GCR RATINGS

CRITERIA FOR RATING RESIDENTIAL MORTGAGE BACKED SECURITIES

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Scope of the Criteria

1. This criteria titled "Criteria for Rating Residential Mortgage Backed Securities" ("RMBS Criteria") will be used to rate each residential mortgage backed securities ("RMBS") transaction and will be accompanied by a transaction specific report that will disclose any additional observations or modifications to the Criteria. The Criteria should be read in conjunction with GCR Ratings' ("GCR") "Criteria for Rating Structured Finance Transactions", updated and published in September 2018.

2. The methodology and assumptions detailed in this report will be further developed and enhanced as GCR rates a greater number of RMBS transactions.

3. This Criteria applies globally, although each individual jurisdiction and each specific transaction may give rise to additional observations and/or deviations, which will be disclosed in the transaction-specific reports.

Summary of the Criteria Changes

4. This Criteria is an update to the version published in May 2017[1]. There are no significant amendments to the Criteria. The update of this Criteria will not have an impact on any existing transactions that have been rated under it. Going forward, all new transactions will be rated using this Criteria.

[1] This version of the criteria, published in September 2019, has been updated for formatting, naming conventions and alignment with GCR's updated Rating Symbols, Scales and Definitions only. This criteria is applicable to all previous publications referring to "Global Residential Mortgage Backed Securities (RMBS) Rating Criteria, November 2018".

Introduction

5. GCR's Criteria for Rating Residential Mortgage Backed Securities (RMBS) (the "Criteria") aims to summarise how GCR assesses credit risks within RMBS transactions globally (excluding the USA). The approach looks to analyse the risk of the underlying collateral on a loan by loan basis, the transaction structure, operational risk and counterparty risk, amongst others.

6. As transactions can vary significantly and each transaction is unique, in certain cases our analysis may diverge from stated assumptions. For example, assumptions may vary between countries and between product types i.e. for affordable housing loans etc. If the criteria assumptions are amended or supplemented these will be disclosed in individual transaction reports. Whilst country specific assumptions for South Africa are included within this report, individual country assumptions will be published as necessary.

Rating Approach

7. GCR's rating approach is both quantitative and qualitative with final ratings accorded by a rating panel. GCR will initiate its rating approach with a review of the underlying residential mortgage portfolio, as well as the mortgage performance history of the lender. There will be a key focus on understanding the originator's underwriting processes and procedures, as well as the servicer's ability to manage the portfolio. As such, the originator and servicer review will form a crucial part of the rating analysis.

8. GCR will also perform an analysis of the historical performance of the lender's loan book, as well as a loan-by-loan analysis of the portfolio. A cash flow analysis will be carried out to determine the ability of the structure and assets to sustain various rating scenarios.

9. A review of the transaction documentation and legal opinions will also be performed to ensure they reflect the structure presented to GCR.

Qualitative Analysis

Operational Risk

10. A key factor of the rating analysis is the ability of the originator and servicer to perform their functions under the transaction documentation. As part of the rating analysis, GCR will carry out both an originator and servicer or administrator review for each transaction. The review provides a qualitative input to the rating panel, as well as assisting in determining foreclosure and recovery expectations.

11. The originator and servicer review will consist of an on-site visit and file review. The originator review focuses on the processes and procedures adopted by the originator and servicer or administrator in respect of underwriting and originating loans, as well as monitoring and servicing the existing loan portfolio. The review is crucial in understanding the quality of the underwriting process and the subsequent

servicing of the portfolio. Once a transaction has been closed, a review will be carried out at least annually, or as performance events may dictate.

12. It is typical for RMBS servicers to have a Servicer Quality ("SQ") rating. If a SQ rating exists this will be used as an input to the analysis. Where no SQ rating exists, a servicer or administrator review will also be performed to assess key competencies in servicing the existing loan portfolio. The focus will be on staffing, technology, administration processes, as well as arrears and defaulted loans management.

13. As is usual in RMBS transactions, the originator and servicer may be the same entity. In structured finance transactions, a key consideration in the analysis is the continuity of servicing over the life of the transaction. As such, specific back-up servicer arrangements or replacement triggers are expected to be implemented within the transaction to reduce any potential disruptions in cash flows due to any issues that may arise with the servicer. A review of the back-up servicer may also be carried out.

14. If processes and procedures differ in quality from those assumed for a 'base case' lender, then qualitative adjustments may be made within the analysis for any shortfall or weaknesses within the originator or servicer's process or policies. In the case of extreme weakness, GCR may decline to rate a transaction.

15. For existing transactions, an originator / servicer review is expected to be carried out on an annual basis to assess changes to policies and procedures. In addition to the review, an independent audit opinion on the underlying collateral / portfolio is required for each transaction, except in cases where the collateral is fully insured by an external insurance counterparty. GCR may request an additional audit opinion where it is felt the auditor has a conflict of interest or is not a highly recognised audit firm. In instances where an audit opinion is not provided, GCR will do a file review on a random selection of files relating to the underlying collateral.

16. GCR expects an auditor to review a sample of the portfolio in respect of relevant items, for example whether or not all relevant documents are in a loan file.

17. As part of the legal review, GCR will also request a letter of confirmation from the issuer that the pool of assets forming security to the transaction has not been dual-ceded to another party.

Concentration Risk

18. GCR expects a RMBS portfolio to be granular. A portfolio should be protected from performance volatility as the portfolio size declines. GCR will determine in its analysis if the level of concentration within the portfolio is sufficiently granular to insulate the transaction from tail end risk.

Legal Analysis

19. GCR expects to receive full transaction legal documentation, as well as legal opinions, as discussed in its Criteria for Rating Structured Finance Transactions, updated September 2018. Typically, GCR will request a review of legal opinions from external counsel.

20. For an RMBS transaction, a bankruptcy-remote Special Purpose Vehicle ('SPV') is expected to be established with a true sale of the assets to the SPV. The SPV is expected to be the legal owner of the assets and as such be entitled to the proceeds arising from the assets, even in the event that the seller becomes insolvent.

Counterparty Risk

21. GCR will review counterparty risk within the transaction. In order to support a rating higher than that of the originator, GCR expects transaction counterparties to meet the counterparty guidelines summarised in its Criteria for Rating Structured Finance Transactions, - updated September 2018. GCR expects that at closing the transaction documentation incorporates its counterparty guidelines. The underlying analytical assumption of the guidelines listed in the criteria is that a jump-to-default of the relevant counterparty within the specified remedial period is sufficiently remote to support the associated maximum achievable securities ratings.

Commingling Risk

22. Commingling risk should be mitigated and covered in the provided legal opinion. For an RMBS transaction, funds should be paid directly into the issuer's bank account or paid in the account of the seller / originator and then transferred to the transaction account within a predefined time frame (see Criteria for Rating Structured Finance Transactions for more details). Where commingling risk exists, this should be appropriately mitigated or covered by reserves.

Quantitative Analysis

Asset Performance

23. The key parameters in determining the performance of a RMBS portfolio are default frequency ("DF") and loss severity ("LS"). Default frequency is typically driven by adverse loan and / or borrower characteristics as well as original loan to value ("OLTV") ratios and the borrowers' willingness to pay. Loss severity is typically driven by timing of recoveries, foreclosure costs and house price stress.

24. For each country / jurisdiction, a 'base case' loan will be defined based upon a review of the borrower, product type and loan characteristics. The 'base case' loan will typically be deemed to reflect a 'B(sf)' rating scenario.

25. GCR will calculate an estimated expected loss for the portfolio based upon a loan-by-loan analysis. The expected loss will be calculated by considering the default frequency and the loss severity for each loan.

26. The expected loss for each loan is considered at each specific rating level and subsequently stressed for higher rating levels. A qualitative analysis of the lender and the loan characteristics will also be considered in the analysis, as well as a review of the historical performance of the loan portfolio.

Default Frequency

27. The main driver of the default frequency or frequency of foreclosure is considered by GCR to be driven by OLTV. In the analysis GCR will use the OLTV based on the original property value as well as debt to income ("DTI") ratio. Borrowers with a high ability to pay are expected to reflect a low OLTV and are expected to have a lower default profile. Therefore, OLTV is considered an appropriate driver for default as ability to pay and willingness to pay are also considered as key drivers of default.

28. GCR will apply a default frequency matrix for each jurisdiction after taking into consideration the OLTV. Stress adjustments are then applied to the default frequency matrix to derive the base case default frequency for each rating level. Each base case is adjusted on a loan by loan basis. Various upward adjustments may be applied to each base case given the qualitative factors presented. These will be detailed in each transaction report and are attached as an overview in *Appendix C* and *D*.

Loss Severity

29. Once a loan is in severe arrears or default, the lender is expected to commence foreclosure and repossess the property in order to recover funds on it. Loss severity is calculated by taking the current loan balance plus carrying costs and deducting the distressed property value after foreclosure costs. The distressed property value is calculated by deducting an amount derived from market value decline assumptions from the original property value. A key factor in determining the loss severity is the value of the property. The value of the property is evaluated and a market value decline assumption applied for each rating category.

Property Values and Market Value Decline

30. The property value at the most recent valuation date as provided by the lender is considered. Where a property has increased in value from its original valuation, 75% of the valuation increase is considered. Where a property has declined in value 100% of the decline is considered. Loss severity is dependent upon house price evolution. Market Value Decline ("MVD") reflects the decline in property value due to adverse economic conditions. MVD may vary from region to region within a specific country, and as such will be determined specifically for each country.

31. MVD is driven by house price stress. House price stress reflects GCR's opinion on an average stressed house price in a specific region, as well as the quality of the property after considering how well the

property has been maintained, and the type of property being sold in a falling market. GCR will take a view on factors influencing the housing market in each region and the stresses will feed into the assumptions for each rating category. A further stress may be taken into consideration where the housing market is relatively illiquid.

Foreclosure Costs

32. Timing of foreclosure is considered based on historical information available in each jurisdiction and the length of the enforcement process in each market.

33. Foreclosure costs are the costs estimated for auction or private sale of properties within each jurisdiction. The foreclosure costs are subtracted from the distressed property value. The cost of carry is calculated by applying the contractual interest rate of the loan over the foreclosure period on the outstanding loan balance.

Cash Flow Analysis

34. As discussed above, the base case assumptions are determined by a rating panel and subsequently stressed for the relevant rating scenarios. Typically, a base case will correspond to a '$B_{(sf)}$' rating. For higher rating categories, more severe stresses are applied to the base case. A forward-looking approach is assumed.

35. The cash flow model is run to test if the transaction can withstand stress in various rating scenarios. Multiple stress scenarios may be run to determine if principal and interest can be paid under the terms of the transaction. The Weighted Average Default Frequency ("WADF") and Weighted Average Recovery Rate ("WARR") are used as inputs in the cash flow model after making stress adjustments for each jurisdiction. The cash flow model is used to determine the appropriateness of the available credit enhancement and excess spread providing credit support to the transaction. The cash flow model aims to mirror the transaction as practically as possible and will therefore consider, among others, the timing of defaults and receipt of recoveries, the foreclosure frequency, prepayments, interest rates and hedging, transaction structure as well as servicing fees. A front loaded, back loaded and even loaded default timing vector will be run in most cases.

36. A swap may hedge the interest rate risk in a transaction. In this case GCR adds the swap mechanics to the cash flow model. The amount of the swap notional should be sufficient to cover the performing asset balance of the transaction.

37. Other transaction features that are incorporated into the cash flow analysis include:

Amortisation Profile

38. The amortisation profile will be assessed in the analysis. Interest rates are a key factor in determining the amortisation of the portfolio. Different amortisation types exist, such as constant principal, floating maturity loans, flexible maturity loans, interest only and bullet amortisation. The type of amortisation is factored into the cash flow model. The legal maturity of the Notes should fall after the longest loan maturity plus the maximum recovery time in respect of the portfolio.

Revolving Period

39. Many transactions encompass a revolving period during which principal collections are not used to repay notes but are utilised to fund the purchase of new loans. GCR expects transaction triggers to be implemented to stop the revolving period upon performance deterioration of the portfolio. Triggers may often be included with other mechanisms to prevent the further purchase of new loans upon transaction deterioration.

Delinquency

40. A proportion of the delinquent loan balance is expected to default, whilst the remaining proportion is expected to become performing again. Therefore, delinquency assumptions will be stressed in addition to default assumptions. Many delinquent loans are expected to be restructured and thus, become performing again. This will depend on the borrowers' characteristics, as well as the lender's policies.

Reserve Funds

41. Most transactions include a reserve fund. The reserve fund in some transactions may only be built-up upon certain triggers being hit. In these cases, GCR will analyse the transaction upon a trigger being hit as well as no reserve fund having been built up. Many transactions also permit the amortisation of the reserve fund in line with the amortisation of the notes. In this scenario triggers are very important. Scenarios will be analysed where triggers may or may not be hit and the reserve fund may or may not have been amortised.

Liquidity Facility

42. In some scenarios, dependent upon the priority of payments, the liquidity facility may serve to provide additional credit enhancement to the notes as well as provide for short term liquidity constraints. GCR will factor these scenarios into its analysis. Liquidity facilities in some cases may also amortise in line with the notes and again this will be considered in the analysis.

Performance Monitoring

43. GCR should receive transaction reports on a monthly or quarterly basis. Periodically GCR will expect to receive updated loan by loan information. For a RMBS transaction cash flow modelling may not be continuously repeated over the life of the transaction if cash flows and performance of the transaction

remain in line with expectations. All transactions will be reviewed on an annual basis at a minimum or as events may warrant. Declining performance of the transaction and changes in trends within the property or mortgage market may result in reviews being undertaken more frequently.

44. GCR will aim to meet with the originator / servicer at least annually to discuss any updates to the origination / servicing processes and procedures.

Appendix A – Data Requirements

45. GCR expects to receive sufficient data to analyse the underlying portfolio. A spreadsheet template may be provided for completion.

46. GCR expects to receive:
    a. Loan by loan information on the underlying collateral, including recovery information.
    b. Performance data detailing the cumulative proportion of loans in arrears by greater than 90 days for each annual vintage since 2005.

Appendix B – Originator/Servicer Review Agenda

47. As discussed in the report, GCR will carry out an on-site review for each originator / servicer, and where warranted, back-up servicer. The review will include discussion on the following, amongst others:
    a. Company operating structure and history
    b. Underwriting policies
    c. Management/Staffing
    d. Origination
    e. Underwriting and appraisals
    f. Broker sources
    g. Servicing and collections
    h. Repossession
    i. Data extraction capabilities
    j. Systems
    k. Disaster recovery plan
    l. Mortgage regulation
    m. Customer service
    n. Quality control
    o. Marketing
    p. Audit
    q. Audited Financial Statements (if applicable)

48. Below GCR sets out its assumptions for South African RMBS. GCR will publish further country specific assumptions when requested to rate RMBS transactions in other jurisdictions. The assumptions detailed below are based upon publicly available transaction and market performance information. Assumptions are expected to be enhanced and updated over time.

South African 'Base case' Loan Assumptions

For a 'base case' - loan assumptions are defined at a '$B_{(sf)}$' rating category.

Loan Characteristics:

Interest payment frequency:	Monthly
Principal payment frequency:	Monthly
Loan Purpose:	Purchase
Currency:	ZAR

Property Characteristics:

Property type:	House, apartment, primary residence
Occupancy type:	Owner occupied

Borrower Characteristics:

Borrower:	Private Individual with good credit history
Employment:	Employed
Debt to income/Payment to income:	25% - 30%
Nationality:	South African
Income:	Verified or guaranteed

Other Factors:

Time to foreclosure is assumed at **30** months. Foreclosure costs assumed at **5.5%** of gross property sales proceeds, with a minimum of R30 000.

Default Frequency Matrix:

LTV	Default Frequency
< 60%	3.7%
60% to < 70%	4.6%
70% to < 80%	5.4%
80% to < 90%	6.0%
90% to < 100%	7.9%
≥ 100%	10.0%

Stress Adjustments:

Non-owner occupied	1.25
Self-employed borrower	1.50
Concerns with originator	1.50
Vintage origination < 2005	0.50
Vintage origination 2005 to 2010	0.75
Vintage origination 2010 to 31 March 2014	1.00
Vintage origination ≥ 1 April 2014	1.05
House Price stress factor	25%
Interest paid < monthly	0.50
Loan purpose renovation / construction	0.75
Restructured mortgages	1.50
GDP per Province threshold	1.15

Example of South African Province	**Latest GDP per Province threshold**
Eastern Cape	7.7%
Free State	5.1%
Gauteng	33.8%
KwaZulu Natal	16.0%
Limpopo	7.3%
Mpumalanga	7.6%
Northern Cape	2.0%
North West	6.8%
Western Cape	13.7%

Market Value Decline %:

Rating Scenario	**AAA(ZA)(sf)**	**AA(ZA)(sf)**	**A(ZA)(sf)**	**BBB(ZA)(sf)**	**BB(ZA)(sf)**	**B(ZA)(sf)**
South Africa	27.0%	23.0%	19.0%	17.0%	15.0%	12.0%

Stress Multiples:

Rating Scenario	Range
AAA(ZA)(sf)	4.50 – 5.50
AA(ZA)(sf)	4.00 – 4.50
A(ZA)(sf)	3.25 – 3.50
BBB(ZA)(sf)	2.50 – 3.00
BB(ZA)(sf)	2.25 – 2.50
B(ZA)(sf)	2.00

49. GCR applies the following approach in determining the appropriateness of the credit enhancement (CE) in RMBS transactions on a loan by loan basis in order to determine a blended CE factor. The appropriateness of the determined blended credit enhancement is then factored into the cash flow model as discussed in the report above:

Weighted Average Default Frequency × Weighted Average Loss Severity

Loan to value

House price stress

Foreclosure costs & timing

Accrued interest

Property value adjustments

=

Base case credit enhancement

+/-

Adjustments for loan characteristics

+/-

Adjustments for property characteristics

+/-

Adjustments for borrower characteristics

=

Derived credit enhancement

Stress multiples

+/- Quantitative analysis adjustments

=

Credit enhancement for relevant tranche

50. Stress multiples per rating scenario are determined by the rating panel. Typically, these can be derived for each loan as a function of the base case default frequency. The multiples will range between 2.00**×** and 5.50**×** for each rating category and the multiple applied will be disclosed in the transaction rating report.

GLOSSARY OF TERMS/ACRONYMS USED IN THIS DOCUMENT AS PER GCR'S "SECTOR" GLOSSARY

Administration	A debtor unable to pay a judgement of debt or who cannot meet its financial obligations and does not have sufficient realisable assets that can be attached in satisfaction of judgement or obligations. The debtor can apply for an administration order interims of the Magistrates' Court Act 32 of 1944 (South Africa).
Administrator	A transaction appointed agent responsible for the managing of a Conduit or a Special Purpose Vehicle. The responsibilities may include maintaining the bank accounts, making payments and monitoring the transaction performance.
Amortisation	From a liability perspective, the paying off of debt in a series of installments over a period of time. From an asset perspective, the spreading of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life).
Arrears	General term for non-performing obligations, i.e. obligations that are overdue.
Asset	An item with economic value that an entity owns or controls.
Bankruptcy	Court proceedings at which an individual or a company is declared unable to pay its creditors. The liability of a bankrupt company typically exceeds its assets.
Bankruptcy Remote	A feature, through real security and guarantees that reduces the enforceability of a creditor against a Special Purpose Vehicle. Typically, a Security Special Purpose Vehicle should be bankruptcy remote.
Borrower	The party indebted or the person making repayments for its borrowings.
Cash Flow	A financial term for monetary changes in operations, investing and financing activities.
Collateral	An asset pledged as security in event of default.
Commingling	The mixing of various transaction parties' funds in an account.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Credit Enhancement	Limited protection to a transaction against losses arising from the assets. The credit enhancement can be either internal or external. Internal credit enhancement may include: Subordination; over-collateralisation; excess spread; security package; arrears reserve; reserve fund and hedging. External credit enhancement may include: Guarantees; Letters of Credit and hedging.
Credit Risk	The probability or likelihood that a borrower or issuer will not meet its debt obligations. Credit Risk can further be separated between current credit risk (immediate) and potential credit risk (deferred).
Debt	An obligation to repay a sum of money.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Delinquency	When a receivable is overdue and not paid on its payment due date.
Enforcement	To make sure people do what is required by a law or rule et cetera.
Excess Spread	The net weighted average interest rate receivable on a pool of assets being greater than the weighted average interest rate payable for the debt securities.
Foreclosure	Legal proceedings initiated by a creditor to repossess the collateral for obligations that have defaulted.
Guarantee	An undertaking for performance of another's obligations in event of default.

Hedge	A form of insurance against financial loss or other adverse circumstances.
Hedging	A financial risk management process or function to take a market position to protect against an eventuality. Taking an offsetting position in addition to an existing position. The correlation between the existing and offsetting position is negative.
Income	Money received, especially on a regular basis, for work or through investments.
Insolvent	When an entity's liabilities exceed its assets.
Insurance	Provides protection against a possible eventuality.
Issuer	The party indebted or the person making repayments for its borrowings.
Legal Opinion	An opinion regarding the validity and enforceable of a transaction's legal documents.
Lender	A credit provider that is owed debt obligations by a debtor.
Liquidity	The ability to repay short-term obligations or short-term availability of liquid assets to a market or entity.
Liquidity Facility	A facility provided to a structured finance transaction that will pay the Noteholders interest in the event that the underlying assets cash flows are inadequate.
Loan	A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.
Loss	A tangible or intangible, financial or non-financial loss of economic value.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Market Value Decline	A decline in the market value of residential properties.
Origination	A process of creating assets.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Performing	An obligation that performs according to its contractual obligations.
Prepayment	Early or excess repayment of an obligation. Partial or full prepayment of the outstanding loan amount.
Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Private	An issuance of securities without market participation, however, with a select few investors. Placed on a private basis and not in the open market.
Proceeds	Funds from issuance of debt securities or sale of assets.
Property	Movable or immovable asset.
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Reserve Fund	A funded account available for use by a Special Purpose Vehicle for one or more specified purposes. A reserve fund is often used as a form of credit enhancement. Typically accumulated over time, through excess cash flows.
Reserves	A portion of funds allocated for an eventuality.
Securities	Various instruments used in the capital market to raise funds.
Security	An asset deposited or pledged as a guarantee of the fulfilment of an undertaking or the repayment of a loan, to be forfeited in case of default.
Servicer	A transaction appointed agent that performs the servicing of mortgage loans, loan or obligations.

Servicing	The calculation of interest and repayments, collection of repayments, advancing of loans, foreclose procedures, maintaining records and seeing that the proceeds of each loan are passed on to the respective party.
Special Purpose Vehicle	An entity that is created to fulfil specific objectives. Normally insolvency remote and created to isolate financial risk.
Spread	The interest rate that is paid in addition to the reference rate for debt securities.
Structured Finance	A method of raising funds in the capital markets. A Structured Finance transaction is established to accomplish certain funding objectives whist reducing risk.
Swap	An agreement between two parties for the exchange of a series of future cash flows. The exchange of one security for another. Normally an investment bank, which provides a swap.
Tranche	In a structured finance, a slice or portion of debt securities offered that is structured or grouped to resemble the same degree of risk associated with the underlying asset or with a similar degree of risk. A junior tranche has a higher degree of default risk than a senior tranche.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
True Sale	An asset's right, title and obligations are transferred to a securitisation vehicle by means of pledge, mortgage or cession.
Valuation	An assessment of the property value, with the value being compared to similar properties in the area.
Weighted	The weight that a single obligation has in relation to the aggregated pool of obligations. For example, a single mortgage principal balance divided by the aggregated mortgage pool principal balance.
Weighted Average	An average resulting from the multiplication of each component by a factor reflecting its importance or, relative size to a pool of assets or liabilities.