



Custom Reports and the '6.0 Data Scrub'

PAR EX 6.0 is only a few weeks away, and there's something you need to do *now* to assure a smooth installation — you need to 'scrub' your database to make your information consistent and up-to-date. Because inconsistent data can cause problems during the 6.0 installation process, scrubbing your data in advance can save considerable time and effort.

In this paper, we'll discuss why data needs to be scrubbed and how to use your current Custom Report capabilities to identify data needing correction. The 6.0 installation process will allow some limited editing of MBSs and CMOs (including certain fields that are currently non-editable), so gather the information you'll need now.

Here are the reasons you need to identify and correct inconsistent data:

Reason #1: Regulatory Changes

The NAIC requires you to distinguish between CMOs and MBSs. In the past, PAR EX clients sometimes chose to enter CMOs as MBSs or other security types. To account for them properly, these CMOs should be recategorized and reported using the CMO Module.

Reason #2: Inconsistencies in Your Data

Over time, errors will accumulate in your system due to obsolete information or entry errors. The more stringent processing of securities in PAR EX 6.0 makes these errors more critical — to complete the 6.0 installation, all your existing data must be made consistent with current requirements.

Solution #1: Use Custom Reports to Spot Problem Data

The Custom Reports capabilities of your current PAR EX system can be used to identify data or securities needing attention prior to installing PAR EX 6.0. The Custom Report described below will highlight data for your review so you can make corrections in advance, or have the data available for entry during the 6.0 installation process.

There are two reasons it's important to have this corrected data available in advance of your 6.0 installa-

tion: 1) without this data, you may be unable to complete your 6.0 installation; or 2) if you are able to complete your installation, securities with inconsistent data may no longer be editable, forcing you to delete and re-enter them with corrected information. Happily, there's an easy way to avoid these problems...

Create the Custom Portfolio Report specified below in Table 1. When creating the report, specify the security type as "MBS." The report generated will be wide, so choose your print format accordingly.

TABLE 1
The Custom Portfolio Report

Field Description	Sort	Column
CUSIP #	1	1
Lot #	2	2
Security Description	0	3
NAIC Subgroup	0	4
Security Category	0	5
Security Subtype	0	6
Amortization Method	0	7
MBS Stated Delay	0	8
Interest Accrual Start Date	0	9
Last Income Received Date	0	10
Int./Dividend Frequency	0	11
MBS Current CPR	0	12
MBS Historical CPR	0	13
MBS Net Original Cert. Bal.	0	14

Interpreting Your Custom Portfolio Report

The Custom Portfolio Report you just generated contains clues as to which securities need re-categorizing, or which MBS fields require updating. Analyze the report sections listed below and identify the data you'll need to update in your current system or enter during the 6.0 upgrade process.

(continued)

Security Description

Check the description for keywords. MBSs list a collateral type and pool number. CMOs list an issuing agency, year of issue, deal number, and class.

NAIC Subgroup; Security Category; Security Subtype
Check for inconsistencies; these three fields should make sense in relation to one another.

MBS Stated Delay

In 6.0, stated delays for MBSs will be limited to 30, 44, 49, 54, 60, 74, and 79 days in order to conform with industry standards. The 6.0 installation process will automatically reduce your current stated delay values by one day. Securities with non-standard values must be corrected during the 6.0 installation process or handled within the CMO Module.

MBS Current CPR; MBS Historical CPR

The Current CPR is the prepayment speed you entered into the system. The Historical CPR is calculated by the PAR EX system based on principal receipts posted to date. If these two values are significantly different, you may want to review your CPR assumptions.

Last Income Received Date

If all lots of a multi-lot security lack regular income and principal receipts, you may have been posting all principal to one lot instead of proportionately across lots. Your accruals may be off if this date isn't updated for all lots.

Interest Accrual Start Date

If the date in this field is not the first of the month, the security may be a CMO. Check the accuracy of this date. The 6.0 installation process will force this field to reflect the first of the month for all MBSs.

Amortization Method

Make sure these are consistent. Only MBSs using FAS 91 amortization will be converted to your choice of Retrospective or Prospective during the installation process. (Note: only PAR EX 4.85 users need to choose an amortization method; PAR EX 4.9x users have already done so.)

MBS Net Original Certificate Balance

If this value is not a round number, the purchase par was probably entered instead of the full face value of the pool portion purchased. You'll be able to edit this value during the 6.0 installation process, but not thereafter.

Interest/Dividend Frequency

Any value other than "monthly" in this column means the security must be handled as a CMO.

Solution #2: Enter Additional Data During Installation

In PAR EX 6.0, MBSs are strictly defined as mortgage pools with cash flows that mirror a mortgage payment schedule. Anything else is considered a non-standard MBS that needs to be converted to a CMO.

The 6.0 installation package includes the 6.0 MBS/CMO Conversion utility. This utility lets you update certain MBS fields that won't be accessible afterwards. And in conjunction with the CMO Module, this utility also allows you to convert non-standard MBSs to CMOs by adding a few additional fields of information plus a principal balance schedule.

Use the MBS/CMO Conversion utility to edit or enter the remaining data necessary to make your database consistent and up-to-date. Once you've done this, your data will be 'scrubbed' and your upgrade to 6.0 should proceed smoothly.

Are You Ready?

Let's review what you need to do to assure a smooth transition to PAR EX 6.0:

- 1) *Follow the steps outlined in the 6.0 Preparation Checklist* (enclosed). If you have questions, call your technical support team at SunGard Insurance Systems, (303) 369-9700.
- 2) *Generate and carefully review the Custom Portfolio Report* described above. To determine which data needs to be 'scrubbed,' use the guidelines listed above.
- 3) *Post as many corrections as possible* in your current system.
- 4) *Gather the data you'll need to enter during the 6.0 installation process.*

Follow the steps above and you're assured a smooth transition to PAR EX 6.0. Start the process *now* and enjoy the benefits in a few weeks, when your PAR EX 6.0 package arrives — and congratulate yourself for your foresight!