

From: Jay Johnson **On Behalf Of** Jay Johnson
Sent: Monday, January 12, 2009 6:51 PM
To: [deleted]
Subject: New South Federal Product Announcement

Effective today, New South Federal Savings Bank is temporarily suspending all new non-prime loan submissions and we will no longer accept wholesale conforming locks or wholesale conforming submissions. All non-prime loan approvals and conforming loan locks dated on or before January 12, 2008 remain valid and will be honored. All loan closing, funding and purchasing activities will continue to operate during this period.

Within the next 24 to 48 hours, New South Federal will provide our valued customers with an updated Wholesale criteria sheet and product matrix. Due to the unstable and deteriorating economic environment in which we currently operate, changes to our product offering are necessary in order to insure the long-term viability of the New South Federal Savings Bank Wholesale Lending Division.

New South Federal Savings Bank has a long history of sound decision making which has enabled us to avoid many of the problematic issues associated with non-prime lending. Our decision to adjust our lending criteria and product mix was made with the same forethought and insight that has served us well in the past. Our goal has always been to establish strong and mutually beneficial relationships with our customers. We regret that these changes have to be made, especially during a time of such economic difficulty. New South Federal Savings Bank is committed to remaining in the marketplace and re-establishing ourselves as a leader in Wholesale Lending as conditions improve and stabilize. Our core values, Integrity, Service, Community and Profitability, have guided us through difficult times in our 75-year history. Relying on those values today will serve us well in our efforts to continue offering our Wholesale Lending products in the future.