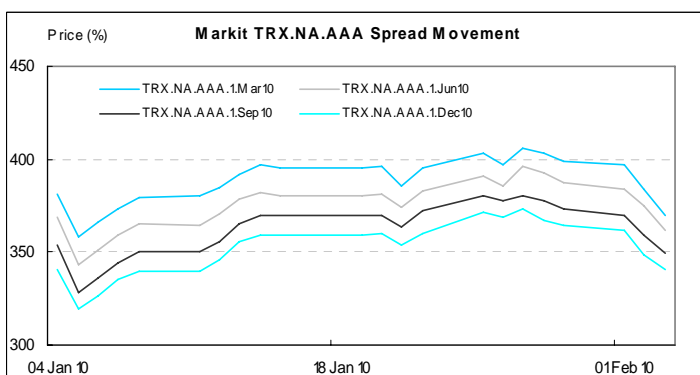
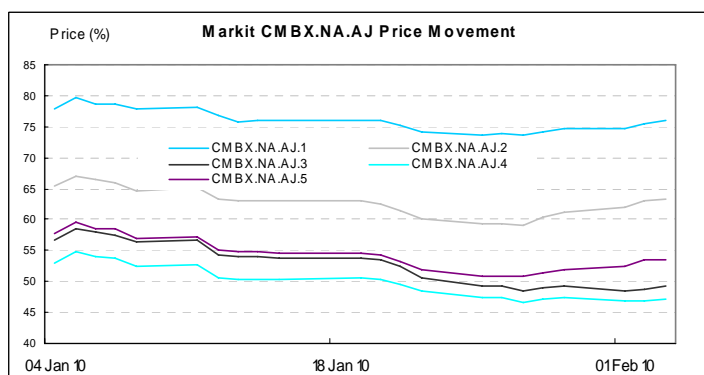


US ABS Market Review

Month End Review: January 2010

Structured Finance Indices

The Structured Finance indices stabilized going into February, with noticeable recoveries in the both the CMBX and TRX.NA indices. The CMBX indices experienced several interest shortfall payments this month, and the TRX.NA indices had a positive spread return from the end of last month. Both were initially hit in 2010 because of they Stuyvesant apartment complex default.

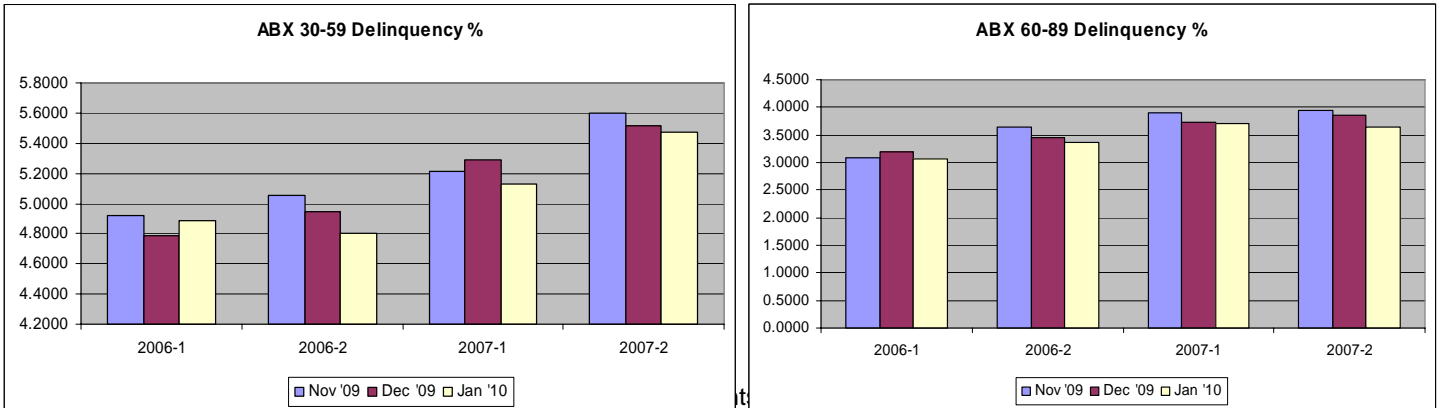


The ABX.HE saw a slight spike in writedowns in January 2010, but maintained most of its price levels throughout the month. Given the current levels of credit support available, it is very likely that the ABX.HE.AAA.06-2 will experience an implied writedown next month.

January 2010 Writedowns			
Index	Factors as of January 25th	Writedown (1mm notional)	Swap Notional Loss (%)
ABX.HE.A.07-2	0.515898964	46000.45	4.60%
ABX.HE.A.06-2	0.517352768	40650.87	4.07%
ABX.HE.AA.07-1	0.855951044	29178.71	2.92%
ABX.HE.AA.07-2	0.91699091	27713.96	2.77%
ABX.HE.A.06-1	0.870932264	20310.05	2.03%
ABX.HE.BBB.07-1	0.159402599	19023.43	1.90%
ABX.HE.BBB.06-2	0.131713534	17829.09	1.78%
ABX.HE.A.07-1	0.476584552	14087.60	1.41%
ABX.HE.BBB-.06-1	0.313550103	12709.60	1.27%
ABX.HE.AA.06-1	0.990809588	8716.90	0.87%
ABX.HE.BBB-.07-1	0.141925672	8074.33	0.81%
ABX.HE.BBB.06-1	0.464742292	7309.60	0.73%
ABX.HE.AA.06-2	0.937795648	1475.48	0.15%

End of Month Remittance

January ABX remittance data was relatively muted with no surprises, either positive or negative, from a performance standpoint. Voluntary prepayments continue to trend at a very slow pace, just north of 1% on average, and severities have declined slightly to ~68% across the indices. As seen below, delinquencies showed some signs of stabilization with the 60-89 buckets increasing at a slower pace.



- MBS PURCHASES TO END IN MARCH AS SCHEDULED
- MAINTAINS MBS PURCHASE TARGET AT \$1.25 TRILLION
- INTEREST RATES TO STAY LOW FOR AN `EXTENDED PERIOD`
- FEDERAL FUNDS TARGET RANGE UNCHANGED AT 0%-0.25%
- FINAL TALF AUCTION OF \$25 BLN ON MARCH 8

General Non-Agency Highlights

One topic expected to gain momentum this year is the Home Affordable Modification Program (HAMP). As borrowers continue to display signs of financial duress, more are expected to enter the trial period for HAMP and thus preventing an abundance of distressed homes from flooding the supply chain. Continued changes and enhancements to the program continue to roll out with hopes of alleviating the burden for both the borrower and servicers alike. A potential risk to the stabilization of home prices is a flood of failed HAMP mods either from recidivism or those that do not qualify. As reporting of these HAMP loans become transparent in loan tapes and remits across the various asset classes, Markit will continue to observe its impact on delinquencies, severities, and what types of modifications were instituted via a rate reduction or principal reduction

Recent reports suggests delinquencies from Option ARM mortgages have now topped subprime loans

Cash Update (Can we update this chart? And commentary?)

Non-agency RMBS Price Changes	
Prime Fixed	\$1.22
Prime Hybrid	\$0.63
Alt-A Fixed	\$1.09
Alt-A Hybrid	\$0.83
Option ARM	\$0.68
Subprime	\$0.37

Non-agency RMBS prices have continued their late-November momentum. Prices on offerings observed through Markit Quotes experienced upward movement across all collateral types. Increases appear greatest among deals with fixed rate collateral. Bidlist volume was unexpectedly high and the market was fairly active in the first half of December. A good portion of items from these lists have made their way to dealer inventories. Many dealers and brokers believe there is room for prices to continue up as funds gain more leverage.

CMBS Commentary

Making the headlines over the past few months, the Peter Cooper Village/Stuyvesant Town CRE loan reached another milestone last week when debtors handed the property back to lenders. The property was purchased for over \$5.4 billion in 2006 and financed with a \$3.0 billion first mortgage, a \$1.4 billion mezzanine loan, and the remainder in sponsor equity. The \$3.0 billion first mortgage was broken up into five pari-passu notes including a \$800 million piece in the MLCFC 2007-5 (included in the CMBX.3 index) and a \$247.7 million piece in the WBCMT 2007-C31 (included in the CMBX.4 index) CMBS transaction. As of the latest round of news, a number of interested parties have been mentioned as potential new owners and/or managers for the property, though there are still a myriad of questions outstanding about how it ultimately will play out.\

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.