



Mortgage Backed Securities - Evening

This course provides a broad overview of the mortgage-backed securities industry. The primary focus is on the types of MBS, factors that influence their investment characteristics, analytic techniques used to evaluate risk and return, and MBS trading/settlement. The course begins with an exploration of agency pass-through securities and is followed by an investigation of derivative mortgage backed securities: CMOs (collateralized mortgage obligations), IO (interest only) and PO (principal only) strips. The course also discusses trading issues such as TBA trading and dollar rolls. The final session focuses on non-agency CMOs, and other mortgage-related asset-backed securities.

Available Session(s):

No sessions currently available. Email customerservice@nyif.com to get the next available date.

Targeted Audience

Portfolio managers, institutional sales staff, research analysts, back office professionals, financial analysts, cash/money managers, auditors, and compliance staff.

Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email uscirculation@ft.com. US and Canada enrollees only.

Advance Preparation

No advance preparation required.

Prerequisites

None

Learning Objectives

Students will be able to:

- Describe the structural features and cash flow characteristics of pass-through securities
- Recognize the impact of prepayment rates in the analysis and valuation of MBS
- Explain the basic features of agency and nonagency CMOs as well as important types of tranches (sequential pay, Planned Amortization Class, accrual/z-bond, etc)
- Describe the basic elements of TBA (To Be Announced) trades and dollar rolls

Follow-Up Courses

Structured Products Suite

Level: Intermediate

CPE Credits: 15.0

Instructional Method: Group-Live

Detailed Outline

Session 1

Overview of the Mortgage Backed Securities Market

- Historical Background
- Evolution of Federal Agency Mortgage Backed Securities (MBS) Programs - Pass Throughs and Participation Certificates
- Innovations
- Participants

Mortgages Loans

- Characteristics of Mortgages
- Types of Mortgages
- Mortgage Cash Flows

Session 2

Mortgage Pass Through Securities

- Types of Mortgage Pass Through Securities
- Structural Characteristics of Pass Throughs
- MBS Sector Considerations

Dynamics of Mortgage Prepayments

- Principal Factors That Affect Mortgage Prepayments
- How to Measure Prepayment Speed

Session 3

Pricing and Valuation of Mortgage Pass Through Securities

- Valuation Considerations
- Interest rate related risks

Session 4

Collateralized Mortgage Obligations (CMOs)

- CMO Basics
- Z-Bond Tranches

- Measuring interest rate risks
- Embedded call options

- Planned Amortization Class (PAC) Bond Tranches
- Targeted Amortization Class (TAC) Bond Tranches
- Floating Rate CMO Structures
- CMO Valuation Issues

Session 5

Adjustable Rate Mortgage Structures

- Structural Characteristics of ARM Securities
- Federal Agency ARM Programs
- Prepayment considerations

Stripped Mortgage Backed Securities (SMBS)

- Characteristics of SMBS
- Risk/reward considerations
- Inverse IOs

Session 6

Other Mortgage Related Asset Backed Securities

- Home Equity Loan Backed (HELBs) Securities
- Manufactured Housing Backed Securities

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