

Prospectus

Home Equity Loan Penetration By Lender: June, 2005

- **Capture Rates On 569 Major Players:**
Percentage Of First Mortgage Customers Who Got Home Equity Loans From The Same Lender
 - **Loss Rates:**
Percentage Of Mortgage Customers Who Got Home Equity Loans From Competing Lenders
 - **Study Sample: 24.43 Million U.S. Mortgage Borrowers**
 - **Spreadsheet 2: Top Lenders In Cross-Selling To Other Lenders' Customers**
-

Important Information about a new SMR Statistical Study

Summary of the Study	Page 2
The Lender Data	Page 3
Partial List Of Companies Covered	Page 4
ORDER FORM	INSERTED



Research Corporation

300 Valentine St. • Hackettstown, NJ 07840 • Phone 908-852-7677 • Fax 908-852-6884

WWW.SMRRESEARCH.COM

SUMMARY OF THE STUDY

Some time ago, SMR produced a statistical study called Home Equity Loan Penetration By Location. It showed percentages of homeowners who had home equity loans by zip code, county, or state.

Now, we offer Home Equity Loan Penetration By Lender.

We reviewed 24.43 million owner-occupied home owners with mortgage debt. And we calculated the home equity loan “capture rates” of their lenders.

With this product, each lender can see how many of their first-lien mortgage customers have junior-lien home equity loans or lines of credit.

Further, they can see what portion of those home equity borrowers they won, versus the number who got home equity loans from competitors.

For instance, we looked at 1.54 million of Wells Fargo’s existing first-lien mortgage customers. **We found that 275,731 of them got home equity loans from Wells, giving Wells a “capture rate” of 17.9%.** But another 226,674 of Wells’ first mortgage customers got home equity loans from one of Wells’ competitors.

How good is a 17.9% capture rate? It’s much better than average. Yet, some other lenders have done better. **Among the largest players, Countrywide looks great in cross-selling effectiveness. And among all players, even Countrywide isn’t at the top of the list.**

This is an SMR statistical study package. You get:

1. A 13-page written summary. It contains key findings and conclusions, explains our methodology, and describes additional work that can be done on this subject. **Data used for this study is current through May, 2005, and was sourced from county courthouse lien recordings in most states.**

2. The main output of the study is in an Excel spreadsheet. **It shows key statistics on 569 large mortgage players**, including their home equity loan capture rates and “loss rates” (the percentage of their first mortgage customers who got home equity loans from competitor firms).

3. A second spreadsheet shows which lenders have had the greatest success in selling home equity loans to customers of their competitors. A third spreadsheet shows numbers of homes by county used in this study.

This Prospectus describes the contents of the study. An Order Form is enclosed. Thanks.

The Lender Data

Mortgage lenders today have the “first-strike” opportunity to originate a home equity loan or credit line to their own customers. They can do so when the first-lien loan is originated (through a “piggyback” 2-loan package). Or, they may do so a little later. The basic paperwork is done, and the mortgage lender has the customer name, address, and phone.

Nevertheless, 59% of people who have junior-lien home equity loans today got them from a different lender – and only 41% got them from their own first-lien mortgage producer.

There is a huge variance in the home equity loan “capture rates” and “loss rates” of major mortgage lenders, as you will see in the main spreadsheet report for this study.

We present the output in spreadsheet form for good reasons. You may want to rank all lenders by the percentage of their first mortgage customers who have home equity loans. **You may want to rank them by capture rates, loss rates, or by the difference between the two rates.**

Or, you may want to isolate a peer group – by company size, or by location, or by some other item. The wonder of Excel is that it allows you to do any of these things instantly.

For each of 569 major lenders, we present the following items in a spreadsheet row:

1. Company name, and city and state headquarters location.
2. A unique SMR company identifying code, in case you have or acquire other SMR spreadsheet products with other data and want to merge them.
3. Number of first-lien mortgage customers sampled.
4. Number of customers who have home equity loans or lines of credit.
5. Number who got their home equity loans from the first mortgage lender.
6. Number who got their home equity loans from other lenders.
7. Capture Rate: The lender’s home equity borrowers as a percent of all its first-lien mortgage customers.
8. Loss Rate: People who got home equity loans from competitors as a percent of the lender’s total first-lien customers.
9. Difference in points between the Capture Rate and the Loss Rate (a handy ranking tool).
10. Dollars of first-lien mortgages sampled for the lender.
11. Dollars of home equity loans in the same sampling.
12. Dollars of home equity loans that the first-lien mortgage lender captured.

Note that in our courthouse data, on home equity lines of credit, we typically get the dollar amount of the entire credit line, not the amount drawn down. All data shown are by parent company. For instance, there is one record only for Wells Fargo, and we would count a customer as “captured” if he got his first-lien and junior-lien loans from different Wells Fargo subsidiaries.

List Of Companies Covered

There isn't enough room here to list all 569 lenders covered in detail in the spreadsheets. The following partial list shows names of many larger players in alphabetical order:

AAMES FINANCIAL CORP	FREMONT BANCORPORATION	PLAINS CAPITAL CORP
ABN AMRO NORTH AMERICA	FREMONT INV & LOAN	PNC FINANCIAL SVCS GR
ACCREDITED HOME LENDERS	GATEWAY BANCORP	POPULAR, INC.
AEGIS MORTGAGE CORP	GATEWAY FUNDING DIV MTG	PROVIDENT FUNDING ASSOC
AMERICAN EQUITY MORTGAGE	GENERAL ELECTRIC CAPITAL	PROVIDENT SAVINGS BANK
AMERICAN GENERAL FINANCE	GMAC MORTGAGE	PULASKI INVESTMENT CORP
AMERICAN HOME MORTGAGE	GREENLIGHT FINANCIAL SVCS	PULTE MORTGAGE CORP
AMERICAN MORTGAGE NTRK	GUARANTY BANK	QUICKEN LOANS, INC.
AMERICAN SAVINGS BANK	GUARANTY BANK, FSB	RBC CENTURA BANKS, INC.
AMERIQUEST MORTGAGE CO	GUILD MORTGAGE COMPANY	REGIONS FINANCIAL CORP
AMSOUTH BANCORPORATION	H&R BLOCK MORTGAGE CORP.	REPUBLIC BANCORP INC.
ASTORIA FEDERAL SAVINGS	HARRIS BANKCORP, INC.	RYLAND MORTGAGE COMPANY
BANK OF AMERICA CORP	HOME LOAN CORPORATION	SAXON MORTGAGE, INC.
BANKUNITED, FSB	HOMEAMERICAN MTG CORP	SCME MORTGAGE BANKERS
BB&T CORPORATION	HOMEANC MORTGAGE CORP	SEBRING CAPITAL CORP
BNC MORTGAGE, INC.	HOMESTAR MORTGAGE SVCS	SECURED BANKERS MTG CO
BOEING EMPLOYEES CU	HOMESTREET BK	SECURITY NATIONAL MTG
BOK FINANCIAL CORP	HSBC USA INC.	SIERRA PACIFIC MTG CO
BSM FINANCIAL, LP	HUDSON CITY, MHC	SOUTH STAR FUNDING, LLC
CENDANT MORTGAGE	HUNTINGTON BANCSHARES	SOUTHTRUST CORPORATION
CENTRAL PACIFIC MORTGAGE	INDYMAC BANK, F.S.B.	SOVEREIGN BANK
CH MORTGAGE COMPANY I	IRWIN FINANCIAL CORP	STATE EMPLOYEES CU
CHARTER ONE FINANCIAL	IVANHOE FINANCIAL, INC.	STERLING CAPITAL MTG CO
CHEVY CHASE BANK, FSB	J.P. MORGAN CHASE & CO.	SUMMIT MORTGAGE CORP
CITIGROUP INC.	KB HOME MORTGAGE CO.	SUN AMERICA MTG CORP
CITIZENS FINANCIAL GROUP	KEYCORP	SUNCOAST SCHOOLS FCU
CMG MORTGAGE, INC.	LEHMAN BROTHERS BANK	SUNSHINE MORTGAGE CORP
COLONIAL SAVINGS, F.A.	LOANCITY.COM	SUNTRUST BANKS, INC.
COLUMBIA NATIONAL, INC.	MANDT BANK CORPORATION	SYNOVUS FINANCIAL CORP.
COMMERCE BK	MARSHALL & ILSLEY CORP	TAYLOR, BEAN & WHITAKER
COMPASS BANCSHARES, INC.	MERRILL LYNCH CREDIT CORP	TCF FINANCIAL CORP
COMUNITY LENDING INC	MIDAMERICA BANK	THE CIT GROUP
COUNTRYWIDE FINANCL CORP	MIDFIRST BANK	THIRD FEDERAL S&L
CTX MORTGAGE COMPANY, LLC	MORGAN STANLEY	TOWN & COUNTRY CREDIT
DOWNNEY S&LA	MORTGAGE LENDERS NETWORK	U.S. BANCORP
E*TRADE BANK	MORTGAGE MASTER SERVICE	UNION FEDERAL BK/INDPLS
EAGLE HOME MORTGAGE, INC	MORTGAGEIT, INC.	UNION SAVINGS BANK
E-LOAN, INC.	NATIONAL CITY CORP	UNIONBANCAL CORPORATION
ENCORE CREDIT CORP.	NAVY FEDERAL CU	UNITED BANKSHARES, INC.
FIELDSTONE MORTGAGE CO	NETBANK	UNITED FINANCL MTG CORP
FIFTH THIRD BANCORP	NEW CENTURY MTG CORP	UNIVERSAL AMERICAN MTG
FIRST ALLIANCE BANK FSB	NEW FREEDOM MTG CORP	UNIVERSAL MORTGAGE CORP
FIRST MAGNUS FINANCIAL	NORTH FORK BANCORPORATION	USAA FEDERAL SAVINGS BK
FIRST MORTGAGE CORP	NORTHERN TRUST CORP	WACHOVIA CORPORATION
FIRST NATL BK HOLDING	NOVASTAR MORTGAGE INC.	WASHINGTON MUTUAL BANK
FIRST NATL NEBRASKA	NVR MORTGAGE FINANCE	WEBSTER BANK
FIRST NLC FINANCIAL SVCS	OHIO SAVINGS BANK	WEICHERT FINANCIAL SVCS
FIRST TENNESSEE NATIONAL	OWNIT MORTGAGE	WELLS FARGO AND COMPANY
FIRSTMERIT CORPORATION	PEOPLE'S CHOICE HOME LN	WILMINGTON FINANCE, INC
FLAGSTAR BANK	PEOPLE'S MUTUAL HOLDINGS	WORLD SAVINGS BANK
FRANKLIN AMERICAN MTG CO	PEOPLES SVG BK	WR STARKEY MORTGAGE
FREEDOM MORTGAGE CORP	PINNACLE FINANCIAL CORP	ZIONS BANCORPORATION