



Secondary Market Update

MBA's Reverse Mortgage Lending Conference
September 11, 2009

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Current State of Secondary Market



Quick Facts

- Fannie Mae's reverse portfolio continues to grow
 - Up to \$48.6 billion as of June 30
 - Market share is approximately 90% despite decision to raise margins
 - Losses of \$14.8 billion in second quarter of 2009
 - Needs \$10.7 billion cash injection from Treasury
- Ginnie Mae HMBS volumes way up
 - Over \$2 billion this year
 - Records for 3 months in a row (May – June)



Ginnie Mae

HECM/HMBS Monthly Report

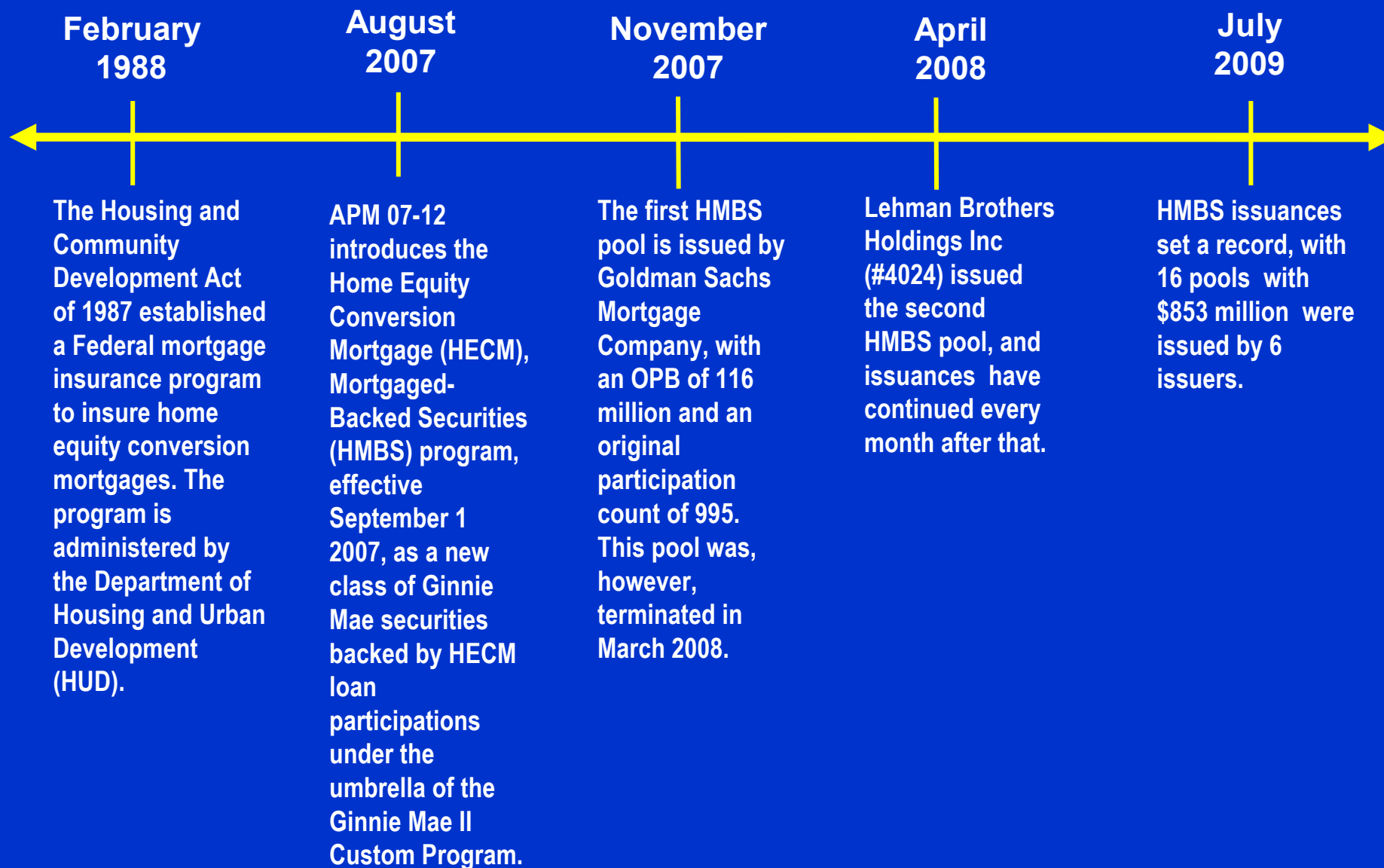
July, 2009

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Summary

- **HMBS issuances set a record in July, as 6 issuers issued 16 HMBS with \$853 million OPB, nearly 45% higher than the previous record, set one month earlier. (page 4 & 5)**
- **Generation Mortgage Company (#4027) issued its first HMBS pool, making it the 10th HMBS issuer in the history of the program. (page 6)**
- **HECM portfolio UPB increased 32%, and ended the month with \$3.5 billion UPB and 75 pools managed by 8 issuers. (page 8&9)**
- **One-fifth of the HECM loans had UPBs greater than or equal to 75% of the Maximum Claim Amount, while one-fifth were below 50%. (page 12)**
- **HECM loans were concentrated in California and Florida, with significant amounts in New York, Texas, and New Jersey. (page 13 & 14)**
- **Two-thirds of HECM borrowers were between 66 and 80 years old, while 2% of the borrowers were over 90 years old, and several were over 100. (page 15)**
- **All HMBS pools have been fixed rate, monthly adjustable rate CMT or LIBOR. There have not been any one-year CMT or LIBOR pools issued. (page 16)**

History of Ginnie Mae's HECM/HMBS Program



Issuances

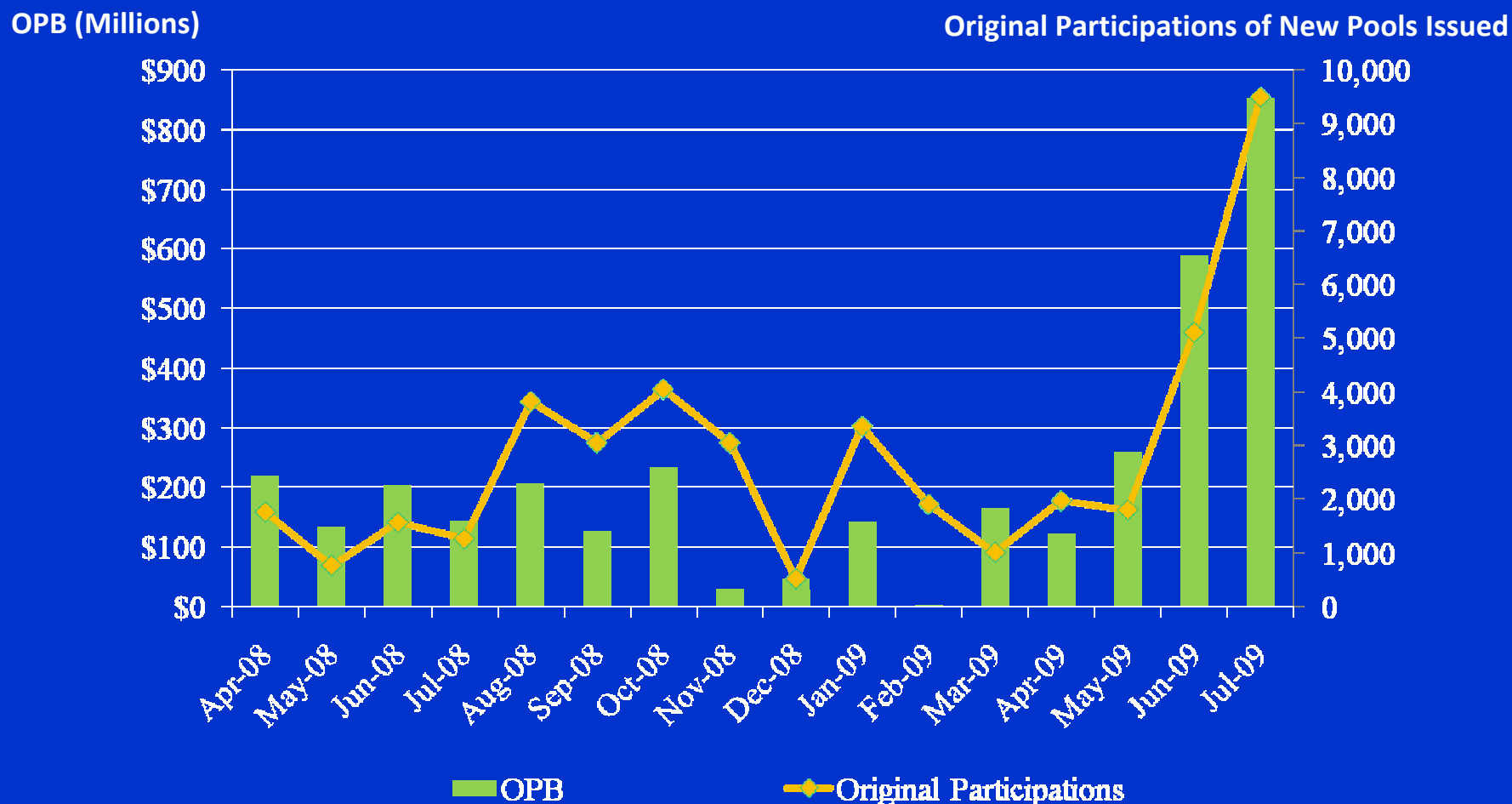
July Issuances

Issuer ID	Issuer Name	Number of Pools	OPB (Millions)
4036	Bank of America	4	427
4039	Metlife Home Loans a Div. of Metlife Bank	5	220
4028	World Alliance Financial Corp	2	99
4041	Wells Fargo Bank, N. A.	2	59
4021	Sunwest Mortgage Company, Inc.	2	34
*4027	Generation Mortgage Company	1	13
	Total	16	853

* First pool issued 7/09.

History of Issuances – Program View

HECM/HMBS issuances set a record in July, as 6 issuers issued 16 pools with \$853 million OPB, nearly 45% higher than the previous record, set one month earlier.



All Issuances and Issuers Through July

Issuer Number	Issuer Name	Number of Pools	OPB (Millions)
4011 ¹	Goldman Sachs Mortgage Company	1	117
4015 ²	Reverse Mortgage Solutions, Inc	3	152
4020 ³	Financial Freedom Senior Funding Corp	20	492
4021	Sunwest Mortgage Company, Inc.	9	159
4024	Lehman Brothers Holdings Inc	2	253
4027	Generation Mortgage Company	1	13
4028	World Alliance Financial Corp	16	860
4036	Bank of America	7	799
4039	Metlife Home Loans a Div. of Metlife Bank	13	701
4041	Wells Fargo Bank, N. A.	4	69
	Total	76	3,615

Notes:

1.Pool has been terminated.

2.Reverse Mortgage Solutions (#4015) transferred all of its 3 pools to World Alliance Financial Corp (#4028) in March 2009 and has not issued since.

3.Financial Freedom Senior Funding Corp transferred all of 20 pools to Financial Freedom Acquisition (#4053) in April 2009. Neither issuer has issued since.

Portfolio

Issuers with Active HECM Portfolios as of July

Issuer Number	Issuer Name	Number of Pools	UPB (Millions)	Original Participation Count
4053	FINANCIAL FREEDOM ACQUISITION	20	493	15,521
4021	SUNWEST MORTGAGE COMPANY, INC	9	156	2,829
4024	LEHMAN BROTHERS HO	2	245	1,850
4027	GENERATION MORTGAGE COMPANY	1	13	52
4028	WORLD ALLIANCE FINANCIAL CORPORATION	19	1,009	14,714
4036	BANK OF AMERICA	7	800	5,616
4039	METLIFE BANK, N.A.	13	703	3,163
4041	WELLS FARGO BANK, N.A.	4	69	397
	Total	75	3,489	44,142

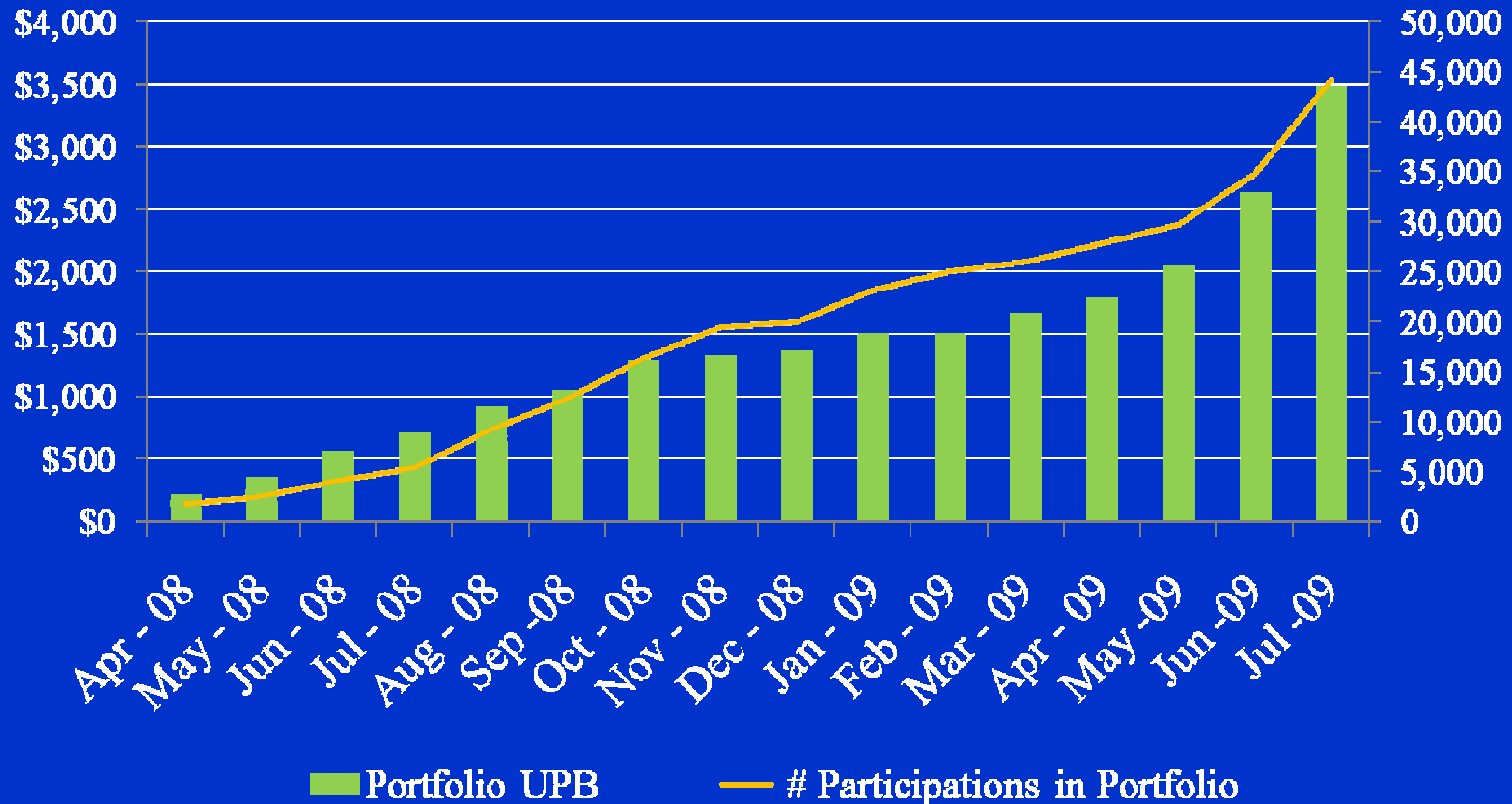
* Note: All numbers on this page pertain to the remaining portfolio as of July 2009.

HECM/HMBS Portfolio Growth

The HECM/HMBS portfolio has grown steadily since the program began, and surged in June and July. In the past month the portfolio UPB increased over 32%, and the number of participations increased 27%.

Total UPB (Millions)

Number of Participations



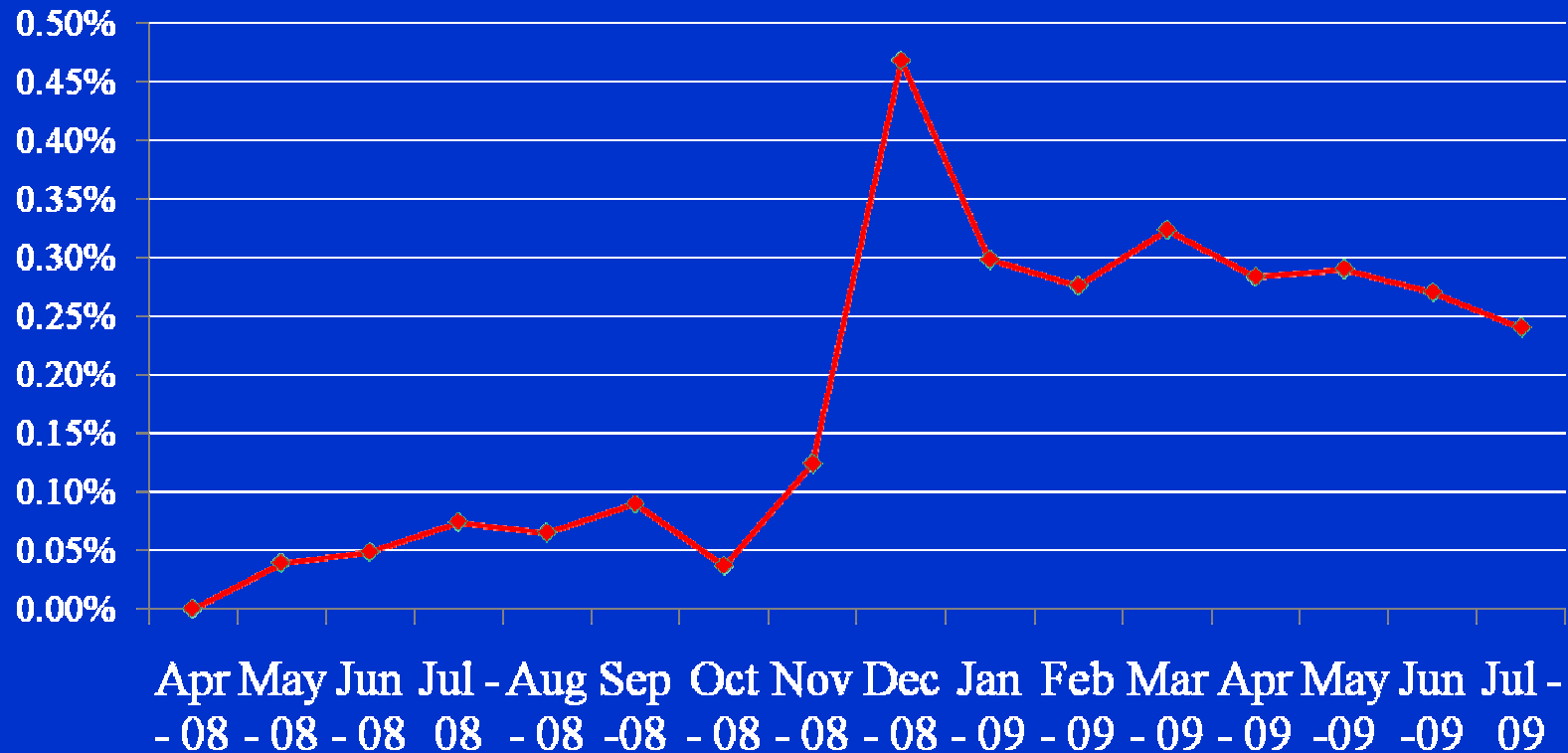
Issuers Securitizing 1st, 2nd and Additional Participations

Issuer Number	Issuer Name	Total Participation Count	1st Participation	2nd Participation	3rd Participation	4th Participation	5th Participation	6th Participation
4021	SUNWEST MORTGAGE COMPANY, INC	2,829	930	752	585	562		
4024	LEHMAN BROTHERS HO	1,850	1,850					
4027	GENERATION MORTGAGE COMPANY	52	52					
4028	WORLD ALLIANCE FINANCIAL CORPORATION	14,582	7,336	6,089	1,157			
4036	BANK OF AMERICA	5,616	5,616					
4039	METLIFE BANK, N.A.	3,163	3,163					
4041	WELLS FARGO BANK, N.A.	397	397					
4053	FINANCIAL FREEDOM	15,521	3,493	3,467	2,147	2,147	2,147	2,120

Participation Payoffs

The number of participations that paid off has been steady since January 2009. In July, 0.24% of participations paid off.

Paydown Percentage



◆ Participation Paydowns as a Percentage of Total Participations

HECM UPB as a Percentage of Maximum Claim Amount

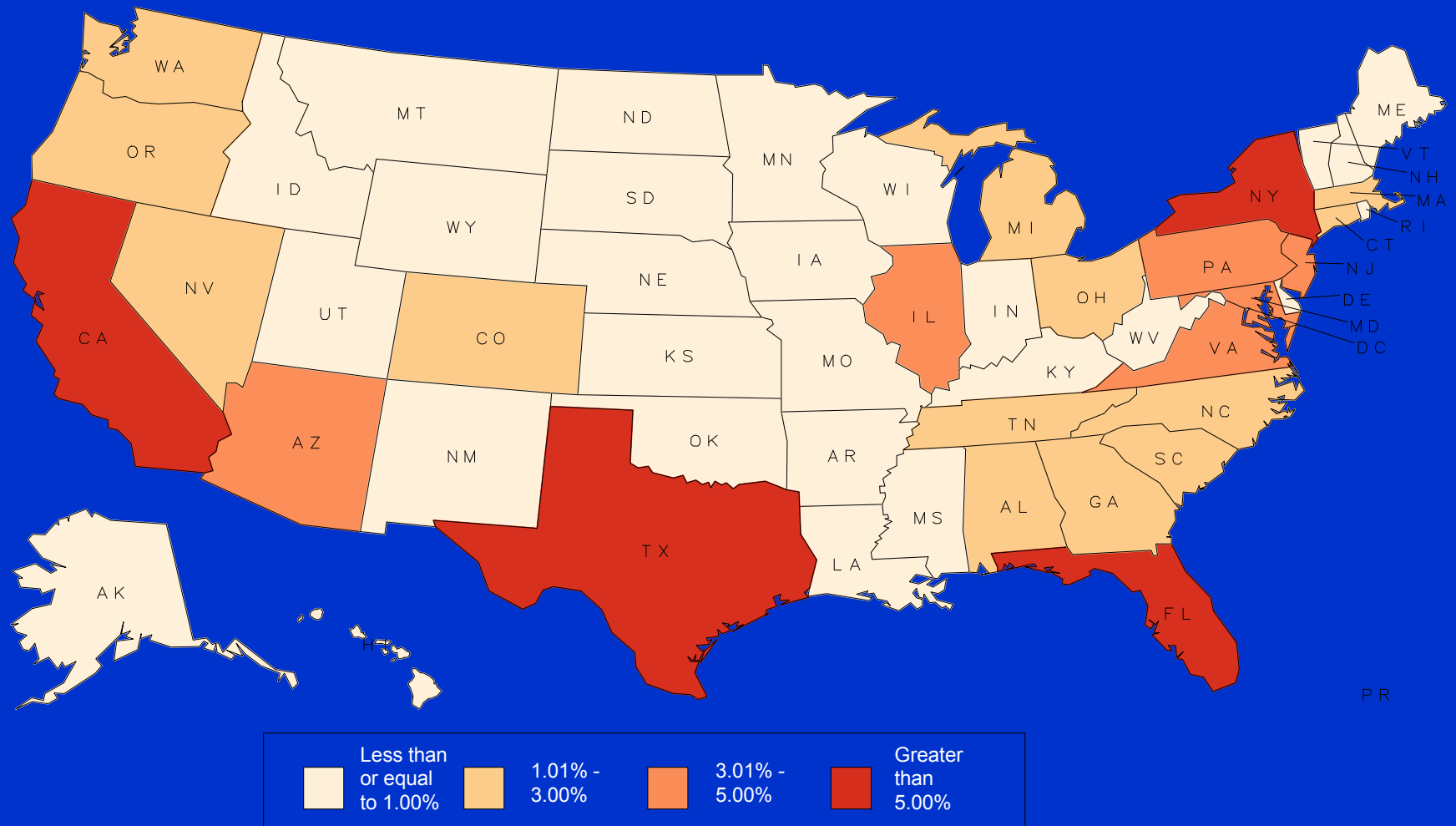
About one-fifth of the HECM loans had UPBs greater than or equal to 75% of the Maximum Claim Amount, while about one-fifth were below 50%.

HECM UPB as a Percentage of Maximum Claim Amount	Number of HECM Loans	Percentage of All Loans
< 25%	1,472	6%
25% - 50%	3,266	14%
50% - 75%	14,170	62%
75% - 85%	3,263	14%
85% - 95%	638	3%
>= 95%	28	0%
Total	22,837	100%

Note: Bottom cutoffs of the stratum are inclusive. For example, 75% - 85% means $\geq 75\%$ and $< 85\%$: All numbers on this page pertain to the remaining portfolio as of July 2009

HECM State Distribution

HECM loans were concentrated in California and Florida, with significant amounts in New York, Texas, and New Jersey.



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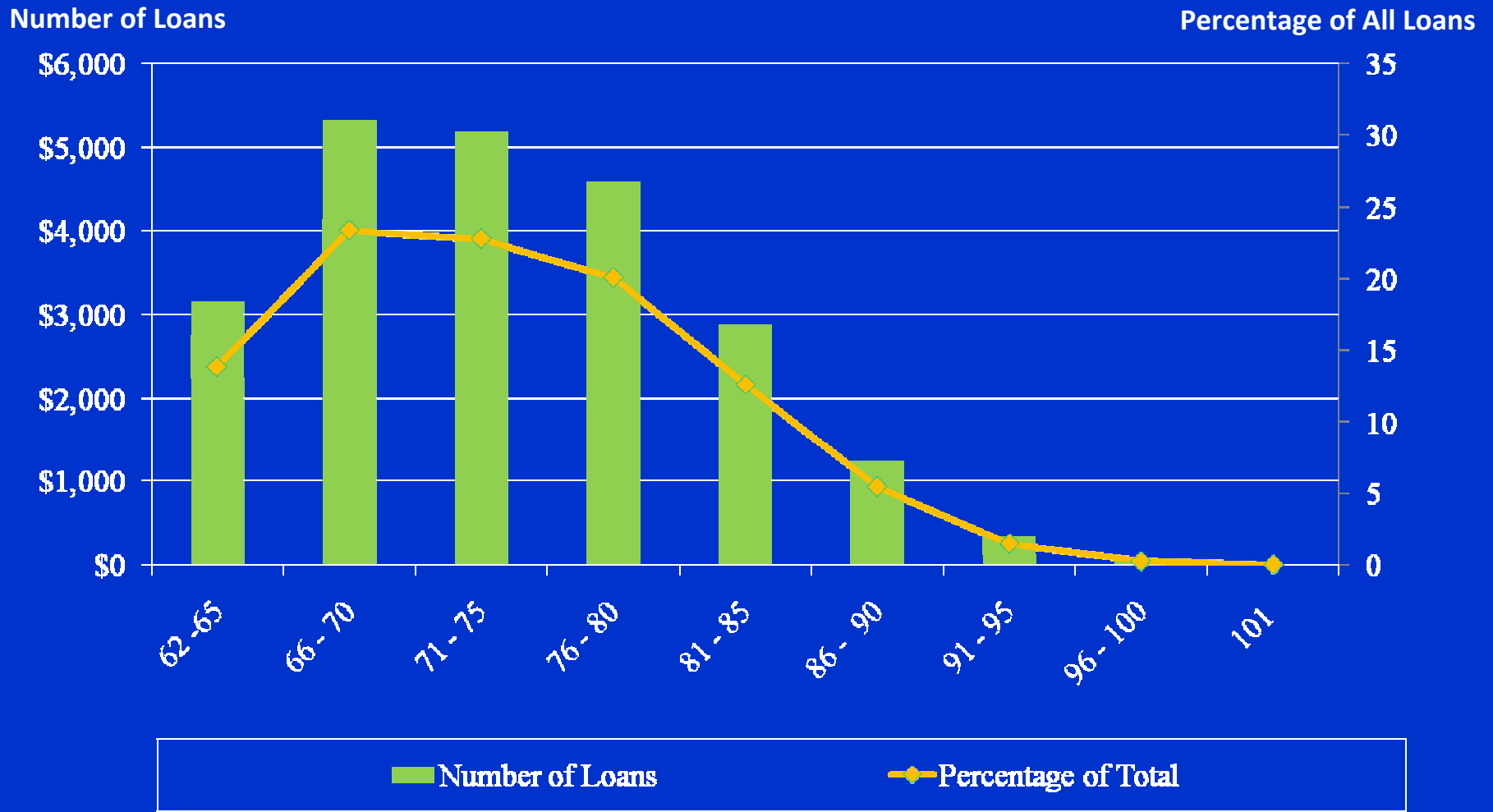
Number of HECM Loans - Top 10 States

State	Number of HECM Loans	Loan Count Percentage	Number of Participations	HECM Loan UPB (Millions)	HECM Loan OPB (Millions)
CA	3,906	17%	7,062	865	742
FL	3,711	16%	7,708	518	445
NY	1,553	7%	2,670	326	281
TX	1,246	5%	2,576	125	111
NJ	1,109	5%	1,965	182	150
AZ	858	4%	1,899	122	103
PA	842	4%	1,742	87	75
MD	841	4%	1,790	145	128
VA	784	3%	1,444	113	103
IL	714	3%	1,291	95	83

* Note: All numbers on this page pertain to the remaining portfolio as of July 2009.

Age Profile of HECM Borrowers in the Portfolio

Two-thirds of HECM borrowers in the remaining portfolio were between 66 and 80 years old, while 2% were over 90, and several were over 100.



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HMBS Pools by Pool Type

There are 5 types of HECM pools, although only three have been issued to date:

- *RF – Fixed Rate*
- *RA – One Year Adjustable Rate, CMT (not yet issued)*
- *RM – Monthly Adjustable Rate, CMT*
- *AL – One Year Adjustable Rate, LIBOR (not yet issued)*
- *ML – Monthly Adjustable Rate, LIBOR*

Pool Type	OPB (Millions)	Pool Ending UPB (Millions)	Percentage of Total UPB	Original Participation Count	Current Participation Count
RF	1,548	1,558	44.65%	12,193	12,106
ML	1,091	1,085	31.10%	17,826	17,715
RM	975	846	24.25%	15,632	14,321
Total	3,615	3,489	100.00%	45,651	44,142



MetLife[®]

MetLife Home Loans MBA's Reverse Mortgage Lending Conference

September 11, 2009

GNMA Experience

- Total of 22 pools issued representing \$1.3bn in UPB
- All Fixed Rate
- Issuance execution has been smooth
- Excellent reception from investors
 - Swaps vs TBAs ?
 - Liquidity improving
- Concerns
 - T & I Default
 - Loan buy-out capacity
 - Securitization of “tails”

Proprietary Product Update

- No new news
 - Lack of private label securitization market
 - Balance sheet capacity primary driver
 - Higher FHA limits reducing need
- Future Direction
 - Niche product
 - Super Jumbo
 - Short time horizon
 - Regulatory considerations
 - HECM “Re-engineering” considerations

FNMA Update

- Current Status
 - Continue to be active participant, especially in ARM product
 - Firmly established market clearing prices
 - Eliminated CMT
- Future Status
 - Need to shrink balance sheet/HECM portfolio
 - Considering own version of HMBS
 - Larger issue is overall role of GSEs

Possible Trends from Forward World

- Fannie Mae becoming more aggressive with Buybacks – “bracing for higher mortgage defaults and anticipate forcing their seller/servicers to buy back even more loans in the quarters ahead” – National Mortgage News, 8/17/09
 - Increasingly inflexible in demands
 - Short-term view – used to be long-term business relationships
 - Under pressure to put back non-performing loans
 - Lots of turnover and uncertainty
 - New “official position” regarding uniform documents

Possible Trends from Forward World (cont.)

- MBA White Paper: MBA's Recommendations for the Future Government Role in the Core Secondary Mortgage Market
 - Proposes transition away from GSEs to a small number of privately-owned, government chartered and regulated mortgage creditor-guarantor entities (MCGEs) to support only "core" mortgage products
 - "Conventional" single-family mortgage products traditionally supported by the GSEs
 - Each security would also have a security-level government-guaranteed "wrap" (like a Ginnie Mae security)

Possible Trends from Forward World (cont.)

- MBA/ASF Model Agreements/Provisions
 - Draft MBA model loan purchase and sale agreement dated August 5, 2009
 - Based on “Wall Street” form
 - Still “purchaser friendly”
 - ASF Model RMBS Representations and Warranties
 - Very “purchaser friendly”

Other Related Issues

Helping Families Save Their Homes Act of 2009 Section 404 Notification Requirements

1. Notification. Buyers of any mortgage loan must make the following disclosures to the borrower no later than 30 days after the transaction's completion:
 - the identity, address, telephone number of the new creditor (buyer);
 - the date of transfer;
 - how to reach an agent or party having authority to act on behalf of the new creditor;
 - the location of the place where transfer of ownership of the debt is recorded; and
 - any other relevant information regarding the new creditor.
2. Penalties for Failure to Comply. Buyers who fail to make these disclosures are subject to a private right of action by borrowers for noncompliance. Borrowers would be able to recover:
 - actual damages;
 - statutory damages of up to \$4,000 per borrower; and
 - lesser of \$500,000 or 1% of a creditor's net worth in a class action.

Other Related Issues (cont.)

- Warehouse Funding
 - Approximately 85-90% of warehouse capacity gone
 - Potential GSE involvement purchasing participations in existing or new lines of credit
- FHLB Membership
 - Insurance companies eligible to become FHLB members “of the district in which the institution’s principal place of business is located. . .” But the regulations permit a member to make a request to the FHLB “in the district where the institution maintains its home office that a state other than the state in which it maintains its home office be designated as its principal place of business.”
 - Could provide access to FHLB advances supported by reverse mortgages as collateral

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- Questions?

