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February 23, 2012

Jennifer J. Johnson  
Secretary

Board of Governors of the Federal Reserve System Mail Stop 2-3

20th Street & Constitution Avenue, N.W.

Washington, D.C. 20551

**Docket No. R-1401**

**RIN 7100-AD61**

Office of the Comptroller of the Currency

250 E Street, S.W.

Washington, D.C. 20219

**Docket ID OCC-2010-0003**

**RIN 1557-AC99**

Robert E. Feldman

Executive Secretary

Federal Deposit Insurance Corporation

550 17th Street, N.W.

Washington, D.C. 20429

Attention: Comments/Legal ESS

**RIN 3064-AD70**

Re: Risk-Based Capital Guidelines: Market Risk; Alternatives to Credit Ratings for Debt and Securitization Positions

Ladies and Gentlemen:

The American Securitization Forum (“**ASF**”), The Clearing House Association L.L.C. (“**The Clearing House**”), The Financial Services Roundtable (the “**FSR**”) and the International Swaps and Derivatives Association, Inc. (“**ISDA**”) and, together with ASF, The Clearing House and FSR, the “**Associations**”) <sup>1</sup> are writing to follow-up on our comments in an initial comment letter of February 7, 2012 (the “February 7 Letter”) on the joint notice of proposed rulemaking <sup>2</sup> (the “**NPR**”) and, the proposed rule set forth therein, the “**Proposed Rule**”) issued by the Board of Governors of the Federal Reserve System (the “**Board**”), the Federal Deposit Insurance Corporation (the “**FDIC**”) and the

<sup>1</sup> The Associations collectively represent financial institutions accounting for a substantial majority of banking and financial assets in the United States. Please see *Annex A* of the February 7 Letter for a more detailed description of the Associations.

<sup>2</sup> 76 Fed. Reg. 79380 (Dec. 21, 2011).

Office of the Comptroller of the Currency (the “**OCC**”, and together with the Board and FDIC, the “**Agencies**”) to incorporate into their proposed market risk capital rules (the “**Proposed MRC Rules**”)<sup>3</sup> alternative methodologies for calculating specific risk capital requirements for debt and securitization positions that do not rely on credit ratings.

The attached spreadsheet calculates capital based on the proposed changes to SSFA outlined in Section (III)(C) of our comment letter. Furthermore, the supervisory floor methodology described in Section (III)(C)(iii)(ii) of the comment letter was used in the spreadsheet (the methodology in Section (III)(C)(iii)(i) was not applied in the spreadsheet). It was used to calculate the results shown in Annex F of our February 7 Letter. The purpose of this spreadsheet is to show how changes in the underlying collateral performance of a securitization are reflected in the capital charge through different points in time. The example used in the spreadsheet is a representative RMBS securitization trust that contains six different tranches. The spreadsheet contains capital calculations for each tranche within the trust under four different collateral performance scenarios, and one extra collateral performance scenario with price markdowns, for a total of five scenarios. For each of the five scenarios, the spreadsheet contains capital calculations in four different points in time (settlement date, settlement date +12 months, +24 months, and +36 months), for a total of 20 sets of capital calculations (five scenarios \* four points in time) for each tranche within the representative RMBS securitization trust.

In addition, the attached slides give an example of where to find data in a publicly available servicer report for an actual securitization to be used as inputs of the redefined Kg proposed in the February 7 Letter. The example shown in the slides ties to the example in Annex E (page 6) of the February 7 Letter.

The Associations appreciate your consideration of the attached spreadsheet and the views expressed in the February 7 Letter. If you have any questions regarding this submission or need further information, please contact Tom Deutsch, ASF Executive Director, at 212.412.7107 or at [tdeutsch@americansecuritization.com](mailto:tdeutsch@americansecuritization.com).

Respectfully Submitted,



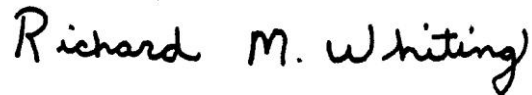
Tom Deutsch  
Executive Director  
American Securitization Forum

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<sup>3</sup> 76 Fed. Reg. 1890 (Jan. 11, 2011) (proposed revisions to market risk capital rules).



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The Clearing House Association L.L.C.



Richard M. Whiting  
Executive Director and General Counsel  
The Financial Services Roundtable



Robert Pickel  
Chief Executive Officer  
International Swaps and Derivatives Association, Inc.

cc: Hon. Mary Miller  
*United States Department of the Treasury*

Hon. Cyrus Amir-Mokri  
*United States Department of the Treasury*

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# Example of Redefined $K_G$ calculation

The redefined  $K_G$  formula is simple to calculate and utilizes easily accessible public data

- The redefined  $K_G$  formula (as discussed on page 2 in Annex E of the Association's comment letter) is calculated as follows:

$$K_G = ((1 - \% \text{ of Underlying Exposures Greater than 90 Days Past Due}) \times \text{Weighted Average Capital Requirement}) + (\% \text{ of Underlying Exposures Greater than 90 Days Past Due} \times 3 \text{ month severity}^1)$$

- The example below illustrates the simplicity of calculating the redefined  $K_G$ 
  - Included below is a publicly available servicer report (downloaded from the Internet) which contains the required inputs of the redefined  $K_G$  formula

### FORDO 2006-B Servicer Report

**Ford Credit Auto Owner Trust 2006-B**  
Monthly Investor Report

Collection Period	November, 2010
Payment Date	12/15/2010
Transaction Month	52

**VIII. NET LOSSES AND DELINQUENT RECEIVABLES**

	# of Receivables	Amount
Realized Loss	262	\$431,799.67
(Recoveries)	615	\$141,543.42
<b>Net Losses for Current Collection Period</b>		<b>\$290,256.25</b>
Cumulative Net Losses Last Collection Period		\$66,176,711.51
<b>Cumulative Net Losses for all Collection Periods</b>		<b>\$66,466,967.76</b>

**Delinquent Receivables:**

	% of EOP Pool Balance	# of Receivables	Amount
31-60 Days Delinquent	5.04%	1,373	\$10,252,353.97
61-90 Days Delinquent	0.50%	132	\$1,008,951.37
91-120 Days Delinquent	0.16%	35	\$317,736.76
Over 120 Days Delinquent	2.16%	374	\$4,394,283.44
<b>Total Delinquent Receivables</b>	<b>7.86%</b>	<b>1,914</b>	<b>\$15,973,325.54</b>

### Example $K_G$ calculation

Historical Severity<sup>2</sup> =  $\frac{\text{Net Loss}}{\text{Realized Loss}} = \frac{290,256.25}{431,799.67} = 67.22\%$

Underlying Exposures > 90 days past due = 0.16% + 2.16% = 2.32%

$K_G = ((100\% - 2.32\%) * 4\%) + (2.32\% * 67.22\%)$

**$K_G = 5.47\%$**

As shown on page 6 in Annex E of the Association's comment letter (also shown on the following slide) in the revised SSFA FORDO 2006-B table of inputs (Example date: 11/15/2010)

1. If 3 months of historical severity data is not available, a severity of 50% is used as a proxy

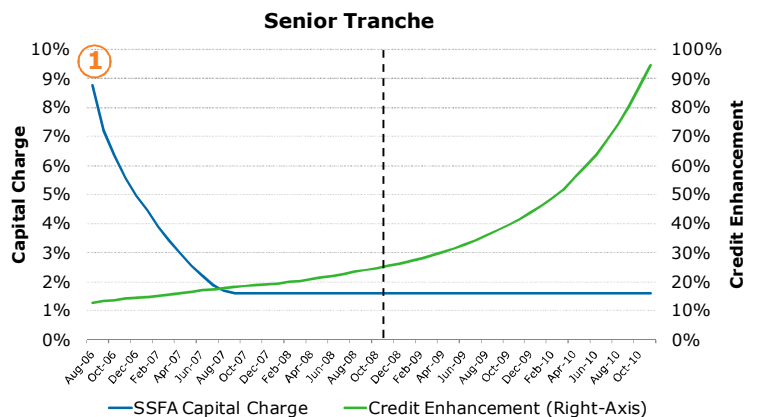
2. For illustrative purposes, this example utilizes 1 monthly servicer report. In practice, the 3 most recent monthly servicer reports would be utilized to calculate total net and realized loss for a 3 month period

# Results of Revised SSFA

$K_G$ , as proposed in the NPR, is a risk insensitive measure for calculating the required capital for exposures underlying a securitization exposure

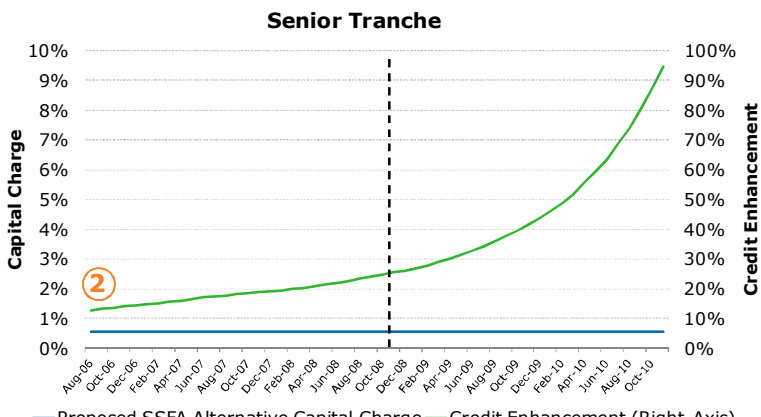
- Incorporating a more risk sensitive measure for  $K_G$  results in capital charges that are more appropriate for each type of asset class
- The example below illustrates how the proposed changes to SSFA results in a **more appropriate** capital charge for the senior bond in a **prime** auto securitization (FORDO 2006-B) than would be required from the current SSFA
  - ① FORDO 2006-B capital charge at issuance (current SSFA): 8.77%
  - ② FORDO 2006-B capital charge at issuance (revised SSFA): 0.56%

FORDO 2006-B Capital Charges (current SSFA)



Date	08/15/2006	11/15/2008	11/15/2010
Tranche	A-4	A-4	A-4
Capital Charge	8.77%	1.60%	1.60%
Moody's/S&P	Aaa/AAA	Aaa/AAA	Aaa/AAA
Inputs			
A	12.64%	25.56%	94.64%
D	26.49%	63.78%	100.00%
KG	8.00%	8.00%	8.00%
p	50.00%	50.00%	50.00%
Carrying Value	100.00%	100.00%	100.00%
Cumulative Loss (on collateral) %	0.00%	1.31%	2.10%
Cumulative Loss (on securities) %	0.00%	0.00%	0.00%

FORDO 2006-B Capital Charges (revised SSFA)



Date	08/15/2006	11/15/2008	11/15/2010
Tranche	A-4	A-4	A-4
Capital Charge	0.56%	0.56%	0.56%
Moody's/S&P	Aaa/AAA	Aaa/AAA	Aaa/AAA
Inputs			
A	12.64%	25.56%	94.64%
D	26.49%	63.78%	100.00%
KG	4.00%	4.36%	5.47%
p	50.00%	50.00%	50.00%
Carrying Value	100.00%	100.00%	100.00%
Cumulative loss (on securities) %	0.00%	0.00%	0.00%
Seriously Delinquent Loans	0.00%	0.40%	2.32%
Historical Severity	0.00%	94.39%	67.22%
Cumulative loss (on collateral) %	0.00%	1.31%	2.10%

## Collateral Full Performance

**Time:** Securitization Settlement

<b>Total Principal Received:</b> 0	<b>K<sub>G</sub> at Origination:</b> 4.00%
<b>Total Losses Realized:</b> 0	<b>Calibration Parameter:</b> 50.00%
<b>Seriously Delinquent:</b> 0%	
<b>Loss Severity:</b> 0%	

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	92,000,000	8.00%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.50%	8.00%	100	26.96%	26.96%
<i>Mezz</i>	2,000,000	3.50%	5.50%	100	77.76%	77.76%
<i>Mezz</i>	1,250,000	2.25%	3.50%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.00%	2.25%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%

**Time:** Settlement + 12 months

<b>Total Principal Received:</b> 5,000,000	<b>K<sub>G</sub> at Origination:</b> 4.00%
<b>Total Losses Realized:</b> 0	<b>Calibration Parameter:</b> 50.00%
<b>Seriously Delinquent:</b> 0%	
<b>Loss Severity:</b> 0%	

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	87,000,000	8.42%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.79%	8.42%	100	22.73%	22.73%
<i>Mezz</i>	2,000,000	3.68%	5.79%	100	71.17%	71.17%
<i>Mezz</i>	1,250,000	2.37%	3.68%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.05%	2.37%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.05%	100	100.00%	100.00%
	95,000,000				6.29%	7.25%

**Time:** Settlement + 24 months

<b>Total Principal Received:</b> 10,000,000	<b>K<sub>G</sub> at Origination:</b> 4.00%
<b>Total Losses Realized:</b> 0	<b>Calibration Parameter:</b> 50.00%
<b>Seriously Delinquent:</b> 0%	
<b>Loss Severity:</b> 0%	

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	8.89%	100.00%	100	0.56%	1.60%

<b>Mezz</b>	2,500,000	6.11%	8.89%	100	18.81%	18.81%	
<b>Mezz</b>	2,000,000	3.89%	6.11%	100	63.68%	63.68%	
<b>Mezz</b>	1,250,000	2.50%	3.89%	100	100.00%	100.00%	
<b>Mezz</b>	1,250,000	1.11%	2.50%	100	100.00%	100.00%	
<b>Sub</b>	1,000,000	0.00%	1.11%	100	100.00%	100.00%	
					90,000,000	6.34%	7.28%

**Time:** Settlement + 36 months  
**Total Principal Received:** 15,000,000      **K<sub>G</sub> at Origination:** 4.00%  
**Total Losses Realized:** 0                      **Calibration Parameter:** 50.00%  
**Seriously Delinquent:** 0%  
**Loss Severity:** 0%

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA	
<b>Senior</b>	77,000,000	9.41%	100.00%	100	0.56%	1.60%	
<b>Mezz</b>	2,500,000	6.47%	9.41%	100	15.23%	15.23%	
<b>Mezz</b>	2,000,000	4.12%	6.47%	100	55.43%	55.43%	
<b>Mezz</b>	1,250,000	2.65%	4.12%	100	99.77%	99.77%	
<b>Mezz</b>	1,250,000	1.18%	2.65%	100	100.00%	100.00%	
<b>Sub</b>	1,000,000	0.00%	1.18%	100	100.00%	100.00%	
					85,000,000	6.37%	7.32%



## Collateral Slight Deterioration

**Time:** Securitization Settlement

<b>Total Principal Received:</b>	0	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	0%		
<b>Loss Severity:</b>	0%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	92,000,000	8.00%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.50%	8.00%	100	26.96%	26.96%
<i>Mezz</i>	2,000,000	3.50%	5.50%	100	77.76%	77.76%
<i>Mezz</i>	1,250,000	2.25%	3.50%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.00%	2.25%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%

**Time:** Settlement + 12 months

<b>Total Principal Received:</b>	5,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	1%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	87,000,000	8.42%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.79%	8.42%	100	32.34%	22.73%
<i>Mezz</i>	2,000,000	3.68%	5.79%	100	84.42%	71.17%
<i>Mezz</i>	1,250,000	2.37%	3.68%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.05%	2.37%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.05%	100	100.00%	100.00%
	95,000,000				6.83%	7.25%

**Time:** Settlement + 24 months

<b>Total Principal Received:</b>	10,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	2%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	8.89%	100.00%	100	0.56%	1.60%

<b>Mezz</b>	2,500,000	6.11%	8.89%	100	36.93%	18.81%	
<b>Mezz</b>	2,000,000	3.89%	6.11%	100	88.89%	63.68%	
<b>Mezz</b>	1,250,000	2.50%	3.89%	100	100.00%	100.00%	
<b>Mezz</b>	1,250,000	1.11%	2.50%	100	100.00%	100.00%	
<b>Sub</b>	1,000,000	0.00%	1.11%	100	100.00%	100.00%	
					90,000,000	7.40%	7.28%

**Time:** Settlement + 36 months  
**Total Principal Received:** 15,000,000    **K<sub>G</sub> at Origination:** 4.00%  
**Total Losses Realized:** 0    **Calibration Parameter:** 50.00%  
**Seriously Delinquent:** 4%  
**Loss Severity:** 50%

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA	
<b>Senior</b>	77,000,000	9.41%	100.00%	100	0.95%	1.60%	
<b>Mezz</b>	2,500,000	6.47%	9.41%	100	50.78%	15.23%	
<b>Mezz</b>	2,000,000	4.12%	6.47%	100	97.30%	55.43%	
<b>Mezz</b>	1,250,000	2.65%	4.12%	100	100.00%	99.77%	
<b>Mezz</b>	1,250,000	1.18%	2.65%	100	100.00%	100.00%	
<b>Sub</b>	1,000,000	0.00%	1.18%	100	100.00%	100.00%	
					85,000,000	8.76%	7.32%

## Collateral Degradation

**Time:**      **Securitization Settlement**

<b>Total Principal Received:</b>	0	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	0%		
<b>Loss Severity:</b>	0%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	92,000,000	8.00%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.50%	8.00%	100	26.96%	26.96%
<i>Mezz</i>	2,000,000	3.50%	5.50%	100	77.76%	77.76%
<i>Mezz</i>	1,250,000	2.25%	3.50%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.00%	2.25%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%

**Time:**      **Settlement + 12 months**

<b>Total Principal Received:</b>	5,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	1,000,000	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	2%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	87,000,000	7.45%	100.00%	100	0.95%	1.60%
<i>Mezz</i>	2,500,000	4.79%	7.45%	100	64.37%	37.31%
<i>Mezz</i>	2,000,000	2.66%	4.79%	100	100.00%	93.59%
<i>Mezz</i>	1,250,000	1.33%	2.66%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	0.00%	1.33%	100	100.00%	100.00%
<i>Sub</i>	0	0.00%	0.00%	100	100.00%	100.00%
	94,000,000				7.38%	7.12%

**Time:**      **Settlement + 24 months**

<b>Total Principal Received:</b>	10,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	2,000,000	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	4%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	6.82%	100.00%	100	2.24%	1.60%

<b>Mezz</b>	2,500,000	3.98%	6.82%	100	94.83%	54.00%
<b>Mezz</b>	2,000,000	1.70%	3.98%	100	100.00%	100.00%
<b>Mezz</b>	1,250,000	0.28%	1.70%	100	100.00%	100.00%
<b>Mezz</b>	250,000	0.00%	0.28%	100	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	100	100.00%	100.00%
	88,000,000				8.76%	7.00%

**Time:** Settlement + 36 months  
**Total Principal Received:** 15,000,000    **K<sub>G</sub> at Origination:** 4.00%  
**Total Losses Realized:** 3,000,000    **Calibration Parameter:** 50.00%  
**Seriously Delinquent:** 8%  
**Loss Severity:** 50%

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<b>Senior</b>	77,000,000	6.10%	100.00%	100	5.77%	8.00%
<b>Mezz</b>	2,500,000	3.05%	6.10%	100	100.00%	73.82%
<b>Mezz</b>	2,000,000	0.61%	3.05%	100	100.00%	100.00%
<b>Mezz</b>	500,000	0.00%	0.61%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	100	100.00%	100.00%
	82,000,000				11.52%	12.81%

## Collateral Severe Degradation

**Time:** Securitization Settlement

<b>Total Principal Received:</b>	0	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	0%		
<b>Loss Severity:</b>	0%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	92,000,000	8.00%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.50%	8.00%	100	26.96%	26.96%
<i>Mezz</i>	2,000,000	3.50%	5.50%	100	77.76%	77.76%
<i>Mezz</i>	1,250,000	2.25%	3.50%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.00%	2.25%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%

**Time:** Settlement + 12 months

<b>Total Principal Received:</b>	5,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	2,500,000	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	4%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	87,000,000	5.95%	100.00%	100	2.99%	8.00%
<i>Mezz</i>	2,500,000	3.24%	5.95%	100	99.93%	74.03%
<i>Mezz</i>	2,000,000	1.08%	3.24%	100	100.00%	100.00%
<i>Mezz</i>	1,000,000	0.00%	1.08%	100	100.00%	100.00%
<i>Mezz</i>	0	0.00%	0.00%	100	100.00%	100.00%
<i>Sub</i>	0	0.00%	0.00%	100	100.00%	100.00%
	92,500,000				8.76%	12.77%

**Time:** Settlement + 24 months

<b>Total Principal Received:</b>	10,000,000	<b>K<sub>G</sub> at Origination:</b>	4.00%
<b>Total Losses Realized:</b>	5,000,000	<b>Calibration Parameter:</b>	50.00%
<b>Seriously Delinquent:</b>	8%		
<b>Loss Severity:</b>	50%		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	3.53%	100.00%	100	7.68%	52.23%

<b>Mezz</b>	2,500,000	0.59%	3.53%	100	100.00%	100.00%
<b>Mezz</b>	500,000	0.00%	0.59%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	100	100.00%	100.00%
	85,000,000				10.94%	53.92%

**Time:** Settlement + 36 months  
**Total Principal Received:** 15,000,000      **K<sub>G</sub> at Origination:** 4.00%  
**Total Losses Realized:** 7,500,000      **Calibration Parameter:** 50.00%  
**Seriously Delinquent:** 16%  
**Loss Severity:** 50%

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<b>Senior</b>	77,000,000	0.65%	100.00%	100	11.36%	100.00%
<b>Mezz</b>	500,000	0.00%	0.65%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	100	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	100	100.00%	100.00%
	77,500,000				11.93%	100.00%

## Collateral Severe Degradation w/ Price Markdowns

**Time:**      Securitization Settlement

<b>Total Principal Received:</b>	0	<b>K<sub>G</sub> at Origination:</b>	<span style="color: #00b0f0;">4.00%</span>
<b>Total Losses Realized:</b>	0	<b>Calibration Parameter:</b>	<span style="color: #00b0f0;">50.00%</span>
<b>Seriously Delinquent:</b>	<span style="color: #00b0f0;">0%</span>		
<b>Loss Severity:</b>	<span style="color: #00b0f0;">0%</span>		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	92,000,000	8.00%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	5.50%	8.00%	100	26.96%	26.96%
<i>Mezz</i>	2,000,000	3.50%	5.50%	100	77.76%	77.76%
<i>Mezz</i>	1,250,000	2.25%	3.50%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.00%	2.25%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%

**Time:**      Settlement + 12 months

<b>Total Principal Received:</b>	<span style="color: #00b0f0;">5,000,000</span>	<b>K<sub>G</sub> at Origination:</b>	<span style="color: #00b0f0;">4.00%</span>
<b>Total Losses Realized:</b>	<span style="color: #00b0f0;">2,500,000</span>	<b>Calibration Parameter:</b>	<span style="color: #00b0f0;">50.00%</span>
<b>Seriously Delinquent:</b>	<span style="color: #00b0f0;">4%</span>		
<b>Loss Severity:</b>	<span style="color: #00b0f0;">50%</span>		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	87,000,000	5.95%	100.00%	95	0.63%	8.00%
<i>Mezz</i>	2,500,000	3.24%	5.95%	60	99.88%	74.03%
<i>Mezz</i>	2,000,000	1.08%	3.24%	40	100.00%	100.00%
<i>Mezz</i>	1,000,000	0.00%	1.08%	20	100.00%	100.00%
<i>Mezz</i>	0	0.00%	0.00%	0	100.00%	100.00%
<i>Sub</i>	0	0.00%	0.00%	0	100.00%	100.00%
	92,500,000				6.53%	12.77%

**Time:**      Settlement + 24 months

<b>Total Principal Received:</b>	<span style="color: #00b0f0;">10,000,000</span>	<b>K<sub>G</sub> at Origination:</b>	<span style="color: #00b0f0;">4.00%</span>
<b>Total Losses Realized:</b>	<span style="color: #00b0f0;">5,000,000</span>	<b>Calibration Parameter:</b>	<span style="color: #00b0f0;">50.00%</span>
<b>Seriously Delinquent:</b>	<span style="color: #00b0f0;">8%</span>		
<b>Loss Severity:</b>	<span style="color: #00b0f0;">50%</span>		

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	3.53%	100.00%	90	1.06%	52.23%

**Proposed**

- 0.00%
- 25.00%
- 30.00%
- 40.00%
- 50.00%
- 60.00%
- 70.00%
- 85.00%
- 100.00%
- 115.00%
- 130.00%
- 150.00%

**NPR SSFA**

- 0%
- 50%
- 100%
- 150%

<b>Mezz</b>	2,500,000	0.59%	3.53%	40	100.00%	100.00%
<b>Mezz</b>	500,000	0.00%	0.59%	10	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	0	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	0	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	0	100.00%	100.00%
	85,000,000				4.55%	53.92%

<b>Time:</b>	Settlement + 36 months	
<b>Total Principal Received:</b>	15,000,000	<b>K<sub>G</sub> at Origination:</b> 4.00%
<b>Total Losses Realized:</b>	7,500,000	<b>Calibration Parameter:</b> 50.00%
<b>Seriously Delinquent:</b>	16%	
<b>Loss Severity:</b>	50%	

	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<b>Senior</b>	77,000,000	0.65%	100.00%	80	1.43%	100.00%
<b>Mezz</b>	500,000	0.00%	0.65%	10	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	0	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	0	100.00%	100.00%
<b>Mezz</b>	0	0.00%	0.00%	0	100.00%	100.00%
<b>Sub</b>	0	0.00%	0.00%	0	100.00%	100.00%
	77,500,000				2.06%	100.00%



**SSFA Supervisory Floor**

25.00%	0.56%
30.00%	0.64%
40.00%	0.80%
50.00%	1.60%
60.00%	2.80%
70.00%	4.00%
85.00%	6.00%
100.00%	8.00%
110.00%	10.00%
130.00%	34.00%
150.00%	52.00%
	100.00%

**Supervisory Floor**

50%	1.60%
100%	8%
150%	52%
	100%