

**FIRST CAROLINA MORTGAGE
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To: Mark Pearce, Deputy Commissioner of Banks

From: Wayne Hardister, First Carolina Mortgage, Inc.



Date: January 24, 2007

SUBJECT: Proposed Guidance on Non- traditional Mortgage Product Risks

Our response is as follows:

- **We have been doing these types of loans for 10 years or more.**
- **The profile of most of our customers under this program are as follows:**
 - a) **High scores mostly in the 680-800 range.**
 - b) **Larger loans in the \$ 400,000.and up
(just recently closed a \$2,200,000 residential loan of this type)**
 - c) **Astute borrower—many are self-employed, business owners,
manufacturers' representative, etc. (most are not on a fixed
income)**
 - d) **We go into a lot of detail to explain all aspects of this loan
program to our customers.**
 - e) **The loan program and how it works is explained again at closing.**