

June 15, 2010



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## Fixed Income Commentary

# A Look at the Distressed Residential Mortgage Loan Sector

### General Liquidity

The whole loan market continued to see good flow over the past month. In total, \$1.363 billion of distressed and or discounted assets were out for the bid. Of those assets, \$60 million did not trade and \$460 million are pre-trade date. The \$1.67 billion PNC pool I listed as pending last month was partially awarded over the past two weeks with the remainder still being awarded. TPG Roosevelt purchased a small servicer in Orange County, CA from UBS.

### Pricing

Over the past month, pricing on distressed loan packages pulled back by approximately two to three points. It feels like the rush to buy loans quickly has slowed. Roughly two to three months ago, we had been seeing buyers step in and buy packages at the offered side before trade date. This month we are seeing a package from the same seller remain outstanding until trade date or the day before trade date. It is also worth noting that cash flows are being modeled anticipating higher recidivism and liquidations than they had been previously.

### Some distressed loan packages currently in the market:

1. Citigroup has a \$121 million package of non-performing loans.
2. Cantor Fitzgerald is brokering a \$342 million performing but high Loan-To-Value Alt-A loan package.

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