

Product Definitions

A-paper Jumbo

The A-paper Jumbo (Classic) product is designed for borrowers with high-quality credit profiles and while the program does allow for a Stated Documentation type, it generally caters to borrowers who can verify income as well as assets. It requires a greater depth of credit and capacity to document reserves compared to Alt A. The minimum mortgage history requirement is 0x30 for 24 months. It allows for loan sizes up to \$2,000,000 for Owner Occupied and Second Homes. The program does not allow for Non Owner Occupied Transactions. Borrowers with previous bankruptcies or foreclosures, regardless of timeframe, are not allowed. Minimum credit score required is 680, maximum LTV/CLTV 95%

- General statistics:
 - Average Fico 751
 - Average LTV 72%
 - Average Loan Amount \$530,000
 - Full Doc VS. Stated 52/48 (by volume)
 - Fixed VS Hybrid ARM 60/40 (by volume)
- Performance: 60+ rate after 6 months: Almost 0%

Alt-A

The Alt-A product is designed for borrowers with good-quality credit profiles. However, they have a greater need for flexibility specific to documentation types, asset verification, equity position and payment options. Loan amounts are allowed as high as \$4,000,000* and \$6,000,000 will be considered on an exception basis. The minimum mortgage history requirement is 0x30 for 12 months. A bankruptcies or foreclosures must be discharged a minimum of 3 years. Minimum credit score required is 640, maximum LTV/CLTV 90% for negative amortizing loans and 100% LTV/CLTV for standard loans.

*\$2,000,000 max for negative amortizing loans

- General statistics:
 - Average Fico 727
 - Average LTV 95%
 - Average Loan Amount \$267,000
 - Full Doc VS. Stated 26/74 (by volume)
 - Fixed VS Hybrid ARM 17/83 (by volume)
- Performance: 60+ rate after 6 months: 1%

- General statistics Negative Amortization (Hybrid ARM):
 - Average Fico 720
 - Average LTV 76%
 - Average Loan Amount \$430,000
 - Full Doc VS. Reduced Doc 11/89 (by volume)
- Performance: 60+ rate after 6 months: 1%

Mortgage Maker:

This product has been changed dramatically given recent market conditions.

Previous Definition (Pre-August 2007 guidelines changes):

The Mortgage Maker product is designed for borrowers with fine credit profiles who are also looking for greater flexibility specific to documentation types, asset verification, and equity position. In addition to borrower paid mortgage insurance scenarios, this program allows for single lien financing up to 100% LTV as well as a simultaneous subordinate financing up to 100% CLTV. Loan amounts are allowed as high as \$4,000,000 and Non Owner Occupied properties are allowed. Maximum 1x30 in the last 12 months and a minimum credit score of 600.

- General statistics:
 - Average Fico 690
 - Average LTV 94
 - Average Loan Amount \$200,000
 - Full Doc VS. Stated 10/90 (by volume)
 - Fixed VS Hybrid ARM 30/70 (by volume)
- Performance: 60+ rate after 6 months: 7%

Current Definition (Post-August 2007 guidelines changes):

The Mortgage Maker product is designed for borrowers with fine credit profiles who are also looking for greater flexibility specific to documentation types, asset verification, and equity position. Loan amounts are allowed as high as \$4,000,000 and Non Owner Occupied properties are allowed. The minimum mortgage history requirement is 0x30 for 12 months. A bankruptcies or foreclosures must be discharged a minimum of 3 years. Minimum credit score required is 640, maximum LTV/CLTV 95% with BPML. In general, secondary financing is prohibited.

- General statistics:
 - Average Fico 690
 - Average LTV 88
 - Average Loan Amount \$200,000
 - Full Doc VS. Stated 25/75 (by volume)
 - Fixed VS Hybrid ARM 40/60 (by volume)
- Performance: 60+ rate after 6 months: 3%

The Mortgage Maker product may be classified by some market participants as a "ALT-B" or "GAAP" product which represents loans which are not ALT-A and not Subprime and are originated between these products or in that gaap. Our servicing platform categorize these loans as ALT-B for reporting purposes to a certain rating agency, Lehman Brothers does not recognize these as product terms.

SubPrime:

Old Definition and General Statistics (Pre-August 2007 guidelines changes):

This product has been changed dramatically given recent market conditions.

Subprime is generally defined as borrowers whom are credit challenge as evident in their credit score (620 and lower), limited credit depth, can not meet FNMA's requirements regarding documentation, have mortgage lates within the last 12 months, and need flexibility in verifying income. LTV/CLTV 95%, credit score ranges from 500-700+. Recent bankruptcies and foreclosures minimum 2 years.

- General statistics – old definition (prior to August 2007 guidelines changes) :
 - Average Fico 630
 - Average LTV 88
 - Average Loan Amount \$220,000
 - Full Doc VS. Stated 50/50 (by volume)
 - Fixed VS Hybrid ARM 20/80 (by volume)
- Performance: 60+ rate after 6 months: 12%

Current Definition and General Statistics (Post-August 2007 guidelines changes):

Subprime is generally defined as borrowers whom are credit challenge as evident in their credit score (620 and lower), limited credit depth, can not meet FNMA's requirements regarding documentation, have mortgage lates within the last 12 months, and need flexibility in verifying income. LTV/CLTV 85% and minimum credit score required on ARM loans is 600. Recent bankruptcies and foreclosures minimum 2 years. ARM loans applicants must be qualified using the fully indexed, fully amortizing interest rate

- New definition general statistics: (post August 2007 guidelines changes) :
 - Average Fico 618
 - Average LTV 78
 - Average Loan Amount \$220,000
 - Full Doc VS. Stated 50/50 (by volume)
 - Fixed VS Hybrid ARM 40/760 (by volume)
- Performance: 60+ rate after 6 months: 8%