

# HOMEQ SERVICING

October 10, 2006

O. Max Gardner III, Esq.  
403 south Washington Street  
P.O. Box 1000  
Shelby, NC 28151

Re: William McElrath  
Loan number 0321008385

Dear Mr. Gardner:

I am writing in response to your letter dated July 17, 2006, which was received, in our Consumer Relations Department on August 31, 2006. We understand from your letter that you represent our customer, William Henry McElrath with respect to the above-referenced loan. Set forth below, are our specific answers to your requests for information contained in your July 17, 2006, letter. You request a current payoff statement, which must include the following:

- #1 The date on which it [payoff statement] was prepared and the payoff amount as of the date, including the amount by type of each fee, charge or other sum included with the payoff amount.

Response: See attached copy of payoff statement

- #2 All information reasonably necessary to calculate the payoff amount as of the requested date, including the per diem interest amount;

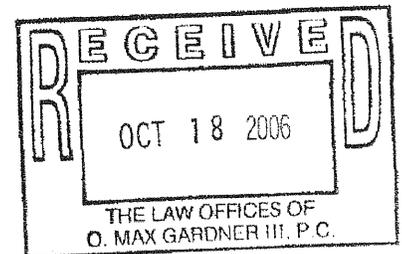
Response: See attached copy of payoff statement

- #3 The payment cutoff time, if any, the address or place where the payoff payment must be made, and any limitations to the authorized method of payment;

Response: See attached copy of payoff statement.

- #4 In the even that any dispute arises with respect to the payoff calculations, please provide me with the address designed by your Company for the receipt of any written qualified request under the Real Estate Settlement Procedures Act;

Response: HomeEq Servicing  
4837 Watt Avenue, Suite 200  
North Highlands, CA 95660  
Attention: Consumer Relations Department



O. Max Gardner III, Esq.  
October 10, 2006  
Page 2

#5 A complete history of each and every transaction in this account since the date the bankruptcy petition was filed including a list of all computer codes and a written narrative description and explanation of each Code;

Response: See attached payment history. No codes are used on the attached statements.

#6 A copy of your written payoff procedures and protocols;

Response: Any such documents, if they exist, are proprietary in nature and the production thereof will require a court order.

#7 Any limitations as to the authorized method of payment;

Response: Account is paid in full.

#8 An itemized breakdown of all fees and charges including the date of the services provided, the nature of the services, the amount of the payment for such services and the name of each payee;

Response: See attached payment history. Any other information is of a proprietary nature and the production thereof will require a court order.

#9 Copies of all checks evidencing any payments described in number 8; and

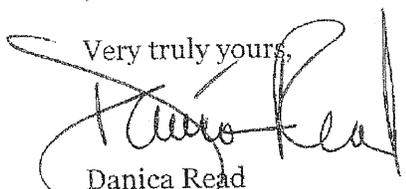
Response: Any such materials are utilized for internal purposes only, and HomeEq is not obligated to provide them.

#10. The amount of fees, if any authorized under N.C.G.S. §45-36.7 not otherwise included in the payoff statement.

Response: Not applicable.

Mr. Gardner, should you have any questions, please feel free to contact me directly at 916-339-6939.

Very truly yours,



Danica Read  
Consumer Relations



THANK YOU FOR YOUR RECENT INQUIRY

PER YOUR REQUEST, HOMEQ SERVICING CORP  
HAS REVIEWED YOUR PAYMENT HISTORY.

CUSTOMER ACCOUNT ACTIVITY STATEMENT

DATE 10/13/06  
PAGE 2

REQ BY DR6

WILLIAM H MCEL RATH  
LOAN NUMBER: 0321008385

ACTIVITY FOR PERIOD 01/01/01 - 10/12/06						
PROCESS DATE	DUE DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION			EFFECTIVE DATE OF TRANSACTION
TRANSACTION AMOUNT	PRIN. PAID/BALANCE	INTEREST	ESCROW PAID/BALANCE	AMOUNT	OTHER CODE/DESCRIPTION	
02-06-06	02-06	173	PAYMENT			02-03-06
564.48	52.67	511.81	0.00			
	72,194.16				NEW PRINCIPAL/ESCROW BALANCES	
01-10-06	02-06	493	ARM LOAN ADJUSTMENT			
			NEW INTEREST RATE: 0.08501		NEW PRIN & INT PAYMENT:	564.48
01-10-06	01-06	173	PAYMENT			01-09-06
491.04	69.14	421.90	0.00			
	72,246.83				NEW PRINCIPAL/ESCROW BALANCES	
01-10-06	01-06	168	REPAY OF ESCROW ADVANCE			
0.00	0.00	0.00	249.00-	249.00		
01-10-06	01-06	166	MISCELLANEOUS ESCROW DEPOSIT			
0.00	0.00	0.00	268.64	268.64-		
			19.64		NEW PRINCIPAL/ESCROW BALANCES	
12-09-05	12-05	173	PAYMENT			12-08-05
491.04	68.74	422.30	0.00			
	72,315.97				NEW PRINCIPAL/ESCROW BALANCES	
11-08-05	11-05	173	PAYMENT			11-07-05
615.54	68.34	422.70	0.00	124.50		
	72,384.71				NEW PRINCIPAL/ESCROW BALANCES	
10-07-05	10-05	173	PAYMENT			10-06-05
615.54	67.94	423.10	0.00	124.50		
	72,453.05				NEW PRINCIPAL/ESCROW BALANCES	
09-09-05	10-05	168	REPAY OF ESCROW ADVANCE			
0.00	0.00	0.00	1179.00-	1,179.00		
09-09-05	10-05	163	HAZARD INS REFUND DEPOSIT			
1,179.00	0.00	0.00	1179.00			
			249.00-		NEW PRINCIPAL/ESCROW BALANCES	
09-09-05	10-05	168	REPAY OF ESCROW ADVANCE			
0.00	0.00	0.00	930.00-	930.00		
09-09-05	10-05	163	HAZARD INS REFUND DEPOSIT			
930.00	0.00	0.00	930.00			
			1428.00-		NEW PRINCIPAL/ESCROW BALANCES	
09-06-05	09-05	173	PAYMENT			09-02-05
491.04	67.55	423.49	0.00			
	72,520.99				NEW PRINCIPAL/ESCROW BALANCES	
08-19-05	09-05	161	ESCROW ADVANCE			
1,179.00	0.00	0.00	1179.00			

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PER YOUR REQUEST, HOMEQ SERVICING CORP  
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CUSTOMER ACCOUNT ACTIVITY STATEMENT

DATE 10/13/06  
PAGE 3

REQ BY DR6

WILLIAM H MCEL RATH  
LOAN NUMBER: 0321008385

PROCESS DATE	DUE DATE	ACTIVITY FOR PERIOD TRANSACTION CODE	01/01/01 - 10/12/06 TRANSACTION DESCRIPTION	EFFECTIVE DATE OF TRANSACTION		
		TRANSACTION AMOUNT	PRIN. PAID/ BALANCE	INTEREST	ESCROW PAID/ BALANCE	-----OTHER----- AMOUNT CODE/DESCRIPTION
08-19-05	08-05	351	HAZARD INS DISBURSEMENT		1179.00-	
		1,179.00-	0.00	0.00	2358.00-	NEW PRINCIPAL/ESCROW BALANCES
08-08-05	08-05	173	PAYMENT		0.00	08-05-05
		491.04	67.15	423.89		NEW PRINCIPAL/ESCROW BALANCES
			72,588.54			
07-30-05	07-05	173	PAYMENT		0.00	19.64
		510.68	66.77	424.27		NEW PRINCIPAL/ESCROW BALANCES
			72,655.69			
06-06-05	06-05	173	PAYMENT		0.00	06-03-05
		491.04	66.38	424.66		NEW PRINCIPAL/ESCROW BALANCES
			72,722.46			
05-05-05	05-05	173	PAYMENT		0.00	05-04-05
		491.04	65.99	425.05		NEW PRINCIPAL/ESCROW BALANCES
			72,788.84			
04-05-05	04-05	173	PAYMENT		0.00	04-04-05
		491.04	65.61	425.43		NEW PRINCIPAL/ESCROW BALANCES
			72,854.83			
03-04-05	03-05	173	PAYMENT		0.00	03-03-05
		491.04	65.23	425.81		NEW PRINCIPAL/ESCROW BALANCES
			72,920.44			
02-04-05	02-05	173	PAYMENT		0.00	02-02-05
		491.04	64.85	426.19		NEW PRINCIPAL/ESCROW BALANCES
			72,985.67			
01-06-05	01-05	173	PAYMENT		0.00	01-05-05
		491.04	64.47	426.57		NEW PRINCIPAL/ESCROW BALANCES
			73,050.52			
12-06-04	12-04	173	PAYMENT		0.00	12-03-04
		491.04	64.10	426.94		NEW PRINCIPAL/ESCROW BALANCES
			73,114.99			
11-05-04	11-04	173	PAYMENT		0.00	11-04-04
		491.04	63.73	427.31		NEW PRINCIPAL/ESCROW BALANCES
			73,179.09			
10-20-04	11-04	161	ESCROW ADVANCE		1179.00	
		1,179.00	0.00	0.00	1179.00-	
10-19-04	08-04	351	HAZARD INS DISBURSEMENT		1179.00-	
		1,179.00-	0.00	0.00	1179.00-	NEW PRINCIPAL/ESCROW BALANCES

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DATE 10/13/06  
PAGE 4

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		TRANSACTION AMOUNT	PRIN. PAID/ BALANCE	INTEREST	ESCROW PAID/ BALANCE	AMOUNT	OTHER CODE/DESCRIPTION	
10-08-04	10-04	173	PAYMENT					10-07-04
		491.04	63.36	427.68	0.00			
			73,242.82					NEW PRINCIPAL/ESCROW BALANCES
09-14-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		150.00-	0.00	0.00	0.00			
09-14-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		150.00	0.00	0.00	0.00			
09-13-04	00-00	632	STATUTORY EXPENSES					
		50.00	0.00	0.00	0.00			
09-13-04	00-00	630	ATTORNEY ADVANCES					
		100.00	0.00	0.00	0.00			
09-09-04	09-04	173	PAYMENT					
		491.04	62.99	428.05	0.00			
			73,306.18					NEW PRINCIPAL/ESCROW BALANCES
08-31-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		150.00-	0.00	0.00	0.00			
08-31-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		150.00	0.00	0.00	0.00			
08-30-04	00-00	630	ATTORNEY ADVANCES					
		150.00	0.00	0.00	0.00			
08-13-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		100.00-	0.00	0.00	0.00			
08-13-04	00-00	745	CORP. ADVANCE ADJUSTMENT					
		100.00	0.00	0.00	0.00			
08-12-04	00-00	601	MISC. CORPORATE DISBURSEMENT					
		100.00	0.00	0.00	0.00			
08-04-04	08-04	173	PAYMENT					08-03-04
		491.04	62.63	428.41	0.00			
			73,369.17					NEW PRINCIPAL/ESCROW BALANCES
07-02-04	07-04	172	PAYMENT					
		491.04	62.26	428.78	0.00			
			73,431.80					NEW PRINCIPAL/ESCROW BALANCES
06-03-04	06-04	172	PAYMENT					
		491.04	61.90	429.14	0.00			
			73,494.06					NEW PRINCIPAL/ESCROW BALANCES
05-07-04	05-04	173	PAYMENT					
		491.04	61.54	429.50	0.00			
			73,555.96					NEW PRINCIPAL/ESCROW BALANCES

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PAGE 5

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04-02-04	04-04	172	PAYMENT	
491.04		61.19	429.85	0.00
		73,617.50		NEW PRINCIPAL/ESCROW BALANCES
03-02-04	03-04	173	PAYMENT	02-27-04
491.04		60.83	430.21	0.00
		73,678.69		NEW PRINCIPAL/ESCROW BALANCES
02-27-04	03-04	142	LOAN SETUP	
0.00		73,739.52-	0.00	0.00
		73,739.52		NEW PRINCIPAL/ESCROW BALANCES