SF CVB RR Model

Model Summary Document (MSD)

1. Model Purpose and Description

The SF CVB RR model is a criteria model used by Fitch to calculate House Price Decline (HPD) assumptions for the European RMBS Rating Criteria, Originator-Specific Residential Mortgage Analysis Rating Criteria and Latin America RMBS Rating Criteria; and Market Value Decline (MVD) assumptions for the APAC Residential Mortgage Rating Criteria. These are used for the recovery rate calculations in the respective ResiGlobal asset models.

2. Model Assumptions

The assumptions in the model are those prescribed in European RMBS Rating Criteria, Originator-Specific Residential Mortgage Analysis Rating Criteria, Originator-Specific Residential Mortgage Analysis Rating Criteria - Supplementary Data File, Latin America RMBS Rating Criteria and APAC Residential Mortgage Rating Criteria.

3. Model Inputs

The main model inputs for a given country (all quarterly) are House Price Index. Under the European RMBS Criteria and APAC Residential Mortgage Rating Criteria, inputs include Gross Domestic Household Income and mortgage characteristics including Interest Rate, Loan Term, Debt-to-Income ratio and Original Loan-to-Value ratio. For Originator-Specific Residential Mortgage Analysis Rating Criteria and Latin America RMBS Rating Criteria, inputs include Peak-to-trough assumptions.

4. Model Development Data

The data (House Price Index, Gross Domestic Household Income, including Interest Rate, Loan Term, Debt-to-Income ratio and Original Loan-to-Value ratio) is sourced from each country's national statistical body or in other sources described in the applicable rating criteria. Depending on the data series and country, quarterly data since at least 2000 onwards is available, and for some countries and data series, quarterly data from 1985 onwards is available.

5. Model Limitations

The model is intended only to produce HPD (and MVD) assumptions for the criteria listed above.

6. Material Changes

The current model versions are 1.10.0 for the European RMBS Rating Criteria and APAC Residential Mortgage Rating Criteria, and 1.8.32 for the Originator-Specific Residential Mortgage Analysis Rating Criteria and Latin America RMBS Rating Criteria. Any future material changes will be disclosed in this section.

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