**Auto-Loan, Auto-Lease, and CMBS Product**

**Introduction:** Due to the recent enactment of Regulation AB2, (for the first time ever) asset-level characteristic and performance data for public securitization pools on several asset types must be published and updated on the SEC website. This data has been growing rapidly since the beginning of this year. By the end of 2017, there will be ~100 securitization trusts with over 34GB of data for the auto-loan, auto-lease, and CMBS verticals. Given the data size and update frequency, the market needs a centralized hub so users can access it easily in a consistent, clean format that has cash flow-specific fields. There is also an opportunity to create several products atop the dataset to drive value to the ABS community. Below we present a product roadmap for capturing this opportunity.

**Start with data:** To monetize the opportunity, we must first clean, enhance, and provide a reliable access point to this data. To describe this process, we have attached a spreadsheet ([RawtoClean.xls](https://drive.google.com/open?id=0B2Jk2BnAlTpbbzd0djh6WE9yY3dfZkpsaDhacXRUMWZTS2dz)) containing the raw and enhanced versions of a sample of ALD auto-loan characteristic and performance data. This sample includes approximately 650 loans across 11 auto-loans securitization deals that have experienced charge-offs (~2,000 rows with ~80 fields). The raw data tab represents the XML files as they appear on the SEC Edgar website with minimal processing.

The enhanced dataset is cleaned to scrub common problems with loan tape data such as:

(a) Ensuring that repossessedProceeds, recoveredAmount, and chargeoffProceedsAmount tick and tie

(b) Enforcing beginningBalances equal the sum of endingBalances, chargeOffs, and principalPaid

(c) Cleaning all non-values by converted them to true-zero in the appropriate cases

(d) Indicating if the obligorCreditScoreType presents the creditScore as a consumer or commercial score,

amongst other common data issues.

The enhanced data has added fields (scroll to the right in GREEN) including but not limited to:

(a) principalPrepaid, the amount paid above the required payment

(b) monthsFromCutoffDate, the age of the asset relative to the securitization trust start date

(c) loanToValueRatio, the value of the loan relative to the asset value

The cleaned data fields are highlighted in TAN within the .xls. Cleaning and enhancement are done using Python scripts.

**Create marketable products atop the dataset:** Once the data is cleaned and enhanced the opportunities for insights expand dramatically. Performing stratifications across trusts to compare asset pools and calculating performance curves are required at a minimum. Thereafter there are many opportunities to create marketable products to present insight beyond what is possible using pool or rep-line data.

These products fall into several categories. Some are quantitative in nature, such as heat maps, dispersion analysis, and sector wide benchmarks. Others are subscription-based, monitoring products that are sent to subscribers on a regular basis, such as a tracker. In fact, we have attached an example “tracker” product ([ALD Auto Loan Tracker.xlsx](https://drive.google.com/open?id=0B2Jk2BnAlTpbS1ZEZ0tFOWg3dzVUd0Rxekc5Z3VCQ1VEYXFR)), which is a summary stratification that aggregates the cleaned and enhanced information from the database. We also think there is an opportunity to create research products, such as newsletters, webinars, and networking lists to build the firm’s brand, market its products, and provide thought leadership to the industry. To demonstrate the potential impact of a research piece, we have attached a link to a Bloomberg story in which. “[**Santander may change their underwriting process to check more stringently for income when issuing loans**](https://www.bloomberg.com/news/articles/2017-05-22/subprime-auto-giant-checked-income-on-just-8-of-loans-in-abs)**”** as a result of the publishing of this data and comparing it to other similar securitization deals (specifically the other subprime issuer - Americredit).

**Provide modeling and consulting services in the future:** Eventually the data will gain both depth (>24 months of performance) as it already has breadth (>15 auto-loan deals), which suggests additional monetizable products. Eventually, the industry will demand access to a cross-trust credit model that can be sold to participants to help value whole loan pools and new or existing securitizations. Many participants will not be able to construct this themselves because of infrastructure and resource constraints. We will be uniquely positioned to create and update these models and provide services to integrate them into a participant’s workflow.