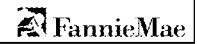


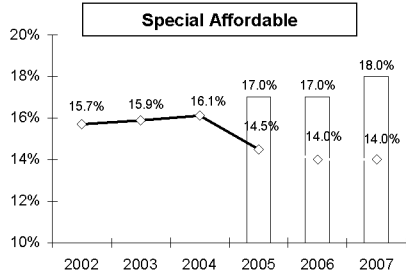
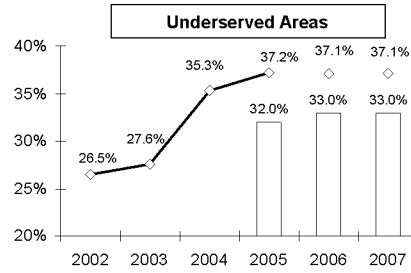
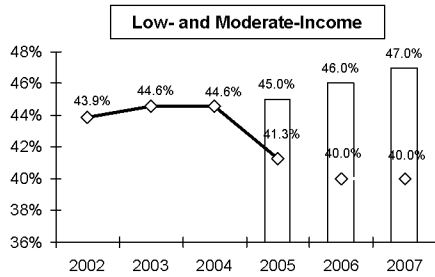
2007 Forecast Presentation

Mike Quinn
January 4, 2007

Confidential – Highly Restricted



Market Trends Compared to Subgoal Levels



HMDA Market Measures:
 Conventional Conforming, Owner-Occupied,
 Home Purchase Mortgages, in MSAs,
 includes 50% of subprime market

..... Internal Estimate of 2006 Market

□ Home Purchase Subgoals

Market has shifted significantly since HUD set the subgoals

2007 Housing Goal Forecast

	2007 Levels	2007 Forecast (Before Initiatives)		Incrementals from Initiatives				Surplus/Shortfall
		Base Business	Surplus/Shortfall	PLS \$45 B	MH \$1.3B	RTF \$1 B	Investor Channel \$6B	
Goals								
Low-Mod	55%	55.9%	28,649	9,000	11,000	-650	18,000	65,999
Underserved	38%	41.5%	115,928	67,500	3,000	750	3,500	190,678
Special Affordable	25%	27.3%	75,615	-1,125	6,500	-200	26	80,816
Subgoals								
Low-Mod	46%	41.2%	-57,000	24,750	13,000	-500	21,000	1,250
Underserved	33%	30.9%	-19,000	28,125	5,000	500	5,500	20,125
Special Affordable	18%	15.0%	-30,000	11,250	8,500	-250	11,000	500

Base goals are achievable, but PMM subgoals remain a big challenge

Cost Estimates of 2006 Initiatives

<u>Category</u>	<u>Volume (2006 Est)</u>	<u>Total # Loans</u>	<u>Total # Incremental Loans</u>	<u>FV Per Loan</u>	<u>FV Incremental</u>	<u>Total FV Cost</u>
Flow	\$ 13,822,322,593	114,231	45,156	\$ (1,976.59)	\$ (5,000.16)	\$ (225,787,640)
*IC, MH, Cal HFA	\$ 6,802,176,524	79,853	34,800	\$ (2,504.60)	\$ (5,747.09)	\$ (200,000,000)
Total	\$ 20,624,499,118	194,084	79,956	\$ (2,193.83)	\$ (5,325.25)	\$ (425,787,640)

*Formal analysis has not been completed for the IC, MH, Cal HFA cost. This is a quick and dirty estimate.

Cost of meeting goals in 2006 estimated to be over \$425 M