## Securitization and Structured Finance Post Credit Crunch

A Best Practice Deal Lifecycle Guide

Markus Krebsz



## Contents

Pro	rrelace		
Acknowledgments			xvii
1	Introduction		1
	1.1	Setting the scene: About this book	1
	1.2	Diagrammatical overview of deal lifecycle stages	2 2
	1.3	Role-based roadmap to the book	2
PA	RT. I	THE CREDIT CRISIS AND BEYOND	5
2	Look	ing back: What went wrong?	7
	2.1	Overview	7
	2.2	Data, disclosure, and standardization	· 8
	2.3	Paper reports	
	2.4	Electronic reports	9
	2.5	Data feeds	10
	2.6	Definitions	10
	2.7	Reporting standards	10
	2.8	Underwriting standards	11
	2.9	Due diligence	11
	2.10	Deal motives	13
	2.11	Arbitrage	13
	2.12	Rating shopping	13
	2.13	Overreliance on credit ratings	14
	2.14	Models, assumptions, and black boxes	15
	2.15	Proprietary analysis	16
	2.16	Risk management and risk mitigants	17
	2.17	Senior management awareness	17
	2.18	Lack of drilldown capability and group-wide controls	18
	2.19	Mark to market, mark to model, and pricing of illiquid bond	
	2.20	Government salvage schemes: What's next?	19
	2.21	Re-REMICS: Private vs. public ratings	20
	2.22	Conclusion	20

Contents

3	-	: What has happened since? initiatives: An overview	21 21
4	Sound practice 4.1 Data 4.2 Definition 4.3 Standard 4.4 Investor 4.5 Motivation 4.6 Analysis	ns Is	23 24 30 32 35 36
PA	RT II DEAL	LIFECYCLE	47
5	5.2 Key sign 5.3 Deal stru 5.4 Asset cla 5.5 Private is 5.6 Credit er 5.7 Asset rea 5.8 Documer 5.9 Target po 5.10 Indicative 5.11 Ratings in	considerations as for securitization acture type asses assuance, public issuance, or conduit financing adiness and feasibility studies attain review acture type acture type asses assuance, public issuance, or conduit financing adiness and pricing adiness and feasibility studies acture type acture type acture type asses assuance, public issuance, or conduit financing adiness and pricing adiness and feasibility studies acture type acture type asses assuance, public issuance, or conduit financing adiness and feasibility studies acture type acture type asses assuance, public issuance, or conduit financing adiness and feasibility studies acture type addiness and feasibility studies acture type acture type addiness and feasibility studies acture type acture type addiness and feasibility studies acture type a	49 49 63 63 68 70 70 75 91 94 97 101
6	<ul><li>6.2 Execution</li><li>6.3 Transaction</li><li>6.4 Transaction</li></ul>	execution timing n resources ion counterparties ion documents nfiguration	111 111 111 114 120 127
7	<ul><li>7.2 Pre-sale :</li><li>7.3 Deal prio</li></ul>	cuments, marketing, and roadshow report cing and close nance reports	133 133 135 136
8	8.2 Deal per	g and reporting formance measurement formance analytics process lemption	137 137 144 145 154
PA	RT III TOO	LBOX	155
9	_	complex transactions e diagrams	157 157

		Contents	vii
	9.2	Analytical capabilities	158
	9.3	The risk of overreliance on ratings	159
	9.4	Analytical roadmap	164
		· · · · · · · · · · · · · · · · · · ·	
10	Data		167
	10.1	The "meaning" of data	167
	10.2	Static information	170
	10.3	Dynamic data points	170
	10.4	Data providers	172
		· · · · · · · · · · · · · · · · · · ·	
PA	RT I	V ANALYTICAL TOOLS	175
11	Vend	ors	177
12	ABSX	Kchange	179
	12.1	Introduction	179
	12.2	Performance data	180
	12.3	Pool performance	181
	12.4	Portfolio monitoring	183
		Creating benchmark indexes	186
	12.6	Cash flow analytics	187
	12.7	Single-bond cash flow analysis	187
	12.8	Single cash flow projection results	190
	12.9	Advanced functionality	191
13	Bloor	nberg	193
14	Capit	alTrack	195
	14.1	Changing the data model used for structured finance instrument administration	195
	14.2	The big fly in the ointment	197
	14.3	CapitalTrack—the new model	199
15	Fitch	Solutions	207
		Products and services	207
		Research services	209
	15.3	Structured finance solutions	210
	15.4	Residential mortgage models	212
16	Intex		217
	16.1		217
	16.2	Overview	218
		Cash flow models and data	218
		New developments/releases	223
		Partners	224
17	Lewt	an Technologies	227
		Pioneers in a fast-growing industry	227
		Broadening the horizon	227

	~
7111	Contents

	17.3	A global solution		232
		Responding to regulatory requirements		233
		Streamlining workflows with automation tools and data feeds		233
	17.6	ABSNet scheduled export		234
	17.7	Home price depreciation and the need for better tools		236
	17.8	The demand for greater granularity		236
	17.9	A brighter future		240
18	Moo	dy's Wall Street Analytics		241
	18.1	ABS/MBS investors tools: Structured-Finance Workstation		241
		CDO investors' tools		242
		ABS/MBS issuer tools		243
		CDO tools for asset managers		244
		CDOEdge for structurers		245
	18.6	CDOnet Underwriter		246
19		cipia Partners: The Principia Structured Finance Platform		247
		Portfolio management		248
		Risk management: Cash flow and exposure analysis		254
		Operations and administration		262
	19.4	Summary	*	265
20	Trep			267
		Company history		267
		Product suite		267
		Trepp for CMBS		269
		Trepp derivative	:	273
		Trepp loan		274
		Powered by Trepp		277
		Recent developments		279
		Trepp's market affiliations		280
	20.9	The future		281
21		or's toolbox		283
		Overview		283
	21.2	Ratings tools		283
22		mberg's structured finance tools: Tricks and tips	·	289
	22.1	Structure paydown function (SPA)		289
	22.2	Super Yield Table (SYT)		302
	22.3	Mortgage Credit Support (MTCS)		323
	22.4	Collateral Performance function (CLP)		326
	22.5	CMBS Loan Detail screen (LDES)		336
	22.6	Delinquency Report (DQRP)		355
	22.7	Collateral Composition Graph (CLCG)		358
	22.8	Cash Flow Table (CFT)		362
	22.9	Class Pay Down (CPD)		377

		Contents	ix
	22.10 Rating changes (RATT)		379
	22.11 Mortgage API Excel workbooks (MAPI)		382
23	Websites and other resources	,	389
	23.1 Trade bodies		389
	23.2 Free data portals		389
	23.3 Vendors		390
	23.4 Structured finance periodicals and other useful resources		392
	23.5 Rating agencies		395
AP	PPENDIXES		
A	Glossary		397
В	Ratings		405
	B.1 Fitch Ratings		405
	B.2 Moody's		408
	B.3 Standard and Poor's		416
C	List of abbreviations		431
D	Bibliography		433
		`. <u>.</u>	
Index			435