

Mortgage+Care

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Dear Investor: _____,

Effective July 1, 2002 the California Legislature passed Assembly Bill 489. AB 489 imposes special requirements on loans secured by owner-occupied 1-4 family residences. Those home loans where the Annual Percentage Rate or fees will exceed certain thresholds will be subject to new rules aimed at curbing predatory lending. A full copy of the new law is available upon request.

A full explanation of the law is not possible in this letter. The law increases penalties for non-compliance and voids provisions of the loan documents that do not comply with the law. These defenses are available against any owner of the loan.

We have undertaken a comprehensive review of the law and consulted legal counsel to assist us in complying with it. One of the things we are required to do is to determine whether we have offered each borrower the best loan we have available and for which they qualify. To do this, we have been advised that we need to survey our regular lenders to determine their lending parameters.

I would very much appreciate your completing the enclosed form and returning it to me at your earliest convenience. Please call if you have any questions.

Very truly yours,
