

Loan Pricing

Rockport ACT provides a robust Loan Pricing module, which populates the FASB 107 Market Price report.

The basis of the ACT Pricing Model is a Discounted Cash Flow (DCF), using a Yield Curve and user-elected Cashflow End Date Parameter. ACT captures the drivers of the Cash Flow Terms: Payment Structures/Streams (IO periods, amortizing periods, balloon, scheduled fixed principal) and Variable Rate Changes.

ACT Pricing Module

The foundation of the ACT Pricing module is a matrix where the X-axis is a rating, and the Y-axis is a timeline. The Timeline is a Yield Curve (typically manually entered; ACT supports an import of the index values). The Cashflow End Date can be based on either the Maturity, Average Life, Call Date, or Rate Change Date. Note: If the Pricing Date is after the Call Date or Rate Change Date, then an election of either Maturity or Average Life is necessary as the End Date Parameter.

The options for the X-Axis Rating can be either a user-defined Quality Rating or RBC Risk Rating. Spreads are entered in the Matrix at user-specified intervals, further honing the risk profile. The Discount Rate used in the calculation is found at the intersection of the selected Timeline within the Yield Curve and applying the Spread from the Matrix. The setup of the X-Axis (rating selection) and Y-Axis (yield curve and end date parameter) are selected once; the Yield Curve Values are updated over time.

Multiple Notes Within One Loan

ACT can track multiple notes within one loan. As such, the Pricing feature also exists at the individual Note level. ACT supports multiple investors as participants in one Note, and ACT provides reporting for each investor's participation (for one loan and or across that investor's portfolio).

Within a Loan, the summary of the note cash flows is used to calculate the DCF for the full loan. ACT stores historical Pricing information at the Note and Loan levels. ACT provides the option of running the FASB 107 on a single investor, a grouping of investors, or a legal entity; in each case, the historical prices are referenced in the report.

ACT also provides the option to allow users to **manually enter** or **import a price**.