



**Title: Risk Based Capital  
Process for Capturing and Utilizing Average Loan Size Files**

Approved By: Stephen Blumenthal Date: 12/14/05

**I. Purpose:**

This guideline sets forth, in part, the process used to determine quarterly Risk-Based Capital (RBC) classifications. In order for the Enterprises to prepare the RBC Report submission quarterly they must use the Average Loan Size file prepared by OFHEO. Specifically, the average loan size file is used to assign a loan to one of seven categories reflecting the relative loan size. Relative loan size is used in the RBC regulation to reflect whether a loan is significantly larger or smaller than average for that state and origination year.

**II. Scope:**

This guideline applies to OFHEO employees. The information generated through the process set forth in this guideline is used by the Enterprises in the production of the Risk-Based Capital Report, as a part of the RBC stress test. OFHEO uses this stress test to determine quarterly RBC classifications.

The OFHEO Director may amend this guideline at his or her discretion.

**III. Authority And References:**

12 USC 4611

12 CFR Part 1750

Appendix A, Section 3.1, Table 3-3—Additional Single Family Loan Classification Variables

RBC Report Instructions, Single Family Data Elements—Individual Loans.

**IV. Effective Date:**

This guideline is effective immediately upon approval by the Director of OFHEO.

**V. Policy:**

It shall be the policy of OFHEO to determine the RBC requirement for each Enterprise at least quarterly.

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**VI. Process:**

The average loan size files are used to classify loans by size to better predict loan pre-payments in the RBC Model.

There is a one-month lag in the average loan size file each quarter. On the 22<sup>nd</sup> day of the third month of the quarter, the Enterprises submit data on single family loans acquired through the second month of the quarter. OFHEO produces the average loan size file and publishes it on the OFHEO web site by the ninth day following quarter end. The Enterprises then use the average loan size file to compute the relative loan size for each loan group, according to the RBC Report instructions. If any of these days falls on a holiday or weekend, the delivery is made on the next business day.

Each Enterprise provides OFHEO with a loan level file and a summary file for loans originated after 1968 and acquired after 1978. The Enterprises report the information in the following table for the loan level file.

Order	Business Name	Field Description	Format	Length	Nulls
1	Loan Number	Unique identifier for each mortgage used by the Enterprise.	Character	20	No
2	Enterprise	The code that identifies the Enterprise (FHLM, FNM)	Character	4	No
3	Origination Date	The date the mortgage was originated.	YYYYMMDD	8	Yes
4	Census Geographic Code – State	Census Bureau code that identifies the state where the property is located.	Character	2	No
5	Original Loan Amount	The original face amount of the mortgage.	Decimal	12.2	Yes
6	Acquisition Date	The date the loan was purchased or securitized by the Enterprise. The purchased date for loans securitized out of portfolio.	YYYYMMDD	8	No

The Enterprises apply the following filters to the loan level file before aggregation to exclude the following:

- All loans where the Original UPB amount is missing or  $\leq 0$ .
- All loans where the Origination Year < 1969, or Origination Year > current year, or the date is missing.

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- All loans where the Acquisition Date < 1979, Acquisition Date is > current year, or the date is missing.
- All loans where the State Code is outside the 50 states and US Territories or where the state code is missing or unknown. After applying the filter, the summarized file should contain only the 50 states, DC, GU, PR and VI.
- All loans where the Original Loan amount is greater than the four- unit maximum conforming loan amount for the specific year, based on acquisition date. The current four-unit conforming loan limits for use when applying this filter are found in the table below. Please note that the 1980 limit is also applied to loans acquired in 1979.

**Conforming Loan Limits to be Applied to the Summary Loan Size File**

Acquisition Year	Continental U.S., DC, PR	AK, HI, GU	VI
1979*	180,000	270,000	180,000
1980	180,000	270,000	180,000
1981	189,000	283,500	189,000
1982	205,300	307,950	205,300
1983	207,900	311,850	207,900
1984	218,900	328,350	218,900
1985	221,500	332,250	221,500
1986	256,000	384,000	256,000
1987	294,150	441,225	294,150
1988	324,150	486,225	324,150
1989	360,450	540,675	360,450
1990	360,150	540,225	360,150
1991	367,500	551,250	367,500
1992	388,800	583,200	583,200
1993	390,400	585,600	585,600
1994	390,400	585,600	585,600
1995	390,400	585,600	585,600
1996	397,800	596,700	596,700
1997	412,450	618,675	618,675
1998	436,600	654,900	654,900
1999	461,350	692,025	692,025
2000	485,800	728,700	728,700
2001	528,700	793,050	793,050
2002	578,150	867,225	867,225
2003	620,500	930,750	930,750
2004	641,650	962,475	962,475
2005	691,600	1,037,400	1,037,400

\* For 1979, use the 1980 conforming loan limit.

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After applying the filters, each Enterprise aggregates its loan level file by state and origination year. The format of this file is found in the table below.

Order	Business Name	Field Description	Allowable Values	Format	Length	Nulls
1	Enterprise	The code that identifies the Enterprise.	FHLM = Freddie Mac FNM = Fannie Mae	Character	4	No
2	Origination Year	The year the mortgage was originated.	Any valid year ≥ 1969 and ≤ the current year.	YYYY	4	No
3	Census Geographic Code – State	Census Bureau code that identifies the state where the property is located.	Any valid state code, or US Territory.	Character	2	No
4	Loan Count	Total number of loans by origination year and state of origin	Any valid number > 0	Integer	7	No
5	Aggregate Original Loan Amount	The aggregate total of original face amount by origination year and state of origin.	Any valid number > 0	Decimal	18.2	No

Once the two files are received from each Enterprise, OFHEO applies the filters described above to the loan level file and aggregates it before comparing it to the summary file. If there is a discrepancy between the loan level and summary file, an OFHEO staff member will contact the Enterprise. If the discrepancy cannot be resolved in time without putting the deadline at risk, OFHEO will use the loan level file to which it has applied filters and aggregated for the calculation.

OFHEO then combines the summary level datasets, calculates the simple average of the origination UPB by origination year and state and reviews the results for anomalies. This file is reviewed for anomalies before it is placed on the OFHEO web site by no later than the ninth day following quarter end.

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The Enterprises and the public may download the Average Loan Size file by following the steps listed below:

- <http://www.ofheo.gov>
- Capital Requirements
- Click on "Average Loan Size Files"
- Under the heading Average Loan Size Files, click the link for the appropriate quarter
  - Enterprise Combined Data Average Loan Size for use in XQXX RBC Report. (where XQXX is a specific quarter)
- Save

**VII. Definitions:**

**Relative Loan Size** -- the ratio of the original loan amount to the average loan amount in the same state and in the same origination year.

**VIII. Responsibilities:**

**Office of Capital Supervision (OCS)** – defines parameters of the average loan size file, including filters applied and allowable values; supervises the creation of the average loan size file and reviews file for anomalies; sends files to OER at least one business day before the file is published; sends files to the Enterprises no later than when published by OER.

**Office Of Technology and Information Management (OTIM)** – receives data in ASCII format from the Enterprises; validates summary files; combines summary files into datasets; creates single average loan size file in txt and excel formats; sends the files to OCS for final review.

**Office of External Relations (OER)** – places the average loan size files on the OFHEO web site.

**IX. Types or Frequency of Records Created:**

Quarterly average loan size files.

This Guideline was last updated on: 2/12/03