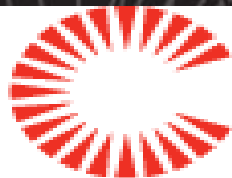


S E C O N D A R Y . 0 8



ESTABLISHING 'VALUE' DURING MARKET DISLOCATIONS

Dave Hurt



First American
CORELOGIC

Liquidity

Stagflation / with Weak Housing as a Backdrop

Deteriorating Property Values

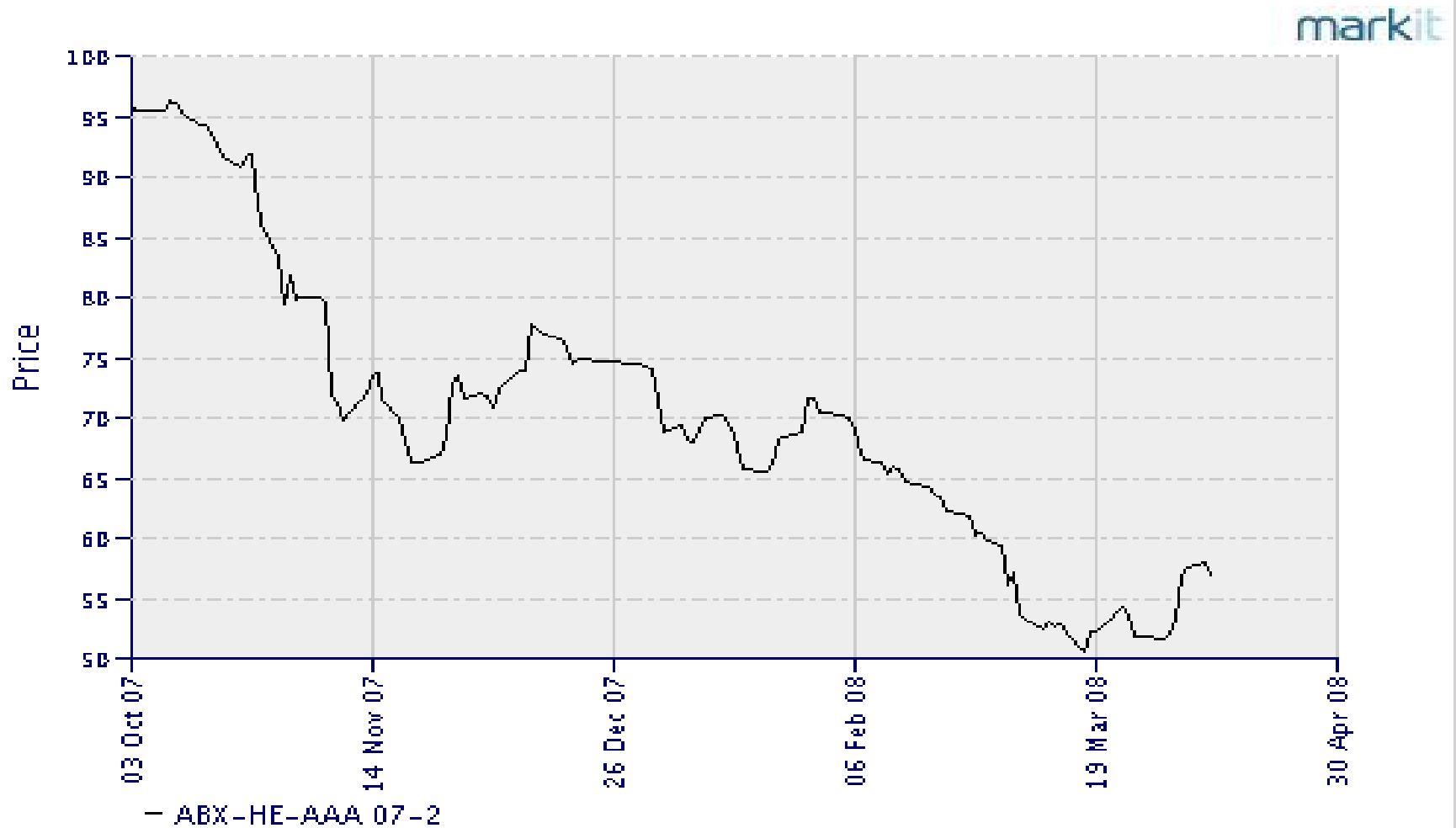
Tougher Loan Underwriting Criteria

Reduced Borrower Confidence

External Pressures on Borrowers to “Walk Away”

‘Term Limits’ of December 31, 2008 on Fiscal Stimulus

***Capacity Limitations Upon Origination System Especially
With the Retrenchment In Head Counts***



MARK FLEMING

***Chief Economist – First American
Core Logic***

SUSANNA KONDRACKI

***Senior Vice President of Valuation &
Advisory Services – Risk Span***

MICHAEL LAU

***Executive Vice President with
Phoenix Capital***

ROBERT GAITHER

***Principal and Head of the Secondary
Marketing Group for the RMBS Div
Bank of America***

JAMES FRATANGELO

***Trader with the Whole Loan Sales &
Acquisitions for Bayview Financial***

- Mark Fleming** - Brief economic overview of the issues (HPI, Delinquencies, Affordability) continued adversity influencing value. Safe and soundness of industry risk/default vs. proprietary 'home baked' models.
- Susanna Kondracki** - Background on FAS 157 and FAS 133 and the varieties of interpretation. Validity of the Mark to Model vs. Mark to Market approach. Whose interests are best served and why? What measure of standards are most applicable? Different measures for different levels of presumed expertise and qualifications? Is there a better way - notionally? What will the Accountants accept? Regulators? Rating Agencies?
- Michael Lau** - Implications on valuation methodologies in the practical environment. Acceptance of the Mark to Model projected cash flow analysis in portfolio evaluations vs stark realities in a dislocated and illiquid market. Do investors / buyers truly understand the underlying collateral and if so, are those considerations when the collateral is ultimately sold.
- Rob Gaither** - A Seller's perspective. Hold for Investment and Hold for Sale strategies. Where are the advantaged methodology decisions? What's acceptable to the accountants? Is the loan level collateral truly factored in when the valuation points are established under the Mark to Market assessment? Under the Mark to Model assessment? What can go wrong? The variables to consider - Cost of Capital; Validity of internal vs. external model; Assumptions within the model; Intimate knowledge of one's collateral vs. perfunctory due diligence? Avoiding the pitfalls...
- Jim Fratangelo** - A trader's perspective. Serving many masters; the tight wire act - sellers trying to establish realistic value; seller's in distress forced to sell; investor's requiring 15 - 20% ROI vs. significantly lower return targets for collateral retained; speculation and opportunity - whose interests are at work, especially under the auspices of pure evaluation and not a sale. Examples of what you are seeing in the current dislocation.