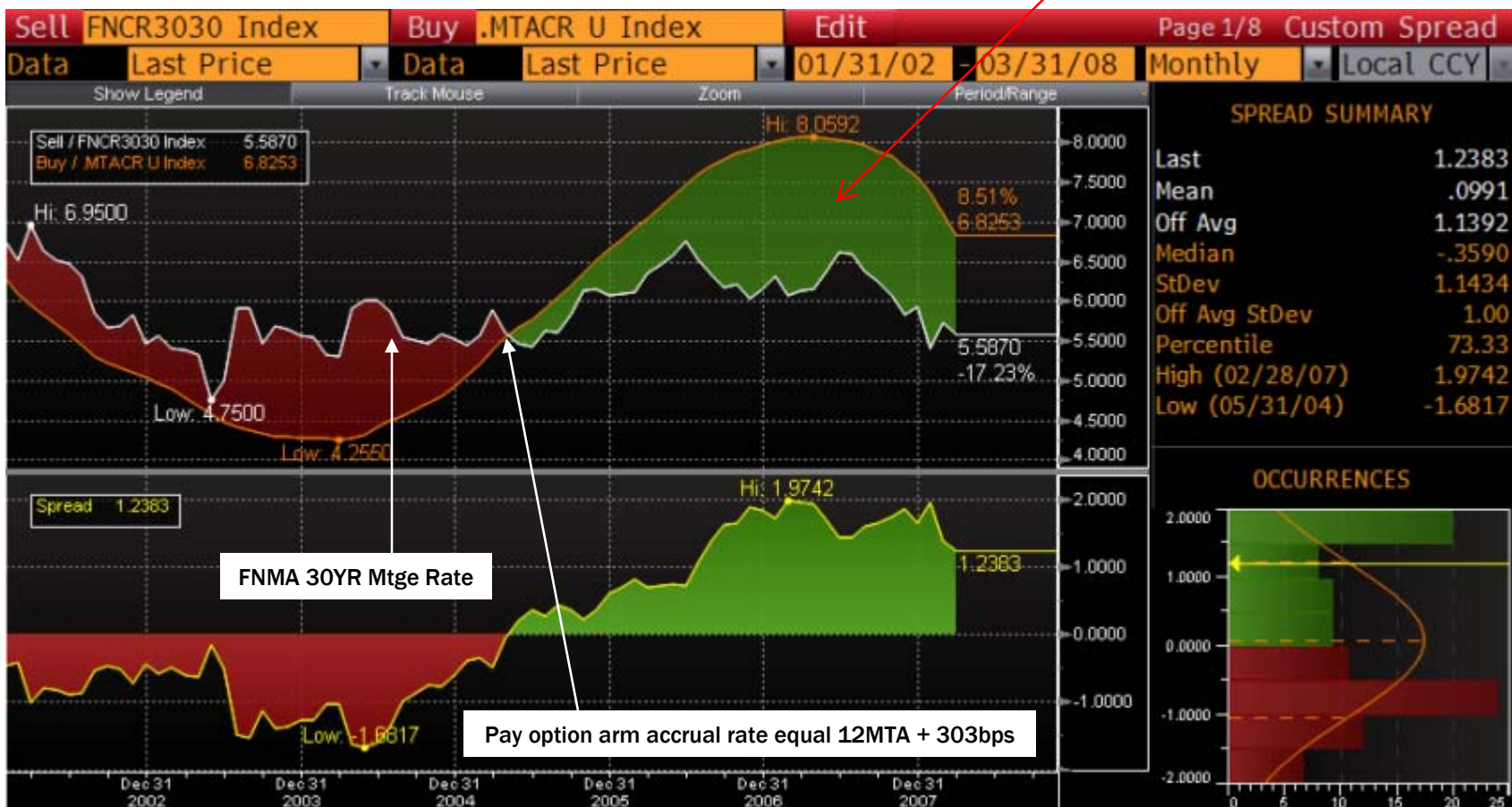




These borrowers opted for a 200bp higher rate in exchange for a low payment. This implies their FICO is not truly indicative of the credit risk.

2. Adverse Selection

a. Irrational Borrower Behavior



Beginning in March of 05' these "high FICO" borrowers opted for an off market rate in exchange for a low payment.