Risk Rating

McCRACKEN

What is a Risk

- What is Risk?
  - Default Risk (Credit Risk) – Probability that the obligation can’t be repaid
- What are Contributing Factors of Risk?
  - Tenants
  - Market
  - Interest Rates
  - Environmental
  - Management
  - Location
  - Many More……

How to Manage or Mitigate Risk

- Method or Framework to evaluate and assess all of these various risk factors:
    - Underwrite Deals to Mitigate Risk and Optimize Returns
    - Manage Risk and Portfolios effectively
    - More Optimal Investment & Allocation of Capital Resources

How do you Risk Rate

- Existing Systems and Methods
  - Outsourced Provider?
  - Excel Models?
  - Other System?

- Strategy Risk Rating – How will it work

Risk Rating Categories and Components

- How do you Categorized Risk?

Qualitative	Quantitative
Liquidity/Reserves Management Physical/Property Condition Payment Status History	DSCR (Debt Service Coverage Ratio) Legal Percentage (%) Units Sold LTV (Loan To Value)

- How would you group/rate your portfolio?

New Risk Rating

- New Widget
- Full Search and Risk Rating History
- Review, Approval and Override Screen
- Create and Manage Multiple Risk Templates
- Ability to Create Multiple Risk Categories
- Flexibility to Create and Weight Risk Components according to your Risk Model

Risk Rating

- Final Risk Rating Report Export
- New Rules for Managing Risk Ratings
  - Rule on Final Risk Rating Threshold
  - Rule on Change in Overall Risk Rating Threshold
  - Rule on Risk Component Threshold
  - Rule on Change in Risk Component Threshold
- Ability to add Watchlist Items for Risk Rating

Risk Rating

Landing Page with Standard Search

Risk Rating - Search

Welcome, DBEAUREG
Financial Statement Entry

smith | Exact Match? | Search Options | Tools

Loan Search

Loan Number	Associated Name	Monthly Payment	Current Principal Balance	Loan Name	Active Status	Name ID	MCA #	Credit Facility #

Property Search

Loan Number	Borrower Name	Property Name	Property Street Name	Property City	Property State	Investor	Investor Loan Number	FHA Number
10020063	Mark McCall		Smith Street	CHICAGO	IL	First National Bank (100)	20063100	
20020087	Lori Smith	Azalea Bay	Strawberry Lane	St Louis	MO	Second National Bank (200)	20087200	
30020006	Joyner Shipping	Queensborough Meadows	Smith Street	CHICAGO	IL	Eastern Middlesex Bank (300)	20006300	

Risk Rating

- Risk Ratings History

Risk Rating Loan History

Loan Information

Loan Number	10020001	Investor	First National Bank (100)	Investor Loan	200001100	Fiscal Year End	00/00	Related Loans	
Servicer	RYLOWICZ, SUSAN [SR]								
		Processor Code		Loan Type	CONVENTIONAL (PURCHASED) [P]	Original Loan Date	09/30/2013	Load Added Date	11/01/2013
Product Line		Product Line Detail 1		Product Line Detail 2		Source Code		Hold Code	
Collateral ID	145	Property Name	Ridge Roads (1)	Property Address	488 Ridge Road CLEVELAND, OH, OH 44102	Property Desc 1	MULTI APARTMENT >250 [12]	Property Desc 2	LND-RAW LAND [49]
View Detail	Property Maintenance					Asset Manager	REVIEW [ZZZ]	CMBS Property Type	

CANCEL

Period Date	Risk Rating Form/Templa	Overall Risk Ratin	Overall Risk Rating	Run Date	System Risk Rating	Finalized / Approved?	
3/31/2022	Perm - A	1.3	Strong	4/1/2022	1.2	N	⇧
12/31/2021	Perm - A	1	Strong	1/1/2022	1	Y	
9/30/2021	Perm - A	2.2	Average Under	10/1/2021	2.2	Y	
6/30/2021	Perm - A	1.5	Average	7/1/2021	1.5	Y	
3/31/2021	Perm - A	1.8	Average	4/1/2021	1.8	Y	
12/31/2020	Perm - A	1.9	Average	1/1/2021	1.9	Y	⇩

Click row to open Adj Risk Rating Override Editor

PRRMRD, PF – Risk Rating Matrix Run Detail

Risk Rating

Tools Options

Risk Rating - Search

Welcome, DBEAUREG
Financial Statement Entry

smith | Exact Match? | Search Options | Tools

Loan Search

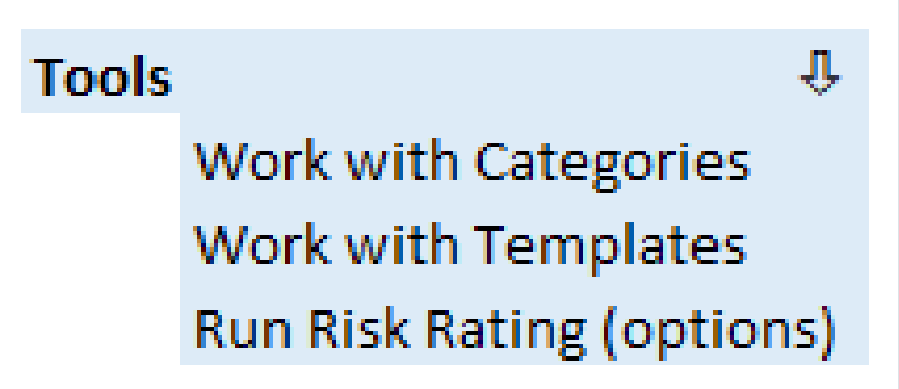
Loan Number	Associated Name	Monthly Payment	Current Principal Balance	Loan Name	Active Status	Name ID	MCA #	Credit Facility #

Property Search

Loan Number	Borrower Name	Property Name	Property Street Name	Property City	Property State	Investor	Investor Loan Number	FHA Number
10020063	Mark McCall		Smith Street	CHICAGO	IL	First National Bank (100)	20063100	
20020087	Lori Smith	Azalea Bay	Strawberry Lane	St Louis	MO	Second National Bank (200)	20087200	
30020006	Joyner Shipping	Queensborough Meadows	Smith Street	CHICAGO	IL	Eastern Middlesex Bank (300)	20006300	

Tools (Options)

- Work with Categories/Components
  - ✓Work with Risk Rating Categories
  - ✓Static or Dynamic
- Work with Templates
  - ✓Create or Manage Risk Templates
  - ✓Define Risk Components Criteria
  - ✓Define Overall Risk Rating Criteria
- Run Risk Rating
  - ✓Run All
  - ✓Run by
  - ✓Run with/without Approvals & Thresholds



Risk Components

- McCracken Defined Risk Indicators
- Derived much like Business Rules from Core Data within Strategy
- Manually Create your own categories
- Static or Dynamic Results

Work with Categories

ID	Category Description	Static
M001	DSCR	N
M002	Historical Delinquency	N
M003	LTV/Loan Pay Off**Current Value based on most recent annual NOI	N
M004	Environmental	N
M005	Replacement Reserves	N
M006	Property Management Size	N
M007	Source of Loan Repayment	N
M008	Legal	N
M009	Borrower Current Capacity	N
M010	Loan to Cost	N
M011	Lien Position	N
M012	General Contractor Track Record	N
M013	Construction Loan Sources and Uses Balance	N
M014	Mechanics Liens	N
M015	Construction and Lease Up Schedule	N
M016	Development Phase	N
M017	Permanent Loan	N
M018	Current Delinquency Status	N
M019	Physical	N
M020	Guarantor Liquidity	N
M021	Insurance	N
M022	Property Taxes	N
M023	Sponsor Track Record	N
M024	OTHER (Manually Create)	Y

PRRMCAT, PF – Risk Rating Matrix Categories

Sample Tax or Insurance Delinquent

Rule Set Maintenance

Welcome, Scott Monroe
Rule Set Maintenance

Risk — 1 Rule Sets found for Job Function: Asset Manager 2

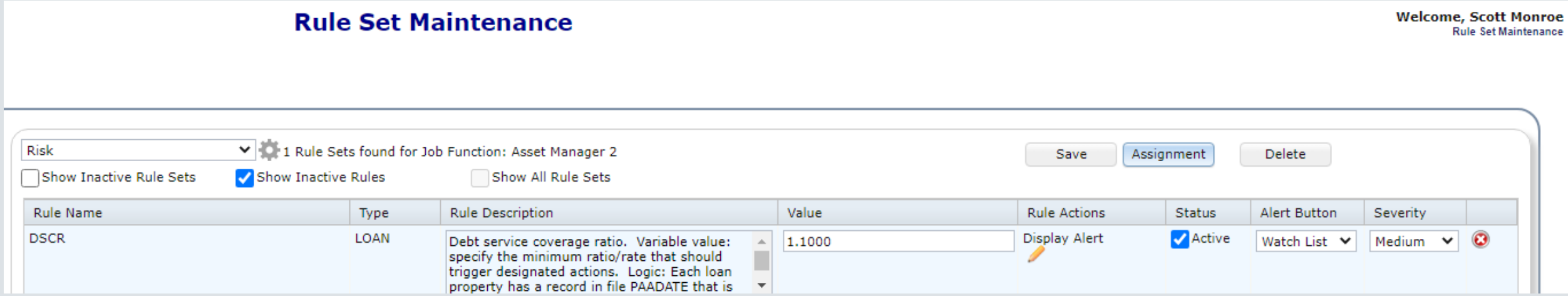
Save | Assignment | Delete

☐ Show Inactive Rule Sets ☑ Show Inactive Rules ☐ Show All Rule Sets

Rule Name	Type	Rule Description	Value	Rule Actions	Status	Alert Button	Severity
DSCR	LOAN	Debt service coverage ratio. Variable value: specify the minimum ratio/rate that should trigger designated actions. Logic: Each loan property has a record in file PAADATE that is	1.1000	Display Alert	☑ Active	Watch List	Medium
Taxes Delinquent	TAX	Taxes past due. Variable value: specify the number of days past the tax due date that should trigger designated actions. Logic: find the number of days between System Process	60	Display Alert Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Taxes Delinquent -Monitor	TAX	Delinquent Taxes on monitoring records. Variable value: specify the number of days past the tax due date that should trigger designated actions. Logic: find the number of	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Insurance Policy Renewal Past Due (Non-Monitoring)	INSURANCE	Insurance renewal is past due. Variable value: specifiy the number of days past the insurance expiration date the designated actions should occur. Logic: Find the number of days	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Insurance Policy Renewal Past Due (Monitoring)	INSURANCE	Insurance renewal past due. Variable value: specify the numbers of days past the insurance expiration date that should trigger designated actions. Logic: find the number of	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Repair Past Due/Bal>500000or5%	COLLATERAL	Repair Past Due. Variable value:specify the minimum #days beyond the scheduled due date that should trigger actions.Logic:select reserve type PINREPAIR.ITRTYPE = 'RE' and	1	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Tax Disbursement Due	TAX	Tax Disbursement Due. Variable value: specify the number of days before the tax disbursement is due. Logic: Retrieve Next Disbursement Due Date PTXDSC.ADNEXT and	30	Display Alert	☑ Active	Watch List	Medium
P&I Payments Delinquent	LOAN	Delinquent P&I Payments. Variable value: specify the minimum number of delinquent payments that should trigger designated actions. Logic: compare loan master number	2	Display Alert Start Process	☑ Active	Watch List	Severe

Sample Category

- DSCR



P&I Payments Delinquent

- Use defined results to assess & associate Risk with Rating Template

P&I Payments Delinquent	LOAN	Delinquent P&I Payments. Variable value: specify the minimum number of delinquent payments that should trigger designated actions. Logic: compare loan master number	2	Display Alert Start Process	☑ Active	Watch List	Severe

Work with Risk Templates

- Create New, Edit Existing, Inactivate or Copy Templates
- Manage Groupings, Weighting & Criteria
- Set Overall Ratings Criteria

Work with Templates

Select a template to copy/work with or click 'New"

NEW

☑ Show inactive

Template Name	Status	Associated Link	Template ID
Perm - A	Active	Risk Rating PERM-1 Rule Set	1
Perm - B	Active	Risk Rating PERM-2 Rule Set	2
Construction - A	Active	Risk Rating Construction-1 Rule Set	3
Construction - B	Inactive	Risk Rating Construction-2 Rule Set	4
Pre-Syndication - A	Active	Risk Rating Pre-Syndication-1 Rule S	5
Pre-Syndication - B	Active	Risk Rating Pre-Syndication-2 Rule S	6

PRRMTH, PF – Risk Rating Matrix Template Header

ADD CATEGORY | SAVE | CANCEL | Copy as... | Inactivate | Overall Risk Rating

Risk Criteria

- Manage Groupings and which Risk Components to use

Grouping: Quantitative Factors

NEW GROUP

This button would add a new grid which needs to add up to 100%

Display	Display only (from PRRMCAT.RRCADSC)	Editab	Editable	Editable		
ID	**Risk Rating Category Description**	**Static**	**Weight**	**Alternate Category Description**		
M001	DSCR	N	15%	default from PRTMCAT.RRCAADSC	⊗	⇧
M002	Historical Delinquency	N	25%		⊗	
M003	LTV	N	10%		⊗	
M008	Legal	N	10%		⊗	
M024	OTHER (Create your own)	Y	20%	My custom category	⊗	⇩
M009	Borrower Current Capacity	N	20%		⊗	⇩
		Total:	100%	RPRRMCAT		

Grouping: Qualitative Factors

= Overridden Value

Display	Display only (from PRRMCAT.RRCADSC)	Editab	Editable	Editable		
ID	**Risk Rating Category Description**	**Static**	**Weight**	**Alternate Category Description**		
M004	Environmental	N	10%		⊗	
M005	Replacement Reserves	N	20%		⊗	
M006	Property Management Size	N	10%		⊗	
M007	Source of Loan Repayment	N	20%		⊗	
M009	Borrower Current Capacity	N	20%		⊗	⇩
M025	OTHER (Create your own)	Y	20%	My custom category	⊗	⇩
		Total:	100%	RPRRMCAT		

Risk Criteria

- Risk Criteria and Alternate Descriptions

Template Detail Editor

SAVE | CANCEL

ID **M001**

Rating Category: **DSCR**

Rating	Risk Rating Description (Free Form Description for Risk Category) - Review Length Needed	Operator (GT, GE, EQ, LT, LE) In (for List or Like for non-numeric)	Low Variable	Operator (GT, GE, EQ, LT, LE)	High Variable	Alternate Risk Rating Description (Free Form)
1	• DSCR is at or above 1 .20x or as underwritten	GT	1.2			(A, B, C, D, F, Red, Green, Yellow, Aa, Bb, Aaa, Bbb)
2	• DSCR is between 1.00x and 1.20x	GE	1	LE	1.2	Average
3	• DSCR is between 0.90x and 0.99x	GE	0.9	LE	0.99	Marginal
4	• DSCR is between 0.85x and 0.89x	GE	0.85	LE	0.89	Moderate Risk
5	• DSCR is less than 0.85x	LT	0.85			High Risk

PRRMTDC, PF – Risk Rating Matrix Low/High Categories

Overall Risk Rating Criteria

Template Overall Risk Rating Editor

SAVE | CANCEL | Copy From...

Working with tem **Perm - A [1]**

Rating	Risk Rating Description (Free Form Description for Risk Category) - Review Length Needed	Operator (GT, GE, EQ, LT, LE) In (for List or Like for non-numeric)		Operator (GT, GE, EQ, LT, LE)		Alternate Risk Rating Description (Free Form)	
Rating	**Risk Rating Description**	**Low Operator**	**Low Variable**	**High Operator**	**High Variable**	**Risk Rating Alternate Description**	**Auto Approve**
1	Strong, stable project; Not impaired, Excellent likelihood of repayment.	GE	1	LE	1.39	(A, B, C, D, F, Red, Green, Yellow, Aa, Bb, Aaa, Bbb)	Y
2	No current problems or conditions of deteriorating operational or financial conditions. Performing as expected. Good possibility of repayment.	GE	1.4	LE	2	Strong	N
3	May be under-performing compared to projections or standard real estate projections. Likely experience occasional minor weaknesses during compliance period that should be monitored, but overall presents little risk.	GT	2	LE	2.25	Average	N
4	Project exhibits signs of significant weakness or deterioration compared to similar investments. Continually performs poorly, requires constant oversight, but no imminent risk of loss.	GT	2.25	LE	3	Average W	N
5	Project exhibits signs of serious problems and requires active workout involvement. Significant uncertainty as to repayment. Possibility that some loss will be sustained.	GT	3	LT	4	Marginal	N
6	Project exhibits signs of serious problems and requires active workout involvement. Collection or liquidation, on the basis of known facts, conditions and values, is highly questionable and improbable.	GT	4	LT	5	Moderate Risk	N
7	Project is beyond serious and legal action or remediation is inevitable	GT	5			High Risk	N

PRRMTHO, PF – Risk Rating Matrix Template Overall Rating

Link Risk Rating Templates using Loan Sets

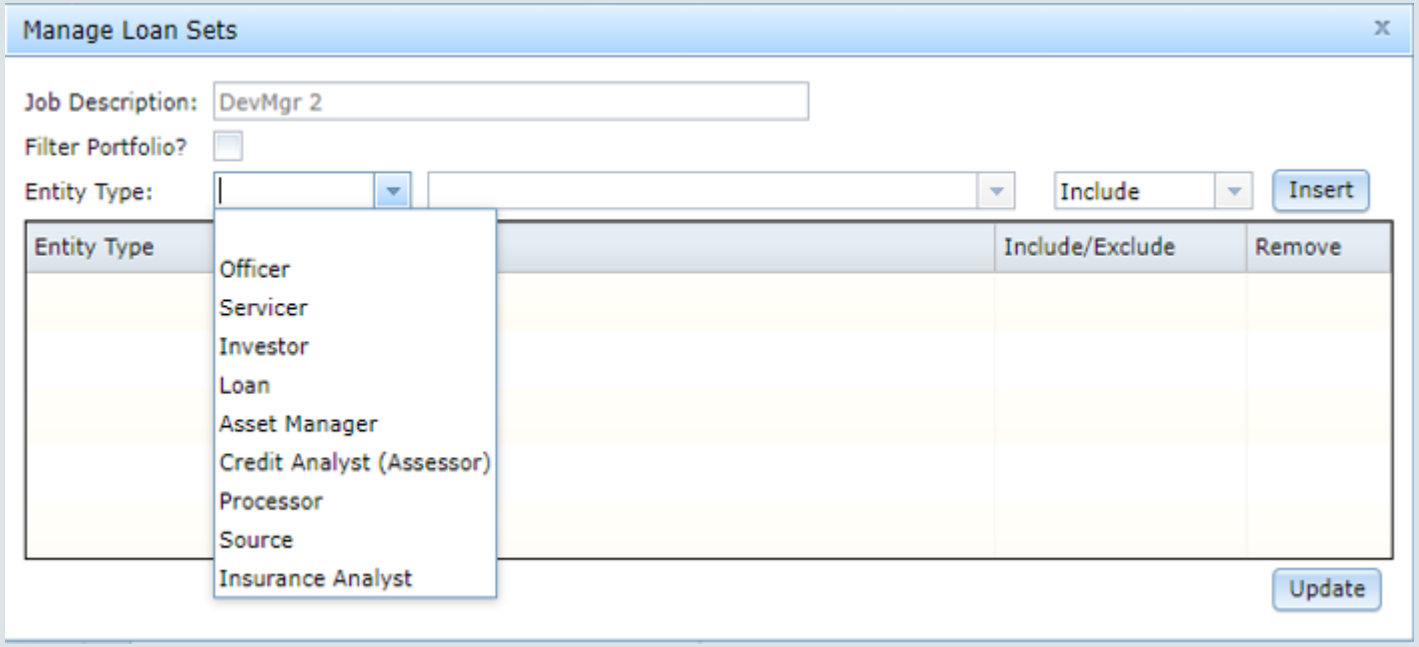
- Display Options for Linking Rule Set to Risk Rating Template
- Create a Loan Set to Link various Risk Templates the Loans

✓Construction Loan

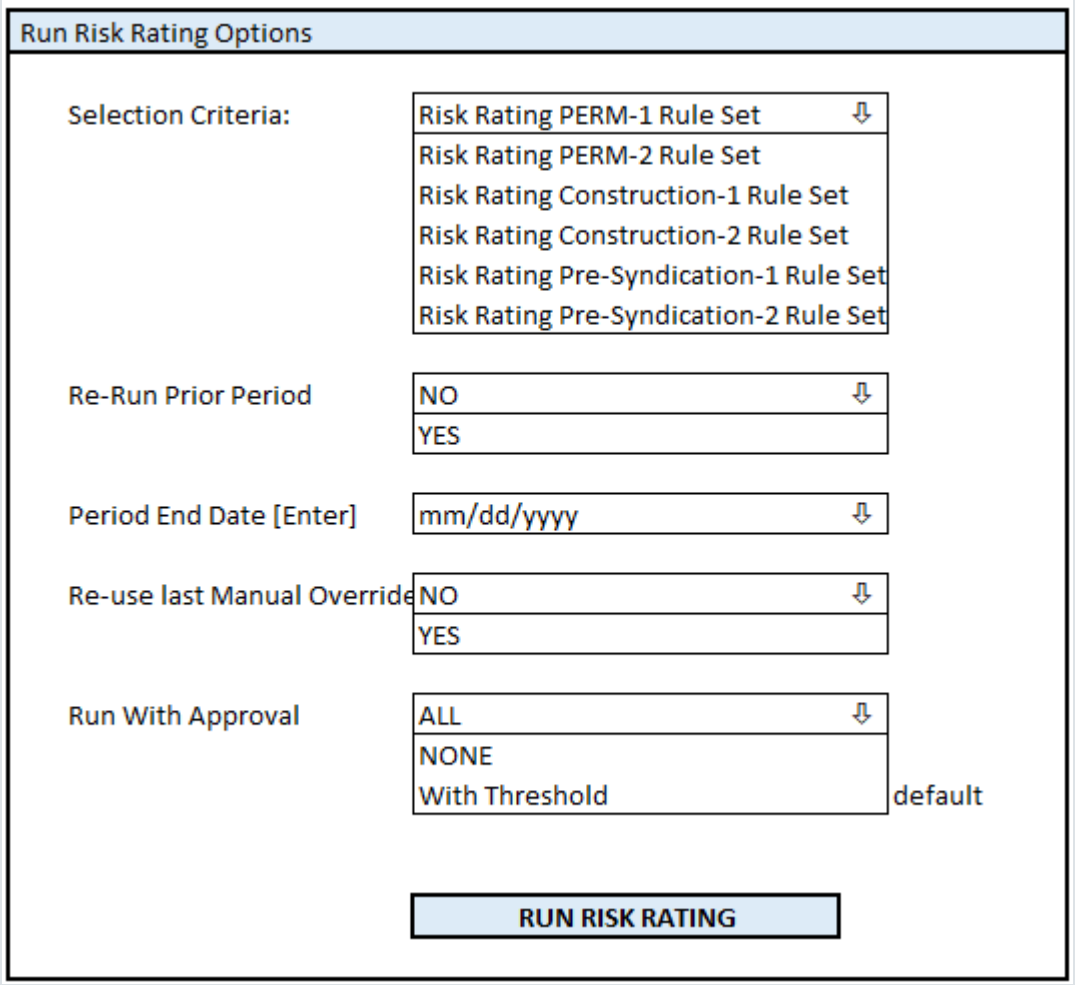
✓Perm Loan

✓Bridge Loan

✓Other Loan



Risk Rating Run Options



- Select Data Set(s)
- Re-Run Option Y/N
- Period End Date
- Re-Use Last Override Y/N
- Run with Approvals
  - ✓ALL
  - ✓None
  - ✓Approvals with Threshold

Risk Rating Run Approval Options

- Display and discuss: Approve All, NONE or with Threshold

Template Overall Risk Rating Editor

SAVE | CANCEL | Copy From...

Working with templat **Perm - A [1]**

Rating	Risk Rating Description (Free Form Description for Risk Category) - Review Length Needed	Operator (GT, GE, EQ, LT, LE) In (for List or Like for non-numeric)	Low Variable	Operator (GT, GE, EQ, LT, LE)	High Variable	Alternate Risk Rating Description (Free Form)	Auto Approve
Rating	**Risk Rating Description**	**Low Operator**	**Low Variable**	**High Operator**	**High Variable**	**Risk Rating Alternate Description**	**Auto Approve**
1	Strong, stable project; Not impaired, Excellent likelihood of repayment.	GE	1	LE	1.39	(A, B, C, D, F, Red, Green, Yellow, Aa, Bb, Aaa, Bbb)	Y
2	No current problems or conditions of deteriorating operational or financial conditions. Performing as expected. Good possibility of repayment.	GE	1.4	LE	2	Strong	N
3	May be under-performing compared to projections or standard real estate projections. Likely experience occasional minor weaknesses during compliance period that should be monitored, but overall presents little risk.	GT	2	LE	2.25	Average	N
4	Project exhibits signs of significant weakness or deterioration compared to similar investments. Continually performs poorly, requires constant oversight, but no imminent risk of loss.	GT	2.25	LE	3	Average W	N
5	Project exhibits signs of serious problems and requires active workout involvement. Significant uncertainty as to repayment. Possibility that some loss will be sustained.	GT	3	LT	4	Marginal	N
6	Project exhibits signs of serious problems and requires active workout involvement. Collection or liquidation, on the basis of known facts, conditions and values, is highly questionable and improbable.	GT	4	LT	5	Moderate Risk	N
7	Project is beynond serious and legal action or remediation is inevitable	GT	5			High Risk	N

PRRMTHO, PF – Risk Rating Matrix Template Overall Rating

Work Risk Rating Output

- Review System Calculations
- Override System Calculation (if needed)
- Note Reason for Override
- Approval & Finalize
- Export Results

		Editable	Calculated	Calculated	Calculated	Editable	Editable
Category	Weight	Override Risk Rating	System Risk Rating	Results	Risk Category Weight Rating	Override Y/N	Latest Note
DSCR	20%	1	1	1.33	0.2000		
Current Delinquency Status	10%	1	1		0.1000		
Historical Delinquency	5%	1	1		0.0500		
LTV/Loan	15%	1	1	70%	0.1500		
Physical	10%	1	1	No	0.1000		
Environmental	5%	1	1	Y	0.0500		
Replacement Reserves	5%	2	1		0.1000	Y	Note required on override.
Guarantor Liquidity	15%	1	1	1.5	0.1500		
Property Management Size	5%	1	1	10,000.00	0.0500		
Insurance	5%	1	1	Y	0.0500		
Property Taxes	5%	1	1	Y	0.0500		
Total (Group 1)	100%	1.05	1		1.0500		<--Display only, cannot override this Risk Rating
DSCR	20%	1	1	1.33	0.2000		
Current Delinquency Status	10%	1	1		0.1000		
Historical Delinquency	5%	1	1		0.0500		
LTV/Loan	15%	1	1	70%	0.1500		
Physical	10%	1	1	No	0.1000		
Environmental	5%	1	1	Y	0.0500		
Replacement Reserves	5%	2	1		0.1000	Y	Note required on override.
Guarantor Liquidity	15%	1	1	1.5	0.1500		
Property Management Size	5%	1	1	10,000.00	0.0500		
Insurance	5%	1	1	Y	0.0500		
Property Taxes	5%	1	1	Y	0.0500		
Total (Group 2)	300%	1.05	1		1.0500		<--Display only, cannot override this Risk Rating
Overall Total	100%	1.06	1		1.0500	Y	Note required if override.
		Editable				Editable	Editable

OVERALL Narrative Comment on Risk Rating: This would show on the Output-LoanSummary Tab

PRRMRD. RDDCPOAN

Risk Rating Run Review

- Review, Overrides, Approval and Finalize

Category	Weight	Override Risk Rating	System Risk Rating	Results	Risk Category Weight Rating	Override Y/N	Note
DSCR	20%	1	1	1.33	0.2000	N	
Current Delinquency Status	10%	1	1		0.1000	N	
Historical Delinquency	5%	1	1		0.0500	N	
LTV/Loan	15%	1	1	70%	0.1500	N	
Physical	10%	1	1	No	0.1000	N	
Environmental	5%	1	1	Y	0.0500	N	
Replacement Reserves	5%	1	1		0.0500	N	
Guarantor Liquidity	15%	1	1	1.5	0.1500	N	
Property Management Size	5%	1	1	10,000.00	0.0500	N	
Insurance	5%	1	1	Y	0.0500	N	
Property Taxes	5%	1	1	Y	0.0500	N	
Total (Group 1)	100%	1.00	1		1.0000	N	
DSCR	20%	1	1	1.33	0.2000	N	
Current Delinquency Status	10%	1	1		0.1000	N	
Historical Delinquency	5%	1	1		0.0500	N	
LTV/Loan	15%	1	1	70%	0.1500	N	
Physical	10%	1	1	No	0.1000	N	
Environmental	5%	1	1	Y	0.0500	N	
Replacement Reserves	5%	1	1		0.0500	N	
Guarantor Liquidity	15%	1	1	1.5	0.1500	N	
Property Management Size	5%	1	1	10,000.00	0.0500	N	
Insurance	5%	1	1	Y	0.0500	N	
Property Taxes	5%	1	1	Y	0.0500	N	
Total (Group 2)	100%	1.05	1		1.0000	N	
Overall Total	100%	1.05	1		1.0000	N	

OVERALL Narrative Comment on Risk Rating:

Risk Rating Overrides

- Shows System Risk Rating & Allows for overrides

RRDOHD (hidden)	Category	Weight	Override Risk Rating	System Risk Rating	Results	Risk Category Weight Rating	Override Y/N	Latest Note
2	DSCR	20%	1	1	1.33	0.2000		
2	Current Delinquency Status	10%	1	1		0.1000		
2	Historical Delinquency	5%	1	1		0.0500		
2	LTV/Loan	15%	1	1	70%	0.1500		
2	Physical	10%	1	1	No	0.1000		
2	Environmental	5%	1	1	Y	0.0500		
2	Replacement Reserves	5%	2	1		0.1000	Y	Note required on override. Standard note functionality
2	Guarantor Liquidity	15%	1	1	1.5	0.1500		
2	Property Management Size	5%	1	1	10,000.00	0.0500		
2	Insurance	5%	1	1	Y	0.0500		
2	Property Taxes	5%	1	1	Y	0.0500		
0	**Overall Total**	100%	1.06	1		1.0500	Y	Note required if override. Standard Note functionality
			Editable				Editable	Editable
	OVERALL Narrative Comment on Risk Rating:	This would show on the Output-LoanSummary Tab						
		PRRMRD. RDDCPOAN						

= Overridden Value

Risk Rating Approval

- Review and Approve

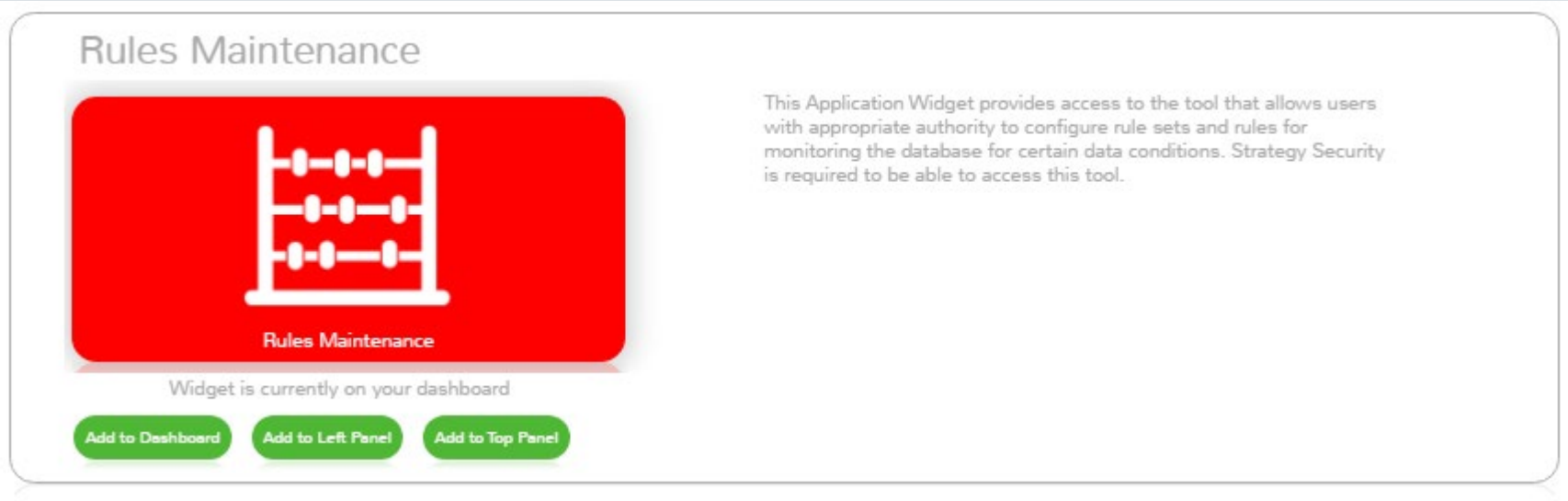
Run By:	USERID - NAME	
Reviewed By:	USERID - NAME	
Approved By:	*AUTO or Userid + name	(Depending on Run Option)

Risk Rating Report Output

- General Information Header
  - Loan Name
  - Template Being Used
  - Additional MCA/Loan Detail
- Risk Categories
  - Risk Category Components
  - Calculation Results & Weighting %
  - Override Calculation Column
  - Summary Information
  - Notes for Overrides
  - Last Period Calculation
  - Last Period Notes
- Overall Risk Rating Results
  - Calculated Results
  - Alternate Rating Descriptions
  - Approval Information and Summary Notes

Risk Rating Rules

- Rules and Strategy's Intelligence Engine at Work
  - ✓Overall Risk Rating Threshold (3.5) **insert your threshold*
  - ✓Change in Overall Risk Rating (1.0)
  - ✓Risk Rating Factor (4.0)
  - ✓Change in Risk Rating Factor (1.0)



Risk Rating Rules

Rule Set Maintenance

Welcome, Scott Monroe
Rule Set Maintenance

New | Alert Buttons | Run Selected Rule Set

MFS Master Rule Set — 17 Rule Sets found

☐ Show Inactive Rule Sets

Sel	Select rules to copy	Type
☐	P&I Payments Delinquent	LOAN
☐	DSCR	LOAN
☐	Property Deferred Maintenance	COLLATERAL
☐	Escrow Balance 1 or 2 Negative	LOAN
☐	Property Occupancy Factor	COLLATERAL
☐	Property Rating	COLLATERAL
☐	UCC Re-filing Due	UCC
☐	Taxes Delinquent	TAX
☐	Insurance Policy Renewal Past Due (Non-Monitoring)	INSURANCE
☐	Loan in Workout	LOAN
☐	Tenant/Parent in Bankruptcy	LEASE
☐	Property Hazard Risk	ENVIRONMEN
☐	Financial Statement Past Due	FINANCIAL
☐	Lease Expiring	LEASE
☐	Insurance Remit Past Due (Non-monitoring)	INSURANCE
☐	Loan Maturity Pending	LOAN
☐	Loan to Value Ratio	LOAN
☐	Insurance Policy Forced Placed	INSURANCE
☐	Task Due	TASK NOTE
☐	Process Due	PROC NOTE

Risk — 1 Rule Sets found for Job Function: Asset Manager 2

Save | Assignment | Delete

☐ Show Inactive Rule Sets ☑ Show Inactive Rules ☐ Show All Rule Sets

Rule Name	Type	Rule Description	Value	Rule Actions	Status	Alert Button	Severity
DSCR	LOAN	Debt service coverage ratio. Variable value: specify the minimum ratio/rate that should trigger designated actions. Logic: Each loan property has a record in file PAADATE that is	1.1000	Display Alert	☑ Active	Watch List	Medium
Taxes Delinquent	TAX	Taxes past due. Variable value: specify the number of days past the tax due date that should trigger designated actions. Logic: find the number of days between System Process	60	Display Alert Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Taxes Delinquent -Monitor	TAX	Delinquent Taxes on monitoring records. Variable value: specify the number of days past the tax due date that should trigger designated actions. Logic: find the number of	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Insurance Policy Renewal Past Due (Non-Monitoring)	INSURANCE	Insurance renewal is past due. Variable value: specifiy the number of days past the insurance expiration date the designated actions should occur. Logic: Find the number	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Insurance Policy Renewal Past Due (Monitoring)	INSURANCE	Insurance renewal past due. Variable value: specify the numbers of days past the insurance expiration date that should trigger designated actions. Logic: find the number of	60	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Repair Past Due/Bal>500000or5%	COLLATERAL	Repair Past Due. Variable value:specify the minimum #days beyond the scheduled due date that should trigger actions.Logic:select reserve type PINREPAIR.ITRTYPE = 'RE' and	1	Display Alert Add to Watchlist	☑ Active	Watch List	Medium
Tax Disbursement Due	TAX	Tax Disbursement Due. Variable value: specify the number of days before the tax disbursement is due. Logic: Retrieve Next Disbursement Due Date PTXDSC.ADNEXT and	30	Display Alert	☑ Active	Watch List	Medium

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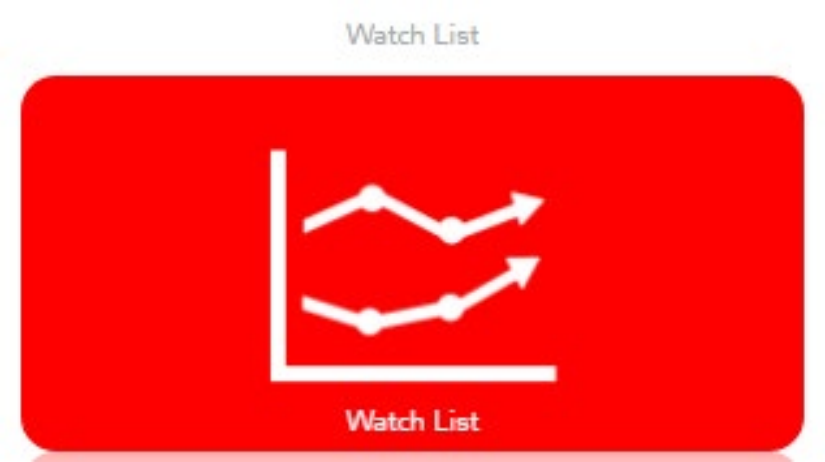
Risk Rating Watchlist

- Create Risk Rating Watchlist Item and Add to Watchlist if Overall Risk Rating or Change in Overall Risk Rating meet or exceeds threshold



Risk Rating New Tables

- Additional New Files/Tables for Risk Rating

PRRMCAT	Risk Rating Matrix Categories
PRRMRD	Risk Rating Matrix Run Detail
PRRMTD	Risk Rating Matrix Template Detail
PRRMTCD	Risk Rating Matrix Low/High Categories
PRRMTDCV	Risk Rating Matrix Low/High Overall Rating
PRRMTH	Risk Rating Matrix Template Header
PRRMTHO	Risk Rating Matrix Overall Template

Risk Rating Recap

- ✓Identify Key Factors to Rate Risk
- ✓Identify Risk Categories for your Portfolio Types to determine # of templates needed by:
  - Investor, Loan Types, Property Types, Asset/Portfolio Manager
- ✓Setup Templates with Key Risk Categories
- ✓Set Criteria or Rating Scale for Key Risk Components
- ✓Set Criteria or Rating Scale for Risk Components

Risk Rating Recap

- ✓ Define Overall Ratings
- ✓ Set Criteria Overall Rating Scale
- ✓ Associate templates to Loans using a Data Set
- ✓ RUN…..Review, Report, Relax….knowing your portfolio is effectively evaluated

Q&A

Questions?