.24% of its underlying loan pool foreclosed. Incidentally, at 30.9% it is the fifth most California concentrated deal in ABX.HE 2007-01.

The best performing deal in the 2007-01 index is currently JPMAC 2006-CH2 with only 1.23% of its loan pool over 60 days delinquent – despite its loans being in the middle of the age range for the series. It is one of the only two deals in the index which does not have most of its loan concentration in California, but instead in Florida (22.7%), with only 13.2% of loans on California properties.

ABX.HE 2007-01 Constituent Deal-Underwriting Analytics

Deal	FICO	LTV	Current ARM %	Current IO %	Full Doc	Low/ No Doc	Loan Purpose (P)*	Loan Purpose (ET)*	Loan Purpose (R)*	Occup (Owner)	Occup (Vac.)*	Occup (Inv.)*
LBMLT 2006-6	638	76.70	83.38	6.44	59.0	41.0	56.59	39.04	4.36	91.94	6.77	1.30
MSAC 2006-HE6	627	76.70	83.65	13.49	58.0	42.0	49.90	43.91	6.19	93.72	2.50	3.78
GSAMP 2006-HE5	622	77.70	76.74	7.13	53.0	47.0	42.08	48.62	7.05	94.95	1.12	3.93
MLMI 2006-HE5	632	77.50	78.36	30.45	60.0	40.0	23.48	60.48	16.05	87.24	1.62	11.14
SABR 2006-HE2	625	75.40	80.20	13.77	58.0	42.0	43.76	53.00	3.24	93.09	1.61	5.30
HEAT 2006-7	634	79.40	79.96	15.49	78.0	22.0	48.54	46.64	4.82	94.99	0.73	4.28
CBASS 2006-CB6	615	78.13	70.34	13.83	66.0	34.0	29.17	66.72	4.11	92.81	1.68	5.51
FHLT 2006-3	629	81.68	78.44	7.22	68.0	32.0	43.73	51.75	1.00	93.39	5.73	0.89
RASC 2006-KS9	627	79.73	74.03	11.40	59.0	41.0	40.62	48.74	10.64	96.82	1.16	2.02
CARR 2006-NC4	623	79.50	83.26	21.29	58.0	42.0	40.18	50.04	9.78	91.58	2.61	5.81
ACE 2006-NC3	625	81.60	74.61	16.59	32.0	68.0	NA	NA	NA	NA	NA	NA
FFML 2006-FF13	650	82.73	81.71	30.15	46.0	54.0	73.15	23.76	3.09	96.77	2.58	0.65
MABS 2006-NC3	621	76.80	76.19	18.06	51.0	49.0	39.91	50.45	9.64	90.45	3.20	6.35
CWL 2006-18	605	78.50	78.85	23.95	61.0	39.0	35.03	61.01	3.96	96.67	0.70	2.63
SASC 2006-BC4	630	83.80	73.53	20.96	47.0	53.0	29.51	64.26	6.23	93.81	2.34	3.85
ABFC 2006-OPT2	608	78.20	83.43	12.21	51.0	49.0	30.03	63.59	6.38	92.96	1.41	5.63
SVHE 2006-EQ1	619	78.00	68.95	11.69	59.0	41.0	45.24	52.55	1.92	94.40	1.31	4.29
BSABS 2006-HE10	611	80.90	75.99	16.55	56.0	44.0	36.05	54.95	9.00	95.64	0.68	3.68
CMLTI 2006-WFH3	624	79.79	74.75	12.23	63.0	37.0	46.88	46.24	6.87	91.68	2.05	6.26
JPMAC 2006-CH2	637	77.25	63.61	3.44	58.0	42.0	31.93	64.86	3.21	96.42	0.63	2.96

Source: Loan Performance, Intex, Bloomberg

Note: shaded cells represent loans that are currently breaching one of their deal triggers

* P - Purchase, ET - Equity Take-out, R - Refinancing, Vac. - Vacation, Inv. - Investment

The table above displays the underwriting trends of the deals comprising the 2007-01 index. Although this table does not show delinquency data, it is sorted the same way as the Deal-Credit Performance table, by 60+ days delinquency descending.

The average FICO score weighted by the current deal size for the twenty deals is 626, and ranges from 605 to 650. While it makes intuitive sense that the deals with higher credit scores should be performing better than those with lower scores, this does not seem to be the case thus far. In fact, the worst and best performing deals (LBMLT 2006-6 and JPMAC 2006-CH2) have the second and third highest FICO scores in the series, respectively.

The LBMLT deal has the second highest percentage of "for purchase" loans, which are considered easier to obtain and often have second liens. Also, borrowers of these loans often do not have extensive mortgage payment history, as they would if they were refinancing. Such loans are considered riskier and can help to further explain this deal's high delinquency rate.

The JPMAC deal, the least delinquent of the twenty, has the lowest percentage of ARMs at only 63.61%. As we mentioned earlier, borrowers holding ARMs are more likely to become delinquent and/or foreclose if their mortgage payments shoot up.

ABX.HE 2007-01 Constituent Deal-Prepayment Speeds

Deal	Deal Closing Date	Gross WAC	Original Deal Size (\$ Mil)	Current Deal Size (\$ Mil)	Factor	1 Mo. CPR	3 Mo. CPR	6 Mo. CPR	12 Mo. CPR	Life CPR	Prepay Penalty Loans
FHLT 2006-3	10/19/2006	8.49	\$1,629.7	\$1,369.7	0.840	19.72	42.82	NA	NA	29.10	62.89
CMLTI 2006-WFH3	10/31/2006	8.61	\$1,627.1	\$1,462.9	0.899	12.97	27.49	NA	NA	27.49	72.03
SABR 2006-HE2	9/28/2006	8.34	\$1,024.8	\$877.6	0.856	19.43	24.25	NA	NA	26.25	69.51
ABFC 2006-OPT2	10/12/2006	8.62	\$1,099.3	\$956.6	0.870	21.10	23.90	NA	NA	23.90	77.88
CBASS 2006-CB6	7/31/2006	8.13	\$780.7	\$654.4	0.838	22.08	27.23	25.08	NA	22.83	87.14
SVHE 2006-EQ1	9/15/2006	8.23	\$1,727.0	\$1,444.6	0.916	15.13	27.29	NA	NA	22.72	74.79
GSAMP 2006-HE5	8/25/2006	8.58	\$1,037.3	\$894.6	0.862	18.02	21.66	23.95	NA	21.99	65.35
SASC 2006-BC4	11/30/2006	8.37	\$1,576.6	\$1,538.5	0.891	33.47	26.78	NA	NA	20.24	70.30
CARR 2006-NC4	9/28/2006	8.16	\$1,617.3	\$1,450.5	0.897	41.94	27.60	NA	NA	19.22	76.26
ACE 2006-NC3	11/30/2006	8.40	\$1,501.4	\$1,396.5	0.930	22.56	19.24	NA	NA	19.16	74.65
LBMLT 2006-6	7/26/2006	8.32	\$1,688.1	\$1,470.4	0.871	16.42	17.29	21.73	NA	18.87	76.04
MABS 2006-NC3	12/28/2006	8.45	\$1,031.7	\$981.2	0.951	18.83	17.85	NA	NA	17.85	74.76
HEAT 2006-7	10/3/2006	8.21	\$1,100.0	\$1,000.0	0.909	16.74	19.54	NA	NA	17.02	78.09
MLMI 2006-HE5	9/28/2006	8.10	\$1,376.3	\$1,253.3	0.911	17.82	16.57	NA	NA	16.68	78.14
MSAC 2006-HE6	9/27/2006	8.28	\$1,471.7	\$1,346.4	0.915	13.39	14.97	NA	NA	14.97	73.62
JPMAC 2006-CH2	12/14/2006	7.75	\$2,023.8	\$1,912.8	0.945	14.81	14.27	NA	NA	14.94	74.58
FFML 2006-FF13	9/28/2006	7.99	\$2,121.6	\$1,962.1	0.925	10.54	15.51	NA	NA	14.16	71.11
CWL 2006-18	9/28/2006	8.67	\$1,700.0	\$1,589.3	0.935	17.41	15.66	NA	NA	13.52	78.75
BSABS 2006-HE10	12/29/2006	8.42	\$1,152.2	\$1,115.0	0.968	13.14	11.93	NA	NA	11.93	66.66
RASC 2006-KS9	10/27/2006	8.47	\$1,234.1	\$1,177.6	0.954	10.26	11.57	NA	NA	10.19	77.29

Source: Loan Performance, Intex, Bloomberg

Note: shaded cells represent loans that are currently breaching one of their deal triggers

Again, deals comprising the ABX.HE 2007-01 index are relatively new with loans ranging from 5 to 11 months. Therefore, most of the deals do not have 12-month prepayment history. Life CPRs thus far range from 10.19% to 29.10%. The FHLT 2006-3 deal is prepaying the fastest and has the lowest percentage of loans with prepay penalties, at 62.89%. There does not appear to be any clear correlation between credit performance and prepayment speed within this series and so it is difficult to draw any conclusions as to whether the overall index is benefiting from the loans that are prepaying faster.

Conclusion

After analyzing the underlying loans of the three ABX series we found that it is difficult to look at the traditional characteristics such as FICO and LTV to gauge default risk. While remittance report data seems to vary from vendor to vendor, consumers may have also learned the nuances of increasing their FICO score shortly before applying for a mortgage loan. It is also likely that at the sub-prime level there is not much of a difference between a 600 and a 650 FICO. One of the reasons that LTV may be slightly misleading is the use of silent second loans to cover the down payment on a home. In these transactions the first lien mortgage lender does not know that the borrower took on an additional loan for the home's down payment, which underestimates the borrower's stated LTV ratio.

The blurred lines between prime, alt-A, alt-B and sub-prime loans also make mortgage loan comparison difficult. As the landscape of the mortgage market has changed, it may be more relevant to analyze the type of loan issued, the health of the housing market, and whether the borrower was able to provide full documentation to support the loan to determining risk. Overall, an attribute snapshot is not nearly enough information to make an accurate assessment on a loan. Instead, market participants must, at the very least, understand historical underwriting practices, geographic concentrations, documentation practices, and payment trends in making sound investment decisions.

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