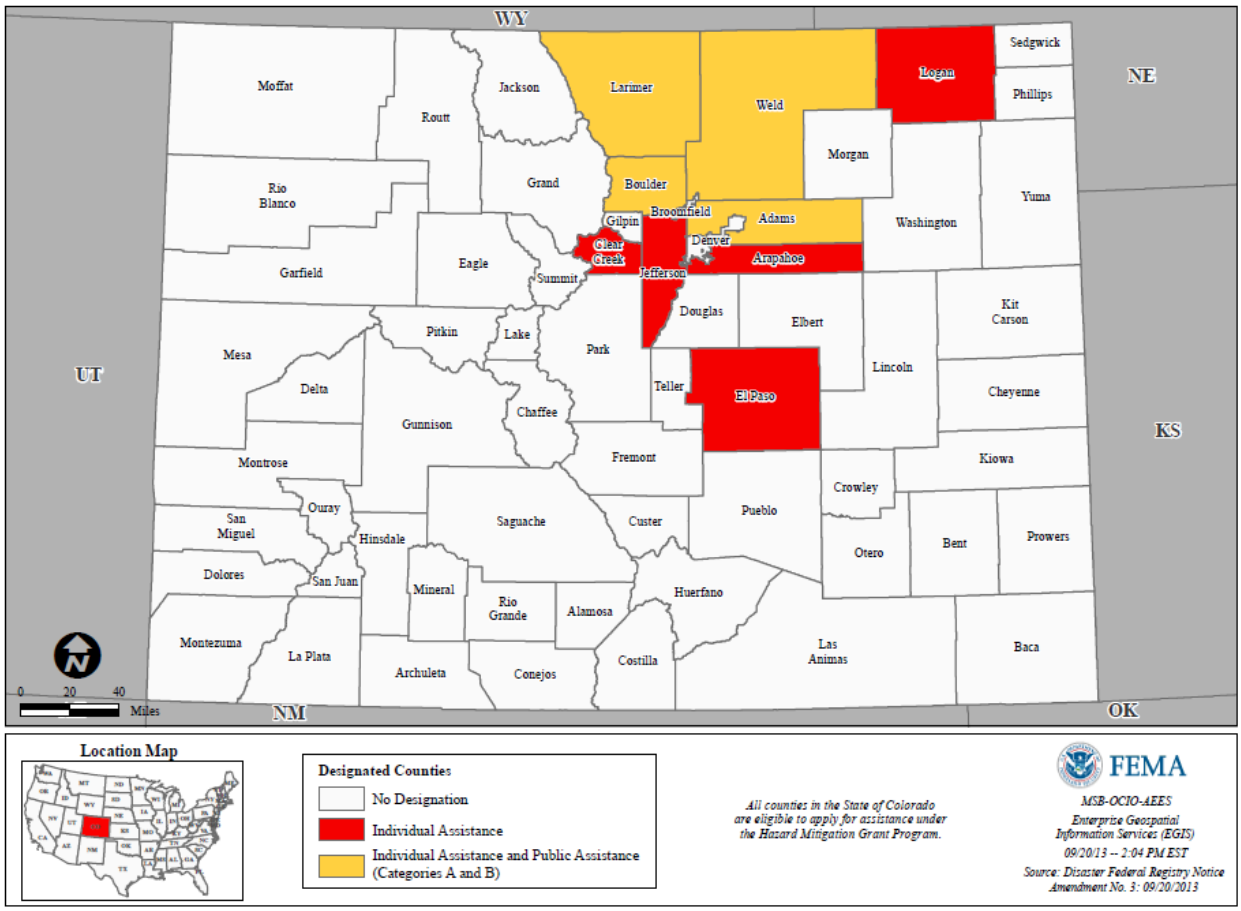
Colorado Severe Storms, Flooding, Landslides, and Mudslides Impact on Non-Agency RMBS Securities

President Obama and the Federal Emergency Management Administration (FEMA) declared nine counties in Colorado as areas eligible for assistance following the severe storms, flooding, landslides, and mudslides that began on September 9, 2013. All nine designated counties eligible for individual assistance include: Adams, Arapahoe, Boulder, Clear Creek, El Paso, Jefferson, Larimer, Logan and Weld. Among them, four counties that qualified for public assistance are: Adams, Boulder, Larimer and Weld. Below is a map[1] of the Colorado Disaster Declaration as of September 20, 2013.



[1] http://gis.fema.gov/maps/dec_4145.pdf

It has been reported that nearly 19,000 homes have been damaged. The Colorado Department of Transportation estimates that at least 50 highway bridges have been seriously damaged or destroyed. It is difficult to quantify the economic impact of this natural disaster since each of the designated counties continues to assess the damage brought by the floods and accumulated from over five days of rainfall.

Within the nine FEMA-designated counties, we found approximately 50,000 homes securing 4,756 RMBS transactions from 1993 to 2013 totaling over $9 billion in outstanding loan balance. By outstanding balance, the impact is 1.08% of the entire non-agency RMBS universe. More than 75% of the affected houses were securitized between 2005 and 2007. Arapahoe, Adams, El Paso and Jefferson are four counties with the highest number of affected properties. All loan data is sourced from CoreLogic based on an August 2013 distribution date. The tables and charts below show the following details:

- Table 1 shows a breakdown of loan types in each county by investor balance;
- Table 2 lists affected transactions issued since 2010;
- Table 3 lists the top 20 servicers in the affected region;
- Table 4 lists impacted loans by issuance year;
- Chart 1 displays a breakdown by property type; and
- Chart 2 displays a breakdown by occupancy type.

Table 1 – County and Loan Type by Investor Balance

County	1ST HI LTV	2ND HELOC	2ND HI LTV	2ND LIEN	ALT A	BC	MBS	RE-PERF	SUB-PERF	N/A	Grand Total
Adams	3,735,056	3,777,360	5,717,106	40,654,992	651,587,672	584,295,859	98,907,421	3,501,497	10,987,392	2,072,042	1,405,236,396
Arapahoe	4,199,232	4,210,657	6,974,576	46,434,252	882,927,150	609,742,413	344,569,536	2,387,431	17,866,285	2,368,736	1,921,680,268
Boulder	255,110	3,074,664	752,097	12,666,617	491,033,816	153,982,983	337,216,083	848,983	4,602,734	863,737	1,005,296,823
Clear Creek		45,868		556,133	9,356,012	6,982,748	2,815,687		131,241		19,887,689
El Paso	4,911,289	3,887,205	9,465,351	37,507,327	734,718,331	477,941,536	213,422,717	2,392,234	16,035,836	793,840	1,501,075,666
Jefferson	3,773,805	4,423,232	5,199,134	37,815,820	901,521,580	530,213,930	347,641,704	861,727	14,194,976	1,373,892	1,847,019,800
Larimer	1,429,054	1,785,259	1,546,655	18,676,466	394,970,242	197,515,359	119,234,059	411,353	7,513,142	204,792	743,286,381
Logan	91,598	59,295	105,443	279,517	2,716,657	7,014,411	97,863	68,568	130,045		10,563,397
Weld	1,452,465	1,859,687	2,640,650	22,259,608	373,035,637	282,837,063	87,613,634	427,474	6,838,202	397,556	779,361,976

Although the overall exposure of non-agency RMBS properties to this event is relatively small and insurance proceeds should be available to cover some losses, investors should be aware of the potential impact on individual bonds (especially prime bonds with less credit support). Table 2 separates the 2010 to 2013 transactions into prime and non-prime collateral types along with their current senior support levels. For example, as shown below, in an extreme case of total property loss (100% loss severity), losses could be as high as 34% of current senior credit support.

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Table 2 – Transactions Within Affected CO Region and Issued Since 2010

Collateral Type	Issue Year	Deal Name	Loan Count	% of Curr Deal Bal	Total Curr Bal	Avg Curr LTV	Avg Orig LTV	Curr Senior C/S	% Impacted /CurrSenC/S
PRIME	2010	SEQUOIA 2010-H1	1	4.33	754,390	57.9	70.0	28.9	15.0
	2011	SEQUOIA 2011-01	2	2.61	1,662,642	64.8	75.9	34.0	7.7
		SEQUOIA 2011-02	3	1.38	1,772,104	65.0	76.7	21.0	6.6
	2012	CSMC 2012-09	9	1.69	1,699,992	67.3	78.2	25.8	6.6
		CSMC 2012-CIM2	2	0.68	1,192,111	68.0	78.8	19.6	3.5
		CSMC 2012-CIM3	7	2.26	5,835,610	60.5	67.0	8.8	25.7
		SEQUOIA 2012-01	2	0.54	1,095,000	58.9	67.9	16.4	3.3
		SEQUOIA 2012-02	1	0.37	697,129	45.0	53.1	12.3	3.0
		SEQUOIA 2012-03	1	0.24	486,909	49.6	56.1	10.4	2.3
		SEQUOIA 2012-04	4	1.01	2,382,403	62.7	72.2	9.5	10.6
		SEQUOIA 2012-05	10	2.14	6,013,148	68.3	75.5	8.2	26.1
		SEQUOIA 2012-06	6	2.59	7,108,061	61.8	69.0	7.7	33.9
	2013	CITIGROUP 2013-A	3	0.77	1,273,477	34.3	55.7	12.2	6.3
		CSMC 2013-06	10	1.34	7,983,181	69.3	73.0	14.0	9.6
		CSMC 2013-IVR1	4	0.68	2,579,937	65.8	73.0	7.4	9.1
		CSMC 2013-IVR2	8	1.69	6,485,941	65.5	73.2	7.4	22.8
		CSMC 2013-IVR3	3	0.47	1,582,591	64.5	68.7	7.3	6.5
		CSMC 2013-IVR4	10	2.34	9,474,939	66.6	70.6	7.5	31.1
		CSMC 2013-TH1	7	1.12	4,443,432	67.3	75.4	7.4	15.1
		EVERBANK 2013-01	6	1.53	4,421,383	63.7	70.5	8.5	18.1
		EVERBANK 2013-02	8	2.03	5,953,088	61.9	67.5	8.2	24.7
		JPMORGAN2013-01	8	1.02	5,469,357	63.3	71.9	8.4	12.1
		JPMORGAN2013-02	4	0.62	2,589,002	60.4	67.0	10.5	5.9
		JPMORGAN2013-03	4	0.80	2,757,502	65.3	72.8	10.0	8.0
		SEQUOIA 2013-01	8	1.71	5,570,202	66.3	72.9	8.8	19.5
		SEQUOIA 2013-02	5	1.13	6,998,867	62.2	68.8	7.5	15.1
		SEQUOIA 2013-03	15	2.29	13,263,492	62.2	67.8	6.7	34.3
		SEQUOIA 2013-04	8	1.72	9,748,178	56.7	64.7	6.3	27.3
		SEQUOIA 2013-05	8	1.60	7,270,984	61.1	67.2	6.3	25.3
		SEQUOIA 2013-06	6	0.83	3,493,660	65.9	71.0	6.5	12.7
		SEQUOIA 2013-07	11	1.99	8,919,962	66.1	70.2	6.6	30.1
		SEQUOIA 2013-08	9	1.64	7,483,872	65.7	69.6	7.1	23.0
		SEQUOIA 2013-09	13	2.34	10,788,147	69.3	72.1	7.0	33.4
		SEQUOIA 2013-10	8	1.31	5,232,870	69.7	72.5	7.3	18.1
	Sub Total		**214**	**1.44**	**164,483,564**	**64.3**	**70.7**	**9.0**	**18.3**
NON PRIME	2010	AGMLT 2010-01	77	4.71	29,946,079	77.5	91.8	83.4	2.0
		CSMC 2010-16	16	1.43	3,676,562	69.3	78.7	98.2	1.5
		FDIC 2010-R1	4	0.08	237,907	41.5	47.0	100.0	0.1
		JPMORGANSEA2010-1	7	1.51	1,069,090	74.9	80.4	38.6	3.9
		WVMT 2010-01	1	0.48	130,172	66.6	80.0	85.0	0.6
	2011	CSMC 2011-03	14	1.46	2,808,635	71.9	81.4	24.0	6.1
		CSMC 2011-11	15	0.92	2,589,163	83.4	84.0	94.5	1.0
		FDIC 2011-R1	21	1.13	3,302,599	60.7	74.0	100.0	1.1
		PENNYMAC 2011-NPL1	7	0.58	1,325,169	96.7	110.9	86.0	0.7
		SPRINGLEAF 2011-01	44	2.08	8,171,318	64.1	77.2	63.6	3.3
	2012	CITIGROUP 2012-A	3	0.59	739,301	88.7	88.3	53.1	1.1
		PENNYMAC 2012-NPL1	6	0.62	1,793,377	71.6	80.9	87.9	0.7
		SPRINGLEAF 2012-01	31	1.30	5,310,191	63.6	77.3	58.4	2.2
		SPRINGLEAF 2012-02	63	1.83	16,163,280	71.0	86.0	54.3	3.4
		SPRINGLEAF 2012-03	64	1.41	13,522,963	72.9	85.0	55.1	2.6
		STANWICH 2012-14	2	0.15	285,336	61.4	79.9	3.5	4.4
		STANWICH 2012-18	1	0.09	88,204	59.3	68.8	8.5	1.0
	2013	APOLLO 2013-1*	2	0.25	379,819	76.5	85.0	69.7	0.4
		FDIC 2013-R1	8	0.53	1,369,929	66.8	83.6	100.0	0.5
		FDIC 2013-R2	23	1.20	4,533,938	72.1	80.3	100.0	1.2
		SPRINGLEAF 2013-01	65	1.80	17,671,911	77.5	88.7	54.5	3.3
		SPRINGLEAF 2013-02	52	1.06	11,893,685	74.0	83.5	56.0	1.9
	Sub Total		**526**	**1.61**	**127,008,626**	**72.5**	**84.3**	**66.5**	**2.2**
	Grand Total	**NonPrime & Prime**	**740**	**1.46**	**291,492,190**	**70.1**	**80.4**	**16.8**	**11.7**

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Table 3 – Top 20 Servicers in the Affected CO Region

Servicer Name	Loan Count	Total Curr Bal	% of Total Curr Bal	Avg Curr LTV	Avg Orig LTV
WELL FARGO	2,816	661,901,515	7.2%	69.1	79.4
AURORA LOAN SERVICES INC.	3,581	659,479,253	7.1%	71.6	81.3
COUNTRYWIDE	2,064	466,719,819	5.1%	72.1	80.5
WASHINGTON MUTUAL BANK	1,741	427,270,424	4.6%	66.6	77.9
EMC	2,425	387,181,325	4.2%	76.9	84.6
INDY MAC BANK, FSB	1,278	260,297,175	2.8%	71.6	80.1
OPTION ONE	1,437	257,047,918	2.8%	74.8	84.1
GMAC	1,405	213,123,788	2.3%	73.9	83.2
CENLAR FSB	354	197,403,757	2.1%	68.2	75.2
GREENPOINT	1,048	176,324,031	1.9%	68.9	79.7
LITTON LOAN SERVICING	1,016	173,912,791	1.9%	73.5	83.4
OCWEN	1,242	163,897,764	1.8%	73.6	86.1
AMERIQUEST MTG	864	152,289,843	1.6%	70.1	82.5
NAT CITY	800	139,629,038	1.5%	72.9	82.3
SELECT PORTFOLIO SERVICING	771	138,941,287	1.5%	73.6	83.1
JP MORGAN CHASE	576	126,359,593	1.4%	75.0	81.3
AMERICAN HOME MORTGAGE	568	103,777,402	1.1%	72.2	81.2
HOMEQ SERVICING	595	95,153,882	1.0%	73.7	85.4
HOMECOMING FINANCIAL NETWORK	799	91,318,692	1.0%	77.9	92.4
SAXON MORTGAGE	540	88,575,466	1.0%	75.5	85.3
Grand Total	**25,920**	**4,980,604,762**	**53.9%**	**71.8**	**81.5**

Table 4 – Transactions Within Affected CO Region by Issuance Year

Issue Year	Loan Count	Total Curr Bal	% of Total Curr Bal	Avg Curr LTV	Avg Orig LTV
1993	2	66,523	0.0%	9.6	95.4
1998	11	799,292	0.0%	36.0	57.9
1999	37	2,142,966	0.0%	34.9	81.0
2000	34	2,050,809	0.0%	45.4	90.5
2001	147	17,023,870	0.2%	53.5	78.3
2002	645	75,070,087	0.8%	56.3	79.3
2003	3,127	490,488,997	5.3%	57.2	78.6
2004	7,655	1,309,426,825	14.2%	65.2	79.9
2005	13,989	2,608,980,364	28.3%	71.1	80.9
2006	15,121	2,655,105,148	28.8%	75.9	83.8
2007	7,526	1,690,023,496	18.3%	75.4	83.3
2008	70	26,628,392	0.3%	71.8	80.6
2009	114	64,109,435	0.7%	80.1	94.2
2010	106	35,814,201	0.4%	75.0	87.7
2011	106	21,631,629	0.2%	69.4	80.3
2012	212	64,413,014	0.7%	69.2	81.5
2013	316	169,633,346	1.8%	69.4	77.3
Grand Total	**49,218**	**9,233,408,395**	**100.0%**	**71.2**	**81.9**

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Chart 1 – Transactions Within Affected CO Region by Property Type

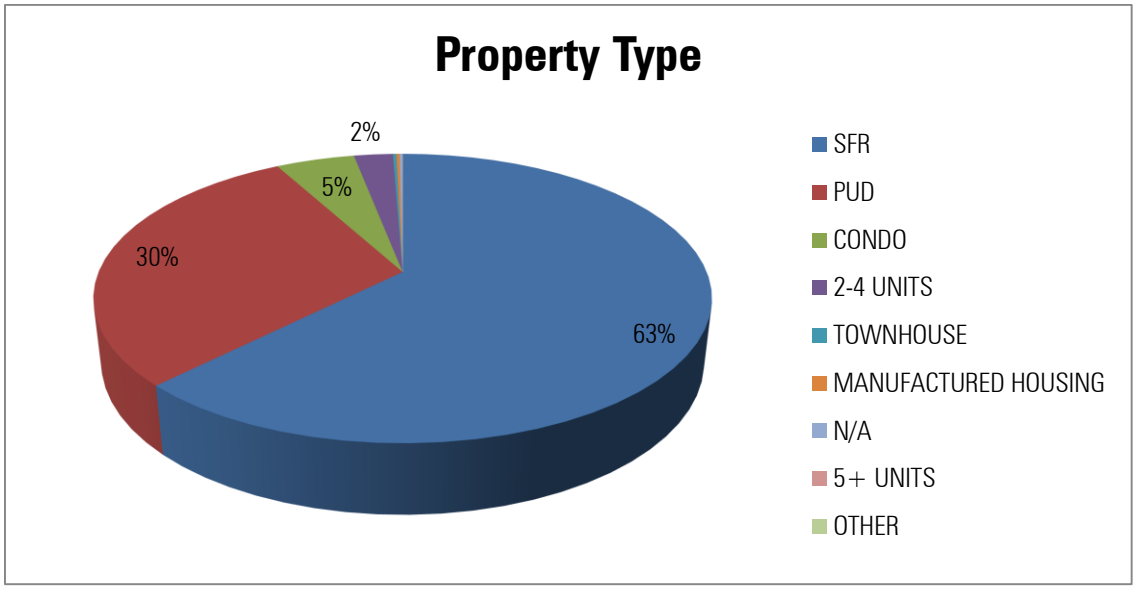
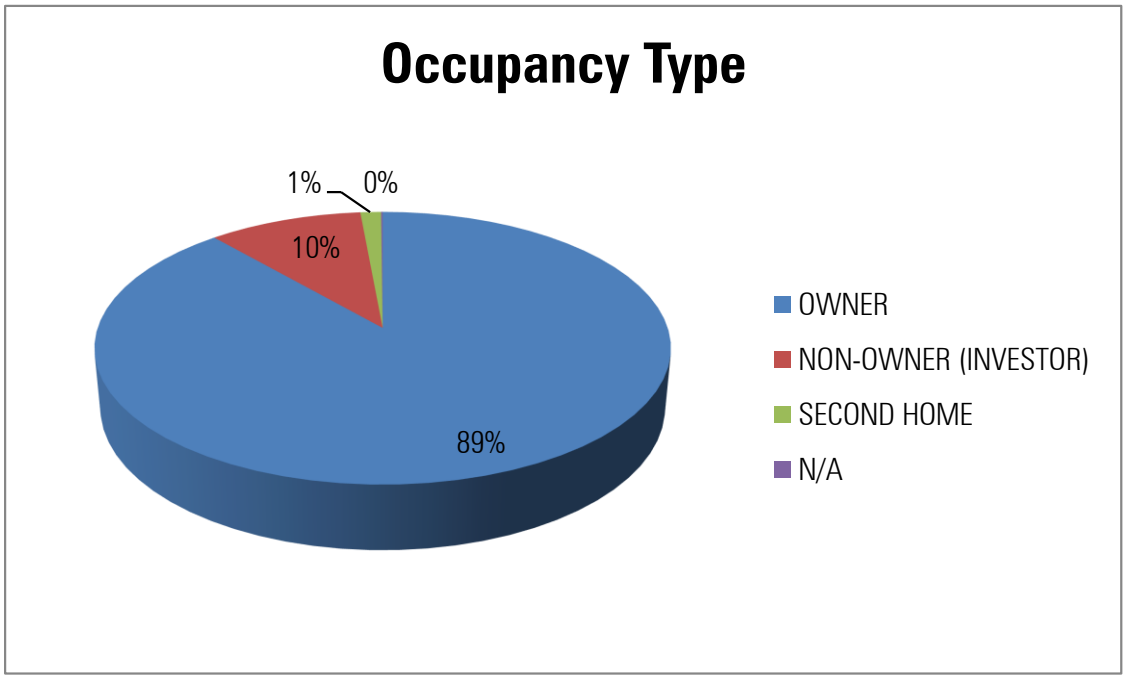


Chart 2 – Transactions Within Affected CO Region by Occupancy Type



While we have not yet received any reports of damage to any individual RMBS properties, we will be monitoring these mortgage loans very closely.

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