

## June 25, 2009 Columbia Collateral file Summary

Alan M. White, Valparaiso University School of Law

Jonas Herrell, Research Assistant

This is a summary of the June 25 investor report and covers the 5/26/09 to 6/25/09 period.

The number of mortgage modifications, which peaked in February 2009, continued to decline in June 2009. The number of foreclosures in process remained about the same as the previous month. In the database of subprime and alt-A mortgages, there were 281,560 foreclosures, a small increase from 277,847 in May. The number of mortgage modifications fell to 18,179, a 4.5% decrease from the 19,041 in May. The modifications involving write-offs of principals, interest, or fees increased from 12.3% in May to 17.2% in June (see data tables 3, 4, and 5). The share of modifications with payment reductions was about 58%, down slightly from 59% in April and May. Also, 13% of modifications did not change the payment while 27% increased the payment (table 6).

Investors lost \$4.59 billion from foreclosures sales in June, which was a minor increase compared with the \$4.58 billion in May. This increase only represents a 1% growth, or roughly \$6 million more than the losses from May. The average loss was \$143,987, representing a loss severity of 64.65% for the 31,856 foreclosures sales. The number of completed foreclosure sales each month has remained roughly constant, at around 150% of the number of modifications. The metrics regarding properties that were liquidated were fairly comparable to the previous month as June's number of liquidated foreclosures only dipped by about 1%. The total losses for liquidated foreclosures remained roughly the same when compared to previous month because the decrease in the number of liquidated foreclosures was neutralized by the increase in the average loss per liquidation. However, write-offs in connection with mortgage modifications experienced an increase across the board. The total loss from write-offs for modifications was \$45 million, which is an increase of 47% when compared to May's \$31 million, representing a difference of \$14 million. The 3,135 mortgage modifications with write-offs had an average of \$14,353 per write-off, roughly a 10% increase compared to May's average of \$13,077. The average write-off represented 6.4% of the original loan amount, while May's loss severity on a modified loan with a write-off was 5.9%. There were 10.2 times as many liquidated foreclosures as there were mortgage modifications with write-offs, compared with the previous month in which there were 13.8 times as many. Due to the increase of loan modifications with write-offs while liquidated foreclosures remained fairly level, the ratio of foreclosure losses to modification write-downs fell to 102:1. While lower than May's 150:1 ratio, it is still higher than April's 73:1 ratio, and close to three times the 35:1 ratio in March. (table 7).

Foreclosures in process and foreclosure loss severities continued their upward trends from prior months, while delinquency metrics fell in each category. As of June 25, 2009, 26% of the represented mortgages were 30 days or more delinquent (table 2). The number of mortgages 120 days or more delinquent decreased for the first time since December of last year, dipping to 555,079 in June, which is

a decrease of 55,255 from May. The volume of foreclosures in process and bankruptcy increased slightly, but remained at 9% and 2% respectively, while REO declined slightly, but remained at 4% (table 1).

The Columbia Collateral file contains loan-level performance information for approximately 3.4 million subprime and alt-A mortgages, all of which are securitized in trusts for which Wells Fargo acts as trustee. The report is made available to investors each month on the 26<sup>th</sup> of the month, and covers the previous 30 days.

1. Delinquent Descriptions

DelinquentDesc				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	52333	1.6	1.6	1.6
3rd party foreclosure	79	.0	.0	1.7
Bankruptcy	70324	2.2	2.2	3.9
Decision for foreclosure	281481	8.9	8.9	12.7
Foreclosure with claim	56	.0	.0	12.7
Loan paid in full	69174	2.2	2.2	14.9
Loss Mitigation	18176	.6	.6	15.5
No Action	2569355	81.0	81.0	96.5
Relief Provision	4	.0	.0	96.5
REO	111662	3.5	3.5	100.0
Repurchase	648	.0	.0	100.0
Total	3173292	100.0	100.0	

2. Days Past Due

DaysOverdo (Binned)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not	2054943	64.8	67.4	67.4

	1 - 30	203534	6.4	6.7	74.0
	31 - 60	107685	3.4	3.5	77.6
	61 - 90	69646	2.2	2.3	79.8
	91 - 120	60202	1.9	2.0	81.8
	121+	555079	17.5	18.2	100.0
	Total	3051089	96.1	100.0	
Missing	System	122203	3.9		
Total		3173292	100.0		

3. Frequency of write-offs by category

**PrincipalForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 20000	331	1.8	43.4	43.4
	20000 - 40000	195	1.1	25.6	68.9
	40000 - 60000	103	.6	13.5	82.4
	60000 - 80000	60	.3	7.9	90.3
	80000 - 100000	32	.2	4.2	94.5
	100000+	42	.2	5.5	100.0
	Total	763	4.2	100.0	
Missing	System	17416	95.8		
Total		18179	100.0		

**InterestForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 5000	1848	10.2	72.8	72.8
	5000 - 10000	325	1.8	12.8	85.6
	10000 - 15000	136	.7	5.4	91.0
	15000 - 20000	94	.5	3.7	94.7

	20000 - 25000	135	.7	5.3	100.0
	Total	2538	14.0	100.0	
Missing	System	15641	86.0		
Total		18179	100.0		

**ExpenseForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 2000	247	1.4	72.9	72.9
	2000 - 4000	48	.3	14.2	87.0
	4000 - 6000	11	.1	3.2	90.3
	6000 - 8000	11	.1	3.2	93.5
	8000 - 10000	4	.0	1.2	94.7
	10000+	18	.1	5.3	100.0
	Total	339	1.9	100.0	
Missing	System	17840	98.1		
Total		18179	100.0		

4. Write-off amounts on modified loans (Loss on Liquidated Property)

**LossonLiquidatedProperty (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<= 0.00	1	.0	.0	.0
	0.01 - 10000	2196	12.1	70.0	70.1
	10000 - 20000	348	1.9	11.1	81.2

	20000 - 30000	162	.9	5.2	86.3
	30000 - 40000	120	.7	3.8	90.2
	40000 - 50000	81	.4	2.6	92.8
	50000+	227	1.2	7.2	100.0
	Total	3135	17.2	100.0	
Missing	System	15044	82.8		
Total		18179	100.0		

5. Averages for the last four tables

**Descriptive Statistics**

	N	Minimum	Maximum	Sum	Mean
LossonLiquidatedProperty	3135	-90538.39	382540.89	44996967.42	14353.0997
InterestForgivenessAmount	2538	.01	250000.00	14257274.16	5617.5233
ExpenseForgivenessAmount	339	.01	107023.79	890699.62	2627.4325
PrincipalForgivenessAmount	763	.01	263448.29	27098275.50	35515.4332

6. Frequency of payment increase or decrease

**PandlChange (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Negative	9949	54.7	58.3	58.3
	Zero	2289	12.6	13.4	71.7
	Positive	4819	26.5	28.3	100.0
	Total	17057	93.8	100.0	
Missing	System	1122	6.2		
Total		18179	100.0		

7. Comparison of Foreclosure Losses and Modification Write-Downs:

<b>May 26, 2009 Columbia Collateral file (subprime and alt-A)</b>					
	<b>Number</b>	<b>Avg Loss</b>	<b>Avg Original Balance</b>	<b>Loss severity</b>	<b>Total Losses</b>
Liquidated Foreclosures	32,267	\$141,953	\$219,677	64.62%	\$4,580,416,861
Loan Modifications with write-offs	2,343	\$13,077	\$221,199	5.91%	\$30,638,804
Ratio of Foreclosure losses to Modifications write-downs:					149.50
<b>June 25, 2009 Columbia Collateral file (subprime and alt-A)</b>					
	<b>Number</b>	<b>Avg Loss</b>	<b>Avg Original Balance</b>	<b>Loss severity</b>	<b>Total Losses</b>
Liquidated Foreclosures	31,856	\$143,987	\$222,714	64.65%	\$4,586,843,026
Loan Modifications with write-offs	3,135	\$14,353	\$223,162	6.43%	\$44,996,967
Ratio of Foreclosure losses to Modifications write-downs:					101.94