



*Moody's Investors Service*

# Moody's Investor Services

October [16], 2007

## LEHMAN BROTHERS

# BNC Layered Risk Reduction

**56% of loans originated in Q1 2006 do not fit in current underwriting guidelines**

**Full Doc % for overall production increase from 53% to 66%**

**Product mix is significantly better**

		Full Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	122.4%	193.8%	276.0%	276.5%	214.8%	182.2%	92.9%	46.2%
	660	241.9%	766.7%	272.1%	344.8%	207.9%	267.2%	169.5%	89.6%
	640	179.3%	449.7%	171.0%	430.1%	243.0%	227.8%	147.4%	20.1%
	620	239.7%	305.0%	340.5%	311.5%	225.5%	158.1%	141.1%	0.0%
	600	213.8%	472.7%	396.8%	288.1%	100.3%	107.2%	75.9%	0.2%
	580	197.8%	282.8%	278.2%	211.7%	94.1%	108.7%	51.2%	0.0%
	550	229.6%	293.7%	211.9%	136.7%	60.2%	35.4%	11.2%	0.0%
	525	200.3%	295.9%	142.8%	157.0%	13.3%	4.0%	0.0%	0.0%
	500	162.8%	182.5%	213.9%	204.8%	7.3%	0.0%	0.0%	0.0%

		Stated Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	197.1%	497.2%	197.5%	277.8%	147.5%	38.8%	169.3%	0.0%
	660	177.8%	217.2%	173.5%	280.8%	183.3%	58.1%	229.2%	0.0%
	640	252.1%	237.1%	492.9%	386.0%	108.4%	74.1%	157.4%	0.0%
	620	262.2%	351.1%	281.7%	297.8%	78.9%	63.4%	3.2%	0.0%
	600	288.1%	329.7%	271.8%	281.8%	95.4%	3.4%	0.0%	0.0%
	580	269.0%	229.4%	227.5%	85.2%	28.3%	2.3%	0.0%	0.0%
	550	163.5%	279.1%	208.0%	87.4%	1.6%	0.0%	0.0%	0.0%
	525	51.0%	59.2%	101.1%	4.1%	0.0%	0.0%	0.0%	0.0%
	500	85.2%	64.5%	91.9%	0.0%	0.0%	0.0%	0.0%	0.0%

*Note: Percentages are ratios of (% May/June 2007 production) / (% Q1 2006 production) for respective buckets*



# BNC Layered Risk Reduction

**Non-Owner Occupied % dropped from 13% in Q1 2006 to 7% in Q2 2007**  
**Product mix improved significantly**

		Full Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	0.0%	145.7%	244.7%	362.7%	31.2%	126.9%	5.7%	0.0%
	660	143.2%	786.4%	132.8%	1131.4%	842.1%	327.1%	0.0%	0.0%
	640	120.2%	156.3%	542.2%	1465.5%	104.9%	226.8%	0.0%	0.0%
	620	295.7%	320.7%	1339.6%	900.3%	70.6%	240.1%	0.0%	0.0%
	600	113.2%	398.4%	402.4%	683.9%	438.0%	78.6%	0.0%	0.0%
	580	209.3%	1060.2%	372.5%	119.7%	107.3%	0.0%	0.0%	0.0%
	550	283.4%	235.4%	222.5%	71.2%	7.1%	0.0%	0.0%	0.0%
	525	36.9%	0.0%	190.2%	0.0%	0.0%	0.0%	0.0%	0.0%
	500	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

		Stated Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	570.0%	370.5%	507.5%	581.2%	204.1%	0.0%	0.0%	0.0%
	660	1661.7%	140.0%	0.0%	811.2%	246.4%	0.0%	0.0%	0.0%
	640	356.1%	388.7%	1254.1%	472.8%	231.0%	0.0%	0.0%	0.0%
	620	270.4%	1450.7%	760.2%	593.3%	121.6%	0.0%	0.0%	0.0%
	600	463.2%	221.1%	655.4%	535.2%	255.6%	0.0%	0.0%	0.0%
	580	449.2%	128.9%	297.4%	12.9%	0.0%	0.0%	0.0%	0.0%
	550	282.6%	137.7%	313.9%	35.9%	0.0%	0.0%	0.0%	0.0%
	525	40.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Note: Percentages are ratios of (% May/June 2007 production) / (% Q1 2006 production) for respective buckets*



# BNC Layered Risk Reduction

**Multi-family % dropped from 13% in Q1 2006 to 4% in Q2 2007**

**Multi-family full doc increased from 47% to 56% and product mix improved significantly**

		Full Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	429.1%	0.0%	1232.7%	0.0%	63.1%	123.8%	0.0%	0.0%
	660	634.8%	0.0%	254.4%	100.0%	419.6%	715.0%	0.0%	0.0%
	640	824.5%	1144.5%	0.0%	2989.4%	70.2%	261.2%	0.0%	0.0%
	620	287.4%	100.0%	312.1%	1331.3%	174.7%	178.9%	0.0%	0.0%
	600	463.3%	872.6%	905.6%	2351.9%	413.8%	165.4%	0.0%	0.0%
	580	86.4%	315.4%	207.4%	35.4%	0.0%	0.0%	0.0%	0.0%
	550	150.8%	364.8%	26.3%	127.6%	57.0%	0.0%	0.0%	0.0%
	525	233.2%	375.1%	95.7%	245.0%	0.0%	0.0%	0.0%	0.0%
	500	702.7%	67.4%	146.3%	149.7%	0.0%	0.0%	0.0%	0.0%

		Stated Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	153.7%	528.6%	684.2%	409.5%	99.3%	26.1%	0.0%	0.0%
	660	722.6%	0.0%	33.6%	137.3%	0.0%	20.0%	0.0%	0.0%
	640	917.5%	225.0%	1361.6%	314.9%	184.2%	38.1%	0.0%	0.0%
	620	847.8%	0.0%	233.7%	380.9%	10.7%	12.0%	0.0%	0.0%
	600	692.6%	930.6%	378.6%	567.1%	96.0%	0.0%	0.0%	0.0%
	580	78.0%	484.4%	280.4%	112.7%	0.0%	0.0%	0.0%	0.0%
	550	111.1%	902.6%	449.8%	17.5%	0.0%	0.0%	0.0%	0.0%
	525	0.0%	0.0%	201.7%	56.6%	0.0%	0.0%	0.0%	0.0%
	500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Note: Percentages are ratios of (% May/June 2007 production) / (% Q1 2006 production) for respective buckets*



# BNC Layered Risk Reduction

**Purchase % plummeted from 42% in Q1 2006 to 16% in Q2 2007**

**Purchase full doc increased dramatically from 45% to 76%**

**Product mix improved significantly**

		Full Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	270.8%	0.0%	864.2%	526.0%	555.3%	297.2%	152.8%	110.4%
	660	0.0%	0.0%	0.0%	1692.8%	1083.2%	698.0%	286.0%	221.3%
	640	699.4%	0.0%	162.2%	1397.1%	383.8%	376.6%	403.5%	18.6%
	620	2583.2%	0.0%	292.6%	905.2%	1046.3%	226.0%	369.2%	0.0%
	600	150.9%	1050.1%	722.6%	724.3%	325.5%	246.9%	217.8%	0.0%
	580	137.1%	257.9%	1108.5%	975.8%	249.5%	260.7%	217.9%	0.0%
	550	898.9%	559.7%	325.2%	402.1%	135.2%	142.3%	27.8%	0.0%
	525	1955.0%	696.5%	34.8%	234.2%	51.7%	49.7%	0.0%	0.0%
	500	180.1%	0.0%	1243.7%	479.6%	0.0%	0.0%	0.0%	0.0%

		Stated Documentation							
		LTV							
		65	70	75	80	85	90	95	100
FICO	680	495.7%	645.6%	704.5%	433.1%	185.8%	82.3%	274.0%	0.0%
	660	238.3%	100.0%	64.2%	218.4%	115.1%	120.5%	761.3%	0.0%
	640	963.3%	483.5%	0.0%	361.2%	856.8%	105.5%	504.3%	0.0%
	620	135.7%	438.2%	1727.3%	294.4%	55.3%	133.4%	0.0%	0.0%
	600	704.3%	0.0%	2227.2%	520.6%	424.4%	20.9%	0.0%	0.0%
	580	2235.8%	445.7%	61.1%	166.2%	19.2%	17.3%	0.0%	0.0%
	550	60.4%	0.0%	0.0%	89.5%	0.0%	0.0%	0.0%	0.0%
	525	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	500	0.0%	0.0%	99.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Note: Percentages are ratios of (% May/June 2007 production) / (% Q1 2006 production) for respective buckets*

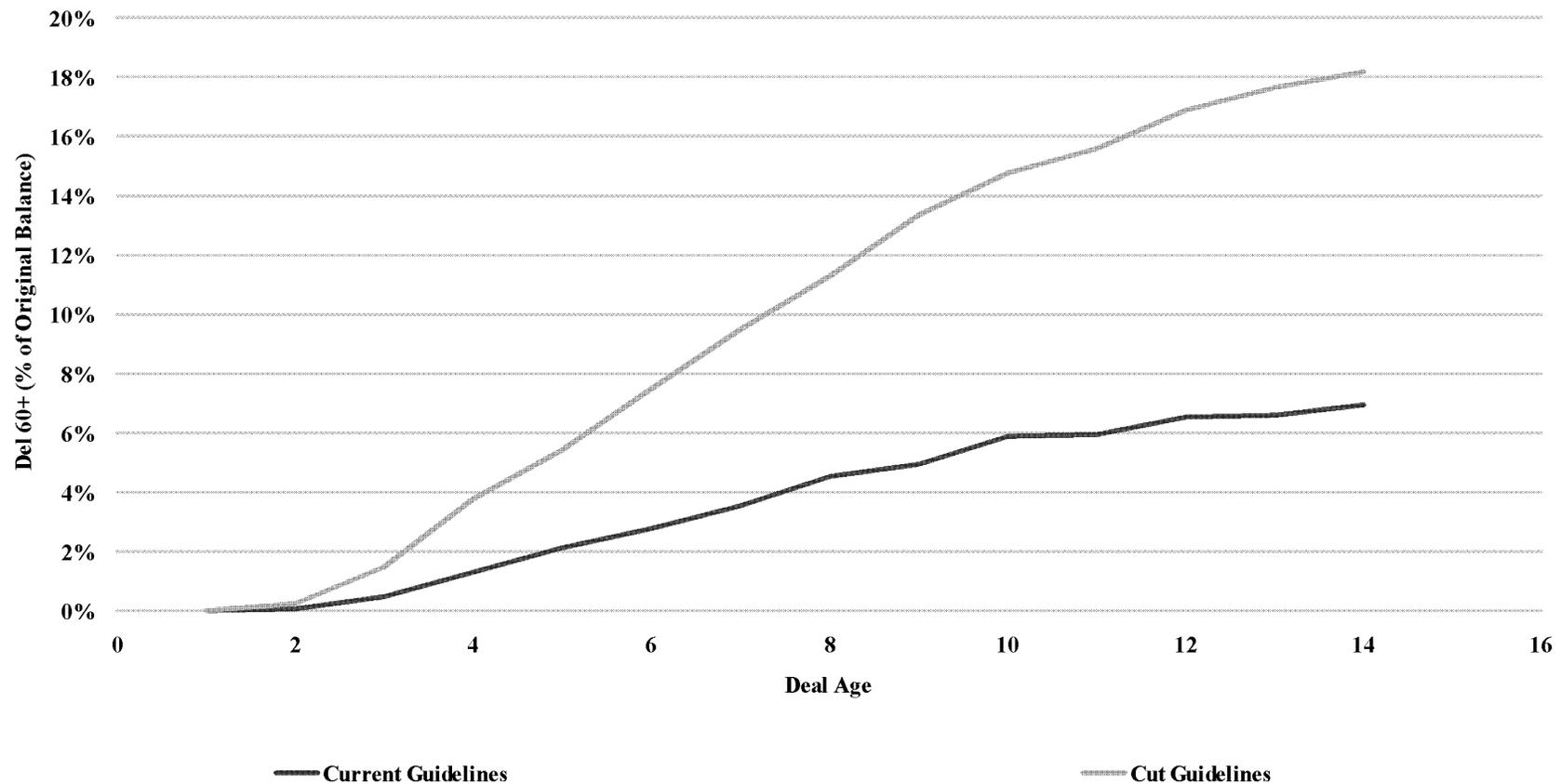


# BNC Performance Improvement

60+ Delinquencies of Q1 2006 Collateral (% of Original Balance) partitioned by underwriting guidelines as of June 2007

56% of loans originated in Q1 2006 do not fit in underwriting guidelines as of June 2007

Guideline cuts have significantly improved delinquency performance of collateral



# Deal Collateral Comparison

## SASCO 2006-BC6 & 2007-BC1 (“carved deals”) vs. SASCO 2006-Z

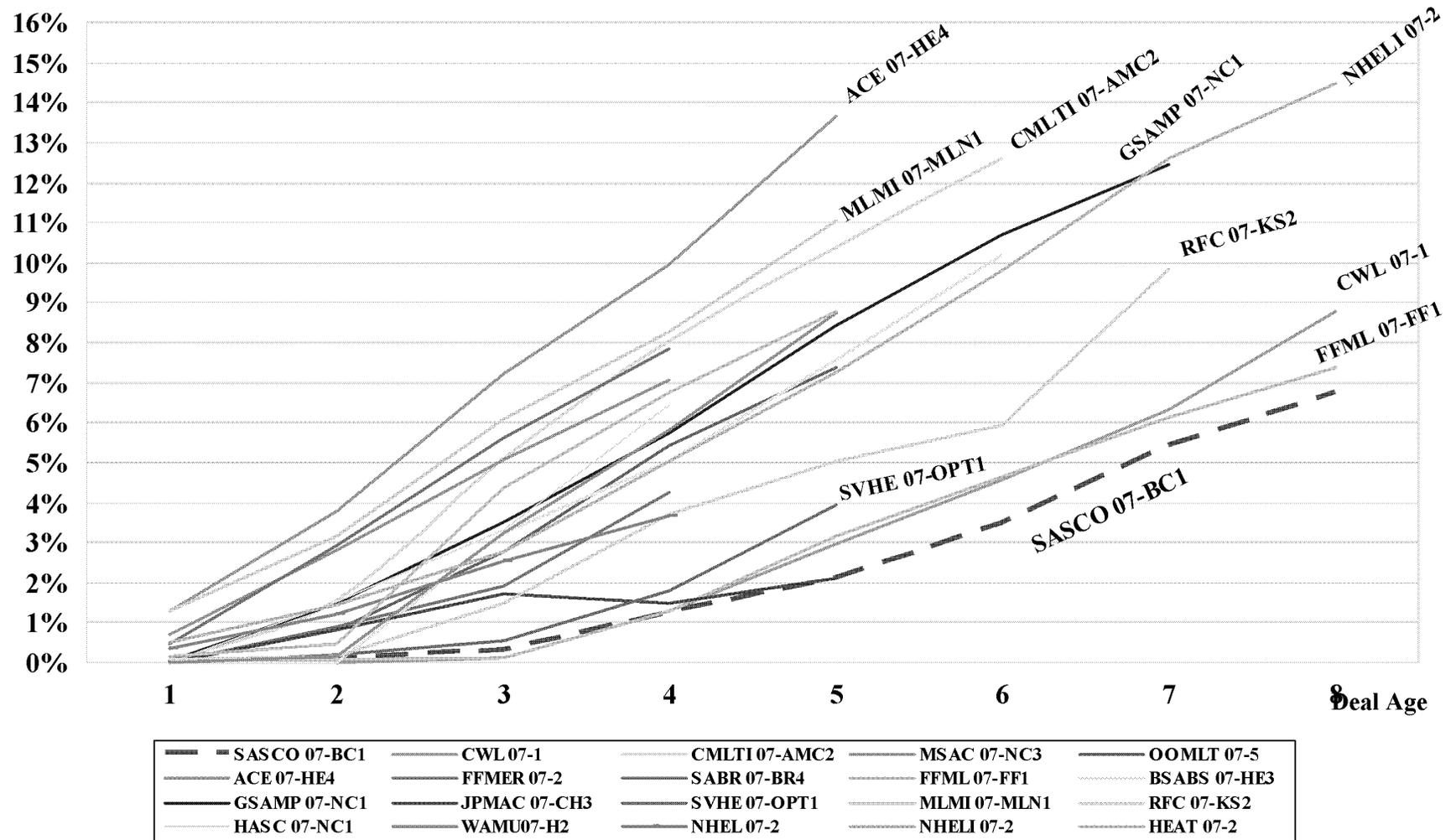
	SASCO 2007-BC1*	SASCO 2006-BC6*	SASCO 2006-Z*
1st Lien	99%	99%	96%
2nd Lien	1%	1%	4%
FICO	626	631	603
Full Doc	59%	62%	56%
Stated Doc	38%	35%	40%
Cash Out Refinance	64%	60%	35%
Purchase	24%	32%	59%
Full CLTV	85%	88%	95%
Full CLTV > 95	22%	32%	44%
Full CLTV > 95, Full Doc	52%	63%	48%
1st Liens With Silent Seconds	14%	10%	12%
1st Liens, FICO < 620 with Silent Seconds	3%	2%	7%
CA	36%	35%	13%
Non-Owner Occupied	7%	7%	11%

\* based on collateral characteristics as of deal closing



# ABX 2007-2 Constituents

## Comparison of 60+/FC/REO Delinquent Loans

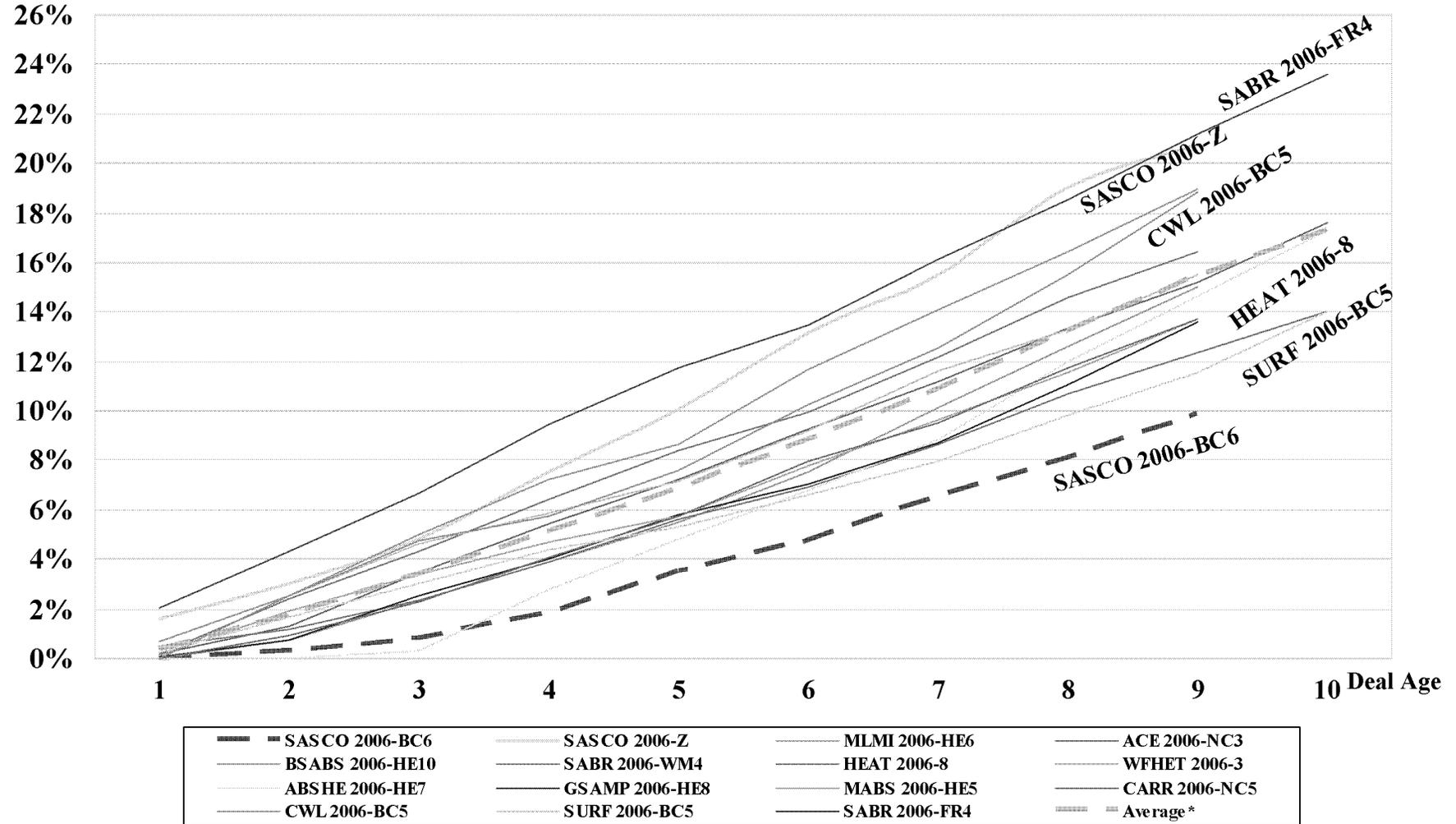


Source: Bloomberg deal performance & remittance reports as September 25, 2007



# 2006 Carved Deal (BC6) vs. Other Deals

## Comparison of 60+/FC/REO Delinquent Loans

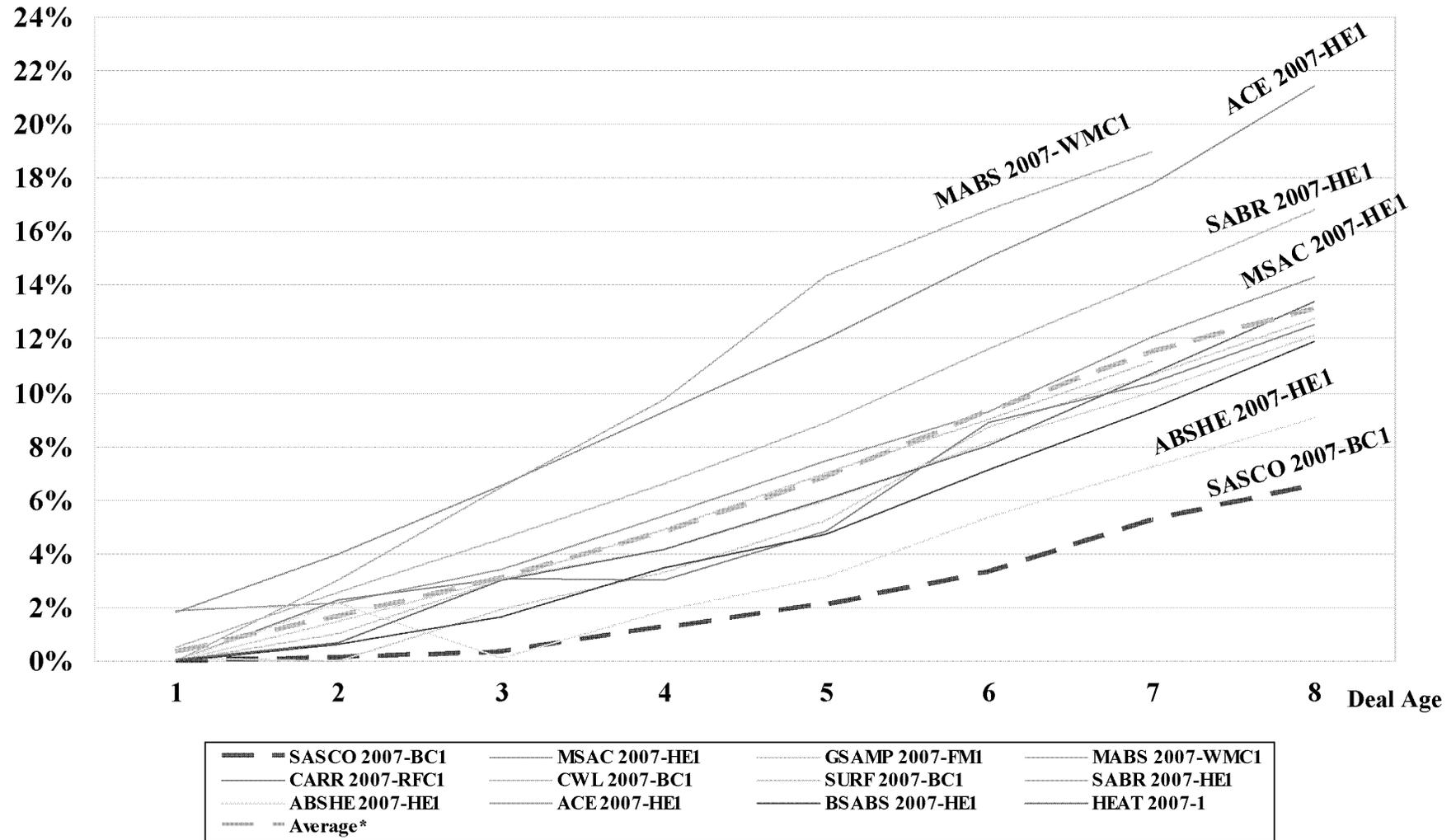


\*Straight average of all deals displayed in this chart  
 Source: Bloomberg deal performance & remittance reports as of September 25, 2007



# 2007 Carved Deal (BC1) vs. Other Deals

## Comparison of 60+/FC/REO Delinquent Loans

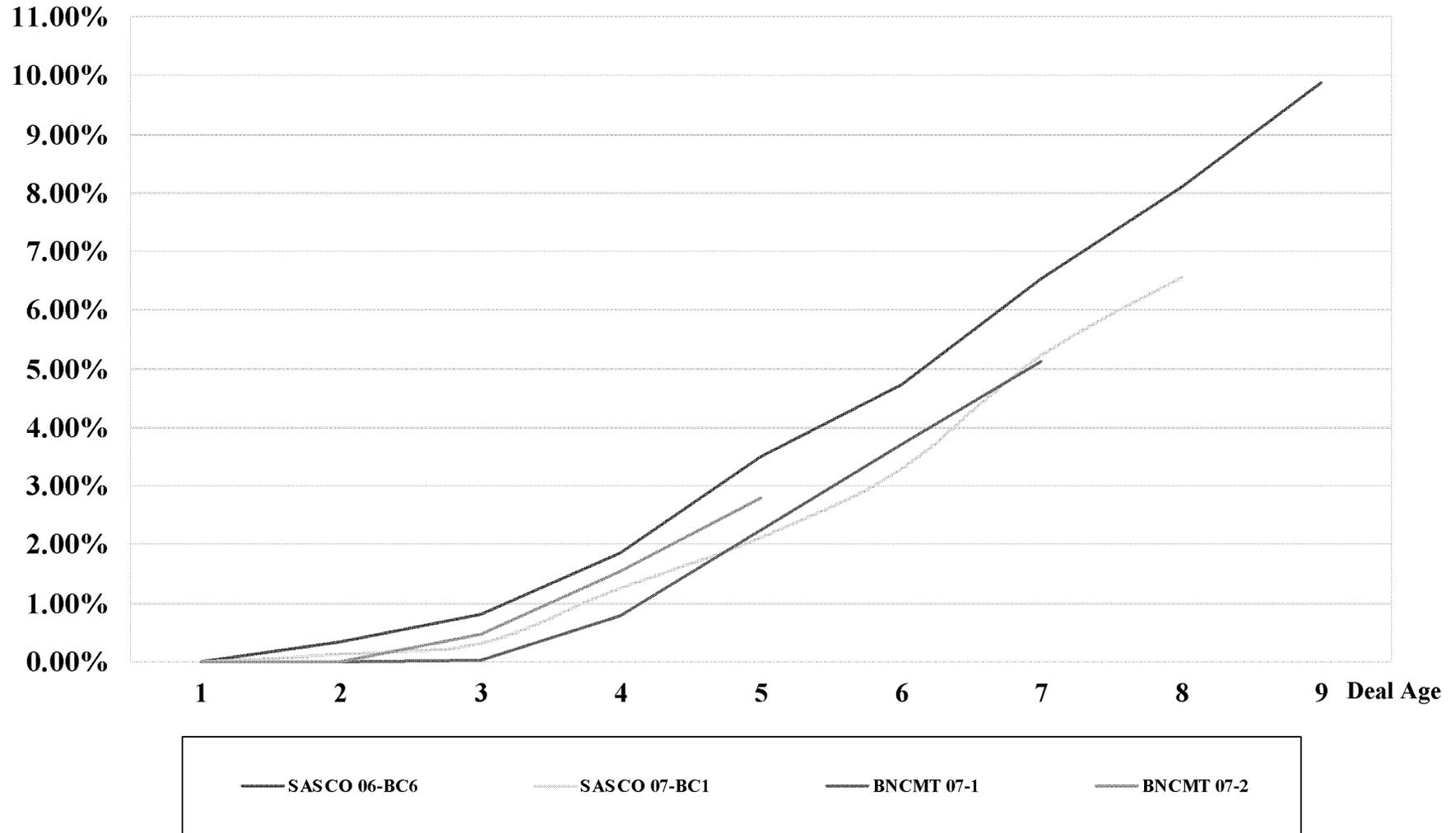


\*Straight average of all deals displayed in this chart  
 Source: Bloomberg deal performance & remittance reports as September 25, 2007



# Lehman Brothers Carved Deals

## Comparison of 60+/FC/REO Delinquent Loans



\*Straight average of all deals displayed in this chart  
 Source: Bloomberg deal performance & remittance reports as of September 25, 2007



# Subprime Guideline Changes - Highlights

- February 12, 2007
- ◆ FTHB Stated Doc: maximum 90% CLTV and 1 unit only
  - ◆ Maximum 50 DTI on Stated Doc
  - ◆ Maximum 90 CLTV on 2-4 units
  - ◆ NY – maximum 80% CLTV on 3-4 units
  - ◆ 2 months PITI reserves required for 100% CLTV (80/20 & Select Program)
  - ◆ Minimum FICO for 100% CLTV Stated Doc 660 for purchase, 640 for refi (80/20 & Select Programs)
  - ◆ Minimum FICO for 100% CLTV Full Doc 620 for purchase, 600 for refi (80/20 & Select Programs)
  - ◆ No secondary financing (Select & Score Advantage Programs)
  - ◆ No exceptions allowed for these guideline changes
- 
- March 1, 2007
- ◆ Additional disclosure provided to borrower for IO loans to better educate them on the product
- 
- March 9, 2007
- ◆ Stated Doc eliminated (80/20 Program)
  - ◆ minimum FICO raised to 660 for Full and Lite Doc (80/20 Program)
  - ◆ 1 unit, owner occupied only (no second homes allowed) (80/20 Program)
- 
- March 13, 2007
- ◆ 100% Full Doc and Lite Doc – minimum FICO increased to 660 (Select Program)
  - ◆ 100% Stated Doc eliminated (Select Program)
  - ◆ Borrowers with no mortgage / rental history – minimum FICO 680 (80/20 Program)
- 
- March 26, 2007
- ◆ 80/20 – program eliminated
  - ◆ minimum FICO increased to 640 for 95% Stated Doc
- 
- March 30, 2007
- ◆ Select Program – 90% LTV Stated Doc – minimum 620 FICO
  - ◆ Score Advantage Program
    - minimum 525 FICO for 85% LTV Full Doc
    - minimum 620 FICO for 90% LTV Stated Doc
    - minimum 580 FICO for 85% LTV Stated Doc
    - minimum 550 FICO for 80% LTV Stated Doc



# Subprime Guideline Changes - Highlights

April 24, 2007	<ul style="list-style-type: none"><li>◆ Select Program – 2 Units – Full and Lite Doc minimum FICO 600, Stated Doc minimum FICO 640</li><li>◆ Score Advantage Program – 85% LTV Full Doc Minimum FICO increased to 550</li><li>◆ Score Advantage Program – 2-4 Units – Full and Lite Doc: minimum FICO 600, Stated Doc: minimum FICO 640</li><li>◆ Score Advantage Program– non owner occupied: minimum FICO 600</li><li>◆ &gt;\$500k loans minimum FICO: 550 for Full Doc, 580 for Stated Doc</li><li>◆ &lt;= \$75k loans minimum FICO 620</li></ul>
May 10, 2007	<ul style="list-style-type: none"><li>◆ Standard approval period extended from 21 to 30 days</li></ul>
May 11, 2007	<ul style="list-style-type: none"><li>◆ BNC will not accept new applications to become approved correspondent lender</li><li>◆ Currently approved correspondent lenders required to recertify</li></ul>
May 31, 2007	<ul style="list-style-type: none"><li>◆ No FICO and LTV exceptions allowed on the Select Program</li><li>◆ Eliminated higher LTV and lower FICO cells for the Score Advantage Program</li><li>◆ FTHB – minimum 580 FICO for Score Advantage Program</li></ul>
June 1, 2007	<ul style="list-style-type: none"><li>◆ Enhancements made to National Net Tangible Benefit Test</li></ul>
June 7, 2007	<ul style="list-style-type: none"><li>◆ All IO loans and 3 year ARMs under the Alt-A program must qualify at fully indexed, fully amortizing payment</li></ul>
June 11, 2007	<ul style="list-style-type: none"><li>◆ Select Lending Full Doc AAA program – 100% LTV with 640 FICO allowed on purchases with the following restrictions: no FTHB, no BK, 2 months seasoned reserves</li></ul>
June 12, 2007	<ul style="list-style-type: none"><li>◆ Stricter credit check guidelines for underwriters, including techniques for checking borrower’s stated income for reasonability and verifying other provided information</li></ul>
June 18, 2007	<ul style="list-style-type: none"><li>◆ New appraisal “checklist” implemented for underwriters to identify key areas in which appraisals do not meet BNC standards – if any of the checklist items is answered “yes,” the appraisal will automatically be directed to the Appraisal Department for a full review</li></ul>



# Subprime Guideline Changes - Highlights

June 26, 2007

- ◆ “Best Score Program” created for Score Advantage & Select Lending with B grade or higher; certain restrictions, such as Full Doc, owner occupied, minimum FICO of 550 for all borrowers, max 95% LTV
  - highest middle score of either borrower who occupies the property may determine max LTV, rate and loan amount; max allowable difference between lowest and highest middle scores is 100 points
- ◆ “High Score Advantage Program” – high score of primary borrower may determine maximum LTV, rate, and loan amount

July 1, 2007

- ◆ BNC will only accept Full Package submissions

July 18, 2007

- ◆ Raised minimum FICO requirements for 2/28 and 3/27 adjustable rate loans:
  - Full Doc:
    - minimum FICO of 600 for 65% - 70% LTV
    - minimum FICO of 620 for 75% - 80% LTV
    - minimum FICO of 660 for 85% LTV
    - minimum FICO of 680 for 90% - 100% LTV
  - Stated Doc:
    - minimum FICO of 600 for 65% - 70% LTV
    - minimum FICO of 620 for 75% LTV
    - minimum FICO of 640 for 80% LTV
    - minimum FICO of 660 for 85% LTV
    - minimum FICO of 680 for 90% LTV
    - minimum FICO of 720 for 95% LTV

August 1, 2007

- ◆ Minnesota House Bill 1004 will be effective: prohibits predatory lending practices such as relying on borrower’s statement of income
  - ARM loan applicants must be qualified using the fully indexed, fully amortizing interest rate
  - BNC will no longer make or purchase stated income loans



# Improvements at BNC

- ◆ Improvement measures implemented at BNC before closing:
  - ▲ **Score Cards**
    - Performance-based scorecard on transaction parties has been implemented
    - Brokers, AEs, underwriters, branches and appraisers are placed under review for potential termination or watch list qualification.
    - Enhancement of scorecards underway to include additional metrics such as long term delinquency performance, QC results, due diligence kick outs, prepayments, etc.
  - ▲ **Fraud Tools**
    - A series of borrower and collateral fraud tools testing are in progress including vendors such as CoreLogic, BasePoint, Veros, Interthinx, TransUnion and ChoicePoint.
    - These tools will streamline the appraisal and operational process
  - ▲ **First Payment Default Model**
    - Proprietary model developed by Lehman Research
    - Regression Model is embedded in BNC's Loan Origination System
    - Metrics used by underwriter to identify layers of risk
    - Used to decrease FPD's and minimize future delinquency



# Disclaimer

*This presentation is furnished on a confidential basis only for the use of the intended recipient and only for discussion purposes, may be amended and/or supplemented without notice and may not be relied upon for the purposes of entering into any transaction. The information presented herein will be deemed to be superseded by any subsequent versions of this presentation and is subject to the information later appearing in any related prospectus, offering circular, pricing supplement or other offer document (the "Related Documentation"). Information other than indicative terms presented herein (including market data and statistical information) has been obtained from various sources which Lehman Brothers considers to be reliable. However, Lehman Brothers makes no representation as to, and accepts no responsibility or liability whatsoever for, the accuracy or completeness of such information. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and, to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance.*

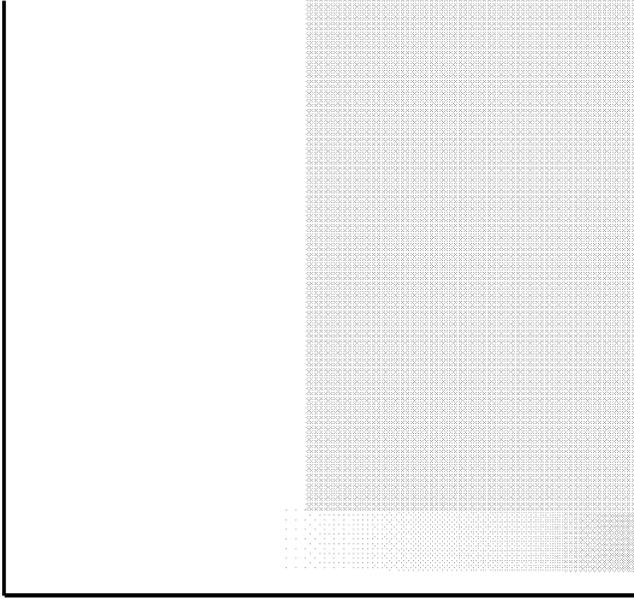
*This presentation does not constitute advice or a recommendation to enter into any transaction or an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including, without limitation, for the provision of any services). By furnishing this presentation to the recipient, Lehman Brothers is not committing to any transaction. Although any indicative information included in this presentation is reflective of the terms, as of the specified date, under which Lehman Brothers believes a transaction might be arranged or agreed, no assurance is given that such a transaction could, in fact, be executed at the specific levels or on the specific terms indicated.*

*Transactions of the sort described in this presentation contain complex characteristics and risk factors. Transactions incorporating derivatives may create additional risks and exposures. Products mentioned in this presentation may not be eligible for sale in some states or countries. The value of and the income produced by such products may fluctuate, so that an investor may get back less than the amount originally invested. Value and income may be adversely affected by exchange rates, interest rates or other factors. Past performance is not necessarily indicative of future results. If any such product is income producing, part of the capital invested may be used to pay that income. Before entering into any transaction, you should consider the suitability of the transaction to your particular circumstances and independently review (with your professional advisers as necessary) the: (i) specific financial risks as well as the legal, regulatory, credit, tax and accounting consequences of entering into such transaction and; (ii) any information, warnings, risk disclosures and other matters disclosed in the Related Documentation. Any decision to enter into any transaction must be made solely on the basis of the Related Documentation. Lehman Brothers does not act as an adviser or fiduciary to any of its counterparties except where a written agreement expressly provides otherwise. This presentation is not for distribution to private clients.*

*Lehman Brothers may make a market or deal as principal in any securities mentioned in this presentation or in any option, future, or other derivative instrument based on any such securities. In addition, Lehman Brothers, its shareholders, directors, officers and/or employees, may from time to time hold long or short positions in such securities or in any option, future, or other derivative instrument based on such securities. One or more directors, officers, and/or employees of Lehman Brothers may be a director of the issuer of any securities mentioned in this presentation. Lehman Brothers may have managed or co-managed a public offering of securities for any issuer mentioned in this presentation within the last three years, or may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this presentation.*

*This presentation and its contents are proprietary to Lehman Brothers and its affiliates, and no part of this presentation or its subject matter may be reproduced, disseminated or disclosed without the prior written approval of Lehman Brothers. © 2007 Lehman Brothers. All rights reserved.*





# LEHMAN BROTHERS