

Example II: Sample AOT Analysis

Date: 10/22/2004

Available 30 Year Conf. Product:		
Loan #	Loan Amount	Note Rate
A	210,000	5.75
B	234,185	5.75
C	185,000	5.75
D	195,000	5.75
E	134,589	5.875
F	217,545	5.875
G	211,125	5.875
Sum of Selected:		981,319

BMA Settlement Calendar & Investor Cut-Off ¹ Dates				
Month	Settle Date	Date ¹	5.0 Price ²	5.5 Price ²
November	11/15/04	10/27/04	99:13:00	101:23:00
December	12/13/04	11/24/04	99:04:00	101:14:00

1. Loan packages must be received by this date for applicable month's security.
2. Updated from news service or from dealer/broker bid. Price quoted in percentage and 32nds.

Buyup/Buydown Multiples:		
Note Rate	Buyup	Buydown
5.750	3.80	5.65
5.875	3.63	5.45

Note Rate Best Execution:											AOT	
Note	Min. Servicing	Max. Coupon	Guar. Fee	Left Over	Available Buyup ¹	Necessary Buydown	Buyup Multiple	Buydown Multiple	Buyup (+)/ Buydown (-)	Coupon Price	Security Price	Difference ²
5.75	0.25	5.5	0.21	-0.21	0	0.21	3.8	5.65	-1.187	101.719	100.532	0.055
5.75	0.25	5	0.21	0.29	0.29	0	3.8	5.65	1.102	99.406	100.508	
5.875	0.25	5.5	0.21	-0.085	0	0.085	3.63	5.45	-0.463	101.719	101.256	0.343
5.875	0.25	5	0.21	0.415	0.415	0	3.63	5.45	1.506	99.406	100.913	

1. Although agencies may cap maximum buyups at 20-25 bps, many AOT investors pay agency buyups for excess servicing up to a larger cap.
2. After reviewing Open Commitments, Jill determines that she would be left with 5.5's were she not to deliver into them. By delivering to 5.5, she avoids 1/32nd Bid/Ask.

Open Commitments:										
ID	Coupon	Original Amount	Remaining Amount	Settle Date	Open Date	Open Price	Current Price	MTM (%)	MTM (\$)	Dealer/ Broker
X	5.5	5,000,000	1,000,000	11/15/04	8/18/04	100.457	101.719	-1.262	(12,617.50)	FN
Y	5.5	2,000,000	1,000,000	11/15/04	9/28/04	101.328	101.719	-0.391	(3,906.50)	JP
Z	6	1,000,000	1,000,000	11/15/04	9/17/04	102.781	103.531	-0.750	(7,500.00)	BS

Example III: Sample AOT Analysis

Date: 10/22/2004

Available 30 Year Conf. Product:

Loan #	Loan Amount	Note Rate	Adj. Security Price	Loan Level Price Adj.	Note Rate SRP	Interest Adjustor	Interest Float	All-in AOT Price	Cash Interest Float ¹	Cash Price
A	210,000	5.75	100.532	0.00	1.90	0.10	0.00	102.532	0.038	102.440
B	234,185	5.75	100.532	0.00	1.90	0.10	0.00	102.532	0.038	102.501
C	185,000	5.75	100.532	-0.25	1.90	0.10	0.00	102.282	0.038	102.149
D	195,000	5.75	100.532	0.00	1.90	0.10	0.00	102.532		
E	134,589	5.875	101.256	-1.00	1.90	0.00	0.00	102.156	0.040	101.921
F	217,545	5.875	101.256	0.00	1.90	0.00	0.00	103.156	0.040	102.915
G	211,125	5.875	101.256	0.00	1.90	0.00	0.00	103.156		

	AOT	Cash	Bulk Cash
Sum of Selected ² :	981,319	981,319	981,319
Over/Under Tolerance Value ³ :	236	0	0
Bid/Ask Avoidance ⁴ :	313	0	0
Delivery Delay ⁵ :	-10	0	0
Total Sales Value:	1,007,092.79	1,005,202.51	1,005,999.17
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Weighted Sales Price (%):	102.626	102.434	102.515 ⁶

1. Cash Interest Float based off of 10 day delivery price quote, providing for 5 additional days of interest should lender delay delivery.
2. Noting that Trade X is underwater by 1.26%, Jill decides to underallocate into the trade by the allowable investor tolerance (2%).
3. Value is derived by underdelivered amount (1M - 981,319) multiplied by the MTM (%).
4. Delivering into the security, in this case assigning it for delivery, avoids having to pair-off or roll the trade, saving the bid/ask spread on 1M.
5. Derived daily cost of delivery delay of two excluded loans, considering interest float, MBS rolls and effective hedge. Cash float on loan level.
6. Bulk bids typically require advance notice and request from applicable investors. Jill would need to select loans and request bids back in time to compare against same-loan AOT and cash executions.