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PRESS RELEASE

Commissioner John S. Allison June 22, 2009

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The Mississippi Department of Banking and Consumer Finance Announces Multi-State Settlement with Taylor, Bean & Whitaker Mortgage Corporation

Model Agreement Will Bring Relief to Homeowners

JACKSON – June 22, 2009 - The Mississippi Department of Banking and Consumer Finance (DBCF) today announced a major settlement with Taylor, Bean & Whitaker Mortgage Corporation (TBW) regarding its mortgage lending practices for so-called "nontraditional" loans made in 2006. This agreement will result in a detailed review of TBW's nontraditional loans for violations of state laws, the adoption of the federal loan modification program to assist struggling homeowners, and the payment of $9 million to assist the states in their oversight of mortgage origination practices.

The agreement between TBW and 14 State mortgage regulators follows a coordinated multi-state examination of TBW to specifically determine compliance with laws and regulations pertaining to the origination of nontraditional mortgage loans in 2006. These products, also referred to as "alternative," or "exotic" mortgage loans, include "interest-only" mortgages, "payment option" adjustable-rate mortgages, and stated income loans. The examination alleged exceptions relating to TBW's underwriting standards, compliance and risk management practices, and internal control procedures with regard to these loans. Alleged practices included the multiple submissions of loan applications by third-party originators through automated underwriting programs resulting in altered income and asset information for prospective borrowers in order to qualify applicants for mortgage loans. Concern over these practices led TBW to stop offering nontraditional mortgages in early 2007 and to make other changes to its internal control processes.

Commissioner John Allison hailed the signing of the 14 state agreement as an important victory for all consumers, by stating "existing homeowners should see significant benefits as a result of today's agreement and the strong controls that TBW will put in place under this agreement will also benefit consumers on an ongoing basis by increasing the quality of new mortgage originations." Commissioner Allison also strongly pointed out that cooperative efforts by the states and not any federal efforts resulted in this settlement and is another testament that state regulation is fast, efficient and is the guardian of its state's consumers.

The major provisions of the settlement agreed to by TBW and the 14 State mortgage regulators include the following:

- The implementation of a loan modification program for loans held in TBW's investment portfolio that will conform with the "Making Home Affordable" program released by the United States Department of the Treasury. TBW will also make reasonable efforts to secure any required third party consents in order to modify mortgage loans currently serviced.

- The hiring of an independent firm, to be approved by the state mortgage regulators, to review TBW's nontraditional mortgage loans originated from 2006 to 2007 to determine whether additional reimbursement to consumers is warranted.

- The implementation of a comprehensive compliance program, to be reviewed and approved by the state mortgage regulators, to ensure compliance with applicable laws, regulations, and rules governing the conduct and operation of its mortgage business in each of the states.

- The payment of $9 million by TBW to assist the states in their oversight of mortgage origination practices. Half of the payment will be apportioned equally to the 14 jurisdictions that completed the multi-state examination. The remaining monies will be dedicated to the ongoing development and maintenance costs of the Nationwide Mortgage Licensing System (NMLS). The NMLS was developed by state banking and mortgage regulators starting in 2003 to create an online, centralized database of mortgage companies and mortgage loan originators. The goals of the NMLS which launched on January 2, 2008, are to create greater transparency and protection for consumers, detect and reduce mortgage fraud, and streamline licensing requirements both for regulators and the mortgage industry.

Consumers do not need to take any action at this point to pursue a loan modification. As part of the settlement, TBW will reach out to impacted consumers who qualify for the Making Home Affordable program. Under the Making Home Affordable program, the following mortgages are eligible for a loan modification:

- The mortgage is for the consumer's primary residence;

- The amount owed on the first mortgage is equal to or less than $729,750;

- The mortgage was closed before January 1, 2009;

- The homeowner's payment on their first mortgage (including principal, interest, taxes, insurance and homeowner's association dues, if applicable) is more than 31% of their current gross income; and

- The homeowner is having trouble paying their mortgage (f*or example, a significant increase in their mortgage payment OR reduction in their income since they got their current loan OR they have suffered a hardship that has increased their expenses (like medical bills)).*

Consumers can go the web site established by the Treasury Department at www.makinghomeaffordable.gov, to check on their eligibility for a loan modification.

Based in Ocala, Florida, TBW is currently one of the ten largest wholesale mortgage lenders in the United States. According to Home Mortgage Disclosure Act data, TBW originated 215,880 traditional and nontraditional mortgage loans nationally between 2006 and 2007. During this period TBW originated 2,047 mortgage loans in Mississippi.

Along with the Mississippi Department of Banking and Consumer Finance the other 13 State mortgage regulators included in this settlement are the Arizona Department of Financial Institutions; the District of Columbia Department of Insurance, Securities and Banking; the Florida Office of Financial Regulation; the Georgia Department of Banking and Finance; the Idaho Department of Finance; the Illinois Department of Financial Professional Regulation-Division of Banking; the Louisiana Office of Financial Institutions; the Maryland Office of Financial Regulation; the Massachusetts Division of Banks; the New Jersey Department of Banking and Insurance; the North Carolina Office of the Commissioner of Banks; the Pennsylvania Department of Banking; and the Vermont Department of Banking, Insurance, Securities and Health Care Administration.

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