





And sell these CDOs and MBS to
Governments, Pension Funds,
Insurance Companies, Hedge
Funds.



Everybody is happy! Everybody is making money! **LOTS OF MONEY!** Until.....interest rates rise!!!! House payments increase and sub-prime borrowers cannot make their payments. Many default on their loans which results in a huge number of foreclosures causing the supply of houses to increase gigantically! The increase in supply causes housing prices to FALL! People are not paying their mortgages and the banks, pension funds, insurance companies, governments and other big investors are left holding a box of mortgages that people are not paying on and the houses are worth less than the amount of their loan! CDOS and MBSs are worthless!!!!!!