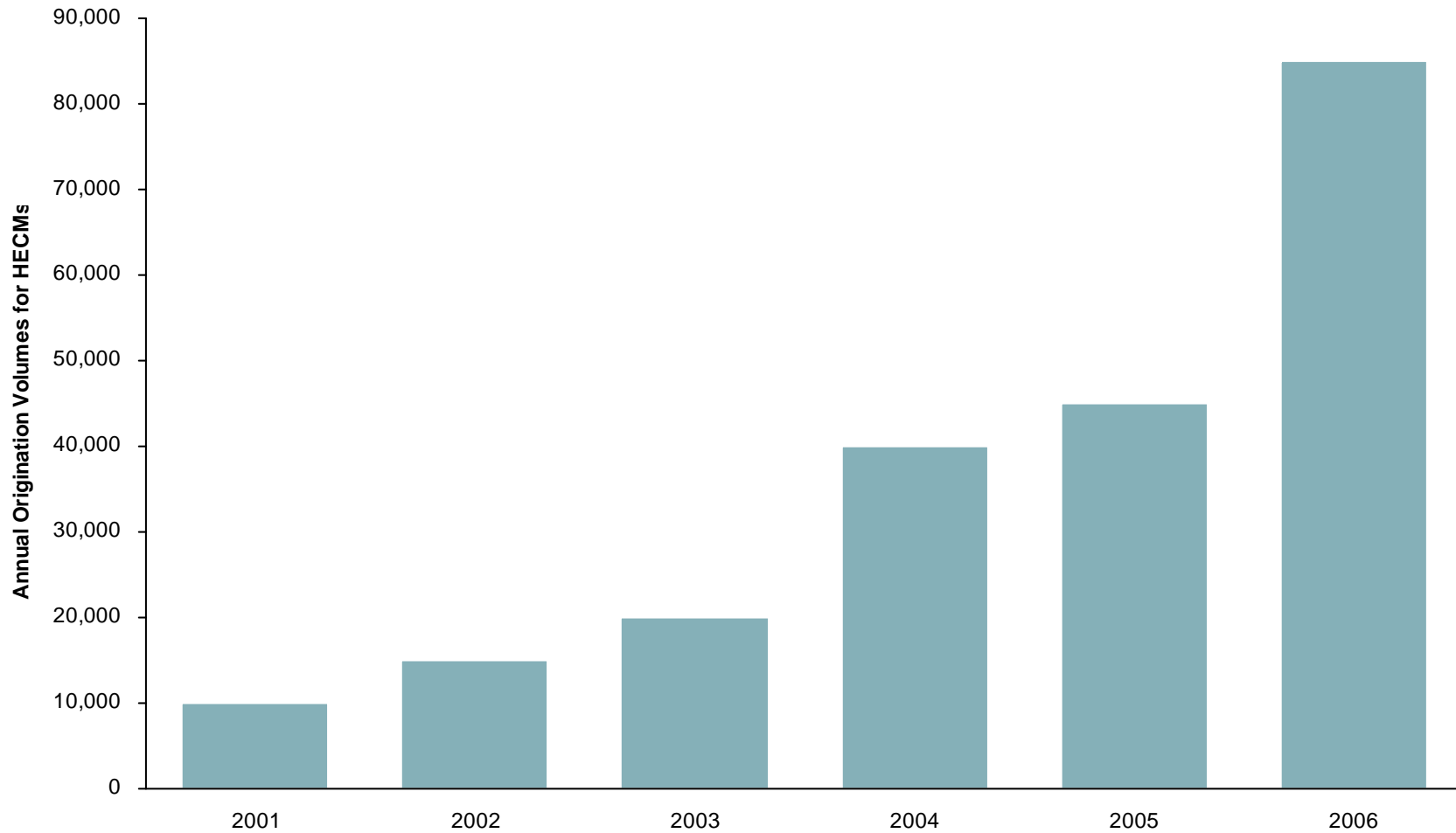




Reverse Mortgages and Outlook for HECM MBS

October 15, 2007

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



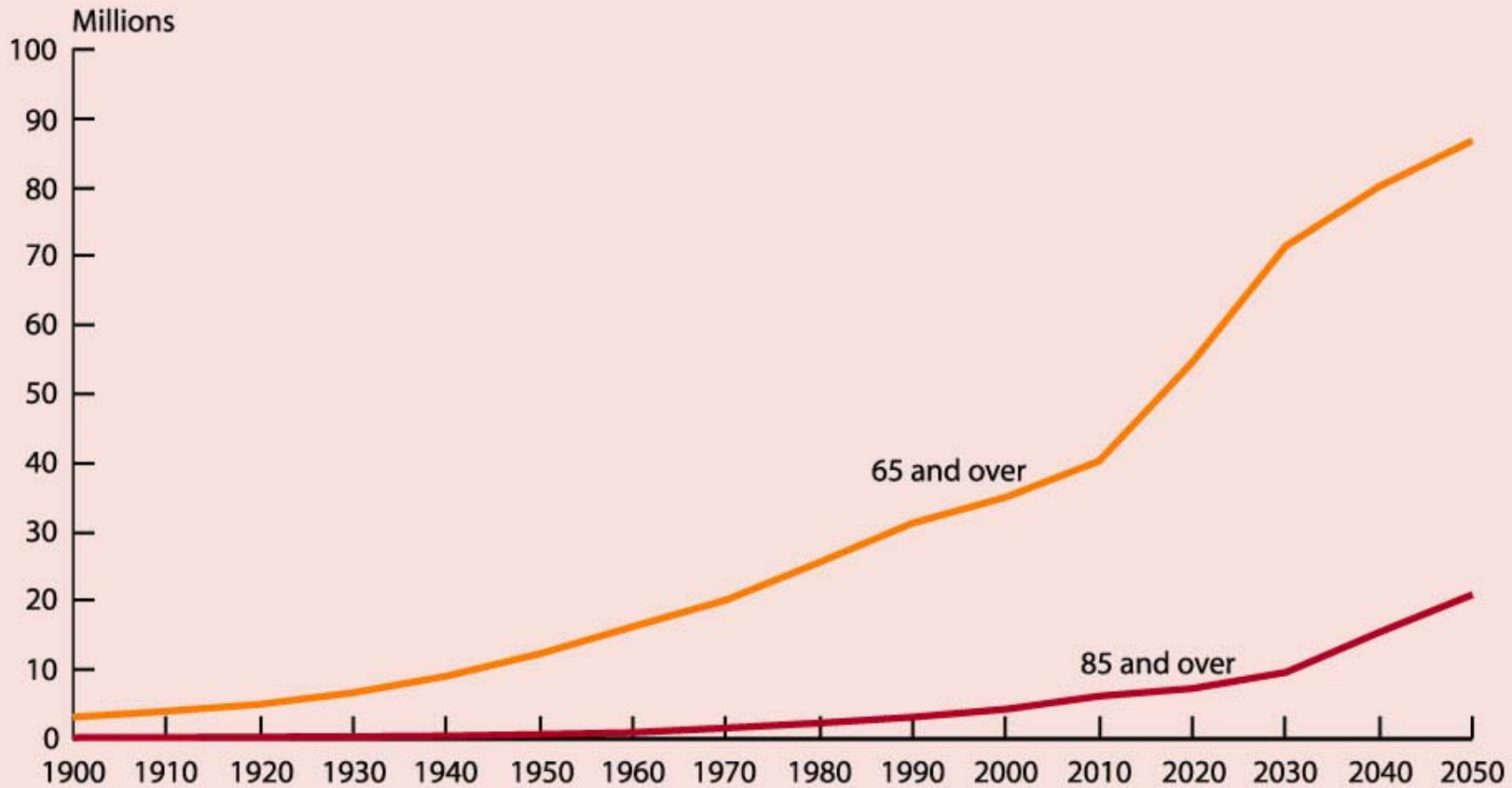
¹ Source: National Reverse Mortgage Lenders Association.

² October 2005. In number of loans originated.

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.

Why is the Reverse Mortgage Market Growing?



- Need from Seniors Increasing
- Lifestyle Demands of Seniors Increasing
- Awareness, Acceptance, and Appeal Increasing
- Volumes Increasing
- Number and Breadth of Loan Products Increasing
- Number of Lenders Increasing
- Servicing Options Developing
- Alternative Exits and Capital Markets Developing

Reverse Mortgage Exit Channels



Fannie Mae

Balance Sheet

Ginnie MBS

**Private Label
Securitization**

Key Factors that Drive Choice of Exit Channel



- Product Type (Insured HECM vs Jumbo Proprietary)
- Fixed vs Floating Rate Loans
- Portfolio Size
- Condition of Capital Markets
- Ability and Desire to Retain Residual and / or Excess Interest Portions of Loan Portfolios
- Ability and Impact of Funding Draws and Reserves
- Operational, Legal, and Resource Costs and Burdens
- Servicing

Why Ginnie HMBS?



Issuer Perspective

- Superior Execution
- Secure Premium on Unfunded Loan Amounts
- Stability and Liquidity of Exit
- No Structural Reserves Required
- Ability to Pursue Ginnie REMICs

Investor Perspective

- Credit Protection (Full Faith and Credit of US Govt)
- No Downgrade Risk
- Stability and Liquidity
- Ability to Pursue Ginnie REMICs
- Low Risk-Weight for Capital Requirements

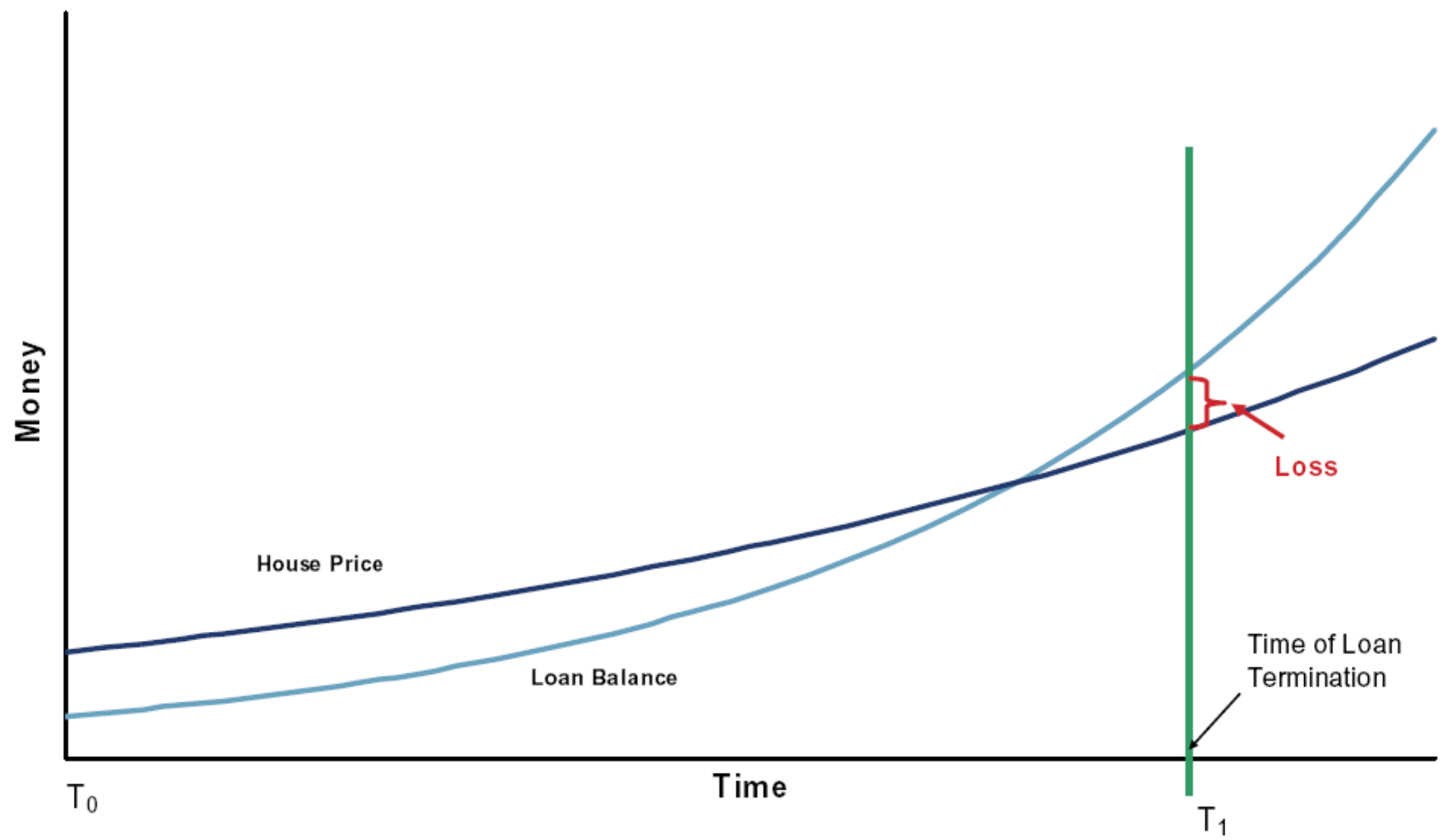
Challenge: Participation Feature

Key Loan Factors In Investor Credit and Duration Analysis



- Product Type (Insured HECM vs Jumbo Proprietary)
- Fixed vs. Floating Rate Loans
- Interest Rates
- Borrower Profile (Age, Gender, Married vs Single Borrower, Geography)
- Mortality and Mobility of Seniors
- Home Values
- Assignment of HECM Loans at 98% of MCA
- Draw Schedule on Line of Credit
- Refinance Risk
- Default Likelihood

How Reverse Mortgage Losses Occur: The Crossover Point



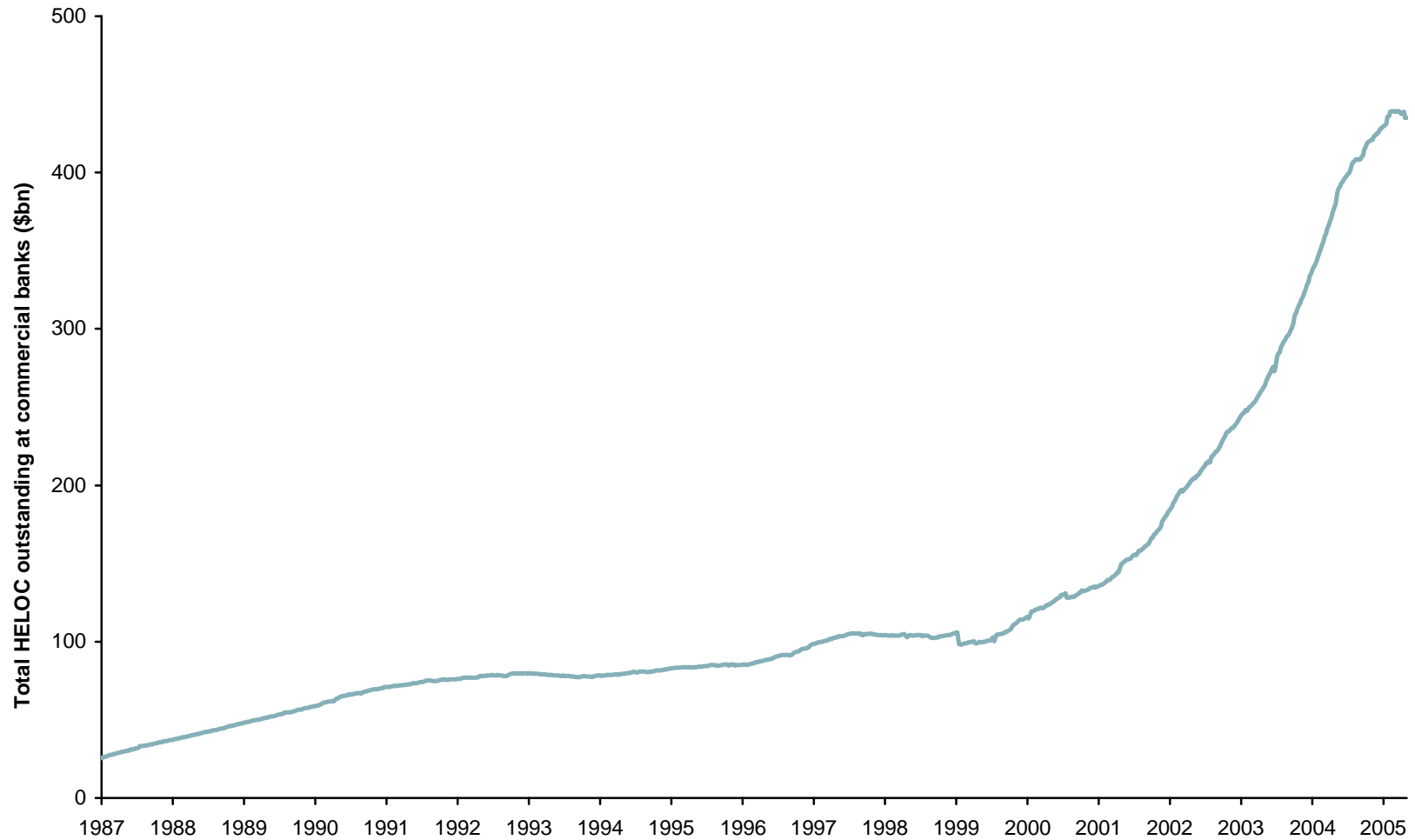
HECM Loan Breakdown

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%

HELOC Market Outstanding Volumes (\$bn)¹



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

HECM Loan Breakdown

Distribution of Mortgage Payoff Types by Borrower Age

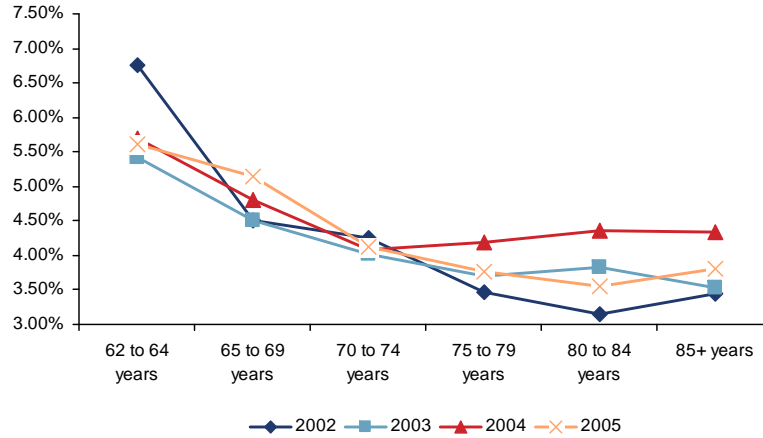


	Mortality	Mobility&Other
62-65	15%	85%
65-70	17%	83%
70-75	20%	80%
75-80	27%	73%
80-85	36%	64%
85-90	48%	52%
90-95	60%	40%
95+	62%	38%
Grand Total	29%	71%

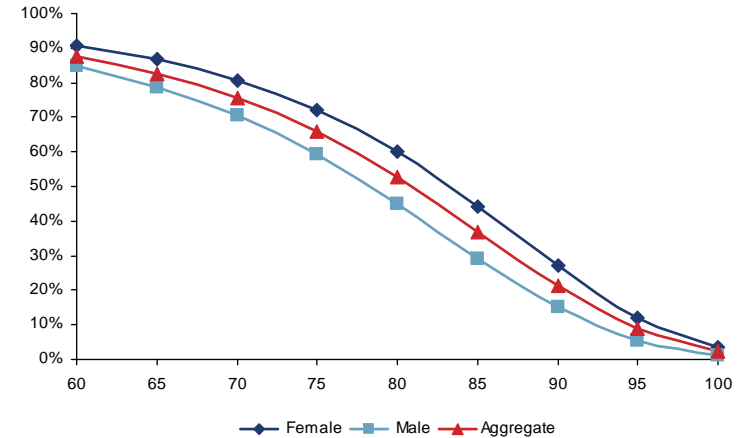
Actuarial Mortality and Mobility Analysis



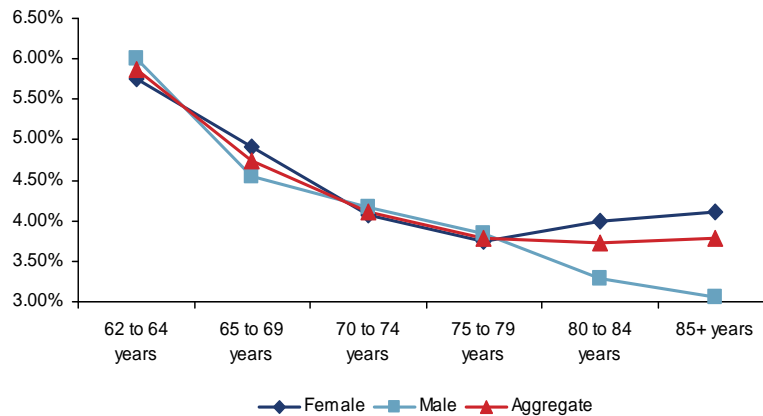
Mobility Tables



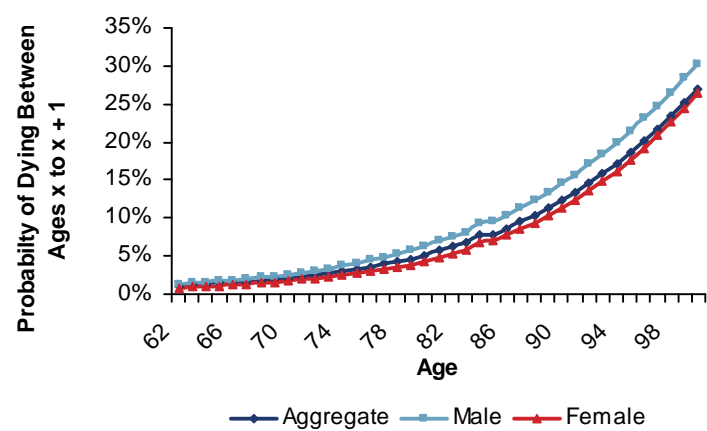
Survivorship Table



2002 – 2005 Average Mobility Rates



Life Tables for Aggregate U.S. Population



Outlook – What to Keep an Eye On



- LIBOR vs. CMT indexed loans
- Rebound of Broader Capital Markets and Liquidity
- New Lenders and Products
- Private Insurance
- Government and Regulatory Policy and Actions
- Housing Market (HPA)
- International Growth of Reverse Mortgages