From the Selected Works of Symphony Music

June, 2012

Slideshow: Participants in a Securitization

Symphony Music

Available at: https://works.bepress.com/symphonymusic/9/
The Participants in a Securitization

Holding Company (Driver)

Warehouse Lending Bank (Liquidity Provider)

Servicer + Agents

Originator

Investment Bank (Driver)

SPV, Inc.

Trust (Distribution fund)

Insurers (financial guarantors, Credit default swap counterparties, credit default insurance policies)

Certificate Holders (Investors)

Consumers (Homeowners)

Comment: As independent legal entities, although often owned by the controlling parties, these are the participants
Comment: The banking “front” allows sophisticated certificate holding investors, unregulated by any government regulatory body, to interact with consumers.
Known Ownership/Control Relationships

Holding Company

Warehouse Lending Bank

Servicer

Originator

SPV, Inc.

Trust

Investment Bank

Insurers

Certificate Holders

Consumers

Comment: The Credit Bureaus and Loan Processing Servicers act as Agent Enforcers for the Banking “Front”
Flow of Mortgage Note Cash

- Holding Company
- Warehouse Lending Bank
- Servicer
- Originator
- Consumers
- Loan Processors
- Credit Bureaus
- Insurers
- Trust
- SPV, Inc.
- Investment Bank
- Certificate Holders
Comment: The Holding Company, the Investment Bank, and the Certificate investors control the transaction, both the profits and the interaction with Consumers.
Who Pays the Most for the existence of the Structure?

Comment: Consumers pay the most, the lower tranche certificate holders, especially when they do not benefit from standard control provisions, are next, while the Insurers pay out as they are defrauded.)
As usual, this was produced with a smile by:

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August 30, 2012

(All critiques are encouraged and welcome. Questions/details can be answered on a time available basis)
Other Comments

• MERS is a side issue (It is a technical glitch only and judges recognize it mainly as such)
• The application of UCC 3 is wrong (It should be UCC 9, and anyway, real estate is a State controlled issue)
• “Modification” is a Farce
Issues

• Overpayment by Consumers (by locking them in while arbitrarily changing the underwriting rules).
• Banks abrogating their Public Trust to serve their local State.
• Monopoly power/ abuse with no redress
• Fronting” to scam the system