Who’s Zooming Who? ™
Solutions to the Hollow Promises of Wall Street’s Shadow Banking System! ™
Part 1

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Problems & Solutions Overview: Finally, someone asked the question and got the right answer! On November 26, 2007 Larry Kudlow (Kudlow & Company of CNBC) asked former Labor Secretary Robert Reich whether or not the recent Schwarzenegger type ‘freeze” on resetting mortgage interest rates would work? Mr. Reich indicated that a freeze is good in principle, but rightly pointed out that it would not necessarily help the credit crunch? Although we want (and must) help homeowners stay in their homes and lenders keep their loans (in part to avoid expensive foreclosure losses from enhanced frequency and severity), we cannot modify loans with (monthly) foreseeable unaffordability or lack of available credit funds. Furthermore, the current mortgage (shadow) banking system does not have a ‘certainty safety-net’ in place that would preclude severe credit and liquidity crunches as we are experiencing presently, nor homeowners from massive foreclosures. We need to plan to keep homeowners in their homes and lenders in their loans. Price must be paid for risk, but price must be affordable to the borrower. Borrower affordability may be in the form of cash, cash equivalents and credit enhancements. See New Solutions – FMII™ - Foreclosure Mortgage Insurance Investment Funds™ below.

Secondary Market Risk - Randomly Activated Hidden Contingencies (“RAhC”): The finance, accounting and legal structure of the securitized mortgage system is riddled with randomly activated hidden contingencies (“RAhC”) and debt (“RAhD”) (www.randomlyactivatedhiddendebt.com), the extent of which is still unknown. We must ask who was zooming who? Who’s responsible and why? Since the answer is everyone from Congress to Wall Street with Main Street in-between, let’s jump to the solutions. The same-old just doesn’t work anymore. We need new solutions and improved mortgage business models. It’s a new world out there, and we must take it back – together.

The fact that secondary market participants purport to rely upon mere contractual ‘put’ “representations and warranties”, “repurchase”, and “indemnification” obligations of the lending originator, must cause us to wonder whether this is a new level of legal, accounting and finance genius, malpractice or something more cynical. Did we really expect that a thinly capitalized originator made insolvent from indemnity claims and repurchase buyback demands could make good on such subprime or bad loans? Or was this just a hollow promise made with the intent to drive such lenders into insolvency (and/or bankruptcy) based upon a belief that bankruptcy remote assignee trusts could not be reached by creditors. What is this system called; the “fall-guy” system, or “it all rolls downhill” system?

The fact that we are still *debating* whether or not the banks must put these CDO (of ABS, etc.) assets back on their balance sheets and take (its) losses underscores the incestuous complicity inherent in our ‘system’. Is this what Enron taught us? Is this what we mean by transparency? On November 15, 2007 FAS Rule 157 was to mandate the reporting of such losses under a “Fair Value Measurements” method, instead the Board delayed the implementation date for one more year (www.marketdevaluation.com). These rules, to date, have allowed delayed or underreporting of losses on the balance sheet and income statement, adding to the “uncertainty” and problems in the industry. Estimates of losses range from $100B to $200B-$450B. No one is sure what this means. Are these losses from marking to market, or marking to model, and how much of these are actual losses from sales? What would the losses really be if Rule 157 forced ‘fair value’ losses to be realized?

The Collapse of the Shadow Banking System & the “Up Tick Accelerator”: Since the dotcom bust of 2000, the flight to survival and profits went into real estate. As a result, the real estate market soared to all-time highs. In the process, the lending industry endured growing pains over the last seven years. The 80/20 “piggy back” went into high gear, followed by teaser adjustable rate mortgages (ARMs), negative amortizations, and interest only (“IO”) options. In fact, the banking system underwent primal and systemic changes. The mortgage lenders’ model went from one of originating a mortgage with retained servicing, to one of using warehouse lines to fund a loan often pre-sold on forward contracts to Wall Street investment bankers waiting to deliver the “securitization” of a pool of loans to third-party investors. From 2000 to 2007, the banks took in securitization products, including mortgages worth over $1 trillion, and issued commercial paper. They created a great number of off-balance-sheet conduits and structures whose full liabilities they failed to report on their financial statements. This is known as RahC (Randomly Activated Hidden Contingency) and RahD (Randomly Activated Hidden Debt). In short, the industry created a Shadow Banking System (SBS) to use a phrase coined by Paul McCulley, PIMCO. Sound familiar? Remember Enron? Enron apparently, through a series of related entities, garnered a massive off-balance-sheet contingency that exposed the company to risks and liabilities in untold and unknown amounts. Now, with off-balance-sheet liability and exposure related to hedge funds, commercial paper and derivatives, the formal banking system is trying to absorb assets burdened with unknown quantities and qualities of RahC and RahD losses and liabilities recently exposed in the Shadow Banking System (For more information, click on Shadow Banking System at www.shadowbanking.com).

Literally untold exposure is etched in the fabric of off-balance-sheet contingencies. The economy must be safeguarded against this type of market destruction, but at the same time laws and industry practices must emerge that create a steady and insatiable growth across the board in new homeownership for decades to come.

“Up Tick Accelerator” - To add injury to insult, on July 9, 2007 the SEC eliminated the so called “Up Tick Rule” which normally does not allow traders to bet on the down (tick). As a result, Wall Street investment banks bet on the down - that subprime mortgage investments would devalue and incur great losses. As their own portfolios lost value or went bankrupt, great monies were made shorting same; some would say accelerating the losses.

There is nothing wrong with a more profitable shadow mortgage banking model per se. In fact, the economy can and does benefit from more shadow banking. This time, it needs to be supported by industry and/or government minimum transparency, liquidity and credit safety belts. The fact that the Shadow Banking System's model is neither federally insured nor able to use the Federal Discount Window makes it vulnerable to market extremes and unnecessary loss and asset devaluation severities. It is simply not healthy to ignore or deny that our secondary market system is lacking a certainty safety-net for the non-conforming (non-agency) loan and commercial paper markets.

Moreover, homeowners must have access to new "affordability" models that pay for higher risk with "non-cash burdened" insured investment Wall Street funds such as Foreclosure Mortgage Insurance Investment Funds™ (FMII™) or Quarantined Built-In Origination Equity™ (QBIOE™). When free markets allow for 2.2 million families to become homeless and the broad economy is threatened with recession, capitalism falls to its knees begging for refinement. Refinements and safeguards should be in place to prevent extreme asset devaluations (www.marketdevaluation.com) and to ensure that society is fairly treated, protected and participates in the success of the model. It's no longer just about profits. Capitalism must grow up like the rest of us and become more responsible. The greatest capitalists in the world should and can do better than they did in this last round of historic homeownership growth!

Modifications Not Working, Yet!: The American Securitization Forum in June 2007, as well as most industry and government groups (SEC, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve, Office of Thrift Supervision, Treasury Secretary Paulson, FDIC, National Credit Union Administration, Conference of State Bank Supervisors, National Association of Consumer Credit Administrators, American Association of Residential Mortgage Regulators, Joint Economic Committee Chairman Schumer, October 2007, S&P Revised Guidelines of October 11, 2007, Moody's Survey of September 21, 2007, etc.) recommended loan workouts or "modifications" as an important immediate step to the current and impending mortgage meltdown. However, the September 21, 2007 Moody's study entitled: Moody's Subprime Mortgage Servicer Survey on Loan Modifications "showed that most servicers had only modified approximately 1% of their serviced loans that experienced a reset in the months of January, April and July 2007." The problems are multifold and complex. Not only do we need to maximize loan workout modifications by overcoming issues of conflicting authorizations in Pooling & Servicing Agreements, and failing lender and servicing efforts, but we must align and resolve conflicting disincentives among all market participants from borrowers to investors with law makers in between. Willing borrowers are uncertain as to tax on the forgiveness of debt, and the liability exposure as to deficiency judgments. Is it any wonder only 1% of loans have been modified?

Uncertainty with New Congressionally Proposed Solutions –

Congress adds more uncertainty to the mix whether they act or not. One example of good intentions with uncertain consequences is The Mortgage Reform and Anti-Predatory

Lending Act of 2007 ("The Act") which prohibits among many things, creditor practices and procedures with respect to high-cost mortgages. For example: (1) recommending default on an existing loan or other debt before and in connection with closing of a high-cost mortgage that refinances all or any portion of such existing loan or debt; (2) imposing late fees except according to specified requirements; (3) exercising sole discretion to accelerate indebtedness; (4) financing points and fees; (4) structuring certain transactions and reciprocal arrangements to evade the requirements and prohibitions of this Act; and (5) **charging certain modification or deferral fees**, and fees for notification of payoff information. The Act also requires pre-loan counseling. (CRS Summary, H.R.3915).

Problem with the Act: This Act is written with good intentions, but restrictions placed on the ***ability to effectuate loan modifications is a serious shortfall***. Refined safeguards should be imposed, not blanket prohibitions. For example, prohibiting a loan modification that "pays for risk" in other than predatory loans, strains the economics of the solution. Also, the prohibition on "balloon payments" no more than twice the average of earlier scheduled payments, lessens modification options. Wouldn't this impede the mandate on loan workouts and modifications?

When price is not paid for risk, the system fails. There is nothing wrong with allowing a borrower to pay for "affordable" enhanced risk with non-cash-equivalents. The Act ignores the opportunities to implement a true solution to the unspoken problem of "affordability". To infuse affordability into the system, we can "force" the banks and investors to accept more risk needed to enhance homeownership and save millions from potential foreclosure, but we must do so by paying for such enhanced risk. The problem made in the last round of mortgages was we forced price to be paid in the form of increased monthly payments; payments borrowers could not afford. We did that with high cost firsts and seconds and private mortgage insurance. It is time to refine these products and concepts and offer a cash-equivalent monthly price to be paid for such enhanced risk. Apparently the approved amendment requiring "escrow" of taxes, again does not address the fundamental issue of: Can we enhance affordability? The Act imposes some good changes, but fails to address the underlying issue. *It condemns the obvious, without infusing "economic" solutions that enhance homeownership and shore up the Shadow Banking System (www.shadowbanking.com).*

The debate is slow to ask whether there are alternatives that would allow enhanced homeownership with alternative non-cash burdened (monthly) safeguards. Instead Congress 'restricts' the obvious as the problem, unfortunately, ignoring the question of whether we can or should offer new solutions that refine the cause.

Furthermore, the industry is still uncertain as to how to interpret FAS Rule 140. Although, the Mortgage Bankers Association, the SEC, and Chairman Barney Frank of the House Committee on Financial Services agree that a loan modification can be effectuated when default is reasonably foreseeable or in actual default status without causing the loss of the off balance sheet accounting treatment, modifications are not yet universally being implemented. No one wants to stick their neck out and make decisions of whether or not restructuring troubled debt (on securitized mortgages) would disqualify the "trust" from reporting the assets off balance sheet. The game is to keep the assets and liabilities (and losses) off the balance sheet and contained in the bankruptcy remote structured conduit or trust.

Moreover, we need 'neutral' default specialists to work out uniform individual mortgage modifications. Lenders and servicers are simply not up to speed here, and may simply be 'in-conflict' as to effectuating loan workouts. Borrowers don't want to talk to the lender, servicer or foreclosure attorney for reasons of fear and embarrassment to conflict of interest. Additionally, the industry lacks specialized "neutral" loan workout default specialists – anyway. If we don't address this hole in the system, we will fail at modifications on a mass scale, cause massive foreclosures, and create yet another species of litigation: Wrongful Loan Workout Litigation. See New Solutions below.

Uncertainty with Write Downs – FAS Rules 156, 157, 159: Banks are faced with the immediate accounting and operational questions of how to keep impaired collateral off of their balance sheets to avoid triggering capital requirements that could impede its operational capacity, or its "going-concern" status. To take write downs or not, and when and to what extent is the current finesse on the street today. Citigroup announced on November 27, 2007 that Abu Dhabi (government) will pay $7.5 billion for a 5% stake in return for a convertible investment at 11% fixed rate until March 2010 ($825 million per year, nearly double the rate to sell 10 year notes a week prior says Eric Schatzker of Bloomberg). Citi reportedly will need upwards to $20 billion more to absorb the risks and write downs that it is potentially facing. This may help Citi absorb write down losses on its balance sheet without impeding its lending capacity, however smaller banks may not be able to absorb their write downs without grave consequences. This hole in our banking system presently allows for such failures. The question is could this risk (or future risk) be mitigated with new (finance) solutions? See New Solutions below.

Proof of the inability of the system to quantify and report loan portfolio devaluations is as near as the October and November 2007 headlines. On November 15, 2007, the implementation of the new FAS Rule 157 was delayed for one year – arguably allowing banks to continue their ability to time write downs with loss absorption capacity. Rule 157 might have forced exposure or the reporting of losses onto the balance sheets of banks in amounts far exceeding street estimates. No one is certain as to the extent that banks are currently valuing and taking losses as per mark to market or mark to model. We are also waiting to learn what extent actual losses are marked to sales. Rule 157 requires "Fair Value" (not 'historical cost') measurements, and also affects the reporting of derivative and embedded derivative transactions under FAS Rule 133 and FAS Rule 155 respectively, as well as Stock Options (Rule 123R), and Securitization (and Servicing Rights) under FAS Rule 156.

The argument for Fair Value includes the concept that the current "historical cost" balance sheet reporting does not accurately reflect a company's current economic state. The counter arguments include the uncertainty of how to value assets and liabilities that have no current active market. Presently the markets are driven by "earnings" as reported in the income statement. The change to Fair Value will may shift focus from the income statement to the balance sheet. We may also see some more uncertainty in the pricing of mergers and acquisitions ("M&A") as Fair Value acquisitions would require more balance-sheet reporting of present value of contingent payments based upon assumptions of the "likelihood of materializing" and lessen the expensing of after close payments. Fair Value may require marking debt to market. This may affect financing growth with debt unless an offsetting hedge against same is also disclosed on its balance sheet. Interest (ownership) in other companies may allow for enhanced mark to market balance sheet reporting of same over historical cost.

FAS Rule 159 ("The Fair Value Option for Financial Assets and Financial Liabilities") is set to take effect on January 1, 2008. Will it be delayed also? Rule 159 will allow Credit Unions bring any balance sheet item in line with fair value measurements by adjusting cost basis to retained earnings capital, thereby circumventing the income statement. Rule 159 also requires use of Rule 157. This rule may afford opportunities for credit unions with ample capital (retained earnings) to increase margins and investment yields by lowering interest expense.

Home Ownership and the Health of the Economy Are Dependent: It is obvious the rising threat of defaults and foreclosures facing America is harming the economy, causing extreme asset devaluation and potentially creating a serious social problem for the greatest example of a democracy in the world today (www.marketuncertainty.com). At this stage, society must decide a threshold question: *Do we want to expand the American dream of homeownership and grow the economy at the same time, or not?* Increasing home ownership is a necessary component of success for the economy. That's because housing creates jobs and tax revenues. It also helps balance the budget, pay for Medicare and stimulate growth. In fact, about 20 percent of GDP (Gross Domestic Product) and 20 percent of consumer spending are related to housing. Specifically, according to The State of the Nation's Housing (Harvard, Joint Center, 2002), every 1,000 homes built create 2,448 jobs, $79.4 million in wages and $42.5 million in federal, state and local tax revenues and fees.

Problems & New Solutions: We must seek new and comprehensive solutions, not piecemeal or patch-quilt band-aid solutions. Certain market participants will rightfully resist certain solutions based upon their unique economic interests. The solution cannot be an either-or choice. It must be truly comprehensive.

Minimally, private-public solutions include: (1) government bailouts or foreclosure moratoriums – if price is paid for risk and modifications when appropriate; (2) the Federal Reserve cutting interest rates (Bill Gross, PIMCO), 200 basis points over the next six months (Economist, Peter Yastrow); (3) Freddie Mac/Fannie Mae approvals for loan buyouts (acting as a loan "warehouse") (Jim Cramer, MadMoney); and (4) new bailout "Private Equity Rescue Funds" (Ron Insana, CNBC).

New solutions that do not address the following problems will be a partial solution at best. The following chart illustrates inherent problems and proposed new solutions:

Problems	New Solutions
1. Unaffordability/Overpriced Risks Paid for with Monthly Cash Burdens/Price Must be paid for risk and for enhancing borrower affordability in origination and modification/No Asset Devaluation Safety Net/Shadow Banking System: Uninsured/No Access to Guaranteed Funds or Federal Discount Window	1. Non-cash-monthly equivalents or non-cash substitutes such as Equivalent Risk-Pricing™ ("ERP™") and Additional External Credit Enhancements (Affordable Mortgage Insurance, Affordable, Tradable Equity Building Insured Investment Funds, and Hedges (See **FMII™ - Foreclosure Mortgage Insured Investment Funds™**) (See DMII™, etc.) (www.foreclosuremortgageinsurance.com
2. Failed Unintelligible Borrower Disclosures/Uncertain HUD-1	2. Truly intelligent borrower disclosures with an objective suitability duty with optional consents and waivers (See **TID™ - Truly Intelligent Disclosures™ – Suitability Consent Waivers**) (www.suitabilitywaiver.com)
3. Uncertainty in Borrower Exit Options/Unequal Bargaining Positions/No Asset Devaluation Safety Net	3. Industry wide safe harbor preset contractual delinquency, default and foreclosure alternatives or solutions (See **SHILO™ - Safe Harbor Intelligent Loan Options™**), (www.safeharborintelligentloanoptions.com)
4. Failed Ability to Effectuate Loan Workouts & Modifications/Lack of "Specialized Default Neutrals"/Conflicts of Interest	4. Implementation of "neutral" loan workout default specialists that implement loan modifications consistent with the rights of borrowers as well as the secondary market participants, as based upon new contractual presets contained in pooling and servicing agreements (P&S), borrower loan documents at origination, refinance and the loan workout stages, and disclosure consents and waivers that protect all parties to the transaction. (See **HotNeutral™** - www.hotneutral.com).
5. Uncertainty/Lack of Transparency and Standardization of Securitization Structures/Pooling & Servicing Agreements	5. Model Securitization and Pooling & Servicing Agreements serving all interests of all industry participants. (www.americansecuritization.com)
6. Uncertainty/Lack of Transparency and Standardization in Laws & Accounting	6. Model Comprehensive Uniform Mortgage Industry Laws & Accounting

Principles	Principles. Inherent in saving the economy is **saving homeowners** who are sinking in 'debt' while retaining sensitivity to **'free but responsible open markets'** (FBROM www.fbrom.org). If we don't we will flirt with 'actual recession' or worse. Then we will all suffer. We must safeguard our economy from market risk of destruction but at the same time make laws and industry practices that see a steady and insatiable growth across the board in new homeownership for decades to come. We must all respect the various interests around the table starting with 5 simple principles: **First**, we must aim to help homeowners keep their homes, and lenders keep their loans; **Second**, we must aim to enhance sustainable homeownership and the economy at the same time; **Third**, it took us all to get into this mess, and it will take us all to get out of it; so no one interest should necessarily suffer over the other; **Fourth**, this is exactly the kind of mess that government should help fix and safeguard for the future; including use of private-public solutions; **Fifth**, we must aim to avoid boldly adding restrictive non-comprehensive regulations, when we can use intelligent refinement as our regulating barometer.
7. Lack of Coordination and Lack of Comprehensive Laws/Lack of Standardization	7. CCOOM.ORG – Coordinated and Comprehensive Congressional Advisory Council. FOMC: The Federal Reserve Board has the FOMC (Federal Open Market Committee) to oversee and recommend monetary policy including increasing or decreasing the Federal Funds Interest Rate, or Discount Window Interest Rate. **Congress should form COMC and CCOOM:** The Congressional Open Market Committee, starting with the first debate entitled: the Congressional Conference On Open Markets (www.ccoom.org).

Status Quo Solutions Are Doomed: The same legal, accounting and finance experts are now counseling the secondary market participants on how to avoid liability, and mitigate risks. The best of them acknowledge that there is liability at least from the Truth in Lending Act ("TILA") and the Real Estate Settlement Procedures Act ("RESPA"), even though there must be 20 other ways-to-leave-your-assignee with liability (www.loanassigneeliability.com). Most of the advice revolves around more narrow-interpretations of the liability laws, more layering of off balance sheet and bankruptcy remote devices, and the need to do more due diligence. As usual, these are all defensive, probably against public policy, and nearly cost-prohibitive. If we continue down this road, with this way of thinking, we will only repeat the losses and lawsuits that are coming down the pike, again and again.

Maybe we're all zooming each other. It is now time to stop thinking that way and implement new solutions and refinements to the securitized mortgage shadow banking system. For example, the non-traditional (and non-agency) mortgage market is lacking "certainty" in terms of product performance, transparency, credit, liquidity, valuation, risk of loss, risk of indemnity, risk of underinsurance on all related matters including but not limited to mortgage insurance, E&O, D&O, property and casualty (physical hazard), and the safety of an insured and liquid marketplace.

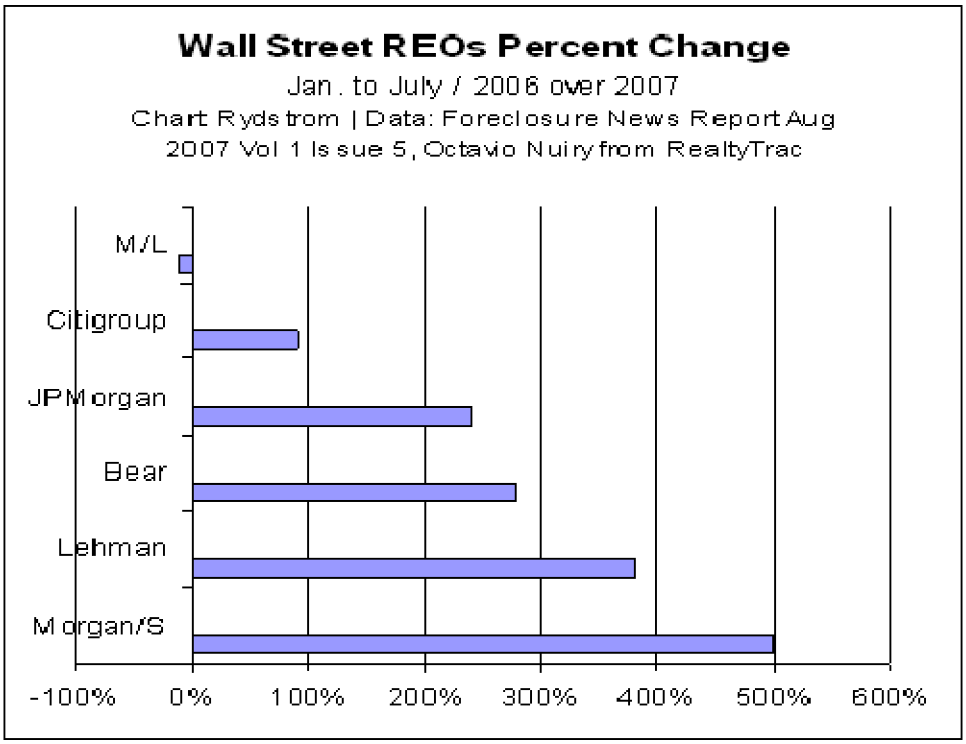
Proof of the inability of the system to quantify and report loan portfolio devaluations is as near as the October headlines. New FAS Rule 157 is expected to force exposure or the reporting of losses in amounts double or triple from the estimates. Now most banks are only taking the minimum losses, as they mark to market or mark to model. But when actual losses marked to sales are revealed, as we enter 2008 and 2009, the losses may be more than material.

After the debate moves to 'booking' the loss, we will slowly move around to the underinsured risks of the mortgage portfolios. For example,

> **RAhC – Physical Property Underinsurance**: The risk of collateral physical loss in the REO/foreclosure context is hiding billions of due to underinsurance (property and casualty). Analysis of a loan portfolio of 50,000 files would reveal actual loss exposure of **$1.28B***. The industry is operating under a fiction that loan portfolios are fully insured or comply with 'sufficiency' insurance requirements for property and casualty insurance, when in fact 58% of residential homes are underinsured by 22% by national average. It is safe to expect the actual results of an exposure study to be much

> *Assuming there are 50,000 loan files, we would take the average home cost of $200,000 x 50,000 to obtain a tentative resultant of $10B. If we multiply that by .58(%) and again by .22(%) ($10B x .58% x .22%) we get $1.276B, for an average estimated exposure of (untransferred to third party) risk of physical loss.

higher. At a time when foreclosures are rising at historic rates and REOs have jumped as high as 497% for Q2 for some wall street investment firms (See Chart Below), buyers must apply a new and higher standard of due diligence to ascertain the extent of collateral physical risk of loss. This number is now 'material' in terms of potential loss to the asset valuation of the portfolio, as well as its income streams. Buyers of portfolios, generally inherit underinsured collateral and its concomitant (contingent) liabilities. That presents operational risk, disclosure risk, risk of underinsured loss, etc. Buyers of portfolios should engage a professional firm to perform an analysis and report in order to (1) quantify such risk of loss, (2) use same to adjust price, (3) use same mitigate risks in quantity, quality and by date certain, (4) use same to adjust terms, representations and warranties, (5) use same to identify and obtain insurance sufficiency, and (6) use same to identify redress due from insurance companies and participants in the insurance origination process.



New Solutions: New "Affordability" Solution – FMII ™ - Richard Ivar Rydstrom

Long-Term Solution: To Avoid Repeat of Mortgage Meltdown:
FMII™ - Foreclosure Mortgage Insurance Investment Funds™ -
Long-Term Solution: To Avoid Repeat of Mortgage Meltdown:

FMII™ - Foreclosure Mortgage Insurance Investment Funds™ - FMII™ (**DMII™** - Default Mortgage Insurance Investment Funds, **BMII™** - Bankruptcy Mortgage Insurance Investment Funds, **IMII™** - Investors Mortgage Insurance Investment Funds) were created by Attorney Rydstrom and published by the 110th Congress on the problems and solutions facing middle class homeownership and retirement. We must pay for risk or the price risk formula will be corrupt. There should be no free lunches, but that doesn't have to mean the price for extra risk can't be paid by an insured investment fund that trades that risk-benefit on Wall Street, potentially building billions if not trillions in "certainty" equity, now missing from the Shadow Banking System (www.ShadowBanking.Com). This is how we can reduce "market uncertainty" (www.MarketunCertainty.Com) and "avoid market and loss extremes" (www.MarketDevaluation.Com) while at the same time saving millions of homeowners from being thrown out on the streets. Yes, it is simply silly to expect someone who can't afford something to pay extra with "monthly cash" that they don't have. **"Price" can be paid with 'non-cash' items, or "cash-equivalents"** and "non-cash" risk mitigation devices or insured investment traded funds. Hedge funds and private equity are uniquely poised to "help" us solve this problem, if we call on them. See **FHA HUD Partial Claim – (SHILO™: FHA HUD – FMII™ Partial Claims)** above. Click for more on:

http://www.foreclosuremortgageinsurance.com

http://www.hotneutral.com/html/fmiitm.html

http://foreclosuremortgageinvestmentfund.com

http://shadowbankingsystem.com/Helping_Homeowners_Keep_Their_Homes_FINAL1a.pdf

http://waysandmeans.house.gov/hearings.asp?formmode=view&id=5617

Equity Building Rescue Funds (EBRF) | Bailouts! Rescue Funds or Handouts! Market Equity Funds:

FMII™ - Foreclosure Mortgage Insurance Investment Funds™

DMII™ - Default Mortgage Insurance Investment Funds™

BMII™ - Bankruptcy Mortgage Insurance Investment Funds™

IMII™ - Investors Mortgage Insurance Investment Funds™

We need a total market refined working solution. One way to solve this shortfall is to implement tradable FMII™ type insured mortgage investment funds. Click http://waysandmeans.house.gov/hearings.asp?formmode=view&id=5617 . These funds

would build up huge excess equity and profits, as the high-risk high-yield subprime and Alt-A mortgage markets have proven to be at least an 80% good bet. The short and long term solution must include a mechanism to safeguard against extreme market devaluation and the defaulting 13-20%. **FMII™** is an **'EQUITY BUILDING BAILOUT FUND' (EBBF)** that supports the narrowly defined risks associated with the mortgage industry, especially subprime and Alt-A borrowers. **FMII™ - Foreclosure Mortgage Insurance Investment Funds™** will supply the "certainty" and money necessary to pay for such events of foreclosure as predefined in the loan and fund agreements. This is key, because it will maintain a "money flow" to pay for the asset (home) loan burdens, maintenance and upkeep, employing thousands of independent contractors, and critically supporting asset (home) valuations by eliminating the downward pressure appraisal frenzy that occurs when homes are 'sold short' or in foreclosure for 20-40% below market price. Since FMII™ automatically "covers" this event, there is no reason for homes to sell at such deep discounts, forcing other homes to devalue immediately since home appraisals are based upon the last six months of "actual sales" in the local area. **DMII™ - Default Mortgage Insurance Investment Funds** will cover the default risks and circumstances, **BMII™ - Bankruptcy Mortgage Insurance Investment Funds** will cover its related risks and circumstances and **IMII™ - Investors Mortgage Insurance Investment Funds** will allow investors to cease over-pricing the second loans, rendering them "unaffordable", by paying for that extra risk that must be paid but not necessarily by over burdened borrowers. This will help reduce adding RahC and RahD into the price-risk formula. For more info go to: http://foreclosuremortgageinvestmentfund.com
www.equitybuildingbailoutfunds.org
www.equitybuildingrescuefunds.org
http://loansecuritizations.com
http://www.hotneutral.com/html/fmiitm.html
http://www.help4theservicers.com
http://www.hotneutral.com/Helping_Homeowners_Keep_Their_Homes_FINAL1a.pdf
http://www.bankriskmitigation.com
http://www.help4thelenders.com

http://www.help4thepeople.com

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