



From Main Street to Wall Street

Connecting the Dots in the Mortgage Meltdown

Valdis Krebs

Orgnet, LLC

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UNIVERSITY OF
CAMBRIDGE
Judge Business School

Centre for
Risk Studies

Mortgage Meltdown in Cleveland, Ohio

- **One of the highest foreclosure rates in the USA during 2005-2010**
 - Especially in the former steelworker community of Slavic Village
- **Foreclosed Cleveland mortgages were found in many Wall Street RBMSes and CDOs**



Main Street Foreclosure



Main Street Detail

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Parcel #	Street #	Street Name	Buyer	Seller	Initial Purchase Price	Initial Purchase Date	Sale Price	Sale Date	sale\$-initial\$ ratio	Appraiser	Mortgage Broker	Title	Mortgage Co.
1	13120041	3465	East 50	Boyd, Lula	Lui, Pak Tim	\$61 000	11.03.04	\$87 000	5.23.05	143%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
2	13132052	3687	East 50	Gaddis, Julius	Lam, Ken	\$15 750	1.20.05	\$86 000	10.4.05	546%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
3	13132053	3689	East 50	Gaddis, Julius	Lam, Ken	\$15 750	1.20.05	\$86 000	10.4.05	546%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
4	13133095	3656	East 50	Kellog, Jeffrey	Lui, Pak Choong	\$0	2.20.92	\$75 000	10.24.03					New Century
5	13132086	3686	East 50	Wells, Pamela	Lui, Hor Pak	\$40 000	8.25.06	\$90 000	4.23.07	225%				First Franklin
6	13120047	3448	East 51	Williams, Lakesha	Merlave LTD	\$22 500	6.13.05	\$85 000	2.24.05	378%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	New Century
7	13120076	3460	East 52	Brown, Patricia	Lui, Yan Chang	\$24 500	5.28.03	\$77 000	6.6.05	314%	n/a	Kellogg, Mark	Mountaineer	Aegis Funding
8	13121104	3417	East 52	Rahmon, Wesley	Wong, Keng Ming	\$10 000	8.26.05	\$85 000	7.24.07	850%				Chase
9	13135129	3691	East 53	Johnson, Irvin Anthony	Poplar Assoc.	\$17 500	3.10.06	\$86 000	9.15.06	491%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	New Century
10	13135089	3729	East 54	Heard, Erlene	Wong, Keng Ming	\$17 000	7.05.05	\$85 000	3.16.06	500%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
11	13122057	3441	East 55	Perkins, F. & M.	Poplar Assoc.	\$31 000	9.26.05	\$87 000	4.26.06	281%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
12	13211042	3862	East 55	Gibson, Ann	Lui, Pak Yan	\$16 000	8.28.03	\$82 000	5.24.05	513%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
13	13210156	3811	East 55	Grady, Willie B Jr	Wong, Keng Ming	\$30 000	7.07.03	\$88 000	6.25.04	293%				Argent
14	13222116	4114	East 56	Buck, Eddie	Lui, Pak Yan	\$25 000	1.03.05	\$85 000	6.29.05	340%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
15	13137099	3726	East 57	Perkins, F. & M.	RJM Home	\$15 000	12.13.05	\$90 000	5.26.06	600%	Hoover, Bruce T.	First Metro Mtg Co	Mountaineer	New Century
16	13222066	4068	East 57	Johnson, Ervin	Lui, Pak	\$26 667	1.19.06	\$96 000	10.10.06	360%				New Century
17	13217038	3991	East 58	Philpotts, Wykeily	Merlave LTD	\$39 000	3.15.05	\$85 000	7.25.06	218%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	New Century
18	13208177	3674	East 61	Johnson, Ervin	RJM Home	\$15 000	5.30.06	\$90 000	10.30.06	600%	Rahmon, Wesley	Bark, Jamie	Mountaineer	Assured
19	13016093	3986	East 64	Burdine, Brent	Grady, Willie	\$33 000	4.11.06	\$99 000	7.21.06	300%	Rahmon, Wesley	Higgins, Tanya	Five Star	Long Beach
20	13219030	3987	East 64	Cody, Beverly	YYL, LLC	\$17 000	1.31.07	\$23 000	5.15.07	135%				Pak Lui
21	10601063	1313	East 65	Lam, Ken	Kwan, Man	\$15 300	4.19.06	\$85 000	4.19.06	556%	Lowe, Rayshawn	Mazanec, Mike	Mountaineer	Premier
22	12532006	3395	East 65	Lam, Ken	Lui, Pak Choong	\$29 000	6.26.03	\$58 900	11.3.04	203%	Rahmon, Wesley	Kellogg, Mark	Mountaineer	Argent
23	12528034	3432	East 65	Heard, Erlene	Merlave LTD	\$21 000	4.08.05	\$85 000	3.27.06	405%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Long Beach
24	12503044	2994	East 65	Davis, Lana	Lui, Pak Choong	\$13 500	4.01.93	\$76 000	2.24.03	563%				People's Choice
25	12528037	3412	East 65	Kellog, Jeffrey	Lui, Pak Yan	\$18 000	1.09.03	\$80 000	4.30.03	444%				Argent
26	13219019	3982	East 66	Mitchell, Natalie	Lui, Pak Choong	\$21 000	6.09.03	\$76 000	10.25.04	362%	Rahmon, Wesley	Kellogg, Mark	Mountaineer	Argent
27	13219017	3988	East 66	Williams, Alfonso	Lui, Pak Tim	\$40 475	6.07.04	\$88 000	12.13.04	217%	Spahr, Daniel	Gonzalez, Alfredo	Five Star	Finance America
28	12532081	3391	East 66	Harris, Rodney	Wong, Keng Ming	\$80 000	11.06.03	\$80 000	1.13.04	100%				Argent
29	12514024	2993	East 67	Lee, Bonita	Wong, Keng Ming	\$16 000	2.10.04	\$86 000	3.10.05	538%	Hoover, Bruce T.	Kellogg, Mark	Mountaineer	Argent

Data in spreadsheet gathered by Cleveland City Councilman Anthony Brancatelli



SEC: Main Street → Wall Street

The Transaction Parties

Sponsor. Goldman Sachs Mortgage Company, a New York limited partnership with its principal executive offices at 85 Broad Street, [New York, New York 10004](#), telephone number [\(212\) 902-1000](#).

Depositor. GS Mortgage Securities Corp., a Delaware corporation with its principal executive offices at 85 Broad Street, [New York, New York 10004](#), telephone number [\(212\) 902-1000](#).

Issuing Entity. GSAMP Trust 2006-HE1.

Trustee. Deutsche Bank National Trust Company, a national banking association. The corporate trust office of the trustee is located at 1761 East

St. Andrew Place, [Santa Ana, California 92705-4934](#), and its telephone number is [\(714\) 247-6000](#).

Servicer. Litton Loan Servicing LP, a Delaware limited partnership with its main office located at 4828 Loop Central Drive, [Houston, Texas 77081](#), and its telephone number is [\(713\) 960-9676](#).

Original Loan Sellers. SouthStar Funding, LLC, a Delaware limited liability company, and MILA, Inc., a Washington corporation. The principal executive office of SouthStar is located at 400 Northridge Road, Suite 1000, Atlanta, Georgia, 30350, and its telephone number is [\(770\) 641-4134](#). The principal executive office of MILA is located at 6021 244th Street S.W., [Mountlake Terrace, Washington 98043](#), and its telephone number is [\(800\) 332-6452](#). The original loan sellers also include certain entities that sold mortgage loans to the sponsor under its mortgage conduit program. Pursuant to the mortgage conduit program, the sponsor purchases mortgage loans originated by the original loan sellers if the mortgage loans generally satisfy the sponsor's underwriting guidelines.

Custodians. J.P. Morgan Trust Company, National Association, a national banking association, will act as a custodian with respect to 73.07% of the mortgage loans, and U.S. Bank National Association, a national banking association, will act as a custodian with respect to 7.21% of the mortgage loans. The trustee will have the custodial responsibilities with respect to the mortgage files for all other mortgage loans. The principal executive office of J.P. Morgan Trust Company, National Association is located at 2220 Chemsearch Boulevard, Suite 150, [Irving, Texas 75062](#), and its telephone number is [\(972\) 785-5274](#). The principal executive office of U.S. Bank is located at U.S. Bancorp Center, 800 Nicollet Mall, [Minneapolis, Minnesota 55402](#), and its telephone number is [\(651\) 695-6105](#).

Swap Provider. A swap provider that has a counterparty rating of at least "Aaa" from Moody's Investors Service, Inc. and a credit rating of "AA+" from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or has a guarantor that has such ratings) will be employed in connection with this transaction.



Wall Street Detail



Goldman
Sachs

CONFIDENTIAL – INDICATIVE TERMS

ABACUS 2007-AC1

\$2 Billion Synthetic CDO

Referencing a static RMBS Portfolio

Selected by ACA Management, LLC

February 26, 2007

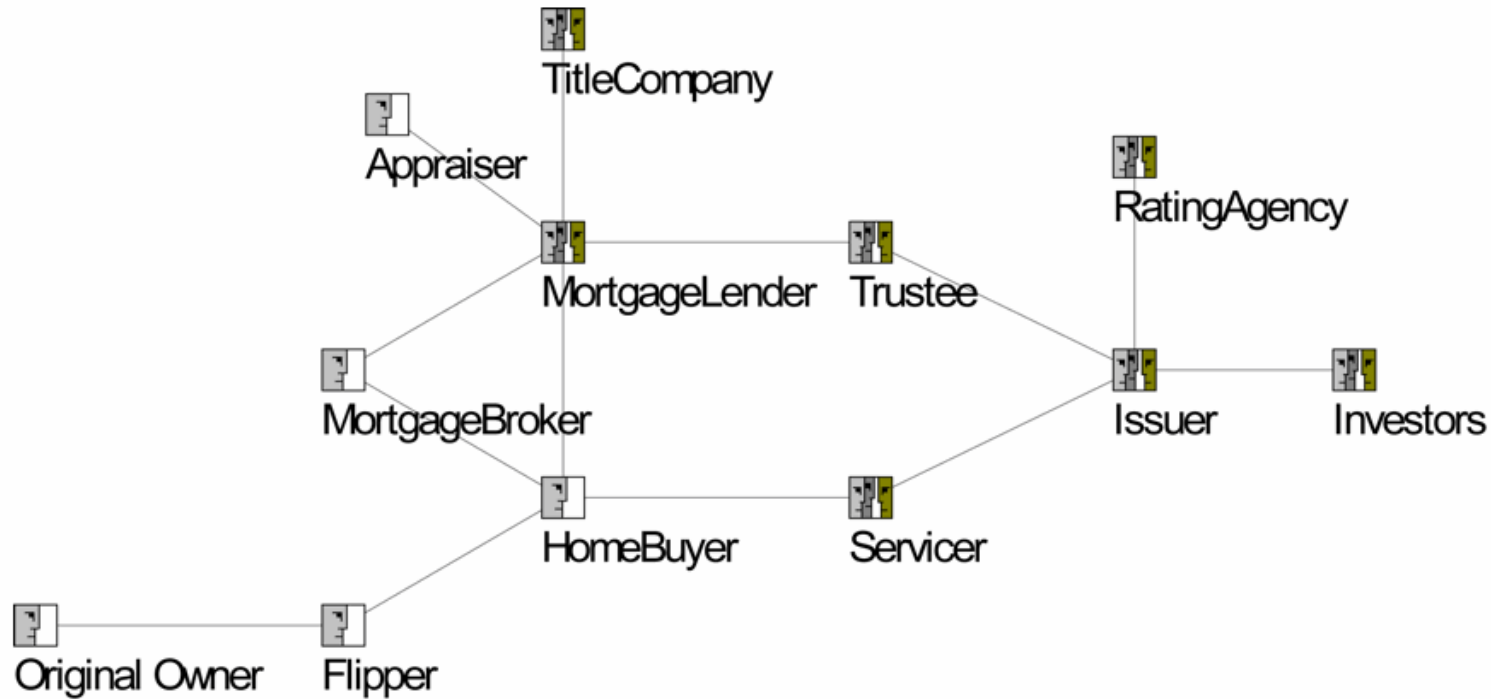
The information contained herein is indicative only and the actual terms of any transaction will be set forth in the definitive Offering Circular.
Capitalized terms but not defined herein shall have the meanings set forth in the definitive Offering Circular.



ACA
Capital



Key Players in Transaction Flows



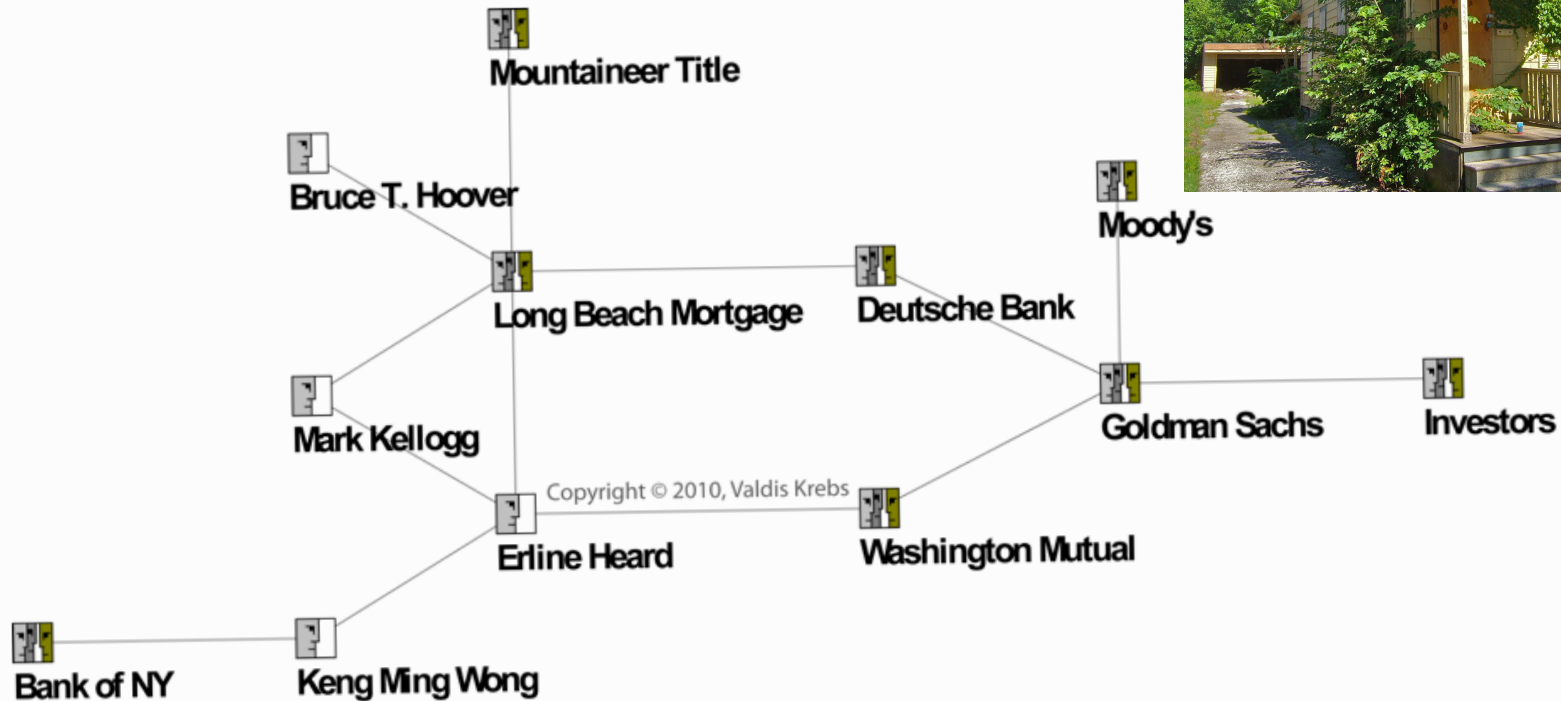
Main Street

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Wall Street



Actors Involved in... 3729 East 54th Street



Main Street → **Wall Street**
Mortgage: 3729 East 54th Synthetic CDO: ABACUS 2007-AC1



Wall Street: Inflow from Main Street

ABACUS 2007-AC1

LBMLT 2006-4

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10414 NELSON AVENUE
10612 SANDUSKY AVE
10916 MOUNT OVERLOOK
12007 OAKLAND AVENUE
12014 GRIFFING AVENUE
1223 E 87TH ST
12412 LENACRAVE AVE
1345 W 61 STREET
1358 SHAWMEW AVE
13912 BALDWIN AVE
1532 E 47TH ST
16227 EDGEWOOD CT
16527 KIPLING AVENUE
17103 OLYMPIA RD
1814 BRAINARD AVENUE
2086-2088 WEST 93RD STREET
21015 NORTH STREET
21128 GOLLER AVE
2838 E 121ST ST
3068 NURSERY AVE
3069 W 105TH ST
3174 W 82ND STREET
3231 E 125TH ST
3266 WEST 88TH STREET
3397 E 143RD STREET
3420 ALTAMONT AVENUE
3432 E 65TH STREET
3437 E 72ND STREET
3572 E 82ND ST
3593 E 61ST ST
3603 HILDANA ROAD
3729 E 54TH STREET
3731 W 39TH ST
3806 E 54TH STREET
3859 W 41ST STREET
3950 E 74TH ST
420 ALTAMONT AVENUE
4623 MIEHLING COURT
5101 DOLLOFF ROAD
5101 ANSON AVENUE
518 E 125TH STREET
5922 KIMBERLY DRIVE
6002 MAURICE AVENUE
6307 HESLEY AVE
6611 PERCY AVENUE
6714 HOSMER AVENUE
733 QUILLIAMS RD
8022 GARFIELD BLVD
8910 CONNECTICUT AVENUE
901 E 131ST STREET
9016 BLAINE AVE
984-886 E 129TH ST
9909 COLUMBIA AVENUE

Failed
Cleveland
Mortgages

Mortgage
Loan
Trusts



Obvious vs. Non-Obvious

- **Real Estate transaction documents allow extraction of standard financial data**
 - Map obvious transactions & see flows
- **But what about the non-obvious?**
 - What are the patterns behind the visible flows?
 - Who are the *hidden* players?



Obvious Main Street Network



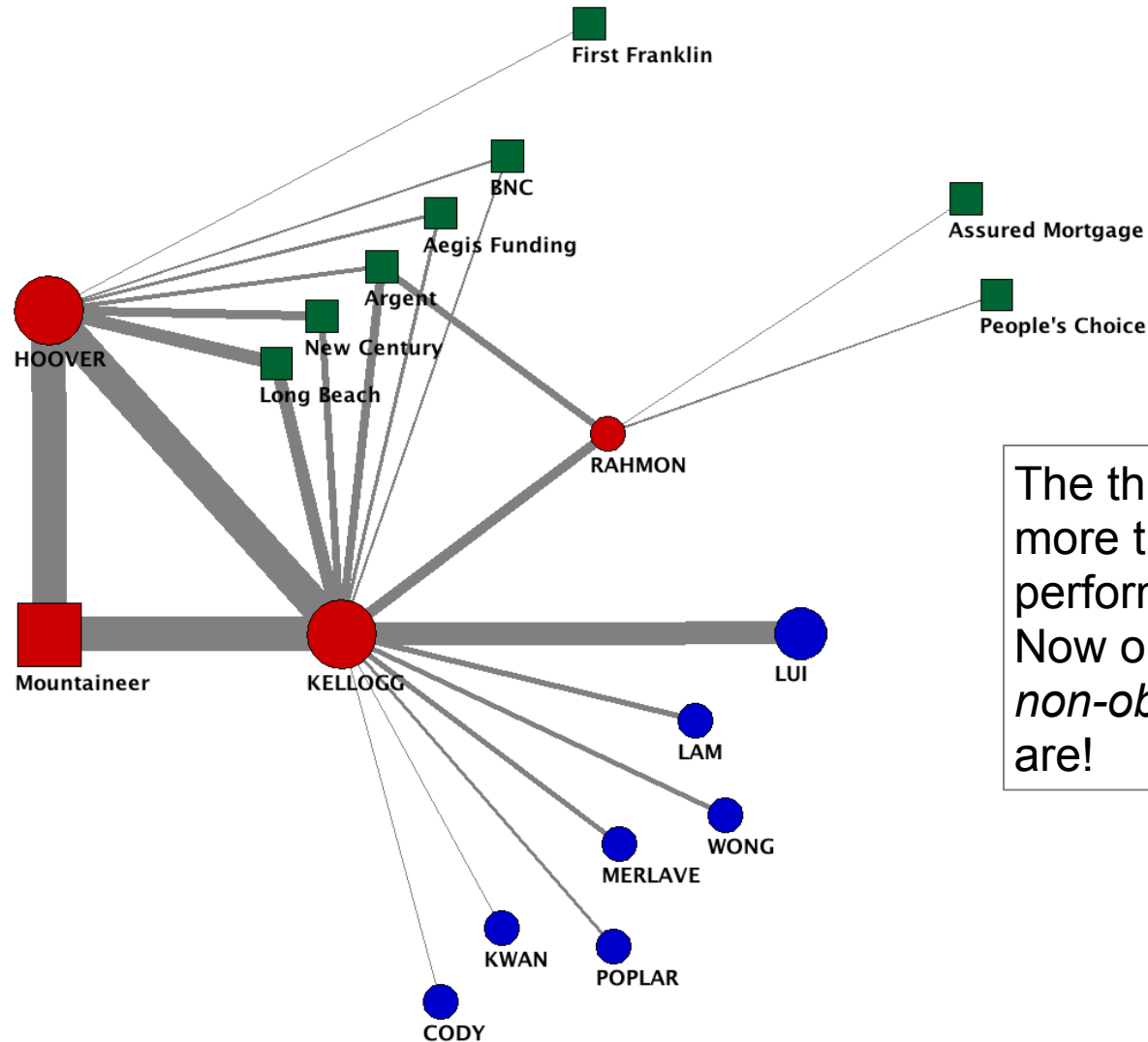
Home buyers, highlighted in pink, have been foreclosed upon

Non-obvious Pattern Extraction

- Start with common spreadsheets found in all businesses
- Look for data that signals similarity/difference between items
- Use custom algorithms to find and extract hidden pattern data
- Map and measure patterns of similarity and difference using professional SNA software (*InFlow*).



Non-Obvious Main Street Network



The thicker the line the more transactions performed together. Now obvious who the *non-obvious* players are!



Someone Does Go to Jail...



Mortgage Broker gets 14 years in Prison!

<http://archive.wkyc.com/news/story.aspx?storyid=136388>

