

SECUTIZATION RESEARCH 13 April 2012

BLTM UPDATE - PRODUCTION CALCULATOR RELEASE

Barclays Loan Transition Model with enhanced output and user overrides

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At the close of business on Friday, April 13, 2012, we will roll the beta version of our non-agency RMBS calculator to production. The new calculator, which uses the same underlying loan transition model as the calculator it will replace, provides users with extensive detail on model projections of future roll rates, modifications and servicer advances. It also offers an enormous amount of flexibility in stress-testing bond cash flows or customizing the underlying functions of the model. We will continue to make enhancements to the calculator over time and we encourage clients to use it and let us know what additional features they would like to see.

The new single (multiple) security non-agency calculators can be accessed in the usual way by typing *mcalc* (*msa*) in the search box on Barclays Live (see details below).

Highlights of the new calculator include:

- Enhanced output: In addition to the currently displayed valuation metrics and loss projections, users of the calculator will be able to view and export detailed output on collateral characteristics, historical performance and projected performance of the mortgages underlying a :bond, including all major delinquency roll rates, servicer advance rates, modification rates and loss severities. When analyzing re-REMICs, users can view and export enhanced outputs for the mortgages underlying the CMO tranche that backs the re-REMIC.
- Extensive user overrides: Users can customize the loan transition model by multiplying or overriding any or all of its core functions, including always-current to delinquent roll rates, foreclosure-to-REO roll rates, servicer advance rates, modification rates out of various delinquency states, or balance forgiven on modifications. User-defined multipliers and overrides can be applied as scalars, dated vectors or vectors indexed by months forward from the current factor date, and can be combined and saved as user preferences that are essentially user-defined versions of the model.
- **Additional scenarios:** Users can run bonds to forward or static rate assumptions, as well as to base, stress and recovery home price scenarios.

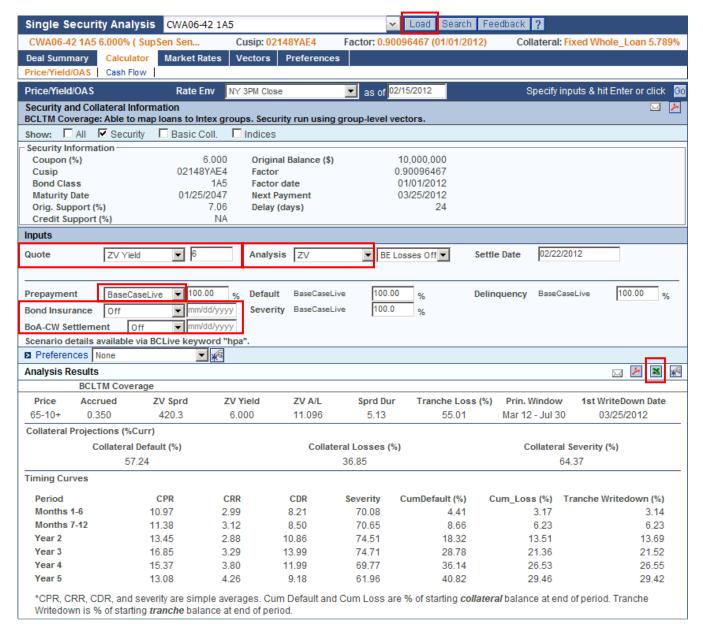
Steve Bergantino +1 212 412 2164 steven.bergantino@barclays.com

Chun Li +1 212 412 7951 chun.li@barclays.com

www.barcap.com

Using the Calculator

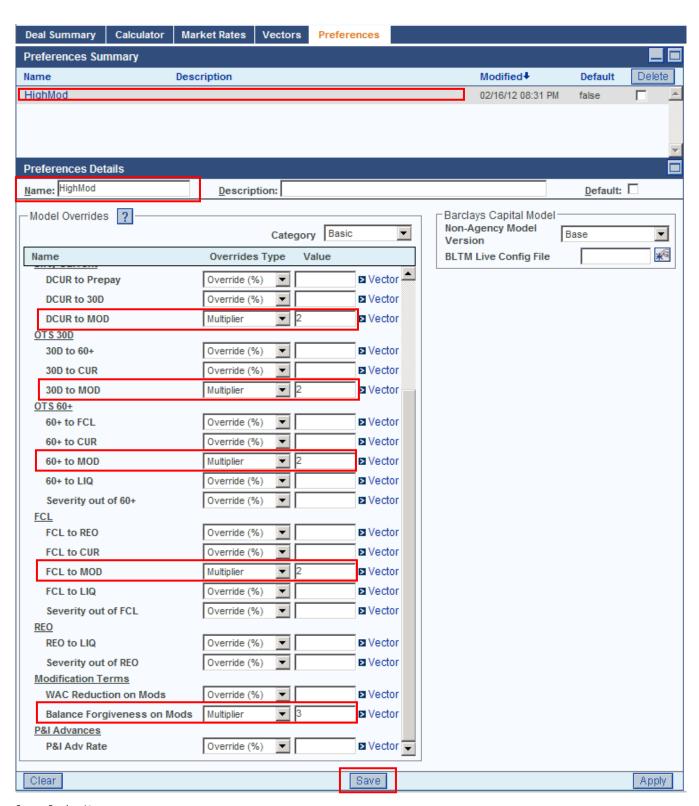
■ In the example below, we use the single security calculator. To access the non-agency calculator type *mcalc* in the search box on Barclays Live. When the calculator appears, enter a Cusip and select Load. Then select an Analysis Type (ZV or Static), Quote type and value (price, yield or spread), HPA scenario (Base Case, Stress, Severe Stress, Recovery, or Strong Recovery), and click Go. Users can also toggle Bond Insurance and/or model projected cash flows from the Bank of America-Countrywide settlement on/off as desired. To export the valuation results, along with detailed outputs, select the Excel icon at the right of the screen.



Source: Barclays Live

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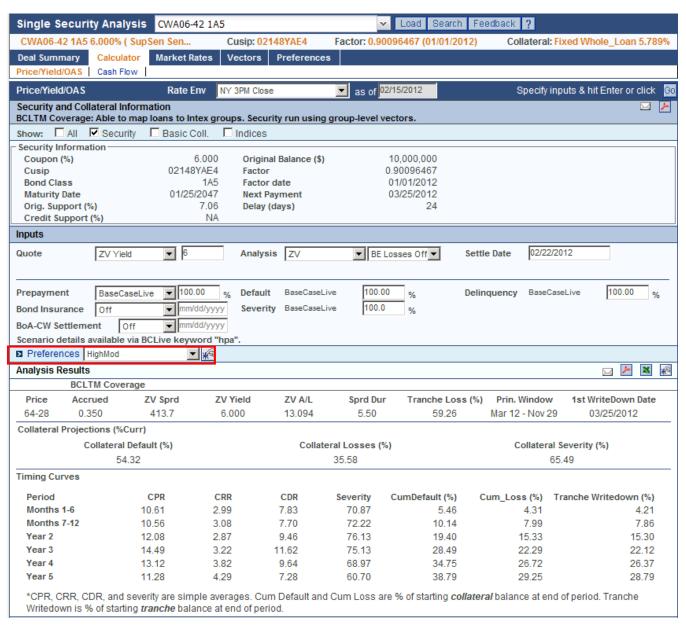
■ Use the Vectors and/or Preferences Tab to customize the model. In this example, we have increased modification rates and the amount of balance forgiven on modified loans, and have saved the preference with the name HighMod.



Source: Barclays Live

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■ The saved preference can then be used in place of the base model.



Source: Barclays Live

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