

Risk Tolerance Report: Sample

Description of Risk	Liquidation Value	Policy Minimum	Policy Maximum	Monitoring Metrics
Borrower carrying more overall debt	\$5,000,000 to \$15,000,000	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	\$5,000,000 to \$15,000,000	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	\$5,000,000 to \$15,000,000	5% monthly sum of prime and subprime	7% monthly sum of prime and subprime	Percentage difference in loan and home valuation
Particular lender noncompliance	\$5,000,000 to \$15,000,000	Cost of fines \$2,500,000	Cost of fines \$5,000,000	Total value of noncompliance fines
Mortgage origination fraud	\$1,000,000 to \$5,000,000	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	\$1,000,000 to \$5,000,000	20 incidents per month	30 incidents per month	Number of no documentation incidents per month
Depreciating housing market	\$1,000,000 to \$5,000,000	3% decline in home values	4% decline in home values	Percentage decline in home values over a given period
Borrower concentration	\$625,000 to \$1,000,000	20% California, 30% Florida, 15% New York	30% California, 35% Florida, 20% New York	Percentage of loan portfolio by geographical region
Prime borrower default	\$500,000 to \$1,000,000	4% monthly prime portfolio	6% monthly prime portfolio	Monthly prime default rate per 1,000 prime loans
Borrower paying low minimum payments	\$500,000 to \$1,000,000	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	\$500,000 to \$1,000,000	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	\$500,000 to \$1,000,000	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