



The
Clearing House

THE FINANCIAL SERVICES ROUNDTABLE
Financing America's Economy



ISDA

Safe,
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Markets

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**”) ¹ 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 rulemaking² (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

¹ 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.

² 76 Fed. Reg. 79380 (Dec. 21, 2011).

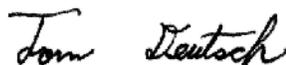
Office of the Comptroller of the Currency (the “**OCC**”, and together with the Board and FDIC, the “**Agencies**”) to incorporate into their proposed market risk capital rules (the “**Proposed MRC Rules**”)³ alternative methodologies for calculating specific risk capital requirements for debt and securitization 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.

Respectfully Submitted,

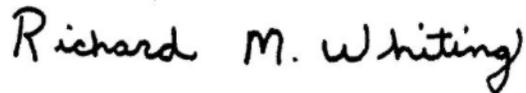


Tom Deutsch
Executive Director
American Securitization Forum

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



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International Swaps and Derivatives Association, Inc.

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

Hon. Cyrus Amir-Mokri
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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	
Net Losses for Current Collection Period		\$290,256.25	
Cumulative Net Losses Last Collection Period		\$66,176,711.51	
Cumulative Net Losses for all Collection Periods		\$66,466,967.76	
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
Total Delinquent Receivables	7.86%	1,914	\$15,973,325.54

Example K_G calculation

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

$$\text{Underlying Exposures} > 90 \text{ days past due} = 0.16\% + 2.16\% = 2.32\%$$

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

$$K_G = 5.47\%$$

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)

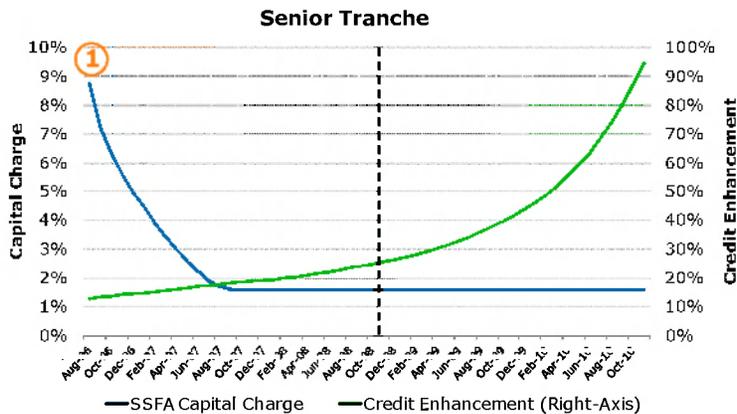
1. If 3 months of historical severity data is not available, a severity of 50% is used as a proxy
 2. For illustrative purposes, this example utilizes 1 monthly servicer report. In practice, the 3 most recent monthly servicer reports would be utilized to calculate total net and realized loss for a 3 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

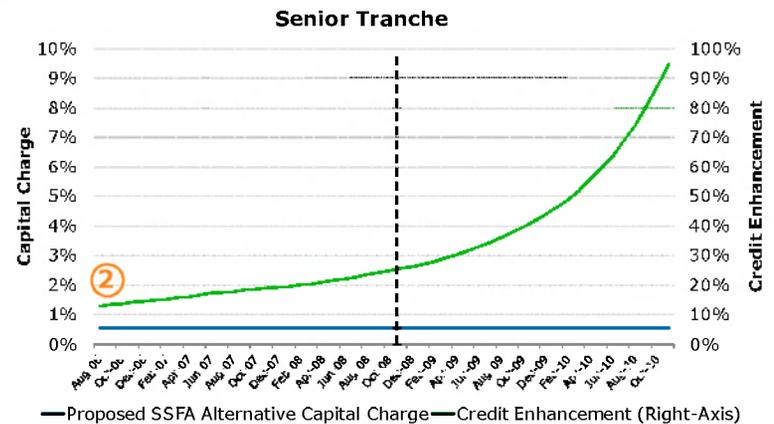
- Incorporating a more risk sensitive measure for K_G results in capital charges that are more appropriate for each type of asset class
- The example below illustrates how the proposed changes to SSFA results in a **more appropriate** capital charge for the senior bond in a **prime** auto securitization (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
Tranche			
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
Tranche			
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%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Collateral Full Performance						
Time: Securitization Settlement						
Total Principal Received:	0	K_G 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
<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						
Total Principal Received:	5,000,000	K_G 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
<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						
Total Principal Received:	10,000,000	K_G 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
<i>Senior</i>	82,000,000	8.89%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	6.11%	8.89%	100	18.81%	18.81%
<i>Mezz</i>	2,000,000	3.89%	6.11%	100	63.68%	63.68%
<i>Mezz</i>	1,250,000	2.50%	3.89%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.11%	2.50%	100	100.00%	100.00%
<i>Sub</i>	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_G 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
<i>Senior</i>	77,000,000	9.41%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	6.47%	9.41%	100	15.23%	15.23%
<i>Mezz</i>	2,000,000	4.12%	6.47%	100	55.43%	55.43%
<i>Mezz</i>	1,250,000	2.65%	4.12%	100	99.77%	99.77%
<i>Mezz</i>	1,250,000	1.18%	2.65%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.18%	100	100.00%	100.00%
		85,000,000			6.37%	7.32%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Collateral Slight Deterioration						
Time:		Securitization Settlement				
Total Principal Received:	0	K_G 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
<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				
Total Principal Received:	5,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	0	Calibration Parameter:	50.00%			
Seriously Delinquent:	1%					
Loss Severity:	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				
Total Principal Received:	10,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	0	Calibration Parameter:	50.00%			
Seriously Delinquent:	2%					
Loss Severity:	50%					
	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	8.89%	100.00%	100	0.56%	1.60%
<i>Mezz</i>	2,500,000	6.11%	8.89%	100	36.93%	18.81%
<i>Mezz</i>	2,000,000	3.89%	6.11%	100	88.89%	63.68%
<i>Mezz</i>	1,250,000	2.50%	3.89%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	1.11%	2.50%	100	100.00%	100.00%
<i>Sub</i>	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_G 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
<i>Senior</i>	77,000,000	9.41%	100.00%	100	0.95%	1.60%
<i>Mezz</i>	2,500,000	6.47%	9.41%	100	50.78%	15.23%
<i>Mezz</i>	2,000,000	4.12%	6.47%	100	97.30%	55.43%
<i>Mezz</i>	1,250,000	2.65%	4.12%	100	100.00%	99.77%
<i>Mezz</i>	1,250,000	1.18%	2.65%	100	100.00%	100.00%
<i>Sub</i>	1,000,000	0.00%	1.18%	100	100.00%	100.00%
		85,000,000			8.76%	7.32%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Collateral Degradation						
Time: Securitization Settlement						
Total Principal Received:	0	K_G 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
<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						
Total Principal Received:	5,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	1,000,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	2%					
Loss Severity:	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						
Total Principal Received:	10,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	2,000,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	4%					
Loss Severity:	50%					
	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	6.82%	100.00%	100	2.24%	1.60%
<i>Mezz</i>	2,500,000	3.98%	6.82%	100	94.83%	54.00%
<i>Mezz</i>	2,000,000	1.70%	3.98%	100	100.00%	100.00%
<i>Mezz</i>	1,250,000	0.28%	1.70%	100	100.00%	100.00%
<i>Mezz</i>	250,000	0.00%	0.28%	100	100.00%	100.00%
<i>Sub</i>	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_G 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
<i>Senior</i>	77,000,000	6.10%	100.00%	100	5.77%	8.00%
<i>Mezz</i>	2,500,000	3.05%	6.10%	100	100.00%	73.82%
<i>Mezz</i>	2,000,000	0.61%	3.05%	100	100.00%	100.00%
<i>Mezz</i>	500,000	0.00%	0.61%	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%
82,000,000					11.52%	12.81%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Collateral Severe Degradation						
Time: Securitization Settlement						
Total Principal Received:	0	K_G 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
<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						
Total Principal Received:	5,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	2,500,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	4%					
Loss Severity:	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						
Total Principal Received:	10,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	5,000,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	8%					
Loss Severity:	50%					
	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
<i>Senior</i>	82,000,000	3.53%	100.00%	100	7.68%	52.23%
<i>Mezz</i>	2,500,000	0.59%	3.53%	100	100.00%	100.00%
<i>Mezz</i>	500,000	0.00%	0.59%	100	100.00%	100.00%
<i>Mezz</i>	0	0.00%	0.00%	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%
	85,000,000				10.94%	53.92%
Time: Settlement + 36 months						
Total Principal Received:	15,000,000	K_G 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
<i>Senior</i>	77,000,000	0.65%	100.00%	100	11.36%	100.00%
<i>Mezz</i>	500,000	0.00%	0.65%	100	100.00%	100.00%
<i>Mezz</i>	0	0.00%	0.00%	100	100.00%	100.00%
<i>Mezz</i>	0	0.00%	0.00%	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%
	77,500,000				11.93%	100.00%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Collateral Severe Degradation w/ Price Markdowns						
Time:		Securitization Settlement				
Total Principal Received:	0	K_G 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
Senior	92,000,000	8.00%	100.00%	100	0.56%	1.60%
Mezz	2,500,000	5.50%	8.00%	100	26.96%	26.96%
Mezz	2,000,000	3.50%	5.50%	100	77.76%	77.76%
Mezz	1,250,000	2.25%	3.50%	100	100.00%	100.00%
Mezz	1,250,000	1.00%	2.25%	100	100.00%	100.00%
Sub	1,000,000	0.00%	1.00%	100	100.00%	100.00%
	100,000,000				6.24%	7.20%
Time:		Settlement + 12 months				
Total Principal Received:	5,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	2,500,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	4%					
Loss Severity:	50%					
	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
Senior	87,000,000	5.95%	100.00%	95	0.63%	8.00%
Mezz	2,500,000	3.24%	5.95%	60	99.88%	74.03%
Mezz	2,000,000	1.08%	3.24%	40	100.00%	100.00%
Mezz	1,000,000	0.00%	1.08%	20	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Sub	0	0.00%	0.00%	0	100.00%	100.00%
	92,500,000				6.53%	12.77%
Time:		Settlement + 24 months				
Total Principal Received:	10,000,000	K_G at Origination:	4.00%			
Total Losses Realized:	5,000,000	Calibration Parameter:	50.00%			
Seriously Delinquent:	8%					
Loss Severity:	50%					
	Size	Attach	Detach	Price	Revised SSFA	NPR SSFA
Senior	82,000,000	3.53%	100.00%	90	1.06%	52.23%
Mezz	2,500,000	0.59%	3.53%	40	100.00%	100.00%
Mezz	500,000	0.00%	0.59%	10	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Sub	0	0.00%	0.00%	0	100.00%	100.00%
	85,000,000				4.55%	53.92%
Time:		Settlement + 36 months				
Total Principal Received:	15,000,000	K_G 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
Senior	77,000,000	0.65%	100.00%	80	1.43%	100.00%
Mezz	500,000	0.00%	0.65%	10	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Mezz	0	0.00%	0.00%	0	100.00%	100.00%
Sub	0	0.00%	0.00%	0	100.00%	100.00%
	77,500,000				2.06%	100.00%

PROPOSED SSFA ALTERNATIVE
Time Series Analysis Under Various Collateral Performance Scenarios
Sample Prime Mortgage New Issue Transaction

Proposed SSFA Supervisory Floor

0.00%	25.00%	0.56%
25.00%	30.00%	0.64%
30.00%	40.00%	0.80%
40.00%	50.00%	1.60%
50.00%	60.00%	2.80%
60.00%	70.00%	4.00%
70.00%	85.00%	6.00%
85.00%	100.00%	8.00%
100.00%	115.00%	20.00%
115.00%	130.00%	34.00%
130.00%	150.00%	52.00%
150.00%		100.00%

NPR SSFA Supervisory Floor

0%	50%	1.60%
50%	100%	8%
100%	150%	52%
150%		100%