

## PRESS RELEASE

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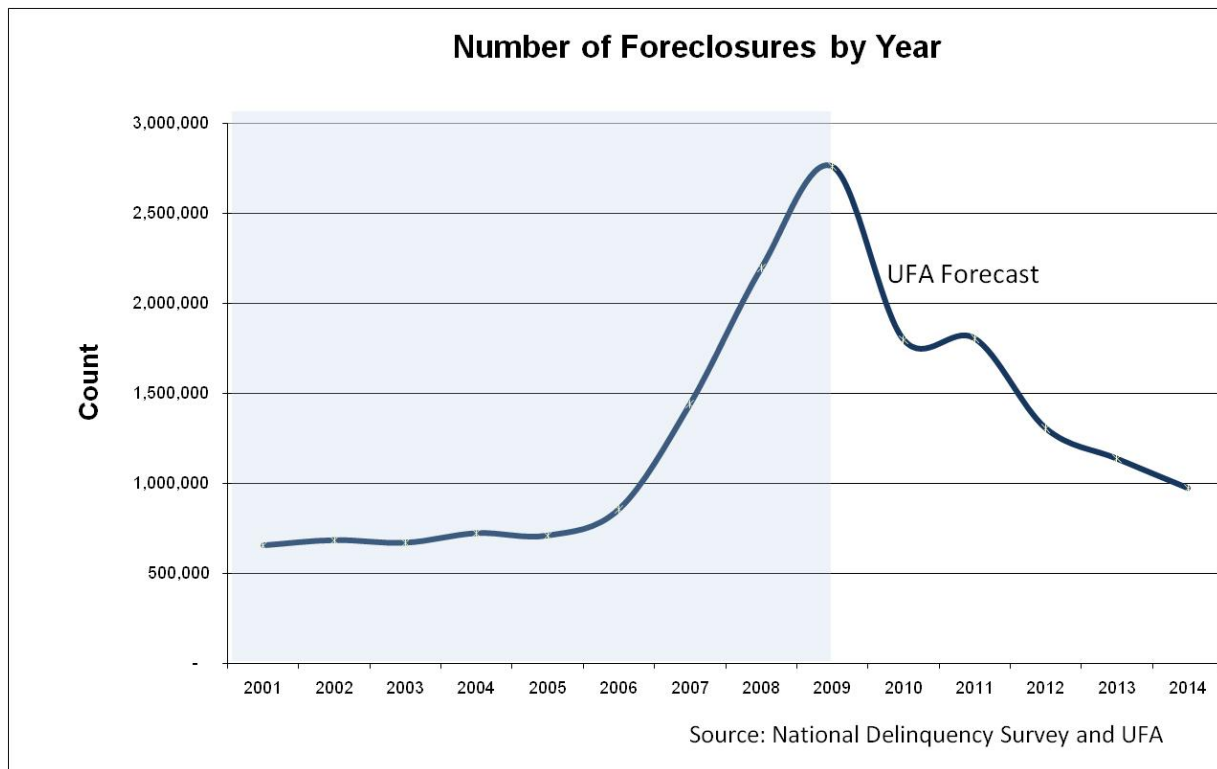
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### FOR IMMEDIATE RELEASE

#### Lights Blazing at the End of the Tunnel? UFA Predicts Declining Foreclosures Next Year

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After rising over 30% a year for the last four years, foreclosures started will finally begin to decline nationally next year (2010) according to UFA LLC, a risk management firm that forecasts mortgage and consumer loan performance by zip code. **That's a key finding of recent research conducted by UFA of Ann Arbor, Michigan.**



**Figure 1: Foreclosures started will decline next year, according to UFA's forecast.**

"The improvement in foreclosures started will provide relief to the severely battered mortgage and housing markets," indicated Dennis Capozza, professor of finance with the Ross School of Business at the University of Michigan and a founding principal of UFA. "A combination of factors including a slowing of house price depreciation, a reviving economy, tighter underwriting of recent loan vintages, and burnout of the worst vintages from 3-5 years ago will make the improvement possible. Working against the welcome decline in foreclosures is the steep increase in unemployment, which will interact with the large numbers of homeowners who are underwater to prevent even greater declines in foreclosures that could have been expected without high unemployment," continued Dr. Capozza.

Each quarter UFA analyzes representative mortgage loans in the serviced portfolio of all mortgages outstanding and estimates the probability of default and prepayment at each month in the future life of each loan. Inputs to the assessment include underwriting variables like loan-to-value ratios and credit scores as well as UFA's own zip code level economic scores, ForeScore™ Zip. UFA aggregates the zip code level analysis to obtain the national forecast. Improvements in the local economic scores are the most important driver of the forecast decline of foreclosures started.

### ***About UFA***

Each quarter UFA evaluates economic conditions in the United States and assesses how these conditions will impact expected future defaults, prepayments, loss recoveries and loan values for nonprime loans. A number of factors affect the expected defaults on a constant-quality loan. The most important is local economic conditions. A recession causes an erosion of both borrower and collateral performance. Borrowers are more likely to be subjected to a financial shock such as unemployment, and if shocked, will be less able to withstand the shock. Fed easing of interest rates has the opposite effect.

UFA was founded in 1990 by two renowned professors of finance to bring state-of-the-art analytical techniques to lenders. The principals bring over fifty years of experience in mathematical modeling and data analysis to financial problem solving.

### ***UFA's ForeScore™ ZIP***

UFA's economic scores for default and prepayment risk are now available for every zip code in the United States, delivered with a pay-per-click web-based solution. Research studies show that half or more of loan losses are due to differences in local economic conditions. Lenders, investors, and regulators in the prime, non-prime and subprime markets can easily improve existing underwriting and portfolio management to account for these differences.

For more information, visit <http://www.ufanet.com/FSLocation.htm>.