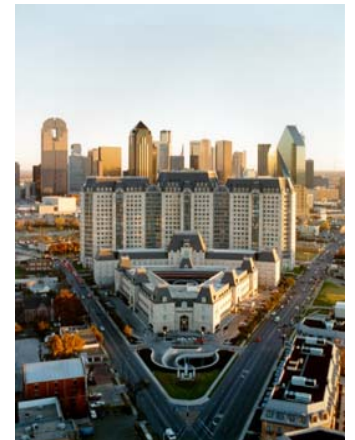
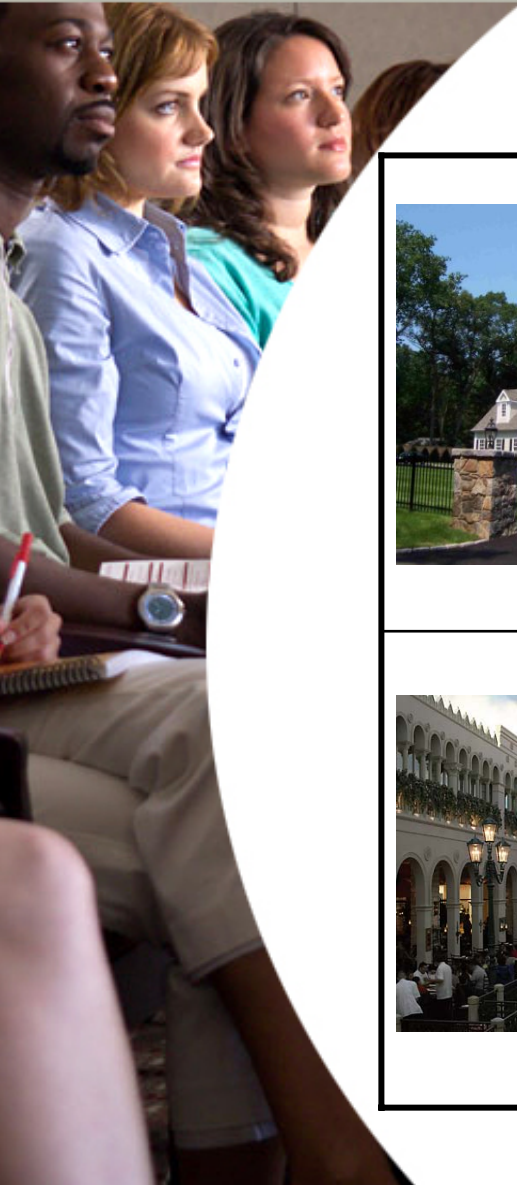


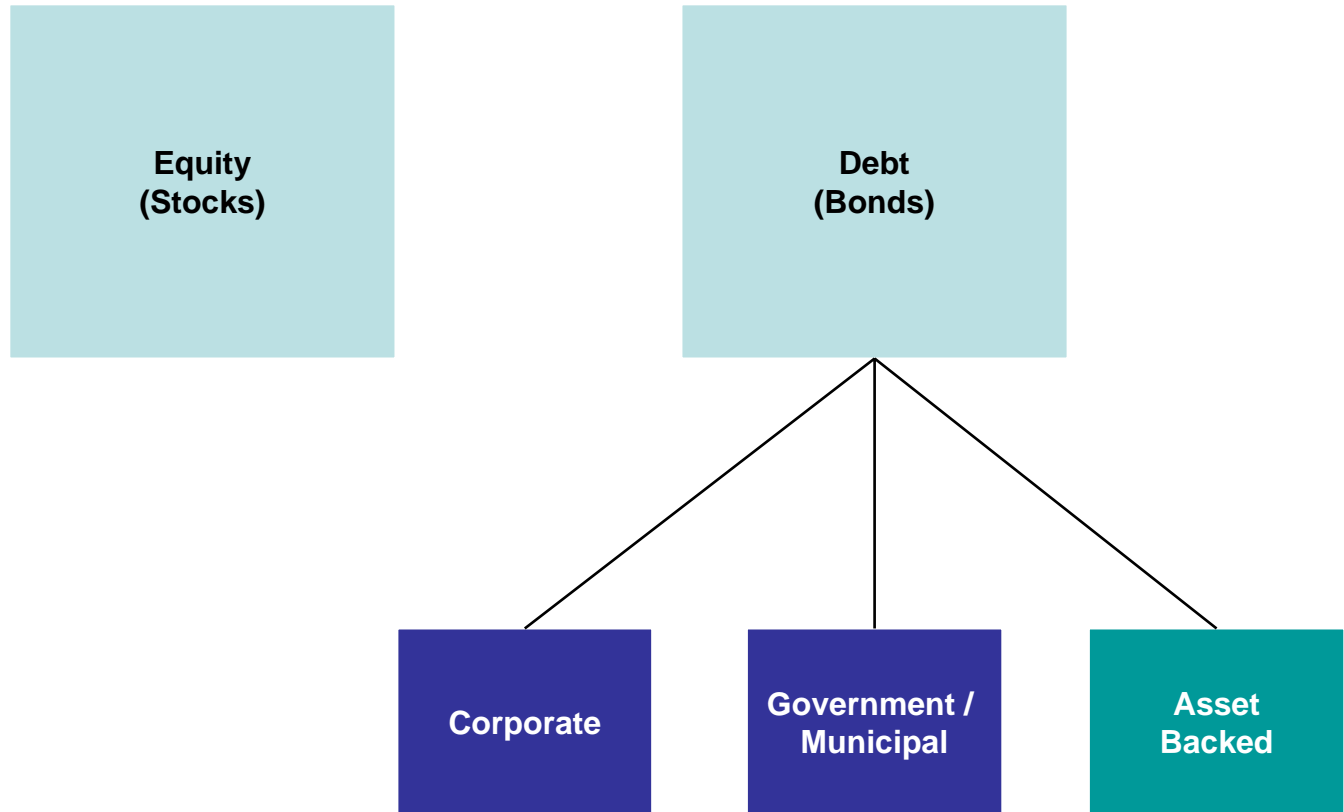


Private Securitization: Issuer and Investor Perspective

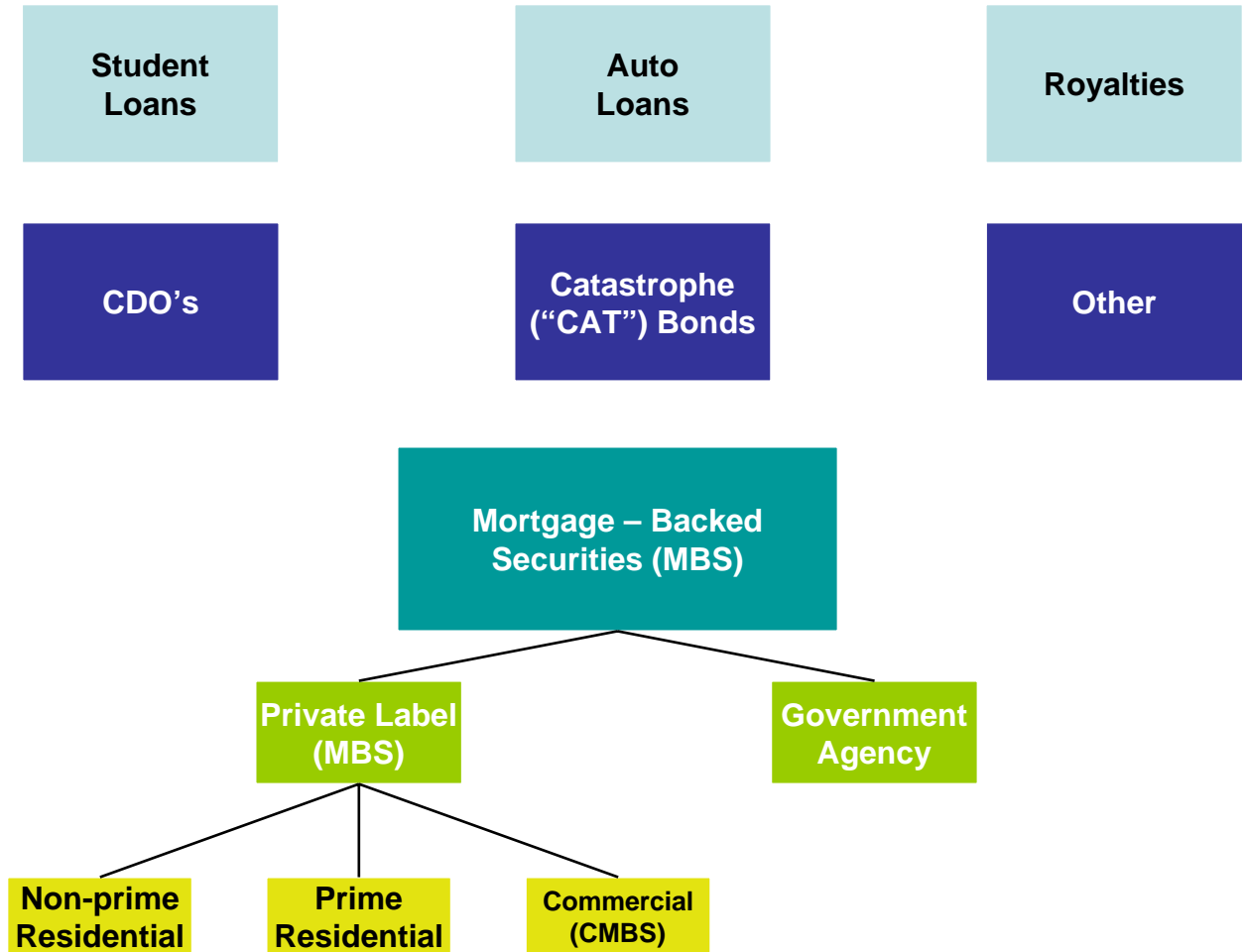
September 10, 2007




Overview of Securities



Types of Asset – Backup Securities (ABS)

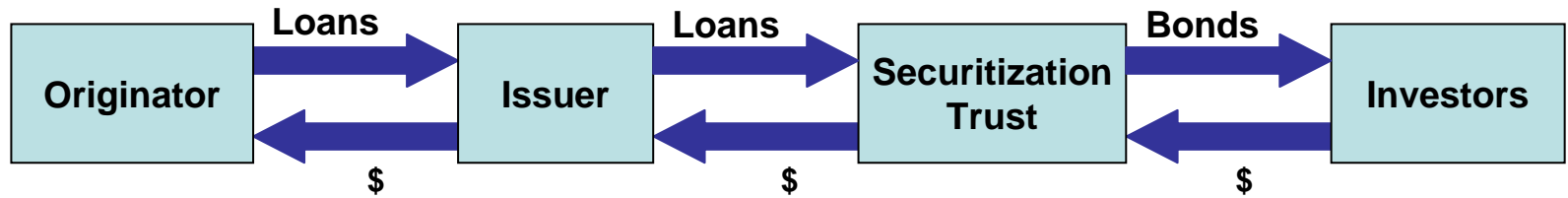


Key Parties to Transaction

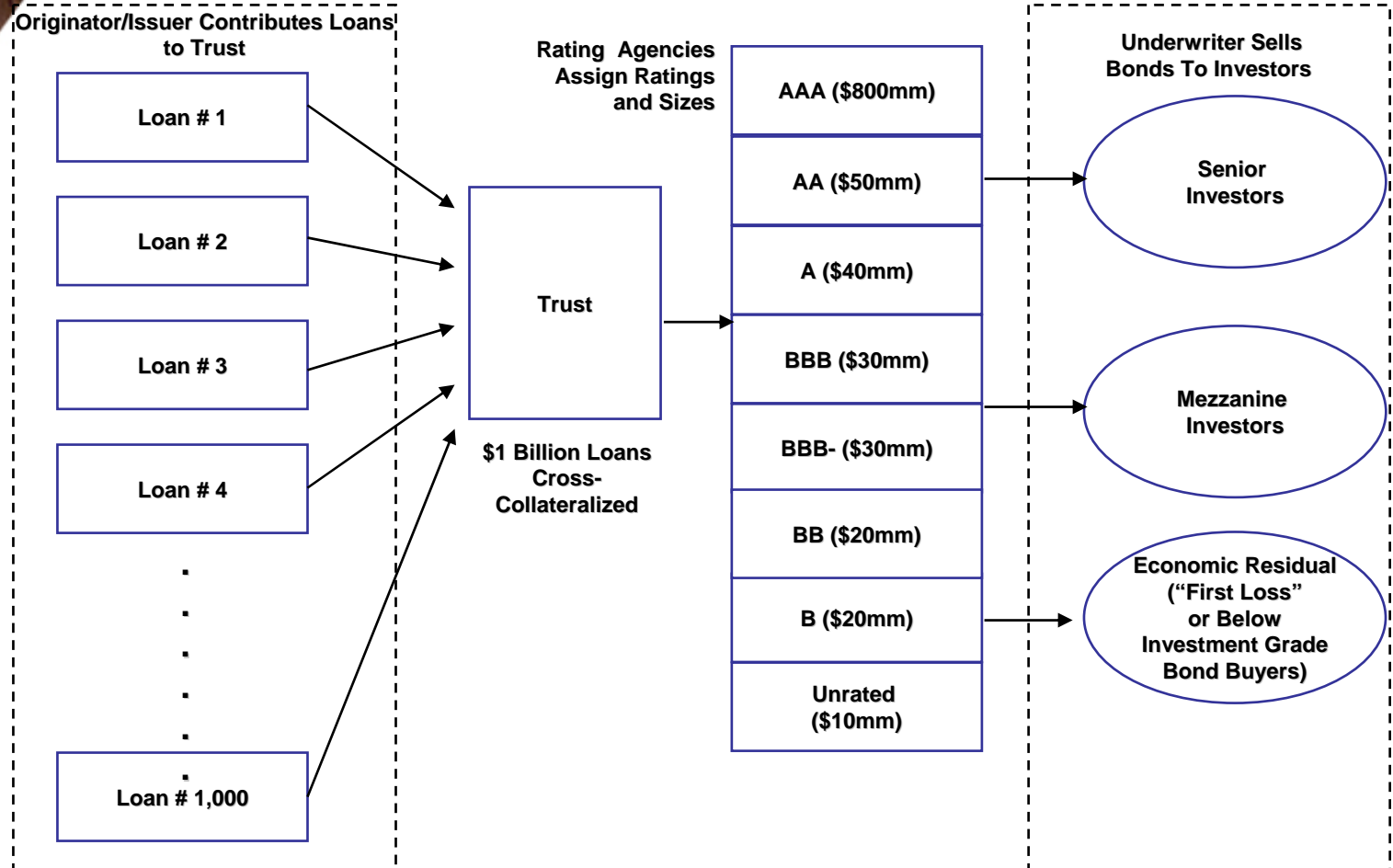


Issuer
Originator
Underwriter(s)
Investors
Rating Agencies
Servicer(s)
Master Servicer
Trustee
Custodian(s)
Legal Counsel(s)

Securitization Structure

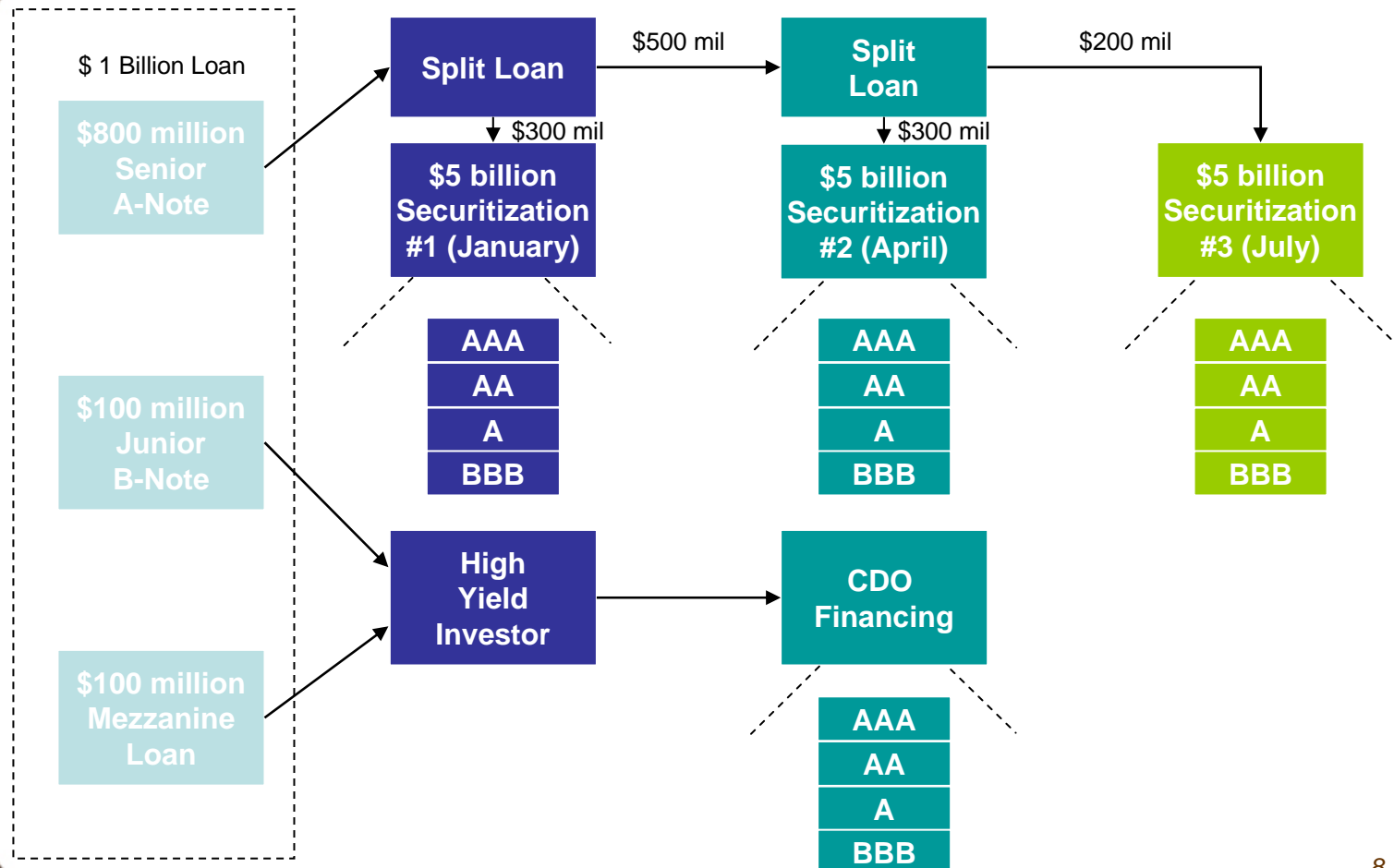


Overview of MBS Transaction Structure



Tranching, Tranching and More Tranching

Example: Large CMBS Loan

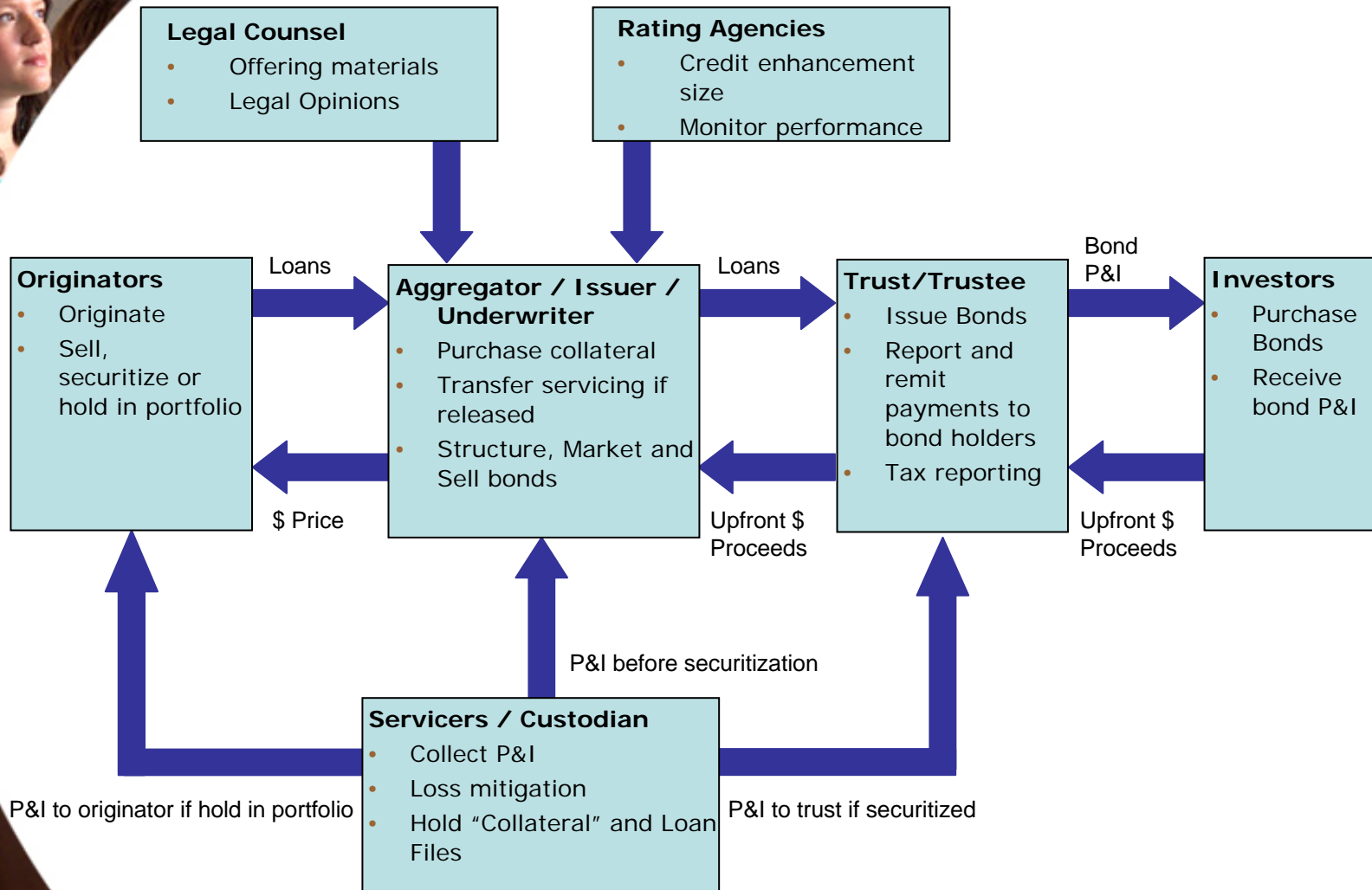


Why Securitize?

- Sale of Assets (or Trading Profit)
- Financing
- Reduce Exposures
- Reduce Regulatory Capital
- Yield Curve Arbitrage
- Retain Portion of Assets with Desired Risk/Return Profile
- Increase Assets under Management without Increasing Balance Sheet Exposure



Private Label Securitization – Key Parties Involved




Factors that Drive Rating Agency Treatment

Following Factors Drive Default Frequency and Severity in Rating Agency Models:

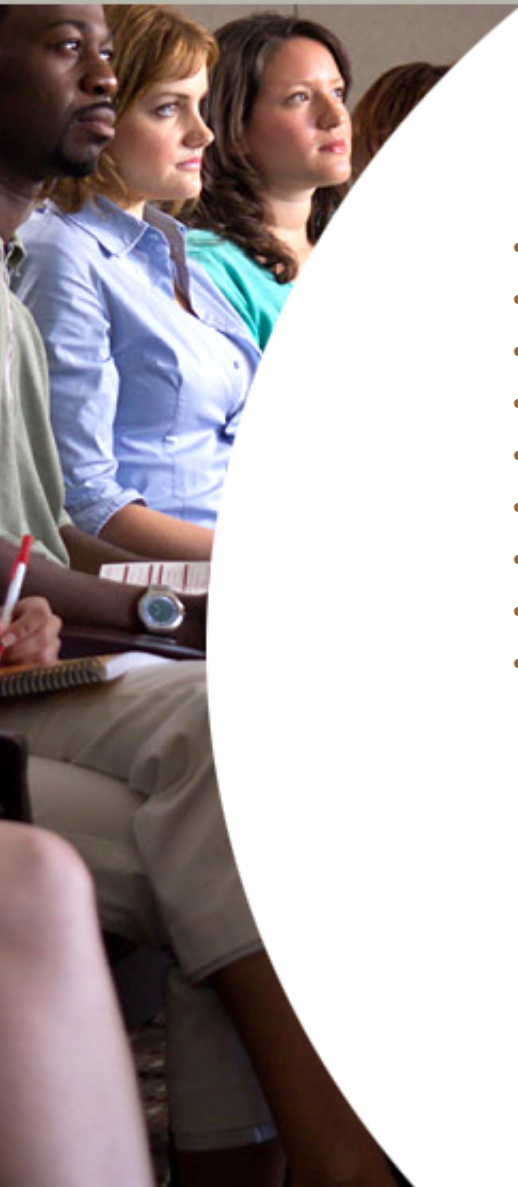
- Loan Type (Fixed vs ARM, term, amortization vs interest only, options, etc.)
- Credit Quality of Borrower (eg FICO)
- Loan to Value
- DTI (Debt to Income Ratio) for Residential Loans and DSCR (Debt Service Coverage Ratio) for Commercial Loans
- Documentation of Income
- Occupancy Status (primary vs secondary vs investor property)
- Mortgage Insurance
- Loan Purpose (purchase vs cash-out refinance)
- Property Type (Single Family vs Other for Residential Loans and Office vs Retail vs Multifamily vs Industrial vs Hotel vs Other for Commercial Loans)
- Quality of Originator and Servicer
- Prepayment and Interest Rate Profile/Market

Bond Investor Considerations



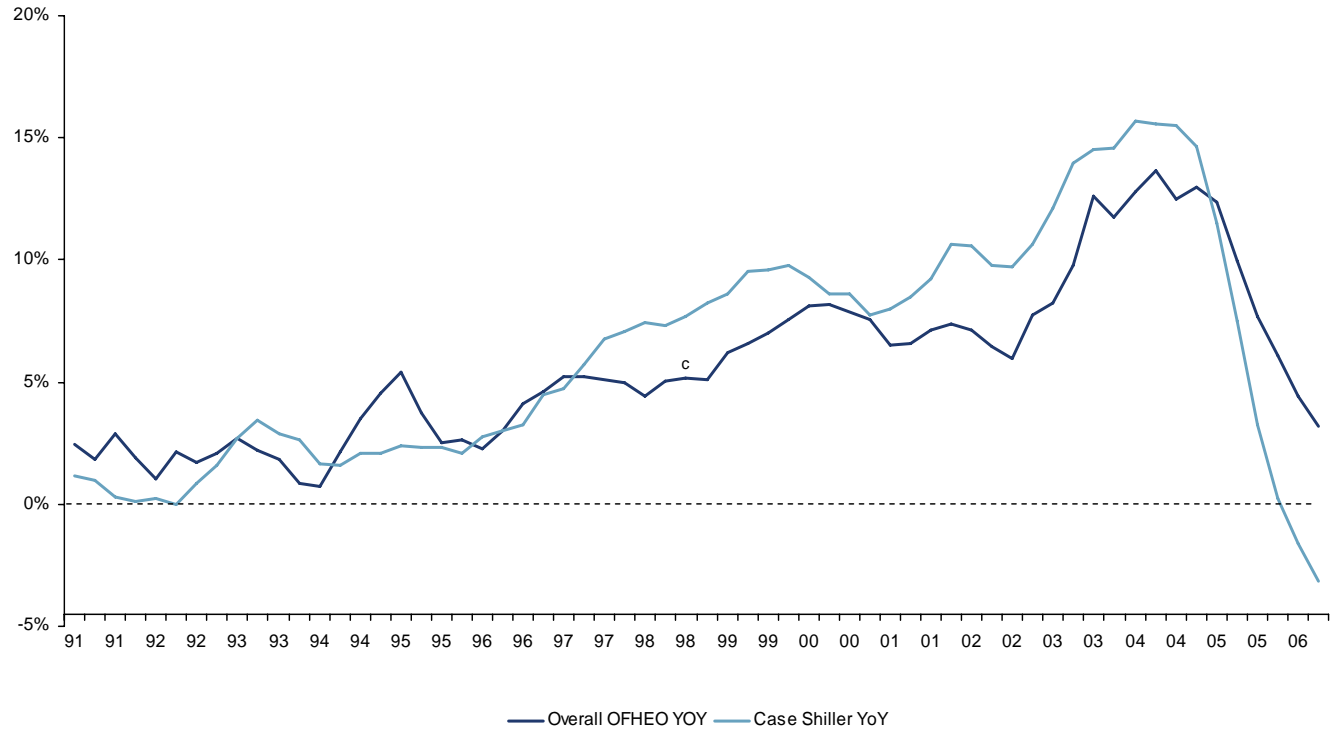
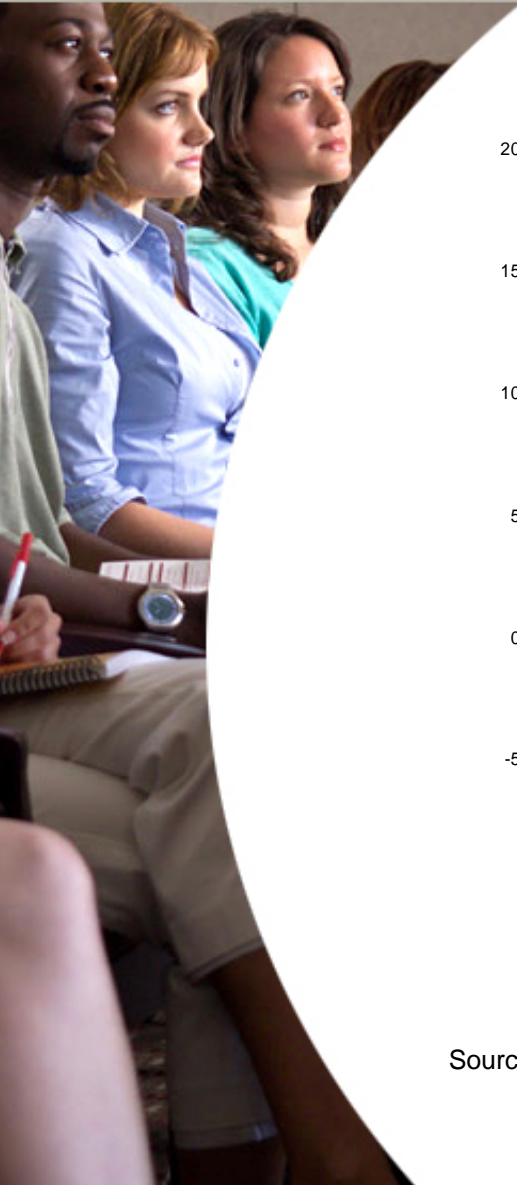
Rating Agencies (Ratings, Downgrades, Methodology)
Credit Quality and Qualification of Borrower
Originator / Issuer and Origination Channel
Loan to Value
Loan Type (including Rate Reset Risk for ARMs)
Documentation of Income (DTI / DSCR) and Assets
Loan Purpose
Occupancy Status
Prepayment and Interest Rate Profile
Servicer
Mortgage Insurance
Governmental, Regulatory, and Fiscal Policy and
 Actions
Housing, Mortgage, and Bond Market Conditions and
 Outlook

Outlook – What to Keep an Eye On



- Investor Appetite for ABS
- Rebound of Broader Capital Markets and Liquidity
- Strategies of New Entrants and Players Left Standing
- Growth in Governmental Agency Lending
- Government and Regulatory Policy and Actions
- Housing Market (HPA)
- Loan Delinquencies and Foreclosures
- Impact of Rate Resets
- Other Potential Growth Product Sectors (Reverse Mortgages, SBC, HELOC, International, Other)

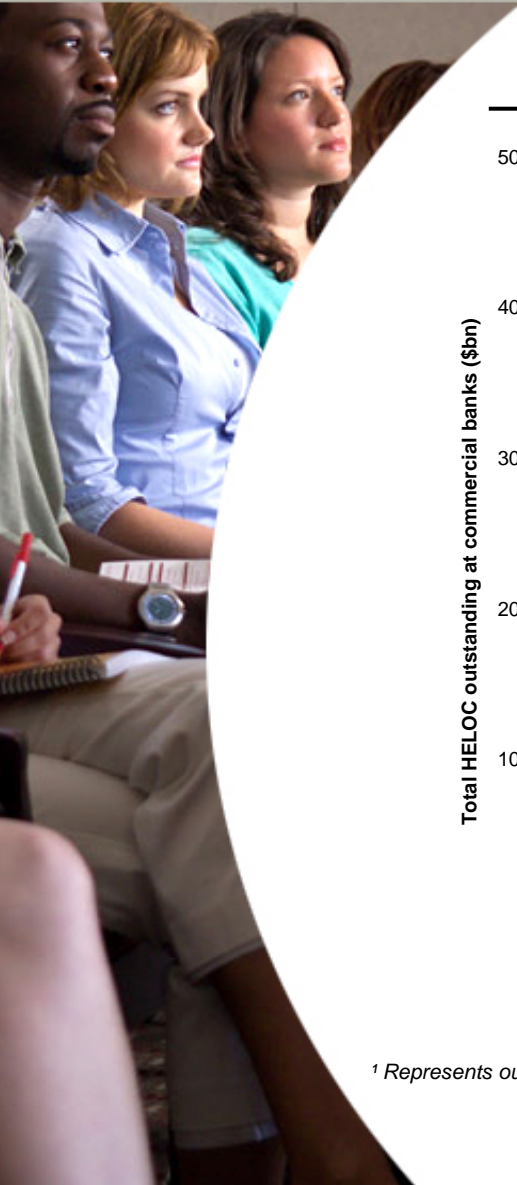
Home Price Appreciation



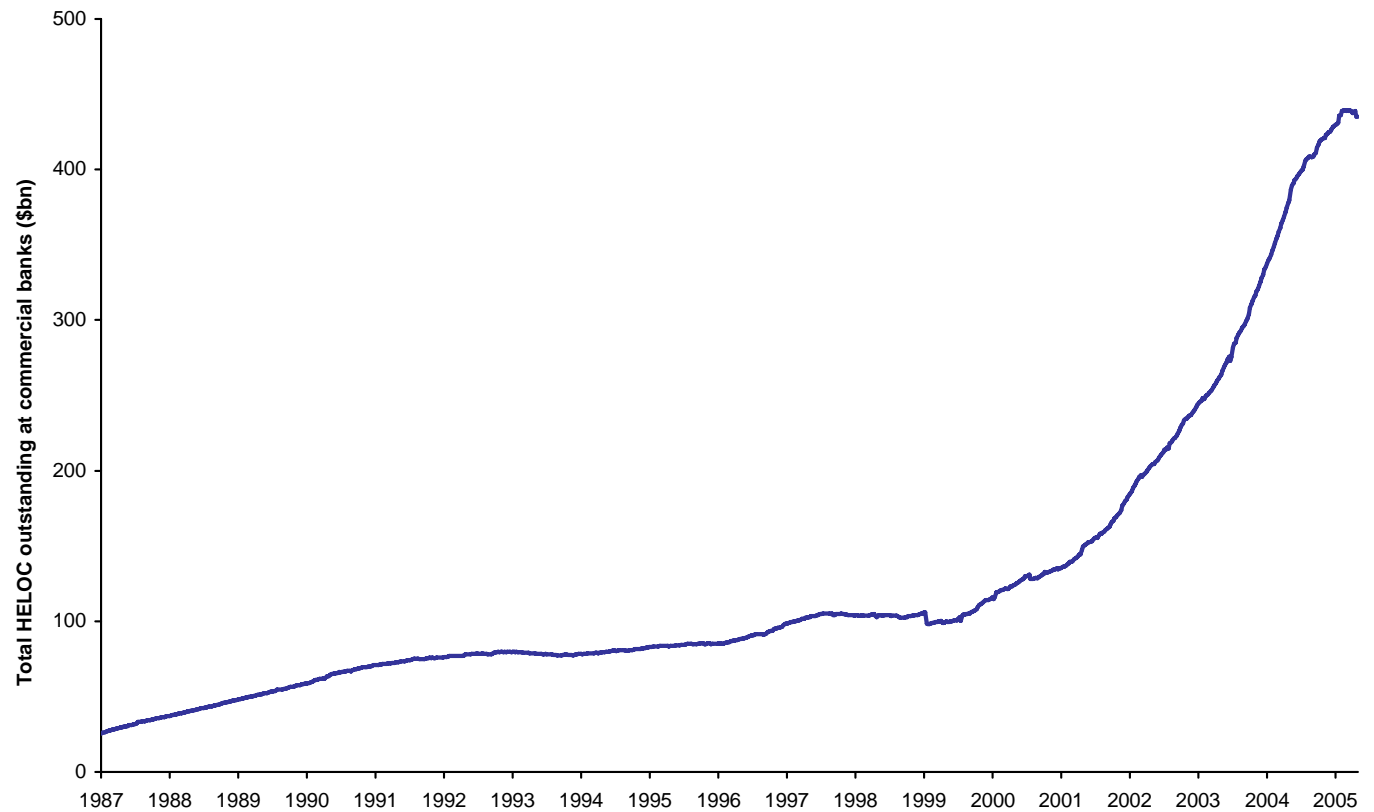
Source: Office of Housing Enterprise Oversight (OFHEO), Loan Performance

HELOC Market Overview

Origination Volumes

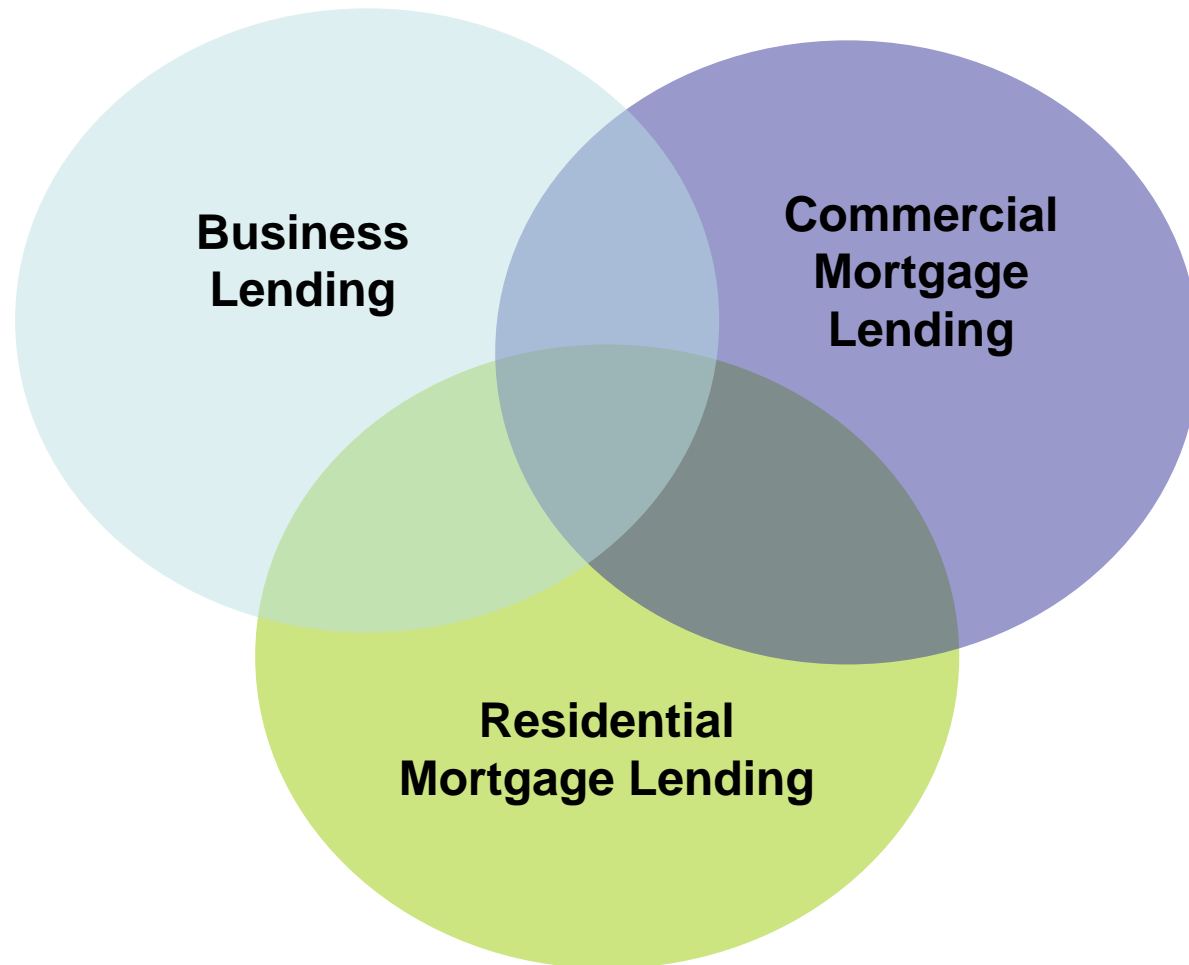


Outstanding Volumes (\$bn)¹

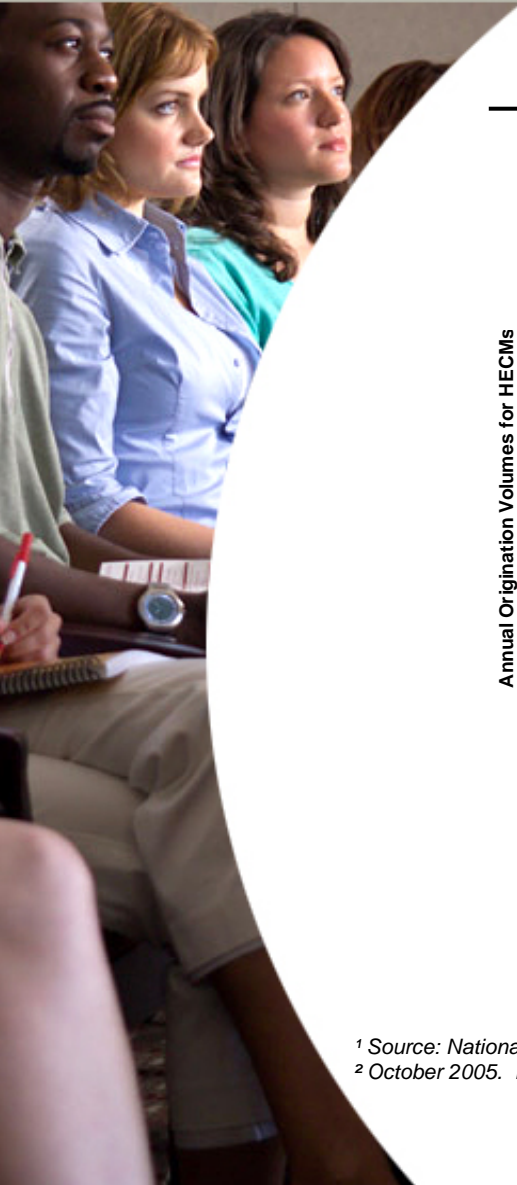


¹ Represents outstanding loans; excludes closed end second liens and thrift and non-bank originators..

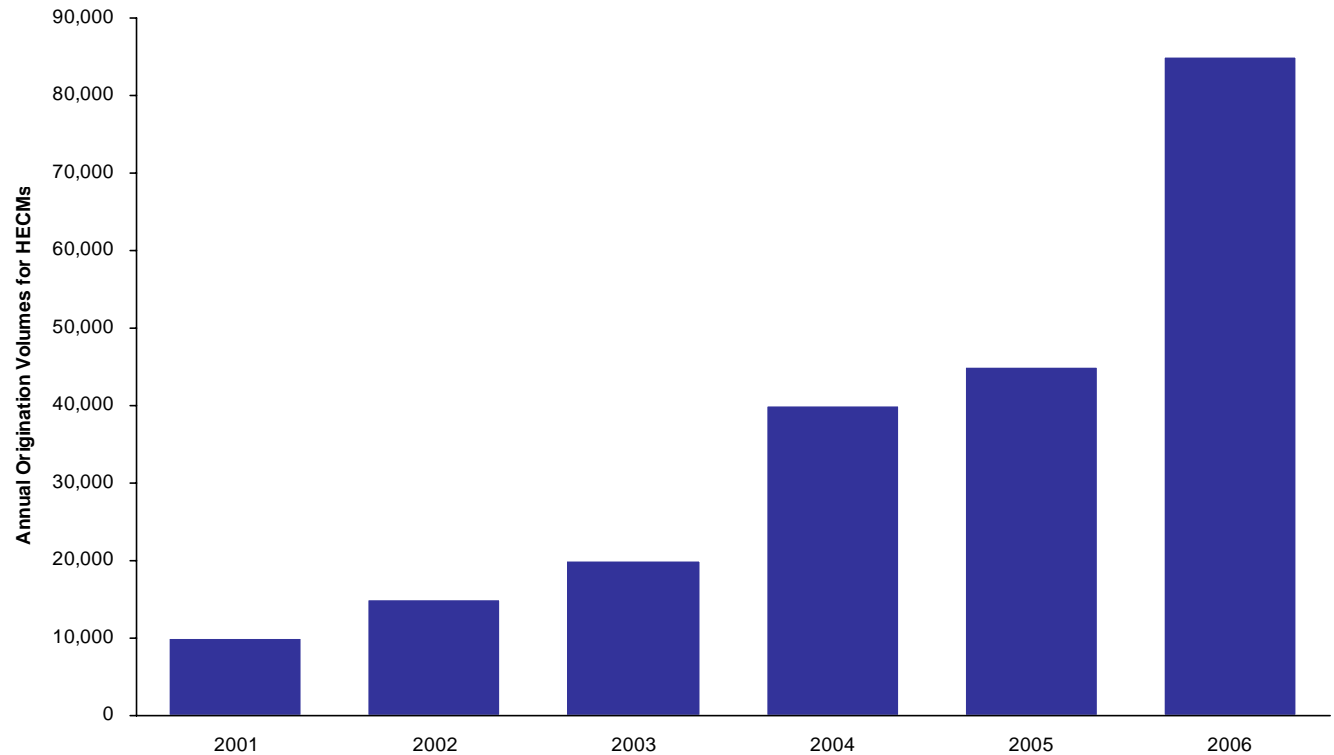
Small Balance Commercial – Overlapping Product Lines



Reverse Mortgages Origination Volumes



Outstanding Volumes (\$bn)^{1,2}



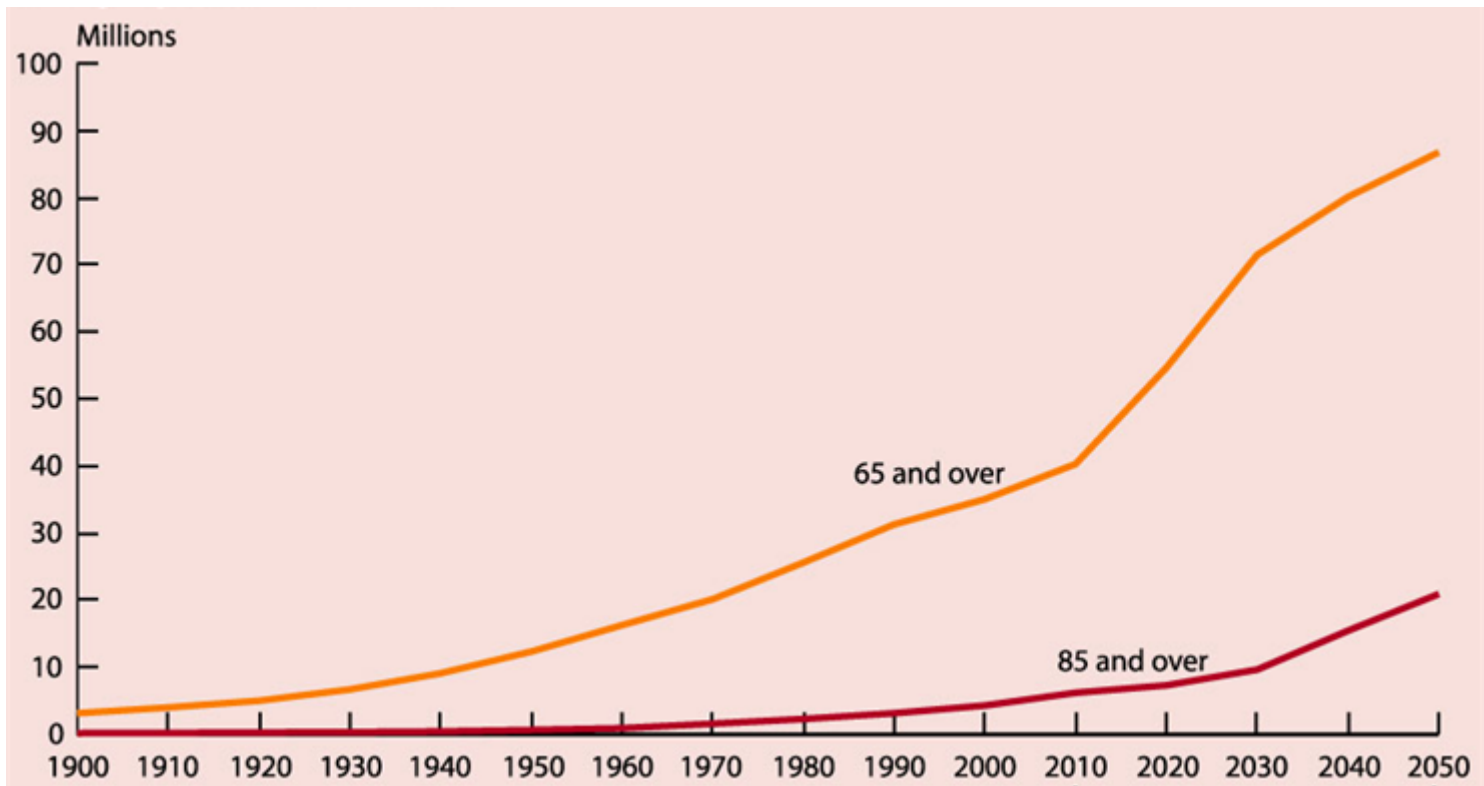
¹ Source: National Reverse Mortgage Lenders Association.

² October 2005. In number of loans originated.

Reverse Mortgages “Baby Boomer” Impact

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

The population of citizens 65 years and older is projected to double in 25 years^{1,2}



¹ Growth in aging population corresponds to growth in volume of Reverse Mortgages outstanding.

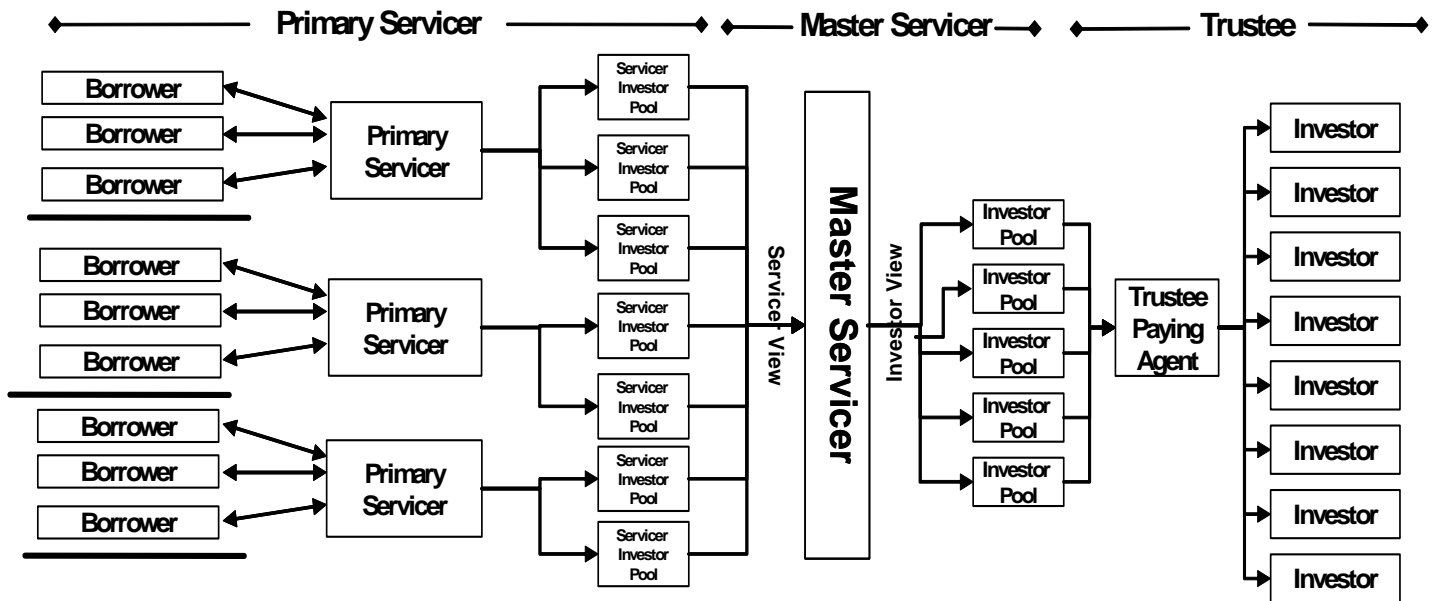
² Source: U.S. Census Bureau, Decennial Census and Projections.

Private Securitization-How it works

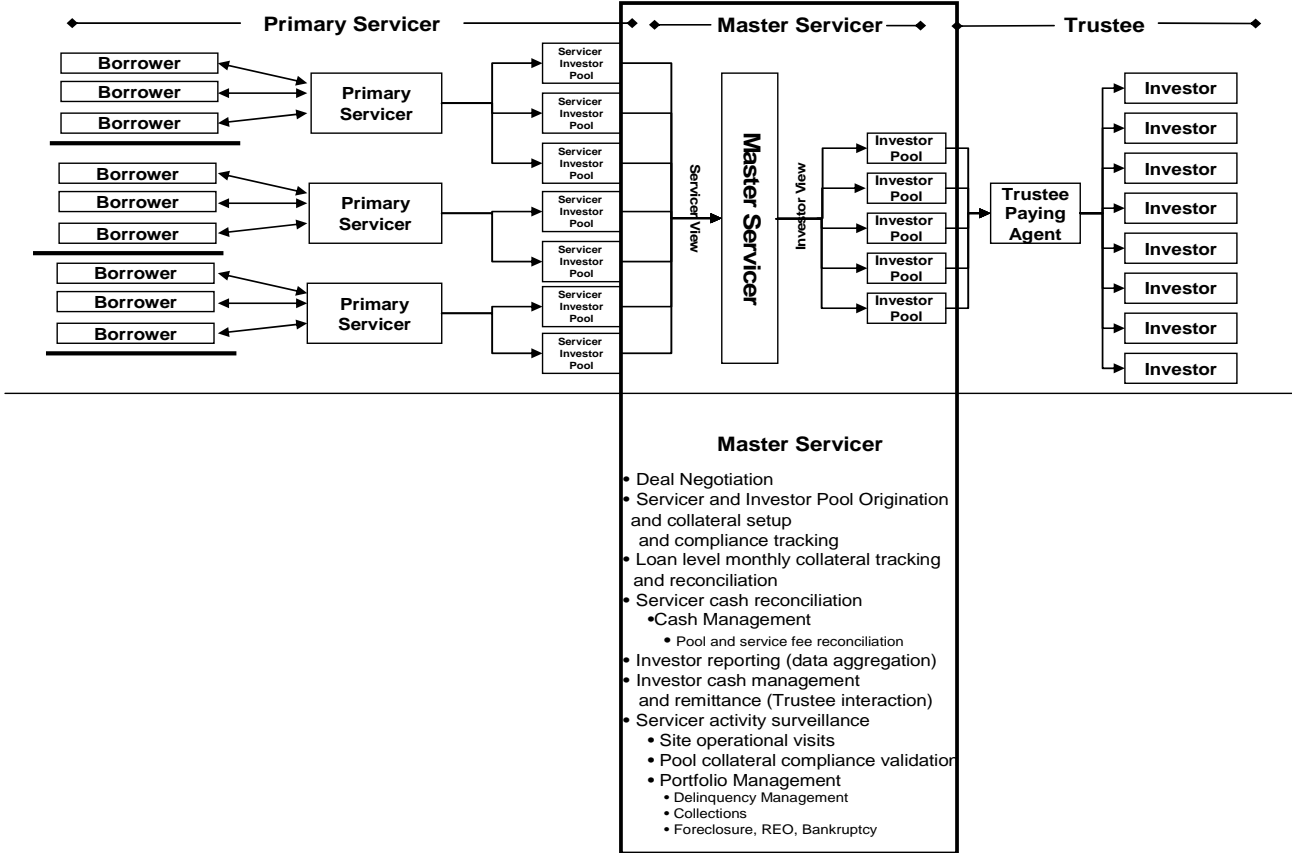
Master Servicer & Trustee Functions



Typical Securitization Flow



Master Servicer Portion

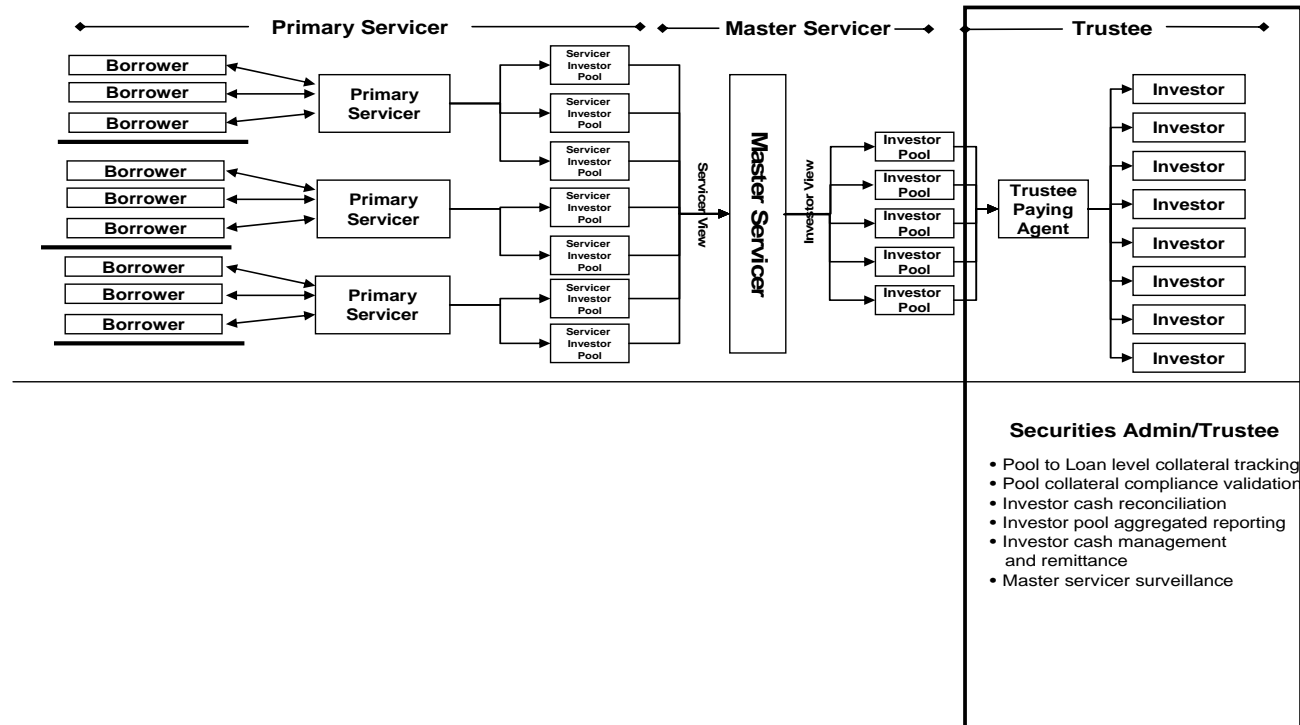


Master Servicer Functions

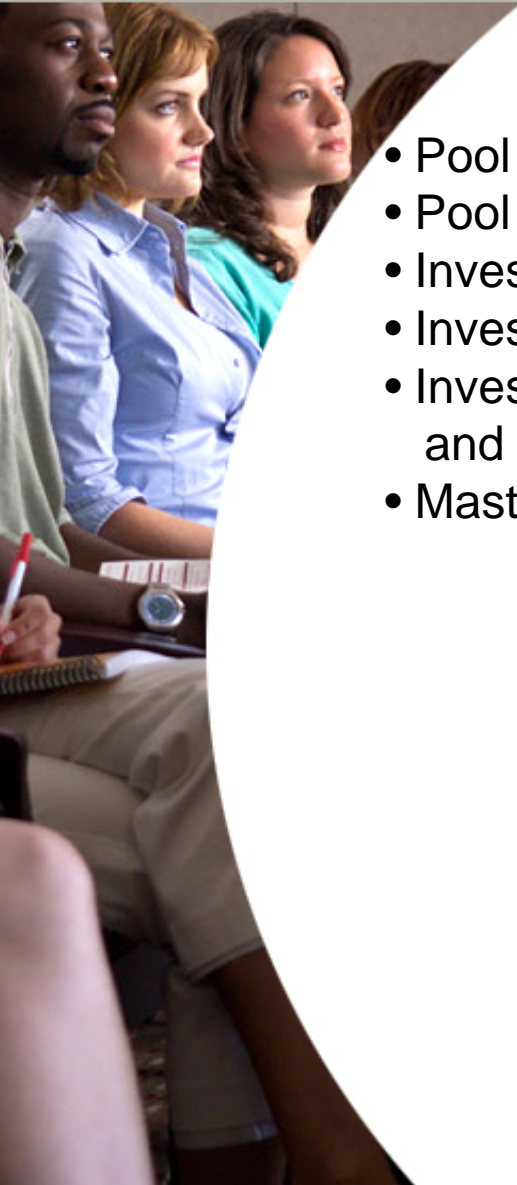


- Deal Negotiation
- Servicer and Investor Pool Origination and collateral setup and compliance tracking
- Loan level monthly collateral tracking and reconciliation
- Servicer cash reconciliation
 - Cash Management
 - Pool and service fee reconciliation
- Investor reporting (data aggregation)
- Investor cash management and remittance (Trustee interaction)
- Servicer activity surveillance
 - Site operational visits
 - Pool collateral compliance validation
- Portfolio Management
 - Delinquency Management
 - Collections
 - Foreclosure, REO, Bankruptcy

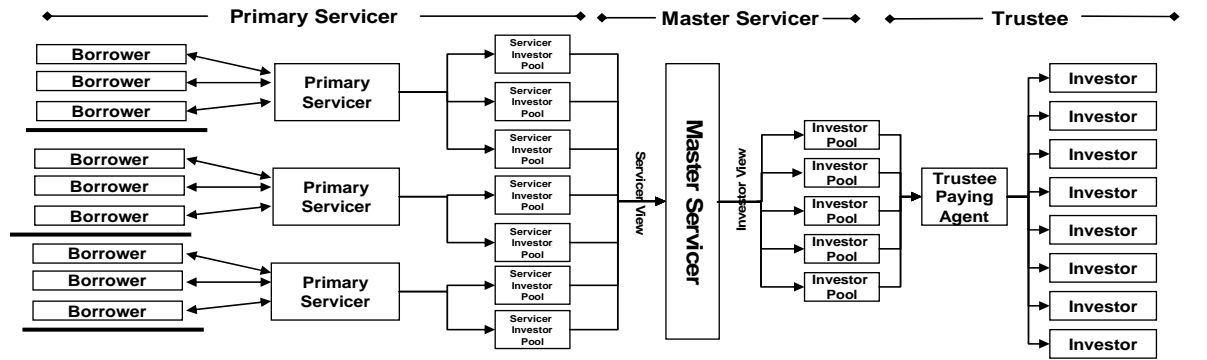
Securities Administrator/Trustee Portion



Securities Administrator/Trustee Functions

- 
- Pool to Loan level collateral tracking
 - Pool collateral compliance validation
 - Investor cash reconciliation
 - Investor pool aggregated reporting
 - Investor cash management and remittance
 - Master servicer surveillance

Securitization Flow




	Borrower	Primary Servicer	Master Servicer	Securities Admin/Trustee
Responsible Party	<ul style="list-style-type: none"> • Actual payment remittance • Property tax and hazard insurance payment. 	<ul style="list-style-type: none"> • Customer Support • Borrower Actual Cash • Loan level servicing, payment collections, tax/ins impounds management • Delinquency Management <ul style="list-style-type: none"> • Collections • Foreclosure, REO, Bankruptcy • Payoff liquidations and reconveyance • Investor Reporting • Investor cash management • Investor advances 	<ul style="list-style-type: none"> • Deal Negotiation • Servicer and Investor Pool Origination and collateral setup and compliance tracking • Loan level monthly collateral tracking and reconciliation • Servicer cash reconciliation <ul style="list-style-type: none"> • Cash Management <ul style="list-style-type: none"> • Pool and service fee reconciliation • Investor reporting (data aggregation) • Investor cash management and remittance (Trustee interaction) • Servicer activity surveillance <ul style="list-style-type: none"> • Site operational visits • Pool collateral compliance validation • Portfolio Management <ul style="list-style-type: none"> • Delinquency Management • Collections • Foreclosure, REO, Bankruptcy 	<ul style="list-style-type: none"> • Pool to Loan level collateral tracking. • Pool collateral compliance validation • Investor cash reconciliation • Investor pool aggregated reporting • Investor cash management and remittance • Master servicer surveillance
Activities				

Overview

Operational Considerations
Business Considerations
Regulatory/Compliance
Considerations




Operational Considerations




Loan Listing
Physical Files
Review Criteria
Production Deadlines
Staffing requirements

Business Considerations



Who's the client?
Who's paying the fees?

Regulatory/Compliance



Certifications –
Initial/Interim/Final
Regulation AB
Attestations