

## September 25, 2009 Columbia Collateral File Summary Statistics

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This is a summary of the September 25 investor report and covers the 8/26/09 to 9/25/09 period. This database of subprime and alt-A securitized mortgages covers about 5% of the mortgage market, and about 20% of foreclosures and mortgage modifications.

The monthly total of mortgage modifications has fallen by nearly half from its peak at 23,749 in February 2009, down to 12,132 in September (and down from 13,268 in August). Clearly servicers are substituting 3-month trial modifications under the Administration's Home Affordable program (which are not reported as modifications) for final modifications that would have been put in place in prior months. The net impact of the Home Affordable modification program (HAMP) thus far seems to be a significant reduction in the number of permanently modified mortgages, without significantly reducing the number of foreclosures or foreclosure sales. There is no evidence yet of significant numbers of HAMP temporary modifications becoming permanent. This is troubling, because many HAMP agreements were put in place in May and June, and should have been converted to permanent modifications by August or September.

Non-foreclosure prepayments (loans paid in full minus liquidated loans) jumped up in September, to 67,000 from 37,000 in August. For the previous nine months, non-foreclosure prepayments were roughly constant at around 110% of liquidated foreclosures. To put it another way, foreclosures represented about 45% of all prepayments until September, when they fell to about 32%. The surge in September suggests that either sales or refinancings or both have started to increase from their dismal levels of the 2008/09 trough. This may be a positive sign that the efforts to boost refinancings through Fannie Mae and Freddie Mac are bearing fruit, and will be worth watching in the months to come.

The number of foreclosures in process declined slightly from the previous month. In the database of subprime and alt-A mortgages, there were 279,426 foreclosures pending, compared with 282,148 foreclosures in August, 282,912 in July and 281,560 in June. The number of mortgage modifications fell to 12,132, down from 13,268 in August, 14,149 in July and 18,179 in June. The modifications involving write-offs of principal, interest, or fees plunged from 17.2% in June to 8.1% in July to fewer than 5% in September (see data tables 3, 4, and 5). On the other hand, the share of modifications with payment reductions was about 66%, up from the 58-59% range in April, May, and June. 11% of modifications maintained the initial payment level while 23% increased the payment (principal and interest) over the initial contract payment (table 6). This is consistent with the Administration's plan, which emphasizes payment reductions rather than overall debt reduction.

Investors lost \$4.08 billion from foreclosures sales in September 2009, down from the \$4.58 billion in August losses. The average loss on foreclosed properties was \$151,000, representing a loss severity of 65% of original principal for the 26,999 foreclosures sales. The number of monthly foreclosure sales declined considerably from the roughly 32,000 per month level of April through July,

roughly equal to the 27,000 to 28,000 average from December 2008 through March 2009, but remains close to the peak levels seen during the crisis as it enters its third year.

Meanwhile, fewer and fewer modifications include forgiveness of interest, fees or principal. Just a few more than 600 of the 12,132 modifications involved cancellation of more than \$1,000 in debt. This contrasts with more than 10,000 of the modifications that INCREASED borrower debt by capitalizing an average of \$11,000 in interest and fees. The total recognized losses from modifications averaged only about 10% of loan balances, in contrast with the 65% lost on foreclosure sales. The aggregate losses from foreclosures were nearly 300 times as much as the losses recognized from modifications (table 7). The few servicers who were writing off any debt as part of their modifications appear to have changed their policies, as concessionary modifications declined from more than 3,000 in June.

The Columbia Collateral file contains loan-level performance information for approximately 3 million subprime and alt-A mortgages (as of August 26, 2009), 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 26th of the month, and covers the previous 30 days.

#### Tables

##### 1. Delinquency and Foreclosure Status of Mortgages

<b>DelinquentDesc</b>				
	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	47830	1.6	1.6	1.6
3rd party foreclosure	126	.0	.0	1.6
Bankruptcy	72192	2.4	2.4	4.1
Decision for foreclosure	279426	9.5	9.5	13.5
Foreclosure with claim	121	.0	.0	13.6
Loan paid in full	65312	2.2	2.2	15.8
Loss Mitigation	15646	.5	.5	16.3
No Action	2371632	80.4	80.4	96.7
Relief Provision	3	.0	.0	96.7
REO	96269	3.3	3.3	100.0
Repurchase	615	.0	.0	100.0
Total	2949172	100.0	100.0	

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2. Days Past Due

**DaysOverdo (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not	2041125	69.2	72.0	72.0
	1 - 30	105383	3.6	3.7	75.7
	31 - 60	67419	2.3	2.4	78.1
	61 - 90	54564	1.9	1.9	80.0
	91 - 120	50239	1.7	1.8	81.8
	121+	516626	17.5	18.2	100.0
	Total	2835356	96.1	100.0	
Missing	System	113816	3.9		
Total		2949172	100.0		

3. Frequency of modified loans with write-offs by category

**PrincipalForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 20000	459	3.8	81.4	81.4
	20000 - 40000	56	.5	9.9	91.3
	40000 - 60000	23	.2	4.1	95.4
	60000 - 80000	6	.0	1.1	96.5
	80000 - 100000	7	.1	1.2	97.7
	100000+	13	.1	2.3	100.0
	Total	564	4.6	100.0	
Missing	System	11568	95.4		
Total		12132	100.0		

**InterestForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 5000	509	4.2	79.4	79.4
	5000 - 10000	55	.5	8.6	88.0
	10000 - 15000	16	.1	2.5	90.5
	15000 - 20000	22	.2	3.4	93.9
	20000 - 25000	39	.3	6.1	100.0
	Total	641	5.3	100.0	
Missing System		11491	94.7		
Total		12132	100.0		

**ExpenseForgivenessAmount (Binned)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0.01 - 2000	135	1.1	70.7	70.7
	2000 - 4000	20	.2	10.5	81.2
	4000 - 6000	13	.1	6.8	88.0
	6000 - 8000	7	.1	3.7	91.6
	8000 - 10000	1	.0	.5	92.1
	10000+	15	.1	7.9	100.0
Total		191	1.6	100.0	
Missing System		11941	98.4		
Total		12132	100.0		

#### 4. Summary Statistics for Modified Loans

##### Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Loss Over \$1000	615	1006.42	418125.83	1.43E7	23182.7613	4.77723E4
PartialPrepayment+	10928	-254137.10	368863.79	-1.27E8	-11,622	2,031.31
InterestForgivenessAmount	641	.01	87229.10	3125342.25	4875.7289	9398.08608
ExpenseForgivenessAmount	191	.01	35315.16	496925.14	2601.7023	5370.04080
PrincipalForgivenessAmount	564	.01	404963.84	7806017.48	13,840.45	3,418.93
PandIChange	11262	-621725.00	37448.37	-1.25E7	-1108.30	1.92361E4
PandIChangeNormalized	11220	-4851.43	3364.85	-2.20E6	-196.3720	417.25276
OriginalBalance	12129	64250	24850000	3.E10	2249638.05	1.772E6
Valid N (listwise)	106					

+Positive partial prepayments are cash tendered by the borrower. Negative partial prepayments are amounts of unpaid interest and fees added to the principal balance, i.e. capitalized arrears. Principal and Interest change Normalized excludes extreme values that probably reflect data entry errors. P&IChange is the difference between the initial contract P&I payment and the current P&I payment after modification.

5. Frequency of payment increase or decrease (difference between initial P&I payment and current P&I payment) (normalized excludes extreme values)

##### PandIChangeNorm (Binned)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Negative	7350	60.6	<b>65.5</b>	65.5
Zero	1273	10.5	11.3	76.9
Positive	2597	21.4	23.1	100.0
Total	11220	92.5	100.0	
Missing System	912	7.5		
Total	12132	100.0		

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

<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%	\$4.59 billion
Loan Modifications with write-offs*	3,135	\$14,353	\$223,162	6.43%	\$45 million
Ratio of Foreclosure losses to Modifications write-downs:					102
<b>July 27, 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*	32,190	\$146,716	\$227,998	64.35%	\$4.72 billion
Loan Modifications with write-offs*	1,140	\$17,539	\$226,458	7.74%	\$20 million
Ratio of Foreclosure losses to Modifications write-downs:					236
<b>August 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*	30,654	\$145,950	\$227,394	64.18%	\$4.58 billion
Loan Modifications with write-offs*	528	\$22,168	\$222,305	9.97%	\$11.7 million
Ratio of Foreclosure losses to Modifications write-downs:					391
<b>September 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*	26,999	\$151,000	\$230,000	65.22%	\$4.08 billion
Loan Modifications with write-offs*	615	\$23,182	\$225,000	10.3%	\$ 14.3million
Ratio of Foreclosure losses to Modifications write-downs:					285

\*Loss on Liquidated Property field with value >\$1,000. The Loss field records both losses after foreclosure sales and losses resulting from modification write-downs.