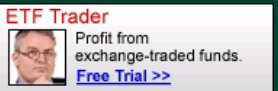


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Auction of New Century loans arranged Morgan Stanley undertaking sale of \$2.48 billion in mortgages

By [Alistair Barr](#), MarketWatch

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SAN FRANCISCO (MarketWatch) -- Shares of New Century Financial Corp. retreated Monday, coming under renewed selling pressure in the continuing fallout that has roiled the subprime mortgage sector.

Irvine, Calif.-based New Century's shares declined 22% to close at \$1.56 on Monday.

In the latest twist for New Century ([NEWC](#)), Morgan Stanley ([MS](#)) has arranged a public auction of \$2.48 billion of the company's mortgages, according to an advertisement that the investment bank posted in The Wall Street Journal on Friday.

Initial bids for the 13,200 residential loans are due by 11 a.m. Eastern time on March 29. After that, at least three bidders will be selected to perform due diligence on the assets and submit final bids, the ad said.

The nation's No. 2 originator of subprime mortgages, New Century has been among the hardest hit by a credit crunch in this corner of the mortgage market. The company's financial backers, which include Morgan Stanley and several other investment banks, have pulled credit lines, claiming New Century breached covenants.

The loans being auctioned were collateral backing Morgan Stanley's financing of New Century. In certain situations, such as that with Morgan Stanley, an auction must be arranged to establish a publicly accepted value for the assets.

Alistair Barr is a reporter for MarketWatch in San Francisco.



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