

## BCLTM UPDATE: CUSTOM HPA SCENARIOS

### A brief tutorial for using custom HPA scenarios in the non-agency RMBS calculator

At the close of business on Friday October 19, 2012, the non-agency RMBS calculator on Barclays Live will be enhanced to allow users to express their own views on future home prices when running the Barclays Capital Loan Transition Model. This tutorial demonstrates how to save a custom HPA scenario in the interactive HPA Analyzer and use it in the non-agency calculator.

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## Open HPA Analyzer

The HPA analyzer can be accessed either by typing the keyword *hpa* in the search box on Barclays Live or by loading a security in the mortgage calculator (keyword: *mcalc*) and clicking the HPA preference button in the pricing inputs panel (Figure 1).

Figure 1: Launch scenario customization from single security calculator

The screenshot shows the 'Inputs' section of the HPA Analyzer. It includes fields for Quote (ZV Yield), Analysis (ZV), BE Losses (Off), and Settle Date (10/23/2012). Below these are sections for Prepayment (BaseCaseLive), Bond Insurance (Off), Agency/Govt Insurance (On), and various settlement amounts (BoA-CW, JPM, ResCap, MS, Wells Fargo) with their respective settle amounts in \$B. There is also a Cleanup Call field (Off). At the bottom, a note states 'Scenario details available via BCLive keyword "hpa"' with a small icon.

Source: Barclays Live

## Create and save a custom HPA scenario

In the HPA Analyzer, users can enter a view for national home price appreciation for each of the next five calendar years, as well as a longer-term forecast through 2021. Regional home prices at the state, CBSA, county, and zip code levels are then derived from the custom scenario by the Barclays Capital Regional Home Price Model.

In the example below, we create a scenario in which US aggregate home prices remain flat from the last actual observation. This is done by setting 2012 full-year HPA to be the same as 2012 YTD HPA, and then setting all future values of HPA to zero in the remaining fields in the HPA User Inputs section (Figure 2). To learn more about the home price model, please see *Inside Mortgage Valuation: A Guide to Models on Barclays Live*.

Figure 2: Set custom scenario in the HPA Analyzer  
Home Price Appreciation Analyzer (Keyword: hpa)

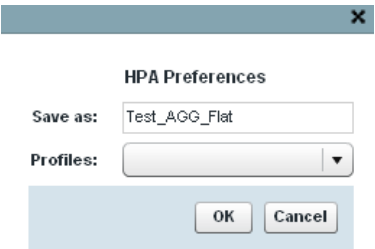
The screenshot shows the 'National HPA Input' section. It has radio buttons for 'Aggregate' (selected) and 'Distressed Excluded'. There are 'Save' and 'Load' buttons. Below is a table with columns for 2012 YTD (SA), 2012, 2013, 2014, 2015, 2016, and 2017-2021. The 'HPA User Inputs' row shows values: 2.85, 2.85, 0, 0, 0, 0, 0. An 'Analyze' button is at the bottom right.

|                 | 2012 YTD (SA) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017-2021 |
|-----------------|---------------|------|------|------|------|------|-----------|
| HPA User Inputs | 2.85          | 2.85 | 0    | 0    | 0    | 0    | 0         |

Source: Barclays Live

To save the custom scenario for use in the non-agency calculator, click the Save button in the upper right hand corner of the input panel, enter a scenario name, and click OK (Figure 3).

Figure 3: Save custom scenario in the HPA Analyzer

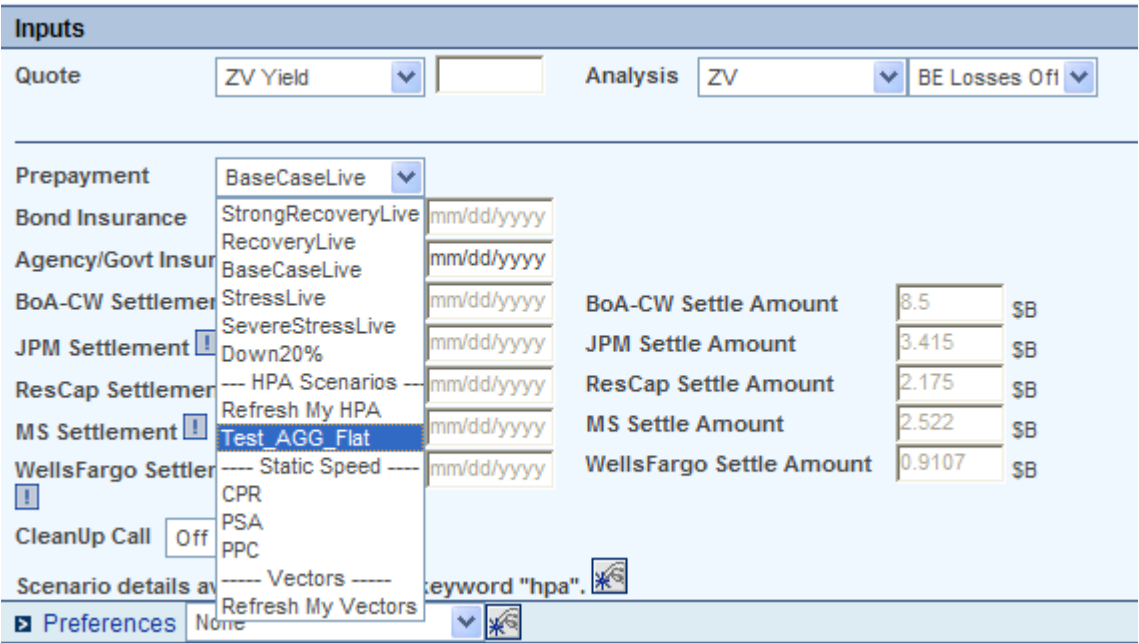


Source: Barclays Live

### Using custom HPA scenarios in the non-agency calculator

The saved scenario is now ready to be loaded into the non-agency calculator. It can be found in the Prepayment dropdown in the Inputs panel in the single security calculator (Figure 4) or the Prepay Type dropdown in the Security Inputs panel in the multiple security calculator (Figure 5), under the “HPA Scenarios” section below the six standard Barclays home price scenarios.

Figure 4: Load custom scenario in the non-agency single security calculator (keyword: MCALC)



Source: Barclays Live

Figure 5: Load custom scenario in the non-agency multiple security calculator (keyword: MSA)

**Multiple Security Analysis** New Security List > Save > Delete > Customize > Import > Export All

**Indicatives** | **Calculator** | **Scenario Analysis** | **Cashflow** | **Market Rates** | View Securities: 1 to 50

**Select a Security** Add / Search Security or Cusip Add Search Feedback ? Rate Env NY 3PM Close as of 10/09/2012

**Security Inputs** Add securities, specify inputs, hit 'F8' or click Go

| Security           | Analysis | Quote Type | Quote | Settle Date | Prepay Type        | Prepay Rate |
|--------------------|----------|------------|-------|-------------|--------------------|-------------|
| 1 [G] WFM06-AR5 B1 | ZV       | ZV Yield   |       | 10/15/2012  | BaseCaseLive       | 100.00      |
| 2 [G] WFM05-7 A1   | ZV       | ZV Yield   |       | 10/15/2012  | StrongRecoveryLive | 100.0       |

**Analysis Results** Display

| Status | Security |
|--------|----------|
|        |          |

**Prepay Type Dropdown Menu:**

- BaseCaseLive
- StrongRecoveryLive
- RecoveryLive
- BaseCaseLive
- StressLive
- SevereStressLive
- Down20%
- HPA Scenarios ---
- Refresh My HPA
- Test\_AGG\_Flat**
- Static Speed ----
- CPR
- PSA
- PPC
- CPB
- Vectors -----
- Refresh My Vectors
- Create a Vector

Source: Barclays Live

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