The significant assumptions used by the third party valuation firm in estimating the fair value of the servicing assets at December 31, 2003 were as follows:

	Fannie Mae	FHA	Freddie Mac
Weighted average discount rate	17.13%	17.00%	17.20%
Weighted average pre-pay speed	13.19%	10.59%	11.27%
Weighted average lockout period	57.6 months	34.9 months	84.8 months
Cost to service loans	$2,450	$1,289	$1,937
Acquisition cost (per loan)	$1,500	$ 500	$1,481

The table below illustrates hypothetical, fair values of PWF's MSRs at December 31, 2003 caused by assumed immediate adverse changes to key assumptions are used to determine fair value.

	(In thousands)
Fair value of MSRs at December 31, 2003	$39,664
Prepayment speed:	
Fair value after impact of +10% change	39,320
Fair value after impact of -10% change	40,012
Fair value after impact of +20% change	39,011
Fair value after impact of -20% change	40,398
Discount rate:	
Fair value after impact of +10% change	37,688
Fair value after impact of -10% change	41,860
Fair value after impact of +20% change	35,900
Fair value after impact of -10% change	44,310
Default rate:	
Fair value after impact of +10% change	39,591
Fair value after impact of -10% change	39,746
Fair value after impact of +20% change	39,528
Fair value after impact of -20% change	39,809

Revenue Recognition

We derive our revenues from a variety of investments and guarantees, summarized as follows:

- **Revenue Bond Interest Income** - Interest income is recognized at the stated rate as it accrues and when collectibility of future amounts is reasonably assured. Contingent interest is recognized when received. Interest income from revenue bonds with modified terms or where the collectibility of future amounts is uncertain is recognized based upon expected cash receipts. Certain construction revenue bonds carry a higher interest rate during the construction period, which declines to a lower rate for the balance of the term. In these cases, we calculate the effective yield on the revenue bond and use that rate to recognize interest over the life of the bond.

- **Mortgage Banking Fees** - PWF fees earned for arranging financings under the Fannie Mae DUS product line as well as Freddie Mac, insurance and banking or other programs are recorded at the point the financing commitment is accepted by the mortgagor and the interest rate of the mortgage loan is fixed. PWF also receives fees for servicing the loans it has originated. This income is recognized on an accrual basis.

- **Other Income**
  Interest Income from Promissory Notes and Mortgages Receivable – Interest on mortgage loans and notes receivable is recognized on the accrual basis as it becomes due. Deferred loan origination costs and fees are amortized over the life of the applicable loan as an adjustment to interest income, using the interest method. Interest which was accrued is reversed out of income if deemed to be uncollectible.