

The Secondary Mortgage Market Problems of Predatory Subprime Originators and Servicers .

by

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Summary

Recent federal investigations and legal cases have highlighted the need for issuers and underwriters of subprime securities to provide more careful screening.

- At the level of loan originations, a major issuer/securitizer has been found liable for \$5 million in the bankruptcy of a lender, which was found guilty of fraud in originating loans.
- Questions of secondary market liability have also been raised by a number of state and local laws defining high cost loans.
- A subservicer is in the midst of a settlement with federal authorities for requiring unnecessary fees, etc. from the borrowers of loans it was servicing.

The concern of this report is to examine the responsibilities, and perhaps liabilities, of issuers and underwriters that arise from both the origination process and the servicing process of the loans they securitize.

A case study is made of the most recent two years of most of the subprime securitizations both issued and underwritten by one of the largest issuers/underwriters of subprime securities. They show the heightened responsibilities of this corporation to these problems:

- The area of originations is of particular concern, since 80% of the originations were through wholesale lines. Wholesale and correspondent lines are of particular concern because the lender does not have full control of the lending process. In the case of the wholesale line, the broker is not an employee of the lender; in the case of the correspondent line, the loan is closed by an independent company. This vulnerability is highlighted by the fact that this issuer/underwriter is subject to the \$5 million liability from the bankruptcy mentioned above.
- In the case of the servicing of these securitized loans, half of these loans were serviced by three subservicers, which do only subservicing. They tend to have higher total past due loans on their servicing platforms, suggesting poor loan quality. Fortunately the subservicer which is under investigation by federal authorities for charging unnecessary fees to borrowers accounted for only 7.3% of the servicing in this case study.

Thus the recent federal investigations and the detailed analysis of this case study suggest the need for heightened responsibility for issuers and underwriters in screening the loans they are securitizing, the companies originating those loans and the servicers and subservicers of the loans.

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Introduction

CANICCOR provides research analysis on the social performance of financial corporations to institutional church investors. These services include both the provision of social analyses for screened funds and consulting services to shareholders in negotiations with financial institutions.

Our concerns need to be explained in the context of the structure of the market. Thus this report will first discuss the market structure and where in that structure problems can arise. Two examples of those predatory problems will be given and then a case study will be used to illustrate these problems.

Structure of the Market

These corporations that originate subprime loans can maintain three lines through which loans are originated or acquired:

- Retail line whereby loans are originated by branch offices, staffed by employees of the corporation,
- Wholesale line where loan forms are worked up by independent brokers and submitted to the corporation for closing, and
- Correspondent line where closed loans are purchased from another, often smaller, mortgage originator.

Of particular concern to institutional religious investors are the latter two lines, wholesale and correspondent, because the lender does not have direct control over the agent involved in taking the application or in the closing of the loan in the latter case. The lender must then apply some form of evaluation of both the accreditation and practices of the brokers and the correspondent mortgage companies as well as screening of the individual loans either originated or purchased through these lines.

These lenders generally sell these closed subprime loans into the secondary market in order to obtain funds for further originations. The originator of the loans, if a small lender, may sell them on to another corporation through the latter's correspondent line. That corporation may be large enough to be the issuer of securities and then just employ an underwriter. On the other hand, lenders of all sizes may sell whole loans to a corporation, which aggregates the loans and serves as both issuer and underwriter.

Most often, the large primary market corporations have large servicing platforms and hold the servicing rights while issuing securities or selling the loans. In the case of poorer quality loans, the servicing rights to these may be sold to sub-servicers such as Fairbanks Capital, Ocwen, Wilshire Credit, etc. The servicer or subservicer receives a fee for accepting and accounting for borrower payments, and it must deal with delinquencies in payments and foreclosures.

Problems of Secondary Market Liabilities

Possible Liability of a secondary market issuer/underwriter for the fraud by the originator:

First Alliance has been charged with misleading borrowers about the existence and the amount of originations fees and the interest rate adjustments of their loans. Borrowers thought they were borrowing less and paying lower interest rates than the final loan agreements showed. A settlement was made in 2002 with the Federal Trade Commission for \$75 million. Subsequently with the bankruptcy of First Alliance, federal jurors found Lehman Brothers Holdings aided and abetted First Alliance in a fraud scheme, awarding \$51 million in damages to the borrowers and holding Lehman liable for \$5.1 million of the settlement. Lehman is now appealing this judgment. Lehman was named because it had provided a \$150 million credit line and securitized \$400 million of its mortgage originations in 1999 and 2000.

The liability has not ended because states are also filing complaints. Florida filed a civil complaint in June 2003 against Lehman seeking \$20 million in damages and \$10 million in fines and penalties.

Possible liability of a secondary market issuer/underwriter for inclusion of predatory subprime loans:

In order to avoid liability, a number of recent securitizations specify that they contain no high cost loans from Georgia or loans considered high cost under federal Home Owner and Equity Protection Act (HOEPA). Making this problem more difficult is the fact that about two thirds of the subprime market is from wholesale and correspondent lines. These lines are difficult to police because the brokers and mortgage companies are not agents or subsidiaries of the lender. Thus these lines may contain loans arising from so called predatory practices² just as those fraudulently originated loans noted above slipped through into the secondary market. Because of the lack of close oversight of small mortgage operations and individual brokers, these sources are more likely to have predatory problems, and their loans will be acquired through wholesale and correspondent lines. Thus the secondary market must provide due diligence to prevent these loans from being securitized.

Possible liability of a secondary market issuer/underwriter for action by a servicer or subservicer:

Fairbanks Capital is undergoing investigations by the Federal Trade Commission (FTC) and Department of Housing and Urban Development (HUD) and has class-action lawsuits against it alleging:

- Failure to count on-time borrower payments and then assessing late fees,
- Ignoring existing homeowner hazard insurance policies and “force placing” high-cost coverage through its own vendors,

² For convenience, predatory practices will be defined as those excluded in the agreements between the FTC and CitiFinancial and the state attorneys general and Household.

- Forcing customers into defaults and delinquencies to improperly assess and collect fees,
- Threatening foreclosure in order to assess exorbitant legal and other fees against the borrowers.

The PMI Group, which is the owner of Fairbanks Capital, stated on SEC Form 8-K of 28 October 2003 that Fairbanks was recording a \$55 million expense for the proposed settlement with the FTC and HUD and that there may be further charges arising from class actions and state regulatory authorities.

In order to understand how these liabilities arise it is necessary to examine in detail one such secondary market firm. Lehman is chosen as the case study because it is both an issuer and an underwriter and was found liable in the First Alliance case, as noted above.

Case Study Lehman Brothers

Lehman was the second largest underwriter of subprime securities in 2002 with a total of \$15.8 billion underwritten. Lehman was also the issuer of \$10.6 billion of these underwritings, placing it as the second largest of the subprime issuers after GMAC.³ As an issuer, Lehman actually purchased and then sold the loans into the special purpose entities, which serve as the vehicles for the securitizations. Thus Lehman had additional responsibility for these securitizations. Most of these securitizations were called Structured Asset Investment Loan Trusts or Amortizing Residential Collateral Trusts, both carrying series designations BC, as given in the appendix

First the loan originators of these loans will be analyzed to determine how much of this lending came through the wholesale and correspondent lines, which are of concern in this report. Then the servicers will be examined to determine how many were subservicers and what the quality of the loans were, based upon the total past due loans on the servicing platforms of the servicers.

Loan Originators :

Table I lists the originators and their loan amounts securitized in these trusts in 2002 and in 2003 to the present. The securitizations totaled \$19.8 billion for the two years. The securitizations listed in the table for 2002 amount to \$9.2 billion or 87% of the reported amount of securities issued by Lehman.

Note that Lehman has equity holdings in three of the originators with BNC Mortgage and Finance America accounting for 35% of the mortgage volume securitized. Thus they should be well aware of all aspects of these corporations' operations.

On the other hand, 19% of the total originations is not specified in detail and is listed as "other" institutions. These lenders may include some of the small, less ethical lenders and because of their size may not receive adequate scrutiny.

³ *The 2003 Mortgage Market Statistical Annual*, Volume II, *The Secondary Mortgage Market*, p. 223, Inside Mortgage Finance Publications, Inc., 2003.

Table I. Loan Originators of Loans in Securitizations by Lehman Brothers where they were both issuer and underwriter Structured Asset Investment Loan Trusts or Amortizing Residential Collateral Trusts Series BC, from SEC Forms 424B5						
Originators	Securitizations In \$ Millions			Overall Lender Originations ³ By Line of Operation - %		
	2002	2003	Total	Retail	Wholesale Brokers	Correspon. Purchases
Accredited Home Lenders	158	0	158	9.3	90.7	0.0
Aurora Loan Services ¹	200	0	200	0	12.3	87.7
BNC Mortgage ¹	1946	2991	4937	0	99.6	0.4
Encore Credit	0	88	88	NA	NA	NA
Fieldstone Mortgage Co	280	820	1100	19.1	80.9	74.6
Finance America ^{1,2}	1494	647	2141	NA	NA	NA
First Franklin Financial Corp	182	237	419	4.2	63.2	32.9
Fremont Investment and Loan-WFC	116	0	116	NA	NA	NA
Household Finance	0	216	216	51.0	8.2	40.8
Green Point Mortgage Funding	112	0	112	1.8	82	16.2
New Century Mortgage Corp	110	0	110	14.8	85.2	0.0
Option One Mortgage Corp	654	1484	2138	0	94.4	5.6
Other² (19.1% of total)	1654	2132	3786	NA	NA	NA
People's Choice Home Loans	399	1212	1612	0	100	75.2
Provident Bank	67	0	67	NA	NA	NA
The CIT Group/Consumer Finance	139	0	139	NA	NA	NA
Wells Fargo Home Mortgage Corp	857	1420	2277	77.1	22.9	62.3
WMC Mortgage Corp ²	159	0	159	0	94	6.0
Estimated Distribution (%) by line ⁴				16	80	4
Total Originations (\$ million)	9161 ²	11247	20408	Total = \$13436 mil. or 66%		
¹ Lehman holds financial interests in these firms.						
² These three firms originated another \$634 million of loans that are not listed, and the division between them was not specified. The total of \$9161 million includes this amount.						
³ Percentages computed from <i>Mortgage Industry Directory</i> , 2004 ed., sec. 9, Thomson Financial (2003).						
⁴ This the distribution is weighted by the dollar amount of each lender's originations and assumes the distributions in these securitizations are the same as in their overall lending.						

Finally, by far the largest mortgage origination line for loans in these securitizations was wholesale (80%), where the broker is an independent agent and the originator has less control. This estimate is based upon the overall mortgage lines of the originators and assumes that these securitizations are representative of their overall lines of production. This analysis covers 81% of the securitizations by known originators in Table I, i.e. exclusive of "Other" originators. This distribution is not unusual to Lehman because wholesale and correspondent lines make up over two-thirds of the originations in the subprime market. Thus Lehman must take particular precautions by re-underwriting these loans.

Servicing:

Table II provides a list of primary servicers for the Lehman issues of 2002 and 2003, along with the amounts of those securities serviced. Larger lenders usually have their own servicing platforms. Thus Chase Home Mortgage, Wells Fargo Home Mortgage, Countrywide Financial, etc. all have their own servicing platforms.

The usefulness to corporations that originate loans and also service them is that they can take responsibility for the problems, which arise in the servicing from delinquent payments. They can attempt to work out the problems with the borrower to the good of both the company and the borrower. For example, after CitiFinancial acquired Associates, CitiFinancial reviewed all the suspect loans in the foreclosure pipeline and made accommodations for the borrowers in those cases of either borrower hardship or the poor lending practices of the former Associates.

Table II. Primary Servicers of Loans in Securitizations by Lehman Brothers where they were both issuer and underwriter Structured Asset Investment Loan Trusts or Amortizing Residential Collateral Trusts Series BC, from SEC Forms 424B5					
Servicer	Primary Servicers of Securitizations			% of Servicing	Total Past Due ¹ of Servicer, %
	Amount of Servicing in \$ millions				
	2002	2003	Total		
Aurora Loan Services (Lehman) ²	282	274	556	2.7	7.1
Countrywide Home Loans ²	0.04	0	0.04	0.0	NA
Chase Manhattan Mortgage Corp ²	0	230	230	1.1	9.2
Fairbanks Capital Corp ²	312	1170	1482	7.3	28.5
Household Finance Corp	59.72	0	60	0.3	NA
Not listed	104.08	102.35	206	1.0	NA
Ocwen Fed. Bank FSB ²	4087	3372	7460	36.6	9.2
Option One Mortgage Corp ²	2624	3221	5844	28.7	6.6
Provident Bank	59	0.0	59	0.3	NA
Wells Fargo Home Mortgage Corp	1048	1528	2576	12.7	8.4
Wilshire Credit Corp ²	0	1349	1349	6.6	11.8
WMC Mortgage Corp	341	0	341	1.7	10.4
Total	9112 ³	11246	20358 ³	99.0	

¹ *Quarterly Data Report*, National Mortgage News Q2 2003.
² Firms identified as being subservicers by *Quarterly Data Report*, National Mortgage News, Q4 2002.
³ This sum includes \$194 million of servicing which was distributed between Aurora, Countrywide, IndyMac Bank FSB, Option One, and Provident Bank, without specifying the exact distribution

However, there are also a smaller number of subservicers that receive loans to service from other servicers. These subservicers make up about 12% of the total subprime servicing.⁴ Some of them like Fairbanks Capital, Ocwen and Wilshire often service the poorer quality loans, which other servicers wish to remove from their platforms. These are loans that may have delinquency and foreclosure problems.

⁴ See various issues of the *Quarterly Data Report*, National Mortgage News.

Aurora Loan Services is partially owned by Lehman and was the master servicer on all these securitizations, as well as a minor primary servicer.

In this case study of Lehman, Table II shows that Fairbanks' servicing accounted for 7.3% of the servicing on these \$20 billion of issues over the two years, while the major subservicer was Ocwen with 37% of the servicing. As noted above, Fairbanks Capital is under investigation by the Federal Trade Commission and several states concerning the imposition of inappropriate fees, etc. An unfortunate note is that Fairbanks' servicing increased nearly four fold between 2002 and the first quarter of 2003, when Lehman may not have been aware of the FTC investigation. Wilshire Credit seems to have replaced Fairbanks in the second and third quarters of 2003.

Table I also shows the total past due, including foreclosures, for each of the servicers as a whole as of 30 June 2003. Fairbanks Capital obviously stands out at with 28.5% total delinquencies and foreclosures, and their level was very high previously, being at 22.7% in mid-2002. This high level suggests the generally poor quality of the loans serviced by Fairbanks.

Wilshire Credit had the next highest total past dues 11.8%, or considerably lower than Fairbanks Capital. Option One had the lowest total past dues at 6.6%. The subservicer Ocwen, the largest Lehman servicer, had total past due comparable to most of the other servicers at 9.2%.

In summary, there is need for issuers and underwriters of subprime loan securities to be alert to both the quality of the originators of the loans being securitized as well as the practices of the servicers of the loans in the securitizations in order to prevent these abuses.

APPENDIX

Description of the Tables

These tables consist of the Amortizing Residential Collateral Trusts, Series 2002-BC1 through BC10, and the Structured Asset Investment Loan Trusts, Series 2003-BC1 through BC10. They are all mortgage pass through certificates.

These data are taken from the prospectus supplements filed under SEC Form 424B5. For each securitization the SEC central index key (CIK) is given for ease of finding the SEC filings. Note that CIK 0000808851 lists chronologically these securitizations.

Lehman Brothers was the underwriter on all, with Lehman Capital, Lehman Brothers Banks FSB and/or Lehman Brothers Holdings as the seller of the loans into the special purpose entities. The Lehman partially owned Aurora Loan Servicing was the master servicer for all the securitizations.

The dollar amounts by originator and primary servicer for each securitization were calculated by the author from the total amount of the securitization and the percentages of each given in the supplement.

The weighted average interest rate is given for each securitization. This average runs a little over 2% above the prime mortgage rate of Freddie Mac, lagged by three months. The maximum interest rates of 14% to 16% are also given and run over twice the prime mortgage rate. Finally the author computed the percentage of loans at interest rates greater than 4.5% above the prime mortgage rates, lagged by three months. Such loans represented 7% to 20% of the securitizations and probably represent loans at the C credit quality and below.⁵ Note that many of these securitizations consisted of several pools of loans. Pools 2 and 3 often contained the loans with the highest interest rates. For example in Series 2002-BC6, which had 15.9% of loans with such high interest rates overall, the percentage of such loans in pool 2 was 29.0% and pool 2 accounted for 47% of all the loans in the securitization. Thus the high interest loans are generally diluted with lower interest rate loans.

Between 76% and 88% of the loans in each of these securitizations had prepayment penalties, which were for 5 years or less. The vast majority of loans, 70% to 86%, were adjustable rate mortgages (ARM). The bulk of the loans were first liens on the properties with a maximum of 5% of junior liens in a few securitizations. Loan-to-value ratios (LTV) above 80% accounted for 40% to 50% of the loans in these securitizations. Finally, balloon loans accounted for no more than 6% of the loans in a securitization, but often much less.

⁵ The 4.5% was chosen from a survey of the differences between "C" credit (75% LTV) subprime mortgage rates from IBCL Composite 30 year FRM, par pricing, rates and IMF composite 30 year Conventional FRM loans in various issues of *Inside B&C Lending*, Inside Mortgage Finance.

Securitizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer													
Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- pay Pen- ay,%	ARM %	Jr. Liens %	>80% LTV %	Bal- loon Loan %
		Name	Amount \$ Million		Amount \$ Million	Aver. %	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Amortizing Residential Collateral Trust 2002													
Series 2002-BC1 – CIK 0001168888													
1559.1	Mar. 6	BNC Mortgage	351.1	Ocwen Fec. Bank FSB	929.4	9.1	15.2	6.9	84.2	76.1	0.56	42.8	2.19
		The CIT Group/Consumer Fin	139.3	Wells Fargo Home Mortgage	434.8								
		Finance America	381.8	(Aurora)									
		Wells Fargo Home Mortgage	434.8	(Countrywide Home Loans)									
		Others	251.9	(IndyMac Bank FSB)	194.9								
				(Option One Mortgage Corp)									
				(Provident Bank)									
Series 2002-BC2 – CIK 0001172492													
659.2	Apr. 29	WMC Mortgage Corp	159.0	Ocwen Fed. Bank FSB	384.8	9.1	16.0	14.1	82.3	75.0	2.73	32.5	2.46
		Finance America	134.2	WMC Mortgage Corp	159.9								
		Others	366.0	Option One Mortgage	112.7								
				Aurora Loan Services	2.1								
				Wells Fargo Home Mortgage	0.6								
				Countrywide Home Loans	0.07								
Series 2002-BC3 – CIK 0001174614													
790.7	May 30	Wells Fargo Home Mortgage	156.4	Wells Fargo Home Mortgage Corp	346.2	8.9	16.0	8.5	85.9	73.5	1.31	38.6	4.72
		WMC Mortgage Corp		WMC Mortgage Corp	181.5								
		Finance America	634.2	Ocwen Fed. Bank FSB	124.5								
		Others		Option One Mortgage Corp	68.4								
				Provident Bank	58.9								
				Aurora Loan Services	11.2								

Securitizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer

Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- Pay Pen- ay,%	ARM %	Jr. Liens %	>80% LTV %	Bal- loon Loan %
		Name	Amount \$ Million		Amount \$ Million	Aver. %	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Amortizing Residential Collateral Trust 2002													
Series 2002-BC4 – CIK 0001177045													
660.8	Jun 28	Wells Fargo Home Mortgage	266.2	Wells Fargo Home Mortgage	266.2	8.9	14.3	8.3	85.6	71.9	0.13	42.4	5.68
		Finance America	236.8	Ocwen Fed. Bank FSB	242.8								
		BNC Mortgage	132.7	Option One Mortgage Corp	132.6								
		Other	25.2	Aurora Loan Services	19.3								
Series 2002-BC5 – CIK 0000808851													
831.0	July 29	First Franklin Financial Corp	182.3	Ocwen Fed. Bank FSB	477.6	8.7	15.8	15.1	88.3	70.0	3.35	42.8	1.33
		BNC Mortgage	142.9	Option One Mortgage Corp	325.1								
		Fremont Investment and Loan	116.0	Household Finance Corp	22.7								
		New Century Mortgage Corp	109.5	Aurora Loan Services	5.7								
		People's Choice Home Loan	103.6										
		Others	176.7										
Series 2002-BC6 – CIK 0000808851													
1222.1	Aug. 28	Option One Mortgage Corp	359.5	Option One Mortgage Corp	638.4	8.9	16.0	15.9	86.5	78.2	4.62	42.2	3.24
		BNC Mortgage	279.5	Ocwen Fed. Bank FSB	422.4								
		Finance America	170.1	Fairbanks Capital Corp	103.8								
		Accredited Home Lenders	158.1	Household Finance Corp	37.0								
		Others	254.8	Aurora Loan Services	20.5								
Series 2002-BC7 – CIK 0001195050													
824.1	Sept 27	BNC Mortgage	346.1	Ocwen Fed. Bank FSB	372.3	8.8	16.0	11.2	88.2	85.9	1.63	47.8	1.04
		Finance America	147.8	Option One Mortgage Corp	347.8								
		People's Choice Home Loans	97.3	Not listed	104.1								
		Others	282.8										

Securitizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer													
Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- pay Pen- ay,%	ARM %	Jr. Liens %	>80% LTV %	Bal- loon Loan %
		Name	Amount \$ Million		Amount \$ Million	Aver.	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Amortizing Residential Collateral Trust 2002													
Series 2002-BC8 – CIK 0001202825													
1259.7	Oct 29	Option One Mortgage Corp	294.3	Ocwen Fed. Bank FSAB	544.2	8.5	16.0	9.7	76.0	73.05	2.05	53.3	2.39
		Aurora Loan Services	171.5	Option One Mortgage Corp	448.0								
		BNC Mortgage	153.4	Aurora Loan Sercives	171.5								
		Finance America	144.0	Fairbanks Capital Corp	96.1								
		Green Point Mortgage Funding	111.6										
		Fieldstone Mortgage	105.7										
		People's Choice Home Loans	96.1										
		Other	183.2										
Series 2002-BC9 – CIK 0001208432													
667.1	Nov 26	BNC Mortgage	220.9	Ocwen Fed. Bank FSB	411.7	8.6	18.7	20.0	81.3	74.76	4.94	48.9	5.16
		Fieldstone Mortgage Co	143.8	Option One Mortgage Corp	231.8								
		Finance America	132.2	Aurora Loan Services	23.6								
		Provident Bank	67.3										
		Others	102.9										
Series 2002-BC10 – CIK 0001212137													
637.0	Dec 23	BNC Mortgage	319.1	Ocwen Fed. Bank FSB	177.7	8.3	14.0	10.0	86.2	81.9	0.86	46.5	0.42
		Finance America	147.0	Option One Mortgage Corp	319.1								
		People's Choice Home Loan	102.1	Fairbanks Capital Corp	112.0								
		Fieldstone Mortgage	30.3	Aurora Loan Services	28.2								
		Aurora Loan Services	28.2										
		Others	10.4										

Securitizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer													
Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- Pay Pen- ay, %	ARM %	Jr. Liens %	>80% LTV %	Bal- loon loan %
		Name	Amount \$ Million		Amount \$ Million	Aver. %	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Structured Asset Investment Loan Trust 2003													
Series 2003-BC1 – CIK 0001221464													
935.41	27-Feb	Wells Fargo Home Mortg	462.4	Wells Fargo Home Mortgage	462.4	8.1	14.5	11.7	86.9	69.6	1.84	41.8	5.97
		Finance America	152.2	Fairbanks Capital	215.8								
		People's Choice Home Loans	128.1	Ocwen Fed Bank FSB	203.5								
		Encore Credit Corp	87.7	Aurora Loan Servics	41.9								
		Others	105.1	Option One Mortgage Corp	11.9								
Series 2003-BC2 – CIK 0001225356													
1546.9	27-Mar	BNC Mortgage	589.4	Wilshire Credit Corp	489.3	8.1	16.2	6.2	83.1	73.7	0.92	48.4	0.89
		People's Choice Home Loans	265.5	Ocwen Fed. Bank FSB	368.6								
		Fieldstone Mortgage	177.9	Option One Mortgage Corp	328.7								
		Household Finance Corp	152.1	Fairbanks Capital Corp	278.1								
		Others	362.1	Aurora Loan Services	81.1								
				Wells Fargo More Mortgage	1.1								
Series 2003-BC3 – CIK 0001230713													
1104.6	30-Apr	BNC Mortgage	323.1	Fairbanks Capital	675.9	7.9	16.8	14.7	84.2	78.0	1.5	42.0	0.91
		First Franklin Financial Corp	236.6	Chase Manhattan Mortgage Corp	230.4								
		Finance America	143.4	Ocwen Fed. Bank FSB	152.4								
		Fieldstone Mortgage	133.1	Aurora Loan Services	42.4								
		People's Choice Home Loans	122.8	Wilshire Credit Corp	3.4								
		Household Finance Corp	63.7										
		Others	81.0										

Securitizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer													
Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- pay Pen- ay,%	ARM %	Jr. Liens %	>80% LTV %	Bal- loon loan %
		Name	Amount \$ Million		Amount \$ Million	Aver. %	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Structured Asset Investment Loan Trust 2003													
Series 2003-BC4 – CIK 0001237293													
818.3	22-May	BNC Mortgage	404.8	Ocwen Fed. Bnk FSB	615.9	7.9	17.4	10.8	77.9	73.8	1.91	53.3	0.03
		Finance America	137.0	Option One Mortgage Co	180.5								
		Others	276.5	Aurorat Loan Services	12.4								
				Wilshire Credit Corp	9.5								
Series 2003-BC5 – CIK 0001238023													
1052.8	28-May	Wells Fargo Home Mortgage	539.9	Wells Fargo Home Mortgage	539.9	8.3	15.0	17.2	88.2	77.7	1.36	36.7	4.12
		BNC Mortgage	275.1	Ocwen Fed. Bank FSB	251.4								
		People's Choice Home Loans	137.2	Option One Mortgage Corp	189.7								
		Others	101.7	Aurora Loan Services	71.6								
Series 2003-BC6 – CIK 0000808851													
1024.4	25-Jul	Option One Mortgage Corp	467.7	Option One Mortgage Corp	467.74	7.8	15.1	4.0	78.3	72.5	0.19	41.1	
		BNC Mortgage	195.1	Ocwen Fed. Bank FSB	309.57								
		People's Choice Home Loans	136.1	Wilshire Credit Corp	195.05								
		Fieldstone	136.1	Wells Fargo Home Mortgage	52.04								
		Others	89.3										
Series 2003-BC7 – CIK 0001257818													
1000.9	28-Jul	Option One Mortgage Corp	480.0	Option One Mortgage corp	480.1	7.9	15.8	8.9	73.7	71.2	1.11	43.0	
		BNC Mortgage	196.1	Ocwen Fed., Bank FSB	245.3								
		Finance America	97.0	Wilshire Credit Corp	198.7								
		Wells Fargo Home Mortgage	76.8	Wells Fargo Home Mortgage	76.8								
		Others	151.0										

Securizations with Lehman Brothers as Underwriter, Lehman Capital and/or Lehman Bros Bank FSB as sellers, and Aurora as Master Servicer													
Amount \$ Millions	Pros- pectus Supp. Date	Originators		Primary Servicers		Interest		Prime Int. + 4.5% %	Pre- pay Pen- ay,%	ARM %	Jr. Liens %	>80% LTV %	Bal- loon loan %
		Name	Amount \$ Million		Amount \$ Million	Aver. %	Max. %						
Structured Asset Securities Mortgage Pass Through Certificates Structured Asset Investment Loan Trust 2003													
Series 2003-BC8 - CIK 0001262278													
1078.1	26-Aug	BNC Mortgage	258.9	Ocwen Fed. Bank FSB	348.9	7.8	15.8	10.7	71.8	74.3	1.99	44.3	1.54
		Wells Fargo Home Mortgage	160.2	Option One Mortgage Corp	267.6								
		People's choice Home Loans	142.4	Wilshire Credit Corp	255.0								
		Fieldstone Mortgage	121.9	Wells Fargo Home Mortgage	160.2								
		Others	394.7	Not listed	46.5								
Series 2003-BC9 – CIK 0001262258													
1085.1	26-Aug	BNC Mortgage	259.1	Ocwen Fed Bank FSB	382.9	7.3	16.3	11.3	71.5	74.7	2.14	42.0	1.59
		Wells Fargo Home Mortgage	180.3	Option One Mortgage Corp	268.2								
		People's choice Home Loans	151.7	Wilshire Credit Corp	197.7								
		Fieldstone Mortgage	132.9	Wells Fargo Home Mortgage	180.3								
		Others	361.0	Not listed	55.9								
Series 2003-BC10 – CIK 0001265515													
1600.0	23-Sep	Option One Mortgage Corp	536.5	Option One Mortgage Corp	1026.1	7.6	14.8	9.9	77.4	72.0	1.37	44.1	0.27
		BNC Mortgage	489.4	Ocwen Fed Bank FSB	494.4								
		People's Choice Hime Loans	128.6	Wells Fargo Home Mortgage	55.2								
		Fieldstone Mortgage	118.2	Aurora Loan Services	24.3								
		Finance America	117.8										
		Others	209.4										