

# 2018 McCracken Conference



**RATE CAP HEDGE**



# Rate Cap Hedge



- This session will look at the latest release of the Rate Cap Monitoring Widget. Learn about the rules added and discuss what other rules and enhancements may be needed.

# Agenda



- What are you doing today?
- Why the need for a Rate Cap Hedge
- How Strategy accomplishes the need
- Demo of the Rate Cap Monitoring Widget
  - Rate Cap Listing Screen
  - Rate Cap edit Screen
  - Rate Cap Detail screen
  - Hedger Provider
  - Bank Rating
- Dayend Program
- Rules/Alerts
- Enhancement Discussion

# What are you doing today?



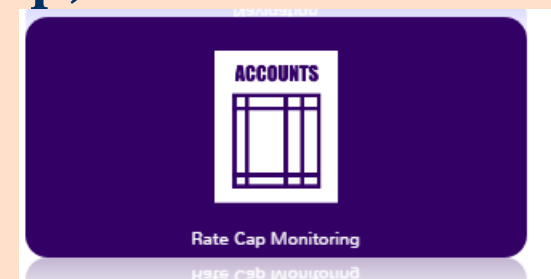
- How many have hedges?
- How many have springing caps?
- What is your volume?
- For the functionality that exists, does it meet your needs?

# Rate Cap Monitoring Widget



## Why the need for a Rate Cap Hedge

- Certain loan agreements the borrower is required to purchase a hedge product
- The loan agreement requires a hedge agreement if certain conditions exist (Springing Cap)



## Rate Cap Hedge



- Under certain loan agreements if a pay rate reaches a predefined threshold for a certain period of time, the borrower may need to purchase a swap or hedge product. The user needs the system to check for the conditions. When applicable the rules engine will recognize that the condition exists and set off an alert and/or a client-defined process.

# Rate Cap Hedge

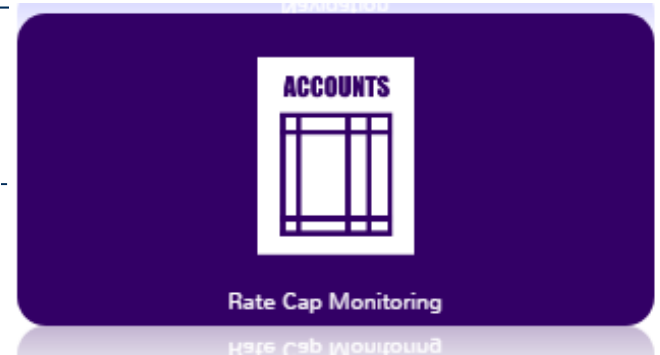


- How does Strategy accomplish this?

# Rate Cap Monitoring Widget



It opens up to the Loan Search screen to select a loan record



←

Opal

Search

Welcome, Kim Smith  
Rate Cap Monitoring

Search Results

Loan Search Results

Loan Number	Associated Name	Monthly Payment	Current Principal Balance	Loan Name	Active Status	Name ID	MCA #	Credit Facility #	Fannie Mae Loan Number
No data available in table									



# Rate Cap Listing Screen



Clicking a loan record in the Search Result grid displays the Rate Cap Listing page.

## Rate Cap Listing

Cancel

New

Loan Number ▼	Hedge Identifier	Short Name	Servicer Loan Number	Strike/Threshold Rate	Notification Duration	Days or Months	Date Threshold Reached	Active Status
200000001	3	CHARTER OAK A		8.107	1	(M)	02/28/2017	YES (Y)

# Rate Cap Edit Screen



[Search](#) » [Rate Cap Listing](#) » Rate Cap Edit

## Rate Cap Edit

### Loan Information

Loan Number	10020001	Investor	D2 Inv 100 External loans (100)	Investor Loan	200001100	Fiscal Year End		Related Loans	
Client Relations Mgr	RYLOWICZ, SUSAN [SR]	Processor Code		Loan Type	CONVENTIONAL, (PURCHASED) [P]	Original Loan Date	09/30/2013	Loan Added Date	11/01/2013
Product Line		Product Line Detail 1		Product Line Detail 2		Source Code		Hold Code	
Collateral ID	<input type="text" value="Consol."/>	Property Name	Test Property Record (1)	Property Address	333 Mulberry Lane Winfield, IL 60190	Property Desc 1	COMMERCIAL [30]	Property Desc 2	
<input type="button" value="View Detail"/>	<input type="button" value="Property Maintenance"/>								CMS Property Type

Hedge Identifier 10 Short Name M EOM no cal Seller Servicer Loan #

### Rate Cap Details

Notification Duration	<input type="text" value="12"/>	Provider Name	<input type="text" value="PAT Bank (995)"/>	Credit Enhancement %	<input type="text" value="0"/>
Days or Months	<input type="text" value="DAYS (D)"/>		<input type="button" value="Update Ratings"/>	Term(Months)	<input type="text" value="0"/>
Strike/Threshold Rate	<input type="text" value="4.5454"/>	Hedge Escrow Required	<input type="text" value="--"/>	Hedge Revalue Frequency	<input type="text" value="--"/>
Active Status	<input type="text" value="YES (Y)"/>	First Hedge Revalue Date	<input type="text" value=""/>		
Threshold Reached Status		Required Escrow %	<input type="text" value="0"/>		
Date Threshold Reached		State of the Hedge	<input type="text" value="--"/>		
Hedge Type	<input type="text" value="--"/>	Type of Index	<input type="text" value="--"/>		
Effective Date	<input type="text" value=""/>	Original Notional Amount	<input type="text" value="0.00"/>		
Termination Date	<input type="text" value=""/>	Notional Amount Amortize	<input type="text" value="--"/>		
Subsequent Hedge Required	<input type="text" value="--"/>	Springing Caps	<input type="text" value="--"/>		
Loan Documents Require Agreements at all times	<input type="text" value="--"/>	Required Minimum Hedge Term(Years)	<input type="text" value="0"/>		
Credit Enhanced Bond Asset ID	<input type="text" value="0"/>	Cap Escrow: Full or Partial Up-front %	<input type="text" value="0"/>		
Security Asset ID	<input type="text" value="0"/>	Maximum Allowable Hedge Strike Rate	<input type="text" value="0"/>		
Credit Enhancement Bond ID	<input type="text" value="0"/>	Counterparty Name	<input type="text" value="Test Correspondent"/>		
DUS Bond ID	<input type="text" value="0"/>	Required DSCR at Strike Rate	<input type="text" value="0"/>		

Comment

# Rate Cap Details



Ok Apply **Cancel** Delete

Hedge Identifier 3 Short Name CHARTER OAK A Seller Servicer Loan #

## Rate Cap Details

Notification Duration	1	Provider Name	MFS Bank (001)	Credit Enhancement %	0
Days or Months	MONTHS (M)		Update Ratings	Term(Months)	0
Strike/Threshold Rate	8.107	Hedge Escrow Required	YES (Y)	Hedge Revalue Frequency	ANNUALLY (AN)
Active Status	YES (Y)	First Hedge Revalue Date			
Threshold Reached Status		Required Escrow %	0		
Date Threshold Reached	02/28/2017	State of the Hedge	CREATED (CR)		
Hedge Type	HEDGED UNDER (HU)	Type of Index	--		
Effective Date		Original Notional Amount	0.00		
Termination Date	04/02/2014	Notional Amount Amortize	YES (Y)		
Subsequent Hedge Required	IDENTICAL TERMS (IT)	Springing Caps	NO (N)		
Loan Documents Require Agreements at all times	YES (Y)	Required Minimum Hedge Term(Years)	0		
Credit Enhanced Bond Asset ID	0	Cap Escrow: Full or Partial Up-front %	0		
Security Asset ID	0	Maximum Allowable Hedge Strike Rate	0		
Credit Enhancement Bond ID	0	Counterparty Name			
DUS Bond ID	0	Required DSCR at Strike Rate	0		

Comment

Most Recent Note

# Hedge Providers



- Track the Hedge Providers for hedge agreements
- The Hedge Provider Search window allows users to search for a particular Provider within the Bank Vendors.

The screenshot shows a software window titled "Hedge Provider Search" with a close button (X) in the top right corner. The window contains a search form with the following fields: "Provider Name" (containing the letter 'M'), "Address Line 1", "Address Line 2", "Address Line 3", and "Address Line 4". Below these fields is a "Search" button. At the bottom of the window is a table displaying search results. The table has columns for "Provider", "Name", "Contact", "Address Line 1", "Address Line 2", "Address Line 3", "Address Line 4", "Phone", and "Fax". One result is shown: Provider "001", Name "MFS Bank", and Phone "0000000000 0". Below the table are "Ok" and "Cancel" buttons.

Provider	Name	Contact	Address Line 1	Address Line 2	Address Line 3	Address Line 4	Phone	Fax
001	MFS Bank						0000000000 0	

# Bank Rating



- The new Update Bank Rating window captures ratings assigned to the Provider by Fitch, Moody's and S&P

Update Bank Ratings

Rating Agency --

☒ Current Rating Information ☐ All Rating Information

Search

Rating Agency	Rating Agency's Company ID	Financial Strength Rating	Financial Size Category	Rating Effective Date
FITCH (FI)		SUPERIOR AA (03)		02/14/2018
MOODYS (MO)		GOOD A3 (07)	5,000,000 TO 10,000,000 (04)	02/28/2018
STANDARD & POOR'S (SP)		GOOD A+ (05)		02/28/2018
A.M. BEST (AM)		SUPERIOR A++ (01)		02/28/2018

Rating Agency --

Rating Agency's Company ID

Financial Strength Rating --

Financial Size Category --

Rating Effective Date

New

Ok

Apply

Delete

Cancel

# Rate Cap Hedge



What does Strategy check?

- The Borrower's interest rate against the Strike/Threshold rate and Active Status

# Dayend Program



The Dayend program looks for 2 conditions

- If there is a date in the Date Threshold Reached field, the system checks to see if there is a 'Y' in the Status field. If a record is found with a date in Date Threshold Reached and a 'Y' in the Status field, the system sets the Status field to blank.
- If there is no Date Threshold Reached date, the system evaluates the current interest rate against the Strike/Threshold Rate.
  - If the Current Interest Rate or (Current Pay Rate + DIAL Rate) is equal to or greater than the Strike/Threshold Rate

# Rate Cap Hedge



- What are the rules?



# Rules



Rule ID	Rule	Logic	Rule Alert Text
138	Rate Cap Monitoring	Rate cap threshold met or exceeded. Variable value: none. Logic: Select Rate Cap Monitor file PRACAMO record where Date Threshold Reached field SWDTR is not null and Status field SWSTAT = 'Y'	Current pay rate meets or exceeds threshold.
250	Hedge Termination Pending	Hedge termination/expiration pending. Variable value: specify the number of days before hedge termination/expiration to take the designated actions. Logic: For any active hedge (PRACAMO.SWACTV = Y), find the number of days between its Termination/Expiration Date PRACAMO.SWTRMDT and System Process Through Date PSYSCPER.S2PTDT. If that number is less than or equal to rule detail variable value PRURULED.RDVALUEN, take the designated action.	[Borrower] hedge termination/expiration date is due in XX days [Date]
251	Hedge Termination Past Due	Hedge termination/expiration date past due. Specify the number of days past Hedge Termination/Expiration Date to take the designated actions. For any active Hedge (PRACAMO.SWACTV = Y) find the number of days between System Process Through Date PSYSCPER.S2PTDT and Termination/Expiration Date PRACAMO.SWTRMDT. If that number is greater than or equal to rule detail variable value PRURULED.RDVALUEN, take the designated action.	[Borrower] Hedge Termination/Expiration date XX days overdue [Date]

# Rules



Rule ID	Rule	Logic	Rule Alert Text
252	Hedge Escrow Revalue Pending	Hedge Escrow Revalue Date pending. Variable value: specify the number of days before first hedge escrow revaluation to take the designated actions. Logic: for any active Hedge (PRACAMO.SWACTV = Y), find the number of days between First Hedge Escrow Revalue Date PRACAMO.SWFHERD and System Process Through Date PSYSCPER.S2PTDT. If that number is less than or equal to rule detail variable value PRURULED.RDVALUEN, take the designated actions.	[Borrower] hedge escrow revaluation due in XX days [date]
253	Springing Cap Index	Springing Cap has hit Index. Variable Value: none. Logic: retrieve Threshold Strike Rate PRACAMO.SWTR for any active Hedge (PRACAMO.SWACTV = Y) with Springing Caps (PRACAMO.SWSCAPS = Y). If that rate is greater than or equal to the most recent index rate (PINDEX.IXIRAT where max PINDEX.IXEFF not later than System Process Through Date PSYSCPER.S2PTDT) where index PINDEX.IXICOD matches Hedge Type of Index PRACAMO.SWTOI, take the designated action. Index name is in PINFO table I2.	[Borrower] springing cap threshold/strike rate XX meets or exceeds the rate of the index [Index full description]
254	Bank S&P Rating Requirement	Bank must meet minimum S&P rating requirement. Variable Value: specify minimum rating required. Logic: For any active Hedge (PRACAMO.SWACTV = Y), retrieve the effective S&P bank rating where Bank Rating Bank ID PBANKRAT.VRBANKID matches Hedge Provider Name PRACAMO.SWPRNAM and Rating Agency ID PBANKRAT.VRRAGENCY is 'SP'. If Financial Strength Rating PBANKRAT.VRFSTRRAT falls below the rating in the rule detail variable value, take designated action.	[Bank] S&P rating XX does not meet minimum requirement

# Rules



Rule ID	Rule	Logic	Rule Alert Text
255	Bank Moody's Rating Requirement	Bank must meet minimum Moody rating requirement. Variable Value: specify minimum rating required. Logic: For any active Hedge {PRACAMO.SWACTV = Y}, retrieve the effective Moody's bank rating where Bank Rating Bank ID PBANKRAT.VRBANKID matches Hedge Provider Name PRACAMO.SWPRNAM and Rating Agency ID PBANKRAT.VRRAGENCY is 'MO'. If Financial Strength Rating PBANKRAT.VRFSTRRAT falls below the rating in the rule detail variable value, take designated action.	[Bank] Moody's rating XX does not meet minimum requirement
256	Bank Fitch Rating Requirement	Bank must meet minimum Fitch rating requirement. Variable Value: specify minimum rating required. Logic: For any active Hedge {PRACAMO.SWACTV = Y}, retrieve the effective Fitch bank rating where Bank Rating Bank ID PBANKRAT.VRBANKID matches Hedge Provider Name PRACAMO.SWPRNAM and Rating Agency ID PBANKRAT.VRRAGENCY is 'FI'. If Financial Strength Rating PBANKRAT.VRFSTRRAT falls below the rating in the rule detail variable value, take designated action	[Bank] Fitch rating XX does not meet minimum requirement

# Rule 138 – Rate Cap Monitoring



Monitors to see if the Rate Cap Threshold has been reached and then takes the designated action or actions

- **Threshold Reached Status** – This field indicates that the Current Rate (Current Interest Rate + DIAL Rate) is equal to or greater than the Strike/Threshold Date. Field is system generated. Value is Y.
- **Date Threshold Reached** – This indicates the date that the Current Rate has met or exceeded the Strike/Threshold. Field Value is system generated. Value is not null.

# Rule 138 – Rate Cap Monitoring



Ok Apply Cancel Delete

Hedge Identifier 3 Short Name CHARTER OAK A Seller Servicer Loan #

## Rate Cap Details

Notification Duration	1	Provider Name	MFS Bank (001)	Credit Enhancement %	0
Days or Months	MONTHS (M)		Update Ratings	Term(Months)	0
Strike/Threshold Rate	8.107	Hedge Escrow Required	YES (Y)	Hedge Revalue Frequency	ANNUALLY (AN)
Active Status	YES (Y)	First Hedge Revalue Date			
Threshold Reached Status		Required Escrow %	0		
Date Threshold Reached	02/28/2017	State of the Hedge	CREATED (CR)		
Hedge Type	HEDGED UNDER (HU)	Type of Index	--		
Effective Date		Original Notional Amount	0.00		
Termination Date	04/02/2014	Notional Amount Amortize	YES (Y)		
Subsequent Hedge Required	IDENTICAL TERMS (IT)	Springing Caps	NO (N)		
Loan Documents Require Agreements at all times	YES (Y)	Required Minimum Hedge Term(Years)	0		
Credit Enhanced Bond Asset ID	0	Cap Escrow: Full or Partial Up-front %	0		
Security Asset ID	0	Maximum Allowable Hedge Strike Rate	0		
Credit Enhancement Bond ID	0	Counterparty Name			
DUS Bond ID	0	Required DSCR at Strike Rate	0		

Comment

## Rule 250 & Rule 251– Hedge Termination



### Rule 250 – Hedge Termination Pending

Monitors the Hedge Termination Date until it is XX days from the Process Through Date and it takes the designated action or actions

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Termination Date – This is the date the Hedge agreement terminates. Date is due in XX days

### Rule 251 – Hedge Termination Past Due

Monitors the Hedge Termination Date until it is XX days after the Process Through Date and it takes the designated action or actions

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Termination Date – This is the date the Hedge agreement terminates. Date is XX days overdue

# Rule 250 & 250 – Hedge Termination Date



Ok Apply Cancel Delete

Hedge Identifier 3 Short Name CHARTER OAK A Seller Servicer Loan #

## Rate Cap Details

Notification Duration	1	Provider Name	MFS Bank (001)	Credit Enhancement %	0
Days or Months	MONTHS (M)		Update Ratings	Term(Months)	0
Strike/Threshold Rate	8.107	Hedge Escrow Required	YES (Y)	Hedge Revalue Frequency	ANNUALLY (AN)
Active Status	YES (Y)	First Hedge Revalue Date			
Threshold Reached Status		Required Escrow %	0		
Date Threshold Reached	02/28/2017	State of the Hedge	CREATED (CR)		
Hedge Type	HEDGED UNDER (HU)	Type of Index	--		
Effective Date		Original Notional Amount	0.00		
Termination Date	04/02/2014	Notional Amount Amortize	YES (Y)		
Subsequent Hedge Required	IDENTICAL TERMS (IT)	Springing Caps	NO (N)		
Loan Documents Require Agreements at all times	YES (Y)	Required Minimum Hedge Term(Years)	0		
Credit Enhanced Bond Asset ID	0	Cap Escrow: Full or Partial Up-front %	0		
Security Asset ID	0	Maximum Allowable Hedge Strike Rate	0		
Credit Enhancement Bond ID	0	Counterparty Name			
DUS Bond ID	0	Required DSCR at Strike Rate	0		

# Rule 252 – Hedge Escrow Revalue Pending



Monitors the First Hedge Revalue Date until it is XX days from the Process Through Date and it takes the designated action or actions

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- First Hedge Revalue Date – This is the date that the Hedge needs to be revalued on. Date is due in XX days before the date.



# Rule 252 – Hedge Escrow Revalue Pending



Ok Apply Cancel Delete

Hedge Identifier 3 Short Name CHARTER OAK A Seller Servicer Loan #

## Rate Cap Details

Notification Duration	1	Provider Name	MFS Bank (001)	Credit Enhancement %	0
Days or Months	MONTHS (M)		Update Ratings	Term(Months)	0
Strike/Threshold Rate	8.107	Hedge Escrow Required	YES (Y)	Hedge Revalue Frequency	ANNUALLY (AN)
Active Status	YES (Y)	First Hedge Revalue Date			
Threshold Reached Status		Required Escrow %	0		
Date Threshold Reached	02/28/2017	State of the Hedge	CREATED (CR)		
Hedge Type	HEDGED UNDER (HU)	Type of Index	--		
Effective Date		Original Notional Amount	0.00		
Termination Date	04/02/2014	Notional Amount Amortize	YES (Y)		
Subsequent Hedge Required	IDENTICAL TERMS (IT)	Springing Caps	NO (N)		
Loan Documents Require Agreements at all times	YES (Y)	Required Minimum Hedge Term(Years)	0		
Credit Enhanced Bond Asset ID	0	Cap Escrow: Full or Partial Up-front %	0		
Security Asset ID	0	Maximum Allowable Hedge Strike Rate	0		
Credit Enhancement Bond ID	0	Counterparty Name			
DUS Bond ID	0	Required DSCR at Strike Rate	0		

# Rule 253 – Springing Cap Index



Monitors if the Strike/Threshold Rate is greater than or equal to the most recent index rate

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Spring Caps – Indicates whether Spring Caps are applicable. Must = Y
- Type of Index – Indicates the type of index that the Strike Threshold rate is tied to. Values are pulled from PINFO Table for Index Rates
- Strike/Threshold Rate – the interest rate that will trigger a payment obligation by the Hedge Provider. This rate will be compared to the associated index

# Rule 253 – Springing Cap Index



## Rate Cap Details

Notification Duration	1	Provider Name	MFS Bank (001)	Credit Enhancement %	0
Days or Months	MONTHS (M)	<a href="#">Update Ratings</a>		Term(Months)	0
Strike/Threshold Rate	8.107	Hedge Escrow Required	YES (Y)	Hedge Revalue Frequency	ANNUALLY (AN)
Active Status	YES (Y)	First Hedge Revalue Date			
Threshold Reached Status		Required Escrow %	0		
Date Threshold Reached	02/28/2017	State of the Hedge	CREATED (CR)		
Hedge Type	HEDGED UNDER (HU)	Type of Index	LIBOR-DAILY-30DAY (LD)		
Effective Date		Original Notional Amount	0.00		
Termination Date	04/02/2014	Notional Amount Amortize	YES (Y)		
Subsequent Hedge Required	IDENTICAL TERMS (IT)	Springing Caps	YES (Y)		
Loan Documents Require Agreements at all times	YES (Y)	Required Minimum Hedge Term(Years)	0		
Credit Enhanced Bond Asset ID	0	Cap Escrow: Full or Partial Up-front %	0		
Security Asset ID	0	Maximum Allowable Hedge Strike Rate	0		
Credit Enhancement Bond ID	0	Counterparty Name			
DUS Bond ID	0	Required DSCR at Strike Rate	0		

# Rule 254 – Bank S&P Rating Requirement



Monitors to make sure the bank meets the minimum S&P rating requirement

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Provider Name – Name of financial institution issuing Hedge agreement. From the Bank Vendor Table ID V2
- Rating Agency – PINFO Table RA. Rating Agency ID = SP
- Financial Strength Rating – PINFO FY. S&P Rating XX does not meet minimum requirement

# Rule 254 – Bank S&P Rating Requirement



**Rate Cap Details**

Notification Duration

1

Days or Months

MONTHS (M)

Strike/Threshold Rate

8.107

Active Status

YES (Y)

Threshold Reached Status

Date Threshold Reached

02/28/2017

Hedge Type

HEDGED UNDER (HU)

Effective Date

Termination Date

04/02/2014

Subsequent Hedge Required

IDENTICAL TERMS (IT)

Loan Documents Require Agreements at all times

YES (Y)

Credit Enhanced Bond Asset ID

0

Security Asset ID

0

Credit Enhancement Bond ID

0

DUS Bond ID

0

Provider Name

MFS Bank (001)

Hedge Escrow Required

YES (Y)

First Hedge Revalue Date

Required Escrow %

State of the Hedge

CREATED (CR)

Type of Index

--

Original Notional Amount

0.00

Notional Amount Amortize

YES (Y)

Springing Caps

NO (N)

Required Minimum Hedge Term(Years)

0

Cap Escrow: Full or Partial Up-front %

0

Maximum Allowable Hedge Strike Rate

0

Credit Enhancement %

0

Term(Months)

0

Hedge Revalue Frequency

ANNUALLY (AN)

Update Ratings

Update Bank Ratings

Rating Agency

--

Current Rating Information

All Rating Information

Search

Rating Agency	Rating Agency's Company ID	Financial Strength Rating	Financial Size Category	Rating Effective Date
FITCH (FI)	12345678	SUPERIOR AA+ (02)	50,000,000 TO 100,000,000 (07)	08/16/2018
STANDARD & POOR'S (SP)	56789	EXCELLENT AA- (04)	50,000,000 TO 100,000,000 (07)	08/17/2018

Rating Agency

--

Rating Agency's Company ID

Financial Strength Rating

--

Financial Size Category

--

Rating Effective Date

New

Ok

Apply

Delete

Cancel

# Rule 255 – Bank Moody's Rating Requirement



Monitors to make sure the bank meets the minimum Moody's rating requirement

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Provider Name – Name of financial institution issuing Hedge agreement. From the Bank Vendor Table ID V2
- Rating Agency – PINFO Table RA. Rating Agency ID = MO
- Financial Strength Rating – PINFO FX. Moody's Rating XX does not meet minimum requirement

# Rule 255 – Bank Moody's Rating Requirement



Rate Cap Details

Notification Duration  
1  
Days or Months  
MONTHS (M)

Strike/Threshold Rate  
8.107

Active Status  
YES (Y)

Threshold Reached Status  
Threshold Reached Reached  
02/28/2017

Hedge Type  
HEDGED UNDER (HU)

Effective Date  
04/02/2014

Termination Date  
04/02/2014

Subsequent Hedge Required  
IDENTICAL TERMS (IT)

Loan Documents Require Agreements at all times  
YES (Y)

Credit Enhanced Bond Asset ID  
0

Security Asset ID  
0

Credit Enhancement Bond ID  
0

DUS Bond ID  
0

Provider Name  
MFS Bank (001)

Hedge Escrow Required  
YES (Y)

First Hedge Revalue Date  
0

Required Escrow %  
0

State of the Hedge  
CREATED (CR)

Type of Index  
\*\*

Original Notional Amount  
0.00

Notional Amount Amortize  
YES (Y)

Springing Caps  
NO (N)

Required Minimum Hedge Term(Years)  
0

Cap Escrow: Full or Partial Up-front %  
0

Maximum Allowable Hedge Strike Rate  
0

Counterparty Name

Required DSCR at Strike Rate

Credit Enhancement %  
0

Term(Months)  
0

Hedge Revalue Frequency  
ANNUALLY (AN)

Update Ratings

Update Bank Ratings

Rating Agency

Current Rating Information

Search

Rating Agency	Rating Agency's Company ID	Financial Strength Rating	Financial Size Category	Rating Effective Date
FITCH (FI)	12345678	SUPERIOR AA+ (02)	50,000,000 TO 100,000,000 (07)	08/16/2018
STANDARD & POOR'S (SP)	56789	EXCELLENT AA- (04)	50,000,000 TO 100,000,000 (07)	08/17/2018

Rating Agency  
Rating Agency's Company ID  
Financial Strength Rating  
Financial Size Category  
Rating Effective Date

New Ok Apply Delete Cancel

# Rule 256 – Bank Fitch Rating Requirement



Monitors to make sure the bank meets the minimum Fitch's rating requirement

- Active Hedge – Indicates whether or not the Hedge is Active. Must = Y
- Provider Name – Name of financial institution issuing Hedge agreement. From the Bank Vendor Table ID V2
- Rating Agency – PINFO Table RA. Rating Agency ID = FI
- Financial Strength Rating – PINFO FW. Fitch's Rating XX does not meet minimum requirement



# Rule 256 – Bank Fitch Rating Requirement



**Rate Cap Details**

Notification Duration  
1

Days or Months  
MONTHS (M)

Strike/Threshold Rate  
8.107

Active Status  
YES (Y)

Threshold Reached Status

Date Threshold Reached  
02/28/2017

Hedge Type  
HEDGED UNDER (HU)

Effective Date

Termination Date  
04/02/2014

Subsequent Hedge Required  
IDENTICAL TERMS (IT)

Loan Documents Require Agreements at all times  
YES (Y)

Credit Enhanced Bond Asset ID  
0

Security Asset ID  
0

Credit Enhancement Bond ID  
0

DUS Bond ID  
0

Provider Name  
MFS Bank (001)

Hedge Escrow Required  
YES (Y)

First Hedge Revalue Date  
0

Required Escrow %  
0

State of the Hedge  
CREATED (CR)

Type of Index  
--

Original Notional Amount  
0.00

Notional Amount Amortize  
YES (Y)

Springing Caps  
NO (N)

Required Minimum Hedge Term(Years)  
0

Cap Escrow: Full or Partial Up-front %  
0

Maximum Allowable Hedge Strike Rate  
0

Counterparty Name

Required DSCR at Strike Rate

Credit Enhancement %  
0

Term(Months)  
0

Hedge Revalue Frequency  
ANNUALLY (AN)

Update Ratings

Rating Agency --  
Search

Rating Agency

Rating Agency's Company ID

Financial Strength Rating

Financial Size Category

Rating Effective Date

FITCH (FI)

12345678

SUPERIOR AA+ (02)

50,000,000 TO 100,000,000 (07)

08/16/2018

STANDARD & POOR'S (SP)

56789

EXCELLENT AA- (04)

50,000,000 TO 100,000,000 (07)

08/17/2018

Rating Agency

Rating Agency's Company ID

Financial Strength Rating

Financial Size Category

Rating Effective Date

New

Ok

Apply

Delete

Cancel

# Portfolio Analysis Alerts



When applicable the rules engine will recognize that the condition exists and set off an alert and/or a process. Example of a visual alert on Rule 138 is below

LEASE/RENT		PROPERTY	LAST REVIEW	PROCESS ALERT/THRESHOLD	STATUS	
December 31, 2012		Opal Management Company	200000001	COMMERCIAL BUILDING		
December 31, 2013		Opal Management Company	200000001	Apple Tree Estates Property inspection past due 1,910 days, due on 06/15/2008 for COMMERCIAL BUILDING	S	
December 30, 2014		Opal Management Company	200000001	Apple Tree Estates Property inspection past due 665 days, due on 11/12/2011 for COMMERCIAL BUILDING	S	
Annual Rent: 1,073,797.00		Opal Management Company	200000001	Glen Lane Apartments Property inspection past due 37 days, due on 08/01/2013 for ANNUAL INSPECTION	S	
Avg rent per sq ft: 23.86		Opal Management Company	200000001	Apple Tree Estates Debt service coverage ratio is .814220	M	
Avg monthly rent: 22370.77		Opal Management Company	200000001	Charter Oak Apartments Property has deferred maintenance	M	
LEASE/RENT		Opal Management Company	200000001	Charter Oak Apartments Property has deferred maintenance	M	
Not		Opal Management Company	200000001	Account escrow 1-tax or 2-insurance balance is negative	M	
		Opal Management Company	200000001	Loan Payoff is pending	M	
		Opal Management Company	200000001	Commercial General Liability 15GL987-43-8921 policy paid receipt flag is not 'Y'	M	
		Opal Management Company	200000001	Current pay rate meets or exceeds threshold	A	

## Enhancement Discussion



- Additional Functionality
- What other fields are needed
- What kind of rules are still needed
- What kind of actions are required from the rules

# Enhancement Discussion



## Additional fields that have been identified to add

- |  |                     |      |
|--|---------------------|------|
| • Approved Provider                          | Y or N              |      |
| • Provider Approval                          | Date                | Date |
| • Validation                                 | Date                | Date |
| • Replacement Indicator                      | Y or N              |      |
| • Hedge Pmt Day of Month                     | 2                   |      |
| • Commitment #                               | 6                   | Char |
| • Other Escrow Revalue Frequency Description | 50                  | Char |
| • Reset Date 1                               | Date                |      |
| • Reset Date 2                               | Date                |      |
| • Reset Date 3                               | Date                |      |
| • Reset Strike Rate1                         | Standard Rate field |      |
| • Reset Strike Rate2                         | Standard Rate field |      |
| • Reset Strike Rate3                         | Standard Rate field |      |
| • Add Loan Doc Rating requirements           | 100                 | Char |