

November 1, 2005



- Survey focused on Non-Traditional Mortgages (NTMs):
 - Option ARMs (POs)
 - Interest only mortgages (IOs)
 - Low and no doc loans
 - Simultaneous 1st and 2nd mortgage structures
- Six lenders in survey group represented about one-half of aggregate originations

Projected 2005 Peer Group Aggregate and Non-Traditional Mortgage Originations

Lender (\$ billions)	National Ranking	Aggregate Originations	Aggregate Market Share	NTM Share of Lender Originations
Countrywide	1	\$ 423.6	14.9%	58.8%
Wells Fargo	2	299.2	10.5%	58.1%
Washington Mutual	3	235.4	8.3%	31.4%
Bank of America	5	146.0	5.1%	18.3%
CitiFinancial	6	145.6	5.1%	26.5%
National City	9	90.4	2.1%	51.1%
Sub Total:		\$ 1,340.2	46.0%	45.4%
All Others		\$ 1,499.8	54.0%	
Total:		\$ 2,840.0	100.0%	

Source: Federal Reserve Residential Mortgage Survey and Inside Mortgage Finance

I: NTM originations and market share is estimated using data from the FRB Mortgage Survey, Loan Performance and Inside Mortgage Finance.

- NTM originations in 2005 will grow over 17% to \$608.5 billion....
 - Growth primarily driven by POs and IOs
 - PO and IO percentage of originations have more than tripled since 2003.
 - Share of Simultaneous Second originations have remained relatively steady as a share of NTM originations.
 - Non-PI & IO low / no doc. originations' share of NTM originations have decreased sharply.

NTM Production Volume by Product Type

	Total NTM Originations \$ billions	% PO & IO *	% Sim. Sec.**	% Low / No. Doc. Only
2003	\$583.5	18%	18%	64%
2004	\$519.9	55%	16%	29%
2005 P	\$608.5	65%	13%	22%

* Includes Low / No Doc. And Sim. Seconds.

** Does not include PO & IO loans.

...But will still represent a low to moderate percentage of balance sheet holdings.

- NTMs, on average, represent less than 5 percent of the total assets and about a quarter of the total mortgages held by the peer group.
- Countrywide and Wells are exceptions due to their residential market focus.

NTMs as a Percentage of Balance Sheet Residential Mortgages

as of June 30, 2005 (\$ billions)

(1)	(2)	(3)	(4)	(5)
	NTM Products	NTM / Total Mortgages	NTM / Total Assets	NTM / Tier 1 + ALLL
BAC	\$ 5.1	2.8%	0.4%	6.6%
Citi	29.5	20.1%	1.9%	33.7%
Countrywide	36.6	53.7%	23.1%	313.8%
National City	10.8	26.3%	7.5%	97.4%
Wells Fargo	69.8	50.7%	16.0%	202.9%
WAMU	30.9	17.0%	9.5%	110.2%
Total	\$ 182.6	24.2%	4.7%	73.1%

Source: Mortgage Lending Survey and Y9 reporting.

- Slowly deteriorating quality of loans due to loosening underwriting standards (LTVs, CLTVs, and DTIs) as observed in the study. FICO scores have remained stable.

Option ARM & IO Underwriting Trends			
	2003	2004	2005
Wtd. Avg. LTV	67.4%	69.0%	70.6%
Wtd. Avg. CLTV	73.1%	76.7%	77.4%
Wtd. Avg. DTI	32.8%	34.9%	36.2%
Wtd. Avg. FICO	721.6	721.2	723.3

Source: Residential Mortgage Lending Survey

- For option ARMs and I/Os, banks generally qualify borrowers at the higher of the fully indexed rate or an internal target rate in conjunction with minimum LTV and FICO scores.
- Qualification of IO borrowers is based on the IO payment, not a fully amortizing payment, however, other mitigating factors appear to be considered (i.e. lower LTVs, higher FICOs).



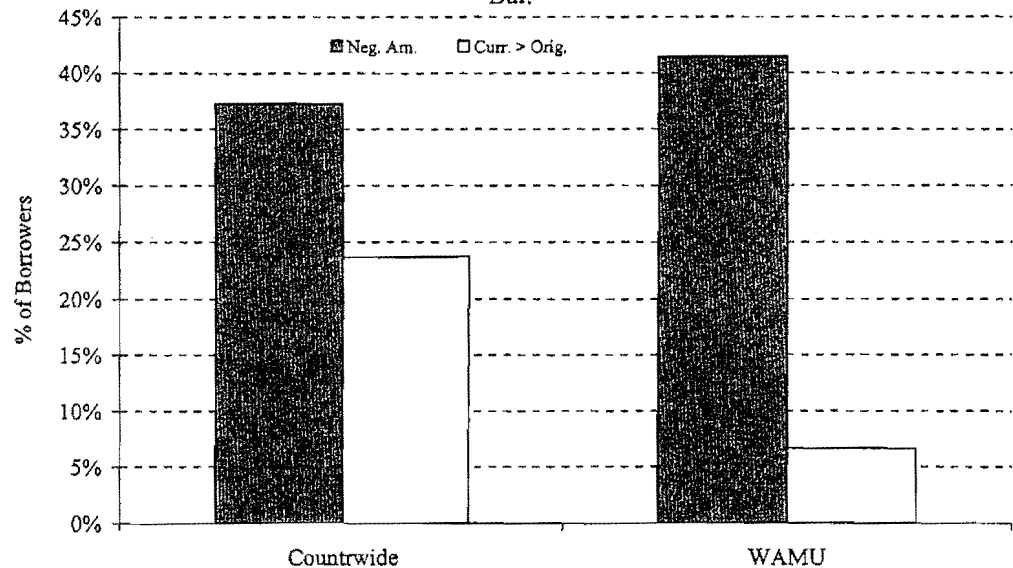
- Significantly Increasing rate of Negative Amortizing loans
 - Option ARM borrowers incurring negative amortization increased significantly, approaching 40 percent in 2005 vs. less than 5 percent in 2003.
- Loans with current principal balance greater than original principal balance also increased significantly since 2003

Note:

Of the peer group, only Countrwide and WAMU have originated option ARMs since 2003. BAC and National City began originating Option ARMS in the second half of 2005

Borrowers that have utilized the minimum payment at least once are included in the number of borrowers incurring negative amortization

2005 PayOption Origination Trends:
Loans w. Neg. Amortizations and Loans w. Current Balance > Original Bal.



Source: Residential Mortgage Lending Survey

- Originators are increasingly layering risk on Option ARMs and IOs in terms of :
 - More Low or No Documentation loans
 - More simultaneous first and second mortgages
 - Higher non-owner occupied financing

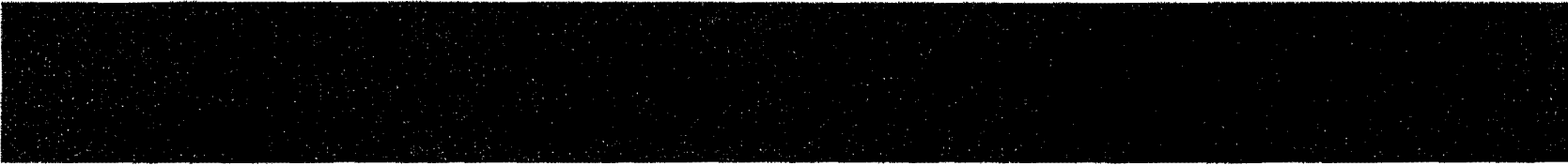
PayOption and Interest Only Layered Risks

in \$ billions

	PO / IO Origination	% PO/IO with Low or No Documentation	% PO/IO with Simult. 1st & 2nd	% PO/IO with Non- Owner Occ.
2003	103.3	44.0%	17.3%	9.6%
2004	285.9	36.1%	20.6%	11.7%
2005	396.1	43.7%	22.1%	14.0%

Source: Residential Mortgage Lending Survey

- Roughly two-thirds of all refinancings in 2005 will include cash-outs, versus less than a third of refinancings in 2003.

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- Banks can securitize a large portion of NTMs.
 - Roughly 63% of Option ARMs and IOs and 84% of Low and No doc loans are expected to be sold or securitized in 2005.
 - Generally, the underwriting characteristics of loans on balance sheet are marginally better than the loans sold.

 - Peer group geographic concentrations of NTMs are along the coasts.
 - Loans from California represent almost one-third of the groups' serviced NTMs.
 - Few lenders have geographic concentration limits.