

The table below shows selected information regarding PWF's mortgage banking activities:

<i>(In thousands)</i>	For the Year Ended December 31,	
	2003	2002
Originations	\$ 604,579	\$ 698,893
Total loans serviced	\$ 4,114,293	\$ 3,237,197
Mortgage servicing rights	\$ 33,350	\$ 35,595
Mortgage servicing fees	\$ 4,683	\$ 7,971
Mortgage origination fees	\$ 9,029	\$ 5,710

While PWF's loan originations declined in 2003 compared to 2002, of the loans closed in 2003, nearly three-quarters were new loans rather than portfolio refinancings, which add valuable new servicing to the portfolio.

We are committed to aggressively growing PWF's market share as an agency lender and have begun to make strides to do so. Last year, PWF was selected as one of four Freddie Mac Program Plus Seller/Servicers approved to originate targeted affordable loans for Freddie Mac on a national basis, as part of Freddie Mac's push to increase their presence in the affordable housing market. We believe that this designation should increase the amount of our Freddie Mac deal flow.

In November, PWF opened an office in Kansas City, which should increase our presence in the Midwest. This individual will be focusing on managing our Company's market-rate multi-family product lines.

We continue to offer a wide array of competitive products to multifamily developers, but are continually working with Fannie Mae, Freddie Mac, FHA and Ginnie Mae to develop new, attractive products and to participate in new lending programs they may initiate.

Fund Management

Through our acquisition on November 17, 2003, of Related, we now provide management services to real estate equity investment funds we sponsor and a publicly traded real estate

investment trust that originates and acquires a variety of taxable construction, permanent, bridge, mezzanine and participating mortgage debt for multi-family housing. The funds we sponsor are the upper tier investment funds, discussed above, that provide low-income housing tax credits for investors.

This is a new line of business for us, which we expect will generate significant revenues. Related's fund management activities generate origination and acquisition fees associated with originating real estate equities investment funds and acquiring the assets that will be included in these funds. Related also receives asset management fees and partnership management fees for the services we perform for the funds we sponsor once they are operating.

Related had a record year in 2003. While Related's efforts from January 1 to November 17 did not impact us directly, Related raised over \$890.4 million in tax credit equity from institutional investors for its investment funds, which is a 14% increase over 2002. This represents an approximate 15% market share for all tax credit equity raised in 2003, which clearly makes Related one of the leading tax credit fund managers.

Our acquisition of Related has enabled us to accomplish many of our goals. First, we are now internally managed, which has eliminated any perceived conflicts of interest in the market place and should broaden our access to capital. Internalizing management has also created a more effective cost structure for a Company of our size. Second, the acquisition diversifies our revenue streams. Similar to our mortgage banking subsidiary, PWF, Related derives its revenue from fee income, which is much less interest rate sensitive and much less capital intensive than our core portfolio investing business.

We face many competitors, some of whom have substantially greater financial and operational resources than we do. However, we feel we can effectively compete due to our on-going relationships with certain developers.

To the extent the economy softens in certain markets, we may not be able to find sufficient investments that meet our investment criteria. Additionally continued consolidation especially within the banking industry may decrease our investor pool.