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Fitch Expands Re-REMIC Moratorium to Include All U.S. Alt-A RMBS

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Fitch Ratings-New York-15 October 2009: Fitch Ratings has announced that as of Oct. 14, 2009, it has extended its moratorium on rating certain U.S. RMBS re-securitizations to now include all transactions comprised of Alt-A loans. Fitch's moratorium, which has been in place for several months, was previously comprised of U.S. RMBS re-securitizations backed by all types of subprime loans and those Alt-A loans with overcollateralization structures because they depict subprime performance attributes.

Fitch has provided ratings on re-REMIC transactions backed by prime jumbo mortgages and those backed by select Alt-A transactions. But despite signs of performance stabilization in Alt-A collateral over the last few months, the latest monthly data suggests a return of delinquency volatility. As such, Fitch will no longer provide ratings on any Alt-A related re-REMICs.

Fitch does not expect that the moratorium will directly impact the ratings of any recently rated Alt-A re-REMICs as they were backed by collateral with greater performance stability, as opposed to more recently reviewed transactions that have had elevated levels of delinquencies. Fitch will review its position on the moratorium with regard to subprime, Alt-A and other volatile asset type re-REMICs if and when performance stabilizes sufficiently.

Re-REMICs typically involve the division of an underlying security into two classes, a senior piece and a subordinate piece, where the principal and interest from the original security are passed through to the new securities. Fitch has only provided ratings on the senior piece in these transactions. Fitch regards the volatility of underlying asset performance as a key consideration in its Re-REMIC analysis. In cases where the underlying assets are deemed to be particularly volatile, Fitch will decline to provide a rating, regardless of the mortgage or product type.

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