

**MEMORANDUM**

February 26, 2014

**TO:** File No. S7-08-10

**FROM:** Mark T. Uyeda  
Office of Commissioner Michael S. Piwowar

**RE:** Meeting with Intex Solutions, Inc.

On February 26, 2014, Commissioner Michael S. Piwowar and his legal counsel, Mark T. Uyeda, met with George Jigarjian, co-president, and Kevin McCarthy, managing director, of Intex Solutions, Inc., Bradley J. Bondi, partner, Cadwalader, Wickersham & Taft LLP, and H. Joshua Kotin, associate, Buckley Sandler LLP, to discuss Intex's comment letter on the asset-backed securities proposal. Intex also provided the attached paper regarding ABS waterfall disclosure.

## WHICH IS MORE TRANSPARENT?

### THIS SECTION OF A WATERFALL FROM A PROSPECTUS ...

(iii) to pay principal to the Class A, Class M-1, Class M-2, Class B-1 and Class B-2 Notes, sequentially, in that order, in an aggregate amount equal to the Principal Payment Amount for such Payment Date, and in each case until the respective Note Principal Balance of such Class has been reduced to zero;

“Principal Payment Amount” means, with respect to any Payment Date, the portion of the Available Payment Amount for such Payment Date that is allocable to principal collections on the Contracts received during the related Remittance Period.

### ... OR ITS EQUIVALENT PYTHON COMPUTER PROGRAM?

```
def calc_pda_amounts( distrib_amt, tranche_cfs, period ) :
```

```
    pda_amounts = {}
```

```
    pda_amounts['A'] = min( distrib_amt, tranche_cfs['A','balance',period-1] )
```

```
    pda_amounts['M1'] = min( distrib_amt - pda_amounts['A'], tranche_cfs['M1','balance',period-1] )
```

```
    pda_amounts['M2'] = min( distrib_amt - pda_amounts['A'] - pda_amounts['M1'], tranche_cfs['M2','balance',period-1] )
```

```
    pda_amounts['B1'] = min( distrib_amt - pda_amounts['A'] - pda_amounts['M1'] - pda_amounts['M2'], tranche_cfs['B1','balance',period-1] )
```

```
    pda_amounts['B2'] = min( distrib_amt - pda_amounts['A'] - pda_amounts['M1'] - pda_amounts['M2'] - pda_amounts['B1'], tranche_cfs['B2','balance',period-1] )
```

```
    return ( pda_amounts )
```

---

```
def pay_principal ( bucket_bal, tranche_cfs, tranche_name, period, pda_amounts ) :
```

```
    pay_princ_amt = min( bucket_bal, pda_amounts[tranche_name] )
```

```
    tranche_cfs[tranche_name,'princ_paid',period] = pay_princ_amt
```

```
    tranche_cfs[tranche_name,'princ_short',period] = max( 0, pda_amounts[tranche_name] - tranche_cfs[tranche_name,'princ_paid',period] )
```

```
    bucket_bal = max( 0, bucket_bal - pay_princ_amt )
```

```
    tranche_cfs[tranche_name,'balance',period] = tranche_cfs[tranche_name,'balance',period-1] - pay_princ_amt
```

```
    return ( bucket_bal, tranche_cfs )
```

---

### MAIN SECTION

```
pda_amounts = calc_pda_amounts( distrib_amt, tranche_cfs, period )
```

```
( root_cash, tranche_cfs ) = pay_principal( root_cash, tranche_cfs, 'A', period, pda_amounts )
```

```
( root_cash, tranche_cfs ) = pay_principal( root_cash, tranche_cfs, 'M1', period, pda_amounts )
```

```
( root_cash, tranche_cfs ) = pay_principal( root_cash, tranche_cfs, 'M2', period, pda_amounts )
```

```
( root_cash, tranche_cfs ) = pay_principal( root_cash, tranche_cfs, 'B1', period, pda_amounts )
```

```
( root_cash, tranche_cfs ) = pay_principal( root_cash, tranche_cfs, 'B2', period, pda_amounts )
```