

# Risk Tolerance Report: Sample

Description of Risk	Policy Minimum	Policy Maximum	Monitoring Metrics
Borrower carrying more overall debt	2% monthly prime portfolio and 5% monthly subprime portfolio	4% monthly prime portfolio and 8% monthly subprime portfolio	Borrower debt to equity ratio
Subprime borrower default	10% monthly subprime portfolio	20% monthly subprime portfolio	Monthly subprime default rate per 1,000 subprime loans
Borrower amount higher as a percentage of home valuations	5% monthly sum of prime and subprime	7% monthly sum of prime and subprime	Percentage difference in loan and home valuation
Particular lender noncompliance	Cost of fines \$2,500,000	Cost of fines \$5,000,000	Total value of noncompliance fines
Mortgage origination fraud	Loss due to fraud \$500,000	Loss due to fraud \$2,500,000	Average loss due to origination fraud
Little or no documentation on borrower	20 incidents per month	30 incidents per month	Number of no documentation incidents per month
Depreciating housing market	3% decline in home values	4% decline in home values	Percentage decline in home values over a given period
Borrower concentration	20% California, 30% Florida 15% New York	30% California, 35% Florida, 20% New York	Percentage of loan portfolio by geographical region
Prime borrower default	4% monthly prime portfolio	6% monthly prime portfolio	Monthly prime default rate per 1,000 prime loans
Borrower paying low minimum payments	2% monthly prime portfolio and 5% monthly subprime portfolio	4% monthly prime portfolio and 10% monthly subprime portfolio	Monthly percent of prime or subprime borrowers paying minimum payments
Inability to resell loans in secondary market	1% annual prime portfolio and 2% annual subprime portfolio	2% annual prime portfolio and 4% annual subprime portfolio	Annual percent of prime or subprime loans of borrowers with less than 5% equity
High interest rates	1% basis points on prime and 2% basis points on subprime	2% basis points on prime and 4% basis points on subprime	Basis points changes in prime or subprime rates