

AUGUST
08

Fannie Mae – What happened? Where do we stand now?

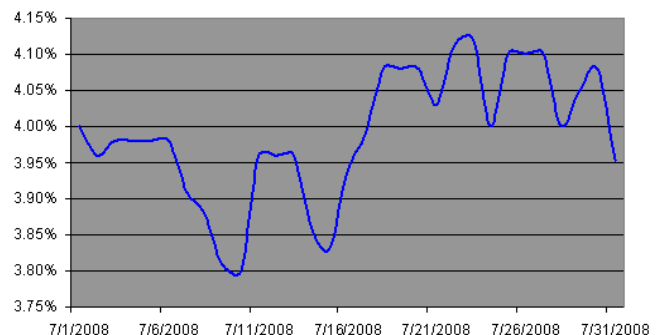
Fannie Mae and Freddie Mac combined are the guarantors of nearly \$12 trillion in US home loans, and the recent fallout of the US single-family housing market has been the catalyst for Fannie Mae's recent bad press. Reports surfaced that the company was approaching insolvency and in need of a government bailout. However, as the storm begins to settle, many believe that these recent developments were an overreaction based upon the volatility of the current market. Both Treasury Secretary Henry Paulson, Jr. and OFHEO have confirmed that Fannie Mae is adequately capitalized at present and that the recently passed regulatory policies are simply precautionary.

Jay Thomas, Assistant Vice President of Fannie Mae correspondent, Greenpark Financial, writes "Fannie Mae's multifamily market share has increased significantly over the first half of 2008 as customers continue their 'flight to quality' after the fallout of the CMBS markets." As a result, "the firm [Greenpark] is well ahead of schedule to surpass 2007 numbers by a significant margin in 2008, even with the smaller overall multifamily financing market."

"Fannie Mae and Greenpark have had an exceptional first half of 2008, due largely to the fact that the Fannie Mae multifamily loan product is extremely competitive in today's market in terms of total proceeds, pricing and certainty of execution."

When looking ahead, Mr. Thomas writes "Fannie Mae and GreenPark will continue to focus on providing affordability, liquidity and stability to the multifamily market sector." NBS Financial has the ability to obtain attractive financing options in today's challenging lending environment.

10 Year US Treasury Rate - July 2008



July Treasury Highlights:

- Yield Curve still favoring shorter loan terms
- 10 Year Treasury High (month): 4.11%
- 10 Year Treasury Low (month): 3.80%

Issues Affecting Commercial Mortgage Rates:

- Banks seek liquidity resulting in the tightening of underwriting standards
- SEC review of asset backed securities to be "market-to-market".
- Debt Service Coverage continues to restrict loan dollars



Recent Transaction

Wil-Ru Apartments, Pullman, WA

\$3,112,000 Loan/Funded by Fannie Mae

116 Units

75% Loan to Value - 1.20 Debt Service Coverage Ratio

Financed by Erich Guenther in the Seattle Office

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NBS Financial Services is a regional leader in commercial mortgage banking. With \$440 million in loan origination in 2007, our finance team has access to billions of dollars for funding retail centers, multi-family complexes, office and industrial buildings and other select commercial properties. Our broker affiliate program and membership in the Strategic Alliance Mortgage (SAM) ensures all of your capital requirements are met. We finance the entire Capital Stack including first and second mortgages, mezzanine debt, etc.