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Prior Ratings Reinstated On Two HSI Asset Securitization Deals; All Put On Watch Neg

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NEW YORK (Standard & Poor's) Oct. 22, 2007--Standard & Poor's Ratings Services has reinstated its pre-Oct. 19, 2007, ratings on 11 classes of residential mortgage-backed securities (RMBS) from HSI Asset Securitization Corp. Trust's series 2005-I1 and 2005-OPT1. Following the reinstatement, we placed these ratings on CreditWatch with negative implications (see list). These classes represent an original par value of \$90.8 million.

On Oct. 19, 2007, Standard & Poor's downgraded 1,413 classes of U.S. RMBS backed by first-lien subprime mortgage loans issued from the beginning of the fourth quarter of 2005 through the fourth quarter of 2006. The 11 classes from these HSI transactions were downgraded in conjunction with this action. However, these transactions have deep mortgage insurance and should not have been downgraded on Oct. 19. Standard & Poor's will perform additional analysis related to the deep mortgage insurance before taking any additional rating actions on these securities. Therefore, we are reinstating the pre-Oct. 19 ratings on these 11 classes and placing them on CreditWatch with negative implications.

In addition to subordination, overcollateralization, and excess spread, these transactions are credit-enhanced by deep mortgage insurance, which reduces the original loan-to-value ratios to approximately 60%. In general, deep mortgage insurance should reduce the losses on these transactions. We will continue to monitor these transactions and will ask for more detailed loss mitigation information from the servicer. We will take further negative

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rating action if we find that credit support is being eroded to the point that it no longer supports the current ratings. If available credit enhancement continues to support the current ratings, we will affirm the ratings on these classes and remove them from CreditWatch.

Series 2005-I1 and 2005-OPT1 are experiencing increased levels of severe delinquencies (90-plus-days, foreclosures, and real estate owned {REO}) and increased delinquency pipelines. As of the Sept. 25, 2007, remittance date, severe delinquencies, as a percentage of the current balances, had risen to 12.93% from 4.08% over the past 12 months for series 2005-OPT1 and to 10.88% from 2.36% for series 2005-I1. Total delinquencies, as a percentage of the current balances, have risen over the past 12 months to 21.01% from 6.71% for series 2005-OPT1 and to 19.42% from 5.50% for series 2005-I1.

The collateral for these transactions consists primarily of adjustable- and fixed-rate, fully amortizing and balloon, first-lien mortgage loans with original terms to maturity of no more than 30 years.

RATINGS PLACED ON CREDITWATCH NEGATIVE

HSI Asset Securitization Corp. Trust

Series	Class	Rating	
		To	From
2005-I1	M-2	AA/Watch Neg	AA-
2005-I1	M-3	AA-/Watch Neg	BBB+
2005-I1	M-4	A+/Watch Neg	BB
2005-I1	M-5	A/Watch Neg	BB
2005-I1	M-6	A-/Watch Neg	CCC
2005-OPT1	M-1	AA+/Watch Neg	AA-
2005-OPT1	M-2	AA/Watch Neg	BBB+
2005-OPT1	M-3	AA-/Watch Neg	BB
2005-OPT1	M-4	A+/Watch Neg	BB
2005-OPT1	M-5	A/Watch Neg	BB
2005-OPT1	M-6	A-/Watch Neg	CCC

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