

# Institutional Debt

## New Mortgage Loan-Level Data Provider Launches

Thursday January 21st, 2010 By: Mike Scorelle

A team of mortgage finance and investment management veterans today announced the formal launch of a new company, BlackBox Logic LLC, which they believe will make comprehensive loan level data available much wider swath of investors and academics than has been previously.

The new loan-level aggregation service, called BBx Data covers the Jumbo A, Subprime and Alt A mortgage markets. It includes more than 7,200 residential mortgage-backed securities, 21 million loans and nearly 600 million remittance records, dating back to 1999.

Beyond the depth, scope and granularity level of the data, a unique feature offered by the new service is the ability of the customer to only buy the data they want. For example, if a customer is only interested in a particular vintage RMBS backed by a particular type of loan, the customer doesn't have to buy the entire database, but can buy just that slice of information. This flexibility is what the company founders feel will allow more people to access the information and provide greater transparency in the market.

BlackBox Logic's BBx Data also gives users access to monthly full-set data faster than other providers. On average, 99.6 percent of BBx Data's dataset is available by the first of each month after trustee reports are issued.

Investors, broker/dealers, analysts and researchers will discover another significant difference between BBx Data from BlackBox Logic and other providers of loan-level RMBS data: the ability to purchase only the data they need, rather than the full 21-million loan dataset. BBx Data can be accessed by sector, vintage, deal/CUSIP, state, ZIP Code, MSA or other extract options; customers that choose to select partial datasets pay only for what they need.

"We've tested the production version and compared it to its competitors and have a very high opinion of the product, of the company and of the company's engagement with its customers," said Michael Youngblood, co-founder and principal of asset management firm Five Bridges Advisors LLC. Youngblood noted that the scope of the dataset is larger than its competitors, the depth of the information is also considerably greater with 256 data fields compared to 127, and the granularity is also much greater.

Youngblood added that while other data providers have standardized the loan types down to about 36, the raw data provided by BlackBox shows that there were about 456 different types of loans created during the mortgage boom. He noted that if he'd had this level of information in 2005 he would have had a much different view of the mortgage market.

BlackbBox also provides a cleansed view of the data and on average, by standardizing formats and populating data gaps, BBx Data's cleansed data provides a 37 percent improvement on important loan characteristics when compared to unformatted, raw data, saving users programming time. BBx Data users have the option of receiving both cleansed and raw data sets, putting decision-making power back into data users' hands.

BBx Data utilizes a unique dedicated loan modification processing engine to provide users with coverage of current and retrospective modifications, a critical capability given the current volume and pace of modification activity. Using proprietary logic, the BBx Data production team was able to identify more than 60,000 loan modifications not identified by servicers or reported by trustees. BBx Data is significantly more comprehensive in loan modification coverage than alternative data sets on the market.

The BlackBox Logic management team has more than 50 years of experience in designing, building and managing information technology systems for the securitized mortgage market. The team is led by Larry Barnett, chief executive officer; Wyck Brown, director of marketing and new business development; Bill Pugh, chief technology officer; Marty Schwartz, lead data modeler; and Dmitri Raskes, director of e-commerce solutions.

"BlackBox Logic has structured finance DNA. We started the company because the Braddock Financial trading desk demanded a better RMBS loan-level database than what the market was offering," Brown said. "Our team consists of structured finance professionals, analysts, traders and data experts. Because of our experience and independence, we understand users' needs and can respond quickly. Offering timely, high-quality loan-level data is our singular focus."

The company is majority-owned by Braddock Holdings Co., the private equity affiliate of Denver-based Braddock Financial Corp. Braddock is an SEC-registered investment advisor.

Barnett previously was a managing director at Appix, where he was responsible for the fixed income trading practice products and services group. Barnett also spent 12 years at Fannie Mae, where he was vice president for secondary mortgage trading operations.

In addition to his role at BlackBox Logic, Brown is a principal at Braddock Financial, which he joined in 2002. Previously, he was an investment manager at Great West Life and a vice president and portfolio manager at ING Investment Management.

BlackBox Logic offers users three ways to access the BBx Data dataset. Users can access BBx Data through Crystal Logic, a proprietary web-based interface and analytics program, for bond-level data extraction, collateral manipulation and research. Crystal Logic offers user-friendly modular functionality and the ability to develop custom analytics, with tools including a multi-tiered dashboard enabling analysis by deal, bond or portfolio; historical performance reporting based on more than 30 key indicators; monthly roll-rate analysis; payment velocity overviews; advanced cohort creation; and collateral drill-down and loan-level detail views, among others.

BBx Data from BlackBox Logic also can be accessed through the well-known 1010data interface, one of the most popular and powerful web-based platforms for data management and analytic capabilities on large datasets.

Users that couple loan level data tightly with in-house analytic workflow can choose to download BBx Data directly from secure servers. Custom data delivery options are also available.

BlackBox Logic has offices in New York and Bethesda, Md.; and is headquartered in Denver.