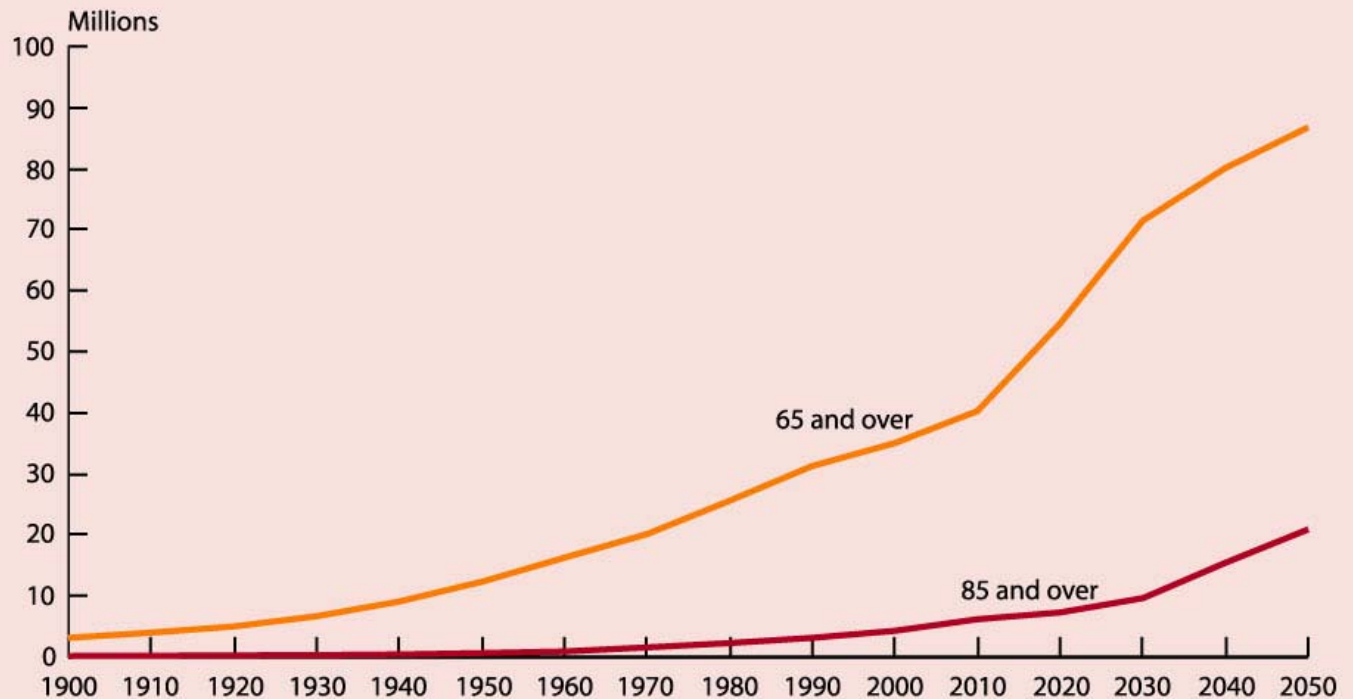


Alternative Mortgage Products

Reverse Mortgages

The “Baby Boomer” Impact

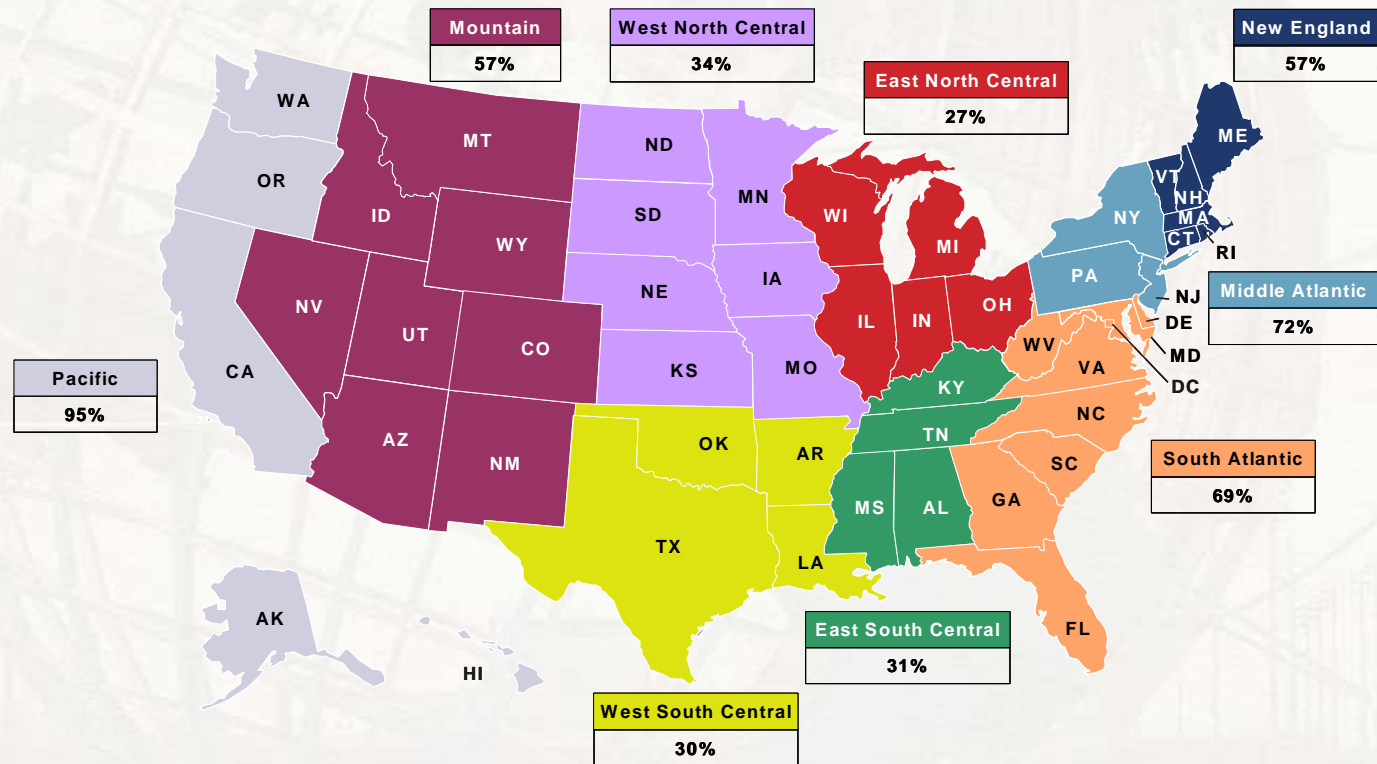
Number of people age 65 and over, by age group, selected years 1900-2000
and projected 2010-2050



(a) Source: U.S. Census Bureau, Decennial Census and Projections.

(b) Growth in aging population corresponds to growth in volume of Reverse Mortgages outstanding.

Home Price Appreciation Since 2001^(a)

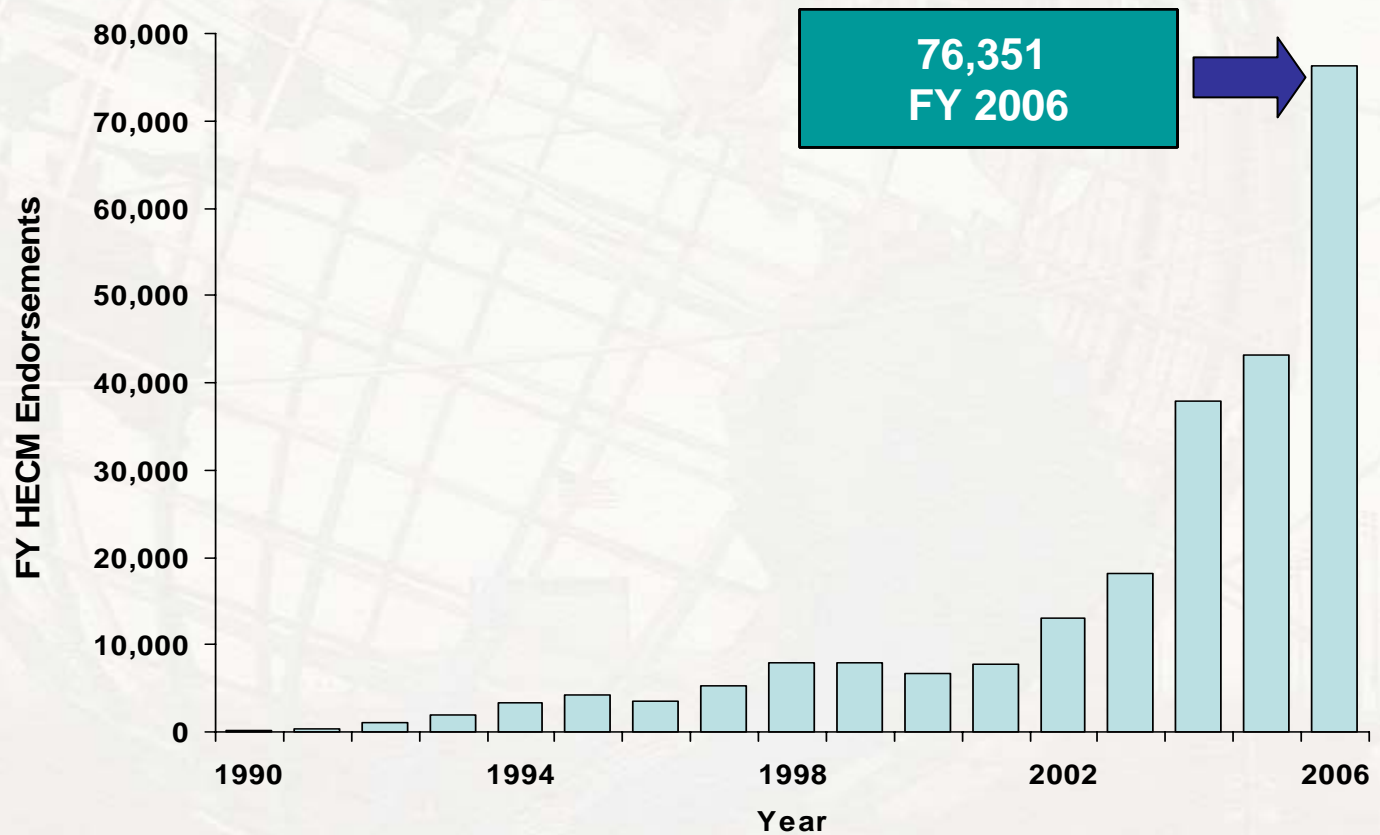


(a) Source: Freddie Mac, Goldman Sachs & Co.

“Longer life expectancies, spiraling costs of living and health care as well as the oncoming rush of people reaching their 60’s presents states with dilemmas funding Medicaid and other programs for the elderly. “I’m concerned that people are going to need a second income in order to retire”

– Alabama Gov. Bob Riley

The Right Business at the Right Time



Reverse Mortgage Products: Evolution over Last 12 Months

May 2006

HECMs

- HECM
- Proprietary
- Financial Freedom Cash Account

Other

- HomeKeeper

May 2007

HECMs

- HECM 150
- HECM 100 (BNY)
- HECM + 100 (Wells Fargo)
- HECM Advantage (FF)
- New Generation Fixed HECM (BNY)
- Fixed4Life (1st Reverse)

Proprietary

- Fixed Prime Advntage (BNY)
- Simple Equity (Countrywide)
- Cash Account Advantage (FF)
- Generation Plus
- Independence Plan (Seattle)
- Cash Keeper (Sunwest)
- Life Plan (Virtual Bank)
- Prime Life (Virtual Bank)
- MEGA Life (Virtual Bank)

Other

- HomeKeeper
- Family Advantage (Inter Family)

Reverse Mortgage Basics

- **Non-recourse loan that enables homeowners age 62 and older to convert home equity into tax-free proceeds**
- **Interest accrues but no payments are required until the home is no longer the borrower's principal residence (normally repaid by the estate upon death)**
- **There are no income, medical, asset or credit score requirements to qualify**
- **HUD-approved consumer counseling required prior to application**

Eligibility Requirements

- **All homeowners must be at least 62 years of age or older**
- **Home must be applicant's primary residence**
- **Must own home free and clear or use loan proceeds to pay off all remaining home debt and liens**
- **Must agree to attend an independent counseling session with a HUD-approved agency**

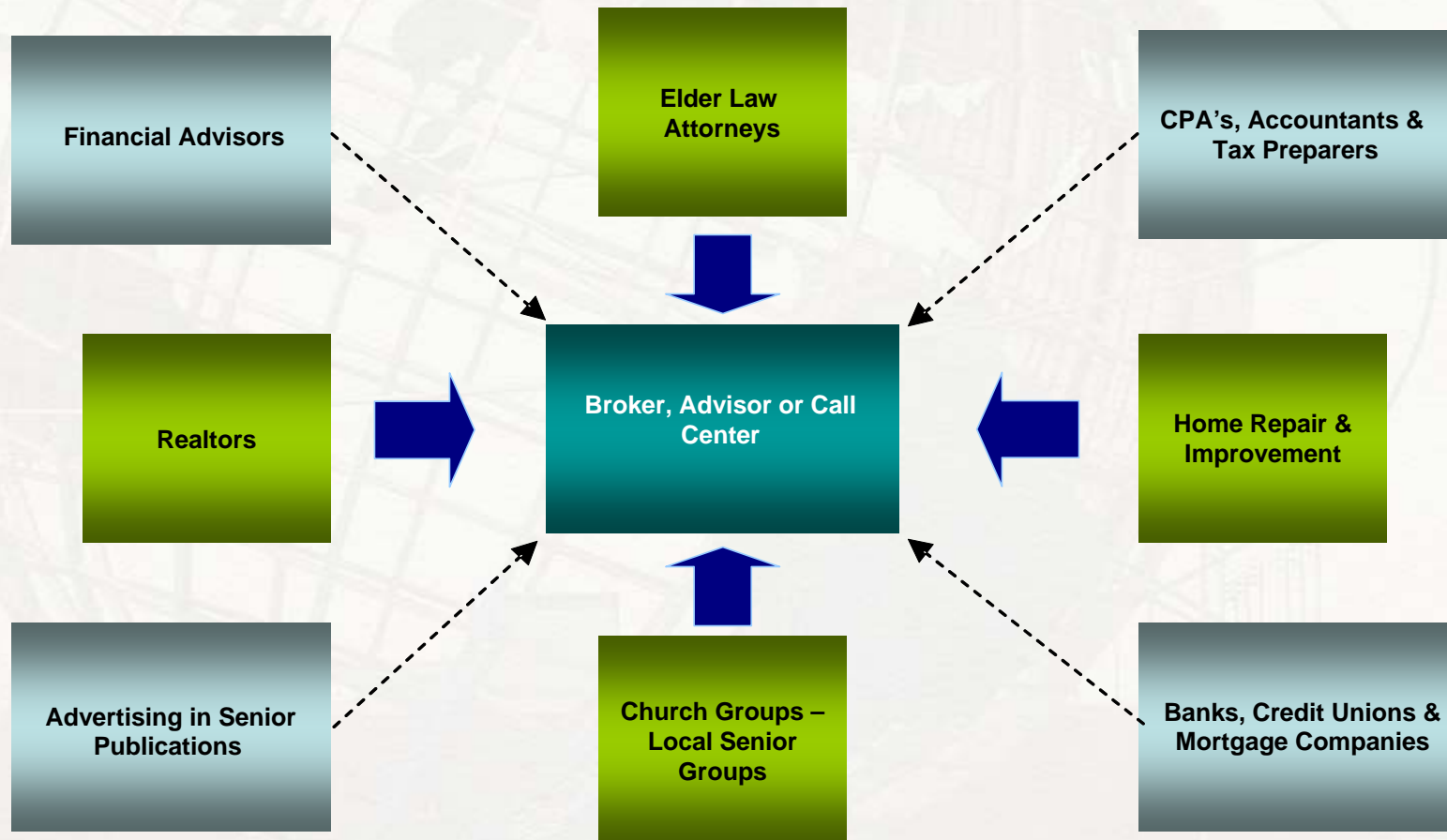
Determining Loan Amounts

- **The amount of available, tax-free proceeds is based on:**
 - Age of the homeowner
 - Value and location of the home
 - Current interest rates
- **The older you are, the greater the property value, and the lower the current interest rates, the larger your loan amount**

Disbursement Options

- **Monthly Payments -- Term or Tenure**
- **Lump Sum**
- **Line of Credit**
- **Combination**

Sourcing Reverse Mortgages Correspondent Channels



Reverse Mortgage Exit Channels

Fannie Mae

Balance Sheet

**Private Label
Securitization**

Ginnie MBS

Investing in Reverse Mortgages: Key Factors in Analysis

Insurance

**Loan and
Bond
Structure**

Interest Rate

HPA

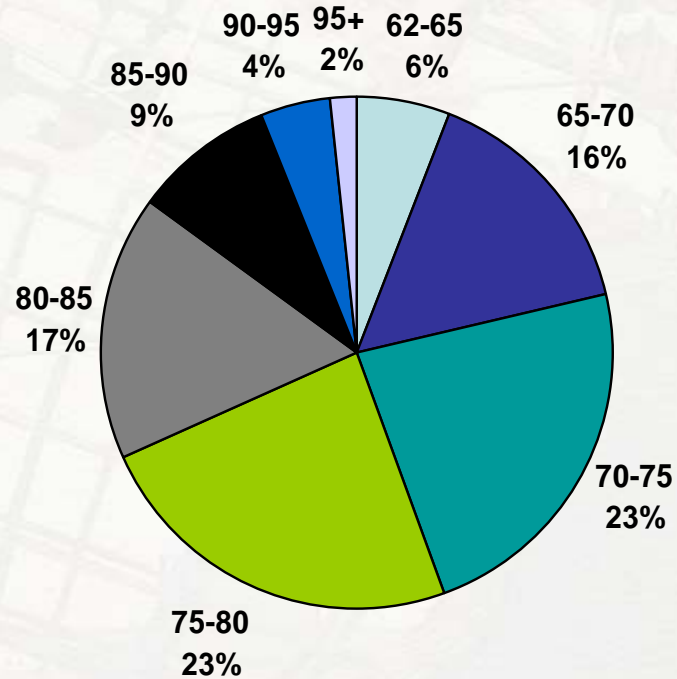
**Maturity
Event /
Borrower
Profile**

**Counterparty
(Issuer and
Servicer)**

How Reverse Mortgage Losses Occur: The Crossover Point



HECM Borrower Age Breakdown



**HECM Loan Breakdown
Distribution by Payment Plan and Borrower
Age**

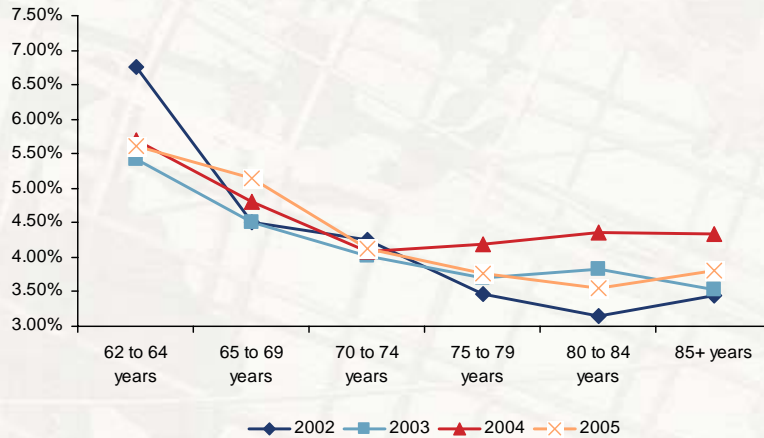
	Line of Credit	Modified Tenure	Modified Term	Tenure	Term
62-65	84%	2%	3%	9%	1%
65-70	82%	3%	3%	10%	2%
70-75	78%	5%	5%	10%	2%
75-80	72%	8%	6%	11%	3%
80-85	66%	12%	8%	11%	3%
85-90	66%	15%	7%	10%	2%
90-95	63%	14%	11%	11%	2%
95+	63%	13%	12%	13%	0%
Grand Total	76%	7%	5%	10%	2%

**HECM Loan Breakdown
Distribution of Mortgage Payoff Types
by Borrower Age**

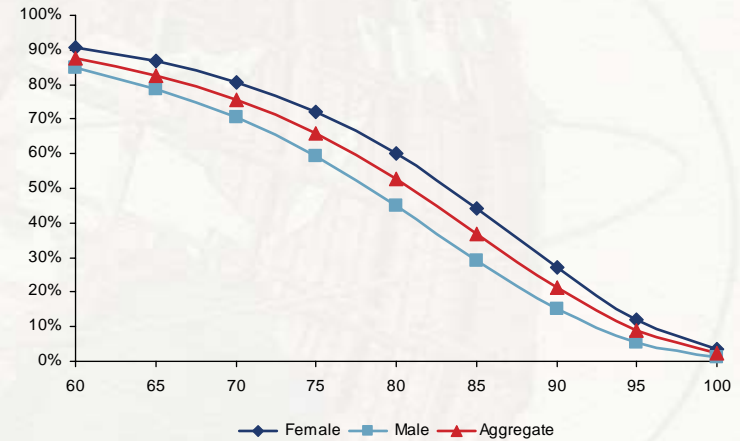
	Mortality	Mobility&Other
62-65	15%	85%
65-70	17%	83%
70-75	20%	80%
75-80	27%	73%
80-85	36%	64%
85-90	48%	52%
90-95	60%	40%
95+	62%	38%
Grand Total	29%	71%

Actuarial Mortality and Mobility Analysis

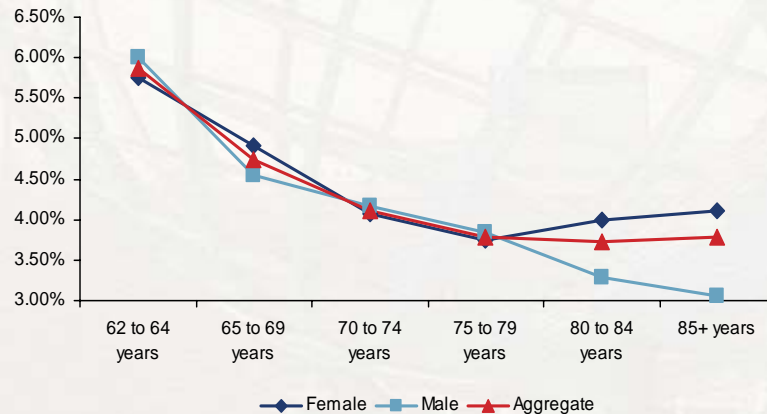
Mobility Tables



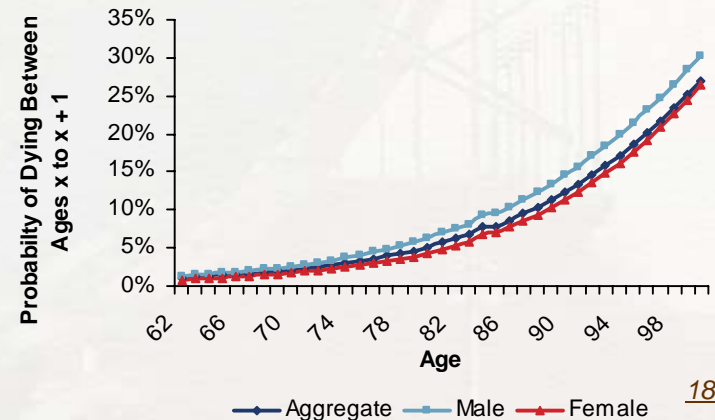
Survivorship Table



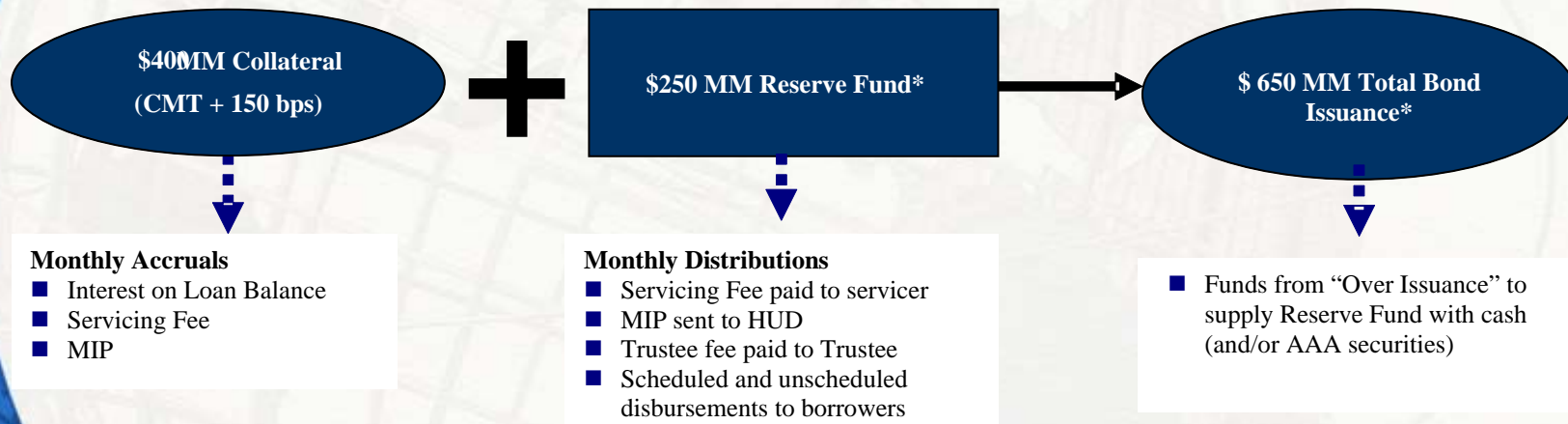
2002 - 2005 Average Mobility Rates



Life Tables for Aggregate U.S. Population



Alternative Securitization Structures: Securitizing Only Funded Balances



* For illustrative purposes only; Not an actual transaction.

Alternative Securitization Structures: Securitizing Only Funded Balances



* For illustrative purposes only; Not an actual transaction.