Securitization Risk - Mortgages and Asset-Backed Loans Training Course

Professional Development Training Course Outline

Category	Risk Management	**Duration**	5 Days
Base Fee	$1,500 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

Securitization Risk - Mortgages and Asset-Backed Loans Training Course dives deep into the complex mechanics of Mortgage-Backed Securities (MBS), including Residential Mortgage-Backed Securities (RMBS) and Commercial Mortgage-Backed Securities (CMBS), as well as the diverse landscape of Asset-Backed Securities (ABS), such as auto loans, credit card receivables, and student loans. The 2008 financial crisis highlighted catastrophic failures in risk oversight, particularly concerning subprime and non-agency structures, making robust risk governance and sophisticated tranche modeling paramount in the current regulatory environment. Financial institutions must master the process of true sale, the function of the Special Purpose Vehicle (SPV), and the critical role of credit enhancement mechanisms to ensure regulatory compliance and Significant Risk Transfer (SRT) under frameworks like Basel III.

The current market is defined by a shift toward greater transparency, driven by post-crisis regulatory reforms and the increasing complexity of structured finance. This training is essential for professionals who need to navigate the quantitative and qualitative risks inherent in these products. We will focus on the risk profile of underlying collateral, the analysis of prepayment risk and extension risk in MBS, and the modeling of loss allocation via the payment waterfall across various tranches. Furthermore, the course addresses emerging trends, including the impact of FinTech and Artificial Intelligence (AI) in loan origination and servicing, and the evolving regulatory landscape of European Securitization Regulation and U.S. Agency MBS (GSE) standards. Graduates will be equipped with the quantitative risk analysis skills and the strategic understanding required for effective portfolio risk management and capital efficiency in the securitization domain.

Programme Curriculum

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Course Objectives

Upon completion of this course, participants will be able to:

1. Evaluate the role of Significant Risk Transfer (SRT) in achieving regulatory capital relief under Basel III/IV.
2. Analyze the quantitative impact of prepayment risk and extension risk on MBS valuations.
3. Model complex cash flow waterfal structures and master loss allocation across various debt tranches
4. Differentiate between Residential Mortgage-Backed Securities (RMBS) and Commercial Mortgage-Backed Securities (CMBS) structures and associated risks.
5. Assess the effectiveness of credit enhancement techniques, including overcollateralization and excess spread reserves.
6. Conduct comprehensive collateral due diligence on pools of diverse assets
7. Identify and mitigate the legal and structural risks associated with Special Purpose Vehicle (SPV) setup and true sale opinions.
8. Apply modern stress testing and scenario analysis methodologies to securitized product portfolios.
9. Interpret the methodologies and implications of credit rating agency analysis for structured products.
10. Discuss the regulatory compliance burden under Dodd-Frank, Securitization Regulation (EU), and retention rules.
11. Perform servicer performance evaluation and understand its impact on collateral cash flow.
12. Calculate the Weighted Average Life (WAL) and Option Adjusted Spread (OAS) for securitized products.
13. Integrate Environmental, Social, and Governance (ESG) considerations into the assessment of securitization risk.

Target Audience

1. Risk Managers and Credit Risk Analysts at financial institutions.
2. Portfolio Managers and Fixed Income Traders investing in MBS and ABS.
3. Treasury and Capital Management personnel focused on funding and balance sheet optimization.
4. Investment Bankers and Structurers involved in originating and underwriting securitization deals.
5. Regulatory Compliance and Audit professionals.
6. Credit Rating Agency analysts specializing in structured finance.
7. Hedge Fund and Asset Management professionals.
8. Senior Regulators and Supervisors overseeing bank capital and liquidity.

Course Modules

Module 1: Foundations of Securitization & Structured Finance

- True Sale, Originator, SPV, and Investors.
- Distinction between MBS and ABS
- Balance Sheet Relief, Liquidity, and Capital Efficiency.
- The role of the Special Purpose Vehicle and achieving Bankruptcy Remoteness.
- Case Study: The Genesis of Agency MBS and private label, focusing on government guarantee and private credit risk.

Module 2: Collateral Risk Analysis and Due Diligence

- Measuring and predicting underlying asset Default and Loss Severity
- Metrics for asset pool quality
- Introduction to prepayment and extension models for mortgages.
- Analyzing asset cash flows: Amortizing and Revolving assets.
- Case Study: Subprime Mortgage Crisis Analysis.

Module 3: Structural Risk and Tranching Mechanics

- The Payment Waterfall structure.
- Defining and calculating the Credit Enhancement stack.
- Impact of Early Amortization Triggers and Events of Default.
- The process of Tranching and tailoring risk profiles for diverse investors.
- Case Study: CDO (Collateralized Debt Oblation) Structures and the failure of correlation assumptions across tranches.

Module 4: Quantitative Risk Modeling and Valuation

- Calculating risk metrics.
- Introduction to Monte Carlo simulation for modeling cash flows under multiple interest rate scenarios.
- Servicer Performance Risk and its impact on collections and default rates.
- Liquidity Risk and market disruption modeling for secondary trading.
- Case Study: LIBOR Transition Risk and the impact of the shift to SOFR on floating-rate securitizations.

Module 5: Credit Rating Agency Methodology

- Understanding the quantitative models used by rating agencies
- The role of Stress Testing in assigning ratings to different tranches.
- Sovereign Risk and its influence on local securitization markets.
- The problem of Rating Shopping and conflicts of interest.
- Case Study: Post-Crisis Rating Reform.

Module 6: Regulatory and Legal Risk Frameworks

- Dodd-Frank Act and its impact on Risk Retention rules
- European Securitization Regulation and criteria for Simple, Transparent, and Standardized securitizations.
- Achieving Significant Risk Transfer under the Basel III/IV framework for capital relief.
- Legal Documentation Review.
- Case Study: A Recent Regulatory Breach.

Module 7: Advanced Securitization Topics & Alternatives

- Distinction between Traditional and Synthetic Securitization
- Overview of Whole Business Securitization and future flow transactions.
- The rise of FinTech and Peer-to-Peer (P2P) Lending securitization risks.
- Introduction to ESG (Environmental, Social, Governance) and the emergence of Green Securitization.
- Case Study: Operational Risk in Servicing.

Module 8: Portfolio Management and Strategy

- Integrating securitized products into a broader Fixed Income Portfolio Management strategy.
- Hedging strategies for Interest Rate Risk and Prepayment Risk
- Performance measurement using risk-adjusted returns like RAROC.
- Current Market Trends and their impact on MBS/ABS spreads.
- Case Study: Investor Due Diligence Simulation.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.
- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

Send us an email: info@fineskilltrainingcenter.com or call +254769199797

Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to FINESKILL TRAINING CENTER account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
07 Sep 2026	11 Sep 2026	Physical	$1,500
14 Sep 2026	18 Sep 2026	Physical	$1,500
21 Sep 2026	25 Sep 2026	Physical	$1,500
28 Sep 2026	02 Oct 2026	Physical	$1,500
05 Oct 2026	09 Oct 2026	Physical	$1,500
12 Oct 2026	16 Oct 2026	Physical	$1,500
19 Oct 2026	23 Oct 2026	Physical	$1,500
26 Oct 2026	30 Oct 2026	Physical	$1,500

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