

MDX Calculation Rules

Vista MDX Indices™ are intended to be accurate and reliable representations of loan performance in the U.S. residential mortgage credit market as measured by borrower “Credit Events”. The indices themselves are organized into numbered six-month intervals with a new MDX Index Series being released on the 25th of March and September each calendar year or the following business day if the 25th falls on a weekend or holiday. Each index series is calculated two (2) ways: MDX-A and MDX-B. The difference represents the differing definitions of a Credit Event. Note, MDX Indices are equal-weighted and use loan counts, not unpaid principal balances. Additionally, the loss severity is 100% on all Credit Events. Below are the calculation rules that are used to determine the index values. Please refer to the Glossary of Terms for further information about MDX-A and MDX-B.

MDX-A CREDIT EVENTS

1. A Credit Event is defined as a loan experiencing either a 120-day delinquency or a modification. If the two Credit Events occur in the same reporting month, they are only counted once. Forbearance is not considered in MDX-A. Once a loan has experienced a Credit Event, it is never cured.

MDX-B CREDIT EVENTS

1. A Credit Event is defined as a loan experiencing a 120-day delinquency prior to either a modification or entering forbearance status. If a loan experiences a 120-day delinquency and either a modification or forbearance status occur in the same month as the delinquency, a Credit Event will be deemed NOT to have occurred.
2. Modified loans will be defined as having experienced a Credit Event if, subsequent to modification, they become 120-day delinquent and are not re-modified or have forbearance status before or in the same month as the 120-day delinquency.
3. A loan in forbearance will be defined as having experienced a Credit event if it is **150 days** delinquent in the month the forbearance status of a loan is removed. This exception to the normal 120-day rule for a Credit Event is required in order to allow for modification reporting lags.

MDX CALCULATION FORMULAS

1. MDX Index Values are calculated as below:

$$1 + \left(\frac{\text{cumulative \#of loans experiencing a Credit Event}}{\text{total \# of loans in MDX Series}} \right) \times 100 = \text{MDX Value}$$

2. MDX Factor is the inverse of the MDX Index Value, therefore:

$$1 - \left(\frac{\text{cumulative \#of loans experiencing a Credit Event}}{\text{total \# of loans in MDX Series}} \right) = \text{MDX Factor}$$