



## Press Release

"Editor's note: Following the publication of this release, we initiated a number of additional rating actions on 9 classes of these securities. While the related percentages, principal amounts, and other numerical information in the release may have changed, they do still generally reflect the order of magnitude of the rating actions. [Click here](#) for the complete and updated list of rating actions."

### **Standard & Poor's Ratings Services Reviews Ratings on Certain U.S. Residential Mortgage-Backed Securities Issued in 2007**

NEW YORK, October 17, 2007 -- Standard & Poor's Ratings Services announced today that it had downgraded 1713 classes of U.S. residential mortgage-backed securities (RMBS) backed by first-lien subprime mortgage loans, first-lien Alternative-A (Alt-A) mortgage loans, and closed-end second-lien mortgage loans issued from January 1, 2007, through June 30, 2007. The downgraded securities had an original par value of \$23.35 billion, which represents 6.28% of the \$371.9 billion U.S. RMBS backed by these three types of collateral and rated by S&P during this period. This also represents 4.71% of the \$ 495 billion original par value of all U.S. RMBS rated during this period. S&P also affirmed its ratings on securities representing \$245.1 billion original par value of U.S. RMBS backed by these three types of collateral.

In addition, S&P placed on CreditWatch negative the ratings on 646 other classes, representing \$3.3 billion original par value of U.S. RMBS backed by first-lien subprime mortgage loans and first-lien Alt-A mortgage loans issued during this same period.

Of the 1713 securities downgraded, approximately 48% were rated in the 'BBB' category and below. Thirty-nine 'AAA' rated securities were downgraded, constituting roughly 2% of all downgraded securities, and no rating was lowered below 'A'.

We took these rating actions at this time as part of our review of our ratings on securities issued during the first half 2007. Transactions issued in 2007 have not experienced an adequate payment history to reliably apply our traditional surveillance assumptions; however, the same risks that are apparent in transactions issued in 2006 are present in transactions issued in 2007. Therefore, we reviewed ratings for the first half of 2007 based on our current default, loss, and cash flow assumptions for assigning new ratings.

For ratings on U.S. RMBS backed by first-lien subprime loans and first-lien Alt-A loans, we further adjusted the results of this analysis to reflect increases in the percentage of credit support available to certain transactions and to adjust for minor differences between our previous and current models. Also for transactions backed by first-lien subprime loans and first-lien Alt-A loans issued from January through April 2007, we further adjusted our ratings based on the extent of seriously delinquent loans in each transaction. Seriously delinquent loans include loans that are either: delinquent by more than 90 days, in foreclosure or for which the real estate is in possession

of the servicer. Transactions issued during May and June 2007 did not have sufficient payment history for this adjustment to be relevant.

Given the extremely poor and ahistorical recent performance of U.S. RMBS backed by closed-end second-lien loans, we reviewed all such transactions under our new, more conservative assumptions, and did not make any further adjustments. The very poor performance of the closed-end second lien loans resulted in more severe downgrades for U.S. RMBS backed by second lien loans than those for those backed by first lien loans.

Standard & Poor's has completed its review of all S&P-rated asset-backed commercial paper (ABCP) conduits with exposure to these transactions and confirms that the ratings on those ABCP conduits are not adversely affected by these rating actions.

Standard & Poor's has also completed its global review of all S&P-rated SIV and SIV-lite structures with regard to exposure to these U.S. RMBS classes. This review shows that there is exposure to six tranches of these U.S. RMBS classes in two SIV-lites. In addition, there is exposure to 20 tranches of these U.S. RMBS classes in five SIVs. Exposure to the affected U.S. RMBS classes will not, in and of itself, result in any adverse rating actions with regard to these SIV and SIV-lite structures.

Standard & Poor's is also conducting a review of its rated collateralized debt obligation (CDO) transactions with exposure to these RMBS classes, and where appropriate will take action on the affected CDO class ratings within the next several days.

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