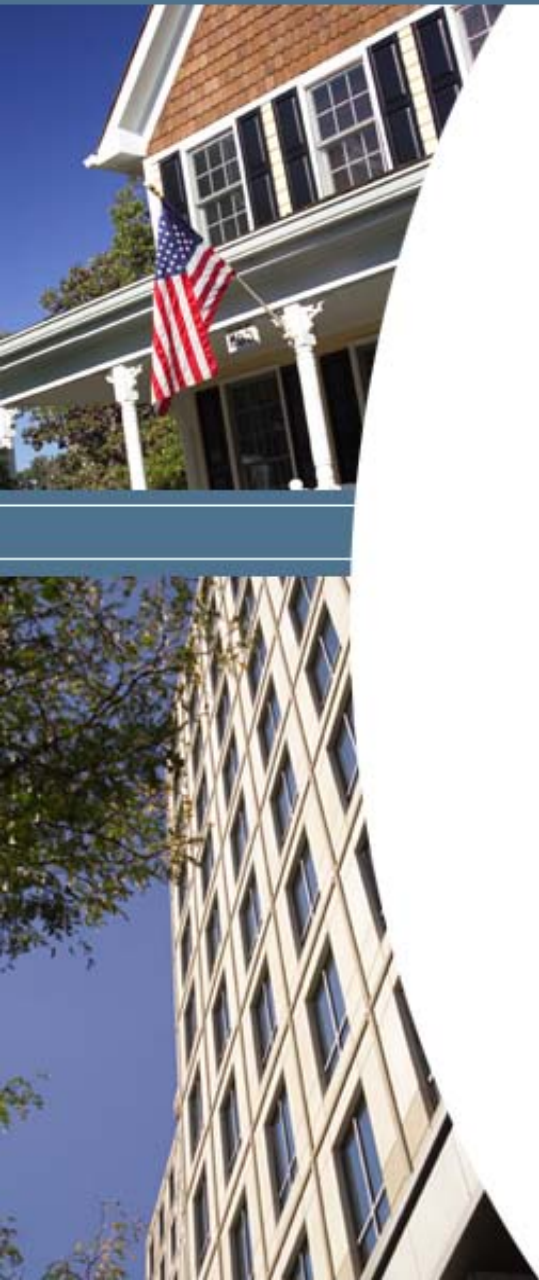




MBA 2009 Accounting, Tax & Financial Analysis Conference



Warehouse Lending Panel



Ken Logan



**WELLS
FARGO**

SECURITIES

James Reynolds



The **Reynolds** Group

Looking for initial warehouse funding?



Looking for additional warehouse funding?



**Looking to get more out of
existing warehouse lines?**

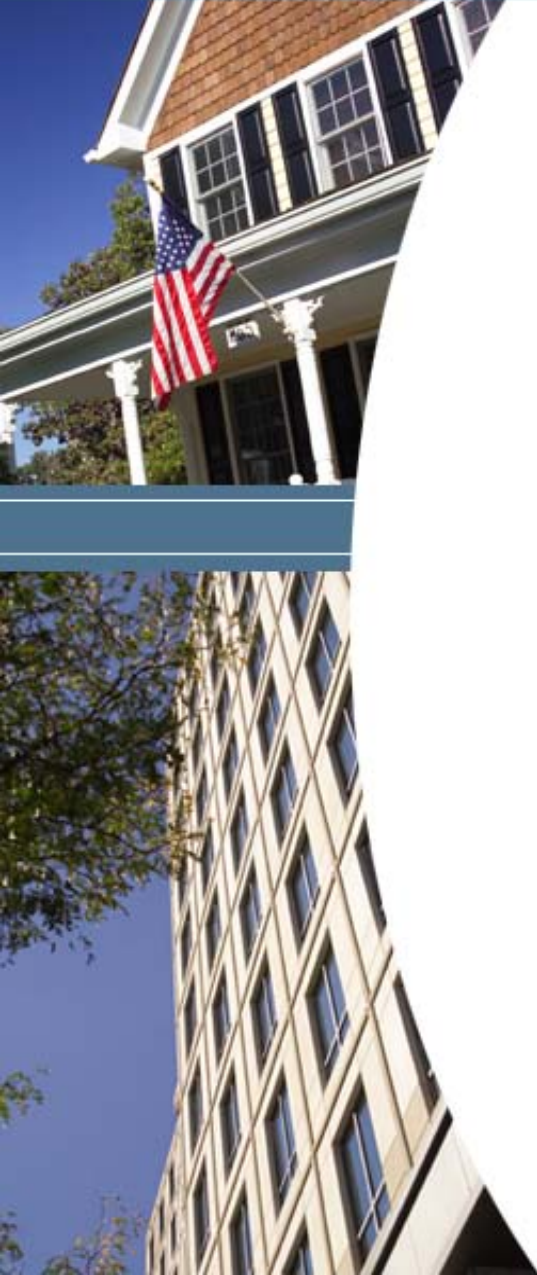


Question 1

The background of the slide features a collage of images. On the left, there is a photograph of a two-story house with a brown shingled roof, white columns on the porch, and an American flag flying. Below this, there is a photograph of a modern, multi-story skyscraper with a grid of windows. The right side of the slide is a large white area containing the main text.

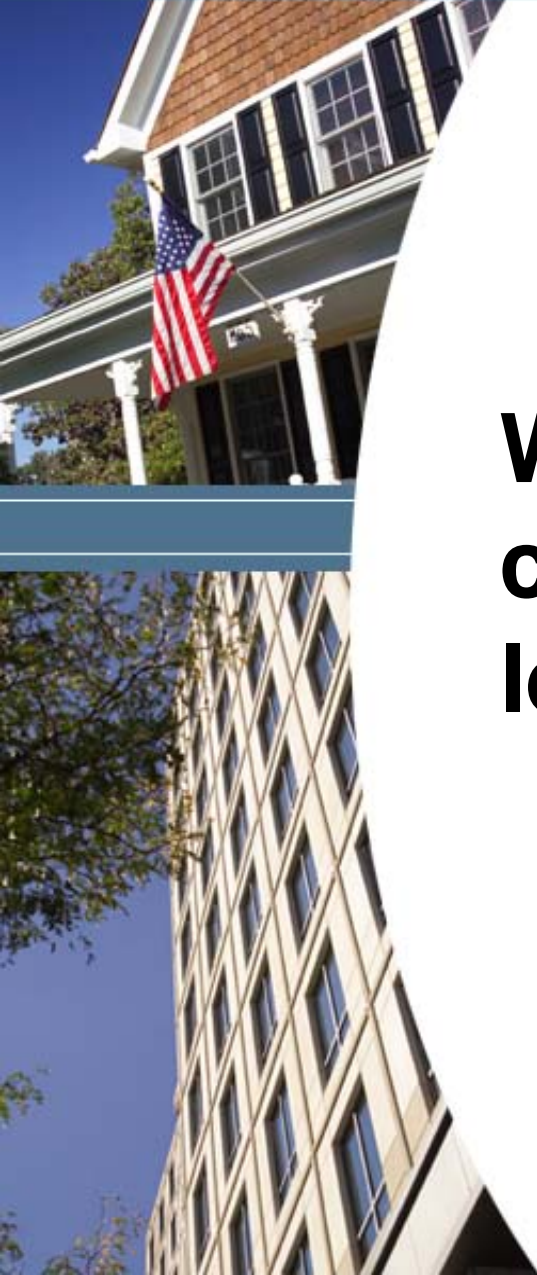
**Where should a lender in
need of new or additional
warehouse capacity
look?**

Question 2

The background of the slide features a collage of images. On the left, there is a photograph of a two-story house with a brown shingled roof, white columns on the porch, and an American flag flying. Below this, there is a photograph of a modern, multi-story skyscraper with a grid of windows. The text is centered on a white background that overlaps these images.

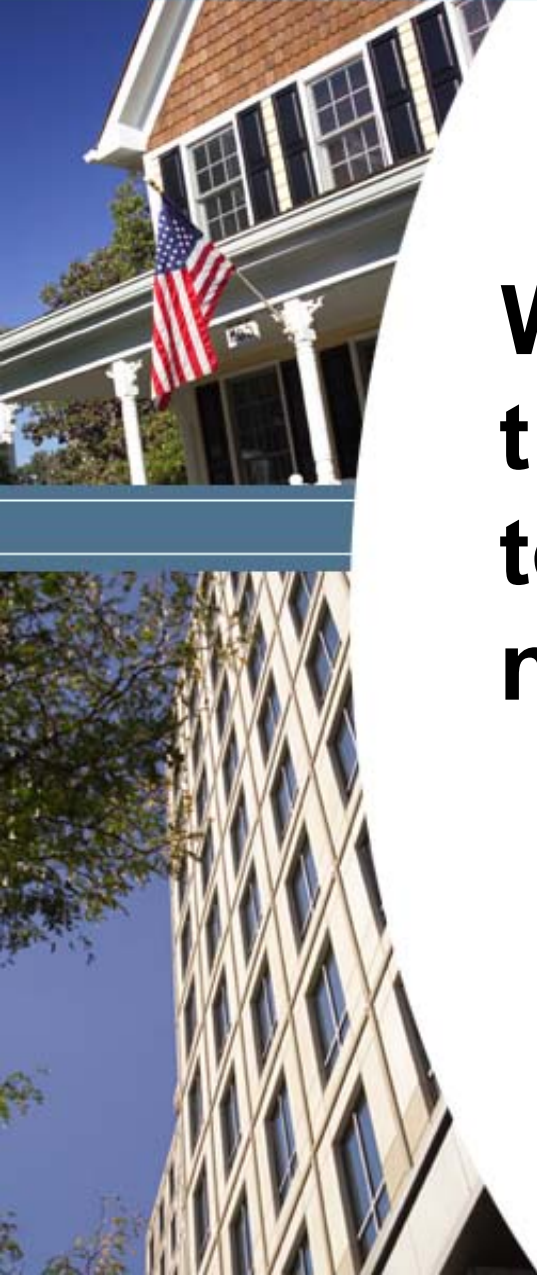
**What are some things
lenders should consider
when searching for new
lines?**

Question 3



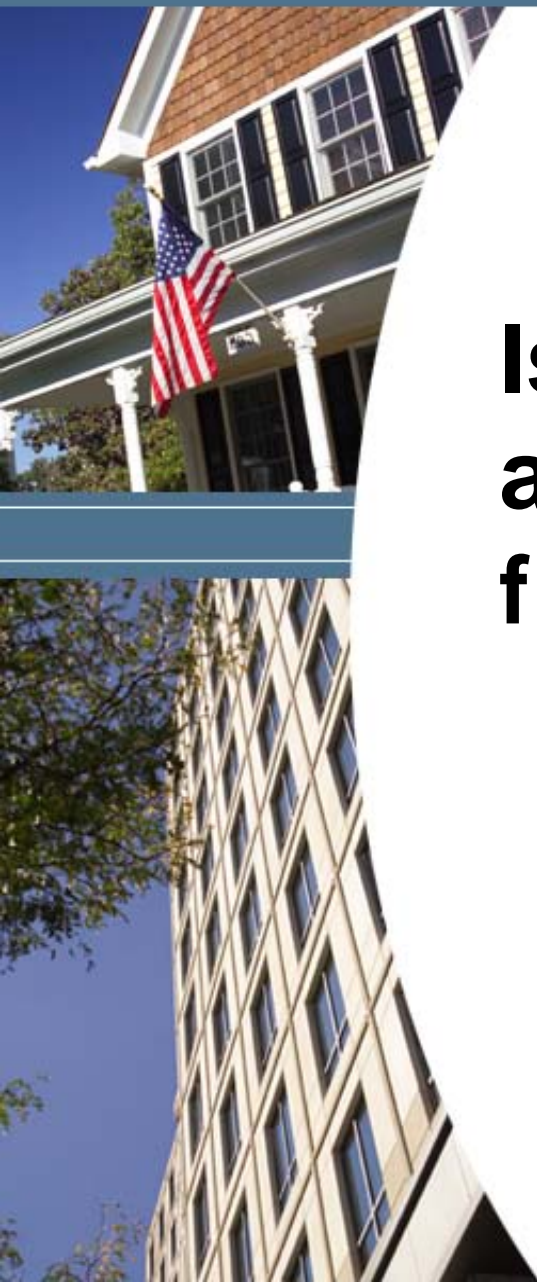
What are some of the concerns for warehouse lenders at this point?

Question 4

The background of the slide features a collage of images. On the left, there is a photograph of a two-story house with a brown shingled roof, white columns, and an American flag flying on a pole. Below this, there is a photograph of a modern, multi-story skyscraper with a grid-like facade of windows, viewed from a low angle looking up.

What are some key issues that lenders should expect to face when negotiating a new or renewal line?

Question 5

The image features a collage of two photographs. The top-left portion shows a two-story house with a brown shingled roof, white columns on the porch, and an American flag flying. The bottom-left portion shows a low-angle view of a modern skyscraper with a grid of windows. A large white curved shape overlaps the right side of these images, containing the text.

**Is there a shortage of
available warehouse
funds?**

Warehouse Lending Under Capacity

	<u>Conservative</u>	<u>Most Likely</u>	<u>Aggressive</u>
Industry Demand for WHL	\$570 billion	\$760 billion	\$950 billion
Current WHL Capacity	\$340 billion	\$340 billion	\$340 billion
Projected Under Capacity in WHL	\$230 billion	\$420 billion	\$610 billion

Source: Reynolds Financial Services Group, LLC

WHL Annual Funding Trend

WHL Annual Funding

<u>Survey Year</u>	<u>\$ Billions</u>
2002	\$750
2003	\$1,095
2004	\$1,410
2005	\$1,575
2006	\$2,250
2007	\$900
2008	\$370
2009	\$340

Question 6


The background of the slide features a collage of images. On the left, there is a photograph of a two-story house with a brown shingled roof, white trim, and a porch with white columns. An American flag is flying on the porch. Below this, there is a photograph of a modern, multi-story skyscraper with a grid of windows, viewed from a low angle looking up. The right side of the slide is a large white curved shape that frames the text.


**Why is there a shortage of
warehouse capacity?**

Question 7


The image features a collage of two photographs. The top-left portion shows a two-story house with a brown shingled roof, white trim, and a porch with white columns. An American flag is flying on the porch. The bottom-left portion shows a low-angle view of a modern, multi-story skyscraper with a grid of windows, set against a clear blue sky.

**How can the government
or MBA help provide
additional capacity to
the marketplace?**

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- **Fall 2008** – MBA Formed the Ad Hoc Working Group on Warehouse Lending, Chaired by John Johnson, CMB of Mortgage America.



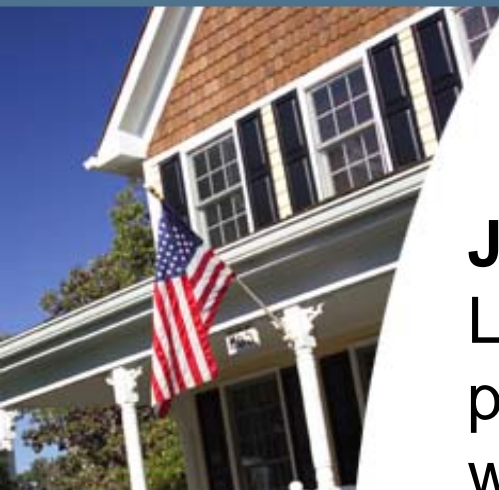
March 5 & 6, 2009 – MBA and members of the Ad Hoc Working Group on Warehouse Lending flew into Washington to meet with the Department of the Treasury, the Federal Reserve, the Federal Housing Finance Agency (FHFA) and Ginnie Mae. MBA was seeking a short term (24 months) federal guarantee of warehouse lines that are collateralized by the GSEs, FHA, VA and RHS-eligible mortgages that are held for sale by non-depository mortgage lenders.



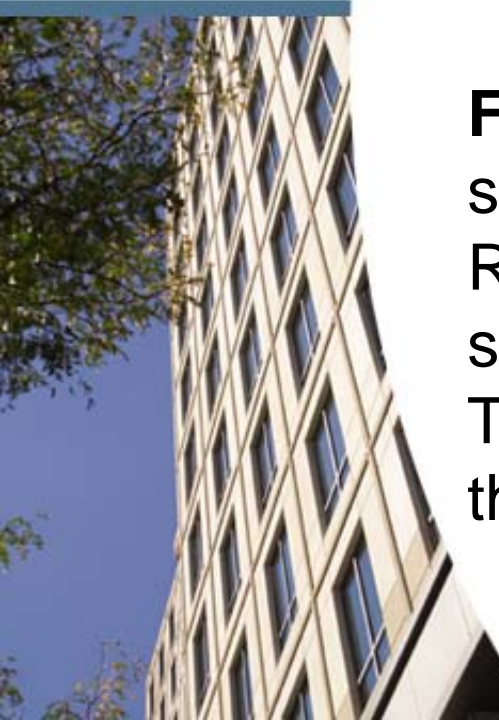
March 24, 2009 – MBA formally requests the Federal Reserve, FDIC, the OCC and OTS study the current risk weightings for warehouse lines of credit to better reflect risk with GSE and Ginnie Mae eligible loans and related servicing advances.



May 2009 - MBA Requests Treasury Implement the GALF Ginnie Mae Warehouse Lending Solution.



June 19, 2009 – MBA and the Warehouse Lending Project send a letter proposing a participations solution for conforming loan warehousing.



Furthermore, MBA has coordinated efforts to send letters from Members of the House of Representatives, the Senate, and letters from state mortgage bankers associations to Treasury urging them to take action and solve the warehouse lending crisis.

Question 8



**What does the future hold
for warehouse lending?**



The Current Status

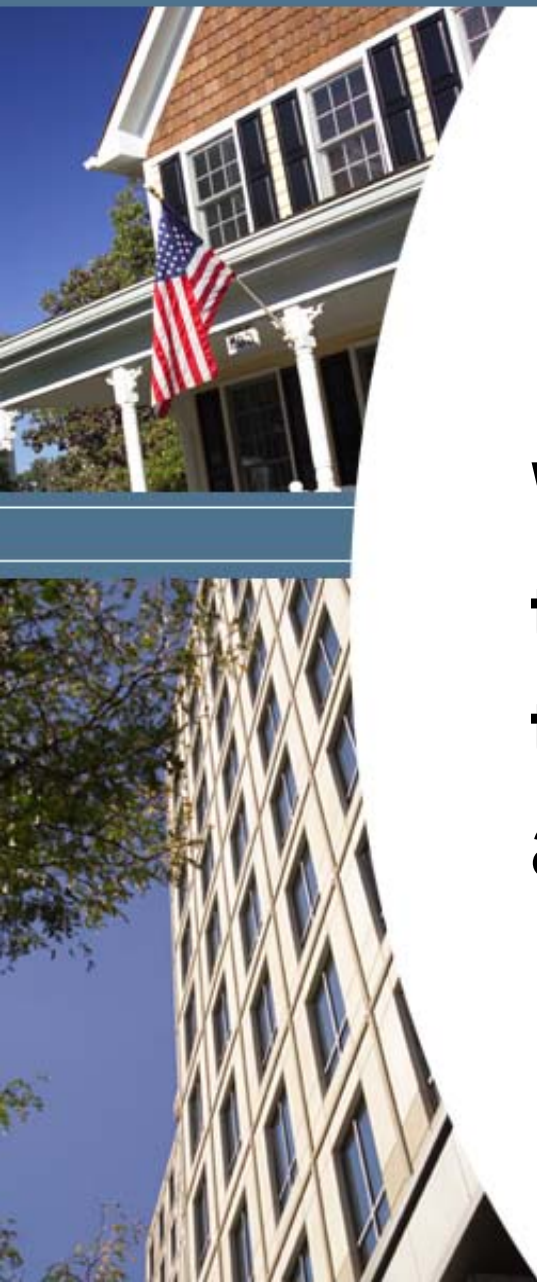
Fannie Mae

Freddie Mac

Ginnie Mae

Financial Regulators (RBC)

Question 9

The background of the slide features a collage of images. On the left, there is a photograph of a two-story house with a brown shingled roof, white columns on the porch, and an American flag flying. Below this, there is a photograph of a modern, multi-story skyscraper with a grid of windows, viewed from a low angle looking up. A large white curved shape overlaps the right side of these images, serving as a background for the text.

What can my company do to more efficiently utilize the warehouse lines it already has in place?

Audience Questions?

