

*Protecting and Perfecting
Warehouse Lender Interests*

Stanley M. Street

President

Street Resource Group, Inc.



Legal Claims of Priority

Revenue Model Adaptation

Participation in Defining the Process

- Industry Segment Chaos
- Value Proposition
- Issues, Real or Perceived
- Motivation and Approach
- Planning Integration and Deployment

- Drop in Secondary Marketing Profits
- Declining Liquidity
- Increased Investor Risk
 - Repurchase Enforcement
 - No Notice Changing Guidelines
- Regulatory Involvement
- Reliable Collateral Valuation

- Shrinking of Market 2006-2007
 - 40% Decline in Commitments
 - 44% Decline in Outstandings
- Redistribution of Customers
 - Change in Active Borrower Counts Per Warehouse
- Severe Adjustments in the Current Warehouse Business Model
 - Guidelines and Conditions
 - Compensation and Pricing
- Exits of Funds Providers
 - Every Month Another Surprise
 - Conduits Retreating en masse
- Massive Increases in Aged Warehouse Loans and Write-Offs

Expedited Funding and Purchase

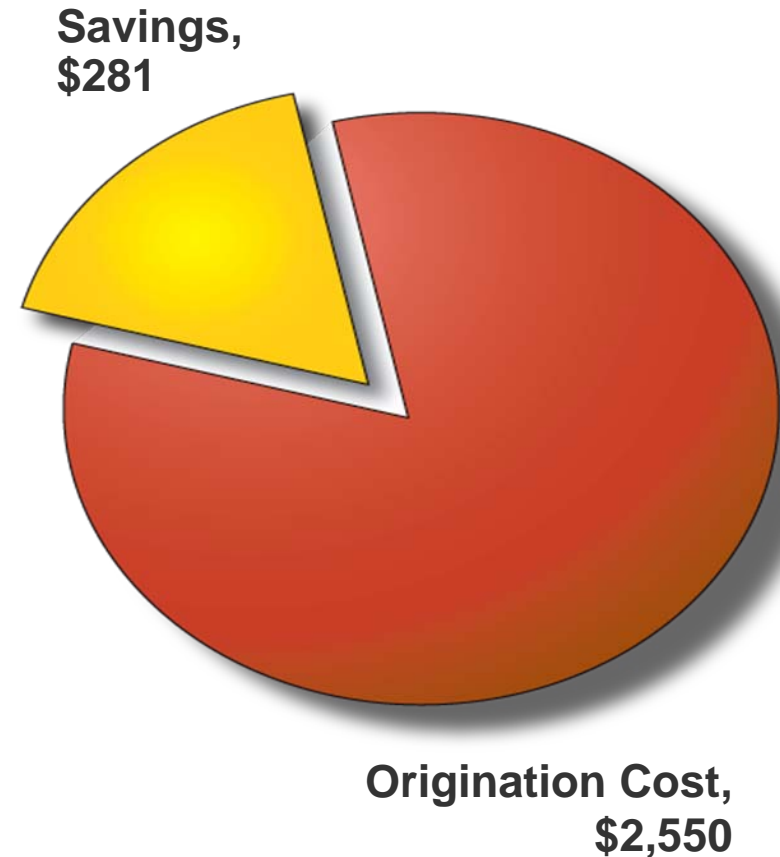
- Lowers Total Outstanding Borrowed Funds
- Lowers Net Worth Requirements

Automated Post Closing Processes

- MERS Registration
- Data and Document Analysis
- Investor Stacking / Delivery

Save Hundreds of Dollars Per Loan

- Reduces interest cost of funds
- Improves Efficiency



Improves Business Processes

Replaces Paper Security Interest with Electronic Control
Faster, More Efficient and Accurate

Collateral Review, Tracking and Shipment
Purchase, Payoff and Residual Remittance

Lowers Overall Risk

Eliminates Physical Destruction Risk and Lost Notes
Automates Loan Validation and Verification
Collateral Exposure

Creates Market Opportunity

Competitive Positioning
Market Share Redistribution
Business Model Determination

Elimination of the Need for Interim Funding

Undefined Business Processes

Transfer of Control vs Transfer of Funds

Closing Protection and Instruction

Corrections of eNotes

Transparency

Class Action Targets

Legal Footing

Claims of Offsets

Dispute Resolution

Choice

- Originators of their Warehouse
- Warehouses of their Originators

Control

- Chart the Course
- Clear the Path
- Pave the Way

Opportunity

- Define the Warehouse Banking Role
- Drive the Business Model
- Grow Significant and Profitable Market Share

Leverage Lending Efficiencies Through Available Technology

Accommodate Fundamental Changes in Business Process

Acknowledge and Adapt to a Different Pricing Model

Adjust Transaction Fees and Interest Rates

Transition to Risk Based Pricing

Create Entirely New Liquidity Dynamics

- Technology Adoption
 - eMortgage Evolution
 - Risk Mitigation Services
- Process Re-Engineering
 - Increase Efficiencies
 - Integrate Business Intelligence
 - Automate Verification and Validation
- Staffing Transformation
 - Educate and Train
 - Migrate Processors to Analysts
- Business Model Recreation
 - Revised Revenue Structure
 - Business Combinations and Product Solutions

- Structured Lines of Credit
- Purchase and Sale Agreements
- Conduits
- Gestation Line Repos

- Master Repurchase or Warehouse Line Agreements
- Closing Instructions
- Master Bailment Agreements
- Investor Dual and Tri-Party Agreements
- Inter-Creditor Agreements
- Fulfillment Company Service Agreements

- Scheduling of Time
- Budgeting and Finance
- Project Scope
- Resource Allocation

- Decide to Act Now
- Make eMortgages a Priority
- Understand the Technology
- Create a Plan of Attack
- Create a Viable Business Model
- Participate in Industry Discussions
- Integrate and Deploy eWarehouse Capability
- Meet and Make the Market

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Stanley M. Street

ssstreet@streetresource.com

Street Resource Group, Inc.

Expertise for Mortgage Warehouse Providers