

The Homewise Business Model



homewise

your partner in homeownership

**“The highest form of human
stupidity is forgetting what we
are trying to do.”**

First things first:

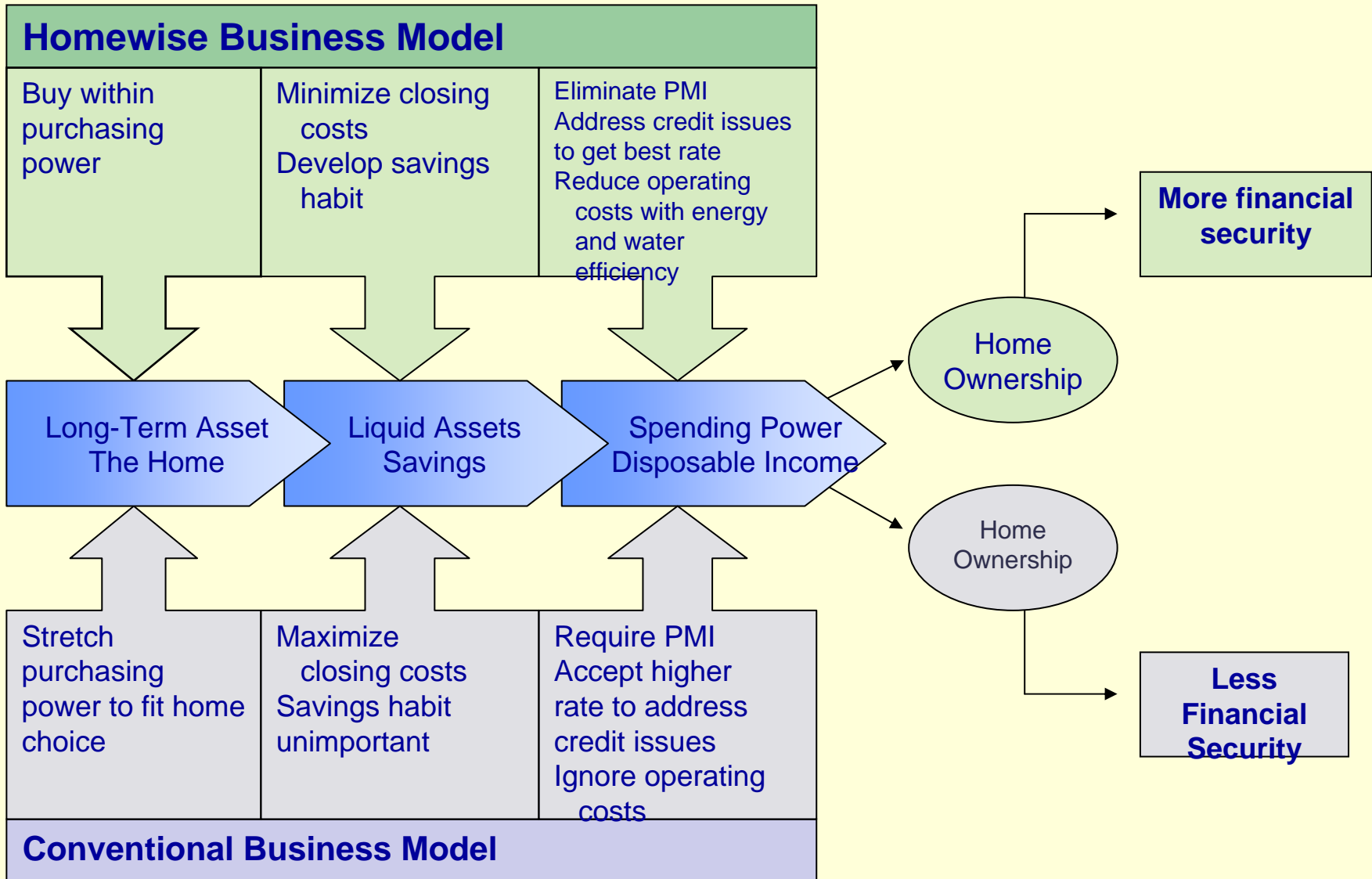
- What are you trying to do?
- Who is your customer?
 - From your customer's point of view:
 - What is your product?
 - What you trying to sell?

Homewise's product is financial security through homeownership.

- Long-term assets (the home)
- Short-term assets (savings)
- Discretionary income (lower housing expense)

If family financial security is the goal, how you buy a home is as important as whether.

Mission: Increase Financial Security



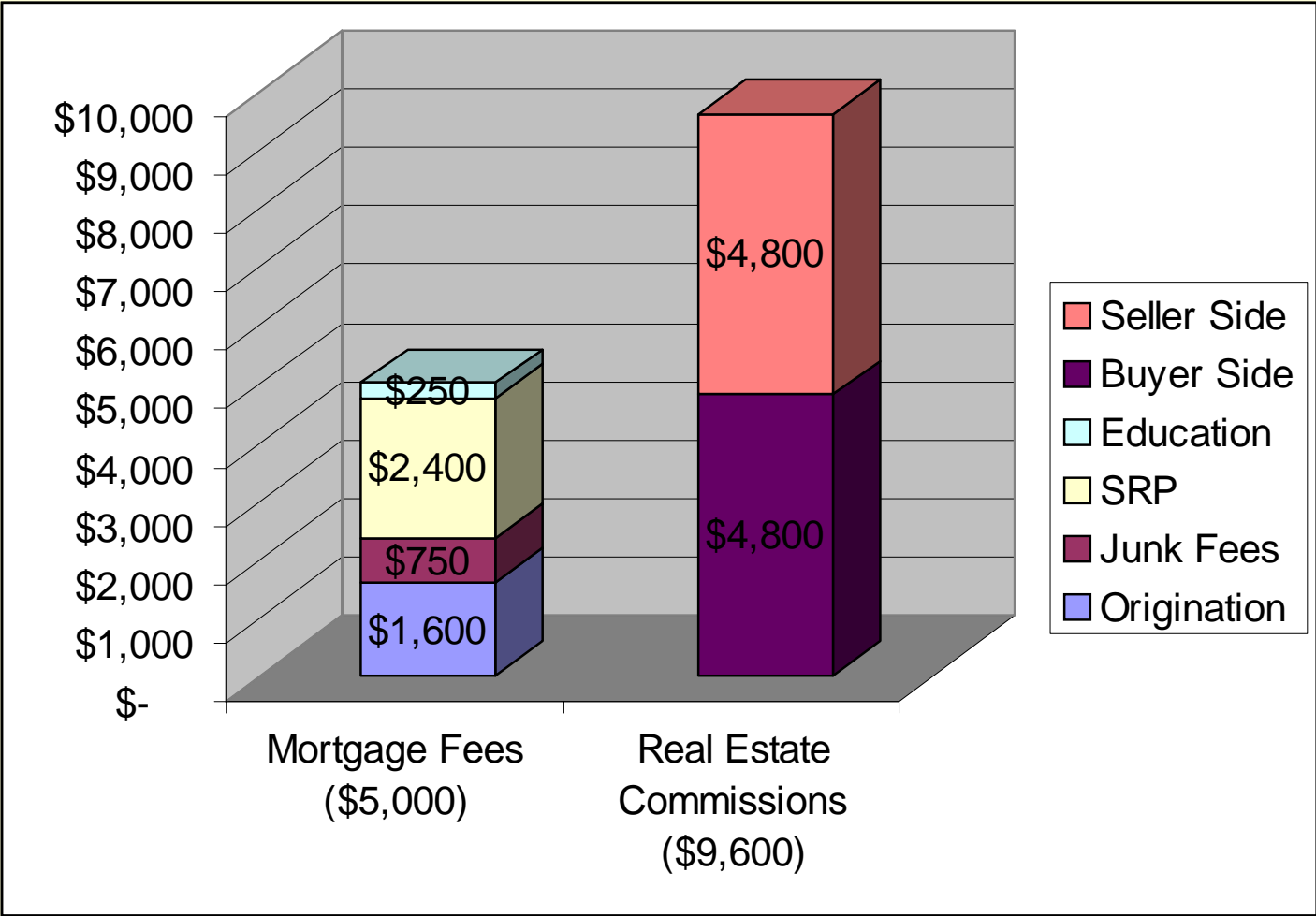
Financial Security/Affordability Factors

- Cost of the home
- Cost of financing the home
- Cost of operating the home

Cost of Home

- Build Affordable Homes
- Pass Inclusionary Zoning Laws that Mandate Affordable Housing in New Developments
- Partner with Builders of Affordable Homes
- Access Homes Listed in MLS
- Reduce Real Estate Commissions

Home Purchase Transaction Fees



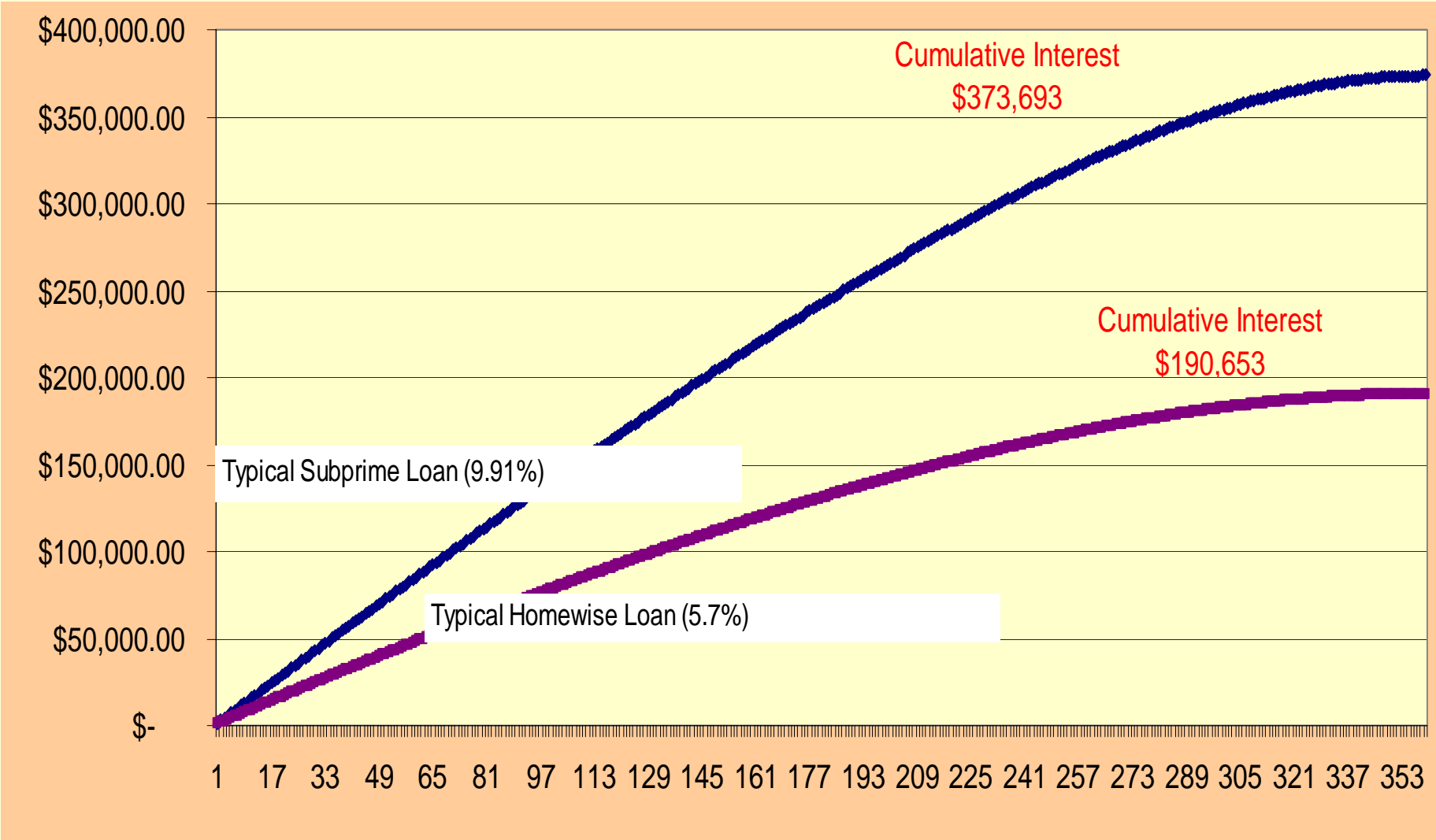
Cost of Financing

What Subprime Loans Cost a Typical Borrower

Amount Overpaid Each Year:	\$6,525
Amount Overpaid Over 30 Years:	\$195,750

Cost of Financing

The Cost of a Subprime Loan Over 30 Years (\$175,000 Loan)



Cost of Financing

Homewise Superprime Financing

Example: \$175,000 Home

\$ 140,000 private mortgage

\$ 35,000 Homewise mortgage

- Mo. Payment for typical financing with PMI: \$1,171
- Mo. Payment for HW financing (w/o PMI): \$ 994
- Savings per month: \$178 15%
- Increase in purchasing power: \$31,239 18%

Cost of Financing

State \$ Benefit to Buyer



homewise

your partner in homeownership

Rates and Estimated Savings Week of **5/8/2007**

If borrowing **\$ 160,000**

	Rate	Monthly Payment
Typical Conventional Loan with PMI	5.925%	\$ 1,077

Homewise Financing - no PMI	5.500%	\$ 908
-----------------------------	---------------	---------------

	Monthly	Annually	Over 10 years
Homewise Savings:	\$ 168	\$2,017	\$20,174

*Monthly payment includes principal and interest, assuming a 30-year fixed rate mortgage at the rates cited above. Conventional loan monthly payment includes cost of PMI. Buyer must meet income, credit and other eligibility requirements to receive the Homewise rate. Interest rates subject to change without notice.

Homewise APR 5.656%

Conventional APR 6.050%

Operating Costs

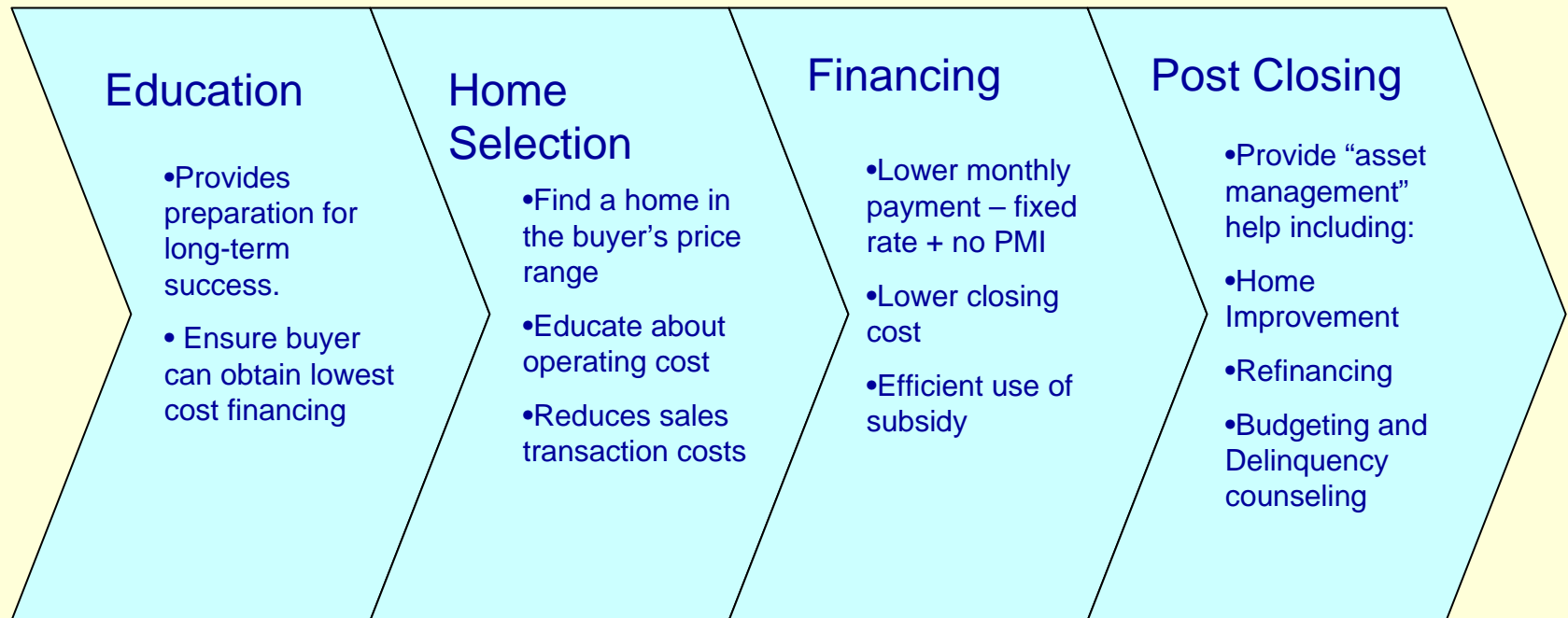
- Build Energy Star homes
- Use water and energy saving appliances
- Make home improvements that reduce operating costs (roof w/ added insulation, etc.)

Financing Energy and Water Saving Improvements

<u>Action</u>	<u>Monthly Cost/Savings</u>
• \$5,000 in improvements @ 6% over 10 yrs.	\$56
• Savings from reduced water & energy consumption	-\$75
• Net cost per month	-\$19

Strategy: HomeSmart Process

Friendly, seamless, cheaper for customer & increases financial security.



How we do it– a 5 step vertically integrated business model

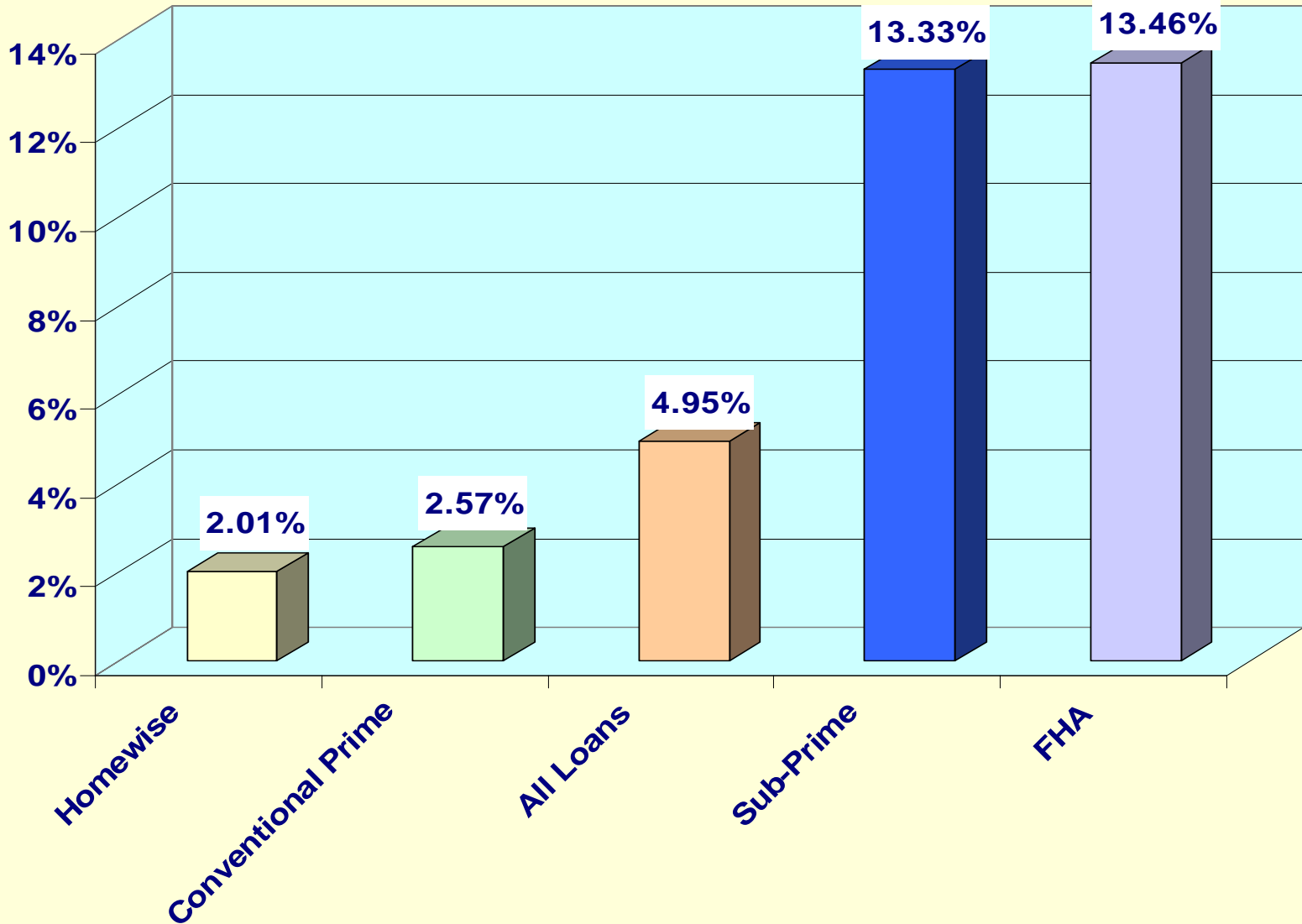
Service	Objective
1. Education & 1-1 Counseling	Motivate and educate customers to improve financial management so that they can buy and or improve a home
2. New Home Development	Expand pool of affordable, energy efficient homes
3. Home Selection (Realtor) Services	Efficiently match buyers to best homes in their price range
4. Lending	Provide most effective, lowest cost financing for buying or improving a home
5. Home Improvement	Provide expertise, construction services, & financing to make improvements that maintain value and reduce energy/water consumption.

Results

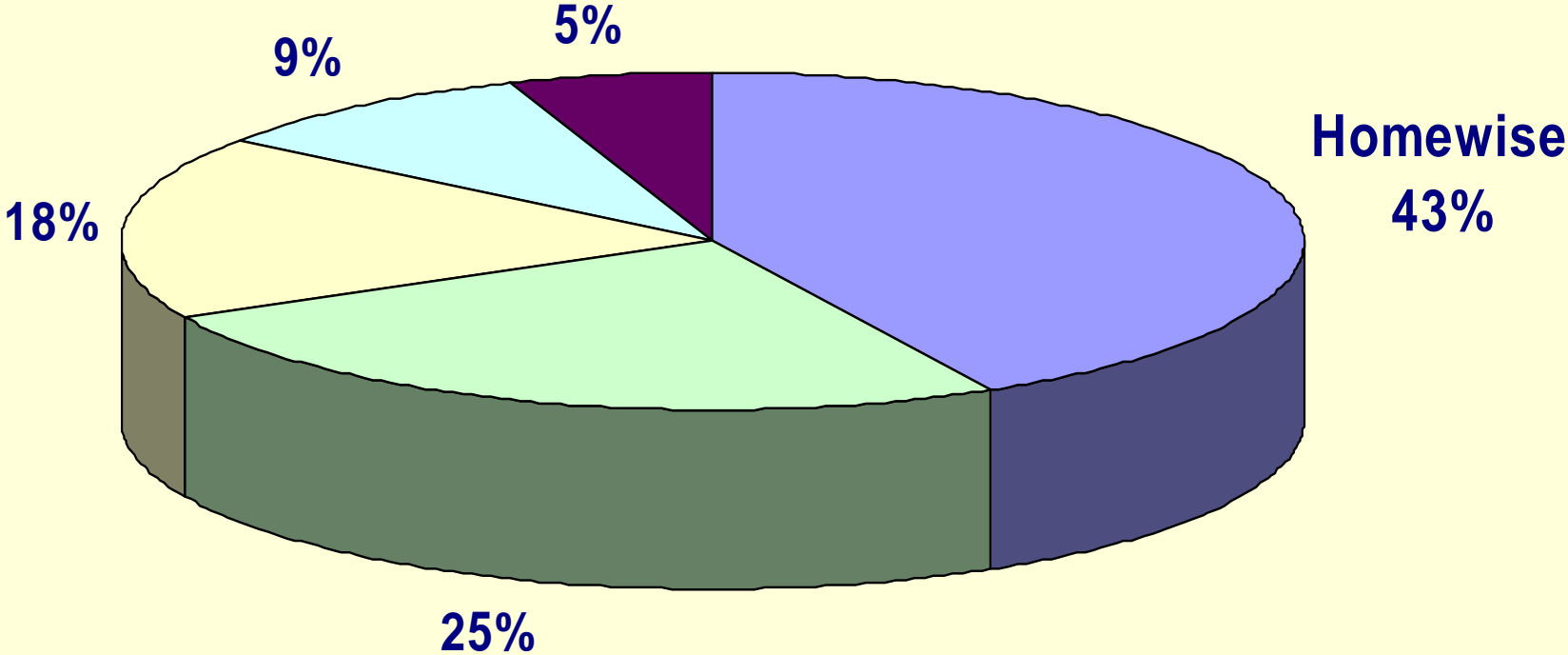
FY 2006-07

- Created 202 new homeowners
- Originated 155 first mortgages
- Executed 125 purchase agreements
- Built 42 new homes
- Made improvements in 234 homes
- Maintained delinquency rate that was well below industry average
- Generated 71% of expenses from earned income

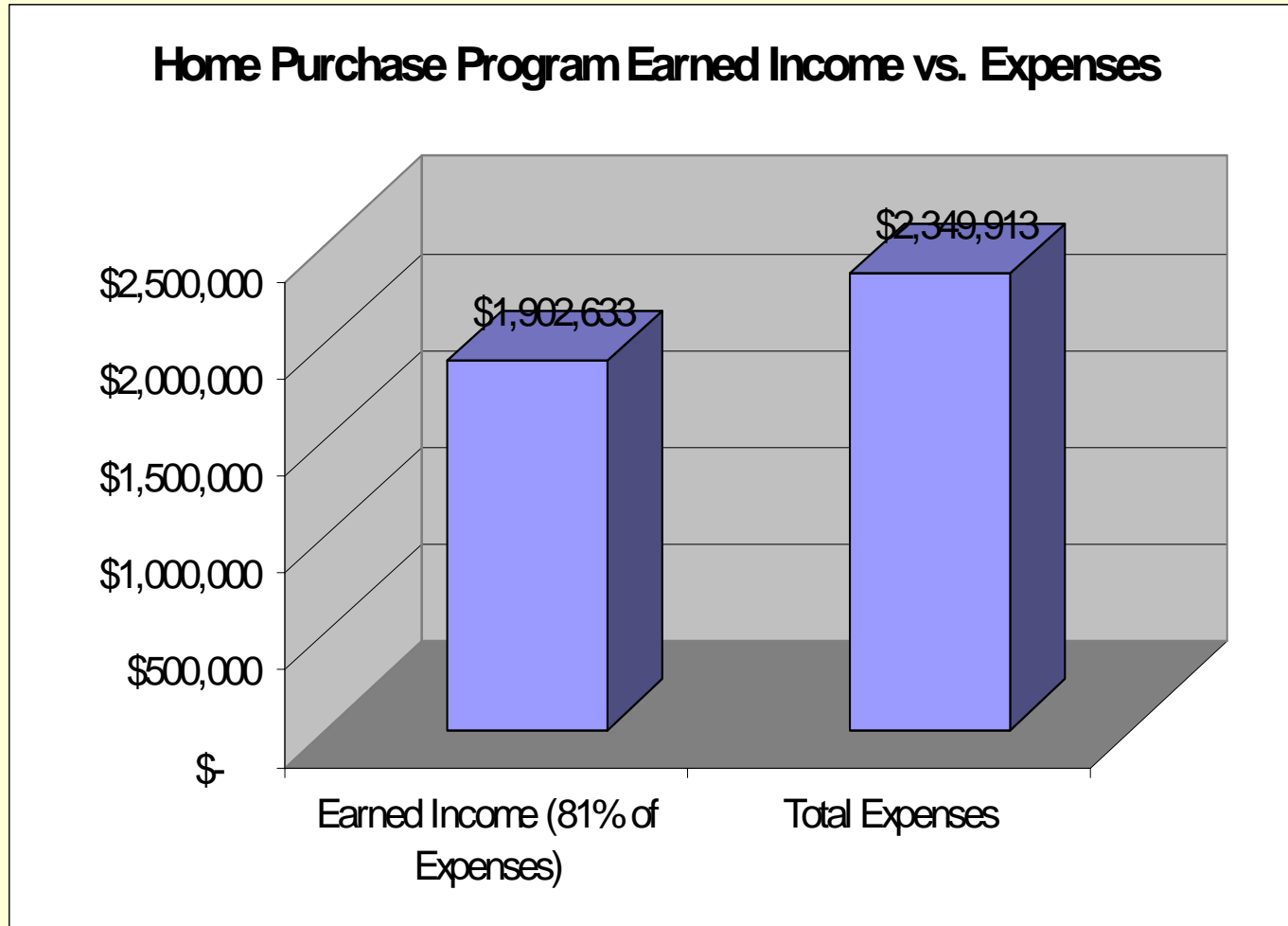
Mortgage Delinquency Rates



Market Share of HFA Loans in Santa Fe

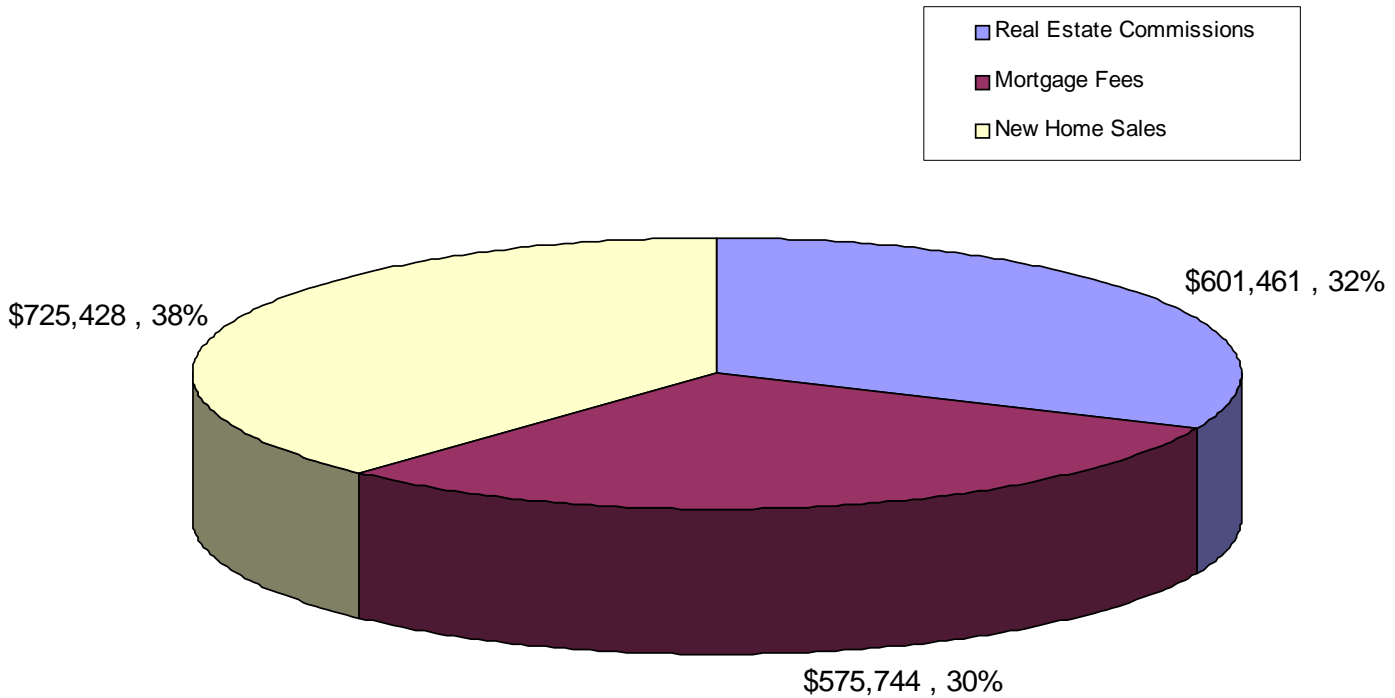


Financial Engine



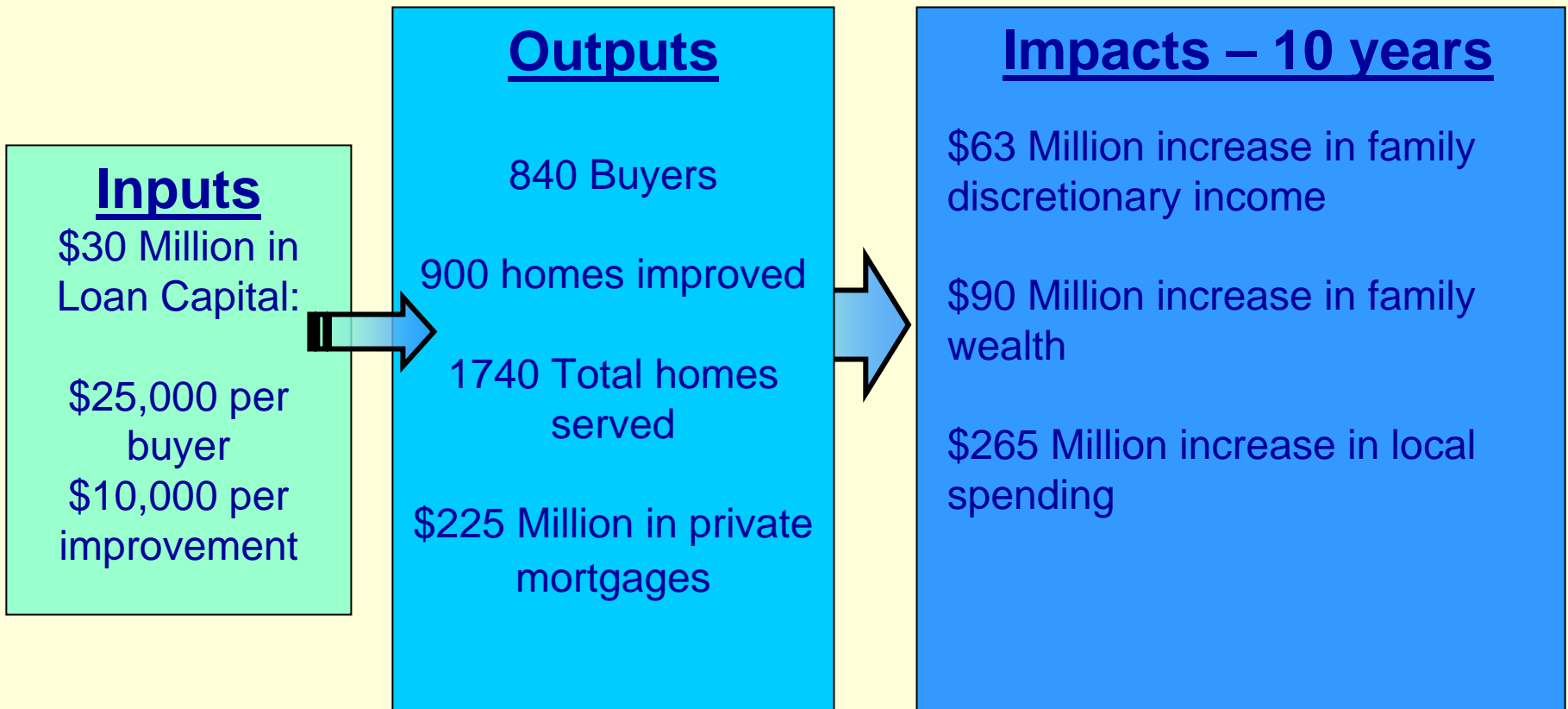
Financial Engine

Sources of Earned Income



Impact of Homewise Social Investment

\$30 Million Invested



The Homewise Business Model



homewise

your partner in homeownership