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Senior Vice President
HomeBanc Mortgage Corporation

Do Rising Interest Rates = the End of the Housing Boom???

May 25, 2005
Housing Market Still on Fire

- New home sales jumped by 12% in March of 2005
- Existing home sales set record in November of 2004 and in March of 2005 set the third highest total ever
- Inventory of unsold homes on the market fell by 0.9% to 433,000 in March
- In 2004, 1.203 million new homes were sold

**Atlanta Home Sales Up in the First Quarter**

According to First Multiple Listing Service of Atlanta, the area's total unit single-family sales were up 8.8%, in Q1 2005 from Q1 2004, while condo/townhome sales rose 18.6% during the same period.

Average single-family home prices have increased to $248,391 from $236,698 between January and March 2005, while condo/townhome prices have remained almost unchanged, going from $180,169 in Jan. 2005, to $180,182 in March.
Adding Fuel to the Housing Market Fire

- Still-low interest rates
  - Despite a 175-basis point increase in the federal funds rate, mortgage rates, in general, have been impacted very little

- Rising incomes

- Widespread belief that real estate is the best investment

- New loan products that increase the ability for homeownership across all socio-economic classes
Rates & Home Ownership


HomeBanc Confidential & Proprietary Not For Redistribution
Industry Purchase Volume

- Purchase originations exhibit an average growth of 11% per year, 1990 through 2004.

Source: MBAA
### Economic Projections (Percent Change)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005f</th>
<th>2006f</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment Rate</strong></td>
<td>4.7%</td>
<td>5.8%</td>
<td>6.0%</td>
<td>5.5%</td>
<td>5.4%</td>
<td>5.3%</td>
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<tr>
<td><strong>Real GDP Growth</strong></td>
<td>0.5%</td>
<td>2.2%</td>
<td>3.1%</td>
<td>4.4%</td>
<td>3.6%</td>
<td>3.5%</td>
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<tr>
<td><strong>Consumer Prices</strong></td>
<td>1.6%</td>
<td>2.4%</td>
<td>1.9%</td>
<td>2.7%</td>
<td>2.0%</td>
<td>1.9%</td>
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<tr>
<td><strong>10 Year Treasury Bond Rate</strong></td>
<td>5.0%</td>
<td>4.6%</td>
<td>4.0%</td>
<td>4.3%</td>
<td>4.5%</td>
<td>4.9%</td>
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</tbody>
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Example of Emerging Market Growth
Atlanta

Average % of Growth
Anglo 0.21%
African American 11.73%
Hispanic 23.39%

<table>
<thead>
<tr>
<th>Year</th>
<th>Anglo</th>
<th>African American</th>
<th>Hispanic</th>
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<td>2003</td>
<td>60,000</td>
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</tbody>
</table>
Rising Rates WILL…

• Slow the purchase of investment properties
• Slow the purchase of 2nd homes
• Slow the purchases of “move-up” buyers

Rising Rates WILL NOT:
• Cause a significant slow down in the overall housing market