



**MBA's Accounting, Tax and Financial Analysis
Conference 2008
Mortgage Servicing Rights (MSR's) Discussion**

What Are Mortgage Servicing Rights (MSR's)?

- Mortgage Servicing Rights represent the net present value of the revenue and expense streams associated with administering mortgage loans
- Mortgage Servicers are responsible for
 - Collecting P&I and T&I payments from borrowers and remitting to investors, insurances companies, and taxing authorities as required
 - Advancing funds when required
 - Handling customer and investor questions and requests
 - Initiating Foreclosure and REO procedures on delinquent accounts
 - Recording satisfaction of mortgage at payoff
- Mortgage Servicing Trends
 - Portfolio performance across all sectors has deteriorated
 - Servicing costs and Servicer advances are on the rise
 - Some market consolidation as players have exited the market

MSR Market Convention

Servicing Prices are generally quoted as a multiple of the servicing fee

Price in Bps	Servicing Fee	Multiple
100.00 bps	25 bps	4.00x
160.00 bps	40 bps	4.00x
125.00 bps	25 bps	5.00x

Minimum Safe Harbor Servicing Fee

Conventional Servicing Fixed	25 bps
Conventional Servicing ARM	37.5 bps
GNMA I Servicing	44 bps
GNMA II Servicing	19 bps
Subprime Servicing	50 bps

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How do we value MSR's?



- Major drivers when valuing Mortgage Servicing Rights (MSR's)
 - Prepayment Projections – *how long will the cash streams last?*
 - Bloomberg / Bond Market Association Market Consensus
 - Third Party Prepayment Vendors
 - Andrew Davidson
 - Applied Financial Technology/AFT
 - Internal and Proprietary Prepayment Models
 - Adjustments for regionality and other relevant factors
 - Discount Rates – *what is the required return given the risk?*
 - Earnings Rates – *what can be earned on cash deposits?*
 - Servicing Costs – *what will it cost to service different types of loans?*

Sample Discount Rate Ranges for Specific MSR Product

■ Base Discount Rates

FNMA/FHLMC Fixed Rate	9.00% to 10.00%
FNMA/FHLMC ARMS/Balloons	12.00% to 14.00%
GNMA Fixed Rate	10.50% to 11.50%
GNMA ARMS	12.00% to 14.00%
Private Investor Jumbo	13.00% to 14.00%
Private Investor Jumbo ARMS	14.00% to 16.00%
Private Investor	14.00% to 15.00%
Private Investor ARMS	15.00% to 17.00%

- Adjust higher/lower based on Market conditions, collateral attributes, size of portfolio etc.

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Sample Discount Rate Ranges for Specific MSR Product

■ Base Servicing Costs

- Market convention is Marginal costs rather than fully loaded

FNMA/FHLMC Fixed Rate	\$35.00 to \$50.00
FNMA/FHLMC ARMS/Balloons	\$45.00 to \$55.00
GNMA Fixed Rate	\$50.00 to \$60.00
GNMA ARMS	\$60.00 to \$70.00
Private Investor Jumbo	\$40.00 to \$55.00
Private Investor Jumbo ARMS	\$45.00 to \$60.00
Private Investor	\$50.00 to \$65.00
Private Investor ARMS	\$60.00 to \$75.00

- Adjust higher/lower based on Market conditions, collateral attributes, size of portfolio etc.

Sample Earnings Rate Ranges for Specific MSR Product

■ Base Earnings Rates to Apply

- Market convention is Libor and Swap curve
 - One Month Libor through Five Year Swap Rate
 - Some will price flat to this or a spread to index
- Some use Fed Funds
- Some use Internal Earnings Rates
- Adjust higher/lower based on Market conditions, collateral attributes, size of portfolio etc.

National (GSA) MSR Scenario Analysis

GSA Benchmark Comps.

Loan Count	34,448,000
UPB (Billions)	5,754.80
Average Balance	\$167,059
Note Rate	6.11%
Service Fee	0.318
WALA	30
Del30/60/90	1.75
Esc %	0.71

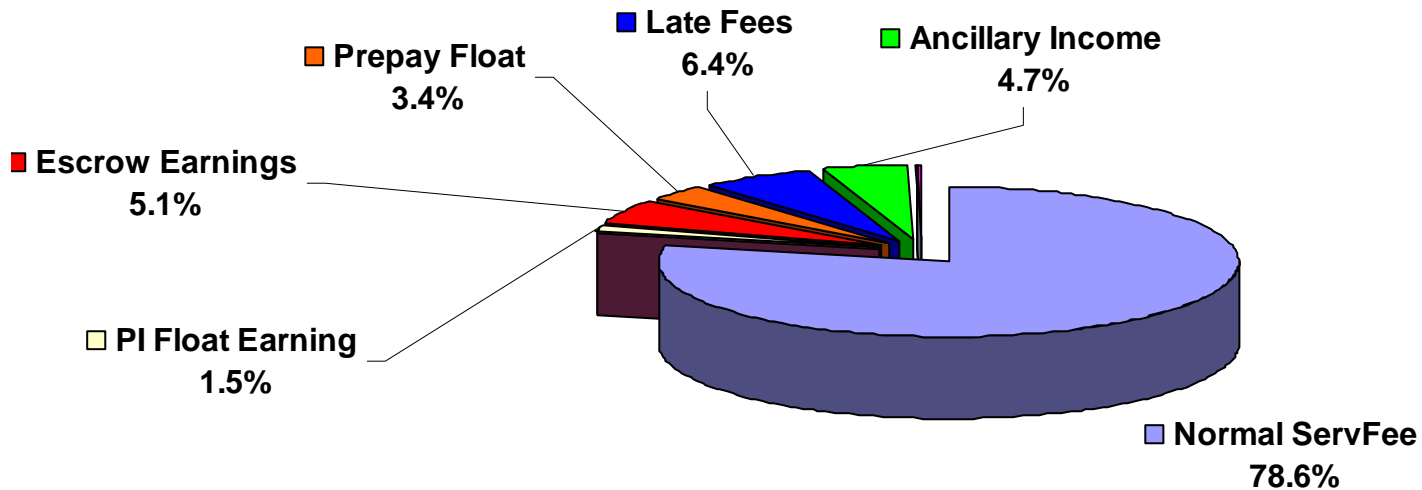
Sample		Disc Rate	Costs	Earnings Rate	Prepay Speeds
Scenario Sensitivity	Base Value	Up 10%	Up \$10	Down 50bps	Up 10%
	119.07 bps	<4.43 bps>	<2.61bps>	<4.33bps>	<5.58bps>

- National GSA Portfolio Principal Balance is \$ 5.7 Trillion

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Sample Cash Flow Revenue Side

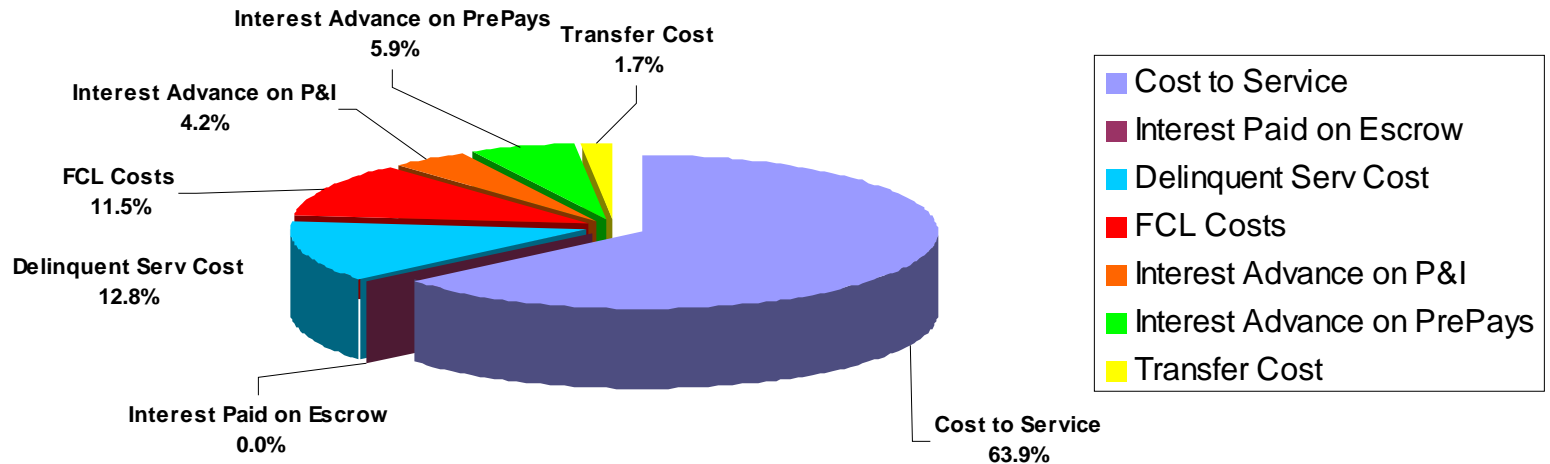


We compare Cash flows to get grounded on the analysis.
Often will do scenario versus base or period versus period.

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Sample Cash Flow Expense Side



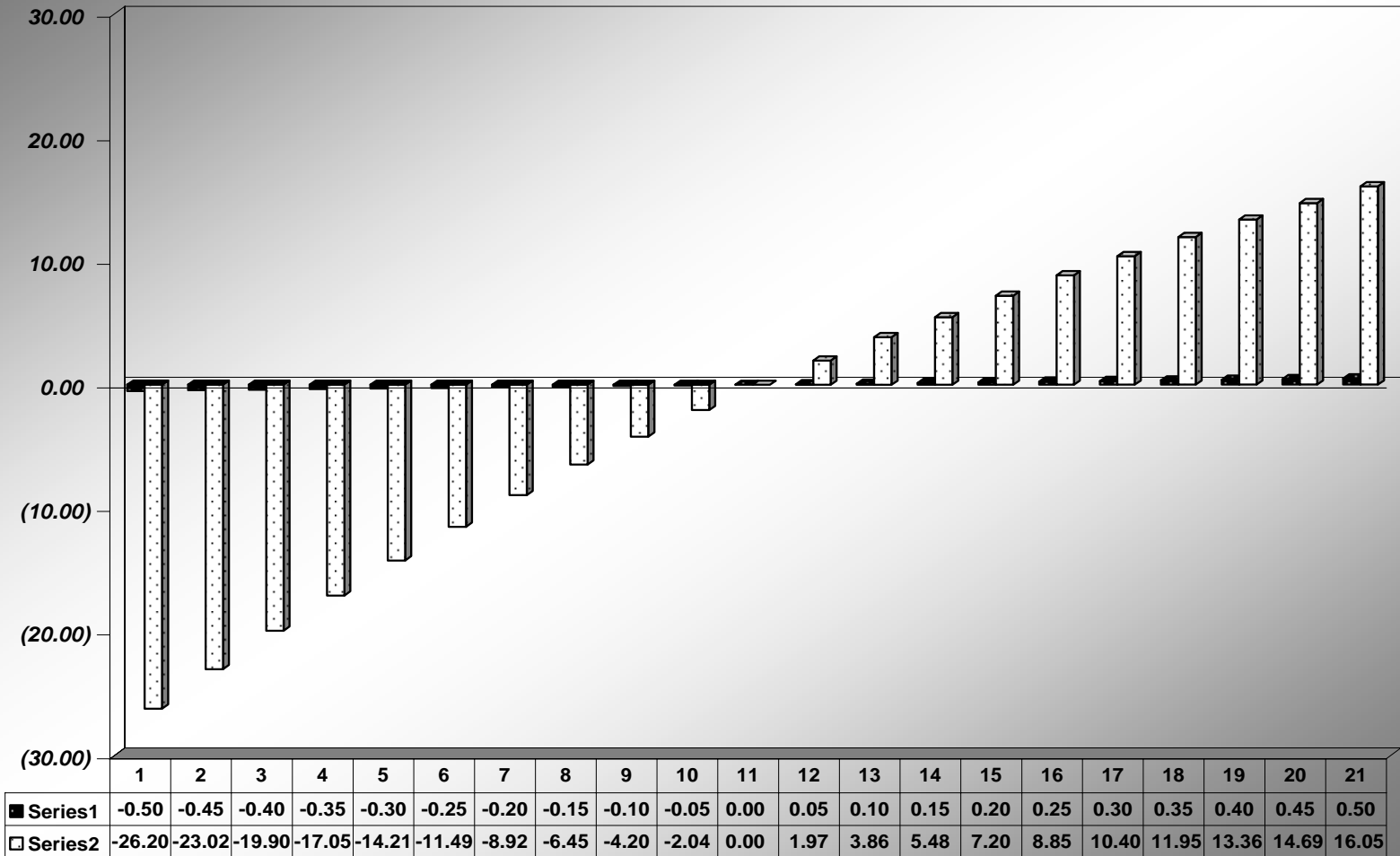
We compare Cash flows to get grounded on the analysis.
Often will do scenario versus base or period versus period.

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Rate Shock MSR Scenario Analysis

Rate Shock Sensitivity



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MSR's in Application



MIAC...

- **Runs Scenarios and Review Portfolio Characteristics**
- **Reviews Investor Remittance Type, Product Type, Loan Type, Term, Collateral attributes**
- **Compares versus MSR Transactions, Reverse engineer as needed.**
- **Compares versus Peer Group Portfolios**
- **Compares versus Benchmark GSA Portfolio**
- **Compares Prepayments Projections, Market Rates, Earnings Rates**
- **Reviews and utilizes Regional Prepayment Information where needed.**

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MSR's in Application



- Utilizes Industry surveys, roundtables.
- Continues active dialogue with Buyers/Sellers/Clients/Wall Street/Hedge Funds/Money Managers/Strategists.
- Performs portfolio valuations in the trillions (UPB\$).
- Reviews for unique Relative Value in the Portfolio
 - Late Fee/ Ancillary Income
 - Prepayment Protection
 - Tax Exemption
 - Prepayment Arbitrage
 - Market Spreads on Collateral
 - Delinquency
 - Portfolio Performance Statistics
 - Risk Weighting (credit scores, LTV, documentation type, risk classification)

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MSR's in Application

Sample Benchmarks that we Utilize for our MSR Analysis

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<HELP> for explanation, <MENU> for similar functions.

Mtge BTMM

Change Country		US TREASURY & MONEY MARKETS										16/23/42	
16:08 FED FUND		US T-BILL YIELD/PRICE					EURO\$DEP		REVERSE		REP		
BID/ASK	1.4 1.4	4W	0.09	-0.02	0.10	0.09	3M	2.5000	3.0000	O/N	0.30	0.10	
LST/OPEN	1.4 1.4	3M	0.28	-0.02	0.29	0.28	6M	2.7500	3.7500	1W	0.70	0.45	
HIGH/LOW	1.4 1.4	6M	0.81	-0.01	0.81	0.80	1Y	2.7500	3.7500	2W	0.70	0.45	
DJIA	8943.81 248.02	S&P 500 FUT	936.00	31.50	CCMP	1647.40	38.70	1M	0.75	0.50			
US BONDS YLD/BID/ASK/CHG					DEALER C		30D EUR\$ FU		FUNDS FU		LIBOR FIX		
1	10/31/10	1.323	100-10+	100-11	-02+	15D	0.750	DEC	97.97	NOV	99.57	1W	0.86250
2	10/31/13	2.555	100-28+	100-29	-14+	30D	1.510	MAR	98.07	DEC	99.53	1M	1.62250
4	08/15/18	3.776	101-25	101-26	-23	60D	2.190	JUN	97.98	JAN	99.41	2M	2.15875
4	05/15/38	4.257	104-01	104-02	-100+	90D	2.510	SEP	97.81	FEB	99.35	3M	2.29000
SPOT FOREX		CRB		256.84 -0.26		120D 2.670		DEC 97.56		MAR 99.28		5M 2.51750	
JPY	98.3350					180D 2.740		MAR 97.40		APR 99.22		6M 2.63875	
EUR	1.2736											1Y 2.80000	
GBP	1.5672												
CHF	1.1792												
MXN	12.8151												
CAD	1.1895												
30Y MBS					10yr Note Fut			SWAP RATE		Key Rates			
GNMA 5.5 100-02 100-03 -18					CBT 115-00 -14+			3Y 2.893		Prime 4.00			
GOLD 5.5 99-27 99-28 -12					CRUDE OIL			5Y 3.588		BLR 2.75			
FNMA 5.5 99-27 99-28 -17					NYM WTI 60.85 0.08			10Y 4.195		FDTR 1.00			
									Discoun 1.25				
Date Time					Event		Survey	Actual	Prior	Revised			
11/7 8:30	US	1)			Change in Nonfarm Payrolls	OCT	-200K	-240K	-159K	-284K			
11/7 8:30	US	2)			Unemployment Rate	OCT	6.3%	6.5%	6.1%	--			
11/7 8:30	US	3)			Change in Manufact. Payrolls	OCT	-65K	-90K	-51K	-56K			
11/7 8:30	US	4)			Average Hourly Earnings MoM	OCT	0.2%	0.2%	0.2%	--			
Australia 61 2 9277 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000													
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P. H208-510-0 07-Nov-2008 16:23:42													

<HELP> for explanation, <MENU> for similar functions.

Mtge OPX

11/07 16:23

TBA ANALYSIS: FNCL

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FNCL 30-year

For Month: DEC

<BACKPAGE> for NOV 1 - NOV
<2160> 3 - JAN
4 - FEB

BGN	ASK	Cpn	Chg	B.Median	-BHK-	-Sprd-	BPM	Jan	Nov	Dec
Cpn	16:22	16:22		Yld Prepay WAM	WAL	Sprd-Chg WAL	OAS	Roll%	Dec	Jan
1)	4 1/2	94-03	-10	5.37 116P 351	9.9	169/10 +5	151	3.76	7	3
2)	5	97-13	-19	5.41 144P 356	9.1	173/10+11	133	3.99	5	3
3)	5 1/2	99-22	-17	5.55 191P 356	7.7	187/10+10	133	3.30	6	6
4)	6	101-04	-09	5.75 240P 353	6.4	329/5 +5	147	3.67	7	6
5)	6 1/2	102-04	-07	5.85 358P 348	4.4	339/5 +6	169	3.95	7	6
6)	7	103-20	+05	5.60 494P 348	3.2	431/2 -7	167	1.82	15	13
7)	7 1/2	104-03	+00	6.19 336P 282	4.1	373/5 +0	260	3.51	8	8
8)	8	105-01	-01	6.36 340P 263	4.0	390/5 +0	288	3.72	8	8

OAS ASSUMPTIONS

PREPAY SCALE VOLAT N.REV CURVE=0MT

BPM 100% 36.2% 3% Const. Mtg Tay Curve 3-MO 6-MO 1-YR -2- -3- -4- -5- -7- -10- -30- -30-

0.28 0.82 1.30 1.33 1.74 2.16 2.57 3.08 3.84 4.06 4.27

Australia 61 2 9277 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000

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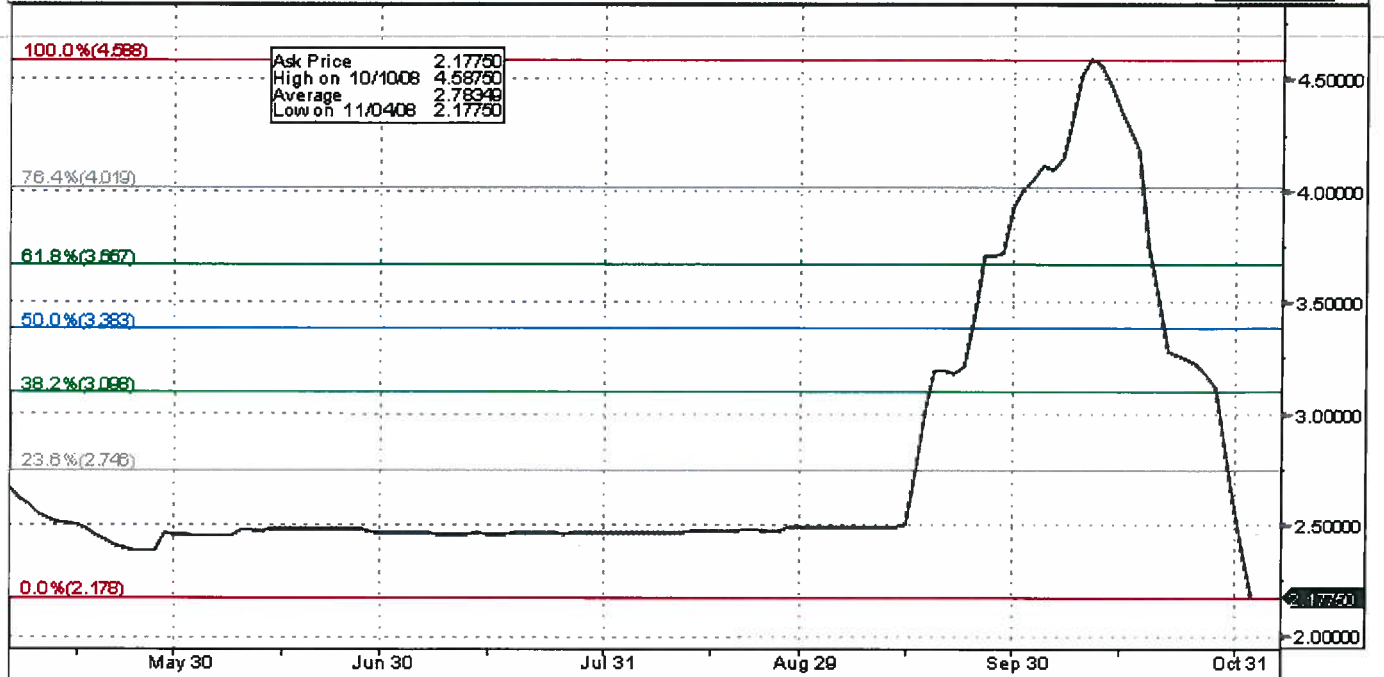
US0001M ↓ **2.17750** - **.18000**

Index **GPF**

At 06:37 Op 2.17750 Hi 2.17750 Lo 2.17750

US0001M INDEX GPF - Fibonacci Page 1/10

Range - Upper Mov. Avgs
 Period Lower Mov. Avg Events



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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 H208-510-0 04-Nov-2008 16:06:56

USSWAP5 ↓ **3.5782** - **.2368** TIRS 3.5720/3.57 Curncy **BOLL**

At 16:07 Op 3.8095 Hi 3.8350 Lo 3.5707 Prev 3.8150

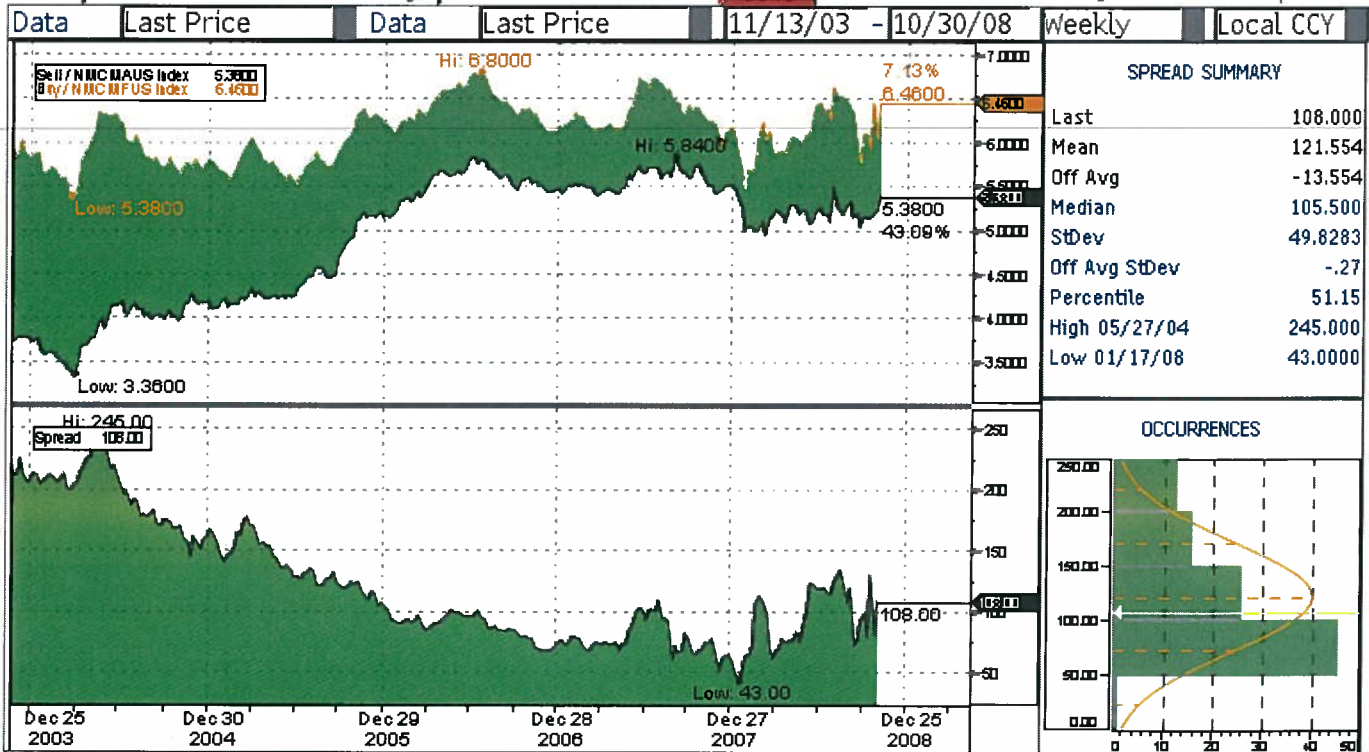
USSWAP5 CMPN CURNCY BOLL - Bollinger Bands Page 1/11

Range - Upper Mov. Avgs Currency
 Period Lower Mov. Avg Source Events
 Boll Upper Band Lower Band Bandwidth % B Shading



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 H208-510-0 04-Nov-2008 16:07:12

<HELP> for explanation, <MENU> for similar functions. Index **HS**
 1<GO> to view spread graph, 11<GO> to save as Index, 99<GO> to edit properties
 Sell **NMCAUS Index** Buy **NMCMFUS Index** Edit



51) Spread 52) Ratio 53) Correlation 54) Regression
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
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<HELP> for explanation. Index **HS**
 <MENU> to return to graph or <PAGE> to continue
 Sell **NMCAUS Index** Buy **NMCMFUS Index** Edit

THIS PAGE: 10/30/08 - 08/07/08

DATE	SELL	BUY	SPREAD
10/30/08	5.3800	6.4600	108.0000
10/23/08	5.2300	6.0400	81.0000
10/16/08	5.1600	6.4600	130.0000
10/09/08	5.1500	5.9400	79.0000
10/02/08	5.1200	6.1000	98.0000
09/25/08	5.1600	6.0900	93.0000
09/18/08	5.0300	5.7800	75.0000
09/11/08	5.2100	5.9300	72.0000
09/04/08	5.1500	6.3500	120.0000
08/28/08	5.3300	6.4000	107.0000
08/21/08	5.2900	6.4700	118.0000
08/14/08	5.1800	6.5200	134.0000
08/07/08	5.2200	6.5200	130.0000

USSV0110 30.9000 +1.4500 TKF ---/30.9000 TKF Currency **GP**
 At 15:58 Op 29.45 Hi 30.900 Lo 29.25 Close 29.4500

USSV0110 TKF CURRENCY Hide GP - Line Chart Page 1/5
 Range 05/05/08 - 11/04/08 Upper Market Price Mov. Avgs Currency USD
 Period Daily Lower None Mov. Avg 15 Source TKF Events



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 H208-510-0 04-Nov-2008 16:07:54

MTGEFNCL ↑5.536 - .438 5.536/--- 3046270x Index **GIP**
 At 16:08 Op 5.958 Hi 5.974 Lo 5.532
20-DAY CHART Mtge Current Cpn FNMA 30 Yr 18:00-17:20 16:08
 Hi 5.974 Lo 5.532 Op 5.958 #Ticks 978 16:08 ↑ **5.536** - .438



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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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<HELP> for explanation, <MENU> for similar functions.

Index **HP**

CLOSE/MID/YIELD

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HMCMFUS MTGE RATES 30Yr Us

6.46 %

HI 6.63 ON 7/24/08

Range 11/ 8/07 to 10/30/08 Period **W** Weekly

AVE 6.11

LOW 5.48 ON 1/24/08

DATE	YIELD	DATE	YIELD	DATE	YIELD
OCT10/30	6.46	JUL 7/31	6.52	APR 4/24	6.03
10/23	6.04	7/24 H	6.63	4/17	5.88
10/16	6.46	7/17	6.26	4/10	5.88
10/ 9	5.94	7/10	6.37	4/ 3	5.88
10/ 2	6.10	7/ 3	6.35		
SEP 9/25	6.09	JUN 6/26	6.45	MAR 3/27	5.85
9/18	5.78	6/19	6.42	3/20	5.87
9/11	5.93	6/12	6.32	3/13	6.13
9/ 4	6.35	6/ 5	6.09	3/ 6	6.03
AUG 8/28	6.40	MAY 5/29	6.08	FEB 2/28	6.24
8/21	6.47	5/22	5.98	2/21	6.04
8/14	6.52	5/15	6.01	2/14	5.72
8/ 7	6.52	5/ 8	6.05	2/ 7	5.67
		5/ 1	6.06		

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<HELP> for explanation, <MENU> for similar functions.

Index **HP**

CLOSE/MID/YIELD

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HMCH15US MTGE RATES 15Yr Us

6.19 %

HI 6.19 ON 10/30/08

Range 11/ 8/07 to 10/30/08 Period **W** Weekly

AVE 5.69

LOW 4.95 ON 1/24/08

DATE	YIELD	DATE	YIELD	DATE	YIELD
OCT10/30 H	6.19	JUL 7/31	6.07	APR 4/24	5.62
10/23	5.72	7/24	6.18	4/17	5.40
10/16	6.14	7/17	5.78	4/10	5.42
10/ 9	5.63	7/10	5.91	4/ 3	5.42
10/ 2	5.78	7/ 3	5.92		
SEP 9/25	5.77	JUN 6/26	6.04	MAR 3/27	5.34
9/18	5.35	6/19	6.02	3/20	5.27
9/11	5.54	6/12	5.93	3/13	5.60
9/ 4	5.90	6/ 5	5.65	3/ 6	5.47
AUG 8/28	5.93	MAY 5/29	5.66	FEB 2/28	5.72
8/21	6.00	5/22	5.55	2/21	5.64
8/14	6.07	5/15	5.60	2/14	5.25
8/ 7	6.10	5/ 8	5.60	2/ 7	5.15
		5/ 1	5.59		

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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
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Source		MED	Generic		FNCL	5.50	N	Historical Prepayment Forecasts				
								Range	05/05/08	-	11/04/08	
Date	Day	Base PSA	-300	-200	-100	-50	+0	+50	+100	+200	+300	
11/04/2008	Tue	157	1666	1457	535	228	157	131	114	100	92	
11/03/2008	Mon	164	1666	1501	556	246	164	135	115	102	93	
10/31/2008	Fri	172	1666	1570	599	335	172	145	122	103	94	
10/30/2008	Thu	172	1666	1570	599	333	172	145	122	103	94	
10/29/2008	Wed	172	1666	1570	599	327	172	145	122	103	94	
10/28/2008	Tue	172	1666	1570	599	350	172	145	122	103	94	
10/27/2008	Mon	194	1666	1608	688	385	194	147	126	105	95	
10/24/2008	Fri	178	1666	1533	604	323	178	141	120	103	92	
10/23/2008	Thu	193	1749	1585	604	323	193	141	120	105	96	
10/22/2008	Wed	193	1749	1585	604	323	193	141	120	105	96	
10/21/2008	Tue	193	1749	1585	604	323	193	141	120	105	96	
10/20/2008	Mon	175	1741	1567	574	280	175	137	118	103	95	
10/17/2008	Fri	186	1734	1547	560	310	186	141	121	104	99	
10/16/2008	Thu	172	1734	1541	548	291	172	141	120	104	99	
10/15/2008	Wed	172	1734	1531	542	267	172	141	118	104	99	
10/14/2008	Tue	212	1801	1584	728	369	212	159	126	105	99	
10/13/2008	Mon	212	1801	1584	728	369	212	159	126	105	99	
10/10/2008	Fri	231	1817	1697	947	445	231	168	130	105	96	
10/09/2008	Thu	237	1817	1699	1046	459	237	168	132	107	96	

1) Table 2) Chart

Source		MED	Generic		FNCL	5.50	N	Historical Prepayment Forecasts				
								Range	05/05/08	-	11/04/08	
Date	Day	Base PSA	-300	-200	-100	-50	+0	+50	+100	+200	+300	
10/08/2008	Wed	244	1820	1696	1046	490	244	170	133	109	97	
10/07/2008	Tue	244	1859	1692	1046	490	244	168	133	109	98	
10/06/2008	Mon	228	1859	1661	934	439	228	151	130	107	96	
10/03/2008	Fri	228	1871	1665	890	423	228	151	130	107	96	
10/02/2008	Thu	228	1871	1665	890	423	228	151	129	106	96	
10/01/2008	Wed	228	1871	1665	890	423	228	151	129	106	96	
09/30/2008	Tue	250	1762	1665	999	458	250	166	134	109	97	
09/29/2008	Mon	241	1762	1665	999	445	241	164	133	107	96	
09/26/2008	Fri	241	1784	1721	1052	469	241	164	133	107	97	
09/25/2008	Thu	260	1784	1756	1033	509	260	173	131	107	97	
09/24/2008	Wed	260	1784	1756	1033	509	260	173	131	107	97	
09/23/2008	Tue	267	1784	1756	1033	513	267	179	134	109	97	
09/22/2008	Mon	267	1784	1756	1033	513	267	179	134	109	97	
09/19/2008	Fri	284	1780	1765	1161	557	284	186	141	111	103	
09/18/2008	Thu	290	1777	1730	1113	536	290	186	143	112	103	
09/17/2008	Wed	290	1776	1730	1113	548	290	186	142	112	103	
09/16/2008	Tue	290	1773	1730	1113	557	290	186	146	115	103	
09/15/2008	Mon	279	1773	1730	1113	520	279	186	140	111	103	
09/12/2008	Fri	218	1771	1666	741	402	218	158	125	108	97	

1) Table 2) Chart

Historical Prepayment Forecasts

Source	MED	Generic	GNSF	5.50	T	Range 05/04/08 - 11/04/08					
Date	Day	Base PSA	-300	-200	-100	-50	+0	+50	+100	+200	+300
11/04/2008	Tue	183	1520	1040	417	271	183	154	132	110	102
11/03/2008	Mon	189	1523	1038	434	280	189	155	135	110	102
10/31/2008	Fri	203	1667	1163	446	286	203	158	136	113	103
10/30/2008	Thu	203	1667	1163	446	286	203	158	136	113	103
10/29/2008	Wed	203	1667	1163	446	286	203	158	136	113	103
10/28/2008	Tue	203	1667	1163	446	290	203	158	136	113	103
10/27/2008	Mon	229	1667	1204	446	319	229	167	139	116	104
10/24/2008	Fri	213	1665	1237	478	298	213	161	138	112	101
10/23/2008	Thu	213	1667	1301	503	298	213	161	138	117	103
10/22/2008	Wed	213	1667	1301	503	298	213	161	138	117	103
10/21/2008	Tue	213	1667	1270	503	298	213	161	138	117	103
10/20/2008	Mon	198	1667	1237	453	287	198	155	137	114	102
10/17/2008	Fri	195	1667	1144	446	279	195	155	136	114	101
10/16/2008	Thu	192	1667	1144	446	267	192	155	136	114	101
10/15/2008	Wed	185	1667	1144	443	259	185	153	136	114	101
10/14/2008	Tue	207	1667	1239	528	312	207	167	151	123	104
10/13/2008	Mon	207	1667	1239	528	312	207	167	151	123	104
10/10/2008	Fri	230	1735	1369	659	352	230	179	153	123	105
10/09/2008	Thu	247	1735	1369	719	388	247	188	154	123	105

1) Table 2) Chart

Historical Prepayment Forecasts

Source	MED	Generic	GNSF	5.50	T	Range 05/04/08 - 11/04/08					
Date	Day	Base PSA	-300	-200	-100	-50	+0	+50	+100	+200	+300
10/08/2008	Wed	247	1735	1371	778	388	247	188	156	123	105
10/07/2008	Tue	247	1735	1381	784	388	247	188	154	121	105
10/06/2008	Mon	234	1699	1369	712	388	234	188	154	121	105
10/03/2008	Fri	234	1688	1360	643	356	234	185	153	122	105
10/02/2008	Thu	229	1688	1360	625	356	229	182	153	122	105
10/01/2008	Wed	224	1688	1360	603	342	224	180	153	122	105
09/30/2008	Tue	243	1711	1374	705	384	243	185	160	121	105
09/29/2008	Mon	240	1711	1374	668	384	240	184	160	123	106
09/26/2008	Fri	238	1711	1446	706	383	238	185	161	125	107
09/25/2008	Thu	243	1738	1460	640	382	243	186	161	125	107
09/24/2008	Wed	243	1738	1460	654	394	243	186	161	125	107
09/23/2008	Tue	264	1738	1460	684	414	264	189	161	125	107
09/22/2008	Mon	264	1738	1460	684	414	264	189	161	125	107
09/19/2008	Fri	272	1738	1492	676	410	272	189	162	125	108
09/18/2008	Thu	243	1723	1450	676	394	243	189	162	125	108
09/17/2008	Wed	243	1723	1456	676	394	243	189	162	125	108
09/16/2008	Tue	243	1729	1486	676	394	243	189	162	125	108
09/15/2008	Mon	243	1723	1432	676	394	243	189	161	125	108
09/12/2008	Fri	234	1721	1398	528	339	234	182	152	122	105

1) Table 2) Chart



MIAC Generic Servicing Asset (GSA)

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What Are Generic Servicing Assets (GSA's) ?



- **Generic Servicing Assets – GSAs**
- MIAC has defined the attributes of over 400 collateral cohorts as representation of our portfolio of Generic Servicing Assets.
- GSA portfolio consists of a variety of MSR types – Agency Prime, Alt-A, Private, FHA/VA, Jumbo, Fixed, ARM, Hybrid ARM, with a wide range of Note Rates and Seasoning.
- MIAC conducts a monthly ‘virtual auction’ among market participants to collect market information in the form of bids on each cohort.
- Results from the virtual auction are utilized as one of many sources of price discovery within MIAC’s internal assumption calibration process.
- MIAC provides benchmark market pricing of all MSR cohorts with the GSA portfolio on www.MIACAnalytics.com through the Daily GSA Pricing Service.
-

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MSR's in Application



- **How does MIAC use Generic Servicing Assets (GSA's)?**

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Generic Servicing Assets (GSA's) in Action



- Compare GSA's versus client portfolio
- Isolate GSA from a Macro Viewpoint (Portfolio Value Change in Bps)
- Isolate GSA from a more Micro Viewpoint (Investor, Prepayment Type)
- Compare Various Risk and Investor Strata
 - Compare by Prepayment Type
 - Compare by Investor Type
 - Compare by Prepayment by Investor
 - Compare Prepayment by Note Rate Strat

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Generic Servicing Assets (GSA's) in Action



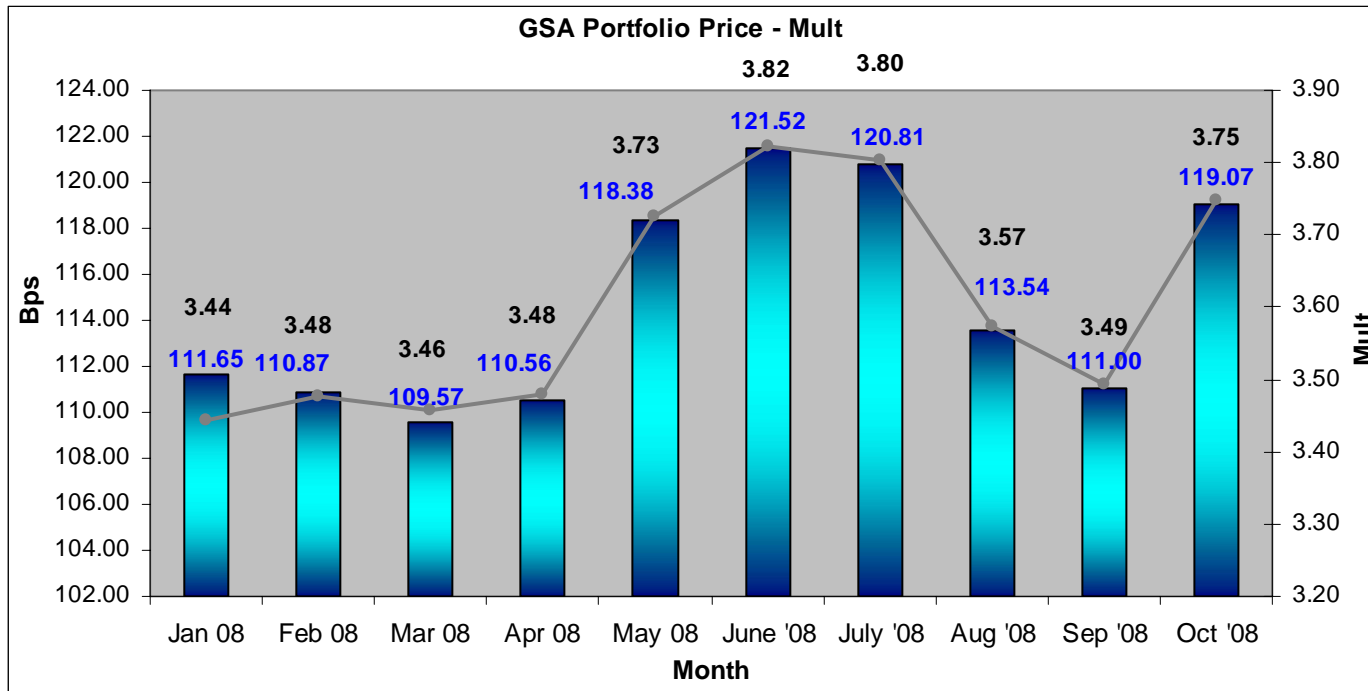
Pass Thru Coupon	4.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50	8.00	
OYear	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
State	AllStates	AllStates	AllStates	AllStates	AllStates	AllStates	AllStates	AllStates	AllStates	Averages
Index1	100	100	100	100	100	100	100	100.00	100.00	100.00
Index3	100	100	100	100	100	100	100	100.00	100.00	100.00
Nloans	4,156	228,761	2,007,098	3,607,277	2,655,185	1,057,890	375,456	107,991	49,443	10,093,257
OBal	912	58,043	533,092	1,027,029	912,956	722,140	396,103	219,367	126,721	3,996,363
CBal	716	42,570	372,443	630,714	427,194	134,132	39,773	8,929	3,184	1,659,655
pct_SBal1	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Factor	0.79	0.73	0.70	0.61	0.47	0.19	0.10	0.04	0.03	0.55
AvgLoanSz	172	186	186	175	161	127	106	83.00	64.00	167.90
OFico	733	740	734	728	714	696	675	663	663	722
OLtv	70	68	70	72	76	80	82	82	81	73
CLtv	52	52	57	62	70	71	72	64	56	64
Wac	4.64	5.12	5.58	6.02	6.54	7.04	7.62	8.11	8.58	6.17
Wam	303	308	314	321	328	318	308	278.00	246	319.96
Age	49	45	39	34	28	37	46	72.00	102.00	34.73
Diff	118	-8	-7	-15	-20	-13	-6	9.00	2.00	-13.72
Cpr1	5.60	5.00	5.80	6.70	8.60	11.90	14.60	16.80	14.60	7.62
PrevCpr1	2.60	5.40	6.20	7.80	10.70	13.70	15.50	15.40	14.30	8.84
Cpr3	4.10	5.30	6.50	8.10	10.90	13.90	15.80	15.80	13.50	9.09
Cpr6	4.30	6.10	7.90	11.00	15.90	17.10	17.40	16.40	14.20	12.12
Cpr12	3.90	5.60	7.10	9.30	12.90	15.60	17.20	15.60	14.10	10.38
Cpr24	4.70	6.20	7.90	10.40	13.40	16.00	18.20	16.50	15.40	11.18
CprLife	4.10	5.70	7.70	11.90	18.40	26.20	27.50	28.70	27.30	14.12

■ Sample Benchmark Collateral to GSA's

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Generic Servicing Assets (GSA's) in Action

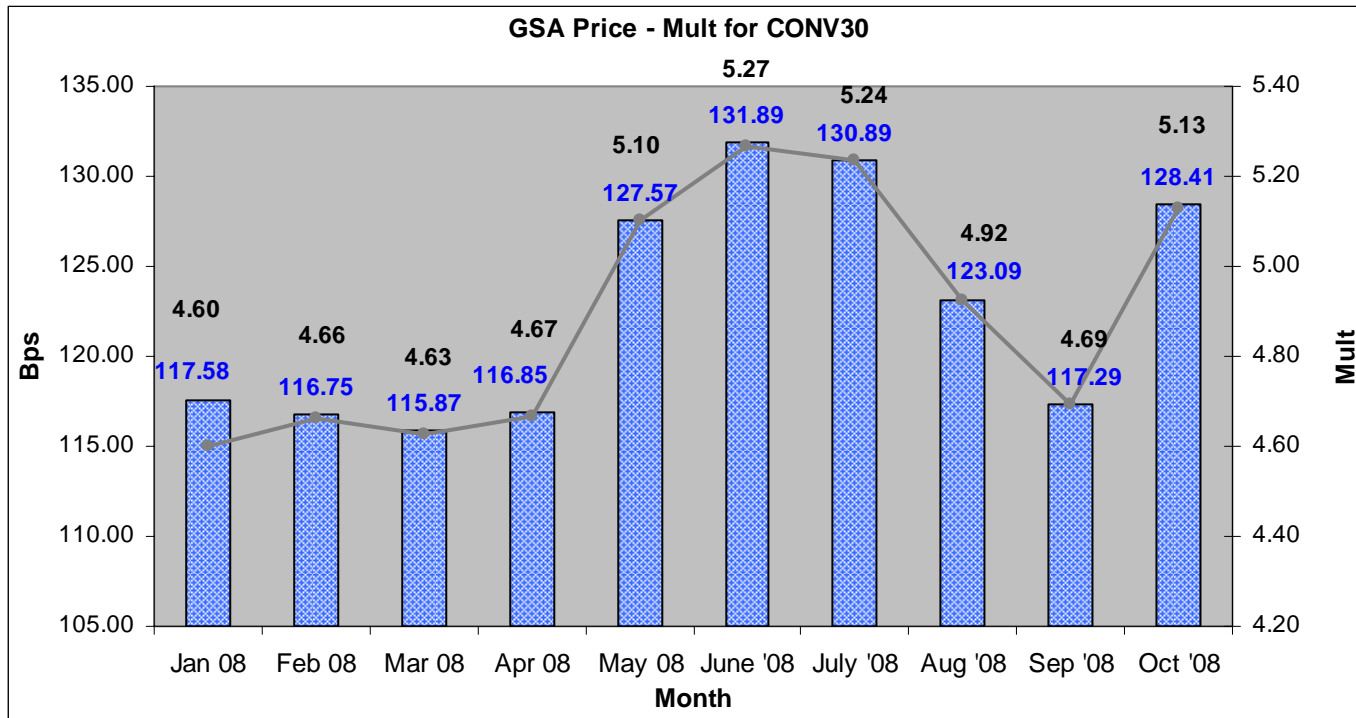


■ Benchmark GSA's (Total Portfolio Benchmark)

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Generic Servicing Assets (GSA's) in Action

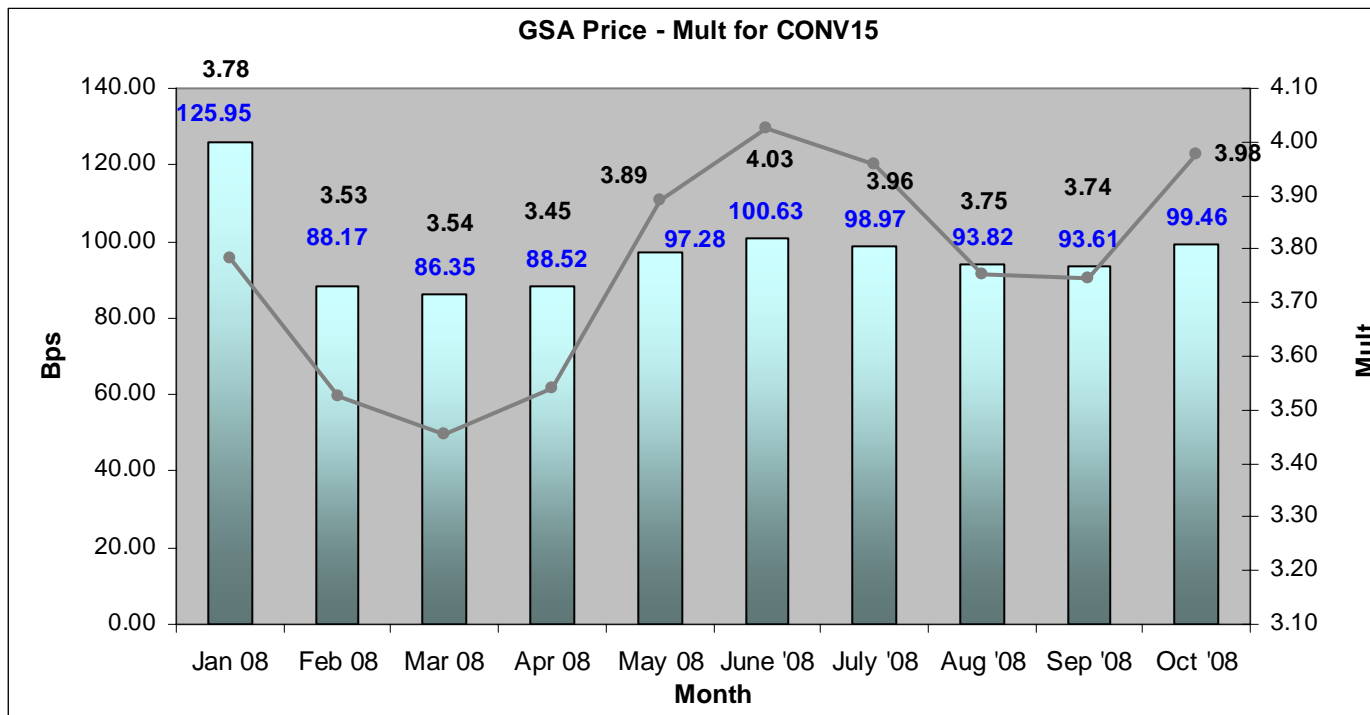


- Example of GSA's by 30 Year Fixed Rate Conventional Prepayment Type

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Generic Servicing Assets (GSA's) in Action

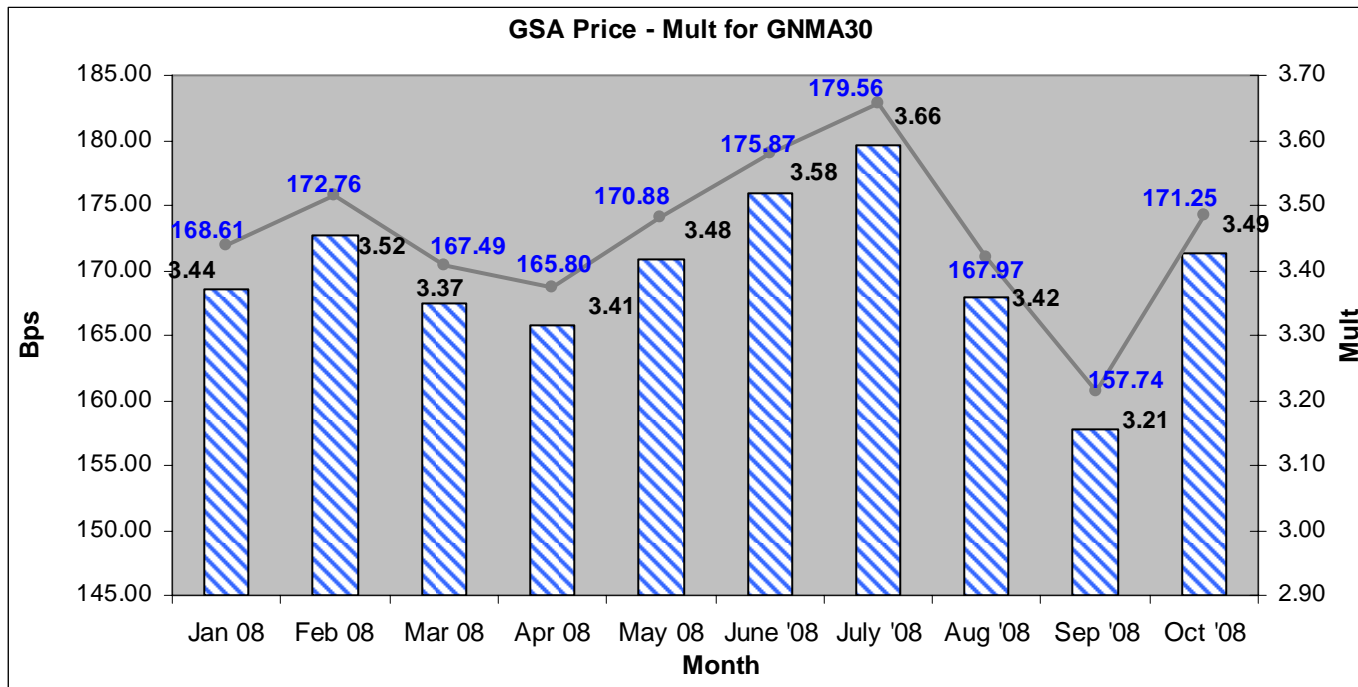


- Example of GSA's by 15 Year Fixed Rate Conventional Prepayment Type

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Generic Servicing Assets (GSA's) in Action

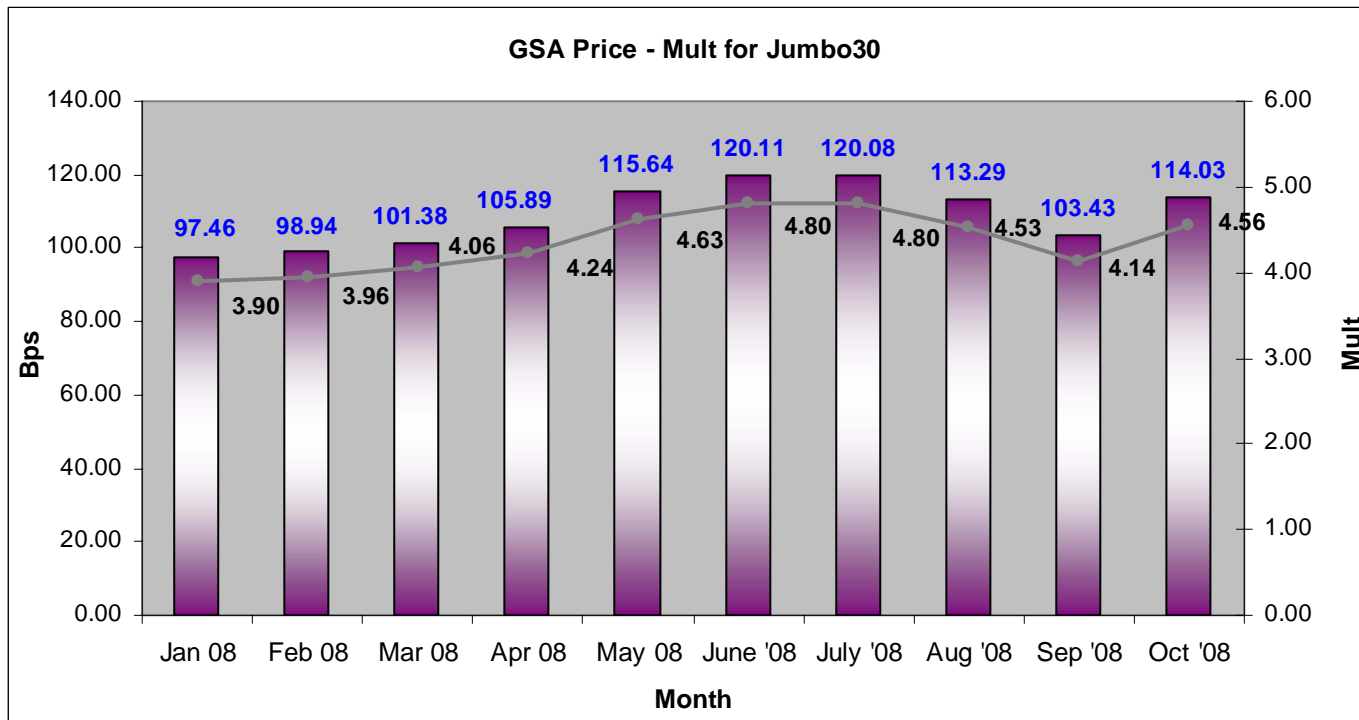


- Example of GSA's by GNMA 30 Year Fixed Rate Prepayment Type

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Generic Servicing Assets (GSA's) in Action



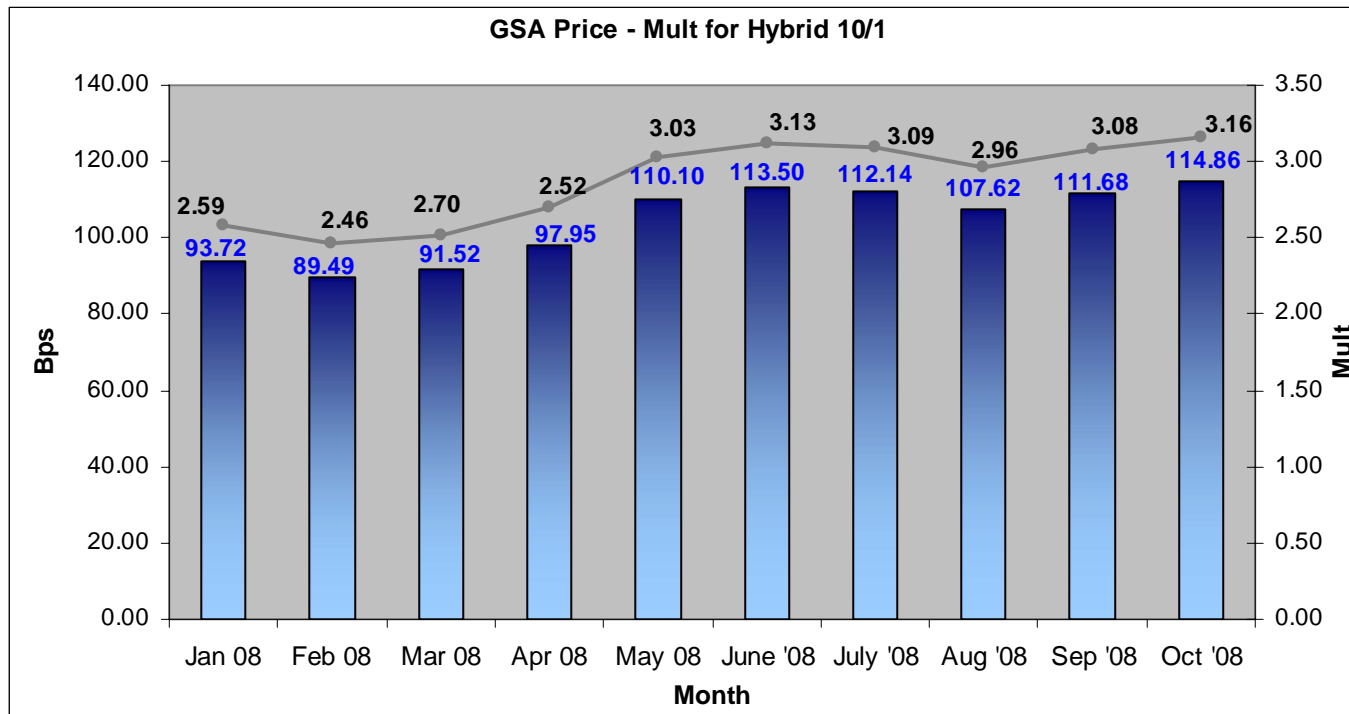
■ Example of GSA's by Jumbo 30 Year Prepayment Type



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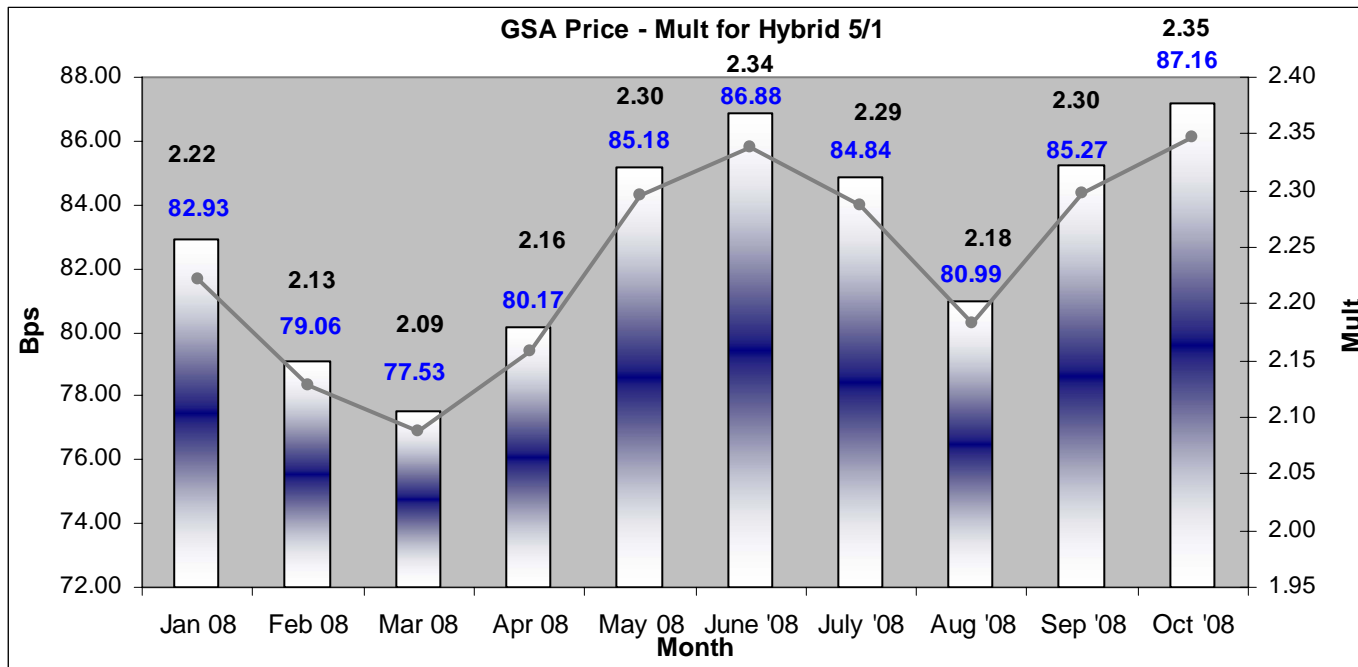
Generic Servicing Assets (GSA's) in Action



- Example of GSA's by 10/1 Year Hybrid ARM Prepayment Type

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Generic Servicing Assets (GSA's) in Action

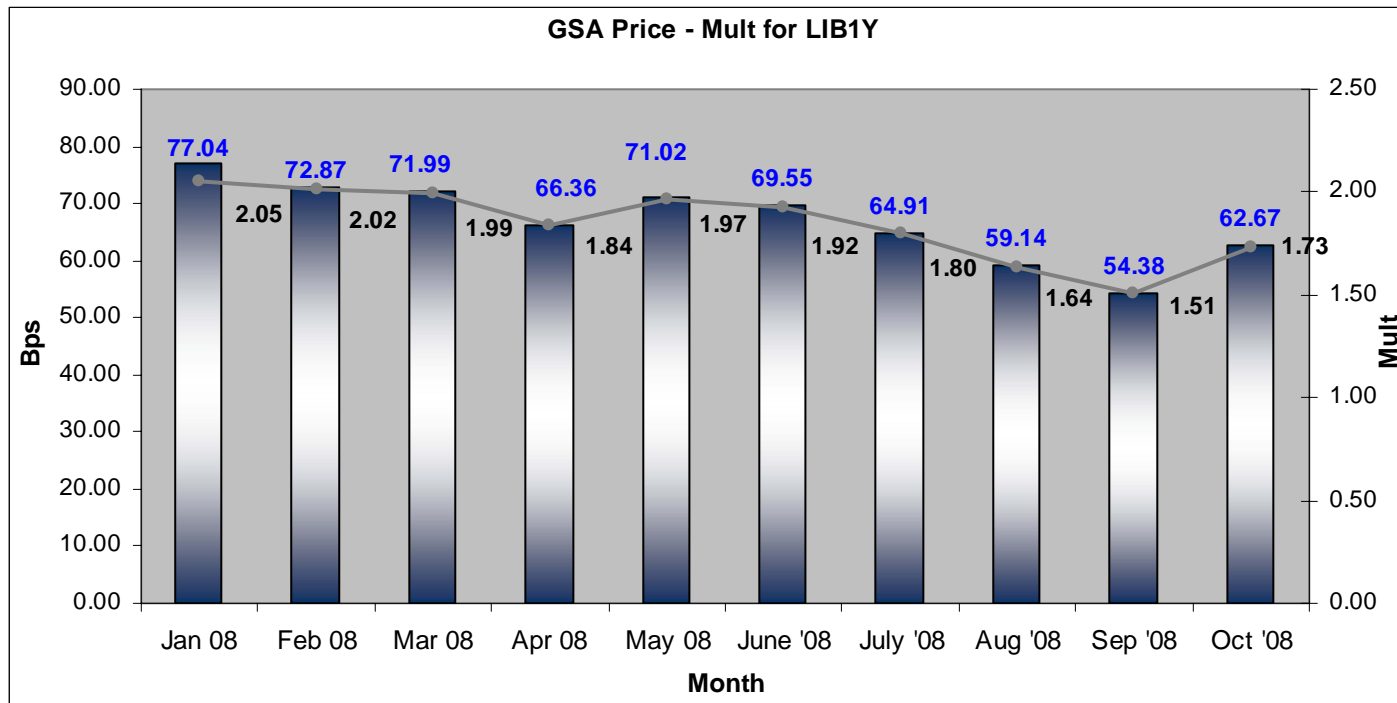


- Example of GSA's by 5 Year Hybrid ARM Prepayment Type

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Generic Servicing Assets (GSA's) in Action



- Example of GSA's by Generic Libor Based ARM Prepayment Type

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MIAC Contact Information



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