



## **Mortgage and Asset-backed securities – Recent Developments** **Course Outline (2 Day Training Course)**

1. Introduction to mortgage and asset backed securities
  - Concept of securitization
  - Different asset classes and the risks and features inherent in each
  - Motivations to securitize
  - Demotivators
  - Motivations to invest in MBS/ABS
  - Overview of the MBS and ABS market
2. Cashflow structure of securitization:
  - Pass through and pay through securities
  - Credit enhancements - sources and their impact on the transaction
  - Liquidity enhancements and sources
  - Understanding the cashflow structure through basic cashflow models
  - Case study of a real life MBS transaction
3. US MBS market:
  - Agency and non-agency structure
  - Structure in case of agency securities
  - CMO structures & Various types of securities in case of CMOs
  - Recent trends in affordability mortgages: Implications of housing price inflation and beyond
4. Prepayment risk in MBS:
  - Nature of mortgage loans and the underlying asset-liability mismatch
  - Transfer of the mismatch to investors in case of MBS
  - Predicting prepayment – interest-rate based models and seasoning-based models
  - Impact of prepayment on investors and originators
5. Legal structure of securitization:
  - Relevance of true sale in context of bankruptcy remoteness
  - Requisites of a true sale
  - SPV – constitution and independence criteria
  - Consolidation



6. REMIC rules on securitization:
  - Federal tax requirements in case of REMICs
7. Accounting for securitisation in general:
  - Introduction to FAS 140
  - Gain on sale treatment – the components approach and valuation of the components
  - QSPE conditions
8. Regulation AB:
  - Basic requisites of Regulation AB – servicing standards and other requirements
  - Static pool analysis and other disclosures
9. Special purpose entities – constitution and accounting:
  - FIN 46R and its impact
  - Constitution of SPEs – other legal and accounting issues
10. Servicing asset and servicing liabilities:
  - FAS 156 – computation of servicing assets
11. Capital Relief and Basel II
  - Basel II provisions relating to securitization
  - US Basel IA relating to securitization
12. Synthetic transactions and ABCDS:
  - Credit derivatives relating to asset backed securities:
    - ISDA's new definitions on ABCDS
  - Synthetic RMBS and synthetic technology in general

The image shows a banner for OMNITECH Systems. On the left, the company name "OMNITECH Systems" is written in white on a blue background with a grid pattern. To the right, there is a collage of circular images: a stock market ticker with numbers like 38.97, 33.35, and 2.93; a person at a computer; a person with a question mark; a person with a red arrow; and a blue arrow pointing right with the word "forward" partially visible.

**OMNITECH Systems**

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1. TRAINER – VINOD KOTHARI (SEE ATTACHED PROFILE)
2. DATES – JUNE 15<sup>th</sup> 2006 & JUNE 16<sup>th</sup> 2006
3. VENUE – VIENNA, VA (ACTUAL LOCATION TO BE DECIDED SOON)
4. COSTS FOR THE TRAINING
  1. Single person - \$1500.00 per person
  2. 2-5 person group - \$1000.00 per person
  3. 6-10 person group - \$750.00 per person
  4. 11 or more persons group - \$500.00 per person



## **PROFILE OF VINOD KOTHARI**

### **Introduction**

Vinod Kothari is an internationally known expert in the fields of securitization, asset-backed financing and credit derivatives. Author of four authentic books, Vinod Kothari renders lectures all around the world on these areas. Vinod Kothari is also a visiting faculty at Indian Institute of Management, Joka, Calcutta, where he teaches Structured Finance and at National University of Juridical Sciences, Calcutta, where he teaches Bankruptcy Laws. Vinod is also the former chairman of the Institute of Company Secretaries of India.

### **Education**

Vinod Kothari is a Chartered Accountant and a Company Secretary with a brilliant academic record. He has been a rank holder in high school, college and has also topped the Eastern Region in Chartered Accountancy final exams.

### **Positions Held**

Part of an Asian Development Bank consulting group to advise the Govt. of India on reforms in Secured Lending Law.

Executive Director of Asian Securitization Forum.

Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India

Editor of Newsletter - Fin-n-lease.

Visiting faculty at Indian Institute of Management, Joka, Calcutta teaching Structured Finance to over 100 students every year. Indian Institute of Management is one of the top ranking business schools that sends brilliant finance professionals world-over every year.

### **Awards**

In 1987, a voluntary organization of Calcutta chose Vinod as the Outstanding Young Person of Calcutta in the field of Finance and Taxation. Vinod has won several other academic awards



### **Training on Securitization/Credit Derivatives:**

Vinod is an accomplished teacher on securitization and offers about 20 training courses every year on securitization and credit derivatives all over the World. The locations Vinod has offered seminars/workshops on securitization, credit derivatives and structured finance include New York, London, Milan, Sydney, Singapore, Hong Kong, Kuala Lumpur, Johannesburg, Shanghai, Shenzhen, Mumbai, Delhi, Kolkata, Istanbul, Colombo, Colombia (South America), Dubai, Dhaka, Zambia, Jordan, Egypt, etc. The topics on which Vinod offers training include various issues in securitization, credit derivatives, asset finance, leasing, etc.

### **Publications**

- Vinod is the author of a book titled *Securitization: The Financial Instrument of the New Millennium*. The latest edition (Sept 2003) of the book running over 900 pages is one of the most comprehensive texts on the subject, featuring securitization structures, markets in several countries, legal, accounting, taxation and regulatory issues. The book is read as an authentic text on securitization in over 30 countries world-over. The 3rd edition of the book will be published by Wiley, Singapore and will be a part of the prestigious Wiley Finance series of publications. The 3<sup>rd</sup> edition is expected June 2006.
- In July 2002, Vinod published his new title on *Credit Derivatives and Synthetic Securitization*. The response to the book has been simply over-whelming.
- VK is internationally acknowledged as an expert on leasing. His book *Lease Financing and Hire-purchase*, now in its 4th edition in 1996, runs over 2000 pages and is read in several countries and regarded as the most authentic text on the subject all over Asia. Vinod's articles on leasing have appeared in *Monitor*, USA, *Equipment Financial Journal*, USA, *LeasingLife*, UK, *Journal of International Banking Law*, UK, etc. Click here to visit our leasing website.
- In Feb 2003, Vinod released his 4th book titled *Securitization, Asset Reconstruction and Enforcement of Security Interests*. Running over some 550 pages, this book is the first exhaustive commentary on the Indian law of securitization.

In addition, several of Vinod's articles have been published in various journals such as *Euromoney's Securitization Review*, *Euromoney's Leasing Yearbook*, *Duke Journal of Comparative & International Law*, *Journal of International Banking Law*, *Asset Finance*, *US Banker*, *El Exportador* (in Spanish), *Monitor*daily, *Equipment Finance Journal*, *Trade and Forfeiting Review*, etc.



## Consulting experience

Vinod has been providing focused consulting services in the field of structured finance, securitization, derivatives and asset-based funding for almost 10 years now. In addition, Vinod has been a noted name in the fields listed above for almost 20 years now.

While a substantial amount of Vinod's work is in the form of one-off consulting assignments or retainers, He has executed several significant assignments, some of which are listed below:

- Provided comprehensive modeling and structuring consulting to a South African boutique investment bank.
- Provided comprehensive consulting on securitization of consumer finance receivables to Moccis, a company based in Malaysia. Vinod adopted a hand-holding approach to their securitization effort including basic guidance, advising on the financial economics, structuring of their proposed securitization, etc.
- Assisted the South African Revenue Service (income-tax department of South Africa) in the preparation of a taxation manual for securitization and synthetic securitization transactions. Vinod prepared a detailed guideline on securitization and assisted them in preparing a taxation scheme to ensure tax neutral and yet, robust taxation environment.
- Vinod is on an Asian Development Bank consulting group to advise the Government of India on securitization and enforcement of security interest laws in India. The group is responsible for suggesting comprehensive amendments to the SARFAESI Act in India to make securitization and security enforcement laws effectively work in the country.
- Vinod had a contract with Citibank for their securitization activities in India. During this contract, Vinod has advised the bank on several securitization transactions where Citibank was the structurer/investment banker.
- Vinod is advising Cognizant Technologies, an Information Technology Company headquartered in the USA, on structuring and modeling of residential mortgage-backed transactions. Cognizant engaged Vinod for a 6-month consulting contract for the modeling project that they envisaged for leading US banks (such as Deutsche, Washington Mutual). This project required Vinod to prepare detailed Excel models for real life securitization transactions, primarily of residential mortgages, from the US market.



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The image features a blue header with a globe icon and the text 'OMNITECH Systems'. Below the header is contact information. To the right, there is a collage of circular images: a stock market board with numbers like 82, 38.97, 3.71, 33.35, 7.90, and 2.93; a person at a computer; a person with a question mark; a person with a red 'TENDS' sign; and a blue arrow pointing right with the word 'orw' partially visible.

- Vinod is advising Infosys Technologies, a leading IT company, to set up the functional requirements for a securitization module to be added to their software products. This assignment required us to take the company step by step through securitization procedures and prepare cash-flow models for various types of securitization transactions.
- Vinod is advising GE Capital, a leading finance house, on several of their securitization transactions. He has been engaged to vet and vouch information memoranda for securitization transactions, check essential financial data, and advise the company on taxation and accounting requirements.
- Vinod is currently acting as a consultant to Infosys Technologies to prepare functional requirements for a comprehensive IT solution for leasing transactions.
- Vinod has advised several companies in USA, France and other places on one-off basis relating to leasing activities.