

DATE: January 13, 2009

TO: All New South Federal Savings Bank Warehouse Lending Customers

From: New South Federal Savings Bank Warehouse Lending Division

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Effective Friday, February 13, 2009, New South Federal Savings Bank will suspend all new Warehouse Lending activity. Although we are exiting the warehouse lending business, our goal is to do so with limited disruption to normal business activity until that date. We will continue to fund loans until that date, provided all guidelines and processes are adhered to. We will be unable to deviate from any of our policies and procedures, on any level, during this period. Please work with us during this period to help insure all funding requests can be honored and processed with the superior service level you have come to expect.

Instability in the financial markets, coupled with the deteriorating economy, has increased the inherent risks associated with Warehouse Lending. Although New South Federal Savings Bank has incurred no losses from Warehouse Lending activity, the potential for losses and fraudulent activity in a difficult market remains high. Every New South Federal Savings Bank customer is important to us and we value each relationship greatly. The outside pressures that are currently influencing our business decisions are such that it is difficult to protect even our most valued and long-lasting relationships.

Our staff is here to assist you in meeting your immediate funding needs and we certainly want this transition period to run smoothly. New South Federal Savings Bank remains committed to offering products to our valued customers that benefit both parties while maintaining an acceptable risk level for the Bank. Given the problematic economic environment that we are all currently operating in, the risk and the potential for loss associated with warehouse lending activity outweighs the reward. Because the New South Federal Savings Bank Warehouse Lending Division has been profitable and experienced no losses to date, re-entry into the marketplace once the current instabilities subside is a very real possibility. We regret any inconveniences our suspension causes you and please let our staff know if there is anything we can do assist you during the transition period.

Thank you for your business!