

# WorkoutWire

Trends in Delinquencies, Defaults and Workouts

## Fitch: 2004 Vintage CMBS Defaults Increase

Fitch Ratings recently pointed out that the vintage 2004 delinquency rate has turned out to be an outlier in comparison to June 2006, which was another flat month for U.S. CMBS delinquencies.

According to the latest loan delinquency index by Fitch, late-pays among 2004 vintage CMBS transactions climbed 17 basis points in June as overall U.S. CMBS delinquencies stayed fairly flat,

falling one basis point to 0.65%.

"While the overall statistics remain relatively unchanged, vintage 2004 delinquency rate increased 17 bps to 25 bps in June," said Fitch senior director Patty Bach. The increase is due to eight loans, totaling just under \$63 million, becoming 60-plus days delinquent. The majority of the increase (78% by balance) is attributable to four crossed loans

secured by multifamily properties, which are located in Nashville, Tenn.

According to Fitch, delinquency rates vary across vintages. Older vintages (1998-2001) gen-

erally have higher delinquency rates than newer vintages. The delinquency rates for the 2002, 2003 and 2004 vintages remain below 35 bps, while the 1998

*(Continued on page 8)*

## Velocity Jumps Collections

Two New Jersey-based consumer receivable asset management companies have made significant inroads in advancing their practices of collecting distressed debt this month. Specifically, one set a record increase in collections, while the other noted an ability to increase collections.

As a result of its partial deployment of the senior credit facility established with Wells Fargo Foothill, Ramsey, N.J.-based consumer receivables asset management and liquidation company Velocity Investments LLC posted a whopping 134% increase in May year-over-year collections from its portfolios of nonperforming consumer receivables in the month ended May 31, 2006.

For the month ended May 2006, Velocity Investments posted gross collections of \$878,726, a 134% increase as compared to collections of \$375,455 in the month ending May 31, 2005. On May 31, 2006, the aggregate initial outstanding principal amount of Velocity Investments' consumer receivables under management was approximately \$160 million, an increase of 171% as compared to approximately \$59 million as of May 31, 2005.

The increase in both collections and aggregate initial outstanding principal amount of consumer receivables under management is a result of Velocity Investments' partial deployment of the senior credit facility established in January 2005 with Wells Fargo Foothill as amended in February 2006.

*(Continued on page 8)*

## ARM Industry Is Changing

An index shows the accounts receivable management industry is facing a slight change due to the economic conditions affecting it, such as a lower national unemployment rate and a reduction in the total market capitalization of public accounts receivable management companies.

The Kaulkin Ginsberg Index, a monthly indicator of economic conditions affecting the accounts receivable management industry, decreased in May by 1% to 1458.6, a slight change from its all-time high, given that the index "remains up 14.8% year-over-year," according to strategic advisory firm Kaulkin Ginsberg, Bethesda, Md.

"This suggests that the accounts receivable management industry as a whole continues to enjoy favorable economic conditions," said Kaulkin research group director, Paul Legrady. "With the exception of some volatility in the public markets, the index performed well across the board."

Among factors affecting the May index are total market cap of accounts receivable management stocks at \$3.08 billion, delivering a -4.3% down effect, with the unemployment rate and federal funds rate, respectively, delivering a 3% and 3.1% up effect.

In addition, Kaulkin said in the first half of 2006 the estimated deal value for announced and closed merger and acquisition transactions in the accounts receivable management industry



**Mark Russell**

is \$3.5 billion, compared to \$1.7 billion for all of 2005, which was considered a record-breaking year, surpassing any other year on record.

Most of the change, the strategic advisory firm said, "can be attributed to the influx of private equity investment in the market."

During this period, 28 completed transactions and two pending transactions represent an aggregate estimated deal value of \$3.5 billion. Total M&A deal activity value in the accounts receivable management industry will surpass known precedents "if recent deal announcements close as expected this year," Kaulkin said.

2006 has the potential to be "a bellwether year in accounts receivable management," Kaulkin director Mark Russell said, mainly because of two major deals.

The recent announcement by  
*(Continued on page 8)*

## Hot Off the Wire

### HISTORIC AUCTION IN FL.

Auction Company of America will host the largest real estate auction in Florida. Buyers can bid for over 100 residential homes, valued for a total of about \$35 million. They are located in Miami-Dade, Broward and Palm Beach. Price range from \$150,000 to \$650,000.

### PIGGYBACK LOANS: SUICIDAL?

President and CEO of American Mortgage Educators Inc. of Seattle, Harj Gill, is campaigning against piggyback loans. He quotes a Standard & Poor's analyze of 640,000 piggyback first-lien mortgages in bond pools shows these loans are 43% more likely to go into default than standalone loans, thus increasing to 50% the default rate among borrowers with FICO scores of 660 or less.

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## MGIC Sees Higher Losses in Q2

Second-quarter and first-half earnings at MGIC Investment Corp. here were down from one year ago amidst higher credit losses but improved delinquency rates.

Earnings for the nation's largest mortgage insurer were \$149.8 million, or \$1.74 per share, and \$313.3 million, or \$3.61 per share, for the second quarter and first half of 2006, respectively, down from \$174.4 million, or \$1.87 per share, and \$356.4 million, or \$3.77 per share, for the same periods in 2005.

There was a decline in net premiums earned of 5.5%, from \$311.6 million in the second quarter 2005 to \$294.5 million in the most recent quarter. Net premiums written fell 1.3% in the same period, from \$309.2 million down to \$305.3 million.

New insurance written for the second quarter was \$16.1 billion, including \$6 billion of bulk business. In the second quarter of 2005, MGIC wrote \$16.6 billion, \$6.2 billion of it bulk.

MGIC chairman and chief executive Curt S. Culver said in the earnings release that he was

pleased with the resumption of growth of insurance-in-force, there was the expected seasonal decline in delinquencies and there were positive joint venture results during the period.

Insurance-in-force totaled \$169.8 billion as of June 30, 2006. As of March 31, 2006, MGIC's primary insurance-in-force was \$166.9 billion, which appears to be the bottom point. On Dec. 31, 2005, the company had \$170 billion in-force.

Persistency at MGIC continued to rise, hitting 64.1% as of June 30, 2006, up from 61.3% six months prior and 60.9% one year prior. In a conference call to announce the results, Mr. Culver cited this as one of the reasons for the turnaround to growth in primary insurance-in-force.

Another positive trend is growth in MGIC's Single File product. This product was created to compete with the 80-10-10 or piggyback loans.

Mr. Culver told the conference call that 9.9% of new flow insurance written was the Single File product, up from 7.5% in

the first quarter 2006.

The inventory of delinquent loans at MGIC is 73,354, of which approximately 1,650 are related to the three Gulf hurricanes, Katrina, Rita and Wilma. The percentage of loans delinquent, including bulk loans, is 5.77%, compared with 6.58% at the end of last year and 5.62% at the end of the second quarter 2005. Take out the bulk loans, MGIC has a delinquency percentage of 3.82%, down from 4.52% as of Dec. 31, 2005 but up from 3.70% on June 30, 2005.

Losses incurred in the second quarter totaled \$146.5 million, up from \$136.9 million for the same period in 2005.

In the conference call, Mr. Culver said there were three unusual events that affected paid claims.

The first took place last October when the new federal bankruptcy law went into affect. The implementation of this law forced the timeline on when many people would normally file for bankruptcy forward.

He said the accelerated fil-

### AT A GLANCE

#### ► MGIC's 2nd Quarter

Losses	\$146.5 Million
Delinquent Loans	73,354
Delinquency Rate	5.77%

Source: MGIC Investment Corp.

ings pulled \$12 million in claims forward from 2007. MGIC saw \$8 million of those claims in the second quarter and will see the remaining \$4 million in the third quarter.

The second event was that Fannie Mae and Freddie Mac lifted its moratorium on foreclosures in the Gulf States in the areas that were hit less hard. The company is paying claims on properties where the defaults were credit related, not on properties that were damaged in the storms. This had a \$2 million impact.

Event No. 3, he said, was specific to Ohio. Foreclosures in that state had built up because of a shortage of magistrates. Now, there has been eight new magistrates appointed and they are working through the backlog.

## Fieldstone Does \$779.2M Deal

Fieldstone Investment Corp. affiliate Fieldstone Mortgage Investment Corp., Columbia, Md., has securitized two groups of first- and second-lien residential loans through Fieldstone Mortgage Investment Trust series 2006-2.

Lead manager for the \$779.2 million offering was Lehman Brothers Inc. Co-managers were Bear Stearns & Co. Inc., Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Inc.

The two groups of loans backing the deal are conventional adjustable-rate and fixed-rate mortgages originated by national conforming and nonconforming residential mortgage banker Fieldstone Mortgage Co.

The securitization involved the issuance of four classes of senior notes and 11 classes of subordinated notes. Fieldstone Mortgage Ownership Corp., an affiliate of Fieldstone, retained the M10 and M11 notes, which represent \$12.8 million in principal. The transaction is structured as an on-balance-sheet financing. Fieldstone plans to use substantially all of the net proceeds from the deal to relieve outstanding financial obligations secured by the mortgages and finance a pre-funding account related to the offering.

Real estate investment trust Fieldstone Investment Corp. owns and manages a portfolio of nonconforming mortgages originated primarily by Fieldstone Mortgage Co. Fieldstone Mortgage Co. originates through over 4,300 independent mortgage brokers served by regional wholesale operations centers and through a network of retail branch offices.

## Mid-Cap Banks Face Risk

Analysts at Merrill Lynch think mid-cap banks may, as a whole, come in with second-quarter earnings below expectations.

Saying that fundamental operating conditions remained "challenging," Merrill Lynch expects the median mid-cap bank to post results 1.9% short of consensus estimates. Moreover, Merrill Lynch reduced its own estimates of performance for a large number of mid-cap banks, citing negative pre-earnings announcements from the sector, additional pressure on interest margins and credit quality concerns.

And Merrill Lynch analysts Heather Wolf and Stephen Austin said in a preview of mid-cap banks' second-quarter profits that they don't think a possible pause in the Fed's campaign of interest rate hikes will be of much use to banks.

"The market has again bid up these stocks on hopes that the Fed has finished its tightening

campaign. However, as we have said many times before, a Fed pause does not provide the banks with any fundamental relief."

The problem for mid-cap banks is that they'll continue to see margin contraction, slow loan and deposit growth, greater credit quality costs and average fee revenue momentum. The only positive for the sector: improving efficiency after a seasonally weak first quarter, according to Merrill Lynch.

In short, Merrill Lynch says the operating environment is "tough and getting tougher."

The stock most likely to outperform the sector is that of Marshall & Ilsley, the analysts said. The mid-cap banks most likely to underperform are First Horizon and Twin City Federal, according to Merrill Lynch. Hedging of mortgage servicing rights could prove costly for First Horizon, according to the report.

## Economists See Housing Slowdown in the Works

Three of the nation's most prominent housing economists agree that while home sales and home price appreciation will slow down, the market is not on the verge of collapse.

Participating in a "midyear outlook" sponsored by the National Association of Home Builders, NAHB chief economist David Seiders said what we are seeing is a "healthy correction" in housing, not a bust.

"We are looking at an economy and a housing sector that are in the midst of major transitions," he said during a conference call.

Mr. Seiders, like Fannie Mae chief economist David Berson and Freddie Mac chief economist Frank Nothaft, expects a soft landing for housing. But Mr. Seiders says the future could become more bleak, particularly if the Federal Reserve Board raises interest rates too high and precipitates a correction.

"We really are looking at an economy and a housing sector that are in the midst of major transitions," he said.

The biggest of those risk factors is the behavior of real estate investors.

Investors, speculators and vacation homeowners added ballast to the record home sale numbers posted from 2003

through 2005, and how they react to changing real estate conditions will play a big role in determining home values.

In March of this year, investors and second homebuyers accounted for about 22% of the conventional home loan market, Mr. Berson said.

Like his colleagues, Mr. Berson expects home price appreciation to slow down, though he does not expect prices to drop. Still, he acknowledges his forecast is a bit more "pessimistic" than others. He expects home prices to rise about 3% between the fourth quarter of this year and the fourth quarter of next year. Taking inflation into account, that means home prices will be largely flat.

"There is a risk that over the next year or two we could see real home price gains that are negative," Mr. Berson said.

Mr. Nothaft of Freddie Mac says another factor that will figure in housing markets and loan performance will be the resetting of interest rates on adjustable-rate mortgage loans.

Some \$1.2 trillion of mortgage and home-equity debt (including home equity lines of credit) is subject to rate adjustments in 2006, he said. As those interest rates adjust upward and monthly payments increase, that could affect consumer spending. In addition, slower home price appreciation may eventually dampen the appetite for "cash out" refinancing, which has also served to support consumer spending.

But he still expects home price growth in calendar year 2006 to average 6%-7%, about half of last year's appreciation rate.

All three economists expect the average 30-year mortgage rate to rise to about 6.8% by the end of 2006.

"We do expect gradual upward pressure on mortgage rates in the next six months that will push the refi rate down to about 30% in fourth quarter," Mr. Nothaft said.

## Feds Clear Miss. Relief

Mississippi has cleared all the regulatory hurdles for its Katrina homeowner grant program and the closing documents for the assistance grants will be sent to the hurricane victims soon.

The closing documents also would be sent to mortgage lenders that signed up to help their borrowers with the closing process, according to Mississippi Development Authority spokesman Scott Hamilton.

Under the state program, participating lenders are assured that the grants will be used to bring the loan current before the funds are disbursed to the homeowner.

Over 16,000 Mississippians have applied for the grants, which are designed to cover the costs of repairing or rebuilding homes damaged by Hurricane Katrina last August. Based on the amount of damage, minus insurance and other assistance payments, a homebuyer can receive up to \$150,000.

In late June, the MDA adjusted the amount of the grants upwards to "help compensate for the increased construction costs caused by the enormity of the disaster." The \$150,000 maximum still remains in effect, however.

The MDA also is encouraging residents to apply for small assistance grants, since the construction adjustment will justify the time and effort to go through the application process.

Since the grants go directly to the homeowner, mortgage industry groups had expressed concerns that there is no obligation on recipients to use the funds for rebuilding.

Industry representatives strongly recommended that the state place the grants in escrow accounts, which is the standard way insurance companies pay claims, so the lenders could ensure the funds are used for rebuilding.

But Mississippi officials insisted on a program that gives the homeowners direct control of the funds and the Department of Housing and Urban Development approved it.

At first, lenders were concerned that some homeowners might abandon the property, leaving the lender with damaged collateral.

But in most of the flooded areas along the Mississippi Gulf Coast, the land has retained significant value, according to one expert. Instead of abandoning the property, it makes more sense for the owner to sell it and pay off the mortgage, he said.

Meanwhile, Louisiana is getting closer to implementing its "Road Home" housing assistance program, which also is funded with Community Development Block Grant funds approved by Congress.

State officials are still seeking input and working on the mechanics of the program involving disbursement of funds and lender responsibilities.

However, the Louisiana Recovery Authority has decided that grant monies will be deposited in escrows with the borrower's mortgage lender.

"We want the money to be used to rebuild and repair homes," LRA spokeswoman Catherine Heitman said.

LRA officials are still discussing whether homeowners that own their homes outright without a mortgage will be required to have an escrow account.

"We are encouraged by the process that Louisiana is going through," said Paul Leonard of the Housing Policy Council, which is affiliated with the Financial Services Roundtable.

"In Mississippi, we thought disbursement accounts would be a better way to go. But he noted most of the mortgage companies are participating in the Mississippi housing assistance program. "Hopefully, it will be a success," Mr. Leonard said.

## CSFB Deal Downgraded

Moody's Investors Service has downgraded one subordinated tranche from a mortgage-backed securitization issued by Credit Suisse First Boston Mortgage Securities Corp. in 2001.

The downgrade of class M-2 of series 2001-HE25 from A2 to Baa1 "is based on the fact that the bonds' current credit enhancement levels, including excess spread, are low compared to the current projected loss numbers for the current rating level," Moody's said.

# Broker Dealer Settles MBS Fraud Case with SEC

The U.S. Securities and Exchange Commission has accepted a settlement offer by a former principal of broker-dealer Suncoast Capital Group Ltd. who the SEC said has admitted to a "failure to supervise" improperly priced sales of mortgage-backed securities and Treasury bonds during a 17-month period in the latter half of the 1990s.

Under the terms of the settlement, the SEC has ordered that Todd J. Cohen, 40, of Weston, Fla., be suspended from acting in a supervisory capacity for any broker, dealer or investment adviser for six months. (Mr. Cohen has been working as the head of the marketing department for an unnamed registered investment adviser in Weston, according to the SEC.) The SEC also has ordered Mr. Cohen to

pay tens of million of dollars to the U.S. Treasury, including \$52,897.11 in disgorgement, prejudgment interest of \$30,504.45 and a \$50,000 civil money penalty.

According to the settlement, Mr. Cohen admitted to failing to supervise a mortgage-backed securities trader and a Treasury securities trader at Suncoast Capital Group "with a view to detecting and preventing" those traders' alleged "violations of federal securities laws."

The SEC said the company's "written supervisory procedures required Cohen to review each order ticket or review the firm's trading blotters reflecting commissions and markups."

"The written supervisory procedures also required Cohen to ensure that markups and com-

missions charged by the firm on trades ... were consistent with the firm's policies and based upon prevailing market prices," the SEC said.

Mr. Cohen "did not evaluate whether the trading activity involved off-market pricing despite the red flags presented by the order tickets and trading blotters," according to the commission. As a result Mr. Cohen "did not discharge his supervisory duties because he failed to take any steps to investigate the red flags," the SEC said.

In its complaint, the commission said that legal precedent shows that "a supervisor must respond reasonably when confronted with indications suggesting that a registered representative or other person subject to the supervisor's supervision may be engaged in improper activity."

The SEC also noted that "as a principal with a one-third interest in the general partner that owned approximately 65% of Suncoast," Mr. Cohen "shared in

the profits generated by the excessive commissions on the trades."

According to the SEC, the two traders — Howard S. Singer and a person referred to only as "Trader A" — were involved in executing some trades that "bore no reasonable relationship to prevailing market prices" over a 17-month period in 1998 and 1999. (The SEC said "Trader A" was primarily responsible for MBS trades at the firm and Mr. Singer was primarily responsible for Treasury trades.)

Others named in the SEC complaint about these trades include former registered Suncoast representative Deborah J. Breckenridge and Anthony Dong-Yin Shen, a former trader of government agency and mortgage-backed securities at New York Life Insurance Co. Inc.

The SEC settled administrative and cease-and-desist proceedings barring Ms. Breckenridge from association with any broker or dealer on April 13, 2004.

## Long Island Case Sheds Light

A grand jury in Suffolk County, New York, has returned an indictment charging six individuals with grand larceny in the first degree and other crimes stemming from two separate real estate transactions involving a four-bedroom house located in the town of East Setauket on Long Island's North Shore.

The indictment charges Frank DeGrasse, 45, of South Salem, N.Y., and Andreas Perdikos, 41, a fugitive, with stealing \$750,000 from Sun Trust Mortgage Bank and Freemont Investment & Loan by pretending to sell the property on two separate occasions to "straw buyers," individuals who purported to be bona-fide purchasers but who, as part of a scheme, lent their names and credit history to the defendants in return for financial gain.

In addition, Denise Smith, 45, of Hempstead, N.Y., and Gerard Felix, 42, of Orange, N.J., are charged for their roles in recruiting and managing the straw buyers, for which they were paid from the stolen loan proceeds. Another defendant, Lincoln Esteves, 33, of Newark, N.J., is an out-of-state mortgage broker who allegedly helped funnel the second transaction through Sun Trust Mortgage.

The case is being handled through New York attorney general Eliot Spitzer's office. According to his office, it is alleged that, after selling the house in November 2004 for \$870,000 and stealing over \$750,000 in mortgage loan proceeds from Freemont Investment & Loan, Mr. Perdikos orchestrated a second deal with Mr. DeGrasse's assistance, just 11 months later, for \$1.3 million. This transaction was advanced by falsely inflating the value of the home by over \$500,000 through a forged appraisal by Mr. DeGrasse, the department said. According to the AG's office, this fraudulent appraisal, along with numerous other falsified documents and bank statements was used to secure the new mortgage.

Emmanuel "Toto" Constant, 49, of Brooklyn, allegedly played a critical role in recruiting the second straw buyer and in forging the bank statement that was used to fool the bank into giving the loan. For his role in the conspiracy, Mr. Constant was allegedly paid \$45,000.

It is further alleged that Mr. DeGrasse appeared as the legal counsel to the bank at both of the closings, breached his fiduciary duty and was a co-conspirator who had full knowledge of the scheme, AG's office reported.

## Beware 'Stated Income' Loans

One lender has discovered that a large percentage of borrowers' incomes on its stated-income loans were exaggerated by more than 50%, according to the Mortgage Asset Research Institute.

The unidentified lender sampled 100 of its stated-income loans and checked the borrowers' salaries with the Internal Revenue Service.

"Ninety percent of the stated incomes were exaggerated by 5% or more. More disturbingly, almost 60% of the stated amounts were exaggerated by more than 50%," MARI said in a recent report to the Mortgage Bankers Association.

Lenders that don't require income verification are opening the door to fraudsters, MARI warns. "These results suggest that the stated-income loan deserves the nickname used by many in the industry — the 'liar's loan.'"

If other lenders verified and reported similar results on stated-income loans, it would truly be "shocking," said MARI assistant vice president Nick Larson.

He noted that fraudsters, including mortgage professionals, know where the holes and weaknesses are in the system and take advantage of those weaknesses.

"Yes, I do think some percentage of that is definitely initiated by professionals. To what extent, I cannot answer that. I don't know," he said.

MARI, based Reston, Va., collects information from lenders on fraud and other schemes and reports those trends to their subscribers. It provides a clearinghouse for lenders who are conducting due diligence on other lenders and mortgage professionals.

"A stated-income loan has a value as long it is being used properly. The problem is that people can use that as an easy avenue to exploit lenders," Mr. Larson said.

# DATA BANK

## RESIDENTIAL OPTION ARMS LENDERS IN Q1 2006 - TOP GAINERS

(Dollars in Millions)

Rank	Organization Name	Location	Opt ARMs Q1 2006	Opt ARMs Q1 2005	% Change
1	SunTrust Mortgage, Inc.	Richmond, VA	\$226	\$2	11200%
2	GMAC Residential Holdings	Horsham, PA	\$168	\$13	1192%
3	E-Loan	Pleasanton, CA	\$4	\$1	700%
4	1st National Bank of Arizona	Tempe, AZ	\$448	\$73	514%
5	EMC Mortgage (1)	Lewisville, TX	\$5,427	\$1,629	233%
6	Opteum Financial Services	Paramus, NJ	\$7	\$2	204%
7	SBMC Mortgage	Van Nuys, CA	\$313	\$145	116%
8	GreenPoint Mortgage Funding	Novato, CA	\$2,999	\$1,467	104%
9	Countrywide Financial Corp.	Calabasas, CA	\$20,000	\$16,000	25%
10	Paul Financial	San Rafael, CA	\$221	\$192	15%
11	SCME Mortgage Bankers, Inc.	San Diego, CA	\$974	\$1,396	-30%
12	Taylor, Bean & Whitaker	Ocala, FL	\$99	\$163	-39%
13	Downey Savings & Loan Assn.	Newport Beach, CA	\$1,946	\$3,650	-47%
14	First Horizon Home Loans	Irving, TX	\$273	\$586	-53%
15	Cherry Creek Mortgage	Greenwood Village, CO	\$5	\$13	-62%
Totals:			\$33,110	\$25,332	31%

Note: Results may be incomplete because some lenders would not provide option ARM volumes. (1) EMC is a correspondent buyer of already funded loans. (2) These firms are affiliates.

Source: WOW/Alternative Products-QDR. Questions? Email: Paul.Muolo@SourceMedia.com.

## RESIDENTIAL OPTION ARMS LENDERS IN Q1 2006

(Dollars in Millions)

Rank	Organization Name	Location	Opt ARMs Q1 2006	Opt ARMs Q1 2005	% Change	Market Share
1	Countrywide Financial Corp.	Calabasas, CA	\$20,000	\$16,000	25%	25.54%
2	EMC Mortgage (1)	Lewisville, TX	\$5,427	\$1,629	233%	6.93%
3	IndyMac Bancorp, Inc.	Pasadena, CA	\$5,349	\$15,667	-66%	6.83%
4	Goldenwest Financial Corp./World (E)	Oakland, CA	\$4,500	na	na	5.75%
5	American Home Mtg. Investment	Melville, NY	\$3,454	na	na	4.41%
6	GreenPoint Mortgage Funding	Novato, CA	\$2,999	\$1,467	104%	3.83%
7	GMAC-RFC (2)	Minneapolis, MN	\$2,963	na	na	3.78%
8	Downey Savings & Loan Assn.	Newport Beach, CA	\$1,946	\$3,650	-47%	2.48%
9	MortgageIT	New York, NY	\$1,932	na	na	2.47%
10	Homecomings Financial (2)	Minneapolis, MN	\$1,340	na	na	1.71%
11	NovaStar Mortgage, Inc. (BC)	Kansas City, MO	\$1,039	na	na	1.33%
12	First Magnus Financial Corp.	Tucson, AZ	\$993	na	na	1.27%
13	SCME Mortgage Bankers, Inc.	San Diego, CA	\$974	\$1,396	-30%	1.24%
14	1st National Bank of Arizona	Tempe, AZ	\$448	\$73	514%	0.57%
15	Bank of America	Charlotte, NC	\$351	na	na	0.45%
16	SBMC Mortgage	Van Nuys, CA	\$313	\$145	116%	0.40%
17	First Horizon Home Loans	Irving, TX	\$273	\$586	-53%	0.35%
18	SunTrust Mortgage, Inc.	Richmond, VA	\$226	\$2	11200%	0.29%
19	Paul Financial	San Rafael, CA	\$221	\$192	15%	0.28%
20	American Mortgage Network	San Diego, CA	\$218	na	na	0.28%
Totals:			\$54,966	\$40,807	35%	70.19%

Note: Results may be incomplete because some lenders would not provide option ARM volumes. Market share is based on estimated option ARM production of \$78.3 billion in the first quarter. (1) EMC is a correspondent buyer of already funded loans. (2) These firms are affiliates. (BC) Lender is a subprime specialist. (E) Estimate.

Source: WOW/Alternative Products-QDR. Questions? Email: Paul.Muolo@SourceMedia.com.

**FORECLOSED PROPERTIES IN BERNALILLO (ALBUQUERQUE), NEW MEXICO**

**ABBUQUERQUE, 87111**  
**I.D. Number:** D010182  
**Owner:** FANNIE-MAE  
**Financing:** Bank Financing

**I.D. Number:** 1105212  
**Beds:** 2  
**Baths:** 1  
**Owner:** BBH  
**Financing:** Bank Financing

**I.D. Number:** 253375  
**Beds:** 3  
**Baths:** 1  
**Owner:** Matrix  
**Financing:** Bank Financing

**I.D. Number:** D020725  
**Owner:** Fannie-Mae  
**Financing:** Bank Financing

**I.D. Number:** D022709  
**Owner:** Fannie-Mae  
**Financing:** Bank Financing

**I.D. Number:** 0250688983B  
**Owner:** PrASrv  
**Financing:** Bank Financing

**I.D. Number:** 361224532  
**Beds:** 3  
**Baths:** 2  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361231758  
**Beds:** 2  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361197552  
**Beds:** 3  
**Baths:** 1.75  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** D020218  
**Owner:** FANNIE-MAE  
**Financing:** Bank Financing

**I.D. Number:** 998396907  
**Beds:** 2  
**Baths:** 1.00  
**Owner:** FREDDIE-MAC  
**Financing:** Bank Financing

**I.D. Number:** 8000251465  
**Beds:** 5  
**Baths:** 3  
**Owner:** VA

**Financing:** No Money Down  
**I.D. Number:** 0250678836B  
**Owner:** PrASrv  
**Financing:** Bank Financing

**I.D. Number:** 748526374  
**Beds:** 3  
**Baths:** 1.00  
**Owner:** FREDDIE-MAC  
**Financing:** Bank Financing

**I.D. Number:** 32798555  
**Beds:** 2  
**Baths:** 2  
**Owner:** OCWEN  
**Financing:** Bank Financing

**I.D. Number:** 361246024  
**Beds:** 1  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 0130609225B  
**Owner:** PrASrv  
**Financing:** Bank Financing

**I.D. Number:** 361243124  
**Beds:** 2  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361225146  
**Beds:** 3  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361229288  
**Beds:** 1  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361225146  
**Beds:** 3  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361229288  
**Beds:** 1  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**Baths:** 1.00  
**Owner:** FREDDIE-MAC  
**Financing:** Bank Financing

**I.D. Number:** 8000251465  
**Beds:** 5  
**Baths:** 3  
**Owner:** VA  
**Financing:** No Money Down

**I.D. Number:** 0250678836B  
**Owner:** PrASrv  
**Financing:** Bank Financing

**I.D. Number:** 748526374  
**Beds:** 3  
**Baths:** 1.00  
**Owner:** FREDDIE-MAC  
**Financing:** Bank Financing

**I.D. Number:** 32798555  
**Beds:** 2  
**Baths:** 2  
**Owner:** OCWEN  
**Financing:** Bank Financing

**I.D. Number:** 361246024  
**Beds:** 1  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 0130609225B  
**Owner:** PrASrv  
**Financing:** Bank Financing

**I.D. Number:** 361243124  
**Beds:** 2  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361225146  
**Beds:** 3  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361229288  
**Beds:** 1  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 361225146  
**Beds:** 3  
**Baths:** 1  
**Owner:** FHA  
**Financing:** Low Money Down

**I.D. Number:** 6232998D  
**Owner:** PrASrv  
**Financing:** Bank Financing

# BONUS DATA For Paid Subscribers



Starting immediately, all paid subscribers to *WorkoutWire* will get bonus data on the collections and REO industry sent to them electronically each quarter. The *WorkoutWire Quarterly Data Report* spreadsheet will include data you won't see in *WorkoutWire* or anywhere else - the entire universe of delinquency data we collect.

As a special bonus, we will include a ranking of lenders by lowest FICO scores accepted. But remember, you won't get the *WorkoutWire Quarterly Data Report* on a free trial subscription or an illegal passalong. It's offered only with a paid subscription. So if you're on a trial, subscribe today, and get the big picture on workouts and REO.

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## ARM

(Continued from page 1)

Michael Barrist to purchase NCO Group with One Equity Partners, valued at \$1 billion "represents the largest deal in industry history," he said. Also, West Corp., owner of West Asset Management, is involved in a \$4.1 billion recapitalization by private equity firms Thomas H. Lee Partners and Quadrange Group, and there, he argued, "you have the makings of a record-shattering year for accounts receivable management M&A."

However, Mr. Russell noted that smaller private equity transactions are fueling M&A activity in the accounts receivable management industry. Besides the two aforementioned major transactions, he said, other recent trans-

actions include the \$478 million purchase of U.K.-based Cabot Financial by Nikko Principal Investments and the \$74 million purchase of Baycorp Advantage Collection Services, the Australia-based collection division of Baycorp Advantage, by Australia-based private equity firm Allco Equity Partners and Deutsche Bank Capital Partners.

As to why accounts receivable management firms are attractive to investors, he listed earnings relatively higher than in other industries, it being "a growth industry" with businesses outsource or sell their debt, while consumer, commercial and government debt levels continue to rise. These trends "are converging on a marketplace with lots of available financial capital."

## Midwest Foreclosures Still Up

Foreclosures.com, a Sacramento, Calif.-based real estate investment advisory firm and publisher of foreclosure information, said that the foreclosure rate remains above the national average in the industrial Midwest.

The company also recently reported an increase in foreclosure activity in parts of New England and the Southeast.

Alexis McGee, president of the company, said that in Chicago foreclosure activity "is more than double the national average."

More than 27,000 properties are in foreclosure in Illinois and more than half of these are in Cook County. In a news release, she said price appreciation has been "completely flat" in the Chicago area for the last three months, but still housing markets remain healthy enough so that many homeowners in financial distress can sell their way out of foreclosure.

Across the lake, homeowners in Michigan were not so lucky, she said.

"Over 10,000 homes have actually been lost in foreclosure in Michigan this year," she said. Rising interest rates coupled with a struggling Michigan economy are to blame, she added. Auto industry layoffs have been particularly troublesome in Michigan. Foreclosures.com recently

developed a new investor-oriented foreclosure property listing system and extended its services nationwide. The company now covers foreclosure activity in more than 946 counties with over 1.3 million listings.

The company also has seen foreclosure activity rise in Massachusetts, Georgia and Florida.

In Massachusetts, Foreclosures.com said some 3,074 properties went into foreclosure during a 60-day period leading up to July 11. Rising rates, a flat housing market and higher energy prices have put some homeowners in a bind, Ms. McGee said.

"The price boom we saw over the last five years, especially in the bicoastal urban centers, really has no historical precedent in U.S. housing markets," she said. "Now, we're seeing the fallout that comes as these markets cycle over the top."

She estimates home prices in Massachusetts have fallen about 4% since peaking at the end of last year.

At mid-July, almost 30,000 properties in Florida were in some stage of foreclosure. About a third of that total was in South Florida.

In Atlanta, the inventory of unsold homes had grown by 28.2% over the last six months, demonstrating weakness in that housing market.

## Collections

(Continued from page 1)

In other collection industry news, Asta Funding Inc., an Englewood Cliffs, N.J.-based consumer receivables asset management and liquidation company, has obtained a new three-year credit facility of \$175 million with an expandable feature, which allows the company to increase the line to \$225 million. A syndicate of lenders underwrote this three-year facility led by Israel Discount Bank of New York and Merrill Lynch Capital.

In a statement, Gary Stern, CEO of Asta Funding, said, "We are pleased to announce this new

credit facility, which not only is larger, but on more favorable terms than the prior facility. We

**'We are highly comfortable with current debt levels and feel such a facility will enable the company to react quickly.'**

are highly comfortable with current debt levels and feel such a facility will enable the company to react quickly and opportunistically as prospects arise. We are thankful to our lenders for their confidence and support in Asta Funding."

## Vintage

(Continued from page 1)

through 2001 vintages range from 1.15% to 1.95%. As expected, the 2005 and 2006 vintages have very low delinquency rates (0.08% and 0.00%, respectively) due to their lack of seasoning.

The one-basis-point overall decline in the delinquency rate to 0.65% is attributable the addition of four new deals to Fitch's deal

universe. June's delinquency rate would have remained unchanged from May's 0.66% level without the new deals. The seasoned delinquency index, which omits transactions with less than one year of seasoning, dropped three basis points this month to 0.82%. The seasoned index is also impacted by the addition of new deals as they age. This month six newly seasoned deals accounted for two-thirds of the decline.

-James Comtois

# WorkoutWire

## Trends in Delinquencies, Defaults and Workouts

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