



Mortgage Warehousing Group

Thursday, November 1, 2012

Several months ago I announced that all closing agents used to close loans funded by First Tennessee Warehouse Lending would need to be vetted beginning January 1, 2013. Much change and progress has occurred since my announcement, and I want to provide a status update as we move toward getting better protection in place than is provided by traditional closing protection letters.

- First, we are not far enough along to meet the 1/1/13 target date. Therefore, we will continue to fund loans closed by un-vetted closing agents until further notice.
- Keeping in mind that our goal is to augment the protection provided by each CPL, we continue to believe that vetting is both prudent and required, and we intend to incorporate a vetting requirement into our warehouse lending program in the near future. However, I will commit to providing at least 90 days notice once this date is re-established.
- There are multiple ways to vet closing agents, including both internal vetting and third-party service providers. We are working with several groups in an attempt to standardize the minimum required vetting process. We want to be certain that the vetting we require meets the minimum standards for insurance purposes and is a cost-effective and workable solution for everyone involved. I continue to believe that SSI has an excellent vetting process, and I encourage you to continue to have your closing agents vetted by them.
- The insurance product intended to replace or augment the coverage provided by a CPL is currently being developed. Once that product is nearer completion and the vetting required by its underwriters has been established, we will be in a better position to establish and communicate our requirements. If you continue to use SSI to vet your agents in the mean time, you will be assured of compliance with our future requirements.

We remain committed first and foremost to the promise that we will not lose warehouse business over this issue. We do have some small competitors who have openly stated that vetting is a good idea, but who will not take a leadership role in this transition. We are always willing to do the heavy lifting, and we sincerely thank all of you who have stood to help us move this issue forward in a positive and flexible manner.

Sincerely,

A handwritten signature in cursive script that reads 'Robert A. Garrett'.

Bob Garrett
Executive Vice President