

Issuer Alert

Standard & Poor's Addresses New Mexico Anti-Predatory Lending Law

NEW YORK (Standard & Poor's) November 25, 2003--Standard & Poor's Ratings Services announced today that it has reviewed New Mexico's Home Loan Protection Act (the Act) that is to become effective January 1, 2004 (the Act). Based on its review, Standard & Poor's will rate structured finance transactions that include New Mexico loans governed by the Act in accordance with its criteria set forth below.

The Act categorizes loans as "Home Loans" and "High-Cost Home Loans" and sets forth certain practices and prohibitions in connection with these categories. In addition, the Act sets forth certain prohibitions for Home Loans that are made in connection with home improvements ("Home Improvement Loans") and manufactured homes ("Manufactured Housing Loans"). Violations of the Act can result in monetary liability for the originator and for purchasers and assignees. Although the liability of purchasers and assignees for a loan that violates the Act may exceed the unpaid principal balance of the loan, this liability is capped.

For Standard & Poor's to rate transactions that include New Mexico mortgage loans, Standard & Poor's will continue to rely on the representation and warranty that the loans included in the pool were originated in compliance with all applicable laws, including but not limited to, all applicable anti-predatory and abusive lending laws (Compliance Representation). In addition, Standard & Poor's will require issuers to demonstrate that existing compliance procedures are effective (i) to identify which loans constitute Home Loans, High-Cost Home Loans, Home Improvement Loans and Manufactured Housing Loans under the Act, and (ii) to determine that these loans do not violate the Act. The Compliance Representation must be provided by an entity with sufficient financial strength to repurchase loans that are in violation of the Act at a purchase price that would make the securitization issuer whole, including any costs and damages incurred by the issuer in connection with such loan.

In sum, Standard & Poor's criteria for New Mexico loans governed by the Act is as follows:

Loans allowed into Standard & Poor's rated structured transactions:

- All residential mortgage loans.

Loans not allowed into Standard & Poor's rated structured transactions:

- No Exclusions

For loans governed by a predatory lending statute, Standard & Poor's evaluates the impact the statute may have on the availability of funds to pay investors of its rated securities. In its review of the Act, Standard & Poor's followed its general approach set forth in its published article on evaluating

predatory lending statutes. The commentary, "Standard & Poor's Addresses New Mexico Home Loan Protection Act" is available on RatingsDirect, Standard & Poor's Web-based credit analysis system. The article is also available on Standard & Poor's Web site at www.standardandpoors.com. Go to Fixed Income, under "Browse by Sector" choose Structured Finance, and then under Commentary & News scroll down to the desired article, dated November 25.

For an in depth discussion of Standard & Poor's general approach to evaluating predatory lending statutes, see the commentary, "Evaluating Predatory Lending Laws: Standard & Poor's Explains its Approach". The article is available on RatingsDirect, Standard & Poor's Web-based credit analysis system. The article is also available on Standard & Poor's Web site at www.standardandpoors.com. Go to Fixed Income, under "Browse by Sector" choose Structured Finance, and then under Commentary & News scroll down to the desired article, dated April 15.

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