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NEWS RELEASE

FOR IMMEDIATE RELEASE

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TECHNICAL CHANGES TO OFHEO'S CAPITAL RULE FINALIZED

Washington, D.C. – The Office of Federal Housing Oversight (OFHEO) has sent a final rule to the *Federal Register* for publication that makes technical amendments to OFHEO's Risk-Based Capital (RBC) Regulation (12 CFR 1750). These amendments are capital neutral and codify existing practice.

Under the existing RBC Regulation technical changes may be made to address marketplace and product developments. The technical amendments address certain interest rate indices, definitions, enterprise activities and accounting treatments. The rule is now being amended to incorporate these changes.

[Amendments follow.](#)

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OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.

4220-01U

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Federal Housing Enterprise Oversight
12 CFR Part 1750
RIN 2550-AA35
Risk-Based Capital Regulation Amendment
AGENCY
Office of Federal Housing Enterprise Oversight, HUD.
action
Final Rule.

SUMMARY:

The Office of Federal Housing Enterprise Oversight (OFHEO) is amending Appendix A to Subpart B of 12 CFR part 1750 Risk-Based Capital, (Risk-Based Capital Regulation). The amendments are intended to enhance the accuracy and transparency of the calculation of the risk-based capital requirement for Fannie Mae and Freddie Mac (the Enterprises) and to update the Risk-Based Capital Regulation to incorporate approved new activities treatments.

effective DATE:

[Date of Publication].

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SUPPLEMENTARY INFORMATION:

Background

Title XIII of the Housing and Community Development Act of 1992, Pub.L.102-550, titled the Federal Housing Enterprise Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.), established OFHEO as an independent office within the Department of Housing and Urban Development to ensure that the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the Enterprises) are adequately capitalized, operate safely and soundly, and comply with applicable laws, rules and regulations.

In furtherance of its regulatory responsibilities, OFHEO published a final regulation setting forth a risk-based capital test which forms the basis for determining the risk-based capital requirement for each Enterprise. The Risk-Based Capital Regulation has been amended to incorporate corrective and technical amendments that enhance the accuracy and transparency of the calculation of the risk-based capital requirement.

Since the last amendment to the Risk Based Capital Regulation, additional experience with the regulation raised further operational and technical issues. On June 26, 2006, at 71 FR 36231, OFHEO published a proposed notice of rulemaking (NPRM) for comment to incorporate a number of technical amendments to the Risk-Based Capital Regulation. The NPRM proposed amending the Risk-Based Capital Regulation to incorporate additional interest rate indices, clarify definitions, integrate Enterprise new activities and update treatment of certain mark-to-market accounting issues. As stated in the NPRM, the proposed amendments are capital neutral and largely codify existing practice pursuant to the current Risk-Based Capital Regulation.

The 30-day comment period ended July 26, 2006. All comments received have been made available to the public in the OFHEO Public Reading Room and also posted on the OFHEO web site at <http://OFHEO.gov>.

Comments Received

Comments were received from the Consumer Mortgage Coalition (CMC), a trade group of national residential mortgage lenders; FM Policy Focus, a coalition of financial services and housing-related trade associations; the Mortgage Insurance Companies of America (MICA); the Mortgage Bankers Association (MBA), a national association representing the real estate finance industry; Fannie Mae; and Freddie Mac. All comments were taken into consideration. Significant comments related to the proposed regulation are discussed below.

Purpose and Scope

All of the commenters expressed support for OFHEO's decision to revise the Risk-Based Capital Regulation to address ongoing financial and mortgage market developments that impact the risk profiles of the Enterprises. Commenters also supported OFHEO's decision to provide notice and opportunity to comment on the proposed changes, notwithstanding their technical nature and capital neutrality.

As noted in the comments, the Risk-Based Capital Regulation should be revised periodically to respond to developments in the mortgage markets, address technical issues, and respond to new Enterprise activities. The technical changes proposed by OFHEO are in furtherance of its regulatory duties and enhance both the accuracy and transparency of the Risk-Based Capital Regulation. For these reasons, and the discussions that follow, OFHEO has determined to issue the amendments as discussed below.

Additional Interest Rate Indices

Due to developments in the mortgage and financial markets since the promulgation of the Risk-Based Capital Regulation and the introduction of a number of approved new activities at each Enterprise, OFHEO proposed incorporating additions to the interest rate indices used to measure Enterprise risk. OFHEO proposed the incorporation of the new indices through revisions to Table "3-18, Interest Rate and Index Inputs," and Table "3-27, Non-Treasury Interest Rates," of Appendix A to Subpart B of the Risk-Based Capital Regulation. The new interest rate indices are the Constant Maturity Mortgage Index, 12 month Moving Treasury Average, One month Freddie Mac Reference Bill, Certificate of Deposits Index, 2 Year Swap, 3 Year Swap, 5 Year Swap, 10 Year Swap and 30 Year Swap. All of the commenters addressing this issue supported the adoption of the proposed interest rate indices used to measure more accurately Enterprise risk. OFHEO has determined to adopt the amendments as proposed.

Revised Risk-Based Capital Regulation Definitions

As stated in the NPRM, additional operational experience with the Risk-Based Capital Regulation, as well as financial and mortgage market developments, motivated OFHEO to refine a number of defined terms in the regulation. Proposed amendments include changes to recognize that single family loans with interest-only periods have become common and that the Enterprises have guaranteed or acquired such loans. Sections 3.1.2.1, 3.6.3.3.1 and 3.6.3.3.3 of the appendix to the Risk-Based Capital Regulation currently provide a treatment for interest-only periods. However, sections 3.1.2.1, 3.6.3.3.1, and 3.6.3.3.2 currently assume that only multi-family loans have this feature. OFHEO's proposed amendments would adopt the changes necessary to accommodate single-family interest-only loans. In addition to the single-family interest-only issue, OFHEO proposed amendments to the definition of "float-days" in sections 3.1.2.1.1 and 3.6.3.7.2 to improve the accuracy of that definition. Finally, an additional number of definitions throughout the Risk-Based Capital Regulation were revised to ensure consistency and accuracy. All of the commenters that addressed this issue supported the adoption of the proposed amendments. OFHEO has determined to adopt the amendments as proposed.

Incorporation of New Enterprise Activities

Risk-Based Capital Regulation Section 3.11.3., Treatment of New Activities, sets forth the procedures by which new Enterprise activities are reported to OFHEO and analyzed by OFHEO to determine an appropriately conservative treatment to be incorporated into the risk-based capital calculation. The section also describes how any newly incorporated treatment is made available for public comment and possible further revision. The subheadings below describe the responses to comments received on new Enterprise activities.

a. Reverse Mortgages

OFHEO proposed revisions to Section 3.6.3.3.1 of the Risk-Based Capital Regulation to incorporate an appropriate treatment for reverse mortgages. Freddie Mac commented that the proposed treatment for reverse mortgages was operationally complex and that it did not accurately tie capital to risk. Freddie Mac also noted in its comments that it does not currently purchase or guarantee reverse mortgages. Freddie Mac suggested that it may propose an alternative treatment in the future if it ever purchases or guarantees reverse mortgages. Fannie Mae commented that the proposed treatment was "insufficiently robust with regard to accuracy." Fannie Mae did not provide an alternative treatment. OFHEO considered both comments and determined that, in the absence of suggested alternative treatments or additional information that would support development of an alternative treatment, it would adopt the provision as proposed.

b. Futures and Options on Futures

OFHEO proposed technical amendments to Section 3.8 of the Risk-Based Capital Regulation to address treatments for futures and for options on futures. OFHEO's treatment specifies a multi-step process for modeling futures and options on futures. Freddie Mac agreed with the treatment for futures but suggested a better approach to modeling futures options would be to utilize the strike price in the calculation of the cash settlement amount. The comments did not provide an alternative treatment or additional supporting data. OFHEO considered Freddie Mac's comments; however, in the absence of additional data, and given OFHEO's favorable experience with the proposed method, OFHEO has determined to adopt the amendment as proposed.

c. Split-Rate Adjustable Rate Mortgages

OFHEO proposed a new activities treatment for split rate adjustable rate mortgages in Section 3.6 of the Risk-Based Capital Regulation. The proposed treatment ignores the split-rate feature and treats split-rate ARMs as traditional ARMs. Fannie Mae commented that the treatment was "insufficiently robust." Fannie Mae did not propose an alternative treatment. OFHEO considered the comment, and, in the absence of an alternative treatment that improves upon the accuracy or transparency of the OFHEO proposal, determined to adopt the amendment as proposed.

d. CPI-Linked Floating Rate Instruments

OFHEO proposed incorporating a treatment for CPI-linked floating rate instruments in Section 3.8 of the Risk-Based Capital Regulation. Unlike interest rates, the stress test does not project the CPI. Enterprise issuance of CPI-linked instruments is tied to swap market transactions intended to create desired synthetic debt structure and terms. In such cases, the true economic position nets to the payment terms of the related derivative contract. OFHEO proposed a treatment where the net synthetic position is evaluated, whereby the Enterprises would substitute the CPI-linked instrument's coupon payment terms with those of the related swap contract. Fannie Mae commented that the treatment was incomplete and should not be incorporated into the regulation. Fannie Mae did not propose an alternative treatment. OFHEO's proposed treatment provides a transparent and accurate method to assess the impact of these instruments on the risk profiles of the Enterprises. OFHEO has determined to adopt the amendment as proposed.

Update of Mark-to-Market Accounting Treatment

Since the adoption of the Risk-Based Capital Regulation, the Financial Accounting Standards Board has adopted a number of new accounting standards that introduce fair values to the balance sheet and that are similar in complexity to FAS 115 and FAS 133. OFHEO proposed a technical amendment to Section 3.10.3.6.2 [a][1] of the Risk-Based Capital Regulation that would extend the current risk-based capital regulatory treatment of FAS 115 and FAS 133 to other accounting standards that require mark-to-market accounting. Freddie Mac offered several comments regarding the proposed amendments that clarify the scope of the proposed treatment for fair values. Freddie Mac's proposed language clarifies that applicable fair value standards will apply only to amounts that are measured at fair value, not to other amounts mentioned in such standards, and that amounts not measured at fair value are represented by and presented according to GAAP. OFHEO agrees that the language proposed by Freddie Mac will enhance the transparency and accuracy of the treatment and has amended the provision accordingly.

Fannie Mae's comment regarding Section 3.10.3.6.2.[a] 1. b. 1) requested permission to estimate amortized cost basis when implementing applicable fair value standards in order to obviate the maintenance of amortized cost basis information if GAAP no longer requires it. Fannie Mae did not provide an analysis of the impact, savings, applicability or scope of its suggested change. When and if GAAP changes as described by Fannie Mae arise, an alternative treatment could be adopted via an appropriate regulatory method. Thus, OFHEO has determined not to incorporate Fannie Mae's comment.

Other Comments

Commenters also addressed matters beyond the scope of the NPRM.

CMC suggested that OFHEO implement a new regulation mandating a scenario analysis of Enterprise capital to supplement the current analysis performed under the Risk-Based Capital Regulation. CMC suggested that OFHEO develop the alternative scenarios after a notice and comment procedure and a public hearing. This comment was beyond the scope of the NPRM and has not been considered in the current rulemaking.

FM Policy Watch raised concerns regarding the transparency and effectiveness of the new activities provisions of the Risk-Based Capital Regulation. FM Policy Watch recommended that OFHEO amend the new activities process to allow notice and comment on Enterprise new activities prior to their posting on the OFHEO web-site and incorporation into the risk-based capital calculation. Although this comment is beyond the scope of the current rulemaking, OFHEO notes that in addition to posting new activities treatments on the OFHEO website, new activities treatments are disclosed as part of the public information provided with the quarterly capital classification. To date, OFHEO has not received any comments on a new activities treatment posted on its website.

MICA commented that OFHEO should revise the treatment of loan-to-value ratios (LTVs) in the Risk Based Capital Regulation from the current approach to one that recognizes the combined LTV of all loans outstanding on a property. MICA also urged OFHEO to adopt a formal process to review the safety and soundness implications of enterprise products, programs and activities. This comment was beyond the scope of the NPRM and has not been considered in the current rulemaking.

Regulatory Impacts

Executive Order 12866, Regulatory Planning and Review

The technical amendments address provisions of the Risk-Based Capital Regulation. The technical amendments incorporate new activities treatments of the Enterprises adopted in accordance with the Risk-Based Capital Regulation, corrections to certain definitions, updates to interest-rate indices and to

incorporate recognition of accounting rule changes adopted since the Risk-Based Capital Regulation was promulgated. The technical amendments to the Risk-Based Capital Regulation are not classified as an economically significant rule under Executive Order 12866 because they do not result in an annual effect on the economy of \$100 million or more or a major increase in costs or prices for consumers, individual industries, Federal, state or local government agencies, or geographic regions; or have significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in foreign or domestic markets. Accordingly, no regulatory impact assessment is required. Nevertheless, the technical amendments were submitted to the Office of Management and Budget (OMB) for review under the provisions of Executive Order 12866 as a significant regulatory action.

Executive Order 13132, Federalism

Executive Order 13132 requires that Executive departments and agencies identify regulatory actions that have significant federalism implications. A regulation has federalism implications if it has substantial direct effects on the states, on the relationship or distribution of power between the Federal Government and the states, or on the distribution of power and responsibilities among various levels of government. The Enterprises are federally chartered entities supervised by OFHEO. The technical amendments to the Risk-Based Capital Regulation address matters which the Enterprises must comply with for Federal regulatory purposes. The technical amendments to the Risk-Based Capital Regulation address matters regarding the risk-based capital calculation for the Enterprises and therefore do not affect in any manner the powers and authorities of any state with respect to the Enterprises or alter the distribution of power and responsibilities between Federal and state levels of government. Therefore, OFHEO has determined that the amendments to the Risk-Based Capital Regulation have no federalism implications that warrant preparation of a Federalism Assessment in accordance with Executive Order 13132.

Paperwork Reduction Act

The amendments do not contain any information collection requirements that require the approval of OMB under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) requires that a regulation that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the agency has certified that the regulation does not have a significant economic impact on a substantial number of small entities 5 U.S.C. 605(b). OFHEO has considered the impact of the technical amendments to the Risk-Based Capital Regulation under the Regulatory Flexibility Act. The General Counsel of OFHEO certifies that the technical amendments to the Risk-Based Capital Regulation are not likely to have a significant economic impact on a substantial number of small business entities because the regulation is applicable only to the Enterprises, which are not small entities for purposes of the Regulatory Flexibility Act.

List of Subjects in 12 CFR Part 1750

Capital classification, Mortgages, Risk-based capital.

Accordingly, for the reasons stated in the preamble, OFHEO amends 12 CFR part 1750 as follows:

PART 1750—CAPITAL

1. The authority citation for part 1750 continues to read as follows:

Authority: 12 U.S.C. 4513, 4514, 4611, 4612, 4614, 4615, 4618.

2. Amend Appendix A to subpart B of part 1750 as follows:
 - a. Revise Table 3-2 in paragraph 3.1.2.1 [c];
 - b. Revise Table 3-4 in paragraph 3.1.2.1 [c];
 - c. Revise Table 3-5 in paragraph 3.1.2.1.1;
 - d. Revise Table 3-8 in paragraph 3.1.2.1.1;
 - e. Revise Table 3-9 in paragraph 3.1.2.1.1;
 - f. Revise Table 3-12 in paragraph 3.1.2.2 [a];
 - g. Revise Table 3-13 in paragraph 3.1.2.2 [b];
 - h. Revise Table 3-14 in paragraph 3.1.2.2 [c];
 - i. Revise Table 3-15 in paragraph 3.1.2.3;
 - j. Revise Table 3-16 in paragraph 3.1.2.4;
 - k. Revise Table 3-18 in paragraph 3.1.3.1 [c];
 - l. Revise Table 3-27 in paragraph 3.3.3 [a] 3. b.;
 - m. Redesignate paragraphs 3.6.3.3.1 [d] and [e] as new paragraphs 3.6.3.3.1. [c] 5. and [c] 6., respectively;
 - n. Add new paragraphs 3.6.3.3.1 [c] 7. and [c] 8.;
 - o. Revise Table 3-32 in paragraph 3.6.3.3.2;
 - p. Revise Table 3-51 in paragraph 3.6.3.7.2;
 - q. Revise Table 3-54 in paragraph 3.6.3.8.2;
 - r. Revise Table 3-56 in paragraph 3.7.2.1.1;
 - s. Revise Table 3-57 in paragraph 3.7.2.1.2 [a];
 - t. Revise Table 3-58 in paragraph 3.7.2.1.3 [a];
 - u. Revise Table 3-66 in paragraph 3.8.2 [a];
 - v. Redesignate paragraph 3.8.3.6.2 [d] as new paragraph 3.8.3.6.2 [h];
 - w. Add new paragraphs 3.8.3.6.2 [d] thru [g];
 - x. Revise Table 3-70 in paragraph 3.9.2;
 - y. Amend paragraphs 3.10.3.6.2 [a] 1. a. and b.
 - z. Remove paragraphs 3.10.3.6.2 [a] 1. c. and d.

The revisions and additions read as follows:

Appendix A to Subpart B of Part 1750—Risk-Based Capital Test Methodology and Specifications

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3.1.2.1

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[c]

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Table 3-2—Whole Loan Classification Variables (Continued)

Variable	Description	Range
Reporting Date	The last day of the quarter for the loan group activity that is being reported to OFHEO.	YYYY0331 YYYY0630 YYYY0930 YYYY1231
Enterprise	Enterprise submitting the loan group data.	Fannie Mae Freddie Mac
Business Type	Single family or multifamily.	Single family Multifamily
Portfolio Type	Retained portfolio or Sold portfolio.	Retained Portfolio Sold Portfolio
Government Flag	Conventional or Government insured loan.	Conventional Government
Original LTV	Assigned LTV classes based on the ratio, in percent, between the original loan amount and the lesser of the purchase price or appraised value.	LTV<=60 60 <LTV<=70 70 <LTV<=75

75 <LTV<=80
80 <LTV<=90
90 <LTV<=95
95 <LTV<=100
100 <LTV

Interest-only Flag Indicates if the loan is currently paying interest-only.
Loans that started as I/Os and are currently amortizing should be flagged as
'N'. Yes

No

Current Mortgage Interest Rate Assigned classes for the current mortgage

interest rate. 0.0<=Rate<4.0

4.0<=Rate<5.0

5.0<=Rate<6.0

6.0<=Rate<7.0

7.0<=Rate<8.0

8.0<=Rate<9.0

9.0<=Rate<10.0

10.0<=Rate<11.0

11.0<=Rate<12.0

12.0<=Rate<13.0

13.0<=Rate<14.0

14.0<=Rate<15.0

15.0<=Rate<16.0

Rate=>16.0

Original Mortgage Interest Rate Assigned classes for the original mortgage

interest rate. 0.0<=Rate<4.0

4.0<=Rate<5.0

5.0<=Rate<6.0

6.0<=Rate<7.0

7.0<=Rate<8.0

8.0<=Rate<9.0

9.0<=Rate<10.0

10.0<=Rate<11.0

11.0<=Rate<12.0

12.0<=Rate<13.0

13.0<=Rate<14.0

14.0<=Rate<15.0

15.0<=Rate<16.0

Rate=>16.0

Mortgage Age Assigned classes for the age of the loan. 0<=Age<=12

12<Age<=24

24<Age<=36

36<Age<=48

48<Age<=60

60<Age<=72

72<Age<=84

84<Age<=96

96<Age<=108

108<Age<=120

120<Age<=132

132<Age<=144

144<Age<=156

156<Age<=168

168<Age<=180

Age>180

Rate Reset Period Assigned classes for the number of months between rate
adjustments Period =1

1< Period <=4
 4< Period <=9
 9< Period <=15
 15< Period <=60
 60< Period <999
 Period = 999 (not applicable)
 Payment Reset Period Assigned classes for the number of months between payment adjustments after the duration of the teaser rate. Period <=9
 9< Period <=15
 15< Period <999
 Period = 999 (not applicable)
 ARM Index Specifies the type of index used to determine the interest rate at each adjustment. FHLB 11th District Cost of Funds.
 1 Month Federal Agency Cost of Funds.
 3 Month Federal Agency Cost of Funds.
 6 Month Federal Agency Cost of Funds.
 12 Month Federal Agency Cost of Funds.
 24 Month Federal Agency Cost of Funds.
 36 Month Federal Agency Cost of Funds.
 60 Month Federal Agency Cost of Funds.
 120 Month Federal Agency Cost of Funds.
 360 Month Federal Agency Cost of Funds.
 Overnight Federal Funds (Effective).
 1 Week Federal Funds
 6 Month Federal Funds
 1 month LIBOR
 3 Month LIBOR
 6 Month LIBOR
 12 Month LIBOR
 Conventional Mortgage Rate.
 15 Year Fixed Mortgage Rate.
 7 Year Balloon Mortgage Rate.
 Prime Rate
 1 Month Treasury Bill
 3 Month CMT
 6 Month CMT
 12 Month CMT
 24 Month CMT
 36 Month CMT
 60 Month CMT
 120 Month CMT
 240 Month CMT
 360 Month CMT
 Cap Type Flag Indicates if a loan group is rate-capped, payment-capped or uncapped Payment Capped
 Rate Capped
 No periodic rate cap
 OFHEO Ledger Code OFHEO-specific General Ledger account number used in the Stress Test Appropriate OFHEO Ledger Code based on the chart of accounts.

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3.1.2.1

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Table 3-4-Additional Multifamily Loan Classification Variables
 Variable Description Range

Multifamily Product Code Identifies the mortgage product types for multifamily loans. Fixed Rate Fully Amortizing
Adjustable Rate Fully Amortizing
5 Year Fixed Rate Balloon
7 Year Fixed Rate Balloon
10 Year Fixed Rate Balloon
15 Year Fixed Rate Balloon
Balloon ARM
Other
New Book Flag "New Book" is applied to Fannie Mae loans acquired beginning in 1988 and Freddie Mac loans acquired beginning in 1993, except for loans that were refinanced to avoid a default on a loan originated or acquired earlier
New Book
Old Book
Ratio Update Flag Indicates if the LTV and DCR were updated at origination or at Enterprise acquisition. Yes
No
Current DCR Assigned classes for the Debt Service Coverage Ratio based on the most recent annual operating statement. DCR < 1.00
1.00 <=DCR<1.10
1.10 <=DCR<1.20
1.20 <=DCR<1.30
1.30 <=DCR<1.40
1.40 <=DCR<1.50
1.50 <=DCR<1.60
1.60 <=DCR<1.70
1.70 <=DCR<1.80
1.80 <=DCR<1.90
1.90 <=DCR<2.00
2.00 <=DCR<2.50
2.50 <=DCR<4.00
DCR >= 4.00
Prepayment Penalty Flag Indicates if prepayment of the loan is subject to active prepayment penalties or yield maintenance provisions Yes
No

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3.1.2.1.1

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Table 3-5—Mortgage Amortization Calculation Inputs (Continued)

Variable	Description
	Rate Type (Fixed or Adjustable)
	Product Type (30/20/15-Year FRM, ARM, Balloon, Government, etc.)
UPBORIG	Unpaid Principal Balance at Origination (aggregate for Loan Group)
UPB0	Unpaid Principal Balance at start of Stress Test (aggregate for Loan Group), adjusted by UPB scale factor.
MIR0	Mortgage Interest Rate for the Mortgage Payment prior to the start of the Stress Test, or Initial Mortgage Interest Rate for new loans (weighted average for Loan Group) (expressed as a decimal per annum)
PMT0	Amount of the Mortgage Payment (Principal and Interest) prior to the start of the Stress Test, or first Payment for new loans (aggregate for Loan Group), adjusted by UPB scale factor.
AT	Original loan Amortizing Term in months (weighted average for Loan Group)
RM	Remaining term to Maturity in months (i.e., number of contractual payments due between the start of the Stress Test and the contractual maturity date of the loan) (weighted average for Loan Group)

A0 Age of the loan at the start of Stress Test, in months (weighted average for Loan Group)
 IRP Initial Rate Period, in months
 Interest-only Flag
 RIOP Remaining Interest-only period, in months (weighted average for loan group)
 UPB Scale Factor Factor determined by reconciling reported UPB to published financials
 Additional Interest Rate Inputs
 GFR Guarantee Fee Rate (weighted average for Loan Group) (decimal per annum)
 SFR Servicing Fee Rate (weighted average for Loan Group) (decimal per annum)
 Additional Inputs for ARMs (weighted averages for Loan Group, except for Index)

INDEXm Monthly values of the contractual Interest Rate Index
 LB Look-Back period, in months
 MARGIN Loan Margin (over index), decimal per annum
 RRP Rate Reset Period, in months
 Rate Reset Limit (up and down), decimal per annum
 Maximum Rate (life cap), decimal per annum
 Minimum Rate (life floor), decimal per annum
 NAC Negative Amortization Cap, decimal fraction of UPBORIG
 Unlimited Payment Reset Period, in months
 PRP Payment Reset Period, in months
 Payment Reset Limit, as decimal fraction of prior payment

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 3.1.2.1.1
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Table 3-8—Miscellaneous Whole Loan Cash and Accounting Flow Inputs

Variable	Description
GF	Guarantee Fee rate (weighted average for Loan Group) (decimal per annum)
FDS	Float Days for Scheduled Principal and Interest (weighted average for Loan Group)
FDP	Float Days for Prepaid Principal (weighted average for Loan Group)
FREP	Fraction Repurchased (weighted average for Loan Group) (decimal)
RM	Remaining Term to Maturity in months
UPD0	Sum of all unamortized discounts, premiums, fees, commissions, etc. for the loan group, such that the unamortized balance equals the book value minus the face value for the loan group at the start of the Stress Test, adjusted by the Unamortized Balance Scale Factor
Unamortized Balance Scale Factor	Factor determined by reconciling reported Unamortized Balance to published financials

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 3.1.2.1.1
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Table 3-9—Additional Inputs for Repurchased MBS

Variable	Description
Wtd Ave Percent Repurchased	For sold loan groups, the percent of the loan group UPB that gives the actual dollar amount of loans that collateralize single class MBSs that the Enterprise holds in its own portfolio.
SUPD0	The aggregate sum of all unamortized discounts, premiums, fees, commissions, etc. associated with the securities modeled using the Wtd Ave Percent Repurchased, such that the unamortized balance equals the book value minus the face value for the relevant securities at the start of the Stress Test, adjusted by the percent repurchased and the Security Unamortized Balance Scale Factor.

Security Unamortized Balances Scale Factor Factor determined by reconciling reported Security Unamortized Balances to published financials

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3.1.2.2

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Table 3-12—Inputs for Single Class MBS Cash Flows (Continued)

Variable Description

Pool Number A unique number identifying each mortgage pool.

CUSIP Number A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures.

Issuer Issuer of the mortgage pool.

Government Flag Indicates Government insured collateral.

Original UPB Amount Original pool balance adjusted by UPB scale factor and multiplied by the Enterprise's percentage ownership.

Current UPB Amount Initial Pool balance (at the start of the Stress Test), adjusted by UPB scale factor and multiplied by the Enterprise's percentage ownership.

Product Code Mortgage product type for the pool.

Security Rate Index If the rate on the security adjusts over time, the index that the adjustment is based on.

Unamortized Balance The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by Unamortized Balance Scale Factor.

Wt Avg Original Amortization Term Original amortization term of the underlying loans, in months (weighted average for underlying loans).

Wt Avg Remaining Term of Maturity Remaining maturity of the underlying loans at the start of the Stress Test (weighted average for underlying loans).

Wt Avg Age Age of the underlying loans at the start of the Stress Test (weighted average for underlying loans).

Wt Avg Current Mortgage Interest rate Mortgage Interest Rate of the underlying loans at the start of the Stress Test (weighted average for underlying loans).

Wt Avg Pass-Through Rate Pass-Through Rate of the underlying loans at the start of the Stress Test (Sold loans only) (weighted average for underlying loans).

Wtg Avg Original Mortgage Interest Rate The current UPB weighted average mortgage interest rate in effect at origination for the loans in the pool.

Security Rating The most current rating issued by any Nationally Recognized Statistical Rating Organization (NRSRO) for this security, as of the reporting date.

Wt Avg Gross Margin Gross margin for the underlying loans (ARM MBS only) (weighted average for underlying loans).

Wt Avg Net Margin Net margin (used to determine the security rate for ARM MBS) (weighted average for underlying loans).

Wt Avg Rate Reset Period Rate reset period in months (ARM MBS only) (weighted average for underlying loans).

Wt Avg Rate Reset Limit Rate reset limit up/down (ARM MBS only) (weighted average for underlying loans).

Wt Avg Life Interest Rate Ceiling Maximum rate (lifetime cap) (ARM MBS only) (weighted average for underlying loans).

Wt Avg Life Interest Rate Floor Minimum rate (lifetime floor) (ARM MBS only) (weighted average for underlying loans).

Wt Avg Payment Reset Period Payment reset period in months (ARM MBS only) (weighted average for underlying loans).

Wt Avg Payment Reset Limit Payment reset limit up/down (ARM MBS only) (weighted average for underlying loans).

Wt Avg Lockback Period The number of months to look back from the interest rate change date to find the index value that will be used to determine the next interest rate. (weighted average for underlying loans).

Wt Avg Negative Amortization Cap The maximum amount to which the balance can increase before the payment is recast to a fully amortizing amount. It is expressed as a fraction of the original UPB. (weighted average for underlying loans).

Wt Avg Original Mortgage Interest Rate The current UPB weighted average original mortgage interest rate for the loans in the pool.

Wt Avg Initial Interest Rate Period Number of months between the loan origination date and the first rate adjustment date (weighted average for underlying loans).

Wt Avg Unlimited Payment Reset Period Number of months between unlimited payment resets i.e., not limited by payment caps, starting with origination date (weighted average for underlying loans).

Notional Flag Indicates if the amounts reported in Original Security Balance and Current Security Balance are notional.

UPB Scale Factor Factor determined by reconciling reported UPB to published financials.

Unamortized Balance Scale Factor Factor determined by reconciling reported Unamortized Balance to published financials.

Whole Loan Modeling Flag Indicates that the Current UPB Amount and Unamortized Balance associated with this repurchased MBS are included in the Wtg Avg Percent Repurchased and Security Unamortized Balance fields.

FAS 115 Classification The financial instrument's classification according to FAS 115.

HPGRK Vector of House Price Growth Rates for quarters q=1...40 of the Stress Period.

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Table 3-13—Information for Multi-Class and Derivative MBS Cash Flows Inputs
Variable Description

CUSIP Number A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures.

Issuer Issuer of the security: FNMA, FHLMC, GNMA or other.

Original Security Balance Original principal balance of the security (notional amount for interest-only securities) at the time of issuance, adjusted by UPB scale factor, multiplied by the Enterprise's percentage ownership.

Current Security Balance Initial principal balance, or notional amount, at the start of the Stress Period, adjusted by UPB scale factor, multiplied by the Enterprise's percentage ownership.

Current Security Percentage Owned The percentage of a security's total current balance owned by the Enterprise.

Notional Flag Indicates if the amounts reported in Original Security Balance and Current Security Balance are notional.

Unamortized Balance The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by the Unamortized Balance Scale Factor.

Unamortized Balance Scale Factor Factor determined by reconciling reported Unamortized Balance to published financials.

UPB Scale Factor Factor determined by reconciling the reported current security balance to published financials.

Security Rating The most current rating issued by any Nationally Recognized Statistical Rating Organization (NRSRO) for this security, as of the reporting date.

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Table 3-14—Inputs for MRBs and Derivative MBS Cash Flows Inputs (Continued)

Variable Description

CUSIP Number A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures.

Original Security Balance Original principal balance, adjusted by UPB scale factor and multiplied by the Enterprise's percentage ownership.

Current Security Balance Initial Principal balance (at start of Stress Period), adjusted by UPB scale factor and multiplied by the Enterprise's percentage ownership.

Unamortized Balance The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by Unamortized Balance scale factor.

Unamortized Balance Scale Factor Factor determined by reconciling reported Unamortized Balance to published financials.

UPB Scale Factor Factor determined by reconciling the reported current security balance to published financials.

Floating Rate Flag Indicates the instrument pays interest at a floating rate.

Issue Date The issue date of the security.

Maturity Date The stated maturity date of the security.

Security Interest Rate The rate at which the security earns interest, as of the reporting date.

Principal Payment Window Starting Date, Down-Rate Scenario The month in the Stress Test that principal payment is expected to start for the security under the statutory "down" interest rate scenario, according to Enterprise projections.

Principal Payment Window Ending Date, Down-Rate Scenario The month in the Stress Test that principal payment is expected to end for the security under the statutory "down" interest rate scenario, according to Enterprise projections.

Principal Payment Window Starting Date, Up-Rate Scenario The month in the Stress Test that principal payment is expected to start for the security under the statutory "up" interest rate scenario, according to Enterprise projections.

Principal Payment Window Ending Date, Up-Rate Scenario The month in the Stress Test that principal payment is expected to end for the security under the statutory "up" interest rate scenario, according to Enterprise projections.

Notional Flag Indicates if the amounts reported in Original Security Balance and Current Security Balance are notional.

Security Rating The most current rating issued by any Nationally Recognized Statistical Rating Organization (NRSRO) for this security, as of the reporting date.

Security Rate Index If the rate on the security adjusts over time, the index on which the adjustment is based.

Security Rate Index Coefficient If the rate on the security adjusts over time, the coefficient is the number used to multiply by the value of the index.

Security Rate Index Spread If the rate on the security adjusts over time, the spread is added to the value of the index multiplied by the coefficient to determine the new rate.

Security Rate Adjustment Frequency The number of months between rate adjustments.

Security Interest Rate Ceiling The maximum rate (lifetime cap) on the security.

Security Interest Rate Floor The minimum rate (lifetime floor) on the security.

Life Ceiling Interest Rate The maximum interest rate allowed throughout the life of the security.

Life Floor Interest Rate The minimum interest rate allowed throughout the life of security.

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Table 3-15—Input Variables for Nonmortgage

Instrument Cash flows (Continued)

Data Elements Description

Amortization Methodology Code Enterprise method of amortizing deferred balances (e.g., straight line)

Asset ID CUSIP or Reference Pool Number identifying the asset underlying a derivative position

Asset Type Code Code that identifies asset type used in the commercial information service (e.g. ABS, Fannie Mae pool, Freddie Mac pool)

Associated Instrument ID Instrument ID of an instrument linked to another instrument

Coefficient Indicates the extent to which the coupon is leveraged or de-leveraged

Compound Indicator Indicates if interest is compounded

Compounding Frequency Indicates how often interest is compounded

Counterparty Credit Rating NRSRO's rating for the counterparty

Counterparty Credit Rating Type An indicator identifying the counterparty's credit rating as short-term ('S') or long-term ('L')

Counterparty ID Enterprise counterparty tracking ID

Country Code Standard country codes in compliance with Federal Information Processing Standards Publication 10-4

Credit Agency Code Identifies NRSRO (e.g., Moody's)

Current Asset Face Amount Current face amount of the asset underlying a swap adjusted by UPB scale factor

Current Coupon Current coupon or dividend rate of the instrument

Current Unamortized Discount Current unamortized premium or unaccrued discount of the instrument adjusted by Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

Current Unamortized Fees Current unamortized fees associated with the instrument adjusted by Unamortized Balance Scale Factor. Generally fees associated with the issuance of debt or derivatives should be negative numbers. Fees associated with the purchase of an asset should generally be reported as positive numbers.

Current Unamortized Hedge Current unamortized hedging gains (positive) or losses (negative) associated with the instrument adjusted by the Unamortized Balance Scale Factor.

Current Unamortized Other Any other unamortized items originally associated with the instrument adjusted by Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an

asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

CUSIP_ISIN CUSIP or ISIN Number identifying the instrument

Day Count Day count convention (e.g. 30/360)

End Date The last index repricing date

EOP Principal Balance End of Period face, principal or notional, amount of the instrument adjusted by UPB scale factor

Exact Representation Indicates that an instrument is modeled according to its contractual terms

Exercise Convention Indicates option exercise convention (e.g., American Option)

Exercise Price Par = 1.0; Options

First Coupon Date Date first coupon is received or paid

Index Cap Indicates maximum index rate

Index Floor Indicates minimum index rate

Index Reset Frequency Indicates how often the interest rate index resets on floating-rate instruments

Index Code Indicates the interest rate index to which floating-rate instruments are tied (e.g., LIBOR)

Index Term Point on yield curve, expressed in months, upon which the index is based

Instrument Credit Rating NRSRO credit rating for the instrument

Instrument Credit Rating Type An indicator identifying the instruments credit rating as short-term ('S') or long-term ('L')

Instrument ID An integer used internally by the Enterprise that uniquely identifies the instrument

Interest Currency Code Indicates currency in which interest payments are paid or received

Interest Type Code Indicates the method of interest rate payments (e.g., fixed, floating, step, discount)

Issue Date Indicates the date that the instrument was issued

Life Cap Rate The maximum interest rate for the instrument throughout its life

Life Floor Rate The minimum interest rate for the instrument throughout its life

Look-Back Period Period from the index reset date, expressed in months, that the index value is derived

Maturity Date Date that the instrument contractually matures

Notional Indicator Identifies whether the face amount is notional

Instrument Type Code Indicates the type of instrument to be modeled (e.g., ABS, Cap, Swap)

Option Indicator Indicates if instrument contains an option

Option Type Indicates option type (e.g., Call option)

Original Asset Face Amount Original face amount of the asset underlying a swap adjusted by UPB scale factor

Original Discount Original premium or discount associated with the purchase or sale of the instrument adjusted by Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

Original Face Original face, principal or notional, amount of the instrument adjusted by UPB scale factor

Original Fees Fees or commissions paid at the time of purchase or sale adjusted by the Unamortized Balance Scale Factor. Generally fees associated with the issuance of debt or derivatives should be negative numbers. Fees associated with the purchase of an asset should generally be reported as positive numbers.

Original Hedge Gains (positive) or losses (negative) from closing out a hedge associated with the instrument at settlement, adjusted by the Unamortized Balance Scale Factor.

Original Other Any other items originally associated with the instrument to be amortized or accreted adjusted by the Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds of the amounts paid were less than par, the value should be negative.

Parent Entity ID Enterprise internal tracking ID for parent entity

Payment Amount Interest payment amount associated with the instrument (reserved for complex instruments where interest payments are not modeled) adjusted by UPB scale factor

Payment Frequency Indicates how often interest payments are made or received

Performance Date "As of" date on which the data is submitted

Periodic Adjustment The maximum amount that the interest rate for the instrument can change per reset

Position Code Indicates whether the Enterprise pays or receives interest on the instrument

Principal Currency Code Indicates currency in which principal payments are paid or received

Principal Factor Amount EOP Principal Balance expressed as a percentage of Original Face

Principal Payment Date A valid date identifying the date that principal is paid

Settlement Date A valid date identifying the date the settlement occurred

Spread An amount added to an index to determine an instrument's interest rate

Start Date The date, spot or forward, when some feature of a financial contract becomes effective (e.g., Call Date), or when interest payments or receipts begin to be calculated

Strike Rate The price or rate at which an option begins to have a settlement value at expiration, or, for interest-rate caps and floors, the rate that triggers interest payments

Submitting Entity Indicates which Enterprise is submitting information

Trade ID Unique code identifying the trade of an instrument

Transaction Code Indicates the transaction that an Enterprise is initiating with the instrument (e.g. buy, issue reopen)

Transaction Date A valid date identifying the date the transaction occurred

UPB Scale Factor Factor determined by reconciling reported UPB to published financials

Unamortized Balances Scale Factor Factor determined by reconciling reported Unamortized Balances to published financials

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Table 3-16—Inputs for Alternative Modeling Treatment Items

Variable Description

TYPE Type of item (asset, liability or off-balance sheet item)

BOOK Book Value of item (amount outstanding adjusted for deferred items)

FACE Face Value or notional balance of item for off-balance sheet items

REMATUR Remaining Contractual Maturity of item in whole months. Any fraction of a month equals one whole month.

RATE Interest Rate

INDEX Index used to calculate Interest Rate

FAS115 Designation that the item is recorded at fair value, according to

FAS 115

RATING Instrument or counterparty rating

FHA In the case of off-balance sheet guarantees, a designation indicating 100% of collateral is guaranteed by FHA
MARGIN Margin over an Index

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Table 3-18—Interest Rate and Index Inputs (Continued)

Interest Rate

Index Description Source

1 MO Treasury Bill One-month Treasury bill yield, monthly simple average of daily rate, quoted as actual/360 Bloomberg Generic 1 Month

U.S. Treasury bill

Ticker: GB1M (index).

3 MO CMT Three-month constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

6 MO CMT Six-month constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

1 YR CMT One-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

2 YR CMT Two-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

3 YR CMT Three-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

5 YR CMT Five-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

10 YR CMT Ten-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

20 YR CMT Twenty-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield Federal Reserve H.15 Release.

30 YR CMT Thirty-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield; after February 15, 2002, estimated according to the Department of Treasury methodology using long-term average rates and extrapolation factors as referenced in OFHEO guideline 402

Federal Reserve H.15 Release, Extrapolation Factors used for estimation, U.S. Dept. of Treasury

12-mo Moving Treasury Average (MTA) 12-month Federal Reserve cumulative average

1 year CMT, monthly simple average of daily rate. Bloomberg Ticker: 12MTA (Index)

Overnight Fed

Funds (Effective) Overnight effective Federal Funds rate, monthly simple average of daily rate Federal Reserve H.15 Release.

Certificate of Deposits Index (CODI) 12-month average of monthly published yields on 3-month certificates of deposit, based on the Federal Reserve Board statistical release, H-15 Bloomberg Ticker: COF CODI (index)

1 Week Federal

Funds 1 week Federal Funds rate, monthly simple average of daily rates

Bloomberg Term Fed Funds U.S. Domestic

Ticker: GFED01W (index).

6 Month Fed

Funds 6 month Federal Funds rate, monthly simple average of daily rates

Bloomberg Term Fed Funds U.S. Domestic Ticker: GFED06M (index).

Conventional

Mortgage Rate FHLMC (Freddie Mac) contract interest rates for 30 YR fixed-rate mortgage commitments, monthly average of weekly rates Federal Reserve H.15 Release.

Constant Maturity Mortgage (CMM) Index Bond equivalent yield on TBA mortgage-backed security which prices at the par price TradeWeb

1-mo Freddie Mac Reference Bill 1-month Freddie Mac Reference Bill, actual price and yield by auction date. FreddieMac.com website:

<http://www.freddiemac.com/debt/data/cgi-bin/refbillaucres.cgi?order=AD>

FHLB 11th District COF

11th District (San Francisco) weighted average cost of funds for savings and loans, monthly Bloomberg Cost of Funds for the 11th District

Ticker: COF11 (index).

1 MO LIBOR One-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360 British Bankers Association

Bloomberg Ticker: US0001M (index).

3 MO LIBOR Three-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360 British Bankers Association

Bloomberg Ticker: US0003M (index).

6 MO LIBOR Six-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360 British Bankers Association

Bloomberg Ticker: US0006M (index).

12 MO LIBOR One-year London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360 British Bankers Association

Bloomberg Ticker: US0012M (index).

Prime Rate Prevailing rate as quoted, monthly average of daily rates Federal Reserve H.15 Release.

1 MO Federal

Agency COF One-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360 Bloomberg Generic 1 Month Agency Discount Note Yield.

Ticker: AGDN030Y (index).

3 MO Federal

Agency COF Three-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360 Bloomberg Generic 3 Month Agency Discount Note Yield.

Ticker: AGDN090Y (index).

6 MO Federal

Agency COF Six-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360 Bloomberg Generic 6 Month Agency Discount Note Yield.

Ticker: AGDN180Y (index).

1 YR Federal Agency COF One-year Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360 Bloomberg Generic 12 Month Agency Discount Note Yield.

Ticker: AGDN360Y (index).

2 YR Federal Agency COF Two-year Federal Agency Fair Market Yield, monthly simple average of daily rates Bloomberg Generic 2 Year Agency Fair Market Yield.

Ticker: CO842Y (index).

3 YR Federal Agency COF Three-year Federal Agency Fair Market Yield, monthly simple average of daily rates Bloomberg Generic 3 Year Agency Fair Market Yield.

Ticker: CO843Y (index).

5 YR Federal Agency COF Five-year Federal Agency Fair Market Yield, monthly simple average of daily rates Bloomberg Generic 5 Year Agency Fair Market Yield.

Ticker: CO845Y (index).
 10 YR Federal Agency COF Ten-year Federal Agency Fair Market Yield, monthly simple average of daily rates Bloomberg Generic 10 Year Agency Fair Market Yield.

Ticker: CO8410Y (index).
 30 YR Federal Agency COF Thirty-year Federal Agency Fair Market Yield, monthly simple average of daily rates Bloomberg Generic 30 Year Agency Fair Market Yield.

Ticker: CO8430Y (index).
 15 YR fixed-rate mortgage FHLMC (Freddie Mac) contract interest rates for 15 YR fixed-rate mortgage commitments, monthly average of FHLMC (Freddie Mac) contract interest rates for 15 YR Bloomberg FHLMC 15 YR, 10 day commitment rate.

Ticker: FHCR1510 (index).
 7-year balloon mortgage rate Seven-year balloon mortgage, equal to the Conventional Mortgage Rate less 50 basis points Computed.

2-yr Swap 2-yr U.S. Dollar Swap Rate, quoted as semi-annually fixed rate vs. 3-mo U.S. dollar LIBOR Bloomberg Ticker: USSWAP2 (index)

3-yr Swap 3-yr U.S. Dollar Swap Rate, quoted as semi-annually fixed rate vs. 3-mo U.S. dollar LIBOR Bloomberg Ticker: USSWAP3 (Index)

5-yr Swap 5-yr U.S. Dollar Swap Rate, quoted as semi-annually fixed rate vs. 3-mo U.S. dollar LIBOR Bloomberg Ticker: USSWAP5 (Index)

10-yr Swap 10-yr U.S. Dollar Swap Rate, quoted as semi-annually fixed rate vs. 3-mo U.S. dollar LIBOR Bloomberg Ticker: USSWAP10 (Index)

30-yr Swap 30-yr U.S. Dollar Swap Rate, quoted as semi-annually fixed rate vs. 3-mo U.S. dollar LIBOR Bloomberg Ticker: USSWAP30 (Index)

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Table 3-27-Non-Treasury Interest Rates (Continued)

Mortgage Rates Spread Based on
 15-year Fixed-rate Mortgage Rate 10-year CMT
 30-year Conventional Mortgage Rate 10-year CMT
 7-year Balloon Mortgage Rate (computed from Conventional Mortgage Rate)
 Constant Maturity Mortgage Index 10-year CMT

Other Non-Treasury Interest Rates
 Overnight Fed Funds 1-month Treasury Yield
 7-day Fed Funds 1-month Treasury Yield
 1-month LIBOR 1-month Treasury Yield
 1-month Federal Agency Cost of Funds 1-month Treasury Yield
 1-mo Freddie Mac Reference Bill 1-month Treasury Yield
 3-month LIBOR 3-month CMT
 3-month Federal Agency Cost of Funds 3-month CMT
 PRIME 3-month CMT
 6-month LIBOR 6-month CMT
 6-month Federal Agency Cost of Funds 6-month CMT
 6-month Fed Funds 6-month CMT
 FHLB 11th District Cost of Funds 1-year CMT
 12-month LIBOR 1-year CMT
 12-mo Moving Treasury Average 1-year CMT

Certificate of Deposits Index 1-year CMT
 1-year Federal Agency Cost of Funds 1-year CMT
 2-year Federal Agency Cost of Funds 2-year CMT
 3-year Federal Agency Cost of Funds 3-year CMT
 5-year Federal Agency Cost of Funds 5-year CMT
 10-year Federal Agency Cost of Funds 10-year CMT
 30-year Federal Agency Cost of Funds 30-year CMT
 2-yr Swap 2-year CMT
 3-yr Swap 3-year CMT
 5-yr Swap 5-year CMT
 10-yr Swap 10-year CMT
 30-yr Swap 30-year CMT

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7. Reverse Mortgages. In a reverse mortgage, a borrower receives one or more payments from the lender and the lender is repaid with a lump sum when the borrower dies, sells the property or moves out of the home permanently. The stress test models reverse mortgages as a ladder of zero-coupon securities:

- 11 proxy securities for each reverse mortgage program are created.
- A 10% conditional payment rate is used to create the zero-coupon securities that will mature in every year of the stress test. The zero-coupon securities are a ladder series of floating-rate coupon-bearing accreting bonds with a first payment date at maturity.
- The 11th zero-coupon security will mature three months after the stress test to reflect the 35% of UPB not paid down during the stress period.
- An OFHEO credit rating equivalent to AAA for the FHA insured programs and AA for other reverse mortgage programs is assigned.

8. Split-Rate ARM Loans. In split-rate ARM loans, the principal portion of the payment is based on a fixed-rate amortization schedule while the interest portion is based on a floating rate index. These multifamily loans are available as fully amortizing product or with a balloon feature. The stress test model does not provide treatment for split-rate ARM loans. Split-rate loans shall be treated as ARMs when they are issued without a balloon payment feature or as Balloon ARMs when the loans contain a balloon payment feature.

3.6.3.3.2

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Table 3-32—Loan Group Inputs for Mortgage Amortization Calculation (Continued)

Variable*	Description	Source
	Rate Type (Fixed or Adjustable)	RBC Report
	Product Type (30/20/15-Year FRM, ARM, Balloon, Government, etc.)	RBC Report
UPBORIG	Unpaid Principal Balance at Origination (aggregate for Loan Group)	RBC Report
UPB0	Unpaid Principal Balance at start of Stress Test (aggregate for Loan Group)	RBC Report
MIR0	Mortgage Interest Rate for the Mortgage Payment prior to the start of the Stress Test, or Initial Mortgage Interest Rate for new loans (weighted average for Loan Group) (expressed as a decimal per annum)	RBC Report
PMT0	Amount of the Mortgage Payment (Principal and Interest) prior to the start of the Stress Test, or first payment for new loans (aggregate for Loan Group)	RBC Report
AT	Original loan Amortizing Term in months (weighted average for Loan Group)	RBC Report

RM Remaining term to Maturity in months (i.e., number of contractual payments due between the start of the Stress Test and the contractual maturity date of the loan) (weighted average for Loan Group) RBC Report

A0 Age immediately prior to the start of the Stress Test, in months (weighted average for Loan Group) RBC Report

Interest-only Flag RBC Report

RIOP Remaining Interest-only period, in months (weighted average for loan group) RBC Report

Additional Interest Rate Inputs

GFR Guarantee Fee Rate (weighted average for Loan Group) (decimal per annum) RBC Report

SFR Servicing Fee Rate (weighted average for Loan Group) (decimal per annum) RBC Report

Additional Inputs for ARMs (weighted averages for Loan Group, except for Index)

INDEXm Monthly values of the contractual Interest Rate Index section 3.3, Interest Rates

LB Look-Back period, in months RBC Report

MARGIN Loan Margin (over index), decimal per annum RBC Report

RRP Rate Reset Period, in months RBC Report

Rate Reset Limit (up and down), decimal per annum RBC Report

Maximum Rate (life cap), decimal per annum RBC Report

Minimum Rate (life floor), decimal per annum RBC Report

NAC Negative Amortization Cap, decimal fraction of UPBORIG RBC Report

Unlimited Payment Reset Period, in months RBC Report

PRP Payment Reset Period, in months RBC Report

Payment Reset Limit, as decimal fraction of prior payment RBC Report

IRP Initial Rate Period, in months RBC Report

*Variable name is given when used in an equation

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Table 3-51-Inputs for Final Calculation of Stress Test

Whole Loan Cash Flows

Variable Description Source

UPBm Aggregate Unpaid Principal Balance in month $m = 0 \dots$ RM section 3.6.3.3.4, Mortgage Amortization Schedule Outputs

NYRm Net Yield Rate in month $m = 1 \dots$ RM section 3.6.3.3.4, Mortgage Amortization Schedule Outputs

GF Guarantee Fee rate (weighted average for Loan Group) (decimal per annum) RBC Report

PTRm Pass-Through Rate in month $m = 1 \dots$ RM section 3.6.3.3.4, Mortgage Amortization Schedule Outputs

SPm Aggregate Scheduled Principal (Amortization) in month $m = 1 \dots$ RM section 3.6.3.3.4, Mortgage Amortization Schedule Outputs

PREmSF

PREmMF Prepaying Fraction of original Loan Group in month $m = 1 \dots$ RM section 3.6.3.4.4, Single Family Default and Prepayment Outputs and, section 3.6.3.5.4, Multifamily Default and Prepayment Outputs

DEFmSF

DEFmMF Defaulting Fraction of original Loan Group in month $m = 1 \dots$ RM section 3.6.3.4.4, Single Family Default and Prepayment Outputs and, section 3.6.3.5.4, Multifamily Default and Prepayment Outputs

PERFmSF

PERFmMF Performing Fraction of original Loan Group in month $m = 1 \dots$ RM section 3.6.3.4.4, Single Family Default and Prepayment Outputs and,

section 3.6.3.5.4, Multifamily Default and Prepayment Outputs
 FDS Float Days for Scheduled Principal and Interest (weighted average for Loan Group) RBC Report
 FDP Float Days for Prepaid Principal (weighted average for Loan Group) RBC Report
 FERm Float Earnings Rate in month $m = 1 \dots RM$ 1 week Fed Funds Rate; section 3.3, Interest Rates
 LSmsSF Loss Severity Rate in month $m = 1 \dots RM$ section 3.6.3.6.5.2, Single Family and Multifamily Net Loss Severity Outputs
 FREP Fraction Repurchased (weighted average for Loan Group) (decimal) RBC Report

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3.6.3.8.2

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Table 3-54—Inputs for Whole Loan Accounting Flows

Variable	Description	Source
RM	Remaining Term to Maturity in months	RBC Report
UPD0	Sum of all unamortized discounts, premiums, fees, commissions, etc. for the loan group, such that the unamortized balance equals the book value minus the face value for the loan group at the start of the Stress Test, adjusted by the Unamortized Balance Scale Factor.	RBC Report
NYR0	Net Yield Rate at time zero	section 3.6.3.3.4, Mortgage Amortization Schedule Outputs
PUPBm	Performing Loan Group UPB in months $m = 0 \dots RM$	section 3.6.3.7.4, Stress Test Whole Loan Cash Flow Outputs
PTR0	Pass-Through Rate at time zero	section 3.6.3.3.4, Mortgage Amortization Schedule Outputs
SPUPBm	Security Performing UPB in months $m = 0 \dots RM$	section 3.6.3.7.4, Stress Test Whole Loan Cash Flow Outputs
SUPD0	The sum of all unamortized discounts, premiums, fees, commissions, etc. associated with the securities modeled using the Wtd Ave Percent Repurchased, such that the unamortized balance equals the book value minus the face value for the relevant securities at the start of the Stress Test, adjusted by the percent repurchased and the Security Unamortized Balance Scale Factor.	RBC Report

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Table 3-56—RBC Report Inputs for Single Class MBS Cash Flows (Continued)

Variable	Description
Pool Number	A unique number identifying each mortgage pool
CUSIP Number	A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures
Issuer	Issuer of the mortgage pool
Original UPB Amount	Original pool balance multiplied by the Enterprise's percentage ownership
Current UPB Amount	Initial Pool balance (at the start of the Stress Test), multiplied by the Enterprise's percentage ownership
Product Code	Mortgage product type for the pool
Security Rate Index	If the rate on the security adjusts over time, the index that the adjustment is based on
Unamortized Balance	The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by the Unamortized Balance Scale Factor
Wt Avg Original Amortization Term	Original amortization term of the underlying loans, in months (weighted average for underlying loans)

Wt Avg Remaining Term of Maturity Remaining Maturity of the underlying loans at the start of the Stress Test (weighted average for underlying loans)

Wt Avg Age Age of the underlying loans at the start of the Stress Test (weighted average for underlying loans)

Wt Avg Current Mortgage Interest rate Mortgage Interest Rate of the underlying loans at the start of the Stress Test (weighted average for underlying loans)

Wt Avg Pass-Through Rate Pass-Through Rate of the underlying loans at the start of the Stress Test (weighted average for underlying loans)

Wtg Avg Original Mortgage Interest Rate The current UPB weighted average Mortgage Interest Rate in effect at Origination for the loans in the pool

Security Rating The most current rating issued by any Nationally Recognized Statistical Rating Organization (NRSRO) for this security, as of the reporting date. In the case of a "split" rating, the lowest rating should be given.

Wt Avg Gross Margin Gross margin for the underlying loans (ARM MBS only) (weighted average for underlying loans)

Wt Avg Net Margin Net margin (used to determine the security rate for ARM MBS) (weighted average for underlying loans)

Wt Avg Rate Reset Period Rate reset period in months (ARM MBS only) (weighted average for underlying loans)

Wt Avg Rate Reset Limit Rate reset limit up/down (ARM MBS only) (weighted average for underlying loans)

Wt Avg Life Interest Rate Ceiling Maximum rate (lifetime cap) (ARM MBS only) (weighted average for underlying loans)

Wt Avg Life Interest Rate Floor Minimum rate (lifetime floor) (ARM MBS only) (weighted average for underlying loans)

Wt Avg Payment Reset Period Payment reset period in months (ARM MBS only) (weighted average for underlying loans).

Wt Avg Payment Reset Limit Payment reset limit up/down (ARM MBS only) (weighted average for underlying loans)

Wt Avg Lookback Period The number of months to look back from the interest rate change date to find the index value that will be used to determine the next interest rate (ARM MBS only) (weighted average for underlying loans)

Wt Avg Negative Amortization Cap The maximum amount to which the balance can increase before the payment is recast to a fully amortizing amount. It is expressed as a fraction of the original UPB. (ARM MBS only) (weighted average for underlying loans)

Wt Avg Initial Interest Rate Period Number of months between the loan origination date and the first rate adjustment date (ARM MBS only) (weighted average for underlying loans)

Wt Avg Unlimited Payment Reset Period Number of months between unlimited payment resets i.e., not limited by payment caps, starting with Origination date (ARM MBS only) (weighted average for underlying loans)

Notional Flag Indicates that amounts reported in Original UPB Amount and Current UPB Amount are notional

UPB Scale Factor Factor applied to the current UPB that offsets any timing adjustments between the security level data and the Enterprise's published financials

Whole Loan Modeling Flag Indicates that the Current UPB Amount and Unamortized Balance associated with this Repurchased MBS are included in the Wtg Avg Percent Repurchased and Security Unamortized Balance fields

FAS 115 Classification The financial instrument's classification according to FAS 115

HPGRK Vector of House Price Growth Rates for quarters q=1...40 of the Stress Period.

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Table 3-57—RBC Report Inputs for Multi-Class and Derivative MBS Cash Flows

Variable	Description
CUSIP Number	A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures
Issuer	Issuer of the security: FNMA, FHLMC, GNMA or other
Original Security Balance	Original principal balance of the security (notional amount for Interest-Only securities) at the time of issuance, multiplied by the Enterprise's percentage ownership
Current Security Balance	Initial principal balance, or notional amount, at the start of the Stress Period multiplied by the Enterprise's percentage ownership
Current Security Percentage Owned	The percentage of a security's total current balance owned by the Enterprise
Unamortized Balance	The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by the Unamortized Balance Scale Factor

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Table 3-58—RBC Report Inputs for MRBs and Derivative MBS Cash Flows (Continued)

Variable	Description
CUSIP Number	A unique number assigned to publicly traded securities by the Committee on Uniform Securities Identification Procedures
Original Security Balance	Original principal balance, multiplied by the Enterprise's percentage ownership
Current Security Balance	Initial principal balance (at start of Stress Period), multiplied by the Enterprise's percentage ownership
Unamortized Balance	The sum of all unamortized discounts, premiums, fees, commissions, etc., such that the unamortized balance equals book value minus face value, adjusted by the Unamortized Balance Scale Factor
Issue Date	The Issue Date of the security
Maturity Date	The stated Maturity Date of the security
Security Interest Rate	The rate at which the security earns interest, as of the reporting date
Principal Payment Window Starting Date, Down-Rate Scenario	The month in the Stress Test that principal payment is expected to start for the security under the statutory "down" interest rate scenario, according to Enterprise projections
Principal Payment Window Ending Date, Down-Rate Scenario	The month in the Stress Test that principal payment is expected to end for the security under the statutory "down" interest rate scenario, according to Enterprise projections
Principal Payment Window Starting Date, Up-Rate Scenario	The month in the Stress Test that principal payment is expected to start for the security under the statutory "up" interest rate scenario, according to Enterprise projections
Principal Payment Window Ending Date, Up-Rate Scenario	The month in the Stress Test that principal payment is expected to end for the security under the statutory "up" interest rate scenario, according to Enterprise projections
Security Rating	The most current rating issued by any Nationally Recognized Statistical Rating Organization (NRSRO) for this security, as of the reporting date. In the case of a "split" rating, the lowest rating should be given.

Security Rate Index If the rate on the security adjusts over time, the index on which the adjustment is based

Security Rate Index Coefficient If the rate on the security adjusts over time, the coefficient is the number used to multiply by the value of the index.

Security Rate Index Spread If the rate on the security adjusts over time, the spread is added to the value of the index multiplied by the coefficient to determine the new rate.

Security Rate Adjustment Frequency The number of months between rate adjustments

Security Interest Rate Ceiling The maximum rate (lifetime cap) on the security

Security Interest Rate Floor The minimum rate (lifetime floor) on the security

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Table 3-66-Input Variables for
Nonmortgage Instrument Cash flows (Continued)

Data Elements	Description
Amortization Methodology Code	Enterprise method of amortizing deferred balances (e.g., straight line)
Asset ID	CUSIP or Reference Pool Number identifying the asset underlying a derivative position
Asset Type Code	Code that identifies asset type used in the commercial information service (e.g. ABS, Fannie Mae pool, Freddie Mac pool)
Associated Instrument ID	Instrument ID of an instrument linked to another instrument
Coefficient	Indicates the extent to which the coupon is leveraged or de-leveraged
Compound Indicator	Indicates if interest is compounded
Compounding Frequency	Indicates how often interest is compounded
Counterparty Credit Rating	NRSRO's rating for the counterparty
Counterparty Credit Rating Type	An indicator identifying the counterparty's credit rating as short-term ('S') or long-term ('L').
Counterparty ID	Enterprise counterparty tracking ID
Country Code	Standard country codes in compliance with Federal Information Processing Standards Publication 10-4
Credit Agency Code	Identifies NRSRO (e.g., Moody's)
Current Asset Face Amount	Current face amount of the asset underlying a swap
Current Coupon	Current coupon or dividend rate of the instrument
Current Unamortized Discount	Current unamortized premium or unaccreted discount of the instrument adjusted by the Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.
Current Unamortized Fees	Current unamortized fees associated with the instrument adjusted by the Unamortized Balance Scale Factor. Generally fees associated with the issuance of debt or derivatives should be negative numbers. Fees associated with the purchase of an asset should generally be reported as positive numbers.
Current Unamortized Hedge	Current unamortized hedging gains (positive) or losses (negative) associated with the instrument adjusted by the Unamortized Balance Scale Factor.
Current Unamortized Other	Any other unamortized items originally associated with the instrument adjusted by the Unamortized Balance Scale Factor. If the

proceeds from the issuance of debt or derivatives or the amount paid for an asset was greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

CUSIP_ISIN CUSIP or ISIN Number identifying the instrument

Day Count Day count convention (e.g. 30/360)

End Date The last index repricing date

EOP Principal Balance End of Period face, principal or notional, amount of the instrument

Exact Representation Indicates that an instrument is modeled according to its contractual terms

Exercise Convention Indicates option exercise convention (e.g., American Option)

Exercise Price Par = 1.0; Options

First Coupon Date Date first coupon is received or paid

Index Cap Indicates maximum index rate

Index Floor Indicates minimum index rate

Index Reset Frequency Indicates how often the interest rate index resets on floating-rate instruments

Index Code Indicates the interest rate index to which floating-rate instruments are tied (e.g., LIBOR)

Index Term Point on yield curve, expressed in months, upon which the index is based

Instrument Credit Rating NRSRO credit rating for the instrument

Instrument Credit Rating Type An indicator identifying the instruments credit rating as short-term ('S') or long-term ('L').

Instrument ID An integer used internally by the Enterprise that uniquely identifies the instrument

Interest Currency Code Indicates currency in which interest payments are paid or received

Interest Type Code Indicates the method of interest rate payments (e.g., fixed, floating, step, discount)

Issue Date Indicates the date that the instrument was issued

Life Cap Rate The maximum interest rate for the instrument throughout its life

Life Floor Rate The minimum interest rate for the instrument throughout its life

Look-Back Period Period from the index reset date, expressed in months, that the index value is derived

Maturity Date Date that the instrument contractually matures

Notional Indicator Identifies whether the face amount is notional

Instrument Type Code Indicates the type of instrument to be modeled (e.g., ABS, Cap, Swap)

Option Indicator Indicates if instrument contains an option

Option Type Indicates option type (e.g., Call option)

Original Asset Face Amount Original face amount of the asset underlying a swap

Original Discount Original premium or discount associated with the purchase or sale of the instrument adjusted by the Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

Original Face Original face, principal or notional, amount of the instrument

Original Fees Fees or commissions paid at the time of purchase or sale adjusted by the Unamortized Balance Scale Factor. Generally fees associated with the issuance of debt or derivatives should be negative numbers. Fees associated with the purchase of an asset should generally be reported as positive numbers

Original Hedge Gains (positive) or losses (negative) from closing out a hedge associated with the instrument at settlement, adjusted by the Unamortized Balance Scale Factor

Original Other Any other amounts originally associated with the instrument to be amortized or accreted adjusted by the Unamortized Balance Scale Factor. If the proceeds from the issuance of debt or derivatives or the amount paid for an asset were greater than par, the value should be positive. If the proceeds or the amounts paid were less than par, the value should be negative.

Parent Entity ID Enterprise internal tracking ID for parent entity

Payment Amount Interest payment amount associated with the instrument (reserved for complex instruments where interest payments are not modeled)

Payment Frequency Indicates how often interest payments are made or received

Performance Date "As of" date on which the data is submitted

Periodic Adjustment The maximum amount that the interest rate for the instrument can change per reset

Position Code Indicates whether the Enterprise pays or receives interest on the instrument

Principal Currency Code Indicates currency in which principal payments are paid or received

Principal Factor Amount EOP Principal Balance expressed as a percentage of Original Face

Principal Payment Date A valid date identifying the date that principal is paid

Settlement Date A valid date identifying the date the settlement occurred

Spread An amount added to an index to determine an instrument's interest rate

Start Date The date, spot or forward, when some feature of a financial contract becomes effective (e.g., Call Date), or when interest payments or receipts begin to be calculated

Strike Rate The price or rate at which an option begins to have a settlement value at expiration, or, for interest-rate caps and floors, the rate that triggers interest payments

Submitting Entity Indicates which Enterprise is submitting information

Trade ID Unique code identifying the trade of an instrument

Transaction Code Indicates the transaction that an Enterprise is initiating with the instrument (e.g. buy, issue reopen)

Transaction Date A valid date identifying the date the transaction occurred

UPB Scale Factor Factor applied to UPB to adjust for timing differences

Unamortized Balances Scale Factor Factor applied to Unamortized Balances to adjust for timing differences

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3.8.3.6.2

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[d] Futures and Options on Futures also require special treatment:

1. Settle positions on their expiration dates. Exercise only in-the-money options (settlement value greater than zero).
2. Settle all contracts for cash.
3. Calculate the cash settlement amount--the change in price of a contract from the contract trade date to its expiration date. Calculate the price on the expiration date based on stress test interest rates (or, as necessary, forward rates extrapolated from these rates).

4. Amortize amounts received or paid at the expiration date into income or expense on a straight-line basis over the life of the underlying instrument (in the case of an option on a futures contract, the life of the instrument underlying the futures contract).

5. Amortize an option premium on a straight-line basis over the life of the option. (Amortize any remaining balances upon option exercise.)

[e] Swaptions also require special treatment:

1. Assume swap settlement (i.e., initiation of the underlying swap) when a swap option is exercised.

2. Calculate a "normalized" fixed-pay coupon by subtracting the spread over the index, if any, from the coupon on the fixed-rate swap leg.

3. For all exercise types (American, Bermudan, and European), consistent with RBC Rule section 3.8.3.7, assume exercise by the party holding the swap option if the equivalent maturity Enterprise Cost of Funds is more than

a. 50 basis points above the normalized fixed-pay coupon, for a pay-fixed swaption (a call or 'payor' swaption), or

b. 50 basis points below the normalized fixed pay coupon for a receive-fixed swaption (a put or 'receiver' swaption).

4. Amortize option premiums on a straight-line basis over the option term. (Amortize any remaining balances upon option exercise).

[f] CPI-Linked Instruments also require special treatment. The stress test lacks the ability to accommodate floating-rate instruments that reset in response to changes in the consumer price index (CPI) as published by the Bureau of Labor Statistics. Enterprise issuance of CPI-linked instruments is tied to swap market transactions intended to create desired synthetic debt structure and terms. In such cases, the true economic position nets to the payment terms of the related derivative contract. Accordingly, in order to accommodate and address the existence of CPI-linked instruments in the Enterprises' portfolios, the net synthetic position shall be evaluated in the stress test. That is, for CPI-linked instruments tied to swap transactions that are formally linked in a hedge accounting relationship, the Enterprise should substitute the CPI-linked instrument's coupon payment terms with those of the related swap contract.

[g] Pre-refunded municipal bonds also require special treatments. Pre-refunded municipal bonds are collateralized by securities that are structured to fund all the cash flows of the refunded municipal bonds until the bonds are callable. Since the call date for the bonds, also referred to as the pre-refunded date, is a more accurate representation of the payoff date than the contractual maturity date of the bonds, the stress test models the bonds to mature on the call date.

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3.9.2

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Table 3-70-Alternative Modeling Treatment Inputs

Variable	Description
TYPE	Type of item (asset, liability or off-balance sheet item)
BOOK	Book Value of item (amount outstanding adjusted for deferred items)
FACE	Face Value or notional balance of item for off-balance sheet items
REMATUR	Remaining Contractual Maturity of item in whole months. Any fraction of a month equals one whole month.
RATE	Interest Rate
INDEX	Index used to calculate Interest Rate
FAS115	Designation that the item is recorded at fair value, according to
FAS 115	
RATING	Instrument or counterparty rating
FHA	In the case of off-balance sheet guarantees, a designation indicating 100% of collateral is guaranteed by FHA
MARGIN	Margin over an Index

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3.10.3.6.2

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1. Fair Values

a. The valuation impact of any Applicable Fair Value Standards (AFVS), cumulative from their time of implementation, will be reversed out of the starting position data, by debiting any accumulated credits, and crediting any accumulated debits.

1) AFVS are defined as GAAP pronouncements that require or allow fair value measurements, e.g., EITF 99-20, FAS 65, FAS 87, FAS 115, FAS 133, FAS 140, FAS 149 and FIN 45. Valuation impacts of AVFS pertain only to amounts that are measured at fair value and not to other amounts that are included in AFVS but are not measured at fair value.

2) The GAAP pronouncements covered by this treatment are subject to OFHEO review. The Enterprises will submit a list of standards and pronouncements that are being reversed in their RBC Reports.

b. After reversing the valuation impact of AFVS, any affected items are presented as follows:

1) If absent the adoption of the AFVS, the affected transactions measured at fair value would have been accounted for on an amortized cost basis, they are presented as if they had always been accounted for on an amortized cost basis. Amounts not measured at fair value are represented as specified by GAAP and are presented using current GAAP rules.

2) To the extent that transactions would not have been accounted for on an amortized cost basis, they are accounted for as if they were income and expense items.

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Dated: _____

Signature _____

James B. Lockhart III

Director, Office of Federal Housing Enterprise Oversight.

[FR Doc. Filed ; pm]