

NOTE 20 • Goodwill and Intangible Assets

We adopted SFAS 141 on July 1, 2001 and SFAS 142, on January 1, 2002. We have determined that the amounts previously capitalized as goodwill relating to our initial formation and to the merger of American Tax Exempt Bond Trust, meet the criteria in SFAS 141 for recognition as intangible assets apart from goodwill, and accordingly will continue to be amortized over their remaining useful lives, subject to impairment testing.

During the quarter ended June 30, 2002, PWF engaged a third party valuation firm to evaluate PWF's licenses with Fannie Mae, Freddie Mac, FHA, Ginnie Mae and various private investors. As a result of this process approximately \$8.6 million has been reclassified from goodwill to intangible assets, representing the estimated market value of PWF's licenses. These licenses have an indefinite life and, as a result, are not being amortized.

During 2002 and the nine months ended September 30,

2003, pursuant to the original acquisition agreement, we paid approximately \$3.0 and \$.7 million, respectively, in "true-up" payments representing payments due to the original PWF stockholders which was recorded as additional goodwill during the fourth quarter of 2002 and the first nine months of 2003. These true-up payments were based on i) the increase in the value of MSRs due to certain loans closing, ii) positive changes between PWF's audited balance sheet used for the initial purchase price and the audited balance sheet at December 31, 2001, iii) payments of certain servicing fees, and iv) forward conversions of loans previously committed. The acquisition agreement stipulates additional true-up payments to be made periodically for a period of up to three years from the acquisition date.

In conjunction with our purchase of Related, we acquired additional intangible assets and goodwill. The value of the intangible assets was verified via third party valuation. The excess of the total paid over the fair value of the assets and liabilities was classified as goodwill. (See Note 2).