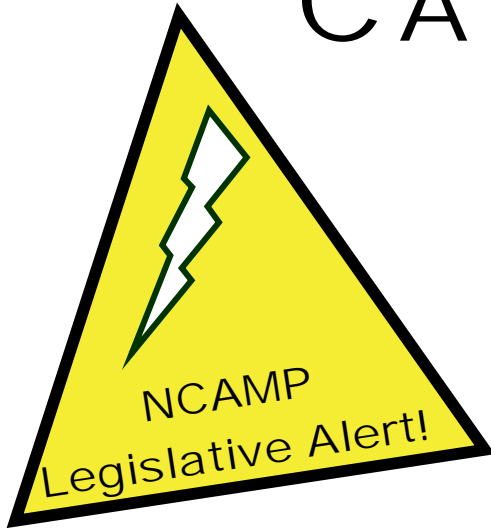


CALL TO ACTION!



Legislation is being proposed by the North Carolina Commissioner of Banks which will further change the nature of mortgage origination in North Carolina. (See the attached talking points we have provided for details of the issues.)

In a market which has already gutted profit and restricted access to credit for North Carolina consumers, our regulators are proposing legislation which could put many of you out of business

altogether and limit the ability of North Carolina citizens to purchase or to refinance their homes in a time of dire financial crisis.

We need the involvement of members and non-members alike. Please print and distribute the attached volunteer sign-up sheets to everyone in your company – to everyone you know in the mortgage business.

There will be a conference call next week to lay out all of the details for those willing to help. You will be notified of the day and time of the call as soon as we process your information.

Areas being affected by the proposed legislation include:

- **Fee Limits** We believe that additional legislation will be proposed which will further limit fees on mortgage loans. This legislation may include more charges in the “5 point test” calculation, may lower the “5 point” threshold or may eliminate yield spread premium altogether, or a combination of two or more of these.
- **Bonding/Asset Requirements** The provisions of the proposed legislation could put many smaller origination companies out of business.
- **Net Worth Requirements** Mortgage brokers are required to submit a statement of financial condition showing a net worth of \$25,000 and liquid assets of \$10,000 or more. We believe this is unnecessary and particularly burdensome for small businesses. Financials acceptable to the Office of the Commissioner of Banks could be costly.
- **Implied Private Right of Action** This may allow consumer groups or individuals to tie you up in court.
- **MIP/Risk-based Pricing/GSE Layering** We will be proposing changes to remove risk based pricing and fees such as the FHA mortgage insurance and the USDA and VA funding fees out of the 5 point calculation for lower loan amounts.
- **Education** The NCCOB will not allow experienced brokers to operate from their homes, but will allow new loan officers to train there. This could be disastrous for North Carolina consumers.