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Archie Mae Proposes A $660B Plan To Congress That Provides All Homeowners With Relief Opportunity And Provide Bank Aid With Alternative Use Of Public Debt

Private Sector Solution With Product Re-Design To Generate 3.3M In New Loan Volume and Return $990M To The Economy - Monthly

ATLANTA, GA, Sept. 23, 2008 – At the core of any math problem is solving for the right variable. Recall back in middle school that X plus Y equals Z. The mortgage market (Z) is made up of two variables: retail product (X) and institutional security (Y). Banks create retail loan products that they sell to consumers and government agencies such as Fannie Mae, Freddie Mac and Ginnie Mae buy those loans and convert them into securities for investors to buy.

Based upon extensive study, Archie Mae, founded amidst crisis on Tuesday, September 11, 2001, determined the problem was not ineffective standards per se as a direct cause of the problem for underwriting was simply a magnifier of a deeper issue – product design. Originally, interest-only, negative amortization, as well as option ARM loans were offered as wealth management tools. These mortgage products were designed correctly for users who could sufficiently handle the short balloon triggers associated with rate or term changes.

As a result, Archie Mae proposed a detailed plan to Congressional leaders of the Banking Sub-Committees over the weekend that focuses on providing financial relief to all homeowners first and as a by-product banks receive the financial aid they desperately need – stimulating the economy but with an alternative use of public debt.

The plan, presented in part to the White House and H.U.D. last year, first involves creating a better FHA and conventional 30-year mortgage product by using a no monthly payment, no interest ever appreciation-based 2nd mortgage. This new class of product will have a fixed 25% second that is originated with a 75% first lien which may or may not have a down payment requirement. In exchange, the consumer agrees to share all future appreciation (up to a 4% annual cap) when they sell the home or refinance out of the loan. The savings to a homeowner with a $200,000 home with a 7% first lien interest rate in Ohio or Georgia is over $300 per month with no pre-payment penalties or balloon risk – which creates meaningful cash flow to the average American.

The proposal laid out the implementation plan where the following are highlights:

- Any homeowner (distressed or not) can re-finance into the program up to current loan limits one time per home but no investment properties; renters can use it for purchases; 600 is lowest credit score
- Lenders will refinance a home into *The Bridge*$^{(TM)}$ generating origination fees (premium may exist on the second) including performing, non-performing loans as well as second liens that have payments
- *The Bridge*$^{(TM)}$ first & second liens must equal 100% of property's real value so an insured appraisal will be used at origination and termination plus an insured AVM will be done annually to establish a home price index
- Fannie Mae, Freddie Mac, and Ginnie Mae will purchase covered bonds issued by lenders as a means of providing liquidity to lenders who will keep the underlying loans of *The Bridge*$^{(TM)}$ on its balance sheet, along with appropriate risk; there is the option where the government could buy *The Bridge*$^{(TM)}$ first and second liens (after refinance or finance into program) together and then issue a covered bond themselves where they would recoup principal and realize the yield spread opportunity

- Investors who buy the covered bond securities receive a yield based upon monthly payments of principal and interest from the 75% first lien and realize another cash flow event on the 25% second lien at loan termination which has no default exposure per no payment with a maximum yield opportunity, not including fees, is ~ 16% annually, recognizing average hold time is 5-7 years

Archie Mae documented 3.3M families could be impacted as a result of creating 30-year mortgage with a 75%/25% lien structure: ` 1.15 million renters could become homeowners, 1.1 million people could get relief through a refinance and an additional 1.05 million families in the foreclosure queue could be saved.

Homeowners who use *The Bridge*$^{(TM)}$ will use the "relief" from the disposable income savings to pay down debt, make purchase, save or invest. So, approximately **$990M** per month or $11.8B per year is forecasted to go back into the economy based upon the average monthly savings of over $300 and 3.3M users. The plan calls for a **$660B investment** in program loans or bonds from *The Bridge*$^{(TM)}$ based upon $200,000 home price assumption, however, the payback occurs in the context of bond issuance which can be up to 6 months where the value is determinable and term not indefinite.

Robinson concludes "Congress understands product drives consumer demand which drives inventory reductions which drives home price increases which is needed to help stabilize the economy. Congress now has the answer to the other variable in this problem and should be in a position to respond to the Administration's plan in part or whole. Consideration has to be given to use almost $700B in tax payer dollars on other approaches which could convert illiquid assets to something palatable to all especially the American people who are watching – for grace is not a respecter of person or institution."

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About Archie Mae, Inc.

Archie Mae, Inc., an Atlanta-based company, which was founded on September 11, 2001, is poised to emerge as a national marketer and facilitator of providing relief from mortgage debt associated with the American Dream. Archie Mae's founding was based upon the sole purpose of serving the American public in a way that facilitates access to that Dream without excess debt. Archie Mae accomplishes this by developing financial and educational services that enable homeownership for families at most income levels—whether low-to- moderate, who are traditionally locked out of homeownership, as well as middle-to-upper, who experience cash flow challenges. Since Archie Mae is, by design today, not licensed as a lender nor broker, it assists consumers purchasing or refinancing a home by licensing "consumer demanding" private label products to national lenders or municipalities and agencies then acts as a supplemental conduit to facilitate the packaging of those loans for sale to investors. *The Bridge* $^{(SM)}$, Archie Mae's flagship patent pending product, is a 25 percent second mortgage which has no monthly payments and no interest ever. More information regarding Archie Mae or its products and services can be found on the Internet at www.archiemae.com.