Successful Strategies to Manage Mortgage Servicing Rights

Implement the latest valuation, hedging, and prepayment models to achieve a competitive advantage

September 27-28, 2005 • Omni Chicago Hotel • Chicago, IL

Featuring Key Discussions By:

Chairperson:
Tom Healy
HANOVERTRADE

Seth Sprague
SUNTRUST MORTGAGE

Steve Davies
PRICEWATERHOUSECOOPERS

Andrew Davidson
ANDREW DAVIDSON & CO.

Mohan Chellamasami
WELLS FARGO HOME MORTGAGE

Michael Bykhovsky
APPLIED FINANCIAL TECHNOLOGY

Steve Kaplan
KILPATRICK & LOCKHART

Jeff Lebowitz
MORTECH

Tim Forrester
DELOITTE

Bill Longbrake
WASHINGTON MUTUAL

Steve Tannehill
COUNTRYWIDE FINANCIAL

Mike Zimmerman
MGIC

Steven Berg
GRIFFIN CAPITAL PARTNERS

Mark Garland
MATRIX CAPITAL BANCORP

Charles Richard
QRM

Sudha Yerneni
BLACKROCK FINANCIAL

Mike Martin
OFFICE OF THE COMPTROLLER OF THE CURRENCY

Tim Covington
WELLS FARGO HOME MORTGAGE

Sudha Yerneni
BLACKROCK FINANCIAL

Larry Kenny
OFFICE OF THRIFT SUPERVISION

Kent Westerbeck
ABN AMRO

THIS IS THE ONLY MSR EVENT THAT OFFERS:

- A wide array of speakers from banks, mortgage, and technology companies who will give you insight on how the MSR landscape has changed and how you can leverage these changes to boost your profits
- An update on where GSE’s stand on lowering the minimum servicing fee to 12.5 basis points, from 25, and a detailed analysis of what this means for prepayments, borrowing and technology costs
- Sessions and workshops designed to address the needs of both seasoned MSR professionals and new entrants on using OAS/Static to value assets, basic and advanced hedging techniques and accounting methodologies

Seasoned industry experts will give you the latest strategies to manage MSR assets in a changing interest rate and regulatory environment

- Devise new hedging and default management strategies to minimize risk in a rising interest rate environment
- Reduce risk by using prepayment models that accurately reflect today’s interest rates
- Implement techniques for valuing your MSRs using different data resources available to the public
- Learn how the latest tax and accounting legislation is changing the MSR market so that you remain competitive
- Avoid liability by mastering compliance issues and the latest OTS/OTC interagency guidance
- Increase the value of your MSR acquisitions with effective technological and cultural integration techniques

Don’t Miss This Year’s Workshops!

Your choice of one of the two concurrent sessions:

Guide to Hedging Mortgage Servicing Rights: Implementing a Successful Hedging Program

OR

Introduction to Mortgage Servicing Rights: Practical Tools to Help you Understand and Capitalize on this Complex Asset

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Dear Mortgage Servicing Executive,

Faced with rising interest rates and potential modifications in accounting and valuation standards, the mortgage servicing rights industry is in the midst of change. Servicing rights executives are struggling to remain competitive in an increasingly complex market, as economic dynamics shift and questions arise on how to update prepayment models to accurately forecast loan performance, methods to implement mark to market accounting, and assessing the effectiveness of OAS and other valuation methodologies.

As someone who is directly involved with managing mortgage servicing rights, it is your responsibility to ensure your company remains competitive and profitable in an ever-changing economic and regulatory environment. With an eye towards helping you minimize costs and boost revenue in this competitive market, IIR presents its 11th Annual Successful Strategies to Manage Mortgage Servicing Rights. Hear from some of the industry’s most seasoned professionals from SunTrust, Wells Fargo, PricewaterhouseCoopers and Countrywide Financial on how to:

- Develop and implement successful hedging strategies
- Identify non-hedge strategies that enable you to successfully manage the inherent economic risks associated with MSR assets
- Define strategies to comply with privacy and other laws to minimize litigation risk
- Boost the value of your MSR acquisitions with cutting edge technological and cultural integration techniques
- Implement prepayment models that accurately reflect prepayment rates and default risk in a rising interest rate environment
- Enhance your customer retention strategy

Plus, this year, choose one of two concurrent workshop sessions:

Guide to Hedging Mortgage Servicing Rights: Implementing a Successful Hedging Program
or
Introduction to Mortgage Servicing Rights: Practical Tools to Help you Understand and Capitalize on this Complex Asset

Don’t miss the opportunity to obtain a fresh perspective and improve your skill set. To register, call 888-670-8200, e-mail register@iirusa.com, or visit the Web site at www.iirusa.com/msr.

I look forward to meeting you in September.

Best regards,

Tom Healy, DBA, CMB
Senior Vice President
HanoverTrade

P.S. Don’t miss Bill Longbrake of WaMu discuss the implications of Fannie Mae and Freddie Mac lowering minimum servicing fees!
### Pre-conference Workshops

#### Option 1:
**Guide to Hedging Mortgage Servicing Rights: Implementing a Successful Hedging Program**
- Analyze the benefits and drawbacks of hedging MSRs and how hedge strategies can help you mitigate risk
- Defining hedge goals and creating policy documentation to ensure you reach your goals
- Key accounting rules and strategies you must know when hedging MSRs to remain compliant
- How to build hedging programs that will effectively manage the risk
- Getting hedge accounting treatment to reduce earnings volatility
- Learn what modeling tools and technology requirements you need to set up an effective hedging program
- Examine whether outsourcing hedging responsibilities can minimize your costs and maximize your efficiency

**Mohan Chelliaswami**  
*Senior Vice President - Capital Markets*  
**Wells Fargo Home Mortgage**

#### Option 2:
**Introduction to Mortgage Servicing Rights: A Step-by-Step Guide on How You Can Hedge, Value and Capitalize on These Complex Assets**
- Define a Mortgage Servicing Right so that you can understand and capitalize on this asset
- Ensure that your MSR valuation techniques accurately reflect interest rate and prepayment risk
- Hedging 101: Learn how hedging can help you manage MSR risk
- Key accounting principals that you must know when valuing and hedging these assets
- Model validation principals: How to mitigate potential risks arising from reliance on computer based financial models

**Steve Davies**  
*Co-chair - Consumer Finance Group*  
**PriceWaterHouseCoopers**

### MAIN CONFERENCE

#### 1:00 Chairman's Welcome and Opening Remarks:
**Tom Healy, DBA, CMB**  
*Senior Vice President*  
**HanoverTrade**

#### 1:30 Determining Valuations of MSR Assets
Careful analysis is required to determine the fair value of MSRs. Unlike government securities and other highly liquid investments, the precise market value of MSR assets cannot easily be determined because these assets are not actively traded in stand-alone markets. In this session you will learn:
- How to assess accuracy of valuations by comparing data collected from MSR trades, broker valuations, and other data sources
- The pros and cons of looking at public data and pitfalls to avoid
- Using third party information to help with internal valuation including I/O strips, SEC/Public filing, press releases, broker valuations, MSR trades and survey data

**Seth Sprague**  
*Assistant Vice President*  
**SunTrust Mortgage**

#### 2:30 Implementing Effective Strategies for Subprime Servicing to Maximize Profits
- Identify optimal prepayment models to increase portfolio value
- Modeling default/delinquency curves on prepayments
- Identify new technologies to help you cost-effectively manage subprime servicing
- Understand latest regulatory changes for subprime servicing that will help you avoid litigation

**Steve Tannehill**  
*Executive Vice President*  
**Countrywide Financial**

#### 3:00 Examining the Implications of GSEs Lowering the Minimum Servicing Fee: How will Banks Remain Competitive?
- Assessing the impact of lower servicing fees on the TBA MBS market.
  - How will this affect liquidity and price?
  - Implications for borrowing costs
  - Discussion on possible fragmentation of MBS market
- Will lower fees enable servicers to cover costs associated with the maintenance of technology and compliance?
- Implications for effect on capital-linked barriers to entry for small and mid-sized firms
- Lower servicing fees and the impact on prepayments
- Will banks that hold servicing asset portfolios consisting of loans with relatively low principal balances remain competitive?

**Bill Longbrake**  
*Vice Chair*  
**Washington Mutual**

#### 3:45 Update on Key Accounting Standards and the Impact on your Valuation and Hedging Techniques
- How to implement FASB 133 to effectively manage balance sheet and earnings statements
- FASB 140 Amendments: How to determine fair market value in light of new guidance including the servicing rights project and its impact on securitizations
- Analyze fair value accounting and its implications on MSRs: Does this methodology fit your needs?
- Measuring the impact if mark to market accounting is made mandatory
- How to successfully implement mark to market accounting
- Assessing the effects of new accounting methods on your hedging programs

**Tim Forrester**  
*Deputy National Audit Planner*  
**Deloitte**

#### 4:00 Mid-Afternoon Networking Break

#### 4:30 End of Conference Day One
1:00 Hedging the Mortgage Company – Protecting the Value of Both MSRs and the Value of the Mortgage Origination Franchise
• Successful strategies to stabilize the revenue reported by the mortgage company
• Examine if these measures put the mortgage company’s market value at risk
• Key strategies to protect the market value of the mortgage company while mitigating the volatility of its earnings
Kent Westerbeck
Senior Vice President
ABN AMRO

1:45 Understanding the Servicing Brokers Perspective on the MSR Market: Price Discovery Strategies and Effective Appraisal Analysis
• What are the implications of FASB Fair Value Exposure Draft on MSR assets?
• Price discovery: Effective strategies to ensure modeled value is accurately representative of fair value
• Appraisal analysis: Determine how companies use and implement broker appraisals
Steven Berg
Senior Vice President
GRIFIN CAPITAL PARTNERS

2:15 Using Information Technology to Implement Advanced Risk Management Solutions
• Examine current trends in risk management technologies so your system remains current
• Determine how the use of technological statistical models has changed the servicing process to mitigate losses
• Technological advances in loan scoring process that can improve efficiency of your MSR asset modeling process
Jeff Lebowitz
President
MORTECH

2:45 Mid-Afternoon Break

3:00 Understanding Compliance Issues Related to MSRs to Improve Efficiency and Minimize Litigation Risk
• Understand laws, rules and regulations so that you can comply with predatory lending laws
• Examine regulatory approaches to model risk
• Understand the impact of OTS/OCC interagency guidance on MSRs: key updates in the MSR regulatory landscape
Mike Martin
National Bank Examiner - Large Banks
OFFICE OF THE COMPTROLLER OF THE CURRENCY
Steve Kaplan
Partner
KIRKPATRICK & LOCKHART NICHOLSON GRAHAM LLP
Larry Kenny
Senior Capital Markets Specialist
OFFICE OF THRIFT SUPERVISION

3:45 Analyze the Benefits of Using OAS to Determine Asset Valuations
• Determine if your valuations under OAS are accurate or whether you need to rework your process
• Analyze when to use OAS to determine optimal outcome for valuing MSRs
• Strategies for cost-effective implementation of the OAS model
• How OAS modeling can help you identify bargains in the servicing market
Mark Garland
Vice President
MATRIX CAPITAL BANCORP
WHO SHOULD ATTEND

From Mortgage Banks, Mortgage Companies & Thrifts:
Chief Financial Officers
Chief Operating Officers
Mortgage Accounting Professionals
Senior Examiners
Treasurers
Mortgage Servicing Managers
Risk Management Directors

Also of Interest To:
Directors of Mortgage, Technology Service Providers
Research and Trading
Accountancy Firms
Derivatives Traders
Financial Engineers
Risk Management Consultants
Investment Firms

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Call: (888) 670-8200 or (941) 951-7885
Mail: IIR NY, P.O. Box 3685, Boston, MA 02241-3685
Email: register@iirusa.com
Web: http://www.iirusa.com/msr

Group Discounts Available
Please contact Aloycia Bellille at (212) 661-3500 ext. 3702 for details. No two discounts can be combined.

FEE
The standard fee for attending IIR’s Successful Strategies to Manage Mortgage Servicing Rights is outlined on the registration form. This includes the luncheon and refreshments, and the conference documentation and materials submitted by the speakers. You may enclose payment with your registration or we will send an invoice. Payments can be made by check, VISA, MasterCard, Diners Club or American Express. Please make checks payable to the "Institute for International Research, Inc." and write the name of the conference delegate(s) on the face of the check as well as our reference U2033. Payments must be paid by September 13, 2005, to ensure seating at the conference and inclusion on the delegate list.

DATES AND VENUE
September 27-28, 2005
Omni Chicago Hotel
676 N. Michigan Avenue
Chicago, IL 60611

ACCOMMODATIONS
A block of rooms will be held for a limited period of time at the Omni Chicago Hotel. All hotel bookings must be made through The Global Executive’s Internet booking site. Please visit www.globalexec.com/iir to make your reservation. If you do not have web access, or need additional assistance, please call The Global Executive at (800) 516-4265 or (203) 431-8950. You can also send them an email at conf@globalexec.com or fax them at (203) 431-9305. The hotel will not accept individual calls for room reservations at the IIR negotiated group rate.

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Should you be unable to attend for any reason, please inform IIR IN WRITING prior to September 16, 2005 and a credit voucher for the full amount will be issued which must be used within one year of issuance. If you prefer, a full refund less a $395 non-refundable deposit will be issued. No refunds or credits will be given for cancellations received on or after September 13, 2005.

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Register by 7/15/05 Register by 8/1/05 Register after 8/1/06

Conference Only U2033C ☐ $1,795 ☐ $1,895 ☐ $1,995

Conference + Workshop 1 Implementing a Successful Hedging Program U2033B1 ☐ $2,395 ☐ $2,495 ☐ $2,595

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IIR’s 11th Annual

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