

TABLE 2.—7-YEAR FIXED-RATE BALLOON WITH A 48-MONTH WARM PRICES AS A PERCENT OF THE UNDERLYING MORTGAGE BALANCE AS OF SEPTEMBER 30, 1994—Continued

0–5 Year time band benchmark			
Coupon	Interest rate scenario		
	–200 bp	0 bp	+200 bp
6.76%–≤7.25%	102.54	97.50	91.77
7.26%–≤7.75%	103.17	98.76	93.10
7.76%–≤8.25%	103.74	100.01	94.49
8.26%–≤8.75%	104.33	101.23	96.00
8.76%–≤9.25%	104.89	102.26	97.47
9.26%–≤9.75%	105.34	102.99	98.74
>9.75%	106.30	104.12	100.98

Example of a Risk Weight Calculation:

The risk weights for the 7.26%–7.75% coupon range are calculated as follows: Using 7.50 percent as the midpoint of the coupon range, the base case price as of September 30, 1994, for a 7.50 percent, 7-year fixed-rate balloon mortgage, with a 48 month WARM is 98.76. In the +200 bp scenario, the base price of 98.76 is subtracted from +200 bp price of 93.10: (93.10 – 98.76 = –5.66). The absolute change is –5.66 representing a percentage decrease in price of –5.7% (–5.66/98.76 = –0.057

or –5.7%). Negative 5.7% serves as the risk weight for the benchmark mortgage in the +200 bp scenario. As a result, all balances reported on Schedule 2, in the 0–5 year remaining maturity column, and the 7.26%–7.75% coupon row would receive a risk weight of –5.7 in the rising rate analysis.

In the –200 bp scenario, the base price of 98.76 is subtracted from the –200 bp price of 103.17: (103.17 – 98.76 = 4.41). The absolute change is 4.41 representing a percentage increase in price of 4.5% (4.41/98.76 = 0.0446 or 4.5%). The risk

weight for this benchmark mortgage becomes 4.5% in the –200 bp scenario. Consequently, all balances in this item receive the 4.5% risk weight in the declining rate analysis. The aforementioned method for calculating the risk weights is used to determine the risk weights for the other mortgage instruments. Tables 3, 4, and 5 are the price tables for the other three fixed-rate benchmark instruments used in the supervisory measurement system.

TABLE 3.—7-YEAR FIXED-RATE BALLOON WITH A 72-MONTH WARM PRICES AS A PERCENT OF THE UNDERLYING MORTGAGE BALANCE AS OF SEPTEMBER 30, 1994

>5–10 year time band benchmark	Coupon		
	Interest rate scenario		
	–200 bp	0 bp	+200 bp
≤6.75%	101.24	93.90	86.47
6.76%–≤7.25%	102.48	95.89	88.44
7.26%–≤7.75%	103.25	97.57	90.19
7.76%–≤8.25%	103.94	99.211	92.02
8.26%–≤8.75%	104.63	100.79	93.98
8.76%–≤9.25%	105.30	102.14	95.89
9.26%–≤9.75%	105.87	103.10	97.55
≤9.75%	107.09	104.57	100.53

TABLE 4.—15-YEAR FIXED-RATE POOL WITH A 160-MONTH WARM PRICES AS A PERCENT OF THE UNDERLYING MORTGAGE BALANCE AS OF SEPTEMBER 30, 1994

>10–20 year time band benchmark			
Coupon	Interest rate scenario		
	–200 bp	0 bp	+200 bp
≤6.75%	99.74	91.29	83.12
6.76%–≤7.25%	101.39	93.48	85.28
7.26%–≤7.75%	102.74	95.55	87.40
7.76%–≤8.25%	103.93	97.59	89.59
8.26%–≤8.75%	105.09	99.64	91.93
8.76%–≤9.25%	106.31	101.70	94.45
9.26%–≤9.75%	107.53	103.63	96.99
≤9.75%	109.79	106.72	101.53