

Attachment B

Message

From: Johnson, Mark E. (PHH Corp) [Mark.Johnson@phhmail.com]
Sent: 8/10/2007 11:15:00 PM
To: Thornberry, Rick (NSP) [redacted]; Kempner, Nathaniel (BLS) [Kempner@blackstone.com]; Fabian, Mike (NSP) [redacted]
CC: Erdmann, John (MBS) [John.Erdmann@mortgagefamily.com]; Nixon, Mike (MBS) [mike.nixon@phhmail.com]; Bradfield, Richard J. (MBS) [Rich.Bradfield@mortgagefamily.com]; Danahy, Mark (MBS) [Mark.Danahy@mortgagefamily.com]
Subject: Pro Forma with revised warehouse
Attachments: Summary Stats_logic adjusted_remark.xls; Purchase Price allocation - July 2007 - 8 9 07.xls

The pro forma is attached. One change in the presentation of the debt – removed PHH Home loans debt as a source and a use as it is contemplated to remain outstanding. July has the collateral marked to market – June does not.

Warehouse Stats info as follows:

Below and attached are the unreconciled numbers for the facility on 7/31/07 (redacted) included, adjusted marks for 2nds (redacted) and Helocs (redacted):

Pre-Scratch and Dent

- \$ redacted UPB
- \$ redacted mm Equity Required (changed from \$ redacted mm)
- redacted % UPB funded by Facility (changed from redacted %)

Nothing is blowing the sublimits. \$ redacted mm UPB are ineligible (of which \$ redacted mm are aged).

Post-Scratch and Dent

- \$ redacted UPB
- \$ redacted mm Equity Required (changed from \$ redacted mm)
- redacted % UPB funded by Facility (changed from redacted %)

Nothing is blowing the sublimits. \$ redacted mm UPB are ineligible (of which \$ redacted mm are aged).

Assumptions for both sets of data

- redacted price if no MTM price
- 14 calendar days = 10 business days
- 19 calendar days = 15 business days
- \$ redacted facility size
- Assumed that for any loan that was not at the custodian and we had the note, the Custodian Dry Date = Note Received Date + 1 day
- Portions of system data continue to be inconsistent.
- LNA's are now considered eligible.
- FICO scores on non agency eligible loans that are >0 but <620, are considered subprime.
- Assumes aging criteria exists for loans on Day 1 (not everything goes into the facility on Day 1 if too old).
- C20 loans that are less than 14 days old are not deemed critically flawed.
- Alt A loans > 620 FICO, <=45 DTI, <=417K, non NINA are considered conforming and not Alt A.
- Accounts for redacted allowed borrowings

- >120 Days from PHH Funding Date is considered seasoned (unless Construction or REO or Underperforming or FHA/VA Early Buyouts)
- [REDACTED] included
- Economic price shanked for S&D type loans (also applied for [REDACTED] borrowings)
- No seasoning restriction on Underperforming and FHA/VA and REO (Construction up to 3yrs)
- Alt A 2nds are included day 1
- Seasoning for 120 days is still based off of acquisition date instead of note date as the difference from using note date and SJ date is only \$[REDACTED] which is well below the [REDACTED] % sublimit.
- S&D Security population updated

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