

*ENGLISH TAUGHT PROGRAM*  
*COLLEGE OF COMMERCE*  
*NATIONAL CHENGCHI UNIVERSITY*

**Basics of Asset Securitization**  
**Fall 2010**

**Professor: Dr. Joseph Hu**

資產證券化概述

**A. Course Objective**

Asset securitization is a way of financing for lenders to obtain funds in the capital markets for the origination of consumer and business loans. It's different from the traditional way of financing, where lenders finance loan originations with deposits. Started in 1970, the asset securitization market had a remarkable history of growth and development. By 2000, it became the largest sector of the U.S. fixed-income securities market. In matured capital markets, asset securitization has proven to be an efficient way of financing in that it reduces the ultimate funding cost for the borrower, improves the financial operation for the lender, and provides diversified investment products for the investor. Although the asset securitization market collapsed in 2008 due to sloppy originations of residential mortgages, it is expected to recover and resume its critical role of capital-market financing. The asset securitization market is still at an embryonic stage in Taiwan, but it has the potential to grow to become an important part of Taiwan's capital markets. The purpose of this course is to provide students with a fundamental knowledge of asset securitization. During this course, students are expected to develop a comprehensive way of understanding the various alternatives of financing in the capital markets.

**B. Course Prerequisites**

Principle of Economics

**C. Course Structure**

- Week 1 Introduction: General Concepts of Asset Securitization
- Week 2 Economics and Fundamental Reasons for Asset Securitization
- Week 3 Intermediary Participants of the Asset Securitization Market
- Week 4 Necessary Ingredients and Benefits of Asset Securitization
- Week 5 Introduction of Residential Mortgages
- Week 6 The U.S. Residential Mortgage Market
- Week 7 The Development of Residential Mortgage Backed Securities
- Week 8 The Development of Residential Mortgage Backed Securities--Cont'd
- Week 9 Mid-Term Review and Examine**
- Week 10 Basics of Credit Ratings in Asset Securitization
- Week 11 Introduction of Commercial Mortgages

- Week 12 The Development of Commercial Mortgage Backed Securities  
Week 13 Proliferation of Asset-Backed Securities--Credit Card Receivable-Backed Securities  
Week 14 Proliferation of Asset-Backed Securities--Auto Loan-Backed Securities  
Week 15 The Second Generation of Asset-Backed Securities--Collateralized Debt Obligations  
Week 16 The Asset Securitization Securities Market in Taiwan  
Week 17 The Current Status of the Global Asset Securitization Market  
**Week 18 Final Review of the Course and Final Examine**

#### **D. Textbooks and References**

- Lecture notes in PowerPoint will be provided throughout the course.
- Joseph Hu, ***Basics of Mortgage-Backed Securities***, second edition, Frank J. Fabozzi Associates, 2001, distributed by John Wiley & Sons, Inc.
- Joseph Hu, ***Asset Securitization: Theory and Practice*** (in Chinese), People's University of China Press, 2006
- Andrew Davidson, Anthony Sanders, Lan-Ling Wolff, and Annie Ching, ***Securitization: Structuring and Investment Analysis***, John Wiley & Sons, Inc., 2003

#### **E. Course Grade**

The course grade will be based on class attendance, participation of class discussion, and the scores on the mid-term and final examines. The class will be graded on a curve.