

## SECURITIZATION INFORMATION REQUESTS

You may find the following data, to be supplied by the institution before the examination, useful in your examination efforts. The information should be for the most recent quarter end. In addition, you should ask the thrift to summarize all significant adjustments to its policy or practices associated with the securitization activity since the last examination.

### Risk Management

1. A copy of the strategic or business plans for asset securitization activities.
2. Primary and contingency liquidity funding plans as they relate to securitization activities.
3. Copies of all written policies and procedures on asset securitization, that cover the following:
  - a. Establishing and monitoring adherence to risk limits, include:
    - i. Exposure limits for both aggregate and individual transactions.
    - ii. Procedures on how changes can be made to those limits or exceptions approved.
  - b. Hedging and correlation requirements.
  - c. Accounting methodology, including written standards for:
    - i. Initial valuation of assets and liabilities arising out of securitization activities.
    - ii. Recording gains on sale.
    - iii. Periodic valuation of residual and servicing assets.
    - iv. Investor account management.
    - v. Interest and fee accruals.
    - vi. Delinquency reporting.
  - d. Sensitivity analysis, including:
    - i. Policies that govern acceptable methodologies and assumptions.
    - ii. Procedures used to formally approve changes to assumptions.
  - e. Internal controls.
  - f. Internal audit.

- 
- g. Collection practices.
  - h. Loss migration.
  - i. Investor reporting.
4. A listing and account description of all general ledger accounts associated with the securitization function and corresponding SC or SO Thrift Financial Report (TFR) line items.
  5. A copy of the most recent performance statistics for securitizations reported to the trustee.
  6. Copy of current organizational chart of the asset securitization unit of the bank including phone numbers for each individual.
  7. A list and meeting schedules for all board and/or senior management committees that oversee asset securitization activities. Please make meeting minutes available for our review.
  8. Access to the prospectus or series supplement and pooling and servicing agreement for each outstanding transaction.
  9. Information detailing the potential contractual or contingent liability from guarantees, underwriting, and servicing of securitized assets.
  10. Provide a list of all third party vendors (accountants, rating agency personnel, investment bankers, law firms, etc.) used by the institution for securitized or serviced assets, including:
    - a. Services rendered.
    - b. The contact person for each vendor.
    - c. Access to contracts.
    - d. Copies of the latest analysis as to assessment of performance.
    - e. Most recent audit report, either by you or third party.
    - f. The latest financial analysis on the company contracted.

### Residual Valuation

11. A description of your residual valuation modeling process, and the validation of the model.
12. A copy of the residual valuation model input and output supporting the values reported in the most recent TFR and initial value estimate.
13. Documentation either internal or external used to support the assumptions used to value the retained interests (discount rate, gross yields, default rate, loss severity rate, prepayments) for both the initial and current estimates.

## Management Information Systems

14. A description of the risk measurement and monitoring system for securitization activities and copies of all related MIS reports (that is, tracking reports, exposure reports, valuation reports, profitability analyses, etc.) for the most recent TFR filing.
15. A copy of management reports used for tracking and monitoring the performance of loan production with different characteristics for the last month end and most recent TFR filing.
16. A credit score distribution for your production (nonsecuritized) and outstanding servicing portfolio (securitized).
17. Securitization summaries for each outstanding transaction (see attached sample report format).
18. Performance reports by portfolio and specific product type. Performance factors include gross portfolio yield, default rates and loss severity, delinquencies, prepayments, and excess spread amounts.
19. Vintage analysis for each pool securitized using monthly data.
20. Copies of your most recent static pool cash collections analyses.
21. Sensitivity analysis as required by FAS 140.
22. Statement of covenant compliance for all relevant deal triggers.
23. The most recent quarter end summary report from both nonsecuritized and securitized assets detailing the number of accounts and dollars outstanding for assets that have been:
  - a. Modified.
  - b. Re-written.
  - c. Extended.
  - d. Restructured.
  - e. Repurchased.
  - f. Re-aged.
  - g. Assumed.
  - h. Made to facilitate.

### Regulatory Reporting and Risk-Based Capital

24. Access to the supporting work papers, and a description of how the IO strip, servicing assets, and other credit enhancing assets are reported on the TFR.
25. A schedule supporting the core and risk-based capital calculations for the securitization activity.

### FAS 140

26. Copies of the general ledger entries demonstrating the initial entries made when a deal was closed (i.e., removing transferred assets from the books and recording retained interests).
27. A description of current accounting practices for loan fees and costs.
28. The most recently completed impairment analysis and initial valuation calculation for servicing assets and liabilities, interest-only strip securities/residuals. Please identify clearly how current and future monthly cash flows from securitizations support current asset carrying values.
29. The most recently completed impairment analysis and initial valuation calculation for servicing assets. Explain your procedures and methods.
30. Please provide the valuation and accounting treatment for overcollateralization balances and retained portions of securitizations.

### Audit

31. A copy of the most recent Internal Audit Plan and a listing of current audit ratings and outstanding audit findings, by area specific to the securitization function.
32. Copies of the most recent internal and external audit reports addressing asset securitization and management's response to deficiencies. In addition, access to external audit work papers to be made available upon request.

### Servicing Practices

33. A description of the current processes, time frames, and procedures, for timely loss recognition and nonaccrual treatment for defaulted loans.
34. A description of the terms and conditions for re-aging, extension, modification, and loss mitigation activities. Please provide the monthly reports used to monitor these activities.
35. A copy of the most recently prepared management report for servicing that outlines operational results. Please include securitization and loan portfolio vintage level delinquency, roll rates, loss severity factors, and cumulative loss-to-date information.
36. Provide a list of servicing fees received and evidence that the fee represents adequate compensation pursuant to SFAS No. 140.

37. Identify and explain any recourse provisions in servicing contracts.
38. A listing of all servicer advances on a per transaction basis and whether or not such advances have credit enhancing features.

### Market Acceptance

39. Access to the Correspondence file(s) showing requests from and responses to rating agencies, investors, etc.
40. A copy of all investor, rating agency, or other third party audits of servicing activities and PMI companies, and insurance wrap companies.
41. Rating changes on outstanding securities, if any.
42. Are there tranches that are nonrated, but more senior in the securitization structure to rated tranches.