

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1998-11-16** | Period of Report: **1998-09-30**

SEC Accession No. [0000950144-98-013027](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

RESOURCE BANCSHARES MORTGAGE GROUP INC

CIK: **893817** | IRS No.: **570962375** | State of Incorporation: **DE** | Fiscal Year End: **1231**

Type: **10-Q** | Act: **34** | File No.: **000-21786** | Film No.: **98752945**

SIC: **6162** Mortgage bankers & loan correspondents

Mailing Address

7909 PARKLANE RD SUITE
150
7909 PARKLANE RD SUITE
150
COLUMBI SC 29223

Business Address

7909 PARKLANE ROAD SUITE
150
COLUMBIA SC 29223
8037413000

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(X) Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

For The Quarterly Period Ended September 30, 1998

or

() Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 000-21786

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

(Exact name of registrant as specified in its charter)

STATE OF DELAWARE

57-0962375

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

7909 Parklane Road, Columbia, SC

29223

(Address of Principal Executive Office)

(Zip Code)

Registrant's telephone number, including area code (803) 741-3000

Indicate by check mark whether the registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for each shorter period that the registrant was required to file reports) and has been subject to such filing requirements for the past 90 days.

YES X NO
--- ---

The number of shares of common stock of the Registrant outstanding as of October 31, 1998, was 23,540,145.

Page 1
Exhibit Index on Pages A to E

RESOURCE BANCSHARES MORTGAGE GROUP, INC.
Form 10-Q for the quarter ended September 30, 1998

TABLE OF CONTENTS OF INFORMATION REQUIRED IN REPORT

	PAGE

PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements - (Unaudited)	
Consolidated Balance Sheet	3
Consolidated Statement of Income	4

Consolidated Statement of Changes in Stockholders' Equity	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
PART II. OTHER INFORMATION	47
ITEM 6. Exhibits and Reports on Form 8-K	47
SIGNATURES	48
EXHIBIT INDEX	A-E

2

3

Part I. Financial Information

Item 1. Financial Statements

RESOURCE BANCSHARES MORTGAGE GROUP, INC. CONSOLIDATED BALANCE SHEET (\$ in thousands)

<TABLE>
<CAPTION>

	September 30, 1998	December 31, 1997
	----- (Unaudited)	-----
ASSETS		
<S>	<C>	<C>
Cash	\$ 103,620	\$ 13,546
Receivables	112,771	87,702
Trading securities:		
Mortgage-backed securities	462,653	334,598
Residual interest in subprime securitizations	33,393	19,684
Mortgage loans held-for-sale	858,712	844,590
Lease receivables	88,150	51,494
Servicing rights, net	177,391	127,326
Premises and equipment, net	34,725	27,723
Accrued interest receivable	4,294	4,372
Goodwill and other intangibles	16,583	15,519
Other assets	79,659	30,375
	-----	-----
Total assets	\$ 1,971,951	\$ 1,556,929
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Short-term borrowings	\$ 1,548,770	\$ 1,224,489
Long-term borrowings	6,390	6,461
Accrued expenses	30,561	24,262
Other liabilities	134,626	86,578
	-----	-----
Total liabilities	1,720,347	1,341,790
	-----	-----
Stockholders' equity		
Common stock (31,637,244 and 31,120,383 shares outstanding at September 30, 1998 and December 31, 1997, respectively)	316	311
Additional paid-in capital	305,266	299,516

Retained earnings	49,199	17,763
Common stock held by subsidiary at cost (7,767,099 shares outstanding at September 30, 1998 and December 31, 1997)	(98,953)	(98,953)
Unearned shares of employee stock ownership plan	(4,224)	(3,498)
	-----	-----
Total stockholders' equity	251,604	215,139
	-----	-----
Total liabilities and stockholders' equity	\$ 1,971,951	\$ 1,556,929
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

3

4

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

CONSOLIDATED STATEMENT OF INCOME
(\$ in thousands, except share information)
(Unaudited)

<TABLE>

<CAPTION>

	For the Nine Months Ended September 30,		For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
REVENUES				
Interest income	\$ 74,649	\$ 53,301	\$ 25,009	\$ 21,613
Interest expense	(60,297)	(39,115)	(20,408)	(17,078)
	-----	-----	-----	-----
Net interest income	14,352	14,186	4,601	4,535
Net gain on sale of mortgage loans	129,226	71,578	45,597	29,328
Gain on sale of mortgage servicing rights	1,613	5,948	533	3,237
Servicing fees	31,134	23,049	11,419	7,711
Gain on sale of retail production franchise	1,490			
Other income	1,894	572	487	146
	-----	-----	-----	-----
Total revenues	179,709	115,333	62,637	44,957
	-----	-----	-----	-----
EXPENSES				
Salary and employee benefits	62,041	43,631	20,479	16,487
Occupancy expense	8,058	5,328	2,627	1,886
Amortization of mortgage servicing rights	20,053	13,673	7,750	4,840
General and administrative expenses	31,055	29,580	10,395	17,837
	-----	-----	-----	-----
Total expenses	121,207	92,212	41,251	41,050
	-----	-----	-----	-----
Income before income taxes	58,502	23,121	21,386	3,907
Income tax expense	(22,557)	(8,713)	(8,134)	(1,340)
	-----	-----	-----	-----
Net income	\$ 35,945	\$ 14,408	\$ 13,252	\$ 2,567
	=====	=====	=====	=====
Weighted average common shares outstanding -- Basic	23,189,299	20,281,774	23,394,524	20,573,846
	=====	=====	=====	=====
Net income per common share -- Basic	\$ 1.55	\$ 0.71	\$ 0.57	\$ 0.12
	=====	=====	=====	=====
Weighted average common shares outstanding -- Diluted	23,569,021	20,702,851	23,831,297	21,049,549
	=====	=====	=====	=====
Net income per common share -- Diluted	\$ 1.53	\$ 0.70	\$ 0.56	\$ 0.12
	=====	=====	=====	=====

</TABLE>

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(\$ in thousands, except share information)
(Unaudited)

<TABLE>

<CAPTION>

Nine Months Ended September 30, 1997	Common Stock		Additional Paid-in Capital	Retained Earnings	Unearned Shares of Employee Stock Ownership Plan	Common Stock Held by Subsidiary	Treasury Stock	Total Stockholders' Equity
	Shares	Amount						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	19,285,020	\$ 193	\$ 149,653	\$ 12,007	\$ (4,552)			\$ 157,301
Issuance of restricted stock	23,528	*	328					328
Shares issued under Dividend Reinvestment and Stock Purchase Plan and Stock Investment Plan	5,599	*	18	(78)				(60)
Cash dividends				(1,739)				(1,739)
Exercise of stock options	62,000	1	379					380
Acquisition of Meritage Mortgage Corporation	673,197	6	7,162					7,168
Shares committed to be released under ESOP			213		584			797
Retroactive adjustment for the 5% stock dividend declared on October 31, 1997	1,002,467	10	13,398	(13,408)				
Net income				14,408				
Total comprehensive income								14,408
Balance, September 30, 1997	21,051,811	\$ 210	\$ 171,151	\$ 11,190	\$ (3,968)			\$ 178,583

<CAPTION>

Nine Months Ended September 30, 1998	Common Stock		Additional Paid-in Capital	Retained Earnings	Unearned Shares of Employee Stock Ownership Plan	Common Stock Held by Subsidiary	Treasury Stock	Total Stockholders' Equity
	Shares	Amount						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1997	31,120,383	\$ 311	\$ 299,516	\$ 17,763	\$ (3,498)	\$ (98,953)		\$ 215,139
Issuance of restricted stock	20,056	*	328					328
Cash dividends				(4,417)				(4,417)
Treasury stock purchased	(200,000)						\$ (3,034)	(3,034)
Exercise of stock options	355,965	2	(26)				3,034	3,010
Shares committed to be released under ESOP			413		774			1,187
Purchase of shares by Employee Stock Ownership Plan					(1,500)			(1,500)
Shares issued under Dividend Reinvestment and Stock Purchase Plan and Stock Investment Plan	198,722	1	3,271	(92)				3,180
Acquisition of Meritage Mortgage Corporation	142,118	2	1,764					1,766
Net income				35,945				
Total comprehensive income								35,945
Balance, September 30, 1998	31,637,244	\$ 316	\$ 305,266	\$ 49,199	\$ (4,224)	\$ (98,953)		\$ 251,604

</TABLE>

* Amount less than \$1

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(\$ in thousands)
(Unaudited)

<TABLE>

<CAPTION>

	Nine Months Ended September 30,	
	1998	1997
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	\$ 35,945	\$ 14,408
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	23,998	16,191
Employee Stock Ownership Plan compensation	1,187	797
Provision for estimated foreclosure losses	6,452	2,605
Increase in receivables	(25,069)	(36,214)
Acquisition of mortgage loans	(12,062,075)	(7,799,804)
Proceeds from sales of mortgage loans and mortgage-backed securities	12,042,649	7,583,386
Acquisition of mortgage servicing rights	(241,738)	(175,232)
Sales of mortgage servicing rights	174,601	146,004
Net gain on sales of mortgage loans and servicing rights	(130,839)	(77,526)
Decrease in accrued interest on loans	78	487
Increase in lease receivables	(36,656)	
Increase in other assets	(50,559)	(6,679)
Increase in residual certificates	(13,709)	(7,550)
Increase in accrued expenses and other liabilities	54,347	24,648
Net cash used in operating activities	(221,388)	(314,479)
INVESTING ACTIVITIES:		
Purchases of premises and equipment, net	(10,315)	(5,500)
Net cash used in investing activities	(10,315)	(5,500)
FINANCING ACTIVITIES:		
Proceeds from borrowings	30,126,715	20,666,472
Repayment of borrowings	(29,802,505)	(20,336,652)
Issuance of restricted stock	328	328
Shares issued under Dividend Reinvestment and Stock Purchase Plan and Stock Investment Plan	3,180	(60)
Acquisition of Meritage Mortgage Corporation		(1,750)
Debt issuance costs		(553)
Cash dividends	(4,417)	(1,739)
Acquisition of treasury stock	(3,034)	
Issuance of treasury stock	1,674	
Exercise of stock options	1,336	380
Purchase of shares by Employee Stock Ownership Plan	(1,500)	
Net cash provided by financing activities	321,777	326,426
Net increase in cash	90,074	6,447
Cash, beginning of period	13,546	2,492
Cash, end of period	\$ 103,620	\$ 8,939

</TABLE>

See accompanying notes to consolidated financial statements.

Note 1 - Basis of Presentation:

The financial information included herein should be read in conjunction with the consolidated financial statements and related notes of Resource Bancshares Mortgage Group, Inc. (the Company), included in the Company's December 31, 1997, Annual Report on Form 10-K. Certain financial information, which is normally included in financial statements prepared in accordance with generally accepted accounting principles, is not required for interim financial statements and has been omitted. The accompanying interim consolidated financial statements are unaudited. However, in the opinion of management of the Company, all adjustments, consisting of normal recurring items, necessary for a fair presentation of operating results for the periods shown have been made. Certain prior period amounts have been reclassified to conform to current period presentation.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS No. 128), which is effective for financial statements issued for periods ending after December 15, 1997. The Company adopted SFAS No. 128 in December 1997 and has retroactively restated to report its earnings per share on a comparable basis for all periods presented.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income", which requires that changes in the amounts of comprehensive income items, currently reported as separate components of equity, be shown in a financial statement, displayed as prominently as other financial statements. The most common components of other comprehensive income include foreign currency translation adjustments, minimum pension liability adjustments and/or unrealized gains and losses on available-for-sale securities. SFAS No. 130 does not require a specific format for the new statement, but does require that an amount representing total comprehensive income be reported. SFAS No. 130 is required to be adopted for fiscal years beginning after December 15, 1997. The Company has adopted SFAS No. 130 in 1998.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which establishes new standards for business segment reporting. Requirements of SFAS No. 131 include reporting of (a) financial and descriptive information about reportable operating segments, (b) a measure of segment profit or loss, certain specific revenue and expense items and segment assets with reconciliations of such amounts to the Company's financial statements and (c) information regarding revenues derived from the Company's products and services, information about major customers and information related to geographic areas. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. The Company plans to adopt SFAS No. 131 for the full-year 1998.

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits" which revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans. The statement is effective for fiscal years beginning after December 15, 1997. The Company plans to adopt SFAS No. 132 for the full-year 1998.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designed as part of a hedge transaction and, if it is, the type of hedge transaction. For fair-value hedge transactions in which the Company is hedging changes in an asset's, liability's or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions, in which the Company is hedging the variability of cash flows related to a variable-rate asset, liability or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other

comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current period earnings. SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999 (January 1, 2000 for the Company). However, early adoption is permitted. The Company has not yet determined either the impact that the adoption of SFAS 133 will have on its earnings or statement of financial position or the period in which the statement will be implemented.

In October 1998, the FASB issued Statement of Financial Accounting Standards No. 134, Accounting for Mortgage-Backed Securities Retained After the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise (SFAS No. 134). SFAS No. 134 requires that after the securitization of a mortgage loan held for sale, an entity engaged in mortgage banking activities classify the resulting mortgage-backed securities or other retained interests based on its ability and intent to sell or hold those investments. This statement shall be effective for the first fiscal quarter beginning after December 15, 1998.

Effective April 1, 1997, the Company completed a merger with Meritage Mortgage Corporation (Meritage), in which it exchanged approximately \$1,750 thousand of cash and 537,846 (564,738 after retroactive adjustment for the 5% stock dividend declared on October 31, 1997) noncontingent shares of RBMG common stock for all the outstanding stock of Meritage. This transaction was accounted for under the purchase method of accounting. In addition, 406,053 (426,355 after retroactive adjustment for the 5% stock dividend declared on October 31, 1997) shares of RBMG common stock were issued contingent upon Meritage achieving specified increasingly higher levels of subprime mortgage production during certain periods following closing. During 1997, 270,702 (284,237 shares after retroactive adjustment for the 5% stock dividend declared on October 31, 1997) contingent shares of RBMG common stock were released. During the first nine months of 1998, 135,351 (142,118 after retroactive adjustment for the 5% stock dividend declared on October 31, 1997) contingent shares of RBMG common stock were released. Therefore, all the contingent shares have now been released. The fair market value of contingent shares had been excluded from the purchase price for purposes of recording goodwill and from outstanding shares for purposes of earnings per share computations. As each specified increasingly higher subprime mortgage production level was achieved, the corresponding fair market value of the associated contingent shares released was recorded as additional goodwill and such shares were prospectively treated as outstanding for purposes of earnings per share computations. The purchase price for the Meritage merger has been allocated to tangible and identifiable assets and liabilities based upon management's estimate of their respective fair values with the excess of estimated cost over the fair value of the net assets acquired allocated to goodwill. Goodwill and other intangible assets are being amortized over a 20 year period using the straight line method. Amortization expense for the third quarter and nine month periods ended September 30, 1998, was approximately \$149 and \$415, respectively. The following is a schedule of the allocation of the purchase price:

8

9

<TABLE> <CAPTION>			
<S>	At Acquisition on April 1, 1997	Subsequent Release of Contingent Shares	September 30, 1998
	----- <C>	----- <C>	----- <C>
Cash paid	\$ 1,750		\$ 1,750
Estimated fair market value of shares of RBMG common stock issued or released	4,748	\$ 5,748	10,496
Deferred merger cost	463		463
	-----	-----	-----
Total purchase price	6,961	5,748	12,709
Fair value of net assets acquired	1,000		1,000
	-----	-----	-----
Goodwill and intangibles	\$ 5,961	\$ 5,748	\$ 11,709
	=====	=====	=====
</TABLE>			

Effective May 1, 1998, the Company sold the retail production franchise of Intercounty Mortgage, Inc. to CFS Bank. Historically, the Company has focused on accumulation of loan production through third-party correspondent and wholesale broker channels because of the relatively lower fixed expenses and capital investments required, among other reasons. Management believes the sale of the retail operation will allow the Company to refocus on its core competency as a correspondent and wholesale mortgage lender. The following is a schedule of the gain recognized on the sale of the retail production franchise:

Cash proceeds	\$ 5,503
Investment banking, legal and other advisory fees	(533)
Severance and other transaction costs	(1,980)

Net proceeds	2,990
Basis in assets sold	(1,500)

Net pre-tax gain on sale of retail production franchise	\$ 1,490
	=====

The following is a reconciliation of basic earnings per share to diluted earnings per share as calculated under SFAS No. 128 for the nine months ended September 30, 1998 and 1997, respectively:

<TABLE> <CAPTION>			
For the Nine Months Ended September 30, 1998	Income (Numerator)	Shares (Denominator)	Per Share Amount
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Net Income Per Common Share - Basic			
Income available to common stockholders	\$ 35,945	23,189,299	\$ 1.55
			=====
Effect of dilutive securities stock options		379,722	
	-----	-----	
Net Income Per Common Share - Diluted			
Income available to common stockholders plus assumed conversions	\$ 35,945	23,569,021	\$ 1.53
	=====	=====	=====
</TABLE>			

The exercise prices of all options outstanding at September 30, 1998 were less than the average market price of the common shares for the first nine months of 1998; therefore all options were included in the computation of diluted earnings per share.

<TABLE> <CAPTION>			
For the Nine Months Ended September 30, 1997	Income (Numerator)	Shares (Denominator)	Per Share Amount
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Net Income Per Common Share - Basic			
Income available to common stockholders	\$ 14,408	20,281,774	\$ 0.71
			=====
Effect of dilutive securities stock options		421,077	
	-----	-----	
Net Income Per Common Share - Diluted			
Income available to common stockholders plus assumed conversions	\$ 14,408	20,702,851	\$ 0.70
	=====	=====	=====
</TABLE>			

Options to purchase 6,300 shares of common stock at \$16.27 per share were outstanding during the first nine months of 1997 but were not included in the computation of diluted earnings per share because

the options' exercise prices were greater than the average market price of the common shares. The options, which will expire on August 26, 2007 were still outstanding at September 30, 1997.

The following is a reconciliation of basic earnings per share to diluted earnings per share as calculated under SFAS No. 128 for the quarters ended September 30, 1998 and 1997, respectively:

<TABLE>

<CAPTION>

For the Quarter Ended September 30, 1998	Income (Numerator)	Shares (Denominator)	Per Share Amount
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Net Income Per Common Share - Basic			
Income available to common stockholders	\$ 13,252	23,394,524	\$ 0.57 =====
Effect of dilutive securities stock options	-----	436,773 -----	
Net Income Per Common Share - Diluted			
Income available to common stockholders plus assumed conversions	\$ 13,252 =====	23,831,297 =====	\$ 0.56 =====

</TABLE>

The exercise prices of all options outstanding at September 30, 1998 were less than the average market price of the common shares for the third quarter of 1998, therefore all options were included in the computation of diluted earnings per share.

10

11

<TABLE>

<CAPTION>

For the Quarter Ended September 30, 1997	Income (Numerator)	Shares (Denominator)	Per Share Amount
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Net Income Per Common Share - Basic			
Income available to common stockholders	\$ 2,567	20,573,846	\$ 0.12 =====
Effect of dilutive securities stock options	-----	475,703 -----	
Net Income Per Common Share - Diluted			
Income available to common stockholders plus assumed conversions	\$ 2,567 =====	21,049,549 =====	\$ 0.12 =====

</TABLE>

Options to purchase 6,300 shares of common stock at \$16.27 per share were outstanding during the third quarter of 1997 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. The options, which will expire on August 26, 2007 were still outstanding at September 30, 1997.

11

12

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with

the Financial Information, the Consolidated Financial Statements of Resource Bancshares Mortgage Group, Inc. (the Company) (and the notes thereto) and the other information included or incorporated by reference into the Company's 1997 Annual Report on Form 10-K and the interim Consolidated Financial Statements contained herein. Statements included in this discussion and analysis (or elsewhere in this document) which are not statements of historical fact are intended to be, and are hereby identified as, "forward looking statements" for purposes of the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following which are described in the Company's Joint Proxy Statement/Prospectus dated December 2, 1997: (i) interest rate risks; (ii) changes in economic conditions; (iii) competition; (iv) changes in regulations and related matters; (v) litigation affecting the mortgage banking business; (vi) delinquency and default risks; (vii) changes in the market for servicing rights, mortgage loans and lease receivables; (viii) environmental matters; (ix) changes in the demand for mortgage loans; and (x) availability of funding sources and other risks and uncertainties, discussed elsewhere herein, in the Company's Joint Proxy Statement/Prospectus dated December 2, 1997 or from time to time in the Company's periodic reports filed with the Securities and Exchange Commission. The Company disclaims any obligation to update any forward-looking statements.

THE COMPANY

The Company is a diversified financial services company engaged primarily in the business of mortgage banking, through the purchase (through a nationwide network of correspondents and brokers), sale and servicing of agency-eligible and subprime residential, single-family first-mortgage loans and the purchase and sale of servicing rights associated with such loans. In addition, the Company originates, sells and services small ticket commercial equipment leases and originates, sells, underwrites for investors and services commercial mortgage loans.

PRODUCTION

The Company purchases residential mortgage loans from its correspondents and through its wholesale division and, until the sale of its retail production platform in May 1998, originated mortgage loans through its retail division. The Company also purchases and originates subprime mortgage loans through a separate division. In addition, the Company originates commercial mortgage loans and leases small ticket equipment items.

12

13

A summary of production by source for the periods indicated is set forth below:

<TABLE>

<CAPTION>

(\$ in thousands)

	For the Nine Months Ended September 30,		For the Quarter Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Loan Production:				
Correspondent Division	\$ 8,524,393	\$5,690,799	\$2,864,933	\$2,136,619
Wholesale Division	2,202,280	1,349,408	718,791	501,239
Retail Division	264,059	509,528	N/A	195,655
Total Agency-Eligible Loan Production	10,990,732	7,549,735	3,583,724	2,833,513
Subprime Division	417,892	230,199	165,760	96,441
Commercial Mortgage (for Investors and Conduits)	653,451	N/A	290,829	N/A
Leases	55,853	N/A	22,310	N/A
Total Production	\$12,117,928	\$7,779,934	\$4,062,623	\$2,929,954

</TABLE>

Initially, the Company was exclusively focused on purchasing agency-eligible mortgage loans through its correspondents. In order to diversify its sources of loan volume, the Company started a wholesale operation in 1994, a

retail operation in 1995 and a subprime division in 1997. Management anticipates that its higher margin wholesale and subprime production will continue to account for an increasing percentage of total mortgage loan production as those divisions are expanded more rapidly than correspondent operations. In general, management has targeted as a near-term goal a residential mortgage production mix of approximately 70% correspondent, 25% wholesale and 5% subprime. In order to further diversify its sources of production and revenue, the Company acquired Resource Bancshares Corporation (RBC) in December 1997. Through RBC, the Company originates small ticket commercial equipment leases and commercial mortgage loans. These two new sources of production accounted for 7.7% and 5.9% of the Company's total third quarter and nine months ended September 30, 1998 production, respectively.

A summary of key information relevant to industry residential mortgage loan production activity is set forth below:

<TABLE> <CAPTION> (\$ in thousands)		At or For the Quarter Ended September 30,	
		1998	1997
		-----	-----
<S>		<C>	<C>
U. S. 1-4 Family Mortgage Originations Statistics (1):			
U. S. 1-4 Family Mortgage Originations		\$ 375,000,000	\$ 239,000,000
Adjustable Rate Mortgage Market Share		13.00%	20.00%
Estimated Fixed Rate Mortgage Originations		\$ 326,000,000	\$ 191,000,000
Company Information:			
Agency-Eligible Loan Production		\$ 3,583,724	\$ 2,833,513
Estimated Company Market Share		0.96%	1.19%
</TABLE>			

(1) Source: Mortgage Bankers Association of America, Economics Department.

The Company's total agency-eligible residential mortgage production increased by 26% to \$3.6 billion for the third quarter of 1998 from \$2.8 billion for the third quarter of 1997. The increase is a direct result of the nationwide 57% increase in 1-4 family mortgage originations for the third quarter of

13

14

1998 as compared to the third quarter of 1997. The decrease in the Company's estimated market share of U.S. mortgage originations from 1.19% for the third quarter of 1997 to 0.96% for the third quarter of 1998 is primarily due to the Company's focus on improved agency-eligible profitability and expansion of its higher margin subprime, wholesale, commercial mortgage and leasing production.

Correspondent Loan Production

The Company purchases closed mortgage loans through its network of approved correspondent lenders. Correspondents are primarily mortgage lenders, larger mortgage brokers and smaller savings and loan associations and commercial banks, which have met the Company's approval requirements.

The Company continues to emphasize correspondent loan production as its basic business focus because of the lower fixed expenses and capital investment required of the Company. That is, the Company has developed a cost structure that is more directly variable with loan production because the correspondent incurs most of the fixed costs of operating and maintaining branch offices and of identifying and interacting directly with loan applicants.

A summary of key information relevant to the Company's correspondent residential loan production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)		At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
		1998	1997	1998	1997
		-----	-----	-----	-----
<S>		<C>	<C>	<C>	<C>
Correspondent Loan Production		\$8,524,393	\$ 5,690,799	\$2,864,933	\$ 2,136,619
Estimated Correspondent Market Share (1)		0.82%	0.89%	0.76%	0.89%
Approved Correspondents		870	934	870	934
</TABLE>					

(1) Source: Mortgage Bankers Association of America, Economics Department.

The 34% increase in the Company's correspondent loan production from \$2.1 billion for the third quarter of 1997 to \$2.9 billion for the third quarter of 1998 resulted primarily from the 57% increase in nationwide 1-4 family mortgage loan production. The number of approved correspondent lenders at the end of the third quarter of 1998 decreased slightly from that of the third quarter of 1997 as the Company focused on maintenance of those correspondent relationships most compatible with the Company's overall business strategies and profitability goals while continuing a disciplined and measured expansion through establishment of new correspondent relationships.

Wholesale Loan Production

The wholesale division receives loan applications through brokers, underwrites the loans, funds the loans at closing and prepares all closing documentation. The wholesale branches also handle all shipping and follow-up procedures on loans. Typically mortgage brokers are responsible for taking applications and accumulating the information precedent to the Company's processing of the loans. Although the establishment of wholesale branch offices involves the incurrence of fixed expenses associated with maintaining those offices, wholesale operations also provide for higher profit margins than correspondent loan production. Additionally, each branch office can serve a relatively sizable geographic area by establishing relationships with large numbers of independent mortgage loan brokers who bear much of the cost of identifying and interacting directly with loan applicants.

14

15

A summary of key information relevant to the Company's wholesale production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Wholesale Loan Production	\$2,202,280	\$ 1,349,408	\$ 718,791	\$ 501,239
Estimated Wholesale Market Share (1)	0.21%	0.21%	0.19%	0.21%
Wholesale Division Operating Expenses	\$ 11,650	\$ 8,029	\$ 3,910	\$ 3,065
Approved Brokers	3,232	2,956	3,232	2,956
Number of Branches	15	14	15	14
Number of Employees	155	126	155	126
</TABLE>				

(1) Source: Mortgage Bankers Association of America, Economics Department.

The 43% (\$218 million) increase in wholesale loan production, from \$501.2 million for the third quarter of 1997 to \$718.8 million during the third quarter of 1998, resulted primarily from the 57% nationwide increase in loan production and the Company's addition of two new wholesale branches between the third quarter of 1997 and the third quarter of 1998. The increase in operating expenses for the wholesale division was primarily a result of the increased production. Wholesale division operating expenses as a percentage of production decreased 11% from 61 basis points in the third quarter of 1997 to 54 basis points in the third quarter of 1998 primarily as a result of increased operating efficiencies.

Strategically, management anticipates focusing over the longer term on continued expansion of its wholesale presence nationwide due to the relatively higher margins attributable to this channel. Management anticipates that the wholesale division will continue to account for an increasing percentage of the Company's total loan production.

Retail Loan Production

During late 1997, the Company began reviewing the compatibility of the retail operation with its primary business focus. On March 11, 1998, the Company signed a definitive agreement with CFS Bank under which the Company sold the retail production franchise of Intercounty Mortgage, Inc. to CFS Bank effective May 1, 1998. Historically, the Company has focused on accumulation of loan production through third-party correspondent and wholesale broker channels because of the relatively lower fixed expenses and capital investments required, among other reasons. Management believes the sale of the retail operation will

allow the Company to refocus on its core competency as a correspondent and wholesale mortgage lender.

15

16

A summary of key information relevant to the Company's retail production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Retail Loan Production	\$ 264,059	\$ 509,528	N/A	\$ 195,655
Retail Division Operating Expenses	\$ 5,699	\$ 12,700	N/A	\$ 4,407

(1) Source: Mortgage Bankers Association of America, Economics Department.

The primary cause of the variations observed above relate to the sale of the retail production platform effective May 1, 1998.

Subprime Loan Production

In 1997, the Company began its initial expansion into subprime lending activities. In connection therewith, the Company acquired Meritage Mortgage Corporation (Meritage), a wholesale producer of subprime mortgage loans, in April 1997. The Company's subprime division produced \$417.9 million during the first nine months of 1998, 82% more than for the comparable prior year period.

Management anticipates continuing near-term increases in subprime production volumes as subprime branches recently opened or acquired in 1997 and as subprime operations introduced and made available through the Company's existing 15 branch agency-eligible wholesale network reach full year production levels. In the future, the Company plans to offer select subprime loan products through the existing nationwide correspondent production channel.

A summary of key information relevant to the Company's subprime production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Subprime Loan Production	\$ 417,892	\$ 230,199	\$ 165,760	\$ 96,441
Subprime Division Operating Expenses	\$ 15,888	\$ 6,729	\$ 5,313	\$ 3,200
Number of Brokers	835	661	835	661
Number of Employees	243	116	243	116

Subprime loan production increased by 72% to \$165.8 million for the third quarter of 1998 as compared to \$96.4 million during the third quarter of 1997 as the Company expanded its operations during 1998.

16

17

Commercial Mortgage Production

In connection with its acquisition of RBC on December 31, 1997, the Company acquired RBC's subsidiary, Laureate Realty Services, Inc. (Laureate Realty). Laureate Realty originates commercial mortgage loans for various insurance companies and other investors. Commercial mortgage loans are generally originated in the name of the investor and, in most instances, Laureate Realty

retains the right to service the loans under a servicing agreement.

A summary of key information relevant to the Company's commercial mortgage production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Commercial Mortgage Production	\$ 653,451	N/A	\$ 290,829	N/A
Commercial Mortgage Division Operating Expenses	\$ 7,763	N/A	\$ 2,957	N/A
Number of Branches	11	N/A	11	N/A
Number of Employees	77	N/A	77	N/A

Lease Production

Through RBC's leasing division, Republic Leasing, acquired on December 31, 1997, the Company originates and services small-ticket equipment leases. Substantially all of Republic Leasing's lease receivables are acquired from independent brokers who operate throughout the continental United States.

A summary of key information relevant to the Company's lease production activities is set forth below:

<TABLE> <CAPTION> (\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Lease Production	\$ 55,853	N/A	\$ 22,310	N/A
Lease Division Operating Expenses	\$ 3,635	N/A	\$ 1,175	N/A
Number of Brokers	210	N/A	210	N/A
Number of Employees	61	N/A	61	N/A

AGENCY-ELIGIBLE MORTGAGE SERVICING

Agency-eligible mortgage servicing includes collecting and remitting mortgage loan payments, accounting for principal and interest, holding escrow funds for payment of mortgage-related expenses such as taxes and insurance, making advances to cover delinquent payments, making inspections as required of the mortgaged premises, contacting delinquent mortgagors, supervising foreclosures and property dispositions in the event of unremedied defaults and generally administering mortgage loans.

The Company is somewhat unique in that its strategy is to sell substantially all of its produced agency-eligible mortgage servicing rights to other approved servicers. In that regard, the Company

believes it is the largest national supplier of agency-eligible servicing rights to the still-consolidating mega-servicers. Typically, the Company sells its agency-eligible mortgage servicing rights within 90 to 180 days of purchase or origination. However, for strategic reasons, the Company also strives to maintain a servicing portfolio whose size is determined by reference to the Company's cash operating costs which, in turn, are largely determined by the size of its loan production platform. By continuing to focus on the low-cost correspondent and wholesale production channels, the Company is able to minimize the cash operating costs of its loan production platform and thus the strategically required size of its agency-eligible loan servicing operation.

A summary of key information relevant to the Company's loan servicing activities is set forth below:

<TABLE>
<CAPTION>

(\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Underlying Unpaid Principal Balances:				
Beginning Balance *	\$ 7,125,222	\$ 6,670,267	\$ 9,369,326	\$ 7,239,065
Loan Production (net of servicing-released production)	11,547,716	7,864,319	3,715,794	3,054,529
Net Change in Work-in-Progress	(151,839)	(379,131)	(84,229)	(142,736)
Bulk Acquisitions	122,467	774,097	N/A	N/A
Sales of Servicing	(7,675,411)	(7,102,140)	(2,871,176)	(2,801,046)
Paid-In-Full Loans	(989,514)	(486,965)	(338,623)	(201,385)
Amortization, Curtailments and Other, net	(255,649)	(344,081)	(68,100)	(152,061)
Ending Balance*	\$ 9,722,992	\$ 6,996,366	\$ 9,722,992	\$ 6,996,366
Subservicing Ending Balance	3,206,581	3,066,256	3,206,581	3,066,256
Total Underlying Unpaid Principal Balances	\$ 12,929,573	\$ 10,062,622	\$ 12,929,573	\$ 10,062,622

</TABLE>

* These numbers and statistics apply to the Company's owned agency-eligible servicing portfolio and therefore exclude the subservicing portfolio.

Of the \$9.7 billion and \$7.0 billion unpaid principal balance at September 30, 1998 and 1997, approximately \$5.6 billion and \$4.2 billion, respectively, are classified as available for sale, while \$4.1 billion and \$2.8 billion, respectively, are classified as held for sale.

<TABLE>
<CAPTION>

	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Total Company Servicing Fees	\$ 31,134	\$ 23,049	\$ 11,419	\$ 7,711
Net Interest Income from Owned Leases	3,198	N/A	1,216	N/A
	34,332	23,049	12,635	7,711
Total Company Operating Expenses	121,207	92,212	41,251	41,050
Total Company Amortization and Depreciation	(23,998)	(16,191)	(9,112)	(5,738)
Total Company Cash Operating Expenses	\$ 97,209	\$ 76,021	\$ 32,139	\$ 35,312
Coverage Ratio	35%	30%	39%	22%

</TABLE>

The Company's coverage ratio for the first nine months of 1998 at 35% was lower than the Company's target level of between 50% and 80%. Opportunistically and as market conditions permit, management would expect to bring this ratio back in line with the stated objective. Effective May 1,

18

19

1998, the Company sold its retail production franchise, which accounted for \$5.6 million of the Company's cash operating expenses for the first nine months of 1998. Without retail division operating expenses for the first nine months of 1998, the Company's coverage ratio would have been 37%.

A summary of agency-eligible servicing statistics follows:

<TABLE>
<CAPTION>

(\$ in thousands)	At or For the Nine Months Ended September 30,		At or For the Quarter Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Average Underlying Unpaid Principal Balances (including subservicing)	\$11,394,262	\$ 9,225,094	\$12,428,469	\$ 9,683,313
Weighted Average Note Rate*	7.36%	7.82%	7.36%	7.82%

Weighted Average Servicing Fee*	0.40%	0.41%	0.40%	0.41%
Delinquency (30+ days) Including Bankruptcies and Foreclosures*	1.81%	3.76%	1.81%	3.76%
Number of Servicing Division Employees	156	125	156	125

* These numbers and statistics apply to the Company's owned agency-eligible servicing portfolio and therefore exclude the subservicing portfolio.

The \$2.7 billion, or 28%, increase in the average underlying unpaid principal balance of agency-eligible mortgage loans being serviced for the third quarter of 1998 as compared to the third quarter of 1997 is primarily related to the Company's decision to retain a larger percentage of the servicing rights associated with its production during the first nine months of 1998. Additionally, the Company's increased loan production volumes during the latter part of 1997 and the first nine months of 1998 compared to the same periods of the prior years contributed to the increase. Since the Company generally sells servicing rights related to the agency-eligible loans it produces within 90 to 180 days of purchase or origination, increased production volumes generally result in a higher volume of mortgage servicing rights held in inventory pending sale.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1998, COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1997

Summary by Operating Division

Following is a summary of the allocated revenues and expenses for each of the Company's operating divisions for the nine months ended September 30, 1998 and 1997, respectively:

19

20

Residential							

Mortgage Production							

For the Nine Months Ended September 30, 1998*	Agency - Eligible	Subprime	Agency - Eligible Servicing	Commercial Mortgage	Leasing	Other	Consolidated
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income	\$ 4,492	\$ 5,999		\$ 374	\$ 3,198	\$ 289	\$ 14,352
Net gain on sale of mortgage loans	101,547	22,218		5,461			129,226
Gain on sale of mortgage servicing rights			\$ 1,613				1,613
Servicing fees			27,257	2,776	773	328	31,134
Other income	1,702	272	230	(13)	571	622	3,384
-----	-----	-----	-----	-----	-----	-----	-----
Total revenues	107,741	28,489	29,100	8,598	4,542	1,239	179,709
-----	-----	-----	-----	-----	-----	-----	-----
Salary and employee benefits	41,339	11,270	2,491	4,924	1,561	456	62,041
Occupancy expense	5,377	1,362	313	598	264	144	8,058
Amortization of mortgage servicing rights			19,081	972			20,053
General and administrative expenses	19,750	3,256	4,456	1,269	1,810	514	31,055
-----	-----	-----	-----	-----	-----	-----	-----
Total expenses	66,466	15,888	26,341	7,763	3,635	1,114	121,207
-----	-----	-----	-----	-----	-----	-----	-----
Income before income taxes	41,275	12,601	2,759	835	907	125	58,502
Income tax expense	(16,152)	(4,571)	(1,069)	(317)	(359)	(89)	(22,557)
-----	-----	-----	-----	-----	-----	-----	-----
Net income	\$ 25,123	\$ 8,030	\$ 1,690	\$ 518	\$ 548	\$ 36	\$ 35,945
=====	=====	=====	=====	=====	=====	=====	=====

Residential							

Mortgage Production							

For the Nine Months Ended September 30, 1997*	Agency - Eligible	Subprime	Agency - Eligible Servicing	Commercial Mortgage	Leasing	Other	Consolidated
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income	\$ 14,186						\$ 14,186
Net gain on sale of mortgage loans	62,079	\$ 9,499					71,578
Gain on sale of mortgage servicing rights			\$ 5,948				5,948
Servicing fees			23,049				23,049

Other income	572					572
Total revenues	76,837	9,499	28,997			115,333
Salary and employee benefits	36,481	5,021	2,129			43,631
Occupancy expense	4,662	435	231			5,328
Amortization of mortgage servicing rights			13,673			13,673
General and administrative expenses	12,784	1,273	5,376		\$10,147	29,580
Total expenses	53,927	6,729	21,409		10,147	92,212
Income before income taxes	22,910	2,770	7,588		(10,147)	23,121
Income tax expense	(8,690)	(1,051)	(2,878)		3,906	(8,713)
Net income	\$ 14,220	\$ 1,719	\$ 4,710		\$ (6,241)	\$ 14,408

</TABLE>

*Revenues and expenses have been recorded on a direct basis to the extent possible. Other than direct charges, management believes that revenues and expenses have been allocated to the respective divisions on a reasonable basis.

Agency-Eligible Mortgage Operations

Following is a comparison of the revenues and expenses allocated to the Company's agency-eligible mortgage production operations.

20

21

<TABLE>
<CAPTION>

	For the Nine Months Ended September 30,	
(\$ in thousands)	1998	1997
<S>	<C>	<C>
Net interest income	\$ 4,492	\$ 14,186
Net gain on sale of mortgage loans	101,547	62,079
Other income	1,702	572
Total production revenue	107,741	76,837
Salary and employee benefits	41,339	36,481
Occupancy expense	5,377	4,662
General and administrative expenses	19,750	12,784
Total production expenses	66,466	53,927
Net pre-tax production margin	\$ 41,275	\$ 22,910
Production	\$10,990,732	\$7,549,735
Pool delivery	10,934,899	7,268,069
Total production revenue to pool delivery	99 bps	106 bps
Total production expenses to production	60 bps	71 bps
Net pre-tax production margin	39 bps	35 bps

</TABLE>

Summary

The production revenue to pool delivery ratio declined seven basis points, or 7%, for the first nine months of 1998 as compared to the first nine months of 1997. Generally, net gain on sale of mortgage loans (93 basis points for 1998 versus 85 basis points for 1997) improved due to better overall execution into the secondary markets. However, net interest income declined and offset this improvement due to the relatively flatter yield curve environment. The production expenses to production ratio decreased 11 basis points, or 15%, for the first nine months of 1998 as compared to the first nine months of 1997. Generally, this relates to better leverage of fixed operating expenses in the higher volume production environment for the first nine months of 1998 versus the comparable period of 1997. As a consequence of the foregoing, the Company's net agency-eligible pre-tax production margin improved 4 basis points, or 11%,

to 39 basis points while in absolute dollars it increased \$18.4 million, or 80%.

Net Interest Income

The following table analyzes net interest income allocated to the Company's agency-eligible mortgage production activities in terms of rate and volume variances of the interest spread (the difference between interest rates earned on loans and mortgage-backed securities and interest rates paid on interest-bearing sources of funds) for the nine months ended September 30, 1998 and 1997, respectively.

21

22

<TABLE>
<CAPTION>

(\$ in thousands)

Average Volume		Average Rate			Interest			Variance Attributable to	
1998	1997	1998	1997		1998	1997	Variance	Rate	Volume
<C>	<C>	<C>	<C>	<S>	<C>	<C>	<C>	<C>	<C>
Interest Income									
Mortgages Held for Sale and Mortgage-Backed Securities					\$ 59,156	\$ 53,301	\$ 5,855	\$ (8,591)	\$14,446
Interest Expense									
\$ 452,737	\$ 436,248	4.63%	4.88%	Warehouse Line	\$ 15,678	\$ 15,916	\$ (238)	\$ (840)	\$ 602
673,677	446,697	5.91%	5.59%	Gestation Line	29,755	18,680	11,075	1,583	9,492
95,755		6.73%		Servicing Secured Line	4,820		4,820	4,820	
33,321	58,493	5.90%	6.44%	Servicing Receivable Line	1,470	2,819	(1,349)	(136)	(1,213)
7,918	4,213	8.09%	8.13%	Other Borrowings	479	256	223	(3)	226
				Facility Fees & Other Charges	2,462	1,444	1,018		1,018
\$1,263,408	\$ 945,651	5.78%	5.53%	Total Interest Expense	\$ 54,664	\$ 39,115	\$15,549	\$ 5,424	\$10,125
		1.05%	2.29%	Net Interest Income	\$ 4,492	\$ 14,186	\$ (9,694)	\$ (14,015)	\$ 4,321

</TABLE>

Net interest income from agency-eligible production decreased 68% to \$4.5 million for the first nine months of 1998 compared to \$14.2 million for the first nine months of 1997. The 124 basis point decrease in the interest-rate spread was primarily the result of the narrower spreads between long and short-term rates in the first nine months of 1998 compared to the first nine months of 1997. The Company's mortgages and mortgage-backed securities are generally sold and replaced within 30 to 35 days. Accordingly, the Company generally borrows at rates based upon short-term indices, while its asset yields are primarily based upon long-term mortgage rates.

Estimated Provision for Foreclosure Losses

As a servicer of agency-eligible mortgage loans and small-ticket equipment leases the Company will incur certain losses in the event it becomes necessary to carry out foreclosure actions on these loans or leases serviced. Generally, such agency-eligible mortgage loan losses relate to FHA or VA loans, which are insured or guaranteed on a limited basis. The allowance for estimated loan losses on foreclosure, which is part of the mortgage servicing rights basis, is determined based on delinquency trends and management's evaluation of the probability that foreclosure actions will be necessary. For the nine months ended September 30, 1998 and for the nine months ended September 30, 1997 the Company recorded provision for foreclosure expense of approximately \$6.5 million and \$2.6 million, respectively. The Company acquired a small-ticket equipment leasing operation effective December 31, 1997. Accordingly, \$0.8 million of the increase in provision expense is attributable to the acquisition of this operation. The balance of the overall increase is attributable to the overall growth of the Company's production and servicing operations.

Net Gain on Sale of Agency-eligible Mortgage Loans

A reconciliation of gain on sale of agency-eligible mortgage loans for the periods indicated follows:

<TABLE>
<CAPTION>

(\$ in thousands)

	For the Nine Months Ended September 30,
--	---

	1998	1997
<S>	<C>	<C>
Gross proceeds on sales of mortgage loans	\$11,126,158	\$7,426,512
Initial unadjusted acquisition cost of mortgage loans sold, net of hedge results	11,124,898	7,422,340
Unadjusted gain on sale of mortgage loans	1,260	4,172
Loan origination and correspondent program administrative fees	28,669	23,852
Unadjusted aggregate margin	29,929	28,024
Acquisition basis allocated to mortgage servicing rights (SFAS No. 125)	70,984	32,661
Net change in deferred administrative fees	634	1,394
Net gain on sale of agency-eligible mortgage loans	\$ 101,547	\$ 62,079
</TABLE>		

The Company sold agency-eligible loans during the first nine months of 1998 with an aggregate unpaid principal balance of \$11.1 billion compared to sales of \$7.4 billion for the first nine months of 1997. The amount of proceeds received on sales of mortgage loans exceeded the initial unadjusted acquisition cost of the loans sold by \$1.3 million (1 basis point) for the first nine months of 1998 as compared to \$4.2 million (6 basis points) for the comparable period of the prior year. The Company received loan origination and correspondent program administrative fees of \$28.7 million (26 basis points) on these loans during the first nine months of 1998 and \$23.9 million (32 basis points) during the first nine months of 1997. The Company allocated \$71.0 million (64 basis points) to basis in mortgage

22

23

servicing rights for loans sold in the first nine months of 1998 as compared to \$32.7 million (44 basis points) during the first nine months of 1997 in accordance with Statement of Financial Accounting Standards (SFAS) No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Consequently, net gain on sale of agency-eligible mortgage loans increased to \$101.5 million for the first nine months of 1998 versus \$62.1 million for the first nine months of 1997. Overall, the increase is attributed to better execution into the secondary markets.

Subprime Mortgage Operations

Following is an analysis of the revenues and expenses allocated to the Company's subprime mortgage production operations.

<TABLE>	For the Nine Months Ended	
<CAPTION>	September 30,	
(\$ in thousands)	1998	1997
<S>	<C>	<C>
Net interest income	\$ 5,999	N/A
Net gain on sale of mortgage loans	22,218	\$ 9,499
Other income	272	N/A
Total production revenue	28,489	9,499
Salary and employee benefits	11,270	5,021
Occupancy expense	1,362	435
General and administrative expenses	3,256	1,273
Total production expenses	15,888	6,729
Net pre-tax production margin	\$ 12,601	\$ 2,770
Production	\$417,892	\$230,199
Whole loan sales and securitizations	365,946	228,153
Total production revenue to whole loan sales and securitizations	779 bps	416 bps
Total production expenses to production	380 bps	292 bps
Net pre-tax production margin	399 bps	124 bps

</TABLE>

Summary

During the first nine months of 1998, the Company produced \$417.9 million of subprime loans. The Company sold approximately \$213.7 million (51%) of its first nine months 1998 production in whole loan transactions and delivered \$152.3 million into the secondary markets through securitization transactions. Overall, the Company operated during the first nine months of 1998 at a 3.99% pre-tax subprime production margin. At September 30, 1998, the Company had unsold subprime mortgage loans of \$90.5 million. During the first nine months of 1997, the Company's subprime division was in its initial startup phase and \$46.8 million of the subprime mortgage loan production for that period was purchased in bulk from Meritage prior to the Company's acquisition of Meritage.

Net Interest Income

The following table analyzes net interest income allocated to the Company's subprime mortgage production activities in terms of rate and volume variances of the interest spread (the difference between

23

24

interest rates earned on loans and residual certificates and interest rates paid on interest-bearing sources of funds) for the nine months ended September 30, 1998 and 1997, respectively.

<TABLE>

<CAPTION>

(\$ in thousands)

Average Volume		Average Rate			Interest		Variance Attributable to		
1998	1997	1998	1997		1998	1997	Variance	Rate	Volume
<C>	<C>	<C>	<C>	<S>	<C>	<C>	<C>	<C>	<C>
				Interest Income					
				Mortgages Held for Sale and					
\$ 129,822	N/A	9.89%	N/A	Residual Certificates	\$ 9,630	N/A	\$ 9,630	\$ 9,630	N/A
				Interest Expense					
\$ 87,261	N/A	5.56%	N/A	Total Interest Expense	\$ 3,631	N/A	\$ 3,631	\$ 3,631	N/A
		4.33%	N/A	Net Interest Income	\$ 5,999	N/A	\$ 5,999	\$ 5,999	N/A

</TABLE>

Net interest income on subprime loans and accretion income on residuals was \$6.0 million and the interest rate spread was 433 basis points for the first nine months of 1998. This was primarily the result of the larger interest rate spreads possible for subprime product.

Net Gain on Securitization and Sale of Subprime Mortgage Loans

A reconciliation of the gain on securitization of subprime mortgage loans for the periods indicated follows:

<TABLE>

<CAPTION>

(\$ in thousands)

	For the Nine Months Ended September 30,	
	1998	1997
<S>	<C>	<C>
Gross proceeds on securitization of subprime mortgage loans	\$ 149,063	\$ 90,831
Initial acquisition cost of subprime mortgage loans		
securitized, net of fees	152,286	94,914
Unadjusted loss on securitization of subprime mortgage loans	(3,223)	(4,083)
Initial capitalization of residual certificates	11,227	7,550

Net gain on securitization of subprime mortgage loans	\$ 8,004	\$ 3,467
	=====	=====

</TABLE>

Residual certificates arising from subprime securitizations are classified as trading securities (as defined in SFAS No. 115), and changes in the fair value of such certificates are recorded as adjustments to income in the period of change. The Company has not yet assessed whether it will amend its current policies upon the adoption of SFAS No. 134 (see Notes to the Consolidated Financial Statements.) The Company assesses the fair value of the residual certificates quarterly, based on an independent third party valuation. This valuation is based on the discounted cash flows expected to be available to the holder of the residual certificate. Significant assumptions used at September 30, 1998 for all residual certificates held by the Company include a discount rate of 13%, a constant default rate of 3% and a loss severity rate of 25%. Ramping periods are based on prepayment penalty periods and adjustable rate mortgage first reset dates. Constant prepayment rate assumptions specific to the individual certificates for purposes of the September 30, 1998 valuations are set forth below:

24

25

<TABLE>

<CAPTION>

	1997-1	1997-2	1998-1	Other
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Prepayment Speeds				
Fixed rate mortgages	32% cpr	30% cpr	28% cpr	24% cpr
Adjustable rate mortgages	32% cpr	30% cpr	28% cpr	32% cpr

</TABLE>

The assumptions above are estimated based on current conditions for similar instruments that are subject to prepayment and credit risks. Other factors evaluated in the determination of fair value include credit and collateral quality of the underlying loans, current economic conditions and various fees and costs (such as prepayment penalties) associated with ownership of the residual certificate. Although the Company believes that the fair values of its residual certificates are reasonable given current market conditions, the assumptions used are estimates and actual experience may vary from these estimates. Differences in the actual prepayment speed and loss experience from the assumptions used, could have a significant effect on the fair value of the residual certificates.

The Company also sold subprime mortgage loans on a whole loan basis during the first nine months of 1998. Whole loans are generally sold without recourse to third parties with the gain or loss being calculated based on the difference between the carrying value of the loans sold and the gross proceeds received from the purchaser. No interest in these loans is retained by the Company.

A reconciliation of the gain on subprime mortgage whole loan sales for the periods indicated follows:

<TABLE>

<CAPTION>

(\$ in thousands)

	For the Nine Months Ended September 30,	
	1998	1997
	-----	-----
<S>	<C>	<C>
Gross proceeds on whole loan sales of subprime mortgage loans	\$227,874	\$139,271
Initial acquisition cost of subprime mortgage loans sold, net of fees	213,660	133,239
	-----	-----
Net gain on whole loan sales of subprime mortgage loans	\$ 14,214	\$ 6,032
	=====	=====

</TABLE>

As summarized in the following analysis, the recorded residual values imply that the Company's securitizations are valued at 1.57 times the implied excess yield at September 30, 1998, as compared to the 1.75 multiple implied at June 30, 1998. The table below represents balances as of September 30, 1998, unless otherwise noted.

25

<TABLE>
<CAPTION>

(\$ in thousands)

	Securitizations					
	1997-1	1997-2	1998-1	Subtotal	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Residual Certificates	\$ 8,003	\$10,092	\$ 10,455	\$ 28,550	\$ 4,843	\$ 33,393
Bonds	\$60,612 *	\$86,379 *	\$121,636 *	\$268,627	\$47,399 *	\$316,026
Subtotal	\$68,615	\$96,471	\$132,091	\$297,177	\$52,242	\$349,419
Unpaid Principal Balance	\$64,961 *	\$90,726 *	\$122,879 *	\$278,566	\$50,217 *	\$328,783
Implied Price	105.63	106.33	107.50	106.68	104.03	106.28

</TABLE>

* Amounts were based upon trustee statements dated October 25, 1998 that covered the period ended September 30, 1998.

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Collateral Yield	10.39	10.00	9.72	9.97	10.85	10.10
Collateral Equivalent						
Securitization Costs	(0.73)	(0.64)	(0.60)	(0.64)	(0.03)	(0.55)
Collateral Equivalent						
Bond Rate	(5.09)	(5.24)	(5.34)	(5.25)	(7.20)	(5.53)
Implied Collateral Equivalent						
Excess Yield	4.57	4.12	3.78	4.08	3.62	4.01
Implied Premium Above Par	5.63	6.33	7.50	6.68	4.03	6.28
Implied Collateral						
Equivalent Excess Yield	4.57	4.12	3.78	4.08	3.62	4.01
Multiple	1.23 x	1.54 x	1.99 x	1.64 x	1.11 x	1.57 x

</TABLE>

Agency-Eligible Mortgage Servicing

Following is a summary of the revenues and expenses allocated to the Company's agency-eligible mortgage servicing operations for the nine months ended September 30, 1998 and 1997:

<TABLE>
<CAPTION>

(\$ in thousands)	For the Nine Months Ended September 30,	
	1998	1997
<S>	<C>	<C>
Servicing fees	\$ 27,257	\$ 23,049
Other income	230	N/A
Servicing revenues	27,487	23,049
Salary and employee benefits	2,491	2,129
Occupancy expense	313	231
Amortization of mortgage servicing rights	19,081	13,673
General and administrative expenses	4,456	5,376
Total loan servicing expenses	26,341	21,409
Net pre-tax servicing margin	1,146	1,640
Gain on sale of mortgage servicing rights	1,613	5,948
Net pre-tax servicing contribution	\$ 2,759	\$ 7,588
Average owned servicing portfolio	\$9,024,339	\$7,415,702
Servicing sold	7,675,411	6,584,487
Net pre-tax servicing margin to average servicing portfolio	2 bps	3 bps
Gain on sale of servicing to servicing sold	2 bps	9 bps

</TABLE>

Summary

The ratio of net pre-tax servicing margin to the average servicing portfolio declined one basis point primarily due to relative increases in amortization and general and administrative expenses. The increased amortization expense is attributable to generally higher levels of mortgage servicing rights held for sale and the generally higher amortization expenses required in the current higher prepay speed environment.

Overall, the servicing division contributed \$2.8 million to the first nine months of 1998 pre-tax net income, a \$4.8 million, or 64%, decrease from the \$7.6 million contribution for the first nine months of 1997.

Loan servicing fees were \$27.3 million for the first nine months of 1998, compared to \$23.0 million for the first nine months of 1997, an increase of 18%. This increase is primarily related to an increase in the average aggregate underlying unpaid principal balance of mortgage loans serviced to \$9.0 billion during the first nine months of 1998 from \$7.4 billion during the first nine months of 1997, an increase of 22%. Similarly, amortization of mortgage servicing rights also increased to \$19.1 million during the first nine months of 1998 from \$13.7 million during the first nine months of 1997, an increase of 40%. The increase in amortization is primarily attributable to the growth in the average balance of the mortgage loans serviced and the current generally higher prepay speed environment.

Given current market conditions, management continually assesses market prepay trends and adjusts amortization accordingly. Management believes that the value of mortgage servicing rights are reasonable in light of current market conditions. However, there can be no guarantee that market conditions will not change such that mortgage servicing right valuations will require additional amortization or impairment charges.

Included in loan servicing fees for the first nine months of 1998 and 1997 are subservicing fees received by the Company of \$581 thousand and \$367 thousand, respectively. The subservicing fees are associated with temporary subservicing agreements between the Company and purchasers of mortgage servicing rights.

Gain on Sale of Mortgage Servicing Rights

A reconciliation of the components of gain on sale of mortgage servicing rights for the periods indicated follows:

	For the Nine Months Ended September 30,	
	1998	1997
<S>	<C>	<C>
Underlying unpaid principal balances of mortgage loans on which servicing rights were sold during the period	\$ 7,675,411 =====	\$ 6,584,487 =====
Gross proceeds from sales of mortgage servicing rights	\$ 174,601	\$ 146,004
Initial acquisition basis, net of amortization and hedge results	131,504	113,158
Unadjusted gain on sale of mortgage servicing rights	43,097	32,846
Acquisition basis allocated from mortgage loans, net of amortization (SFAS No. 125)	(41,484)	(26,898)
Gain on sale of mortgage servicing rights	\$ 1,613 =====	\$ 5,948 =====

During the first nine months of 1998, the Company completed 19 sales of mortgage servicing rights representing \$7.7 billion of underlying unpaid principal mortgage loan balances. This compares to 25 sales of mortgage servicing rights representing \$6.6 billion of underlying unpaid principal mortgage loan balances in the first nine months of 1997. The unadjusted gain on the sale of mortgage servicing rights was \$43.1 million (56 basis points) for the first nine months of 1998, up from \$32.8 million (50 basis

points) for the first nine months of 1997. The Company reduced this unadjusted gain by \$41.5 million in the first nine months of 1998, versus a \$26.9 million reduction during the first nine months of 1997, in accordance with SFAS No. 125.

Commercial Mortgage Operations

Following is a summary of the revenues and expenses allocated to the Company's commercial mortgage production operations.

<TABLE>

<CAPTION>

(\$ in thousands)	For the Nine Months Ended September 30,	
	1998	1997
<S>	<C>	<C>
Net interest income	\$ 374	N/A
Net gain on sale of mortgage loans	5,461	N/A
Other income	(13)	N/A
Total production revenue	5,822	N/A
Salary and employee benefits	4,924	N/A
Occupancy expense	598	N/A
General and administrative expenses	1,269	N/A
Total production expenses	6,791	N/A
Net pre-tax production margin	(969)	N/A
Servicing fees	2,776	N/A
Amortization of mortgage servicing rights	(972)	N/A
Net pre-tax servicing margin	1,804	N/A
Pre-tax income	\$ 835	N/A
Production	\$ 653,451	N/A
Whole loan sales	653,451	N/A
Average commercial mortgage servicing portfolio	\$ 2,939,070	N/A
Total production revenue to whole loan sales	89 bps	N/A
Total production expenses to production	104 bps	N/A
Net pre-tax production margin	(15) bps	N/A
Servicing fees to average commercial mortgage servicing portfolio	13 bps	N/A
Amortization of mortgage servicing rights to average commercial mortgage servicing portfolio	4 bps	N/A
Net pre-tax servicing margin	9 bps	N/A

</TABLE>

Laureate Realty originates commercial mortgage loans for various insurance companies and other investors, primarily in Alabama, Florida, Indiana, North Carolina, South Carolina, Tennessee and Virginia. Substantially all loans originated by Laureate Realty have been originated in the name of the investor, and in most cases, Laureate Realty has retained the right to service the loans under a servicing agreement with the investor. Most commercial mortgage loan servicing agreements are short-term, and retention of the servicing contract is dependent on maintaining the investor relationship.

Net Gain on Sale of Commercial Mortgage Loans

A reconciliation of gain on sale of commercial mortgage loans for the periods indicated follows:

<TABLE>

<CAPTION>

(\$ in thousands)

For the Nine Months Ended

	September 30,	
	1998	1997
<S>	<C>	<C>
Gross proceeds on sales of commercial mortgage loans	\$653,451	N/A
Initial unadjusted acquisition cost of commercial mortgage loans sold	653,451	N/A
Unadjusted gain on sale of commercial mortgage loans		
Commercial mortgage and origination fees	4,816	N/A
Unadjusted aggregate margin	4,816	N/A
Initial acquisition cost allocated to basis in commercial Mortgage servicing rights (SFAS No. 125)	645	N/A
Net gain on sale of commercial mortgage loans	\$ 5,461	N/A
	=====	=====

</TABLE>

During the first nine months of 1998, the commercial mortgage division originated and sold approximately \$653 million in commercial mortgage loans. Commercial mortgage fees on these loans were \$4.8 million or 74 basis points. Origination fees are generally between 50 and 100 basis points on the loan amount. In addition the commercial mortgage division allocated \$645 thousand, or 10 basis points, to basis in servicing rights retained on commercial mortgage loans produced during the period.

Leasing Operations

Following is a summary of the revenues and expenses allocated to the Company's small ticket equipment leasing operations for the periods indicated:

	For the Nine Months Ended September 30,	
(\$ in thousands)	1998	1997
<S>	<C>	<C>
Net interest income	\$ 3,198	N/A
Other income	571	N/A
Leasing production revenue	3,769	N/A
Salary and employee benefits	1,561	N/A
Occupancy expense	264	N/A
General and administrative expenses	1,810	N/A
Total lease operating expenses	3,635	N/A
Net pre-tax leasing production margin	134	N/A
Servicing fees	773	N/A
Net pre-tax leasing margin	\$ 907	N/A
Average owned leasing portfolio	\$ 66,332	N/A
Average serviced leasing portfolio	57,909	N/A
Average leasing portfolio	\$124,241	N/A
	=====	=====

</TABLE>

<S>	<C>	<C>
Leasing production revenue to average owned portfolio	758 bps	N/A
Leasing operating expenses to average owned portfolio	731 bps	N/A
Net pre-tax leasing production margin	27 bps	N/A
	=====	=====
Servicing fees to average serviced leasing portfolio	178 bps	N/A

</TABLE>

Substantially all of the Company's lease receivables are acquired from independent brokers who operate throughout the continental United States and referrals from independent banks. At September 30, 1998 the Company's managed lease servicing portfolio was \$131.5 million. Of this managed lease portfolio, \$85.7 million was owned and \$45.8 million was serviced for investors.

Net Interest Income

Net interest income for the first nine months of 1998 was \$3.2 million. This is an annualized net interest margin of 3.39% based upon average lease receivables owned of \$66.3 million and average debt outstanding of \$42.5 million.

Non-recurring and Special Charges

During the nine months ended September 30, 1998, the Company recognized a \$1.5 million gain on sale of the retail production platform.

During the nine months ended September 30, 1997, the Company recorded as a component of other operating expenses a \$2.3 million (\$1.4 million after-tax) charge related to joint termination of a merger agreement and a special charge of \$7.9 million (\$4.8 million after-tax) related to certain non-recoverable operating receivables.

RESULTS OF OPERATIONS - QUARTER ENDED SEPTEMBER 30, 1998, COMPARED TO QUARTER ENDED SEPTEMBER 30, 1997

Summary by Operating Division

Following is a summary of the allocated revenues and expenses for each of the Company's operating divisions for the quarters ended September 30, 1998 and 1997, respectively:

30

Residential							

Mortgage Production							

For the Quarter Ended	Agency -		Agency -	Commercial			
September 30, 1998*	Eligible	Subprime	Eligible	Mortgage	Leasing	Other	Consolidated
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income	\$ 623	\$ 2,586		\$ 114	\$ 1,216	\$ 62	\$ 4,601
Net gain on sale of mortgage loans	34,782	8,836		1,979			45,597
Gain on sale of mortgage servicing rights			\$ 533				533
Servicing fees			10,027	964	264	164	11,419
Other income	7	135	89	(11)	146	121	487
-----	-----	-----	-----	-----	-----	-----	-----
Total revenues	35,412	11,557	10,649	3,046	1,626	347	62,637
-----	-----	-----	-----	-----	-----	-----	-----
Salary and employee benefits	13,308	3,681	843	2,004	531	112	20,479
Occupancy expense	1,685	491	95	209	98	49	2,627
Amortization of mortgage servicing rights			7,432	318			7,750
General and administrative expenses	6,805	1,141	1,339	426	546	138	10,395
-----	-----	-----	-----	-----	-----	-----	-----
Total expenses	21,798	5,313	9,709	2,957	1,175	299	41,251
-----	-----	-----	-----	-----	-----	-----	-----
Income before income taxes	13,614	6,244	940	89	451	48	21,386
Income tax expense	(5,212)	(2,322)	(359)	(35)	(171)	(35)	(8,134)
-----	-----	-----	-----	-----	-----	-----	-----
Net income	\$ 8,402	\$ 3,922	\$ 581	\$ 54	\$ 280	\$ 13	\$13,252
	=====	=====	=====	=====	=====	=====	=====

Residential							

Mortgage Production							

For the Quarter Ended	Agency -		Agency -	Commercial			
September 30, 1997*	Eligible	Subprime	Eligible	Mortgage	Leasing	Other	Consolidated
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income	\$ 4,535						\$ 4,535

Net gain on sale of mortgage loans	24,611	\$4,717				29,328
Gain on sale of mortgage servicing rights			\$ 3,237			3,237
Servicing fees			7,711			7,711
Other income	146					146
Total revenues	29,292	4,717	10,948			44,957
Salary and employee benefits	13,307	2,434	746			16,487
Occupancy expense	1,612	199	75			1,886
Amortization of mortgage servicing rights			4,840			4,840
General and administrative expenses	4,510	567	2,613		\$10,147	17,837
Total expenses	19,429	3,200	8,274		10,147	41,050
Income before income taxes	9,863	1,517	2,674		(10,147)	3,907
Income tax expense	(3,682)	(566)	(998)		3,906	(1,340)
Net income	\$ 6,181	\$ 951	\$ 1,676		\$ (6,241)	\$ 2,567

</TABLE>

*Revenues and expenses have been recorded on a direct basis to the extent possible. Other than direct charges, management believes that revenues and expenses have been allocated to the respective divisions on a reasonable basis.

31

32

Agency-Eligible Mortgage Operations

Following is a comparison of the revenues and expenses allocated to the Company's agency-eligible mortgage production operations.

<TABLE>
<CAPTION>

	For the Quarter Ended September 30,	
(\$ in thousands)	1998	1997
<S>	<C>	<C>
Net interest income	\$ 623	\$ 4,535
Net gain on sale of mortgage loans	34,782	24,611
Other income	7	146
Total production revenue	35,412	29,292
Salary and employee benefits	13,308	13,307
Occupancy expense	1,685	1,612
General and administrative expenses	6,805	4,510
Total production expenses	21,798	19,429
Net pre-tax production margin	\$ 13,614	\$ 9,863
Production	\$3,583,724	\$2,833,513
Pool delivery	3,763,526	2,768,506
Total production revenue to pool delivery	94 bps	106 bps
Total production expenses to production	61 bps	69 bps
Net pre-tax production margin	33 bps	37 bps

</TABLE>

Summary

The production revenue to pool delivery ratio declined 12 basis points, or 11%, for the third quarter of 1998 as compared to the third quarter of 1997. Generally, net gain on sale of mortgage loans (92 basis points for 1998 versus 89 basis points for 1997) improved due to better overall execution into the secondary markets. However, net interest income declined significantly and offset this improvement due to the relatively flatter yield curve environment. The production expenses to production ratio decreased 8 basis points, or 12%, for the third quarter of 1998 as compared to the third quarter of 1997. Generally, this relates to better leverage of fixed operating expenses in the higher volume production environment for the third quarter of 1998 versus the comparable period of 1997. As a consequence of the foregoing, the Company's net

agency-eligible pre-tax production margin declined 4 basis points, or 11%, to 33 basis points while in absolute dollars it increased \$3.8 million, or 38%.

Net Interest Income

The following table analyzes net interest income allocated to the Company's agency-eligible mortgage production activities in terms of rate and volume variances of the interest spread (the difference between interest rates earned on loans and mortgage-backed securities and interest rates paid on interest-bearing sources of funds).

32

33

<TABLE>
<CAPTION>

(\$ in thousands)

Average Volume		Average Rate			Interest			Variance Attributable to	
1998	1997	1998	1997		1998	1997	Variance	Rate	Volume
<C>	<C>	<C>	<C>	<S>	<C>	<C>	<C>	<C>	<C>
Interest Income									
Mortgages Held for Sale and Mortgage-Backed Securities									
\$1,111,581	\$1,102,862	6.68%	7.84%		\$18,564	\$21,613	\$ (3,049)	\$ (3,220)	\$ 171
Interest Expense									
\$ 429,658	\$ 504,375	4.65%	5.03%	Warehouse Line	\$ 5,035	\$ 6,391	\$ (1,356)	\$ (409)	\$ (947)
658,379	576,109	5.96%	5.88%	Gestation Line	9,886	8,539	1,347	128	1,219
98,819		6.61%		Servicing Secured Line	1,646		1,646	1,646	
33,822	87,553	5.91%	6.56%	Servicing Receivable Line	504	1,447	(943)	(55)	(888)
10,270	6,580	8.34%	7.93%	Other Borrowings	216	132	84	11	73
				Facility Fees & Other Charges	654	569	85		85
\$1,230,948	\$1,174,617	5.78%	5.77%	Total Interest Expense	\$17,941	\$17,078	\$ 863	\$ 1,321	\$ (458)
		0.90%	2.07%	Net Interest Income	\$ 623	\$ 4,535	\$ (3,912)	\$ (4,541)	\$ 629

</TABLE>

Net interest income from agency-eligible product decreased 86% to \$0.6 million for the third quarter of 1998 compared to \$4.5 million for the third quarter of 1997. The 117 basis point decrease in the interest-rate spread was primarily the result of the narrower spreads between long and short-term rates in the third quarter of 1998 compared to the third quarter of 1997. The Company's mortgages and mortgage-backed securities are generally sold and replaced within 30 to 35 days. Accordingly, the Company generally borrows at rates based upon short-term indices, while its asset yields are primarily based upon long-term mortgage rates.

Net Gain on Sale of Agency-eligible Mortgage Loans

A reconciliation of gain on sale of agency-eligible mortgage loans for the periods indicated follows:

<TABLE>
<CAPTION>

(\$ in thousands)

	For the Quarter Ended September 30,	
	1998	1997
<S>	<C>	<C>
Gross proceeds on sales of mortgage loans	\$ 3,886,406	\$2,837,133
Initial unadjusted acquisition cost of mortgage loans sold, net of hedge results	3,887,623	2,837,111
Unadjusted gain on sale of mortgage loans	(1,217)	22
Loan origination and correspondent program administrative fees	8,833	9,716
Unadjusted aggregate margin	7,616	9,738
Acquisition basis allocated to mortgage servicing rights (SFAS No. 125)	27,128	14,541
Net change in deferred administrative fees	38	332

Net gain on sale of agency-eligible mortgage loans	\$ 34,782	\$ 24,611
	=====	=====

</TABLE>

The Company sold agency-eligible loans during the third quarter of 1998 with an aggregate unpaid principal balance of \$3.9 billion compared to sales of \$2.8 billion for the third quarter of 1997. The amount of proceeds received on sales of mortgage loans was less than the initial unadjusted acquisition cost of the loans sold by \$1.2 million (3 basis points) for the third quarter of 1998 as compared to \$22 thousand (0 basis points) for the comparable period of the prior year. The Company received loan origination and correspondent program administrative fees of \$8.8 million (23 basis points) on these loans during the third quarter of 1998 and \$9.7 million (34 basis points) during the third quarter of 1997. The Company allocated \$27.1 million (70 basis points) to basis in mortgage servicing rights for loans

33

34

sold in the third quarter of 1998 as compared to \$14.5 million (51 basis points) during the third quarter of 1997 in accordance with Statement of Financial Accounting Standards (SFAS) No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Consequently, net gain on sale of agency-eligible mortgage loans increased to \$34.8 million for the third quarter of 1998 versus \$24.6 million for the third quarter of 1997. The increase is primarily attributed to better execution into the secondary markets.

Subprime Mortgage Operations

Following is an analysis of the revenues and expenses allocated to the Company's subprime mortgage production operations.

<TABLE>

<CAPTION>

	For the Quarter Ended September 30,	
	1998	1997
(\$ in thousands)	-----	-----
<S>	<C>	<C>
Net interest income	\$ 2,586	
Net gain on sale of mortgage loans	8,836	\$ 4,717
Other income	135	N/A
	-----	-----
Total production revenue	11,557	4,717
	-----	-----
Salary and employee benefits	3,681	2,434
Occupancy expense	491	199
General and administrative expenses	1,141	567
	-----	-----
Total production expenses	5,313	3,200
	-----	-----
Net pre-tax production margin	\$ 6,244	\$ 1,517
	-----	-----
Production	\$165,760	\$96,411
Whole loan sales and securitizations	149,252	79,217
Total production revenue to whole loan sales and securitizations	774 bps	595 bps
Total production expenses to production	321 bps	332 bps
	-----	-----
Net pre-tax production margin	453 bps	263 bps
	=====	=====

</TABLE>

Summary

During the third quarter of 1998, the Company produced \$165.8 million of subprime loans. The Company sold approximately \$123.9 million (75%) of its third quarter 1998 subprime production in whole loan transactions and delivered \$25.3 million into the secondary markets through securitization transactions. Overall, the Company operated during the third quarter of 1998 at a 4.53% pre-tax subprime production margin. This compares to a 2.63% pre-tax subprime production margin for the third quarter of 1997.

Net Interest Income

The following table analyzes net interest income allocated to the Company's subprime mortgage production activities in terms of rate and volume variances of the interest spread (the difference between interest rates earned

on loans and residual certificates and interest rates paid on interest-bearing sources of funds) for the quarter ended September 30, 1998 and 1997, respectively.

34

35

<TABLE>
<CAPTION>

(\$ in thousands)

Average Volume		Average Rate			Interest		Variance Attributable to		
1998	1997	1998	1997		1998	1997	Variance	Rate	Volume
<C>	<C>	<C>	<C>	<S>	<C>	<C>	<C>	<C>	<C>
Interest Income									
Mortgages Held for Sale and Residual Certificates									
\$165,487	N/A	10.13%	N/A		\$ 4,191	N/A	\$ 4,191	\$ 4,191	N/A
Interest Expense									
Total Interest Expense									
\$122,353	N/A	5.20%	N/A		\$ 1,605	N/A	\$ 1,605	\$ 1,605	N/A
Net Interest Income									
		4.93%	N/A		\$ 2,586	N/A	\$ 2,586	\$ 2,586	N/A

</TABLE>

Net interest income on subprime loans and accretion income on residuals was \$2.6 million, and the interest rate spread was 493 basis points, for the third quarter of 1998. This was primarily the result of the larger interest rate spreads possible for subprime product.

Net Gain on Securitization and Sale of Subprime Mortgage Loans

A reconciliation of the gain on securitization of subprime mortgage loans for the periods indicated follows:

<TABLE>
<CAPTION>

(\$ in thousands)

	For the Quarter Ended September 30,	
	1998	1997
<S>	<C>	<C>
Gross proceeds on securitization of subprime mortgage loans	\$ 24,826	\$ 90,831
Initial acquisition cost of subprime mortgage loans securitized, net of fees	25,311	94,914
Unadjusted loss on securitization of subprime mortgage loans	(485)	(4,083)
Initial capitalization of residual certificates	1,965	7,550
Net gain on securitization of subprime mortgage loans	\$ 1,480	\$ 3,467

</TABLE>

The Company also sold subprime mortgage loans on a whole loan basis during the third quarter of 1998. Whole loans are generally sold without recourse to third parties with the gain or loss being calculated based on the difference between the carrying value of the loans sold and the gross proceeds received from the purchaser. No interest in these loans is retained by the Company.

A reconciliation of the gain on subprime mortgage whole loan sales for the periods indicated follows:

<TABLE>
<CAPTION>

(\$ in thousands)

	For the Quarter Ended September 30,	
	1998	1997
<S>	<C>	<C>
Gross proceeds on whole loan sales of subprime mortgage loans	\$131,297	\$20,062
Initial acquisition cost of subprime mortgage loans sold, net of fees	123,941	18,812

Net gain on whole loan sales of subprime mortgage loans	\$ 7,356	\$ 1,250
	=====	=====

</TABLE>

Agency-Eligible Mortgage Servicing

Following is a summary of the revenues and expenses allocated to the Company's agency-eligible mortgage servicing operations for the quarters ended September 30, 1998 and 1997:

35

36

<TABLE>
<CAPTION>

(\$ in thousands)	For the Quarter Ended September 30,	
	1998	1997
<S>	<C>	<C>
Servicing fees	\$ 10,027	\$ 7,711
Other income	89	
Servicing revenues	10,116	7,711
Salary and employee benefits	843	746
Occupancy expense	95	75
Amortization of mortgage servicing rights	7,432	4,840
General and administrative expenses	1,339	2,613
Total loan servicing expenses	9,709	8,274
Net pre-tax servicing margin	407	(563)
Gain on sale of mortgage servicing rights	533	3,237
Net pre-tax servicing contribution	\$ 940	\$ 2,674
	=====	=====
Average owned servicing portfolio	\$9,994,019	\$ 7,561,606
Servicing sold	2,871,176	2,800,277
Net pre-tax servicing margin to average servicing portfolio	2 bps	(3) bps
Gain on sale of servicing to servicing sold	2 bps	12 bps

</TABLE>

Summary

The ratio of net pre-tax servicing margin to the average servicing portfolio increased five basis points as incremental revenues from the larger servicing portfolio more than offset related increases in amortization and general and administrative expenses. The increased amortization expense is attributable to generally higher levels of mortgage servicing rights held for sale which are carried at a higher basis than older available-for-sale mortgage servicing rights and thus require a relatively higher periodic amortization charge.

Overall, the servicing division contributed \$0.9 million to third quarter 1998 pre-tax net income, a \$1.8 million, or 65%, decrease from the \$2.7 million contribution for the third quarter of 1997. Loan servicing fees were \$10.0 million for the third quarter of 1998, compared to \$7.7 million for the third quarter of 1997, an increase of 30%. This increase is primarily related to an increase in the average aggregate underlying unpaid principal balance of mortgage loans serviced to \$10.0 billion during the third quarter of 1998 from \$7.6 billion during the third quarter of 1997, an increase of 32%. Similarly, amortization of mortgage servicing rights also increased to \$7.4 million during the third quarter of 1998 from \$4.8 million during the third quarter of 1997, an increase of 54%. The increase in amortization is primarily attributable to the growth in the average balance of the mortgage loans serviced and the higher basis in the servicing rights.

Included in loan servicing fees for the third quarters of 1998 and 1997 are subservicing fees received by the Company of \$158 thousand and \$140 thousand, respectively. The subservicing fees are associated with temporary subservicing agreements between the Company and purchasers of mortgage servicing rights.

36

37

Gain on Sale of Mortgage Servicing Rights

A reconciliation of the components of gain on sale of mortgage servicing rights for the periods indicated follows:

<TABLE> <CAPTION> (\$ in thousands)	For the Quarter Ended September 30,	
	1998	1997
	-----	-----
<S>	<C>	<C>
Underlying unpaid principal balances of mortgage loans on which servicing rights were sold during the period	\$ 2,871,176 =====	\$ 2,800,277 =====
Gross proceeds from sales of mortgage servicing rights	\$ 63,940	\$ 61,927
Initial acquisition basis, net of amortization and hedge results	45,564 -----	47,213 -----
Unadjusted gain on sale of mortgage servicing rights	18,376	14,714
Acquisition basis allocated from mortgage loans, net of amortization (SFAS No. 125)	(17,843) -----	(11,477) -----
Gain on sale of mortgage servicing rights	\$ 533 =====	\$ 3,237 =====

</TABLE>

During the third quarter of 1998, the Company completed six sales of mortgage servicing rights representing \$2.9 billion of underlying unpaid principal mortgage loan balances. This compares to seven sales of mortgage servicing rights representing \$2.8 billion of underlying unpaid principal mortgage loan balances in the third quarter of 1997. The unadjusted gain on the sale of mortgage servicing rights was \$18.4 million (64 basis points) for the third quarter of 1998, compared to \$14.7 million (53 basis points) for the third quarter of 1997. The Company reduced this unadjusted gain by \$17.8 million in the third quarter of 1998, versus a \$11.5 million reduction during the third quarter of 1997, in accordance with SFAS No. 125.

Commercial Mortgage Operations

Following is a summary of the revenues and expenses allocated to the Company's commercial mortgage production operations.

37

38

<TABLE> <CAPTION> (\$ in thousands)	For the Quarter Ended September 30,	
	1998	1997
	-----	-----
<S>	<C>	<C>
Net interest income	\$ 114	N/A
Net gain on sale of mortgage loans	1,979	N/A
Other income	(11)	N/A
Total production revenue	2,082 -----	N/A -----
Salary and employee benefits	2,004	N/A
Occupancy expense	209	N/A
General and administrative expenses	426	N/A
Total production expenses	2,639 -----	N/A -----
Net pre-tax production margin	\$ (557) =====	N/A =====
Servicing fees	\$ 964	N/A
Amortization of mortgage servicing rights	318	N/A
Net pre-tax servicing margin	646 -----	N/A -----
Pre-tax income	\$ 89 =====	N/A =====

Production	\$ 290,829	N/A
Whole loan sales	290,829	N/A
Average commercial mortgage servicing portfolio	\$ 3,079,683	N/A
Total production revenue to whole loan sales	716 bps	N/A
Total production expenses to production	907 bps	N/A
	-----	-----
Net pre-tax production margin	(191) bps	N/A
	=====	=====
Servicing fees to average commercial mortgage servicing portfolio	13 bps	N/A
Amortization of mortgage servicing rights to average commercial mortgage servicing portfolio	4 bps	N/A
	-----	-----
Net pre-tax servicing margin	9 bps	N/A
	=====	=====

</TABLE>

Laureate Realty originates commercial mortgage loans for various insurance companies and other investors, primarily in Alabama, Florida, Indiana, North Carolina, South Carolina, Tennessee and Virginia. Substantially all loans originated by Laureate Realty have been originated in the name of the investor, and in most cases, Laureate Realty has retained the right to service the loans under a servicing agreement with the investor. Most commercial mortgage loan servicing agreements are short-term, and retention of the servicing contract is dependent on maintaining the investor relationship.

38

39

Net Gain on Sale of Commercial Mortgage Loans

A reconciliation of gain on sale of commercial mortgage loans for the periods indicated follows:

<TABLE>		
<CAPTION>		
(\$ in thousands)	For the Quarter Ended September 30,	
	-----	-----
	1998	1997
	-----	-----
<S>	<C>	<C>
Gross proceeds on sales of commercial mortgage loans	\$290,829	N/A
Initial unadjusted acquisition cost of commercial mortgage loans sold	290,829	N/A
	-----	-----
Unadjusted gain on sale of commercial mortgage loans		
Commercial mortgage and transaction processing fees	1,835	N/A
	-----	-----
Unadjusted aggregate margin	1,835	N/A
Initial acquisition cost allocated to basis in commercial mortgage servicing rights (SFAS No. 125)	144	N/A
	-----	-----
Net gain on sale of commercial mortgage loans	\$ 1,979	N/A
	=====	=====

</TABLE>

During the third quarter of 1998, the commercial mortgage division originated and sold \$291 million in commercial loans. Commercial mortgage fees on these loans were \$1.8 million, or 63 basis points. Origination fees on commercial mortgages are generally between 50 and 100 basis points on the loan amount. In addition the commercial mortgage division allocated \$144 thousand, or 5 basis points, to basis in servicing rights retained on commercial mortgage loans produced during the period.

Leasing Operations

Following is a summary of the revenues and expenses allocated to the Company's small ticket equipment leasing operations for the periods indicated:

<TABLE>		
<CAPTION>		
	For the Quarter Ended September 30,	
	-----	-----
(\$ in thousands)	1998	1997
	-----	-----

<S>	<C>	<C>
Net interest income	\$ 1,216	N/A
Other income	146	N/A
	-----	-----
Leasing production revenue	1,362	N/A
	-----	-----
Salary and employee benefits	531	N/A
Occupancy expense	98	N/A
General and administrative expenses	546	N/A
	-----	-----
Total lease operating expenses	1,175	N/A
	-----	-----
Net pre-tax leasing production margin	187	N/A
	-----	-----
Servicing fees	264	N/A
	-----	-----
Net pre-tax leasing margin	\$ 451	N/A
	-----	-----
Average owned leasing portfolio	\$ 78,197	N/A
Average serviced leasing portfolio	50,009	N/A
	-----	-----
Average leasing portfolio	\$128,206	N/A
	=====	=====

</TABLE>

39

40

<S>	<C>	<C>
Leasing production revenue to average owned portfolio	697 bps	N/A
Lease operating expenses to average owned portfolio	601 bps	N/A
	-----	-----
Net pre-tax leasing production margin	96 bps	N/A
	=====	=====
Servicing fees to average serviced portfolio	211 bps	N/A

</TABLE>

Substantially all of the Company's lease receivables are acquired from independent brokers who operate throughout the continental United States and referrals from independent banks. At September 30, 1998 the Company's managed lease servicing portfolio was \$131.5 million. Of this managed lease portfolio, \$85.7 million was owned and \$45.8 million was serviced for investors.

Net Interest Income

Net interest income for the third quarter of 1998 was \$1.2 million. This is an annualized net interest margin of 3.40% based upon average lease receivables owned of \$78.2 million and average debt outstanding of \$58.4 million.

40

41

FINANCIAL CONDITION

During the third quarter of 1998, the Company experienced a 5% increase in total production originated and acquired compared to the second quarter of 1998, from \$3.9 billion during the second quarter of 1998 to \$4.1 billion during the third quarter of 1998. The September 30, 1998, locked mortgage application pipeline (mortgage loans not yet closed but for which the interest rate has been locked) was approximately \$1.8 billion and the application pipeline (mortgage loans for which the interest rate has not yet been locked) was approximately \$0.5 billion.

Mortgage loans held for sale and mortgage-backed securities totaled \$1.3 billion at September 30, 1998, versus \$1.2 billion at December 31, 1997, an increase of 8%. The Company's servicing portfolio (exclusive of loans under subservicing agreements) increased to \$9.7 billion at September 30, 1998, from \$7.1 billion at December 31, 1997, an increase of 37%.

Short-term borrowings, which are the Company's primary source of funds, totaled \$1.6 billion at September 30, 1998, compared to \$1.2 billion at December 31, 1997, an increase of 33%. The increase in the balance outstanding at September 30, 1998, resulted from increased funding requirements related to the

increase in the balance of mortgage loans held for sale and mortgage-backed securities. There were \$6.4 million in long-term borrowings at September 30, 1998, compared to \$6.5 million at December 31, 1997, a decrease of 2%.

Other liabilities totaled \$134.6 million as of September 30, 1998, compared to the December 31, 1997, balance of \$86.6 million, an increase of \$48.0 million, or 55%. The increase in other liabilities resulted primarily from an increase in the volume of loans acquired through certain correspondent funding programs of the Company.

The Company continues to face the same challenges as other companies within the mortgage banking industry and as such is not immune from significant volume declines precipitated by a rise in interest rates or mortgage servicing rights and residual certificate valuation declines resulting from changes in interest rates that can lead to changing prepayment speeds or other factors beyond the Company's control. Management of the Company recognizes these challenges and intends to continue to manage the Company accordingly.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary cash-flow requirement involves the funding of loan production, which is met primarily through external borrowings. The Company has entered into a 364-day, \$670 million warehouse line of credit provided by a syndicate of unaffiliated banks that expires in July 1999. The credit agreement includes covenants requiring the Company to maintain (i) a minimum net worth of \$185 million, plus net income subsequent to June 30, 1998, and capital contributions and minus permitted dividends, (ii) a ratio of total liabilities to net worth of not more than 8.0 to 1.0, excluding debt incurred pursuant to gestation and repurchase financing agreements, (iii) its eligibility as a servicer of Ginnie Mae, FHA, VA, Fannie Mae and Freddie Mac mortgage loans and (iv) a mortgage servicing rights portfolio with an underlying unpaid

41

42

principal balance of at least \$4 billion. The provisions of the agreement also restrict the Company's ability (i) to pay dividends in any fiscal quarter which exceed 50% of the Company's net income for the quarter or (ii) to engage significantly in any type of business unrelated to the mortgage banking business, the servicing of mortgage loans or equipment leasing.

Additionally, the Company entered into a \$200 million, 364-day term revolving credit facility with a syndicate of unaffiliated banks. An \$80 million portion of the revolver facility converts in July 1999, into a four-year term loan. The facility is secured by the Company's servicing portfolio designated as "available-for-sale". A \$70 million portion of the revolver facility matures in July 1999, and is secured by the Company's servicing portfolio designated as "held-for-sale". A \$50 million portion of the revolver facility matures in July 1999, and is secured by a first-priority security interest in receivables on servicing rights sold. The facility includes covenants identical to those described above with respect to the warehouse line of credit.

The Company has also entered into a \$200 million, 364-day term subprime revolving credit facility, which expires in July 1999. The facility includes covenants identical to those described above with respect to the warehouse line of credit.

The Company was in compliance with the above-mentioned debt covenants at September 30, 1998. Although management anticipates continued compliance, there can be no assurance that the Company will be able to comply with the debt covenants specified for each of these financing agreements. Failure to comply could result in the loss of the related financing.

RBMG Asset Management Company, Inc. (Asset Management Co.), a wholly-owned subsidiary of RBMG, Inc., and a bank entered into a master repurchase agreement dated as of December 11, 1997, pursuant to the terms of which Asset Management Co. is entitled from time to time to deliver eligible subprime mortgage loans in an aggregate principal amount of up to \$150 million to a bank. The term of this repurchase agreement is 364 days. As of September 30, 1998 no loans have been sold under this agreement.

The Company has also entered into an uncommitted gestation financing arrangement. The interest rate on funds borrowed pursuant to the gestation line is based on a spread over the Federal Funds rate. The gestation line has a funding limit of \$1.2 billion.

The Company entered into a \$6.6 million note agreement in May 1997. This debt is secured by the Company's corporate headquarters. The terms of the agreement require the Company to make 120 equal monthly principal and interest payments based upon a fixed interest rate of 8.07%. The note contains covenants

similar to those described above.

RBC has a 364-day \$150 million revolving credit facility to provide financing for its leasing portfolio. The warehouse credit agreement matures in July 1999, and contains various covenants regarding characteristics of the collateral and the performance of the leases originated and serviced by RBC and which restrict RBC's ability to incur debt, encumber assets, other than as collateral for the facility, sell assets, merge, declare or pay any dividends or change its corporate by-laws or articles of incorporation.

YEAR 2000

The Company recognizes the need to ensure that its operations will not be materially adversely impacted by Year 2000 problems. These problems extend to

42

43

business systems and equipment, facilities, infrastructure and services, non-information technology and the readiness of the Company's business partners.

Failures due to processing errors potentially arising from calculations and date routines and from non-information technology systems relating to the Year 2000 date are a known risk. Some of the risks involved with Year 2000 problems are discussed later in this section. The Company is addressing these risk with special attention being paid to the availability and integrity of its mortgage production systems, financial systems and related interfaces.

State of Readiness

The Company has reviewed all of its mission critical information technology and non-information technology systems and the following steps have already been taken to help ensure that the Company's operations will continue substantially unaffected by Year 2000 issues. They are:

- Replacement of most production computer hardware, including servers, desktop PCs and network infrastructure components with Year 2000 compliant systems. This effort is approximately 90% complete as of September 30, 1998 and is scheduled to be finished during the first quarter of 1999.
- Implementation of Cybertek's LoanXchange Mortgage Processing System. This software is designed to replace fourteen non-compliant applications with an integrated system customized to support the Company's business. The new system has been certified as Year 2000 compliant and installation of the primary components is scheduled for the first quarter of 1999.
- Implementation of a standardized "Gold Desktop" that delivers Year 2000 compliant desktop software to each PC in the Company and offers significant enhancements, particularly in the areas of reliability and serviceability. Installation has begun and is scheduled to be completed during the first quarter of 1999.
- Replacement of PCDOCS, Cogent, General Ledger, Accounts Payable and the Human Resources systems with Year 2000 compliant systems. Installation has been completed.

The Company's growth required that it replace or upgrade many of the Company's systems. This has been ongoing for the past eighteen months. The Company's management believes that the new systems should resolve a very large percentage of the Company's Year 2000 issues while providing the added benefit of enhanced functionality, performance and reliability. The replacement of existing systems with upgraded systems was not accelerated because of Year 2000 issues.

43

44

Internal Proprietary Programs

The Company currently uses 20 applications that were developed internally. Fourteen of these should be eliminated with the installation of LoanXchange and the remaining six are anticipated to be modified for Year 2000 compliance. The Company does not view this as a significant task as all 20 applications combined represent only 175,000 lines of code with 43,000 contained in the six programs that are scheduled to be modified. It is anticipated that this work will be completed during the first quarter of 1999.

Laureate Realty

Laureate Realty, the Company's commercial mortgage company, has replaced most of its hardware and infrastructure components with Year 2000 compliant hardware. Additionally an upgrade from Version 7 to Version 8 of the McCracken commercial mortgage servicing system is scheduled to occur in the first quarter of 1999.

Republic Leasing

Republic Leasing, the Company's small ticket leasing company, uses only two mission critical systems. One of the systems is Year 2000 compliant and an upgrade of the other system to a Year 2000 compliant level is scheduled to be completed during the fourth quarter of 1998.

Meritage Mortgage

Meritage Mortgage, the Company's sub-prime lender, plans to convert to the LoanXchange system during 1999. Meritage's primary system is Contour, and an upgrade to Contour's Year 2000 compliant system is also available. Existing Meritage accounting systems are being eliminated and the functions moved to the Company's already compliant accounting software.

Third Party Suppliers

The Company currently uses three non-compliant mission critical systems provided by third parties. Alltel provides the Company's primary loan servicing system and is the largest vendor of loan servicing systems in the United States. This system is not Year 2000 compliant but Alltel has an active Year 2000 program underway. Fannie Mae and Freddie Mac also supply software to the Company for the transmittal of loan information to them. Both entities have Year 2000 projects underway and have expressed high levels of confidence that they will be completed during the first quarter of 1999. Alltel, Fannie Mae and Freddie Mac are participating in a testing program run by the Mortgage Banker's Association of America. The Company is monitoring their progress through this testing vehicle.

Trading Partners

Connectivity with trading partners is a major issue for many companies, but of lesser impact for the Company. The Company has only a handful of these relationships, and in almost every instance its trading partner has provided the tools, and remains responsible for the Year 2000 issues. Fannie Mae and Freddie Mac provide most of this software, and as noted above, the Company has a high confidence level in their Year 2000 programming and testing plans.

Most loan registration and locking activity between the Company and its correspondents and brokers is initiated by telephone and fax. Less than 15% is electronic, and the Company provides that interface through the Internet.

The Company's residential mortgage business is obtained from over 4,000 correspondents and brokers and is not concentrated within a small universe of these companies. Therefore, the Company is not undertaking a readiness review of its customers. The Company is, however, enhancing its ability to provide tracking reports to its customers over the Internet and by mail so it can assist them in meeting their obligation to provide additional documentation on loans already purchased by the Company. The Company does not believe that Year 2000 issues should have a material impact on its correspondent and broker relationships. The Company is also communicating with suppliers, dealers, financial institutions and others with which it does business to coordinate Year 2000 conversion. The Company does not foresee a material impact to the Company surrounding the Year 2000 compliance of these external entities.

Ongoing Strategy

The Company is at a stage in its compliance efforts where it has extended the scope of its compliance activities to include the entire enterprise and the systems not addressed by the major projects already underway. To this end the Company has engaged an outside consulting firm to assist in developing a plan for addressing Year 2000 that should encompass the entire enterprise from both a business and an information technology perspective.

The Company's approach utilizes an inventory strategy that captures relevant data about each item with Year 2000 implications. Once the data is collected, the Company will prioritize the information. By focusing on the most critical systems first, the Company expects to report significant progress on

the major systems substantially in advance of January 1, 2000.

Financial Impact

Direct costs associated exclusively with achieving Year 2000 compliance are expected to be between \$0.5 and \$1 million dollars and will be paid out of cash flow. Direct costs associated with the first phase (the assessment phase) of the Year 2000 effort were approximately \$135 thousand through September 30, 1998. The Year 2000 effort is expected to use approximately 5% of information technology's 1999 budget.

Risks

The costs of the project and the date on which the Company believes it will complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel

45

46

trained in this area, the ability to locate and correct all relevant computer codes and unforeseen circumstances causing the Company to allocate its resources elsewhere.

Contingency Planning

As management believes that the LoanXchange conversion will solve most of the Company's Year 2000 issues, a significant risk is the inability to install this software, currently scheduled for February, 1999, timely. To prepare for this contingency the following alternative remedial actions have been developed:

- To eliminate the non-compliant wholesale branch system the Company has created an Internet transaction system that the Company intends to begin using in the fourth quarter of 1998 to register and lock loans. A back up third party system for generating closing documents is already available in all offices. The combination of these two actions should allow the Company to function without its current branch system or LoanXchange.
- Plans to install the Year 2000 compliant Contour system at Meritage have been formulated and should be implemented as an interim step prior to LoanXchange. This will provide a Year 2000 compliant system should LoanXchange be delayed for Meritage.
- The 14 internal programs being eliminated by LoanXchange represent only 132,000 lines of code. The Company has tested the applications and identified the Year 2000 issues with each of the applications. Analysis indicates that the applications could be made Year 2000 complaint with minimal effort. Should LoanXchange installation be delayed materially beyond the planned February 1999 installations, the Company intends to undertake that action as necessary.

The Company is in the process of assessing what is its most likely worst case scenario. Failure by either the Company or third parties to achieve Year 2000 compliance could cause short-term operational inconveniences and inefficiencies for the Company. This may temporarily divert management's time and attention from ordinary business activities. To the extent reasonably achievable, the Company will seek to prevent or mitigate the efforts of such possible failures through its contingency planning efforts. With the delivery and testing of LoanXchange scheduled for the fourth quarter of 1998, the Company feels sufficient time exists to execute the contingency plan.

Significant work has been accomplished to date on Year 2000 compliance as part of the Company's aggressive growth and planned implementation of technology to support the growth. The Company will continue its compliance efforts in both the information systems area as well in the peripheral areas and non-information technology that have potential impact on the Company's continuing operation.

46

47

Part II. OTHER INFORMATION

Item 6. - Exhibits and Reports on Form 8-K

- (a) A list of exhibits filed with this Form 10-Q, along with the exhibit index can be found on pages A to E following the signature page.
- (b) none

47

48

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESOURCE BANCSHARES MORTGAGE GROUP, INC.
(Registrant)

/s/ Steven F. Herbert

Steven F. Herbert
Senior Executive Vice President and
Chief Financial Officer

(signing in the capacity of (i) duly
authorized officer of the registrant and
(ii) principal financial officer of the
registrant)

DATED: November 15, 1998

48

49

INDEX TO EXHIBITS

<TABLE> <CAPTION> Exhibit No. Description Page		

<C>		
3.1	<S> Restated Certificate of Incorporation of the Registrant incorporated by reference to Exhibit 3.3 of the Registrant's Registration No. 33-53980	<C> *
3.2	Certificate of Amendment of Certificate of Incorporation of the Registrant incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997	*
3.3	Certificate of Designation of the Preferred Stock of the Registrant incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-A filed on February 8, 1998	*
3.4	Amended and Restated Bylaws of the Registrant incorporated by reference to Exhibit 3.4 of the Registrant's Registration No. 33-53980	*
4.1	Specimen Certificate of Registrant's Common Stock incorporated by reference to Exhibit 4.1 of the Registrant's Registration No. 33-53980	*
4.2	Rights Agreement dated as of February 6, 1998 between the Registrant and First Chicago Trust Company of New York incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-A filed on February 8, 1998	*
4.3	Third Amended and Restated Secured Revolving/Term Credit Agreement dated as of July 28, 1998, between the Registrant and the Banks Listed on the Signature Pages Thereof, Bank One, Texas, National Association, First Bank National Association, NationsBank of Texas, N.A. and Texas Commerce Bank, National Association, as Co-agents and the Bank of New York as Agent and Collateral Agent	---
4.4	Second Amended and Restated Revolving/Term Security and Collateral Agency Agreement dated as of July 31, 1996, between the Registrant and The Bank of New York as Collateral	*

Agent and Secured Party incorporated by reference to Exhibit 4.3 of the Registrant's Form 10-Q for the period ended September 30, 1996

4.5	Amendment No. 1 dated as of July 28, 1998 to Second Amended and Restated Revolving/Term Security and Collateral Agency Agreement dated as of July 31, 1996, among the Registrant, the Banks and Co-Agents named therein and The Bank of New York as Collateral Agent	
10.1	Employment Agreement dated June 3, 1993, between the Registrant and David W. Johnson, Jr. as amended by amendment dated October 22, 1993 incorporated by reference to Exhibit 10.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.2	Office Building Lease dated March 8, 1991, as amended by Modification of Office Lease dated October 1, 1991, incorporated by reference to Exhibit 10.5 of the Registrant's Registration No. 33-53980	*
10.3	Assignment and Assumption of Office Lease incorporated by reference to Exhibit 10.6 of the Registrant's Registration No. 33-53980	*

</TABLE>

A

50

<TABLE> <CAPTION> Exhibit No. Description Page -----		
<C>		
10.4	(A) Stock Option Agreement between the Registrant and David W. Johnson, Jr. incorporated by reference to Exhibit 10.8 (A) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
	(B) Stock Option Agreement between the Registrant and Lee E. Shelton incorporated by reference to Exhibit 10.8 (B) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.5	Termination Agreement dated June 3, 1993, between the Registrant and David W. Johnson, Jr. incorporated by reference to Exhibit 10.9 (A) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.6	(A) Deferred Compensation Agreement dated June 3, 1993, between the Registrant and David W. Johnson, Jr. incorporated by reference to Exhibit 10.10 (A) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
	(B) Deferred Compensation Rabbi Trust, for David W. Johnson, dated January 19, 1994, between RBC and First Union National Bank of North Carolina incorporated by reference to Exhibit 10.10 (C) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.7	Flexible Benefits Plan incorporated by reference to Exhibit 10.16 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.8	Section 125 Plan incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.9	Pension Plan incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993	*
10.10	Governmental Real Estate Sub-Lease-Office, between Resource Bancshares Mortgage Group, Inc. and the South Carolina Department of Labor, Licensing and Regulation incorporated by reference to Exhibit 10.19 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1994	*
10.11	First Sub-Lease Amendment to Governmental Real Estate Sub-Lease-Office, between Resource Bancshares Mortgage Group, Inc. and the South Carolina Department of Labor, Licensing and Regulation incorporated by reference to Exhibit 10.20 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1994	*
10.12	Amendment I to Pension Plan incorporated by reference to Exhibit 10.21 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.13	Amendment II to Pension Plan incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.14	Resource Bancshares Mortgage Group, Inc. Supplemental Executive Retirement Plan incorporated by reference to Exhibit 10.14 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998.	*

</TABLE>

51

<TABLE> <CAPTION>		
Exhibit No. -----	Description -----	Page ----
<C>		
10.15	Pension Restoration Plan incorporated by reference to Exhibit 10.25 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	* <C>
10.16	Stock Investment Plan incorporated by reference to Exhibit 4.1 of the Registrant's Registration No. 33-87536	*
10.17	Amendment I to Stock Investment Plan incorporated by reference to Exhibit 10.27 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.18	Employee Stock Ownership Plan incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.19	Amended Resource Bancshares Mortgage Group, Inc. Successor Employee Stock Ownership Trust Agreement dated December 1, 1994, between the Registrant and Marine Midland Bank incorporated by reference to Exhibit 10.30 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.20	ESOP Loan and Security Agreement dated January 12, 1995, between the Registrant and The Resource Bancshares Mortgage Group, Inc. Employee Stock Ownership Trust incorporated by reference to Exhibit 10.31 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994	*
10.21	Employment Agreement dated June 30, 1995, between the Registrant and Steven F. Herbert incorporated by reference to Exhibit 10.34 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1995	*
10.22	Formula Stock Option Plan incorporated by reference to Exhibit 10.36 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1995	*
10.23	Amended and Restated Omnibus Stock Award Plan incorporated by reference to Exhibit 99.10 of the Registrant's Registration No. 333-29245 filed on December 1, 1997	*
10.24	Employment Agreement dated September 25, 1995, between the Registrant and Richard M. Duncan incorporated by reference to Exhibit 10.38 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1995	*
10.25	Request for Extension of Governmental Real Estate Sub-Lease-Office, between the Registrant and the South Carolina Department of Labor, Licensing and Regulation dated December 12, 1995 incorporated by reference to Exhibit 10.39 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995	*
10.26	First Amendment to Employee Stock Ownership Plan dated October 31, 1995 incorporated by reference to Exhibit 10.41 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995	*
10.27	Amendment to Pension Plan effective January 1, 1995 incorporated by reference to Exhibit 10.42 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995	*
</TABLE>		

52

<TABLE> <CAPTION>		
Exhibit No. -----	Description -----	Page ----
<C>		
10.28	Second Amendment to Employee Stock Ownership Plan dated August 12, 1996 incorporated by reference to Exhibit 10.45 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1996	* <C>
10.29	Resource Bancshares Mortgage Group, Inc. Non-Qualified Stock Option Plan dated September 1, 1996 incorporated by reference to Exhibit 10.33 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996	*
10.30	Amended and Restated Retirement Savings Plan dated April 1, 1996	*

incorporated by reference to Exhibit 10.34 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996

10.31	First Amendment to Amended and Restated Retirement Savings Plan dated as of November 8, 1996 incorporated by reference to Exhibit 10.35 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996	*
10.32	ESOP Loan and Security Agreement dated May 3, 1996, between the Registrant and The Resource Bancshares Mortgage Group, Inc. Employee Stock Ownership Trust incorporated by reference to Exhibit 10.36 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996	*
10.33	Second Amendment to Amended and Restated Retirement Savings Plan dated January 1997, incorporated by reference to Exhibit 10.38 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997	*
10.34	Form of Incentive Stock Option Agreement (Omnibus Stock Award Plan) incorporated by reference to Exhibit 10.40 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997	*
10.35	Form of Non-Qualified Stock Option Agreement (Non-Qualified Stock Option Plan), incorporated by reference to Exhibit 10.41 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997	*
10.36	First Amendment to the Formula Stock Option Plan incorporated by reference to Exhibit 99.8 of the Registrant's Registration No. 333-29245 as filed on December 1, 1997	*
10.37	(A) Agreement of Merger dated April 18, 1997 between Resource Bancshares Mortgage Group, Inc., RBC Merger Sub, Inc. and Resource Bancshares Corporation incorporated by reference to Annex A of the Registrant's Registration No.333-29245	*
	(B) First Amendment to Agreement of Merger dated April 18, 1997 between Resource Bancshares Mortgage Group, Inc., RBC Merger Sub, Inc. and Resource Bancshares Corporation incorporated by reference to Exhibit 10.42 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1997	*
	(C) Second Amendment to Agreement of Merger dated April 18, 1997 between Resource Bancshares Mortgage Group, Inc., RBC Merger Sub, Inc. and Resource Bancshares Corporation incorporated by reference to Annex A of the Registrant's Registration No. 333-29245	*

</TABLE>

D

53

<TABLE> <CAPTION> Exhibit No. Description -----		Page ----
<C>		<C>
10.38	(A) Mutual Release and Settlement Agreement between the Registrant, Lee E. Shelton and Constance P. Shelton dated January 31, 1997 incorporated by reference to Exhibit 10.44 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997	*
	(B) Amendment to Mutual Release and Settlement Agreement between the Registrant, Lee E. Shelton and Constance P. Shelton dated January 31, 1997 incorporated by reference to Exhibit 10.44 of the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1997	*
10.39	Note Agreement between the Registrant and UNUM Life Insurance Company of America dated May 16, 1997 incorporated by reference to Exhibit 10.45 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997	*
10.40	Amendment to Resource Bancshares Mortgage Group, Inc. Omnibus Stock Award Plan, Formula Stock Option Plan and Non-Qualified Stock Option Plan as incorporated by reference to Exhibit 10.42 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997	*
10.41	Second Amendment to the Non-Qualified Stock Option Agreement dated February 6, 1998 incorporated by reference to Exhibit 10.40 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998	*
10.42	Agreement and Release Form of Non-Qualified Stock Option Agreement incorporated by reference to Exhibit 10.41 of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998	*
10.43	Preferred Provider Organization Plan for Retired Executives	

10.44	First Amendment to Omnibus Stock Award Plan and Form of Incentive Stock Option Agreement and Release to the Omnibus Stock Award Plan	_____
11.1	Statement re: Computation of Net Income per Share	_____
27.1	Financial Data Schedule	_____

</TABLE>

* Incorporated by reference

E

\$200,000,000

THIRD AMENDED AND RESTATED SECURED
REVOLVING/TERM CREDIT AGREEMENT

Dated as of July 28, 1998

among

RESOURCE BANCSHARES MORTGAGE GROUP, INC.
as Borrower

THE BANKS LISTED ON THE SIGNATURE PAGES HEREOF

BANK ONE, TEXAS, NATIONAL ASSOCIATION,
U.S. BANK NATIONAL ASSOCIATION,
and NATIONSBANK, N.A.,
as Co-Agents

and

THE BANK OF NEW YORK,
as Agent and Collateral Agent

=====

Arranged by
BNY Capital Markets, Inc.

TABLE OF CONTENTS

Page

ARTICLE 1

CREDIT FACILITY

Section 1.01	Commitment to Lend.....	7
Section 1.02	Manner of Borrowing.....	8
Section 1.03	Interest.....	9
Section 1.04	Repayment.....	12
Section 1.05	Prepayments.....	12
Section 1.06	Limitation on Types of Loans.....	14
Section 1.07	Change in Commitments.....	14
Section 1.08	Fees.....	15

Section 1.09	Computation of Interest and Fees.....	15
Section 1.10	Evidence of Indebtedness.....	16
Section 1.11	Payments by the Borrower.....	16
Section 1.12	Distribution of Payments by the Agent.....	17
Section 1.13	Taxes.....	17
Section 1.14	Pro Rata Treatment.....	19

ARTICLE 2

CONDITIONS TO EFFECTIVENESS; LOANS

Section 2.01	Conditions to Effectiveness of this Agreement.....	19
Section 2.02	Conditions to Each Loan.....	22

2

3

ARTICLE 3

CERTAIN REPRESENTATIONS AND WARRANTIES

Section 3.01	Security Interest.....	23
Section 3.02	Questionnaire.....	23

ARTICLE 4

CERTAIN COVENANTS

Section 4.01	Use of Proceeds.....	23
Section 4.02	Further Documents.....	24

ARTICLE 5

INFORMATION

Section 5.01	Serviced Mortgage Loan Report, Borrowing Base Certificate and Appraisal.....	24
Section 5.02	Agent to Distribute.....	25

ARTICLE 6

DEFAULT

Section 6.01	Events of Default.....	25
Section 6.02	Remedies Upon Event of Default.....	28

ARTICLE 7

ADDITIONAL CREDIT FACILITY PROVISIONS

Section 7.01	Mandatory Suspension and Conversion of LIBOR Rate Loans.....	29
--------------	---	----

Section 7.02	Regulatory Changes.....	30
Section 7.03	Capital Requirements.....	30
Section 7.04	Funding Losses.....	31
Section 7.05	Certain Determinations.....	31

Section 7.06	Change of Lending Office.....	31
Section 7.07	Removal of a Bank.....	32

ARTICLE 8

THE AGENT

Section 8.01	Appointment and Powers.....	32
Section 8.02	Limitation on Agent's Liability.....	32
Section 8.03	Defaults.....	33
Section 8.04	Rights as a Bank.....	33
Section 8.05	Indemnification.....	33
Section 8.06	Non-Reliance on Agent and Other Banks.....	34
Section 8.07	Execution of Security Agreement by Agent.....	34
Section 8.08	Resignation and Removal of the Agent.....	34

ARTICLE 9

MISCELLANEOUS

Section 9.01	Notices and Deliveries.....	35
Section 9.02	Expenses; Indemnification.....	37
Section 9.03	Amounts Payable Due Upon Request for Payment.....	38
Section 9.04	Remedies of the Essence.....	39
Section 9.05	Rights Cumulative.....	39
Section 9.06	Disclosures.....	39
Section 9.07	Amendments; Waivers.....	39
Section 9.08	Set-Off; Suspension of Payment and Performance.....	40
Section 9.09	Sharing of Recoveries.....	40
Section 9.10	Assignments and Participations.....	41

Section 9.11	GOVERNING LAW.....	42
Section 9.12	Judicial Proceedings; Waiver of Jury Trial.....	42
Section 9.13	LIMITATION OF LIABILITY.....	43
Section 9.14	Severability of Provisions.....	43
Section 9.15	Counterparts.....	43
Section 9.16	Survival of Obligations.....	43
Section 9.17	Entire Agreement.....	43
Section 9.18	Successors and Assigns.....	44
Section 9.19	Registered Notes.....	44
Section 9.20	No Novation.....	44

ARTICLE 10

DEFINITIONS

Section 10.01	Defined Terms.....	44
Section 10.02	Other Interpretive Provisions.....	54
Section 10.03	Accounting Matters.....	55
Section 10.04	Representations and Warranties.....	55
Section 10.05	Captions.....	55
Section 10.06	Interpretation of Related Documents.....	55

ANNEX A	BANKS, LENDING OFFICES AND NOTICE ADDRESSES
Schedule 1.02	NOTICE OF BORROWING
Schedule 1.03(c) (iv)	NOTICE OF CONVERSION OR CONTINUATION
Schedule 1.05(a)	NOTICE OF PREPAYMENT
Schedule 1.13(d)	NON-US BANK CERTIFICATE
Schedule 2.01(a) (i)	CERTIFICATE AS TO RESOLUTIONS, ETC.
ANNEX A	RESOLUTIONS OF BOARD OF DIRECTORS
ANNEX B	BY-LAWS
Schedule 2.01(a) (iv)	OPINION OF COUNSEL FOR BORROWER
Schedule 2.01(a) (v)	OPINION OF COUNSEL FOR AGENT
Schedule 2.01(a) (vi)	CERTIFICATE OF NEGOTIATING OFFICER
Schedule 2.02(b)-1	HFI BORROWING BASE
Schedule 2.02(b)-2	HFS BORROWING BASE
Schedule 2.02(b)-3	RECEIVABLES BORROWING BASE
Schedule 3.03	SCHEDULE OF REQUIRED CONSENTS AND GOVERNMENTAL APPROVALS
Schedule 3.05	SCHEDULE OF MATERIAL LITIGATION
Schedule 3.08	SCHEDULE OF ADDITIONAL MATERIAL ADVERSE FACTS
Schedule 4.07	SCHEDULE OF EXISTING GUARANTIES
Schedule 5.01(a) (i)	SERVICED MORTGAGE LOAN REPORT FOR THE MONTH ENDED
Schedule 9.10(a)	NOTICE OF ASSIGNMENT
Schedule 10.01(a)	FORM OF RECEIVABLES PAYMENT AGREEMENT
EXHIBIT A	NOTE
EXHIBIT B	COMMITMENT INCREASE SUPPLEMENT

THIRD AMENDED AND RESTATED SECURED REVOLVING/TERM CREDIT AGREEMENT

Dated as of July 28, 1998

This THIRD AMENDED AND RESTATED SECURED REVOLVING/TERM CREDIT AGREEMENT, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., a Delaware corporation, as Borrower, the Banks listed on the signature pages hereof, Bank One, Texas, National Association, U.S. Bank National Association, and NationsBank, N.A., as Co-Agents, and The Bank of New York, as Agent and Collateral Agent.

6

7

WHEREAS, the Borrower, the Banks listed on the signature pages thereof, Bank One, Texas, National Association, U.S. Bank National Association, and NationsBank, N.A., as Co-Agents and The Bank of New York, as Agent and Collateral Agent thereunder are parties to the Second Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 31, 1996 (the "Existing Revolving/Term Credit Agreement"); and

WHEREAS, the parties hereto wish to amend and restate the Existing Revolving/Term Credit Agreement;

NOW, THEREFORE, the Borrower, the Banks listed on the signature pages hereof, The Bank of New York, as Agent and Collateral Agent and Bank One, Texas, National Association, U.S. Bank National Association, and NationsBank, N.A., as Co-Agents, agree that the Existing Revolving/Term Credit Agreement is hereby amended and restated in its entirety as follows (with certain terms used herein being defined in Article 10 and Annex B):

ARTICLE I

CREDIT FACILITY

Section 1.01 Commitment to Lend. (a) HFI Loans. Upon the terms and subject to the conditions of this Agreement, each Bank agrees to make, from time to time during the period from the Effective Date through the Termination Date, one or more HFI Loans to the Borrower, in an aggregate unpaid principal amount, for all such HFI Loans including the HFI Loans then to be made, not exceeding at any time the lesser of (i) such Bank's HFI Commitment at such time and (ii) together with the aggregate unpaid principal amount of the HFI Loans of the other Banks, the HFI Borrowing Base. The aggregate amount of the HFI Commitments on the Effective Date is \$80,000,000.

(b) HFS Loans. Upon the terms and subject to the conditions of this Agreement, each Bank agrees to make, from time to time during the period from the Effective Date through the Termination Date, one or more HFS Loans to the Borrower, in an aggregate unpaid principal amount, for all such HFS Loans including the HFS Loans then to be made, not exceeding at any time the lesser of (i) such Bank's HFS Commitment at such time and (ii) together with the aggregate unpaid principal amount of the HFS Loans of the other Banks, the HFS Borrowing Base. The aggregate amount of the HFS Commitments on the Effective Date is \$70,000,000.

(c) Receivables Loans. Upon the terms and subject to the conditions of this Agreement, each Bank agrees to make, from time to time during the period from the Effective Date through the Termination Date, one or more Receivables Loans to the Borrower, in an aggregate unpaid principal amount, for all such Receivables Loans including the Receivables Loans then to be made, not exceeding at any time the lesser of (i) such Bank's Receivables Commitment at such time and (ii) together with the aggregate unpaid principal amount of the Receivables

Loans of the other Banks, the Receivables Borrowing Base. The aggregate amount of the Receivables Commitments on the Effective Date is \$50,000,000.

7

8

(d) Type of Loans. Subject to Section 1.06 and the other terms and conditions of this Agreement, the Loans may, at the option of the Borrower, be made as, and from time to time continued as or converted into, Base Rate, Federal Funds Rate or LIBOR Rate Loans of any permitted Type, or any combination thereof.

Section 1.02 Manner of Borrowing. (a) The Borrower shall give the Agent notice (which shall be irrevocable) no later than 12:00 noon (New York time) on, in the case of Base Rate and Federal Funds Rate Loans, the Business Day of, and, in the case of LIBOR Rate Loans, the third LIBOR Business Day before, the requested date for the making of such Loans. Each such notice shall be in the form of Schedule 1.02 and shall specify (i) the requested date for the making of the requested Loans, which shall be, in the case of Base Rate and Federal Funds Rate Loans, a Business Day and, in the case of LIBOR Rate Loans, a LIBOR Business Day, (ii) the Kind or Kinds and Type or Types of Loans requested and (iii) the amount of each such Loan, the aggregate of which amounts for each Kind and Type of Loan requested by the Borrower shall be not less than the lesser of \$500,000 and the maximum amount of that Kind of Loan that can then be borrowed by the Borrower hereunder. Upon receipt of any such notice, the Agent shall promptly notify each Bank of the contents thereof and of the amount, Kind and Type of each Loan to be made by such Bank on the requested date specified therein.

(b) Not later than 1:00 p.m. (New York time) on each requested date for the making of Loans, each Bank shall, if it has received the notice from the Agent contemplated by Section 1.02(a) in a timely fashion, make available to the Agent, in Dollars in funds immediately available to the Agent at the Agent's Office, the Loans to be made by such Bank on such date. Any Bank's failure to make any Loan to be made by it on the requested date therefor shall not relieve any other Bank of its obligation to make any Loan to be made by such other Bank on such date, but such other Bank shall not be liable for such failure.

(c) Unless the Agent shall have received notice from a Bank prior to 1:00 p.m. (New York time) on the requested date, if such Bank has received the notice from the Agent contemplated by Section 1.02(a) in a timely fashion, for the making of any Loans that such Bank will not make available to the Agent the Loans requested to be made by such Bank on such date, the Agent may assume that such Bank has made such Loans available to the Agent on such date in accordance with Section 1.02(b) and the Agent in its sole discretion may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount on behalf of such Bank. If and to the extent such Bank shall not have so made available to the Agent the Loans requested to be made by such Bank on such date and the Agent shall have so made available to the Borrower a corresponding amount on behalf of such Bank, such Bank shall, on demand, pay to the Agent such corresponding amount together with interest thereon, at the Federal Funds Rate, for each day from the date such amount shall have been so made available by the Agent to the Borrower until the date such amount shall have been repaid to the Agent. If such Bank does not pay such corresponding amount promptly upon the Agent's demand therefor, the Agent shall promptly notify the Borrower, and the Borrower shall immediately repay such corresponding amount to the Agent together with accrued interest thereon at the applicable rate or rates provided in Section 1.03(a).

8

9

(d) All Loans made available to the Agent in accordance with Section 1.02(b) shall be disbursed by the Agent not later than 2:00 p.m. (New York time)

on the requested date therefor in Dollars in funds immediately available to the Borrower by credit to an account maintained in the Borrower's name at the Agent's Office or in such other manner as may have been specified in the applicable notice and as shall be acceptable to the Agent.

Section 1.03 Interest. (a) (i) Rates. Each Loan shall bear interest on the outstanding principal amount thereof until due at a rate per annum equal to:

(A) so long as it is an HFI Loan that is (1) a LIBOR Loan, the applicable Adjusted LIBOR Rate, subject to Section 1.03(a)(ii), plus 1.750% or (2) a Base Rate Loan, (aa) to the extent that it is Balance Funded, 1.750%, and (bb) to the extent that it is not Balance Funded, the Base Rate as then in effect plus 0.625%;

(B) so long as it is an HFS Loan that is (1) a LIBOR Loan, the applicable Adjusted LIBOR Rate, subject to Section 1.03(a)(ii), plus 1.250% or (2) a Federal Funds Rate Loan, (aa) to the extent that it is Balance Funded, 1.375%, and (bb) to the extent that it is not Balance Funded, the Federal Funds Rate as then in effect plus 1.375%; and

(C) so long as it is a Receivables Loan that is (1) a LIBOR Loan, the applicable Adjusted LIBOR Rate, subject to Section 1.03(a)(ii), plus 1.000% or (2) a Federal Funds Rate Loan, (aa) to the extent that it is Balance Funded, 1.125%, and (bb) to the extent that it is not Balance Funded, the Federal Funds Rate as then in effect plus 1.125%;

provided that so long as the Borrower's long term unsecured senior debt shall be rated either (a) BBB- or better by Standard & Poor's Ratings Group or (b) Baa3 or better by Moody's Investors Service, Inc., each Loan shall bear interest on the outstanding principal amount thereof at the rate otherwise applicable pursuant to this Section 1.03(a) less 0.25%.

(ii) Balance Funded Rate. Each Bank may offer to the Borrower to have all or a portion of such Bank's LIBOR Rate Loans bear interest at the Balance Funded Rate in lieu of the interest rate set forth in Section 1.03(a)(i)(A)(1), 1.03(a)(i)(B)(1) or 1.03(a)(i)(C)(1) above, as the case may be. Subject to the provisions of Section 7.01(a)(iii), such offer shall be continuously effective from the time made until withdrawn by such Bank upon at least five Business Days' prior written notice to the Borrower. The Borrower may elect, by written notice to a Bank that has an offer outstanding pursuant to the preceding sentence given no later than three Business Days before the end of each calendar month, to have a portion (the "Balance-Funded Amount") of the principal amount of the outstanding LIBOR Rate Loans of such Bank during the next succeeding calendar month bear interest at the Balance Funded Rate, and in such event the Borrower shall be deemed to have indicated its intent to maintain or have maintained with such Bank (or with a financial institution designated by such Bank and acceptable to the Borrower) during such month Allocated Qualifying Balances in an amount not less than the Balance Funded Amount. The Bank and such Borrower will reach a separate agreement as to the amount, if any, of costs of the type referred to in Section 7.04 that shall be payable by the Borrower to such Bank. In the event that the Borrower elects to have all or a portion of any Bank's LIBOR Rate

Loans bear interest at the Balance Funded Rate, such Bank and the Borrower shall reallocate and settle any differences between the interest invoiced by the Agent for such month and the interest due at the Balance Funded Rate. If the Qualifying Balances maintained by the Borrower with such Bank (or with a financial institution designated as set forth above) during such month are less than the Balance-Funded Amount, a deficiency fee (a "Balance Deficiency Fee") shall be payable to such Bank by the Borrower. The Balance Deficiency Fee for any month shall be calculated by multiplying the amount by which the Balance-Funded Amount for such month exceeds the average Qualifying Balances for such month (the "Balance Deficiency"), to the extent such Balance Deficiency is

applicable to HFI Loans, by the Base Rate plus 0.625%, to the extent such Balance Deficiency is applicable to HFS Loans, by the Federal Funds Rate plus 1.375% and, to the extent such Balance Deficiency is applicable to Receivable Loans, by the Federal Funds Rate plus 1.125%, and for this purpose, a Balance Deficiency shall be deemed applicable, first, to Receivable Loans, second, to HFS Loans and third, to HFI Loans. The Borrower shall pay any Balance Deficiency Fee to such Bank within five Business Days after notice has been delivered by the Bank. Each LIBOR Rate Loan that bears interest at a reduced rate pursuant to this Section 1.03(a)(ii) shall continue to be classified as a LIBOR Rate Loan for all purposes of this Agreement and the Notes except this Section 1.03(a)(ii) and Section 7.04. Qualifying Balances used for purposes of determining whether Base Rate or Federal Funds Rate Loans are Balance Funded Base Rate or Federal Funds Rate Loans pursuant to Section 1.03(a)(i) shall not be considered Qualifying Balances for purposes of this Section 1.03(a)(ii) and Qualifying Balances used for purposes of this Section 1.03(a)(ii) shall not be considered Qualifying Balances of the Borrower for purposes of any other Section.

(iii) Post-Default Rate. If all or any part of a Loan or any other amount due and payable under the Loan Documents is not paid when due (whether at maturity, by reason of notice of prepayment or acceleration or otherwise), such unpaid amount shall, to the maximum extent permitted by Applicable Law, bear interest for each day during the period from the date such amount became so due until it shall be paid in full (whether before or after judgment) at a rate per annum equal to the applicable Post-Default Rate.

(b) Payment. Interest shall be payable by the Borrower (i) in the case of Base Rate and Federal Funds Rate Loans, on the second Business Day after receipt of the billing statement referred to in Section 1.03(d), (ii) in the case of LIBOR Rate Loans, on the last day of each applicable Interest Period (and, if an Interest Period is longer than one month, at intervals of one month after the first day of such Interest Period) and (iii) in the case of any Loan, when such Loan shall be due (whether at maturity, by reason of notice of prepayment or acceleration or otherwise) or converted, but only to the extent then accrued on the amount then so due or converted. Any interest accruing at the Post-Default Rate shall be payable by the Borrower on demand.

(c) Determination of LIBOR Rate. The Agent, upon determining the Adjusted LIBOR Rate for each Interest Period, shall promptly notify the Borrower and the Banks thereof by telephone (confirmed in writing) or in writing, and such determination by the Agent shall be conclusive and binding absent manifest error.

10

11

(d) Interest Billing Statement. The Agent shall deliver to the Borrower and each Bank an interest billing statement on or before the third Business Day of each month, which interest billing statement shall set forth the interest accrued with respect to Base Rate or Federal Funds Rate Loans from and including the first day of the preceding month through the last day of such month computed on the assumption that, during such month, none of such Bank's Base Rate or Federal Funds Rate Loans bore interest at the Balance Funded Rate and none of such Bank's LIBOR Rate Loans bore interest pursuant to Section 1.03(a)(ii) at the Balance Funded Rate; provided that any failure or delay in delivering such interest billing statement or any inaccuracy therein shall not affect the Borrower's obligation to pay interest in accordance with the terms of this Agreement. In the event that all or any portion of a Bank's Loans bore interest during any month at interest rates different from those assumed in the Agent's billing statement for that month, such Bank and the Borrower shall reallocate and settle any difference between the interest invoiced by the Agent for such month and the actual interest due for such month and the Borrower shall notify the Agent thereof.

(e) Conversion and Continuation. (i) All or any part of the principal amount of Loans of any Type of any Kind may, on any Business Day, be converted into any other Type or Types of the same Kind of Loans, except that (A) LIBOR Rate Loans may be converted only on the last day of an applicable Interest

Period and (B) Base Rate or Federal Funds Rate Loans may be converted into LIBOR Rate Loans only on a LIBOR Business Day. Notwithstanding any other provisions in this Agreement a Loan of any Kind cannot be converted into a Loan or Loans of a different Kind.

(ii) Base Rate and Federal Funds Rate Loans shall continue as Base Rate or Federal Funds Rate Loans, as the case may be, unless and until such Loans are converted into Loans of another Type. LIBOR Rate Loans of any Type shall continue as Loans of such Type until the end of the then current Interest Period therefor, at which time they shall be automatically converted into Base Rate Loans or Federal Funds Rate Loans, as the case may be, unless the Borrower shall have given the Agent notice in accordance with Section 1.03(e)(iv) requesting either that such Loans continue as Loans of such Type for another Interest Period or that such Loans be converted into Loans of another Type at the end of such Interest Period.

(iii) Notwithstanding anything to the contrary contained in Section 1.03(e)(i) or (ii), during a Default the Agent may notify the Borrower that Loans may only be converted into or continued as Loans of certain specified Types and, thereafter, until no Default shall continue to exist, Loans may not be converted into or continued as Loans of any Type other than one or more of such specified Types.

(iv) The Borrower shall give the Agent notice (which shall be irrevocable) of each conversion of Loans or continuation of LIBOR Rate Loans no later than 2:00 p.m. (New York time) on, in the case of a conversion into Base Rate or Federal Funds Rate Loans, the Business Day, and, in the case of a conversion into or continuation of LIBOR Rate Loans, the third LIBOR Business Day, before the requested date of such conversion or continuation. Each notice of conversion or continuation shall be in the form of Schedule 1.03(e)(iv) and shall specify (A) the requested date of such conversion or continuation, (B) the amount, Kind and Type and, in

11

12

the case of LIBOR Rate Loans, the last day of the applicable Interest Period of the Loans to be converted or continued and (C) the amount and Type or Types of Loans into which such Loans are to be converted or as which such Loans are to be continued. Upon receipt of any such notice, the Agent shall promptly notify each Bank of (x) the contents thereof, (y) the amount, Kind and Type and, in the case of LIBOR Rate Loans, the last day of the applicable Interest Period of each Loan to be converted or continued by such Bank and (z) the amount and Type or Types of Loans into which such Loans are to be converted or as which such Loans are to be continued.

(f) Maximum Interest Rate. Nothing contained in the Loan Documents shall require the Borrower at any time to pay interest at a rate exceeding the Maximum Permissible Rate. If interest payable by the Borrower on any date would exceed the maximum amount permitted by the Maximum Permissible Rate, such interest payment shall automatically be reduced to such maximum permitted amount, and interest for any subsequent period, to the extent less than the maximum amount permitted for such period by the Maximum Permissible Rate, shall be increased by the unpaid amount of such reduction. Any interest actually received for any period in excess of such maximum amount permitted for such period shall be deemed to have been applied as a prepayment of the Loans.

Section 1.04 Repayment. (a) (i) The HFS Loans and the Receivables Loans outstanding at 5:00 p.m. (New York time) on the Termination Date shall mature and become due and payable, and shall be repaid by the Borrower, at such time, and (ii) subject to Section 1.04(b), the HFI Loans outstanding at 5:00 p.m. (New York time) on the Termination Date shall mature and become due and payable, and shall be repaid by the Borrower, in sixteen (16) consecutive quarterly installments, payable on Installment Payment Dates commencing with October 20, 1999. Each such installment shall be in an amount equal to 6.25% of the HFI Loans outstanding at 5:00 p.m. (New York time) on the Termination Date, except that, in any event, the final installment shall be in an amount equal to

the amount of the HFI Loans then outstanding.

(b) If at 5:00 p.m. (New York time) on the Termination Date (i) any Loan Document Representation and Warranty shall not be true and correct in all material respects at and as of such time, (ii) a Default or a Borrowing Base Deficiency with respect to the HFI Loans shall have occurred and be continuing or (iii) any Bank shall not have received such materials as it may have requested pursuant to Section 1(f) of Annex E hereto, the HFI Loans outstanding at such time shall mature and become due and payable, and shall be repaid by the Borrower in full at such time.

(c) Amounts repaid pursuant to Section 1.04(a) shall be applied first to repay Base Rate Loans, second to repay Federal Funds Rate Loans and then to repay LIBOR Rate Loans in the order that the Interest Periods for such Loans end with Loans with Interest Periods having the earliest maturities being paid first.

Section 1.05 Prepayments. (a) Optional Prepayments. The Borrower may, at any time and from time to time, prepay the Loans in whole or in part, without premium or penalty (but subject to Section 7.04), except that any partial prepayment shall be in an aggregate principal amount of any Kind of Loan of at least \$1,000,000 or any integral multiple of

12

13

\$1,000,000 in excess thereof. The Borrower shall give the Agent notice of each prepayment pursuant to this Section 1.05(a) no later than 12:00 noon (New York time) on, in the case of a prepayment of Base Rate or Federal Funds Rate Loans, the Business Day, and, in the case of a prepayment of LIBOR Rate Loans, the third LIBOR Business Day, before the date of such prepayment. Each such notice of prepayment shall be in the form of Schedule 1.05(a) and shall specify (i) the date such prepayment is to be made and (ii) the amount, Kind and Type and, in the case of LIBOR Rate Loans, the last day of the applicable Interest Period of the Loans to be prepaid. Upon receipt of any such notice, the Agent shall promptly notify each Bank of the contents thereof and the amount, Kind and Type and, in the case of LIBOR Rate Loans, the last day of the applicable Interest Period of each Loan of such Bank to be prepaid. Amounts to be prepaid pursuant to this Section 1.05(a) shall irrevocably be due and payable on the date specified in the applicable notice of prepayment, together with interest thereon as provided in Section 1.03(b).

(b) Borrowing Base Mandatory Prepayments. If at any time a Borrowing Base Deficiency exists for any reason, including but not limited to the sale of any HFI Borrowing Base Servicing Rights, HFS Borrowing Base Servicing Rights or Borrowing Base Receivables, as the case may be, included in any then current Borrowing Base, the Borrower shall, upon demand by the Agent on any Business Day, on that day, prepay the Loans with respect to which such Borrowing Base Deficiency exists in an amount not less than the amount of the Borrowing Base Deficiency. The Borrower shall give the Agent notice of any Borrowing Base Deficiency no later than 1:00 p.m. (New York time) on the date thereof.

(c) Servicing Rights Disposition Mandatory Prepayments. In the event of any sale of any Servicing Rights that constitute Collateral by virtue of clause (a)(i) or (ii) of the definition of Servicing Rights Collateral and that are HFI Borrowing Base Servicing Rights or HFS Borrowing Base Servicing Rights, the Borrower shall, if the Loan to Value Percentage, after such sale, would be more than fifty percent (50%), within one Business Day of the receipt by the Borrower of the Net Cash Proceeds, if any, of such disposition (i) prepay the Loans in an amount equal to one hundred percent (100%) of such Net Cash Proceeds or (ii) add as Collateral such Net Cash Proceeds, but only for a period of six months from the date of such sale, at the end of which period, unless such Net Cash Proceeds have been used for the acquisition of Servicing Rights, Loans in the amount of such Net Cash Proceeds shall be repaid. Net Cash Proceeds to be held as Collateral shall be credited to such account (with such account to be interest bearing at rates acceptable to the Collateral Agent and to the extent consistent with Applicable Law) as the Collateral Agent shall specify, which

account will be subject to the sole dominion and control of the Collateral Agent.

The Borrower shall give the Agent notice of each required prepayment pursuant to this Section 1.05(c) no later than 1:00 p.m. (New York time) on the date thereof.

(d) Application to Types of Loans. Amounts prepaid pursuant to Section 1.05(b) and (c) shall be applied first to prepay Base Rate Loans, second to prepay Federal Funds Rate Loans, and then to prepay LIBOR Rate Loans in the order that the Interest Periods for such Loans end with Loans with Interest Periods having the earliest maturities being paid first.

13

14

Amounts to be prepaid pursuant to Section 1.05(b) and (c) shall be paid on the day or within the time period specified therefor, whether or not such payment would require a prepayment of LIBOR Rate Loans prior to the last day of an applicable Interest Period or would result in losses, costs or expenses compensable under Section 7.04 and, for purposes of Section 1.11(c) and Section 6.01(a), shall be deemed to be "due" on the day specified for such payment or on the last day of the period within which such payment is required to be made.

(e) Application to Installments. All prepayments of HFI Loans made (or deemed to have been made pursuant to Section 1.03(f) hereof) subsequent to the Termination Date shall be applied, if such prepayments were made pursuant to Section 1.05(a), to such installments of the HFI Loans as the Borrower may specify and, if such prepayments were made pursuant to Section 1.05(b) or (c), to installments of the HFI Loans in the inverse order of their maturity.

(f) Reborrowing. Amounts of HFI Loans prepaid subsequent to the Termination Date may not be reborrowed.

Section 1.06 Limitation on Types of Loans. Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall borrow, prepay, convert and continue Loans in a manner such that (a) the aggregate principal amount of LIBOR Rate Loans of the same Kind and Type and having the same Interest Period shall at all times be not less than \$1,000,000, (b) there shall not be, at any one time, more than four Interest Periods in effect with respect to LIBOR Rate Loans of all Types of any Kind of Loan, (c) no scheduled payment of LIBOR Rate Loans will have to be made prior to the last day of an applicable Interest Period in order to repay the Loans in the amounts and (subject to Section 1.11(d)) on the dates specified in Section 1.04 and (d) only HFI Loans may be Base Rate Loans and only HFS Loans and Receivables Loans may be Federal Funds Rate Loans.

Section 1.07 Change in Commitments. (a) Reduction of Commitments. The Borrower may reduce the Commitments by giving the Agent notice (which shall be irrevocable) thereof no later than 10:00 a.m. (New York time) on a Business Day which is not less than 30 days before the requested date of such reduction, except that, (i) partial reduction of the Commitments shall be in an aggregate amount not less than \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof and (ii) no reduction may reduce the Commitments to an amount less than the aggregate amount of the applicable Kind of Loans outstanding. Upon receipt of any such notice, the Agent shall promptly notify each Bank of the contents thereof and the amount to which such Bank's Commitment is to be reduced.

(b) Increase in HFI Commitments and HFS Commitments. At any time and from time to time after the Effective Date, the aggregate amount of the HFI Commitments or the HFS Commitments, or both, at the option of the Borrower, may be increased either by new banks (each, a "New Commitment Bank") establishing HFI Commitments or HFS Commitments, or both, at the option of the Borrower, or by one or more then existing Banks increasing their HFI Commitments or HFS Commitments, as the case may be (each such increase by either means, a "Commitment Increase", and each such new bank or existing Bank increasing its HFI Commitment or HFS Commitment, as the case may be, an "Additional Commitment

Commitment Increase shall become effective unless and until (i) the Borrower, the Agent and the Additional Commitment Bank shall have executed and delivered an agreement substantially in the form of Exhibit B (a "Commitment Increase Supplement") with respect to such Commitment Increase, which agreement the Agent may decline to execute and deliver if it does not wish to consent to such Commitment Increase, and (ii) if, after giving effect thereto, the aggregate amount of the HFI Commitments would exceed \$150,000,000 or the aggregate amount of the HFS Commitments would exceed \$100,000,000, such Commitment Increase shall have been consented to by each of the other Banks. Promptly after the effective date of any such Commitment Increase Supplement, the Agent shall determine and notify the Additional Commitment Bank and each other Bank of the amounts of HFI Loans and HSF Loans, as the case may be, the Additional Commitment Bank must purchase and the other Banks must sell (with the purchase prices of such sales to be determined in accordance with Exhibit C hereto) so that, after giving effect to such purchases and sales, the amounts of HFI Loans and HSF Loans, as the case may be, of each Type of each Bank (including the Additional Commitment Bank) shall be proportional to its HFI Commitment or HSF Commitment, as the case may be. Upon payment of such purchase price, each other Bank shall be deemed to have sold to such Additional Commitment Bank, and such Additional Commitment Bank shall be deemed to have purchased from each other Bank, on the terms set forth in Exhibit C hereto, such amount of such other Bank's HFI Loans and HSF Loans, as the case may be. Upon the effectiveness of any Commitment Increase, the Borrower shall issue a Note to each Additional Commitment Bank that is not a Bank.

Section 1.08 Fees. (a) Commitment Fees. The Borrower shall pay to the Agent for the account of each Bank a commitment fee (i) on the daily unused amount of such Bank's HFI Commitment for each day from the Effective Date through the Termination Date at a rate per annum of 0.225%, and (ii) on the daily unused amount of such Bank's HFS Commitment and Receivables Commitment for each day from the Effective Date through the Termination Date at a rate per annum of 0.20%, in each case payable in arrears, on the first Business Day of each calendar quarter, on the Termination Date and on the date of any reduction of any such Commitment; provided that so long as the Borrower's long term unsecured debt shall be rated either (a) BBB- or better by Standard & Poor's Ratings Group or (b) Baa3 or better by Moody's Investor Service, Inc., such commitment fee shall be 0.175% with respect to HFI and Receivables Commitments and 0.15% with respect to HFS Commitments.

(b) Fees Non-Refundable. Subject to Section 1.03(f), if applicable, none of the fees payable under this Section 1.08 shall be refundable in whole or in part under any circumstances.

Section 1.09 Computation of Interest and Fees. Interest, other than at the Maximum Permissible Rate, and the commitment fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof. Interest at the Maximum Permissible Rate shall be computed on the basis of a year of 365 or 366 days, as the case may be.

Section 1.10 Evidence of Indebtedness. Each Bank's Loans and the Borrower's obligation to repay such Loans with interest in accordance with the terms of this Agreement shall be evidenced by this Agreement, the records of such Bank and a single Note payable to the order of such Bank which, subject to Section 9.19, may be a Registered Note. The records of each Bank shall be prima

facie evidence of such Bank's Loans and accrued interest thereon and of all payments made in respect thereof.

Section 1.11 Payments by the Borrower. (a) Time, Place and Manner. All payments due to the Agent under the Loan Documents shall be made to the Agent at the Agent's Office or to such other Person or at such other address as the Agent may designate by notice to the Borrower and as shall be reasonably acceptable to the Borrower. All payments due to any Bank under the Loan Documents shall, in the case of payments on account of principal of or interest on the Loans or fees, be made to the Agent at the Agent's Office and, in the case of all other payments, be made directly to such Bank at its Domestic Lending Office or at such other address, within the United States of America, as such Bank may designate by notice to the Borrower and as shall be reasonably acceptable to the Borrower. All payments due to any Bank under the Loan Documents, whether made to the Agent or directly to such Bank, shall be made for the account of, in the case of payments in respect of LIBOR Rate Loans, such Bank's LIBOR Lending Office and, in the case of all other payments, such Bank's Domestic Lending Office. All payments due to the Collateral Agent under the Loan Documents shall be made to the Collateral Agent at the Collateral Agent's Office. A payment shall not be deemed to have been made on any day unless such payment has been received by the required Person, at the required place of payment, in Dollars in funds immediately available to such Person at such place, no later than 1:00 p.m. (New York time) on such day.

(b) No Reductions. All payments due to the Agent, the Collateral Agent or any Bank under the Loan Documents, and all other terms, conditions, covenants and agreements to be observed and performed by the Borrower thereunder, shall be made, observed or performed by the Borrower without any reduction or deduction whatsoever, including any reduction or deduction for any set-off, recoupment, counterclaim (whether sounding in tort, contract or otherwise) or Tax, except for any withholding or deduction for Taxes required to be withheld or deducted under Applicable Law.

(c) Authorization to Charge Accounts. The Borrower hereby authorizes the Agent, the Collateral Agent and each Bank, if and to the extent any amount payable by the Borrower under the Loan Documents (whether payable to such Person or to any other Person that is the Agent, the Collateral Agent or a Bank) is not otherwise paid when due, to charge such amount against any or all of the accounts of the Borrower with such Person or any of its Affiliates (whether maintained at a branch or office located within or without the United States), with the Borrower remaining liable for any deficiency.

(d) Extension of Payment Dates. Whenever any payment to the Agent, the Collateral Agent or any Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a day that is not a Business Day, or, in the case of payments of the principal of LIBOR Rate Loans, a LIBOR Business Day, such payment shall instead be due on

the next succeeding Business or LIBOR Business Day, as the case may be, unless, in the case of a payment of the principal of LIBOR Rate Loans, such extension would cause payment to be due in the next succeeding calendar month, in which case such due date shall be advanced to the next preceding LIBOR Business Day. If the date any payment under the Loan Documents is due is extended (whether by operation of any Loan Document, Applicable Law or otherwise), such payment shall bear interest for such extended time at the rate of interest applicable hereunder.

Section 1.12 Distribution of Payments by the Agent. (a) The Agent shall promptly distribute to each Bank its ratable share of each payment received by the Agent under the Loan Documents for the account of the Banks by credit to an account of such Bank at the Agent's Office or by wire transfer to an account of such Bank at an office of any other commercial bank located in the United States. Each such distribution of any such payment shall be made on (i) the same day as such payment is received by the Agent, if such payment is

received by the Agent by 1:00 p.m. (New York time) on any day, and (ii) the first Business Day after such payment is received by the Agent, if such payment is received by the Agent after 1:00 p.m. (New York time) on any day. If any such distribution of any such payment is not made by the Agent on the scheduled date, the Agent shall, on demand, pay interest thereon, for each day until paid, at the Federal Funds Rate.

(b) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks under the Loan Documents that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent in its sole discretion may, in reliance upon such assumption, cause to be distributed to each Bank on such due date a corresponding amount with respect to the amount then due such Bank. If and to the extent the Borrower shall not have so made such payment in full to the Agent and the Agent shall have so distributed to any Bank a corresponding amount, such Bank shall, on demand, repay to the Agent the amount so distributed together with interest thereon, at the Federal Funds Rate, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent.

Section 1.13 Taxes. (a) Taxes Payable by the Borrower. If under Applicable Law, any Tax is required to be withheld or deducted by the Borrower from, or is otherwise payable by the Borrower in connection with, any payment to the Agent or any Bank under the Loan Documents, the Borrower (i) shall (A) if so required, withhold or deduct the amount of such Tax from such payment and, in any case, pay such Tax to the appropriate taxing authority in accordance with Applicable Law and (B) indemnify the Agent and such Bank in accordance with the provisions of Section 9.02(a) against its failure so to do and (ii) shall, subject to Section 1.13(d)(ii), pay to the Agent or such Bank, as applicable, such additional amounts as may be necessary so that the net amount received by the Agent or such Bank with respect to such payment, after withholding or deducting all Taxes required to be withheld or deducted by the Borrower, is equal to the full amount payable under the Loan Documents. If any Tax is withheld or deducted by the Borrower from, or is otherwise payable by the Borrower in connection with, any payment payable to the Agent or any Bank under the Loan Documents, the Borrower shall, promptly after the date of such payment, furnish to the Agent or such Bank, as applicable, the original or a certified copy of a receipt for such Tax from the applicable taxing authority. If any

17

18

payment due to the Agent or any Bank under the Loan Documents is or is expected to be made without withholding or deducting therefrom, or otherwise paying in connection therewith, any Tax payable by the Borrower to any taxing authority, the Borrower shall, within 30 days after any request from the Agent or such Bank, as applicable, furnish to the Agent or such Bank a certificate from such taxing authority, or an opinion of counsel acceptable to the Agent or such Bank, in either case stating that no Tax payable to such taxing authority was or is, as the case may be, required to be withheld or deducted from, or otherwise paid by the Borrower in connection with, such payment.

(b) Taxes Payable by the Agent or any Bank. The Borrower shall, promptly upon request by the Agent or any Bank for the payment thereof, but subject to Section 1.13(d)(ii), pay to the Agent or such Bank, as the case may be, (i) all Taxes (other than Bank Taxes) payable by the Agent or such Bank, as the case may be, with respect to any payment due to the Agent or such Bank under the Loan Documents and (ii) all Taxes (including Bank Taxes) payable by the Agent or such Bank as a result of payments made by the Borrower (whether made to a taxing authority or to the Agent or such Bank) pursuant to this Section 1.13(b).

(c) Credits and Deductions. If the Agent or any Bank is, in its sole opinion, able to apply for any credit, deduction or other reduction in Bank Taxes by reason of any payment made by the Borrower under Section 1.13 (a) or (b), the Agent or such Bank, as the case may be, shall use reasonable efforts to obtain such credit, deduction or other reduction and, upon receipt thereof, will

pay to the Borrower such amount, not exceeding the increased amount paid by the Borrower, as is equal to the net after-tax value to the Agent or such Bank, in its sole opinion, of such part of such credit, deduction or other reduction as it considers to be allocable to such payment by the Borrower, having regard to all of the Agent's or such Bank's dealings giving rise to similar credits, deductions or other reductions in relation to the same tax period and to the cost of obtaining the same; provided, however, that (i) the Agent or such Bank, as the case may be, shall not be obligated to disclose to the Borrower any information regarding its tax affairs or computations and (ii) nothing in this Section 1.13(c) shall interfere with the right of the Agent or such Bank to arrange its tax affairs as it deems appropriate.

(d) Exemption from U.S. Withholding and Backup Withholding Taxes. (i) There shall be submitted to the Borrower and the Agent, (A) on or before the first date that interest or fees are payable to such Bank under the Loan Documents, (1) if at the time the same are applicable, (aa) by each Bank that is not a United States Person, two duly completed and signed copies of Internal Revenue Service Form 1001 or 4224, in either case entitling such Bank to a complete exemption from withholding of any United States federal income taxes on all amounts to be received by such Bank under the Loan Documents, or (bb) by each Bank that is a Non-US Bank, (x) a duly completed Internal Revenue Service Form W-8 and (y) a certification in the form of Schedule 1.13(d) that such Bank is a Non-US Bank or (2) if at the time any of the foregoing are inapplicable, duly completed and signed copies of such form, if any, as entitles such Bank to exemption from withholding of United States federal income taxes to the maximum extent to which such Bank is then entitled under Applicable Law, and (B) from time to time thereafter, prior to the expiration or obsolescence of any previously delivered form or upon any previously delivered form becoming inaccurate or inapplicable, such further duly completed and

18

19

signed copies of such form, if any, as entitles such Bank to exemption from withholding of United States federal income taxes to the maximum extent to which such Bank is then entitled under Applicable Law. Each Bank shall promptly notify the Borrower and the Agent if (aa) it is required to withdraw or cancel any form or certificate previously submitted by it or any such form or certificate has otherwise become ineffective or inaccurate or (bb) payments to it are or will be subject to withholding of United States federal income taxes to a greater extent than the extent to which payments to it were previously subject. Upon the request of the Borrower or the Agent, each Bank that is a United States Person shall from time to time submit to the Borrower and the Agent a certificate to the effect that it is such a United States Person and a duly completed Internal Revenue Service Form W-9.

(ii) Notwithstanding anything to the contrary contained herein, the Borrower shall not be required to pay any additional amount in respect of withholding of United States federal income taxes pursuant to this Section 1.13 to any Bank (A) except to the extent such Taxes are required to be withheld as a result of (1) in the case of a Person that is a Bank on the Effective Date, a Regulatory Change Enacted after the Effective Date and (2) in the case of a Person that becomes a Bank after the Effective Date, a Regulatory Change Enacted after such Person becomes a Bank, or (B) to the extent such withholding is required because such Bank has failed (1) to submit any form or certificate that it is entitled to so submit under Applicable Law or, (2) in the case of a Bank that is a Non-US Bank, to cause its Notes to be issued as Registered Notes or (C) in the case of a Person that becomes a Bank after the Effective Date, except to the extent such additional amount would have been payable had such Person not become a Bank.

Section 1.14 Pro Rata Treatment. Notwithstanding anything to the contrary contained herein and except to the extent otherwise provided herein, (a) Loans of each Kind and Type to be made on any day shall be made by the Banks pro rata in accordance with their respective Commitments, (b) Loans of the Banks shall be converted and continued pro rata in accordance with their respective amounts of Loans of the Type and, in the case of LIBOR Rate Loans, having the Interest Period being so converted or continued, (c) each reduction in the

Commitments shall be made pro rata in accordance with the respective amounts thereof and (d) each payment, including repayment and prepayment, of the principal of or interest on the Loans or of fees shall be made for the account of the Banks pro rata in accordance with the respective amounts thereof then due and payable.

ARTICLE 2

CONDITIONS TO EFFECTIVENESS; LOANS

Section 2.01 Conditions to Effectiveness of this Agreement. The amendment and restatement of the Existing Mortgage Revolving/Term Credit Agreement contemplated by this Agreement, and the obligation of each Bank to make its initial Loan under this Agreement, is subject to the determination of each Bank, in its sole and absolute discretion, that each of the following conditions has been fulfilled:

19

20

(a) the Agent shall have received each of the following, in form and substance and, in the case of the materials referred to in clauses (i), (ii), (iii), (vi) and (vii), certified in a manner satisfactory to the Agent:

(i) a certificate of the Secretary or an Assistant Secretary of the Borrower, dated the requested date for the making of such Loan, substantially in the form of Schedule 2.01(a)(i), to which shall be attached copies of the resolutions and by-laws referred to in such certificate;

(ii) a copy of the certificate or articles of incorporation of the Borrower, certified, as of a recent date, by the Secretary of State or other appropriate official of the Borrower's jurisdiction of incorporation;

(iii) a good standing certificate with respect to the Borrower, issued as of a recent date by the Secretary of State or other appropriate official of the Borrower's jurisdiction of incorporation;

(iv) an opinion of counsel for the Borrower, dated the requested date for the making of such Loan, in the form of Schedule 2.01(a)(iv), with such changes as the Agent shall approve;

(v) an opinion of counsel for the Agent, dated the requested date for the making of such Loan, in the form of Schedule 2.01(a)(v), with such changes as the Agent shall approve;

(vi) a certificate in the form of Schedule 2.01(a)(vi), with such changes as the Agent shall approve;

(vii) a copy of each Governmental Approval and other consent or approval listed on Schedule Annex C-3;

(viii) a certificate of the vice chairman or chief financial officer of the Borrower, dated the requested date for the making of such Loan, setting forth the manner and degree of detail in which the Borrower will make the calculations required by paragraph 3 of Schedule Annex E-1(c);

(ix) a duly executed Note for each Bank;

(x) either (A) such duly executed UCC-1 financing statements, or UCC-3 amendments to financing statements, and other documents as the Agent may request, the filing or recordation of which is necessary or appropriate in the Agent's determination to

create or perfect a security interest in the Collateral under Applicable Law, or (B) evidence of the filing or recordation of the same in such offices as the Agent shall have specified;

20

21

(xi) such instruments and other documents as the Agent may request, the possession of which is necessary or appropriate in the Agent's determination to create or perfect a security interest in the Collateral under Applicable Law;

(xii) an appraisal, in a form and substance and as of a date satisfactory to the Agent, of the HFI Borrowing Base Servicing Rights, the HFS Borrowing Base Servicing Rights and the Hedge Contracts, prepared by an appraiser or appraisers satisfactory to the Agent;

(xiii) five duly executed, undated copies of the FNMA Power of Attorney; and

(xiv) such additional materials as any Bank may have requested pursuant to Section 1(f) of Annex E;

(b) all fees payable on or prior to the requested date of such Loan pursuant to Section 1.08, and all amounts payable pursuant to Section 9.02 for which invoices have been delivered to the Borrower on or prior to such date, shall have been paid in full or arrangements satisfactory to the Agent shall have been made to cause them to be paid in full concurrently with the disbursement of the proceeds of the Loan to be made on such date;

(c) all acts and conditions (including the obtaining of any necessary Governmental Approvals and the making of any required filings, recordings or registrations) required to be done and performed and to have happened precedent to the execution, delivery and performance of the Loan Documents and to constitute the same legal, valid and binding obligations, enforceable in accordance with their respective terms, shall have been done and performed and shall have happened in due and strict compliance with all Applicable Law or if any of such have not been done, performed or happened, such has been expressly disclosed to the Agent and waived by all of the Banks in writing;

(d) the Borrower shall have made arrangements satisfactory to the Agent such that, upon the effectiveness of this Agreement, the Borrower shall have borrowed and repaid the Loans in amounts such that the Loans (and the Types thereof) shall be pro rata in accordance with Section 1.14; and

(e) all amounts (other than, in the case of any Bank under the Existing Revolving/Term Credit Agreement that shall continue to be a Bank immediately after the Effective Date) owing pursuant to the Existing Revolving/Term Credit Agreement to the Agent, Co-Agents, Collateral Agent or any Bank (as such term is defined in the Existing Revolving/Term Credit Agreement) shall have been paid in full or arrangements satisfactory to the Agent shall have been made to cause them to be paid in full concurrently with the disbursement of the proceeds of the Loans to be made on such date.

Upon the satisfaction of each of the conditions set forth in this Article 2, each Bank that is a "Bank" as defined in the Existing Revolving/Term Credit Agreement shall return to the

21

22

Borrower the promissory notes issued to such Bank under the Existing Revolving/Term Credit Agreement. Each note so required to be returned to the

Borrower shall be stamped "superseded" and such return shall not constitute a novation.

Section 2.02 Conditions to Each Loan. The obligation of each Bank to make each Loan requested to be made by it, including its initial Loan, is subject to the determination of such Bank, in its sole and absolute discretion, that each of the following conditions has been fulfilled:

(a) the Agent shall have received a notice of borrowing with respect to such Loan complying with the requirements of Section 1.02;

(b) the Agent shall have received a Borrowing Base Certificate or Certificates applicable to the Kind or Kinds of Loans requested to be made, dated the date of the requested date for the making of such Loan or Loans;

(c) if such Loan is an HFS Loan (i) the Agent shall have received copies of each Approved Purchase and Sale Agreement and (ii) the Agent and the Co-Agents shall have approved each Approved Purchase and Sale Agreement, Servicing Rights under which constitute Eligible Servicing Rights;

(d) if such Loan is a Receivables Loan (i) the Agent shall have received copies of each Designated Purchase and Sale Agreement and of each Purchase Obligor agreement contemplated by clause (d)(i) of the definition of Eligible Receivables not previously delivered to it, and of each Confirmation of Sale of Servicing Rights thereunder not previously delivered to it and (ii) the Required Banks shall have approved each Designated Purchase and Sale Agreement, Receivables under which constitute Eligible Receivables;

(e) each Loan Document Representation and Warranty shall be true and correct at and as of the time such Loan is to be made, both with and without giving effect to such Loan and all other Loans to be made at such time and to the application of the proceeds thereof;

(f) no Default shall have occurred and be continuing at the time such Loan is to be made or would result from the making of such Loan and all other Loans to be made at such time or from the application of the proceeds thereof;

(g) such Loan will not contravene any Applicable Law applicable to such Bank; and

(h) following the funding of the requested Loan and of all other Loans then requested to be made, the aggregate principal amount of Loans outstanding hereunder shall not:

(i) exceed the limitations set forth in Section 1.01 and no Borrowing Base Deficiency would exist; and

(ii) if such Loan is an HFI Loan, exceed an amount equal to the lesser of:

22

23

(A) 1.2% of the principal amount of the Mortgage Loans subject to HFI Borrowing Base Servicing Rights; and

(B) 66-2/3% of the sum of (1) in the case of HFI Servicing Rights being acquired with the proceeds of such Loan, the lesser of (x) the acquisition price of such HFI Servicing Rights and (y) the principal amount of the Mortgage Loans subject to such HFI Servicing Rights multiplied by the applicable Fair Market Percentage and (2) in the case of all other HFI Servicing Rights, the principal amount of the Mortgage Loans subject to such HFI Servicing Rights multiplied by the then current applicable Fair Market Percentage.

The Borrower shall be deemed to have made a representation and warranty as of the time of the making of the requested Loans that the conditions specified in clauses (e), (f) and (g) above have been fulfilled as of such time.

The Agent shall, upon request of any Bank, provide such Bank with any material the Agent shall have received pursuant to this Section 2.02.

ARTICLE 3

CERTAIN REPRESENTATIONS AND WARRANTIES

In order to induce each Bank, the Agent and the Collateral Agent to enter into this Agreement and to make each Loan requested to be made by it, the Borrower makes the representations and warranties contained in Annex C and hereby further represents and warrants as follows:

Section 3.01 Security Interest. The Security Interest constitutes and will constitute a perfected security interest in the Collateral and the Collateral is not and will not be subject to any other Liens except as permitted by Section 6 of Annex D.

Section 3.02 Questionnaire. As of the Effective Date, and except as otherwise specified in writing to the Agent prior to the Effective Date, the Questionnaire is complete and correct in all respects.

ARTICLE 4

CERTAIN COVENANTS

From the Effective Date and until the Repayment Date, the Borrower agrees to comply with the covenants contained in Annex D and hereby further agrees:

Section 4.01 Use of Proceeds. (a) HFI Loans. The proceeds of all HFI Loans shall be used by the Borrower solely for financing the Borrower's acquisition or carrying of HFI

23

24

Servicing Rights and to refinance the Indebtedness of the Borrower under the Existing Revolving/Term Credit Agreement.

(b) HFS Loans. The proceeds of all HFS Loans shall be used by the Borrower solely for financing the Borrower's acquisition or carrying of Servicing Rights constituting HFS Borrowing Base Servicing Rights and to refinance the Indebtedness of the Borrower under the Existing Revolving/Term Credit Agreement.

(c) Receivables Loans. The proceeds of all Receivables Loans shall be used by the Borrower for financing the Borrower's acquisition or carrying of Servicing Rights to be sold pursuant to Designated Purchase and Sale Agreements and to refinance the Indebtedness of the Borrower under the Existing Revolving/Term Credit Agreement.

Notwithstanding the foregoing, none of the proceeds of any of the Loans shall be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System) or, knowingly, to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 4.02 Further Documents. Execute and deliver or cause to be executed and delivered to the Agent or the Collateral Agent on behalf of the Banks from time to time such confirmatory or supplementary security agreements,

financing statements, reaffirmations and consents and such other documents, instruments or agreements as the Agent may reasonably request, which are in the Agent's reasonable judgment necessary or desirable to obtain for the Agent on behalf of the Banks the benefit of the Loan Documents and the Collateral.

ARTICLE 5

INFORMATION

From the Effective Date and until the Repayment Date, the Borrower shall furnish to the Agent the Information required by Annex E and in addition shall furnish to the Agent:

Section 5.01 Serviced Mortgage Loan Report, Borrowing Base Certificate and Appraisal. (a) Reports. As soon as available and in any event no later than 15 Business Days after the end of each month (with respect to the reports referred to in clauses (i) and (ii) below), 30 days after the end of each calendar quarter (with respect to the reports referred to in clauses (iii) and (iv) below) and at such other times as the Agent or the Required Banks may reasonably request:

(i) a Serviced Mortgage Loan Report, in the form and containing the information required by Schedule 5.01(a)(i), prepared by the Borrower, dated as of the last day of each month and, if the Agent or the Required Banks shall have reasonably requested, as of such other reasonably requested date;

24

25

(ii) a Borrowing Base Certificate, together with a report on the Borrower's Servicing Portfolio from the Person preparing the appraisal referred to in Section 5.01(a)(iii) or such other Person as shall be reasonably acceptable to the Agent;

(iii) a Servicing Rights Appraisal Report in form and substance satisfactory to the Agent of the (x) Eligible Servicing Rights and (y) Servicing Rights, prepared by a third-party appraiser satisfactory to the Agent; and

(iv) a Hedge Contract Appraisal Report, in form and substance acceptable to the Agent, of the value of Hedge Contracts.

(b) Notice of Defaults, Material Adverse Changes and Other Matters. Prompt notice of:

(i) any Default, and

(ii) the failure of any Collateral included in any Borrowing Base (as calculated in the most recently delivered Borrowing Base Certificate) to comply at any time with the applicable criteria of eligibility.

Section 5.02 Agent to Distribute. The Agent shall promptly distribute to each of the Banks copies of the materials delivered to it by the Borrower pursuant to Annex E or Section 5.01. In addition, with the delivery of the materials delivered in accordance with Section 1(d) of Annex E, the Agent shall deliver to each Bank the most recent Borrowing Base Certificate received by it on such date.

ARTICLE 6

DEFAULT

Section 6.01 Events of Default. Each of the following shall

constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Borrower or any Subsidiary, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or nongovernmental body:

(a) Payments. Any payment of principal of or interest on any of the Loans or the Notes or of fees shall not be made when and as due (whether at maturity, by reason of notice of repayment or acceleration or otherwise) and in accordance with the terms of this Agreement and the Notes;

(b) Representations and Warranties. Any Loan Document Representation and Warranty shall at any time prove to have been incorrect or misleading in any material respect when made;

25

26

(c) Performance or Observance. (i) The Borrower shall default in the performance or observance of:

(A) any term, covenant, condition or agreement contained in Section 4.01 or Section 5.01(b)(i) or in the following Sections of Annex D: Section 1(a) (insofar as such Section requires the preservation of the corporate existence of the Borrower), Sections 1(e), 3 or 4 (but only if the Indebtedness incurred in violation of Section 4 exceeds, in the aggregate for any measuring period, \$250,000), Section 5 (but only if the Liabilities Guaranteed in violation of Section 5 exceed, in the aggregate for any measuring period, \$250,000), Section 6 (but only if the Liabilities secured by Liens incurred in violation of Section 6 exceed, in the aggregate for any measuring period, \$250,000), Sections 7, 8 or 9 (but only if the Investments made in violation of Section 9 exceed, in the aggregate for any measuring period, \$250,000), Section 10 (but only if the assets disposed of in violation of Section 10 exceed, in the aggregate for any measuring period, \$250,000), Section 11 (but only if the transactions with Affiliates effected in violation of Section 11, exceed, in the aggregate for any measuring period, \$250,000), Sections 14 through 18, and for this purpose, a "measuring period" means, as of any date, the period of 12 consecutive months ending on such date; or

(B) any term, covenant, condition or agreement contained in this Agreement or in Annex D and Annex E (other than a term, covenant, condition or agreement a default in the performance or observance of which is elsewhere in this Section specifically dealt with) and, if capable of being remedied, such default shall continue unremedied for a period of 30 days; or

(ii) the Borrower shall default in the performance or observance of:

(A) any term, covenant, condition or agreement contained in Section 1(b), Section 9(a), Section 10(a) through (e), Section 10(j) or Section 10(l) of the Security Agreement; or

(B) any term, covenant, condition or agreement contained in any Loan Document (other than any term, covenant, condition or agreement a default in the performance or observance of which is elsewhere in this Section specifically dealt with) and, if capable of being remedied, such default shall continue unremedied for a period of 15 days after notice shall have been given by the Agent to the Borrower requiring that such default be cured;

(d) Guaranties of Subsidiaries. RBMG shall make any payment under any Guaranty of Indebtedness of either of RBC or AMC and such payment, in the aggregate with any and all other payments by RBMG under any Guaranty of

Indebtedness of either of RBC or AMC, exceeds \$5,000,000.

(e) Payment of Other Indebtedness. (i) The Borrower shall fail to pay, in accordance with its terms and when due and payable, any of the principal of or interest on any

26

27

Indebtedness having a principal amount of \$500,000 or more (other than the Loans), (ii) the maturity of any such Indebtedness shall, in whole or in part, have been accelerated, or any such Indebtedness shall, in whole or in part, have been required to be repaid prior to the stated maturity thereof, in accordance with the provisions of any Contract evidencing, providing for the creation of or concerning such Indebtedness, or (iii) (A) any event shall have occurred and be continuing that permits (or, with the passage of time or the giving of notice or both, would permit) any holder or holders of such Indebtedness, any trustee or agent acting on behalf of such holder or holders or any other Person so to accelerate such maturity or require any such repayment and (B) if the Contract evidencing, providing for the creation of or concerning such Indebtedness provides for a cure period for such event, such event shall not be cured prior to the end of such cure period or such shorter period of time as the Agent may specify;

(f) Other Contracts. A default shall be continuing under any Contract (other than a Contract relating to Indebtedness to which clause (d) of this Section 6.01 is applicable) binding upon the Borrower, except a default that, together with all other such defaults, has not had and does not have a significant possibility of having a Materially Adverse Effect on (i) the Borrower, (ii) any Loan Document or (iii) the Collateral;

(g) Change in Business, etc. Since December 31, 1997, any change in the business, assets, Liabilities, financial condition, results of operations or business prospects of the Borrower or any Subsidiary shall have occurred, or any event shall have occurred or failed to occur, that has had or that has a significant possibility of having either alone or in conjunction with all other such changes, events and failures, a Materially Adverse Effect on (i) the Borrower, (ii) any Loan Document or (iii) the Collateral.

(h) Bankruptcy. (i) The Borrower or any Subsidiary shall (A) commence a voluntary case under the Federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of Debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for, or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of itself or of a substantial part of its assets, domestic or foreign, (E) admit in writing its inability to pay, or generally not be paying, its Debts (other than those that are the subject of bona fide disputes) as they become due, (F) make a general assignment for the benefit of creditors, or (G) take any corporate action for the purpose of effecting any of the foregoing;

(ii) (A) A case or other proceeding shall be commenced against the Borrower or any Subsidiary seeking (1) relief under the Federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (2) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or any Subsidiary, or of all or any substantial part of the assets, domestic or foreign, of the Borrower or any Subsidiary, and such case or proceeding shall continue undismissed and unstayed for a

27

period of 60 days, or (B) an order granting the relief requested in such case or proceeding against the Borrower or any Subsidiary (including an order for relief under such Federal bankruptcy laws) shall be entered;

(i) Judgments and Orders. A judgment or order shall be entered against the Borrower or any Subsidiary by any court, and (i) in the case of a judgment or order for the payment of money, either (A) such judgment or order shall continue undischarged and unstayed for a period of 20 days in which the aggregate amount of all such judgments and orders exceeds \$200,000 or (B) enforcement proceedings shall have been commenced upon such judgment or order and (ii) in the case of any judgment or order for other than the payment of money, such judgment or order could, in the reasonable judgment of the Required Banks, together with all other such judgments or orders, have a significant possibility of having a Materially Adverse Effect on the Borrower;

(j) Termination Events. (i) Any Termination Event shall occur with respect to any Benefit Plan of the Borrower, any Subsidiary or any of their respective ERISA Affiliates, (ii) any Accumulated Funding Deficiency, whether or not waived, shall exist with respect to any such Benefit Plan, (iii) any Person shall engage in any Prohibited Transaction involving any such Benefit Plan, (iv) the Borrower, any Subsidiary or any of their respective ERISA Affiliates shall be in "default" (as defined in ERISA Section 4219(c)(5)) with respect to payments owing to any such Benefit Plan that is a Multiemployer Benefit Plan as a result of such Person's complete or partial withdrawal (as described in ERISA Section 4203 or 4205) therefrom, (v) the Borrower, any Subsidiary or any of their respective ERISA Affiliates shall fail to pay when due an amount that is payable by it to the PBGC or to any such Benefit Plan under Title IV of ERISA, (vi) a proceeding shall be instituted by a fiduciary of any such Benefit Plan against the Borrower, any Subsidiary or any of their respective ERISA Affiliates to enforce ERISA Section 515 and such proceeding shall not have been dismissed within 30 days thereafter, or (vii) any other event or condition shall occur or exist with respect to any such Benefit Plan, except that no event or condition referred to in clauses (i) through (vii) shall constitute an Event of Default if it, together with all other such events or conditions at the time existing, has not subjected, and in the reasonable determination of the Required Banks will not subject, the Borrower or any Subsidiary to any Liability that, alone or in the aggregate with all such Liabilities for all such Persons, exceeds \$250,000;

(k) Illegality and Invalidity. The Borrower or any of its Affiliates asserts, or the Borrower or any of its Affiliates or any other Person institutes any proceedings seeking to establish, that (i) any provision of the Loan Documents is invalid, not binding or unenforceable or (ii) the Security Interest is not a valid and perfected first priority security interest in the Collateral subject only to Permitted Liens.

Section 6.02 Remedies Upon Event of Default. During the continuance of any Event of Default (other than one specified in Section 6.01(g)) and in every such event, the Agent, if so directed by the Required Banks, upon notice to the Borrower, shall do either or both of the following: (a) declare, in whole or, from time to time, in part, the principal of and interest on the Loans and the Notes and all other amounts owing under the Loan Documents to be, and the

Loans and the Notes and all such other amounts shall thereupon and to that extent become, due and payable and (b) terminate, in whole or, from time to time, in part, the Commitments. Upon the occurrence of an Event of Default specified in Section 6.01(g), automatically and without any notice to the Borrower, (a) the principal of and interest on the Loans and the Notes and all other amounts owing under the Loan Documents shall be due and payable and (b) the Commitments shall terminate. Presentment, demand, protest or notice of any kind (other than the notice provided for in the first sentence of this Section 6.02) are hereby expressly waived.

ADDITIONAL CREDIT FACILITY PROVISIONS

Section 7.01 Mandatory Suspension and Conversion of LIBOR Rate Loans.

(a) A Bank's obligations to make, continue or convert into LIBOR Rate Loans of any Type shall be suspended, all such Bank's outstanding Loans of that Type shall be converted on the last day of their applicable Interest Periods (or, if earlier, in the case of clause (iii) below, on the last day such Bank may lawfully continue to maintain Loans of that Type or, in the case of clause (iv) below, on the day determined by such Bank to be the last Business Day before the effective date of the applicable restriction) into, and all pending requests for the making or continuation of or conversion into Loans of such Type by such Bank shall be deemed requests for, Base Rate or Federal Funds Rate Loans, if:

(i) on or prior to the determination of an interest rate for a LIBOR Rate Loan of that Type for any Interest Period, the Agent determines that for any reason appropriate information is not available to it for purposes of determining the Adjusted LIBOR Rate for such Interest Period;

(ii) on or prior to the first day of any Interest Period for a LIBOR Rate Loan of that Type, the Required Banks determine that the Adjusted LIBOR Rate as determined by the Agent for such Interest Period would not accurately reflect the cost to such Banks of making, continuing or converting into LIBOR Rate Loans of such Type for such Interest Period;

(iii) at any time such Bank determines that any Regulatory Change Enacted after the Effective Date makes it unlawful for such Bank or its applicable Lending Office to make, continue or convert into any LIBOR Rate Loan of that Type, or to comply with its obligations hereunder in respect thereof or to charge interest based on Qualifying Balances; or

(iv) such Bank determines that, by reason of any Regulatory Change Enacted after the Effective Date, such Bank or its applicable Lending Office is restricted, directly or indirectly, in the amount that it may hold of (A) a category of liabilities that includes deposits by reference to which, or on the basis of which, the interest rate

29

30

applicable to LIBOR Rate Loans of that Type is directly or indirectly determined or (B) the category of assets that includes LIBOR Rate Loans of that Type.

(b) If, as a result of this Section 7.01, any Loan of any Bank that would otherwise be made or maintained as or converted into a LIBOR Rate Loan of any Type for any Interest Period is instead made or maintained as or converted into a Base Rate or Federal Funds Rate Loan, then, unless the corresponding Loan of each of the other Banks is also to be made or maintained as or converted into a Base Rate or Federal Funds Rate Loan, such Loan shall be treated as being a LIBOR Rate Loan of such Type for such Interest Period for all purposes of this Agreement (including the timing, application and proration among the Banks of interest payments, conversions and repayments) except for the calculation of the interest rate borne by such Loan. The Agent shall promptly notify the Borrower and each Bank of the existence or occurrence of any condition or circumstance specified in clause (a)(i) above, and each Bank shall promptly notify the Borrower and the Agent of the existence or occurrence of any condition or circumstance specified in Sections 7.01(a)(ii), (iii) and (iv) applicable to such Bank's Loans, but the failure by the Agent or such Bank to give any such notice shall not affect such Bank's rights hereunder.

Section 7.02 Regulatory Changes. If in the determination of any Bank

(a) any Regulatory Change Enacted after the Effective Date shall directly or indirectly (i) reduce the amount of any sum received or receivable by such Bank with respect to any Loan or the return to be earned by such Bank on any Loan, (ii) impose a cost on such Bank or any Affiliate of such Bank that is attributable to the making or maintaining of, or such Bank's Commitment to make, any Loan, (iii) require such Bank or any Affiliate of such Bank to make any payment on or calculated by reference to the gross amount of any amount received by such Bank under any Loan Document or (iv) reduce, or have the effect of reducing, the rate of return on any capital of such Bank or any Affiliate of such Bank that such Bank or such Affiliate is required to maintain on account of any Loan or such Bank's Commitment to make any Loan and (b) such reduction, increased cost or payment shall not be fully compensated for by an adjustment in the applicable rates of interest payable under the Loan Documents, then the Borrower shall pay to such Bank such additional amounts as such Bank determines will, together with any adjustment in the applicable rates of interest payable hereunder, fully compensate for such reduction, increased cost or payment. Such additional amounts shall be payable, in the case of those applicable to prior periods, within 15 days after request by such Bank for such payment and, in the case of those applicable to future periods, on the dates specified, or determined in accordance with a method specified, by such Bank. Each Bank will promptly notify the Borrower of any determination made by it referred to in clauses (a) and (b) above, but the failure to give such notice shall not affect such Bank's right to compensation.

Section 7.03 Capital Requirements. If, in the determination of any Bank, such Bank or any Affiliate of such Bank is required, under Applicable Law, interpretations, directives, requests and guidelines (whether or not having the force of law), to maintain capital on account of any Loan or such Bank's Commitment to make any Loan, then, upon request by such Bank, the Borrower shall from time to time thereafter pay to such Bank such additional amounts as such Bank determines will fully compensate for any reduction in the rate of return on the capital

30

31

that such Bank or such Affiliate is so required to maintain on account of such Loan or Commitment suffered as a result of such capital requirement. Such additional amounts shall be payable, in the case of those applicable to prior periods, within 15 days after request by such Bank for such payment and, in the case of those relating to future periods, on the dates specified, or determined in accordance with a method specified, by such Bank.

Section 7.04 Funding Losses. The Borrower shall pay to each Bank, upon request, such amount or amounts as such Bank determines are necessary to compensate it for any loss, cost or expense incurred by it as a result of (a) any payment, repayment or conversion of a LIBOR Rate Loan on a date other than the last day of an Interest Period for such LIBOR Rate Loan or (b) a LIBOR Rate Loan for any reason not being made or converted, or any payment of principal thereof or interest thereon not being made, on the date therefor determined in accordance with the applicable provisions of this Agreement. At the election of such Bank, and without limiting the generality of the foregoing, but without duplication, such compensation on account of losses may include an amount equal to the excess of (i) the interest that would have been received from the Borrower under this Agreement on any amounts to be reemployed during an Interest Period or its remaining portion over (ii) the interest component of the return that such Bank determines it could have obtained had it placed such amount on deposit in the interbank Dollar market selected by it for a period equal to such Interest Period or its remaining portion.

Section 7.05 Certain Determinations. In making the determinations contemplated by Sections 7.01, 7.02, 7.03, and 7.04, each Bank may make such estimates, assumptions, allocations and the like that such Bank in good faith determines to be appropriate, and such Bank's selection thereof in accordance with this Section 7.05, and the determinations made by such Bank on the basis thereof, shall be final, binding and conclusive upon the Borrower, except, in the case of such determinations, for manifest errors in computation or

transmission. Each Bank shall furnish to the Borrower upon request a certificate outlining in reasonable detail the computation of any amounts claimed by it under Sections 7.01, 7.02, 7.03 and 7.04 and the assumptions underlying such computations.

Section 7.06 Change of Lending Office. If an event occurs with respect to a Lending Office of any Bank that obligates the Borrower to pay any amount under Section 1.13, makes operable the provisions of clause (a)(iii) or (iv) or clause (b) of Section 7.01, or entitles such Bank to make a claim under Section 7.02 or 7.03, such Bank shall, if requested by the Borrower, use reasonable efforts to designate another Lending Office or Offices the designation of which will reduce the amount the Borrower is so obligated to pay, eliminate such operability or reduce the amount such Bank is so entitled to claim, provided that such designation would not, in the sole and absolute discretion of such Bank, be disadvantageous to such Bank in any manner or contrary to such Bank's policies. Each Bank may at any time and from time to time change any Lending Office and shall give notice of any such change to the Agent and the Borrower. Except in the case of a change in Lending Offices made at the request of the Borrower, the designation of a new Lending Office by any Bank shall not obligate the Borrower to pay any amount to such Bank under Section 1.13, make operable the provisions of clause (a)(iii) or (iv) or clause (b) of Section 7.01, or entitle such Bank to make a claim under Section 7.02 or 7.03 if such obligation,

31

32

the operability of such clause or such claim results solely from such designation and not from a subsequent Regulatory Change Enacted thereafter.

Section 7.07 Removal of a Bank. If a Bank makes a determination under Section 7.01(a)(iii) or (iv) or asserts a claim under Sections 1.13, 7.02 or 7.03 and the Required Banks shall not have made similar determinations or filed similar claims (whether or not in differing amounts) in respect of the same event that was the basis for the determination or claims of such Bank, and so long as no Default exists, the Agent, the Borrower and such Bank agree, if requested by the Borrower, to attempt to locate a Person that will accept the assignment of the Loans, the Commitment, and the other rights and obligations hereunder of such Bank and if such Person is located and is acceptable to the Agent, such Bank agrees to assign its interest in its Loans, Commitment and other rights and obligations hereunder to such Person in accordance with Section 9.10, but only upon payment to it of an amount equal to the unpaid principal amount of its Loans, together with interest thereon and fees accrued to the date of payment and all other amounts then due and payable to it hereunder. If no such Person is found, and so long as no Default exists, the Borrower may elect to cancel the Commitments of such Bank and pay to such Bank all such amounts. If Loans to be so assigned or paid include LIBOR Rate Loans, the assignment or payment thereof shall occur on the last day of the then current Interest Period.

ARTICLE 8

THE AGENT

Section 8.01 Appointment and Powers. Each Bank hereby irrevocably appoints and authorizes The Bank of New York, and The Bank of New York hereby agrees, to act as the (a) agent for such Bank hereunder with such powers as are delegated to the Agent by the terms of the Loan Documents, together with such other powers as are reasonably incidental thereto and (b) the collateral agent and representative (within the meaning of Section 9-105(m) of the Uniform Commercial Code) for such Bank under the Security Agreement with such powers as are delegated to the Collateral Agent by the terms of the Loan Documents together with such other powers as are reasonably incidental thereto. The Agent's duties shall be purely ministerial and it shall have no duties or responsibilities except those expressly set forth in the Loan Documents. The Agent shall not be required under any circumstances to take any action that, in its judgment, (a) is contrary to any provision of the Loan Documents or

Applicable Law or (b) would expose it to any Liability or expense against which it has not been indemnified to its satisfaction. The Agent shall not, by reason of its serving as the Agent, be a trustee or other fiduciary for any Bank.

Section 8.02 Limitation on Agent's Liability. Neither the Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence, willful misconduct or knowing violations of law. The Agent shall not be responsible to any Bank for (a) any recitals, statements, representations or warranties contained in the Loan Documents or in any certificate or other document referred to or provided for in, or received by any of the Banks under, the Loan Documents, (b) the validity, effectiveness

32

33

or enforceability of the Loan Documents or any such certificate or other document, (c) the value or sufficiency of the Collateral or (d) any failure by the Borrower to perform any of its obligations under the Loan Documents. The Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telecopier, telegram or cable) believed by it to be genuine and correct and to have been signed or given by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Agent. As to any matters not expressly provided for by the Loan Documents, the Agent shall in all cases be fully protected in acting, or in refraining from acting, under the Loan Documents in accordance with instructions signed by the Required Banks or all Banks as may be so required, and such instructions of the Required Banks and any action taken or failure to act pursuant thereto shall be binding on all of the Banks.

Section 8.03 Defaults. The Agent shall not be deemed to have knowledge of the occurrence of a Default (other than the non-payment to it of principal of or interest on Loans or fees) unless the Agent has received notice from a Bank or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default, it shall give prompt notice thereof to the Banks. In the event of any Default, the Agent shall, in addition to taking either or both of the actions referred to in clauses (a) and (b) of the first sentence of Section 6.02 if so directed by the Required Banks and if such Default constitutes an Event of Default, take such other action with respect to such Default as shall be reasonably directed by the Required Banks. Unless and until the Agent shall have received such directions, in the event of any Default, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Banks.

Section 8.04 Rights as a Bank. The Person acting as the Agent that is also a Bank shall, in its capacity as a Bank, have the same rights and powers under the Loan Documents as any other Bank and may exercise the same as though it were not acting as the Agent, and the term "Bank" or "Banks" shall include such Person in its individual capacity. The Person acting as the Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with the Borrower and its Affiliates as if it were not acting as the Agent, and such Person and its Affiliates may accept fees and other consideration from the Borrower and its Affiliates for services in connection with the Loan Documents or otherwise without having to account for the same to the Banks.

Section 8.05 Indemnification. The Banks agree to indemnify the Agent and each Co-Agent (to the extent not reimbursed by the Borrower hereunder), ratably on the basis of their respective Commitments, for any and all Liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent or such Co-Agent (including the

costs and expenses that the Borrower is obligated to pay hereunder) in any way relating to or arising out of the Loan Documents or any other documents contemplated thereby or referred to therein or the transactions contemplated thereby or the enforcement of any of the terms thereof or of any

33

34

such other documents, provided that no Bank shall be liable for any of the foregoing to the extent they arise from gross negligence, willful misconduct or knowing violations of law by the Agent or such Co-Agent.

Section 8.06 Non-Reliance on Agent and Other Banks. Each Bank agrees that it has made and will continue to make, independently and without reliance on the Agent or any other Bank, and based on such documents and information as it deems appropriate, its own credit analysis of the Borrower, its own evaluation of the Collateral and its own decision to enter into the Loan Documents and to take or refrain from taking any action in connection therewith. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Agent under the Loan Documents, the Agent shall not have any obligation to provide any Bank with any information concerning the business, status or condition of the Borrower or any Subsidiary, the Loan Documents or the Collateral that may come into the possession of the Agent or any of its Affiliates.

Section 8.07 Execution of Security Agreement by Agent. Each Bank hereby authorizes the Agent to execute, deliver and perform, in the name of and on behalf of such Bank, the Security Agreement.

Section 8.08 Resignation and Removal of the Agent. (a) The Agent may at any time give notice of its resignation to the Banks and the Borrower which shall be effective upon the earlier of (i) the date a successor Agent shall have accepted its appointment as Agent, and (ii) the 30th day after the giving of such notice. Upon receipt of any such notice of resignation, the Required Banks may, with the approval of the Borrower, which approval shall not be unreasonably withheld, appoint a successor Agent. If no successor Agent shall have been so appointed and have accepted such appointment within 30 days after the retiring Agent's giving of notice of resignation, then the Borrower may appoint a successor Agent which shall be one of the Banks other than the Bank that is the retiring Agent.

(b) The Required Banks may agree to remove the Agent with or without cause by giving notice to the Agent, provided, however, that such removal shall not become effective until the Required Banks, after consultation with the Borrower, shall have appointed a successor Agent that agrees to assume all of the duties and obligations of the Agent under this Agreement and each of the other Loan Documents and the appointment of such successor Agent does not cause the Borrower to incur any additional expenses under the Loan Documents. If no successor Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within 30 days after the Banks given notice to the Agent, then the Agent being removed may, on behalf of the Required Banks and after consultation with the Borrower, appoint a successor Agent.

(c) Upon the acceptance by any Person of its appointment as a successor Agent, (i) such Person shall thereupon succeed to and become vested with all the rights, powers, privileges and future duties and obligations of the retiring or removed Agent and the retiring or removed Agent shall be discharged from its future duties and obligations as Agent under the Loan Documents and (ii) the retiring or removed Agent shall promptly transfer all Collateral within its possession

34

35

or control to the possession or control of the successor Agent and shall execute and deliver such notices, instructions and assignments as may be necessary or desirable to transfer the rights of the Agent with respect to the Collateral to the successor Agent. After the resignation or removal of any Agent, the provisions of this Article 8 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent.

ARTICLE 9

MISCELLANEOUS

Section 9.01 Notices and Deliveries. (a) Notices and Materials Other than Collateral.

(i) Manner of Delivery. All notices, communications and materials (including all Information) to be given or delivered pursuant to the Loan Documents shall, except in those cases where giving notice by telephone is expressly permitted, be given or delivered in writing (which shall include telex and telecopy transmissions). Notices under Sections 1.02, 1.03(e), 1.05, 1.07 and 6.02 may be by telephone, promptly confirmed in writing. In the event of a discrepancy between any telephonic notice and any written confirmation thereof, such written confirmation shall be deemed the effective notice.

(ii) Addresses. Except as otherwise provided in the Security Agreement, all notices, communications and materials to be given or delivered pursuant to the Loan Documents shall be given or delivered at the following respective addresses and telex, telecopier and telephone numbers and to the attention of the following individuals or departments:

(A) if to the Borrower, to it at:

Resource Bancshares Mortgage Group, Inc.
7909 Parklane Road
Columbia, South Carolina 29223

Telephone No.: (803) 741-3539
Telecopier No.: (803) 741-3586

Attention: Steven F. Herbert
Chief Financial Officer

with a copy to:

David W. Johnson, Jr.
Telephone No.: (803) 741-3542
Telecopier No.: (803) 741-3586

35

36

(B) if to the Agent or the Collateral Agent,
to it at:

The Bank of New York
One Wall Street
New York, New York 10286

Telephone No.: (212) 635-6467
Telecopier No.: (212) 635-6468

Attention: Patricia M. Dominus
Vice President

with a copy to:

(C) if to any Bank, to it at the address or telex, telecopier or telephone number and to the attention of the individual or department, set forth below such Bank's name under the heading "Notice Address" on Annex A or, in the case of a Bank that becomes a Bank pursuant to an assignment, set forth under the heading "Notice Address" in the Notice of Assignment given to the Borrower and the Agent with respect to such assignment;

or at such other address or telex, telecopier or telephone number or to the attention of such other individual or department as the party to which such information pertains may hereafter specify for the purpose in a notice specifically captioned "Notice of Change of Address" given to (x) if the party to which such information pertains is the Borrower, the Agent and each Bank, (y) if the party to which such information pertains is the Agent, the Borrower and each Bank and (z) if the party to which such information pertains is a Bank, the Borrower and the Agent.

(iii) Effectiveness. Each notice and communication and any material to be given or delivered pursuant to the Loan Documents shall be deemed so given or delivered (A) if sent by registered or certified mail, postage prepaid, return receipt requested, on the third Business Day after such notice, communication or material, addressed as above provided, is delivered to a United States post office and a receipt therefor is issued thereby, (B) if sent by any other means of physical delivery, when such notice, communication or material is delivered to the appropriate address as above provided, (C) if sent by telex, when such notice, communication or material is transmitted to the appropriate number determined as above provided in this Section 9.01 and the appropriate answer-back is received, (D) if sent by telecopier, when such notice, communication or material is transmitted to the appropriate telecopier number as above provided and is received at such number and (E) if given by telephone, when communicated to the individual or any member of the department specified as the individual or department to whose attention notices,

36

37

communications and materials are to be given or delivered, or, in the case of notice by the Agent to the Borrower under Section 6.02 given by telephone as above provided, if any individual or any member of the department to whose attention notices, communications and materials are to be given or delivered is unavailable at the time, to any other officer of the Borrower, except that (x) notices of a change of address, telex, telecopier or telephone number or individual or department to whose attention notices, communications and materials are to be given or delivered shall not be deemed given until received and (y) notices, communications and materials to be given or delivered to the Agent or any Bank pursuant to Sections 1.02, 1.03(e), 1.05, 1.07 and 1.12(b) and Annex E shall not be deemed given or delivered until received by the officer (or such officer's designated substitute) of the Agent or such Bank to whose attention, at the time in question, notices hereunder are to be given.

(iv) Reasonable Notice. Any requirement under Applicable Law of reasonable notice by the Agent or the Banks to the Borrower of any event in connection with, or in any way related to, the Loan Documents or the exercise by the Agent or the Banks of any of their rights thereunder shall be met if notice of such event is given to the Borrower in the manner prescribed above at least 10 days before (A) the date of such event or (B) the date after which such event will occur.

(b) Collateral. All Collateral shall be delivered in accordance with the provisions of the Security Agreement.

Section 9.02 Expenses; Indemnification. Whether or not any Loans are made hereunder, the Borrower shall:

(a) pay or reimburse the Agent and each Bank for all transfer, documentary, stamp and similar taxes, and all recording and filing fees and taxes, payable in connection with, arising out of, or in any way related to, the execution, delivery and performance of the Loan Documents or the making of the Loans;

(b) pay or reimburse the Agent for all out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel, appraisers, accountants and other experts employed or retained by the Agent) incurred by the Agent in connection with, arising out of, or in any way related to (i) the negotiation, preparation, syndication, execution and delivery of (A) the Loan Documents and (B) whether or not executed, any waiver, amendment or consent thereunder or thereto, (ii) the administration of and any operations under the Loan Documents, (iii) consulting with respect to any matter in any way arising out of, related to, or connected with, the Loan Documents, including (A) the protection or preservation of the Collateral, (B) the protection, preservation, exercise or enforcement of any of the rights of the Agent, the Collateral Agent or the Banks in, under or related to the Collateral or the Loan Documents or (C) the performance of any of the obligations of the Agent, the Collateral Agent or the Banks under or related to the Loan Documents, (iv) protecting or preserving the Collateral or (v) protecting, preserving, exercising or enforcing any of the rights of the Agent, the Collateral Agent or the Banks in, under or related to the Collateral or the Loan Documents, including defending the

37

38

Security Interest as a valid, perfected, first priority security interest in the Collateral subject only to Permitted Liens;

(c) pay or reimburse each Bank for all out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel and other experts employed or retained by such Person) incurred by such Person in connection with, arising out of, or in any way related to (i) consulting during a Default with respect to (A) the protection, preservation, exercise or enforcement of any of its rights in, under or related to the Collateral or the Loan Documents or (B) the performance of any of its obligations under or related to the Loan Documents or (ii) protecting, preserving, exercising or enforcing during a Default any of its rights in, under or related to the Collateral or the Loan Documents;

(d) indemnify and hold each Indemnified Person harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse each Indemnified Person for all costs and expenses (including fees and disbursements of legal counsel and other experts employed or retained by such Indemnified Person) incurred, by such Indemnified Person in connection with, arising out of, or in any way related to any Default by the Borrower in the performance or observance of any term, covenant, condition or agreement contained in the Loan Documents; and

(e) indemnify and hold each Indemnified Person harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse each Indemnified Person for all out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel and other experts employed or retained by such Indemnified Person) incurred, by such Indemnified Person in connection with, arising out of, or in any way related to (i) any Loan Document Related Claim (whether asserted by such Indemnified Person or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, such Indemnified Person is a party thereto), or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, the Loan Documents or the

relationships established thereunder, except that the foregoing indemnity shall not be applicable to any loss suffered by any Indemnified Person to the extent such loss is determined by a judgment of a court that is binding on the Borrower and such Indemnified Person, final and not subject to review on appeal, to be the result of acts or omissions on the part of such Indemnified Person constituting (w) gross negligence, (x) willful misconduct, (y) knowing violations of law or (z) in the case of claims by the Borrower against such Indemnified Person, such Indemnified Person's failure to observe any other standard applicable to it under any of the other provisions of the Loan Documents or, but only to the extent not waivable thereunder, Applicable Law.

Section 9.03 Amounts Payable Due Upon Request for Payment. All amounts payable by the Borrower under Section 9.02 and under the other provisions of the Loan Documents shall, except as otherwise expressly provided, be immediately due upon request for the payment thereof.

38

39

Section 9.04 Remedies of the Essence. The various rights and remedies of the Agent, the Collateral Agent, the Co-Agents and the Banks under the Loan Documents are of the essence of those agreements, and the Agent, the Collateral Agent, the Co-Agents and the Banks shall be entitled to obtain a decree requiring specific performance of each such right and remedy.

Section 9.05 Rights Cumulative. Each of the rights and remedies of the Agent, the Collateral Agent, the Co-Agents and the Banks under the Loan Documents shall be in addition to all of their other rights and remedies under the Loan Documents and Applicable Law, and nothing in the Loan Documents shall be construed as limiting any such rights or remedies.

Section 9.06 Disclosures. The Agent, the Collateral Agent, the Co-Agents and the Banks may disclose to, and exchange and discuss with, any other Person (the Agent, the Collateral Agent, the Co-Agents, the Banks and each such other Person being hereby authorized to do so) any information concerning the Collateral or the Borrower or any Subsidiary (whether received by the Agent, the Collateral Agent, the Co-Agents, the Banks or such other Person in connection with or pursuant to the Loan Documents or otherwise) for the purpose of (a) complying with Applicable Law or any legal proceedings, (b) protecting or preserving the Collateral, (c) protecting, preserving, exercising or enforcing any of their rights in, under or related to the Collateral or the Loan Documents, (d) performing any of their obligations under or related to the Loan Documents or (e) consulting with respect to any of the foregoing matters, provided that, except for disclosures and exchanges contemplated by clause (a), the Person to whom any information that is not public information is disclosed to or exchanged with agrees to treat such information as confidential information.

Section 9.07 Amendments; Waivers. Any term, covenant, agreement or condition of the Loan Documents may be amended, and any right under the Loan Documents may be waived, if, but only if, such amendment or waiver is in writing and is signed by (a) the Required Banks and, if the rights and duties of the Agent or the Collateral Agent are affected thereby, by the Agent or the Collateral Agent, as the case may be, and (b) in the case of an amendment, by the Borrower; provided, however, that no amendment or waiver shall be effective, unless in writing and signed by each Bank affected thereby, to the extent it (i) changes the amount of such Bank's Commitment or increases the aggregate amount of the Commitments (except as expressly contemplated by Section 1.07(b)), (ii) reduces the principal of or the rate of interest on such Bank's Loans or Notes or the fees payable to such Bank hereunder, (iii) postpones any date fixed for any payment of principal of or interest on such Bank's Loans or Notes or the fees payable to such Bank hereunder, (iv) except as expressly provided in the Security Agreement, releases any portion of the Collateral from the Security Interest, (v) amends the definitions of the "Collateral", "Eligible Servicing Rights", "Eligible Receivables", "HFI Borrowing Base", "HFS Borrowing Base" or "Required Banks" or the definition of any defined term used in any of the foregoing definitions or (vi) amends Section 1.13, Section 1.14, Article 2,

Article 7, Section 9.02, Section 9.09, Section 9.10(a), this Section 9.07, any other provision of this Agreement requiring the consent or other action of all or a specified percentage of the Banks or Section 3 of the Security Agreement. Unless otherwise specified in such waiver, a waiver of any right under the Loan Documents shall be effective only in the specific instance and for the specific purpose for which given. No election not to exercise, failure to exercise or delay in exercising any right, nor any

course of dealing or performance, shall operate as a waiver of any right of the Agent or any Bank under the Loan Documents or Applicable Law, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right of the Agent, the Collateral Agent or any Bank under the Loan Documents or Applicable Law.

Each waiver or amendment given pursuant to this Section 9.07 shall be effective only in the specific instance and for the specific purpose given.

Section 9.08 Set-Off; Suspension of Payment and Performance. The Agent, the Collateral Agent and each Bank is hereby authorized by the Borrower, at any time and from time to time, without notice, (a) during any Event of Default, to set-off against, and to appropriate and apply to the payment of, the Liabilities of the Borrower under the Loan Documents (whether owing to such Person or to any other Person that is the Agent, the Collateral Agent or a Bank and whether matured or unmatured, fixed or contingent or liquidated or unliquidated) any and all Liabilities owing by such Person or any of its Affiliates to the Borrower (whether payable in Dollars or any other currency, whether matured or unmatured and, in the case of Liabilities that are deposits, whether general or special, time or demand and however evidenced and whether maintained at a branch or office located within or without the United States) and (b) during any Default, to suspend the payment and performance of such Liabilities owing by such Person or its Affiliates and, in the case of Liabilities that are deposits, to return as unpaid for insufficient funds any and all checks and other items drawn against such deposits.

Section 9.09 Sharing of Recoveries. Each Bank agrees that, if, for any reason, including as a result of (a) the exercise of any right of counterclaim, set-off, banker's lien or similar right (including its right under Section 1.11(c)), (b) its claim in any applicable bankruptcy, insolvency or other similar law being deemed secured by a Debt owed by it to the Borrower, including a claim deemed secured under Section 506 of the Bankruptcy Code, or (c) the allocation of payments by the Agent or the Borrower in a manner contrary to the provisions of Section 1.14, such Bank shall receive payment of a proportion of the aggregate amount due and payable to it hereunder as principal of or interest on the Loans or fees that is greater than the proportion received by any other Bank in respect of the aggregate of such amounts due and payable to such other Bank hereunder, then the Bank receiving such proportionately greater payment shall purchase participations (which it shall be deemed to have done simultaneously upon the receipt of such payment) in the rights of the other Banks hereunder so that all such recoveries with respect to such amounts due and payable hereunder (net of costs of collection) shall be pro rata; provided that if all or part of such proportionately greater payment received by the purchasing Bank is thereafter recovered by or on behalf of the Borrower from such Bank, such purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such Bank to the extent of such recovery, but without interest (unless the purchasing Bank is required to pay interest on the amount recovered to the Person recovering such amount, in which case the selling Bank shall be required to pay interest at a like rate). The Borrower expressly consents to the foregoing arrangements and agrees that any holder of a participation in any rights hereunder so purchased or acquired pursuant to this Section 9.09 shall, with respect to such participation, be entitled to all of the rights of a Bank under Sections 7.02, 7.04, 9.02 and 9.08 (subject to any condition imposed on a Bank hereunder with respect thereto) and may

exercise any and all rights of set-off with respect to such participation as fully as though the Borrower were directly indebted to the holder of such participation for Loans in the amount of such participation.

Section 9.10 Assignments and Participations. (a) Assignments. (i) The Borrower may not assign any of its rights or obligations under the Loan Documents without the prior written consent of the Agent, the Collateral Agent and each Bank, and no assignment of any such obligation shall release the Borrower therefrom unless the Agent, the Collateral Agent and each Bank shall have consented to such release in a writing specifically referring to the obligation from which the Borrower is to be released.

(ii) Each Bank may from time to time assign any or all of its rights and future obligations under the Loan Documents to one or more Persons; provided that, except in the case of the grant of a security interest to a Federal Reserve Bank (which may be made without condition or restriction), (A) no such assignment shall be effective unless (1) (aa) the assignment is consented to by the Agent and, unless an Event of Default shall have occurred and be continuing, the Borrower (which consent shall not be unreasonably withheld), and (bb) the Agent shall have been paid by the assignee, for its own account, an administrative fee for processing such assignment in the amount of \$3,500, and (2) a Notice of Assignment with respect to the assignment, duly executed by the assignor and the assignee, shall have been given to the Borrower and the Agent, (B) no such assignment shall reduce the assignor Bank's aggregate Commitment to (1) if such Bank's original aggregate Commitment is equal to or greater than \$10,000,000, less than \$10,000,000 and (2) in the case such Bank's original aggregate Commitment is equal to or less than \$10,000,000, less than 50% of its original aggregate Commitment, (C) in the case of an assignment of a Registered Note, such Registered Note shall have been surrendered for registration of assignment duly endorsed by (or accompanied by a written instrument of assignment duly executed by) the Registered Holder and such assignment shall have been recorded on the Registers, and (D) any assignment shall include a pro rata portion of the HFS Commitment, the HFI Commitment, the Receivables Commitment, the HFS Loans, the HFI Loans and the Receivables Loans of the assignor, unless otherwise consented to by the Borrower (such consent not to be unreasonably withheld), except that subclauses (A)(1) and (B) of this Section 9.10(a)(ii) shall not apply to an assignment by an assignor Bank to its Affiliates. Upon any effective assignment, the assignee shall be obligated to perform the obligations so assigned and shall have all of the rights of a Bank; provided, however, that no assignee shall be entitled to any amounts that would otherwise be payable to it with respect to its assignment under Section 1.13 or 7.02 unless (x) such amounts are payable in respect of Regulatory Changes Enacted after the date the applicable assignment agreement was executed or (y) such amounts would have been payable to the Bank that made such assignment if such assignment had not been made. In the event of any effective assignment by a Bank, the Borrower shall, against (except in the case of a partial assignment) receipt of the existing Notes of the assignor Bank, issue new Notes to the assignee Bank and the assignor Bank appropriately reflecting such assignment.

(b) Participations. Each Bank may from time to time sell or otherwise grant participations in any or all of its rights and obligations under the Loan Documents without the

consent of the Borrower, the Agent, the Collateral Agent or any other Bank. In the event of any such grant by a Bank of a participation, such Bank's obligations under the Loan Documents to the other parties thereto shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, and the Borrower, the Agent, the Collateral Agent and the other Banks

may continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations thereunder. The Bank may not grant to any holder of a participation the right to require such Bank to take or omit to take any action under the Loan Documents, except that a Bank may grant to any such holder the right to require such holder's consent to (i) reduce the principal of or the rate of interest on such Bank's Loans or the fees payable to such Bank hereunder, (ii) postpone any date fixed for any payment of principal of or interest on such Bank's Loans or the fees payable to such Bank hereunder, (iii) permit the Borrower to assign any of its obligations under the Loan Documents to any other Person or (iv) release any Collateral from the Security Interest except as required or contemplated by the Loan Documents. Each holder of a participation in any rights hereunder shall, with respect to such participation, but only to the extent the applicable participation agreement so provides, be entitled to all of the rights of a Bank under Sections 1.13, 7.02, 7.03, 7.05, and 9.02(d) and (e) (subject to any conditions imposed on a Bank hereunder with respect thereto, including delivery of the forms and certificates required under Section 1.13(d)) and may exercise any and all rights of set-off with respect to such participation as fully as though the Borrower were directly indebted to the holder of such participation for Loans in the amount of such participation; provided, however, that no holder of a participation shall be entitled to any amounts that would otherwise be payable to it with respect to its participation under Section 1.13 or 7.02 unless (x) such amounts are payable in respect of Regulatory Changes Enacted that are enacted, adopted or issued after the date the applicable participation agreement was executed or (y) such amounts would have been payable to the Bank that granted such participation if such participation had not been granted.

Section 9.11 GOVERNING LAW. THE RIGHTS AND DUTIES OF THE BORROWER, THE AGENT, THE CO-AGENTS AND THE BANKS UNDER THIS AGREEMENT AND THE NOTES (INCLUDING MATTERS RELATING TO THE MAXIMUM PERMISSIBLE RATE) SHALL, PURSUANT TO NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1401, BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

Section 9.12 Judicial Proceedings; Waiver of Jury Trial. Any judicial proceeding brought against the Borrower with respect to any Loan Document Related Claim may be brought in any court of competent jurisdiction in the City of New York, and, by execution and delivery of this Agreement, the Borrower (a) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate court and irrevocably agrees to be bound by any judgment rendered thereby in connection with any Loan Document Related Claim and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such proceeding brought in such a court or that such a court is an inconvenient forum. The Borrower hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 9.01(a)(ii), and service so made shall be deemed completed on the fifth Business Day after such service is deposited in the mail. Nothing

herein shall affect the right of the Agent, the Collateral Agent, any Bank or any other Indemnified Person to serve process in any other manner permitted by law or shall limit the right of the Agent, the Collateral Agent, any Bank or any other Indemnified Person to bring proceedings against the Borrower in the courts of any other jurisdiction. Any judicial proceeding by the Borrower against the Agent, the Collateral Agent or any Bank involving any Loan Document Related Claim shall be brought only in a court located in the City and State of New York and each Bank (a) accepts, generally and unconditionally, the jurisdiction of such courts and any related appellate court and irrevocably agrees to be bound by any judgment rendered thereby in connection with any Loan Document Related Claim and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such proceeding brought in such a court or that such court is an inconvenient forum. THE BORROWER, THE AGENT, THE COLLATERAL AGENT, EACH CO-AGENT AND EACH BANK HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY LOAN DOCUMENT RELATED CLAIM.

Section 9.13 LIMITATION OF LIABILITY. NEITHER THE BORROWER, THE AGENT, THE COLLATERAL AGENT, THE CO-AGENTS, THE BANKS NOR ANY OTHER INDEMNIFIED PERSON SHALL HAVE ANY LIABILITY WITH RESPECT TO, AND EACH SUCH PERSON HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE EACH OTHER SUCH PERSON FOR, ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES SUFFERED BY SUCH PERSON IN CONNECTION WITH ANY LOAN DOCUMENT RELATED CLAIM.

Section 9.14 Severability of Provisions. Any provision of the Loan Documents that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof or affecting the validity or enforceability of such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Borrower hereby waives any provision of Applicable Law that renders any provision of the Loan Documents prohibited or unenforceable in any respect.

Section 9.15 Counterparts. Each Loan Document may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument.

Section 9.16 Survival of Obligations. Except as otherwise expressly provided therein, the rights and obligations of the Borrower, the Agent, the Collateral Agent, the Co-Agents, the Banks and the other Indemnified Persons under the Loan Documents shall survive the Repayment Date and the termination of the Security Interest.

Section 9.17 Entire Agreement. This Agreement, the Notes and the other Loan Documents embody the entire agreement among the Borrower, the Agent and Collateral Agent, the Co-Agents and the Banks relating to the subject matter thereof and supersede all prior agreements, representations and understandings, if any, relating to the subject matter hereof.

43

44

Section 9.18 Successors and Assigns. All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 9.19 Registered Notes. A Bank that is a Non-US Bank and that has complied with Section 1.13(d) (i) (A) may have its Notes issued as Registered Notes, and for this purpose the Borrower shall cause to be maintained a Register. Once issued, Registered Notes may not be exchanged for Notes that are not Registered Notes and the ownership of Registered Notes, and of the Loans evidenced thereby, may be transferred only in accordance with the provisions of Section 9.10(a) (ii) (C).

Section 9.20 No Novation. The parties hereto hereby specifically agree that no novation, or release of the Security Interest, is intended by the execution and delivery of this Agreement and the other Loan Documents executed and delivered in connection herewith.

ARTICLE 10

DEFINITIONS

Section 10.01 Defined Terms. For the purposes of this Agreement:

"Agreement" means this Third Amended and Restated Secured Revolving/Term Credit Agreement, including all schedules, annexes and exhibits hereto.

"Allocated Qualifying Balances" means, with respect to any Bank, the daily amount of Qualifying Balances held by such Bank on a calendar day (or determined on such other basis as such Bank and the Borrower may agree)

allocated to the Loans of such Bank, taking into account any carryforwards of surplus Allocated Qualifying Balances from any previous day or period, and which balances are not included in determining "Allocated Qualifying Balances" under any other credit arrangements between such Bank and the Borrower, as agreed between such Bank and the Borrower. Qualifying Balances allocated to a Loan for purposes of determining whether such Loan is Balance Funded shall not be considered Qualifying Balances for purposes of determining whether any other Loan is Balance Funded.

"Approved Hedge Contract" means a Hedge Contract entered into between the Borrower and a counterparty acceptable to the Agent.

"Approved Purchase and Sale Agreement" means, at any time, a Purchase and Sale Agreement with respect to which each of the following statements is true and correct at such time:

(a) a true and correct copy of such Purchase and Sale Agreement shall have been delivered to the Agent not less than (i) if (A) notice of the identity of the proposed Purchase Obligor and drafts of the proposed Purchase and Sale Agreement have been given to the Banks not less than five Business Days prior to the inclusion of any HFS Borrowing Base Servicing Rights arising under Servicing Contracts designated for sale thereunder in the HFS Borrowing

44

45

Base and (B) the execution copy of such Purchase and Sale Agreement does not, in the judgment of the Agent, differ substantially from the drafts thereof previously delivered to the Banks, one Business Day, or (ii) in all other cases, five Business Days, prior to the inclusion of any such HFS Borrowing Base Servicing Rights in the HFS Borrowing Base;

(b) the terms of such Purchase and Sale Agreement are, and the Purchase Obligor under such Purchase and Sale Agreement is, acceptable to the Agent and Co-Agents;

(c) the obligation of such Purchase Obligor to purchase Servicing Contracts thereunder is the valid, legally enforceable obligation of such Purchase Obligor with respect thereto and not subject to any present, or contingent, and no facts exist that are the basis for any future, offset or counterclaim or other defense or dispute on the part of such Purchase Obligor, other than any offset or counterclaim or other defense contemplated in such Purchase and Sale Agreement;

(d) such Purchase Obligor (i) is not insolvent or the subject of any bankruptcy or insolvency proceedings of any kind or of any other proceeding or action, threatened or pending, that might have a Materially Adverse Effect on its business or (ii) has not made an assignment for the benefit of creditors or consented to or suffered the appointment of a receiver, trustee, liquidator, custodian or the like for it or for a significant portion of its assets or affairs;

(e) such Purchase Obligor with respect thereto is not located outside of the United States (excluding for this purpose the Commonwealth of Puerto Rico);

(f) the Borrower has observed and complied with all laws of the jurisdiction in which such Purchase Obligor on such Purchase and Sale Agreement is located that, if not observed and complied with, would deny to the Borrower access to the courts of such jurisdiction;

(g) the Purchase Price of Servicing Contracts under such Purchase and Sale Agreement is for a set amount in Dollars, not subject to reduction or deduction of any kind, including any reduction or deduction for any set-off, recoupment, counterclaim (whether arising in tort, contract or otherwise) or Tax, except for any such arising under the applicable Purchase and Sale Agreement; and

(h) no covenant, representation or warranty applicable to such Purchase and Sale Agreement under any of the Loan Documents has been breached or is inaccurate in any respect.

"Average Purchase Price Percentage" means, on any date, the average of the Purchase Price Percentages on that date.

"Balance Deficiency Fee" shall have the meaning ascribed to that term in Section 1.03(a)(ii).

"Balance Funded" means as applied to the Base Rate or Federal Funds Rate Loans of a Bank on any day (or for such other period as the Borrower and such Bank may agree), the aggregate principal amount of such Loans not in excess of such Bank's Allocated Qualifying Balances on such day (or for such period).

45

46

"Balance Funded Amount" shall have the meaning ascribed to that term in Section 1.03(a)(ii).

"Balance Funded Rate" means the rate specified in Section 1.03(a)(i)(A)(2), 1.03(a)(i)(B)(2) or 1.03(a)(i)(C)(2), as the case may be. The Balance Funded Rate shall be computed on a daily basis unless the Borrower and any Bank agree to compute the Balance Funded Rate applicable to such Bank's Loans on a basis other than a daily basis.

"Bank" means (a) The Bank of New York and the Co-Agents, in their respective capacities as Banks, and each Person listed on the signature pages hereof following the Co-Agents and (b) any Person that becomes, after the Effective Date, a Bank pursuant to the provisions of Section 1.07(b) or Section 9.10(a), including as a result of the Borrower's election under Section 7.07.

"Bank Account" means a deposit account designated by the Agent as a deposit account into which a Purchase Obligor is to make payments with respect to Receivables.

"Base Rate" means, for any day, a rate per annum equal to the higher of (a) the Prime Rate in effect on such day and (b) the sum of the Federal Funds Rate in effect on such day plus 1/2%.

"Base Rate Loan" means any Loan the interest on which is, or is to be, as the context may require, computed on the basis of the Base Rate.

"Borrower" means Resource Bancshares Mortgage Group, Inc., a Delaware corporation.

"Borrowing Base" means the HFI Borrowing Base, the HFS Borrowing Base or the Receivables Borrowing Base, as the context may require.

"Borrowing Base Certificate" means a HFI Borrowing Base Certificate, a HFS Borrowing Base Certificate and a Receivables Borrowing Base Certificate.

"Borrowing Base Deficiency" means, at any time, the amount by which the aggregate unpaid principal amount of Loans of any Kind outstanding at such time exceeds the applicable Borrowing Base at such time.

"Borrowing Base Receivable" means, at any time, an Eligible Receivable with respect to which each of the following statements is true and correct at such time:

(a) the amount of such Eligible Receivable has been reduced by all Deductions known to the Borrower at such time;

(b) such Eligible Receivable is subject to the Security Interest and to no other Liens; and

(c) the Security Interest is perfected as to such Eligible Receivable.

"Collateral" has the meaning ascribed to that term in the Security Agreement.

46

47

"Collateral Agent" means The Bank of New York, in its capacity as collateral agent under and as defined in the Security Agreement, and any successor pursuant to Section 7 of the Security Agreement.

"Collateral Obligation" means a Liability constituting part of the Collateral and includes any such constituting or arising under any Receivable.

"Commitment" means, as to any Bank, such Bank's HFI Commitment, HFS Commitment or Receivables Commitment, or, as the context may require, all such Commitments of such Bank.

"Confirmation of Sale" has the meaning ascribed to that term in the definition of "Designated Purchase and Sale Agreement."

"Deduction" means, at any time, the amount by which a Receivable may, at such time, under the terms of the applicable Designated Purchase and Sale Agreement, be reduced, whether such reduction is by way of deduction, set-off, credit or otherwise and includes all deductions for tax servicing fees, late document fees and transfer fees, but excludes any applicable Holdback.

"Designated Purchase and Sale Agreement" has the meaning ascribed to that term in the Security Agreement.

"Eligible Receivable" means, at any time, a Receivable with respect to which each of the following statements is true and correct at such time:

(a) such Receivable represents the purchase price payable to the Borrower under a Designated Purchase and Sale Agreement;

(b) a true and correct copy of such Purchase and Sale Agreement shall have been delivered to the Agent not less than (i) if (A) notice of the identity of the proposed Purchase Obligor and drafts of the proposed Purchase and Sale Agreement have been given to the Banks not less than five Business Days prior to the inclusion of such Receivable in the Receivables Borrowing Base and (B) the execution copy of such Purchase and Sale Agreement does not, in the judgment of the Agent, differ substantially from the drafts thereof previously delivered to the Banks, one Business Day, or (ii) in all other cases, five Business Days, prior to the inclusion of such Receivable in the Receivables Borrowing Base;

(c) the terms of such Purchase and Sale Agreement are, and such Purchase and Sale Agreement is with a Purchase Obligor, acceptable to the Agent and the Co-Agents;

(d) (i) there shall be in full force and effect an agreement in writing, in the form of Schedule 10.01(a), between the Purchase Obligor with respect to such Receivable, the Borrower and the Agent under which such Purchase Obligor shall agree to pay all amounts payable by it in respect of Receivables that relate to such Purchase and Sale Agreement to such Bank Accounts as the Agent may specify from time to time, without any reduction or deduction whatsoever, including any reduction or deduction for any set-off, recoupment, counterclaim (whether

47

sounding in tort, contract or otherwise) or Tax, except for any such arising under the applicable Purchase and Sale Agreement, and (ii) no payment in respect of such Receivable shall have been paid by such Purchase Obligor otherwise than to such a Bank Account without the prior written consent of the Agent;

(e) such Receivable represents a complete bona fide transaction that requires no further act under any circumstances on the part of the Borrower, other than those contemplated in the applicable Designated Purchase and Sale Agreement, to make such Receivable payable by the Purchase Obligor;

(f) such Receivable is the valid, legally enforceable obligation of the Purchase Obligor with respect thereto and not subject to any present or contingent, and no facts exist that are the basis for any future, offset or counterclaim or other defense or dispute on the part of such Purchase Obligor, other than any offset or counterclaim or other defense contemplated in the applicable Designated Purchase and Sale Agreement;

(g) such Receivable is payable in full, excluding any Holdback, not later than 190 days after the initial sale of the Servicing Contract giving rise thereto;

(h) such Receivable shall not (i) be unpaid more than 15 days from its due date as determined under the applicable Designated Purchase and Sale Agreement or (ii) be payable by a Purchase Obligor more than eighty percent (80%) of whose Receivables have remained unpaid for more than 15 days from their originally scheduled dates of payment;

(i) such Receivable is not evidenced by chattel paper or an instrument of any kind;

(j) the Purchase Obligor with respect to such Receivable (i) is not insolvent or the subject of any bankruptcy or insolvency proceedings of any kind or of any other proceeding or action, threatened or pending, that might have a Materially Adverse Effect on the business of such account debtor or (ii) has not made an assignment for the benefit of creditors or consented to or suffered the appointment of a receiver, trustee, liquidator, custodian or the like for it or for a significant portion of its assets or affairs;

(k) the Purchase Obligor with respect to such Receivable is not located outside of the United States (excluding for this purpose the Commonwealth of Puerto Rico);

(l) the Borrower has observed and complied with all laws of the jurisdiction in which the Purchase Obligor with respect to such Receivable is located that, if not observed and complied with, would deny to the Borrower access to the courts of such jurisdiction;

(m) such Receivable does not arise out of any sale to a Subsidiary or Affiliate of the Borrower or with a governmental body, entity or agency;

(n) such Receivable is not subject to any provision prohibiting its assignment or requiring notice of or consent to such assignment;

(o) such Receivable is payable in freely transferable Dollars; and

(p) no covenant, representation or warranty applicable to such Receivable under any of the Loan Documents has been breached or is inaccurate in any respect.

"Eligible Servicing Rights" means, at any time, Servicing Rights with respect to which each of the following statements is true and correct at such time:

(a) such Servicing Rights arise under a Servicing Contract that is a Servicing Contract under which the servicing obligations are being performed by the Borrower or a sub-agent of the Borrower;

(b) such Servicing Rights arise under a Servicing Contract that is not a Recourse Servicing Contract;

(c) (i) in the case of Servicing Rights at any time constituting HFI Borrowing Base Servicing Rights or HFS Borrowing Base Servicing Rights, the Mortgage Loans subject to such Servicing Rights are, if at all, no more than 30 days past due (other than those that are in the process of foreclosure and those the Obligor under which is in bankruptcy) and (ii) the Mortgage Loans that are subject to such Servicing Rights are not in the process of foreclosure nor are the Obligors thereunder in bankruptcy;

(d) such Servicing Rights arise under a Servicing Contract that (i) is in full force and effect and (ii) is a Servicing Contract under which (A) the Borrower is not in default, (B) there exists no fact or circumstance that would entitle the other party thereto to terminate such Servicing Contract for cause and (C) the obligations of the other party thereto are not subject to any reduction or deduction whatsoever, including a reduction or deduction for setoff, recoupment or counterclaim;

(e) the grant of the Security Interest by the Borrower in such Servicing Rights in accordance with the terms of the Security Agreement does not violate (i) the terms of the Servicing Contract under which such Servicing Rights arise or (ii) any Applicable Law so as, in either case, to permit the termination of such Servicing Rights or such Servicing Contract;

(f) any such Servicing Rights which arise under a Servicing Contract that is between the Borrower and FNMA, FHLMC or GNMA are the subject of an appropriate and effective Acknowledgment Agreement; and

(g) any such Servicing Rights which arise under a Servicing Contract that is between the Borrower and any Person other than FNMA, FHLMC or GNMA (i) are the subject of an appropriate and effective acknowledgment agreement substantially in the same form and to the same effect as an Acknowledgment Agreement referred to in subsection (f) above and (ii) do not constitute more than 10% of all Eligible Servicing Rights.

"Event of Default" means any of the events specified in Section 6.01.

"Existing Revolving/Term Credit Agreement" has the meaning ascribed to that term in the preamble to this Agreement.

"Fair Market Percentage" means on any date the aggregate market value, expressed as a percentage of the unpaid principal balance of all Mortgage Loans subject thereto, of (i) the HFI Servicing Rights as set forth in the most recent appraisal delivered pursuant to Section 5.01(a)(iii) and (ii) the Approved Hedge Contracts as set forth in the most recent appraisal delivered pursuant to Section 5.01(a)(iv) less the unamortized cost of such Approved Hedge Contracts, or, with respect to HFI Servicing Rights acquired during a calendar quarter with proceeds of Loans, but only until the delivery of the next appraisal pursuant to Section 5.01(a)(iii), an appraisal delivered contemporaneously with the acquisition of such HFI Servicing Rights, so long as such appraisal was performed no more than 30 days prior to the date of such acquisition, is in form and substance satisfactory to the Agent and was prepared by an appraiser satisfactory to the Agent; provided that if an appraisal is not delivered as required by Section 5.01(a)(iii) or 5.01(a)(iv), the "Fair Market Percentage" shall mean such market value (expressed as a percentage as aforesaid) as the Agent shall establish until such time as an appraisal is delivered in accordance with Section 5.01(a)(iii) or 5.01(a)(iv). As used herein, if more than one market value is listed on the relevant appraisal,

"market value" shall mean the value listed as the "most likely" value on such appraisal or, if no such value is set forth on such appraisal, the midpoint of the range of market values set forth therein.

"Hedge Contract" means a Contract hedging the Borrower against declines in the value of Servicing Rights under Servicing Contracts, including declines resulting from prepayment of Mortgage Loans serviced thereunder.

"Hedge Contract Appraisal Report" means a written statement as to the market value of Hedge Contracts.

"HFI Borrowing Base" means at any time the product of (a) the aggregate unpaid principal balance at such time of the Mortgage Loans subject to HFI Borrowing Base Servicing Rights at such time multiplied by (b) the lesser of (i) one and two-tenths percent (1.2%) and (ii) sixty-six and two-thirds percent (66-2/3%) of the then current Fair Market Percentage.

"HFI Borrowing Base Certificate" means a certificate in the form of Schedule 2.02(b)-1.

"HFI Borrowing Base Servicing Rights" means, at any time, Eligible Servicing Rights with respect to which each of the following statements is true and correct at such time:

(a) such Servicing Rights are subject to the Security Interest and to no other Liens;

(b) the Security Interest is perfected as to such Servicing Rights;
and

(c) such Servicing Rights are HFI Servicing Rights.

"HFI Commitment" of any Bank means (a) the amount set forth opposite such Bank's name under the heading "HFI Commitment" on Annex A or, in the case of a Bank that becomes a

50

51

Bank pursuant to an assignment, the amount of the assignor's HFI Commitment assigned to such Bank, in either case, as the same may be reduced from time to time pursuant to Section 1.07, cancelled pursuant to Section 7.07 or increased or reduced from time to time pursuant to assignments in accordance with Section 9.10(a), or (b) as the context may require, the obligation of such Bank to make HFI Loans in an aggregate unpaid principal amount not exceeding such amount.

"HFI Loan" means an amount advanced by a Bank pursuant to Section 1.01(a).

"HFI Servicing Rights" means Servicing Rights other than those constituting HFS Borrowing Base Servicing Rights.

"HFS Borrowing Base" means, at any time, the product of (a) the aggregate unpaid principal balance at such time of the Mortgage Loans subject to HFS Borrowing Base Servicing Rights at such time multiplied by (b) eighty percent (80%) of the then-current Average Purchase Price Percentage.

"HFS Borrowing Base Certificate" means a certificate in the form of Schedule 2.02(b)-2.

"HFS Borrowing Base Servicing Rights" means, at any time, Eligible Servicing Rights with respect to which each of the following statements is true and correct at such time:

(a) such Servicing Rights are subject to the Security Interest and to no other Liens;

(b) the Security Interest is perfected as to such Servicing Rights;
and

(c) such Servicing Rights arise under a Servicing Contract designated for sale by the Borrower pursuant to an Approved Purchase and Sale Agreement no later than 180 days after the date that such Servicing Rights are first included in the HFS Borrowing Base.

"HFS Commitment" of any Bank means (a) the amount set forth opposite such Bank's name under the heading "HFS Commitment" on Annex A or, in the case of a Bank that becomes a Bank pursuant to an assignment, the amount of the assignor's HFS Commitment assigned to such Bank, in either case, as the same may be increased or reduced from time to time pursuant to Section 1.07, cancelled pursuant to Section 7.07 or increased or reduced from time to time pursuant to assignments in accordance with Section 9.10(a), or (b) as the context may require, the obligation of such Bank to make HFS Loans in an aggregate unpaid principal amount not exceeding such amount.

"HFS Loan" means an amount advanced by a Bank pursuant to Section 1.01(b).

"Holdback" means, in the case of each Designated Purchase and Sale Agreement, a deferred part of the purchase price designated a "Holdback" by the Agent and Co-Agents.

"Installment Payment Date" means the 20th day of January, April, July and October of each year.

51

52

"Interest Period" means a period commencing, in the case of the first Interest Period applicable to a LIBOR Rate Loan, on the date of the making of, or conversion into, such Loan, and, in the case of each subsequent, successive Interest Period applicable thereto, on the last day of the immediately preceding Interest Period, and ending, depending on the Type of Loan, on the same day or date, as the case may be, in the next week or in the first, second, third or sixth calendar month thereafter, except that (i) any Interest Period that would otherwise end on a day that is not a LIBOR Business Day shall be extended to the next succeeding LIBOR Business Day unless such LIBOR Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding LIBOR Business Day and (ii) any Interest Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month in which such Interest Period ends) shall end on the last LIBOR Business Day of a calendar month.

"Kind" means, with respect to Loans, any of the following, each of which shall be deemed to be a different "Kind" of Loan: (a) HFI Loans, (b) HFS Loans and (c) Receivables Loans.

"Loan" means an HFI Loan, HFS Loan or a Receivables Loan.

"Loan Document Representation and Warranty" means any "Representation and Warranty" as defined in any Loan Document and any other representation or warranty made or deemed made under any Loan Document.

"Loan to Value Percentage" means, at any time, with respect to Loans of any Kind, the aggregate principal amount of the Loans of such Kind expressed as a percentage of the applicable Borrowing Base at such time.

"Net Cash Proceeds" means, with respect to the disposition of any asset, (a) the gross cash proceeds of each disposition (including principal payments in respect of any notes or other instruments received as consideration for such disposition) less (b) all documented Taxes and expenses payable by the Borrower and its Subsidiaries in connection with such disposition, including income taxes payable as a consequence of such disposition.

"Note" means any promissory note in the form of Exhibit A and includes such a Note that is a Registered Note.

"Purchase and Sale Agreement" means an agreement for the sale of one or more Servicing Contracts by the Borrower.

"Purchase Obligor" means a (a) with respect to Receivables Loans or the security therefor, any Person obligated on, bound to, or subject to, a Collateral Obligation and (b) with respect to HFS Loans or the security therefor, any Person obligated to pay the Purchase Price for Servicing Contracts under an Approved Purchase and Sale Agreement.

52

53

"Purchase Price" means, with respect to any HFS Borrowing Base Servicing Rights, the purchase price payable to the Borrower for the Servicing Contracts under which such Servicing Rights arise, pursuant to the applicable Approved Purchase and Sale Agreement.

"Purchase Price Percentage" means, on any date, with respect to an Approved Purchase and Sale Agreement, the Purchase Price, expressed as a percentage of the unpaid principal balance of all Mortgage Loans to which the Servicing Contracts under such Approved Purchase and Sale Agreement relate.

"RBMG" means Resource Bancshares Mortgage Group, Inc., a Delaware corporation.

"Receivables" of any Person has the meaning ascribed to such term in the Security Agreement.

"Receivables Borrowing Base" means at any time the product of (a) the aggregate unpaid principal balance at such time of the Borrowing Base Receivables, less all Holdbacks, multiplied by (b) ninety percent (90%).

"Receivables Borrowing Base Certificate" means a certificate in the form of Schedule 2.02(b)-3.

"Receivables Commitment" of any Bank means (a) the amount set forth opposite such Bank's name under the heading "Receivables Commitment" on Annex A or, in the case of a Bank that becomes a Bank pursuant to an assignment, the amount of the assignor's Receivables Commitment assigned to such Bank, in either case, as the same may be reduced from time to time pursuant to Section 1.07, cancelled pursuant to Section 7.07 or increased or reduced from time to time pursuant to assignments in accordance with Section 9.10(a), or (b) as the context may require, the obligation of such Bank to make Receivables Loans in an aggregate unpaid principal amount not exceeding such amount.

"Receivables Loan" means an amount advanced by a Bank pursuant to Section 1.01(c).

"Recourse Servicing Contract" means a Servicing Contract under which Borrower bears part or all of the risk of late payment or non-payment of (a) principal of or interest on a Mortgage Loan being serviced thereunder, or (b) any required tax or insurance escrow deposit, including the Borrower's obligations under a "with recourse sale" to FHLMC, under a "regular service option sale" to FNMA and under any similar sale to any other Person, but excluding the Borrower's obligations in respect of VA guaranteed Mortgage Loans.

"Required Principal Payments" means, for any fiscal quarter, the aggregate of the principal amounts of the Loans required in accordance with the terms of Section 1.04(a) to be repaid by the Borrower during such fiscal quarter.

"Security Agreement" means the Second Amended and Restated Revolving/Term Security and Collateral Agency Agreement, dated as of July 31, 1996, among the Borrower and The Bank of New York, as Collateral Agent and

"Serviced Mortgage Loan Report" means a report in the form of Schedule 5.01(a) (i).

"Servicing Rights Appraisal Report" means a written statement as to the market value of Servicing Rights.

"Servicing Rights Collateral" has the meaning ascribed to such term in the Security Agreement.

"Termination Date" means the date that is 364 days after the Effective Date.

"Type" means, with respect to any Kind of Loans, any of the following, each of which shall be deemed to be a different "Type" of Loan: Base Rate Loans; Federal Funds Rate Loans; LIBOR Rate Loans having a one-week Interest Period; LIBOR Rate Loans having a one-month Interest Period; LIBOR Rate Loans having a two-month Interest Period; LIBOR Rate Loans having a three-month Interest Period; and LIBOR Rate Loans having a six-month Interest Period. Any LIBOR Rate Loan having an Interest Period that differs from the duration specified for a Type of LIBOR Rate Loan listed above solely as a result of the operation of clauses (i) and (ii) of the definition of "Interest Period" shall be deemed to be a Loan of such above-listed Type notwithstanding such difference in duration of Interest Periods.

Section 10.02 Other Interpretive Provisions. (a) Except as otherwise specified herein, all references herein (i) to any Person shall be deemed to include such Person's successors and assigns, (ii) to any Applicable Law defined or referred to herein shall be deemed references to such Applicable Law or any successor Applicable Law as the same may have been or may be amended or supplemented from time to time and (iii) to any Loan Document or Contract defined or referred to herein shall be deemed references to such Loan Document or Contract (and, in the case of any Note or any other instrument, any instrument issued in substitution therefor) as the terms thereof may have been or may be amended, supplemented, waived or otherwise modified from time to time.

(b) When used in this Agreement, the words "herein", "hereof" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any provision of this Agreement, and the words "Article", "Section", "Annex", "Schedule" and "Exhibit" shall refer to Articles and Sections of, and Annexes, Schedules and Exhibits to, this Agreement unless otherwise specified.

(c) Whenever the context so requires, the neuter gender includes the masculine or feminine, the masculine gender includes the feminine, and the singular number includes the plural, and vice versa.

(d) Any item or list of items set forth following the word "including", "include" or "includes" is set forth only for the purpose of indicating that, regardless of whatever other items are in the category in which such item or items are "included", such item or items are in such category, and shall not be construed as indicating that the items in the category in which such item or items are "included" are limited to such items or to items similar to such items.

(e) Each authorization in favor of the Agent, the Co-Agents, the Banks or any other Person granted by or pursuant to this Agreement shall be deemed to be irrevocable and coupled with an interest.

(f) Except as otherwise specified herein, all references herein to the Agent, any Bank or the Borrower shall be deemed to refer to such Person however designated in Loan Documents, so that (i) a reference to rights or duties of the Agent under the Loan Documents shall be deemed to include the rights or duties of such Person as the Secured Party under the Security Agreement, (ii) a reference to costs incurred by a Bank in connection with the Loan Documents shall be deemed to include costs incurred by such Person or as a Principal under the Security Agreement and (iii) a reference to the obligations of the Borrower under the Loan Documents shall be deemed to include the obligations of such Person as the Pledgor under the Security Agreement.

Section 10.03 Accounting Matters. Unless otherwise specified herein, all accounting determinations hereunder and all computations utilized by the Borrower in complying with the covenants contained herein shall be made, all accounting terms used herein shall be interpreted, and all financial statements required to be delivered under Annex E shall be prepared, in accordance with Generally Accepted Accounting Principles, except, in the case of such financial statements, for departures from Generally Accepted Accounting Principles that may from time to time be described in the certificate or report accompanying such financial statements in accordance with Section 1(c) of Annex E.

Section 10.04 Representations and Warranties. All Representations and Warranties shall be deemed made (a) in the case of any Representation and Warranty contained in this Agreement at the time of its initial execution and delivery, at and as of the Effective Date, (b) in the case of any Representation and Warranty contained in this Agreement or any other document at the time any Loan is made, at and as of such time and (c) in the case of any particular Representation and Warranty, wherever contained, at such other time or times as such Representation and Warranty is made or deemed made in accordance with the provisions of this Agreement or the document pursuant to, under or in connection with which such Representation and Warranty is made or deemed made.

Section 10.05 Captions. Captions to Articles, Sections and subsections of, and Annexes, Schedules and Exhibits to, this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or in any way affect the meaning or construction of any provision of this Agreement.

Section 10.06 Interpretation of Related Documents. Except as otherwise specified therein, the terms and provisions in the Notes, certificates, opinions and other documents delivered in connection herewith shall be interpreted in accordance with the provisions of this Article 10 and Annex B.

55

56

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers all as of the Effective Date.

RESOURCE BANCSHARES MORTGAGE
GROUP, INC.

By _____
Name:
Title:

THE BANK OF NEW YORK,
as Agent, Collateral Agent
and a Bank

By _____
Name: Patricia M. Dominus

Title: Vice President

BANK ONE, TEXAS,
NATIONAL ASSOCIATION,
as Co-Agent and a Bank

By _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Co-Agent and a Bank

By _____
Name:
Title:

56

57

NATIONSBANK, N.A.,
as Co-Agent and a Bank

By _____
Name:
Title:

BANK OF AMERICA NATIONAL TRUST
& SAVINGS ASSOCIATION

By _____
Name:
Title:

NATIONAL CITY BANK OF KENTUCKY

By _____
Name:
Title:

FIRST UNION NATIONAL BANK

By _____
Name:
Title:

GUARANTY FEDERAL BANK, FSB

By _____
Name:
Title:

FLEET BANK, N.A.

By _____
 Name:
 Title:

COMERICA BANK

By _____
 Name:
 Title:

CREDIT LYONNAIS NEW YORK BRANCH

By _____
 Name:
 Title:

THE FIRST NATIONAL BANK OF CHICAGO

By _____
 Name:
 Title:

MARINE MIDLAND BANK

By _____
 Name:
 Title:

UNION BANK OF CALIFORNIA, N.A.

By _____
 Name:
 Title:

BANKERS TRUST

By _____
 Name:
 Title:

HIBERNIA NATIONAL BANK

By _____
Name:
Title:

LASALLE NATIONAL BANK

By _____
Name:
Title:

PNC BANK

By _____
Name:
Title:

UBS AG, NEW YORK BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

Effective Date: July 28, 1998.

60

Schedule 1.02

NOTICE OF BORROWING

The Bank of New York
One Wall Street
New York, New York 10286

Date:

Gentlemen:

Reference is made to the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned hereby gives notice pursuant to Section 1.02 of the

Credit Agreement of its request to have the following Loans made to it on _____, 199_:

Kind of Loan -----	Type of Loan -----	Amount -----
-----	-----	-----
-----	-----	-----
-----	-----	-----

[Please disburse the proceeds of the Loans by [insert requested method of disbursement].]

The undersigned represents and warrants as follows:

(a) The borrowing requested hereby complies with the requirements of Sections 1.01 and 1.02 of the Credit Agreement.

61

(b) Each Loan Document Representation and Warranty is true and correct [at and as of the date hereof and]* will be true and correct at and as of the time the Loans are made, in each case both with and without giving effect to the Loans and the application of the proceeds thereof.

(c) No Default [has occurred and is continuing as of the date hereof or would result from the making of the Loans or from the application of the proceeds thereof if the Loans were made on the date hereof, and no Default]* will have occurred and be continuing at the time the Loans are to be made or would result from the making of the Loans or from the application of the proceeds thereof.

RESOURCE BANCSHARES MORTGAGE
GROUP, INC.

By: _____
Name:
Title:

* To be omitted from first Notice of Borrowing.

2

62

Schedule 1.03(e) (iv)

NOTICE OF CONVERSION OR CONTINUATION

The Bank of New York
One Wall Street
New York, New York 10286

Date:

Gentlemen:

Reference is made to the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned hereby gives notice pursuant to Section 1.03(e) (iv) of the Credit Agreement of its desire to convert or continue the Loans specified below into or as Loans of the Types and in the amounts specified below on _____, 199_:

Loans to be Converted or Continued			Converted or Continued Loans	
Type of Loan	Last Day of Current Interest Period	Amount	Type of Loan	Amount
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

63

The undersigned represents and warrants that conversions and continuations requested hereby comply with the requirements of Section 1.03(e) of the Credit Agreement.

RESOURCE BANCSHARES MORTGAGE
GROUP, INC.

By _____
Name:
Title:

2

64

Schedule 1.05(a)

NOTICE OF PREPAYMENT

The Bank of New York
One Wall Street
New York, New York 10286

Date:

Gentlemen:

Reference is made to the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned hereby gives notice pursuant to Section 1.05(a) of the Credit Agreement that it will prepay the Loans specified below on _____, 199_:

Type of Loan -----	Last Day of Current Interest Period -----	Amount -----
-----	-----	-----
-----	-----	-----
-----	-----	-----

65

The undersigned represents and warrants that the repayment requested hereby complies with the requirements of Section 1.05(a) of the Credit Agreement.

RESOURCE BANCSHARES MORTGAGE
GROUP, INC.

By _____
Name:
Title:

2

66

Schedule 1.13(d)

NON-US BANK CERTIFICATE

Resource Bancshares Mortgage Group, Inc.
[address]

The Bank of New York
[address]

Gentlemen:

Reference is made to the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned hereby (a) certifies to the Borrower and the Agent that (i) it is a Non-US Bank and (ii) is entitled to submit an Internal Revenue Service Form W-8 and (b) agrees to indemnify and defend the Borrower and the Agent from, and hold each of them harmless against, any and all losses, liabilities, claims, damages and expenses of any kind arising out of, resulting from, or in any way connected with the certification made pursuant to clause (a) being incorrect.

Very truly yours,

[Bank]

By: _____
Name:
Title:

67

Schedule 2.01(a)(i)

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

CERTIFICATE AS TO RESOLUTIONS, ETC.

I, _____, [Assistant] Secretary of Resource Bancshares Mortgage Group, Inc., a Delaware corporation (the "Borrower"), hereby certify, pursuant to Section 2.01(a)(i) of the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents, that:

1. The below named persons have been duly elected (or appointed) and have duly qualified as, and on this day are, officers of the Borrower holding their respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures:

Name	Office	Signature
----	-----	-----
[Insert names and offices of persons authorized to sign the Loan Documents]		-----

2. Attached as Annex A is a true and correct copy of resolutions duly adopted by [unanimous written consent of] the Board of Directors of the Borrower. Such resolutions have not been amended, modified or revoked and are in full force and effect on the date hereof.

3. [List Loan Documents to which the Borrower is a party], in each case as executed and delivered on behalf of the Borrower, are substantially in the forms thereof approved by [unanimous written consent of] the Board of

Directors of the Borrower.

4. There has been no amendment to the Certificate of Incorporation of the Borrower since _____, 19__.

5. Attached as Annex B is a true and correct copy of the By-laws of the Borrower as in effect on _____, 19__ and at all subsequent times to and including the date hereof.

68

IN WITNESS WHEREOF, I have signed this certificate this __ day of _____, 19__.

[Assistant] Secretary

I, _____, [title] of the Borrower, hereby certify that [name of the above [Assistant] Secretary] has been duly elected or appointed and has been duly qualified as, and on this day is, [Assistant] Secretary of the Borrower, and the signature in paragraph 1 above is his genuine signature.

IN WITNESS WHEREOF, I have signed this certificate this __ day of _____, 19__.

[Title]

2

69

Annex A

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

RESOLUTIONS OF BOARD OF DIRECTORS

70

Annex B

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

BY-LAWS

[Letterhead of McNair Law Firm P.A.]

[Letterhead of Resource Bancshares Mortgage Group, Inc.]

OPINIONS OF COUNSEL FOR BORROWER

[Letterhead of Winthrop, Stimson, Putnam & Roberts]

OPINION OF COUNSEL FOR THE AGENT

[Letterhead of Borrower]

CERTIFICATE OF NEGOTIATING OFFICER

Dated: July __, 1998

Resource Bancshares Mortgage Group, Inc. (the "Borrower") is today entering into the Loan Documents to which the Borrower is a party, each dated as of July __, 1998 with the banks listed on the signature pages thereof (the "Banks"), The Bank of New York, as Agent (the "Agent") and as Collateral Agent (the "Collateral Agent"), and the Co-Agents.

I am the [title] of the Borrower and the officer who was principally involved in negotiating the Loan Documents.

I hereby confirm that I have read the Loan Documents and that I understand that they require the Borrower to waive any rights it may have to trial by jury and to claim any special, indirect and consequential damages. I also confirm that I understand that the Loan Documents embody the entire agreement among the Borrower, the Agent, the Collateral Agent and the Banks and supersede all prior agreements, representations and understandings relating to the subject matter thereof.

I further confirm that I have reviewed my understanding of the Loan Documents with Messrs. _____ who have acted as lawyers for the Borrower in the transaction.

I further confirm that I have reviewed the terms and provisions of the Loan Documents with the Board of Directors of the Borrower and that, in particular, I have called to their attention those provisions under and pursuant to which (a) the Borrower waives its right to trial by jury and its right to claim special, indirect and consequential damages and (b) the Loan Documents

embody the entire agreement among the Borrower, the Agent, the Collateral Agent and the Banks relating to the subject matter thereof and supersede all prior agreements, representations and understandings, if any, relating to the subject matter thereof and may only be amended, or any of the terms or provisions thereof waived, or any departures therefrom consented to, in a writing signed by the Required Banks.

Finally, I confirm that in the course of negotiating the Loan Documents I worked principally with Ms. Patricia Dominus and Mr. Torry Berntsen and neither she, he nor any other representative of the Agent, the Co-Agents, the Collateral Agent or any Bank, nor the lawyers for the Agent, the Co-Agents, the Collateral Agent or any Bank, made any representations to me that are inconsistent with the terms and provisions of the Loan Documents.

74

Schedule 2.02(b)-1

REVOLVING/TERM BORROWING BASE CERTIFICATE

HFI BORROWING BASE

Dated: _____

We submit this Revolving/Term Borrowing Base Certificate in accordance with the terms of the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms defined therein are used herein with the meanings therein ascribed to them.

We certify that (i) we have independently made the determinations and calculations required for completing this Borrowing Base Certificate, (ii) such determinations and calculations were made in a manner consistent with that set forth in the Credit Agreement for the calculation of the applicable Borrowing Base as of the date hereof and (iii) such determinations were based on information contained in the Servicing Rights Appraisal Report dated _____, delivered to the Agent pursuant to Section 5.01(a)(iii) or the Hedge Contract Appraisal Report dated _____, delivered to the Agent pursuant to Section 5.01(a)(iv), as the case may be.

[The remainder of this page is left blank]

75

Aggregate principal balance of Mortgage Loans subject to HFI Borrowing Base Servicing Rights pledged:

FHLMC	\$ _____
FNMA	\$ _____
GNMA	\$ _____

Non-FHLMC, FNMA or GNMA
Servicing Rights

\$ _____

Total Pledged
Servicing

\$ _____

MULTIPLIED BY THE LESSER OF:

Fair Market Percentage (_____ %) x 66-2/3% = _____ %

AND 1.20%

Total HFI Availability

\$ _____

Total HFI Outstandings

\$ _____

New HFI Loan Request

\$ _____

New HFI Outstandings

\$ _____

The undersigned hereby confirms the correctness of the calculation
set forth above of the applicable Borrowing Base as of the date hereof.

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

By: _____
Name:
Title:

2

76

Schedule 2.02(b)-2

REVOLVING/TERM BORROWING BASE CERTIFICATE

HFS BORROWING BASE

Dated: _____

We submit this Revolving/Term Borrowing Base Certificate in
accordance with the terms of the Third Amended and Restated Secured
Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource
Bancshares Mortgage Group, Inc., the Banks listed on the signature pages
thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents
(the "Credit Agreement"). Capitalized terms defined therein are used herein with
the meanings therein ascribed to them.

We certify that (i) we have independently made the determinations and
calculations required for completing this Borrowing Base Certificate, (ii) such
determinations and calculations were made in a manner consistent with that set
forth in the Credit Agreement for the calculation of the applicable Borrowing
Base as of the date hereof and (iii) such determinations were based on
information contained in the Servicing Rights Appraisal Report dated
_____, delivered to the Agent pursuant to Section 5.01(a)(iii) or the

[The remainder of this page is left blank]

77

Aggregate principal balance of Mortgage Loan subject to HFS Borrowing Base Servicing Rights pledged:

FHLMC	\$ _____
FNMA	\$ _____
GNMA	\$ _____
Non-FHLMC, FNMA or GNMA Servicing Rights	\$ _____
Total Pledged Servicing	\$ _____

MULTIPLIED BY:

Average Purchase Price Percentage (____%) x 80% = ____%

Total HFS Availability	\$ _____
Total HFS Outstandings	\$ _____
New HFS Loan Request	\$ _____
New HFS Outstandings	\$ _____

The undersigned hereby confirms the correctness of the calculation set forth above of the applicable Borrowing Base as of the date hereof.

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

By: _____
Name:
Title:

2

78

Schedule 2.02(b)-3

REVOLVING/TERM BORROWING BASE CERTIFICATE

RECEIVABLES BORROWING BASE

Dated: _____

We submit this Revolving/Term Borrowing Base Certificate in accordance with the terms of the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms defined therein are used herein with the meanings therein ascribed to them.

We certify that (i) we have independently made the determinations and calculations required for completing this Borrowing Base Certificate, (ii) such determinations and calculations were made in a manner consistent with that set forth in the Credit Agreement for the calculation of the applicable Borrowing Base as of the date hereof and (iii) such determinations were based on information contained in the Servicing Rights Appraisal Report dated _____, delivered to the Agent pursuant to Section 5.01(a)(iii) or the Hedge Contract Appraisal Report dated _____, delivered to the Agent pursuant to Section 5.01(a)(iv), as the case may be.

[The remainder of this page is left blank]

79

Aggregate principal balance of Borrowing Base Receivables:

\$ _____

LESS the aggregate principal balance of Holdbacks:

- \$ _____

MULTIPLIED BY: 90%

Total Receivables
Availability \$ _____

Total Receivables
Outstandings \$ _____

New Receivables
Loan Request \$ _____

New Receivables
Outstandings \$ _____

Date(s) for repayment of Borrowing Base Receivables as scheduled under each Designated Purchase and Sale Agreement, as of the date of this Certificate -----	Amount or percentage of Borrowing Base Receivable to be repaid -----
-----	-----
-----	-----
-----	-----
-----	-----

The undersigned hereby confirms the correctness of the calculation set forth above of the applicable Borrowing Base as of the date hereof.

By: _____
 Name:
 Title:

2

80

Schedule 5.01(a) (i)

SERVICED MORTGAGE LOAN REPORT
 FOR THE MONTH ENDED

<TABLE>
 <CAPTION>

Loan Type	Principal Balance	Number of	Weighted	Weighted	Average	Weighted
-----	-----	Loans	Avg Coupon	Avg Fee	Balance	Avg Term
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FHA						
VA						
FNMA						
FHLMC						
Other						
Total						

	Loan Type	Current Month	Prior Month	Same Month Prior Year
	-----	-----	-----	-----
Conventional:				
Current				
30-59 Days				
60-89 Days				
90+ Days				
Foreclosure				
FHA:				
Current				
30-59 Days				
60-89 Days				
90+ Days				
Foreclosure				
VA:				
Current				
30-59 Days				
60-89 Days				
90+ Days				
Foreclosure				
Total				
Current				
30-59 Days				
60-89 Days				
90+ Days				
Foreclosure				

State	Principal Balance	% Total	Number Loans	% Total
-----	-----	-----	-----	-----
Total				

</TABLE>

NOTICE OF ASSIGNMENT

[Name and address
of Borrower in accordance with
Section 9.01(a)(ii)]

[Name and address
of Agent in accordance with
Section 9.01(a)(ii)]

Date:

Gentlemen:

Reference is made to the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among Resource Bancshares Mortgage Group, Inc., the Banks listed on the signature pages thereof, The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned hereby give notice pursuant to Section 9.10(a) of the Credit Agreement that [name of Assignor] [(the "Assignor")]1 has made the following assignment to [name of Assignee] [(the "Assignee")]2:

Rights and Obligations
Assigned:

Effective Date of
Assignment:

[The Assignee's Lending Offices and address for notices are as follows:

Domestic Lending Office:

Eurodollar Lending Office:

Notice Address:]3

[The Assignor hereby requests that [the Borrower and] [the Agent] consent to the assignment described above by signing a copy of this letter in the space provided below and returning it to the Assignor. Such consent shall release the Assignor from all of the obligations described above as having been assigned to the Assignee.]4

[NAME OF ASSIGNOR]

By:
Name:
Title:

[NAME OF ASSIGNEE]

By:
Name:
Title:

[Assignment and release consented to:]4

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

By:
Name:
Title:

THE BANK OF NEW YORK,
as Agent

By:
Name:
Title:

1. Include definition if Footnote 4 material is to be included.
2. Include definition if Footnote 3 or Footnote 4 material is to be included.
3. Omit if the Assignee is a Bank.
4. Include the appropriate portion of the bracketed provision if (i) the Assignor desires to be released from the assigned obligations, (ii) the consent of the Borrower and/or the Agent is required for such release and (iii) the Assignor has not otherwise obtained such consents.

2

83

Schedule 10.01(a)

FORM OF RECEIVABLES PAYMENT AGREEMENT

[Letterhead of The Bank of New York]

_____, 199_

[Purchase Obligor]

Re: [Insert here description of Purchase and
Sale Agreement]

Ladies and Gentlemen:

Reference is made to the [insert here description of Purchase and
Sale Agreement] (the "Agreement"). You hereby acknowledge that The Bank of New

York, as Secured Party, has a security interest in the Agreement and amounts payable by you thereunder. You hereby agree that, until you are advised in writing to the contrary by The Bank of New York, as Secured Party, you will make all payments due to Resource Bancshares Mortgage Group, Inc. under the Agreement to such accounts as The Bank of New York, as Secured Party, may advise you of from time to time, without any reduction or deduction whatsoever, including reduction or deduction for any setoff, recoupment, counterclaim or otherwise, except for any such to which you may be entitled under the Agreement.

Would you please acknowledge your agreement to the foregoing by executing a copy of this letter at the space indicated below and returning it to Patricia M. Dominus, Vice President, The Bank of New York, One Wall Street, New York, NY 10286. It would be appreciated if you would fax a copy of the executed letter to Ms. Dominus at (212) 635-6468.

Thank you for your cooperation.

Very truly yours,

THE BANK OF NEW YORK,
as Secured Party

By: _____
Name:
Title:

84

RESOURCE BANCSHARES MORTGAGE GROUP,
INC.

By: _____
Name:
Title:

Accepted and agreed to:

[Purchase Obligor]

By: _____
Name:
Title:

2

85

EXHIBIT A

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

NOTE

July __, 1998

FOR VALUE RECEIVED, RESOURCE BANCSHARES MORTGAGE GROUP, INC. (the "Borrower") hereby promises to pay to the order of _____ (the "Bank") the

</TABLE>

EXHIBIT B

COMMITMENT INCREASE SUPPLEMENT

THIS COMMITMENT INCREASE SUPPLEMENT is made and dated as of _____, 19__, by and among [ADDITIONAL COMMITMENT BANK] (the "Additional Commitment Bank"), RESOURCE BANCSHARES MORTGAGE GROUP, INC., a Delaware corporation (the "Borrower"), and The Bank of New York, as Agent under the Third Amended and Restated Secured Revolving/Term Credit Agreement dated as of July 28, 1998, among the Borrower, the Banks listed on the signature pages thereof and The Bank of New York, as Agent and Collateral Agent, and the Co-Agents (the "Credit Agreement"). Terms defined in the Credit Agreement and not otherwise defined herein are used herein with the meanings therein ascribed to them.

WHEREAS, the Borrower desires to have the aggregate amount of the HFI Commitments or the HFS Commitments increased or both, at the option of the Borrower; and

WHEREAS, the Additional Commitment Bank is willing to [become an additional Bank] [increase its HFI Commitment] [increase its HFS Commitment]1;

NOW, THEREFORE, the parties hereto agree as follows:

1. Upon the effectiveness of this Commitment Increase Supplement, [the Additional Commitment Bank shall be a party to the Credit Agreement and shall be entitled to all of the rights, and be subject to all of the obligations, of a Bank under the Loan Documents] [the HFI Commitment] [the HFS Commitment] of the Additional Commitment Bank shall be increased from \$_____ to \$_____. (1)

[2. The initial amount of the Additional Commitment Bank's [HFI] [HFS] Commitment shall be \$_____.] (2)

3. The Additional Commitment Bank acknowledges, and agrees to comply

with, its obligation under Section 1.07 of the Credit Agreement to purchase assignments of Loans from the other Banks on the effective date hereof.

4. This Commitment Increase Supplement shall become effective upon the execution and delivery hereof by the Additional Commitment Bank, the Borrower and the Agent[and upon the consent of each of the other Banks hereto].(3)

5. This Commitment Increase Supplement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

88

6. This Commitment Increase Supplement shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Increase Supplement to be executed as of the day and year first written above.

[ADDITIONAL COMMITMENT BANK]

By: _____
Name:
Title:

Domestic Lending Office:

LIBOR Lending Office:

Notice Address:

Telex No.:
Telecopy No.:
Telephone No.:

Attention:

RESOURCE BANCSHARES MORTGAGE
GROUP, INC.

By: _____
Name:
Title:

THE BANK OF NEW YORK,
as Agent

By: _____
Name:
Title:

2

89

[The undersigned hereby
consent to the Commitment

Increase provided for herein:

[BANK]

By: _____
Name:
Title:

[BANK]

By: _____
Name:
Title:]3

-
- (1) Use second alternative if the Additional Commitment Bank is an existing Bank; otherwise use the first alternative.
 - (2) Omit if the Additional Commitment Bank is an existing Bank.
 - (3) Omit unless, after giving effect to the Commitment Increase, the aggregate amount of the HFS Commitments would exceed \$100,000,000 or the aggregate amount of the HFI Commitments would exceed 150,000,000.

3

90

EXHIBIT C

TERMS OF COMMITMENT INCREASE ASSIGNMENTS

Each assignment of Loans by any Bank (an "Assignor") to an Additional Commitment Bank (an "Assignee") pursuant to Section 1.07(b) (an "Assignment") shall be made on the terms set forth in this Exhibit.

1. The purchase price for the Assignment shall be equal to the aggregate principal amount of the Loans assigned plus the amount of accrued and unpaid interest thereon on the date of the assignment. The purchase price shall be payable, not later than 12:00 noon (New York City time) on the effective date of the applicable Commitment Increase, in U.S. Dollars in funds immediately available to the Assignor at such office of the Assignor (or a commercial bank designated by it) located in the United States as the Assignor shall specify to the Assignee.

2. The Assignment shall consist of an equal percentage of all Types of HFI Loans or all Types of HFS Loans, as the case may be, of the Assignor outstanding and shall include all of the Assignor's rights under the Credit Agreement and the other Loan Documents in respect of the portion of the Loans of the Assignor assigned, including accrued interest thereon.

3. The Assignment shall be without recourse to the Assignor. The Assignor shall not be deemed to have made any representation or warranty or to have assumed any responsibility with respect to (a) any statements, warranties

or representations made in or in connection with the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than as set forth in paragraph 4 below, or (b) the financial condition of the Borrower or any of its Subsidiaries, or the performance or observance by the Borrower or any of its Subsidiaries of any of their respective obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto.

4. The Assignor shall, at the time of the Assignment, be deemed to have represented and warranted that (a) it has full power, authority and legal right to make the Assignment and (b) it is the legal and beneficial owner of the rights assigned and such rights are free and clear of any lien or adverse claim, including any participation.

5. The Assignee shall, at the time of the Assignment, be deemed to have (a) represented and warranted that it has full power, authority and legal right to purchase and assume the Assignment; (b) confirmed that it has received a copy of the Credit Agreement and all other Loan Documents, together with copies of the most recent financial statements delivered pursuant to ANNEX E of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to purchase and assume the Assignment; and (c) agreed that it will, independently and without reliance upon the Assignor, the Agent or any other Bank and based on such documents and information as it shall deem

91

appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement and the other Loan Documents.

2

92

Annex A
Revolving/Term

EXECUTION COPY

ANNEX A

REVOLVING/TERM

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
THE BANK OF NEW YORK	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

The Bank of New York
One Wall Street
New York, NY 10286

LIBOR Lending Office:

The Bank of New York
One Wall Street

Notice Address:

The Bank of New York
One Wall Street
New York, NY 10286

Telex No.:

Telecopy No.: (212) 635-8268

(212) 635-6468

Telephone No.: (212) 635-7887

(212) 635-6467

(212) 635-8267

Attention: Patricia Dominus

3

93

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
BANK ONE, TEXAS, NATIONAL ASSOCIATION	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

Bank One, Texas, National Association
1717 Main Street
Dallas, TX 75201

LIBOR Lending Office:

Bank One, Texas, National Association
1717 Main Street
Dallas, TX 75201

Notice Address:

Bank One, Texas, National Association
1717 Main Street
Dallas, TX 75201

Telex No.:

Telecopy No.: (214) 290-2054

Telephone No.: (214) 290-2376

Attention: Douglas Dixon

4

94

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
U.S. BANK NATIONAL ASSOCIATION	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

U.S. Bank National Association
Mortgage Banking Services
U.S. Bank Place - MPFP0508
601 Second Avenue South
Minneapolis, MN 55402-4302

LIBOR Lending Office:

U.S. Bank National Association
Mortgage Banking Services
U.S. Bank Place - MPFP0508
601 Second Avenue South
Minneapolis, MN 55402-4302

Notice Address:

U.S. Bank National Association
Mortgage Banking Services
U.S. Bank Place - MPFP0508
601 Second Avenue South
Minneapolis, MN 55402-4302

Telex No.:

Telecopy No.: (612) 973-0826

Telephone No.: (612) 973-0622

Attention: John Crenshaw

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
BANK OF AMERICA NT&SA	\$4,800,000	\$4,200,000	\$3,000,000

Domestic Lending Office:

Bank of America
1130 South Figueroa Street
Los Angeles, CA 90015
Attention: Tina Dao

LIBOR Lending Office:

Bank of America
1130 South Figueroa Street
Los Angeles, CA 90015

Attention: Tina Dao

Notice Address:

Bank of America NT&SA
275 South Valencia Avenue
Number 6739
Brea, CA 92823

Telex No.:

Telecopy No.: (714) 792-6715

Telephone No.: (714) 792-6704

Attention: Don Eppley

6

96

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
FIRST UNION NATIONAL BANK	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

First Union National Bank
One First Union Center
Charlotte, NC 28288-0166

LIBOR Lending Office:

First Union National Bank
One First Union Center
Charlotte, NC 28288-0166

Notice Address:

First Union National Bank
One First Union Center
Charlotte, NC 28288-0166

Telex No.:

Telecopy No.: (704) 374-7102

Telephone No.: (704) 374-4180

Attention: R. Steven Hall

7

97

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
GUARANTY FEDERAL BANK, F.S.B.	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

Guaranty Federal Bank, FSB
Mortgage Finance Division - 10th Floor
8333 Douglas Avenue
Dallas, Texas 75225

LIBOR Lending Office:

Guaranty Federal Bank, FSB
Mortgage Finance Division - 10th Floor
8333 Douglas Avenue
Dallas, Texas 75225

Notice Address:

Guaranty Federal Bank, FSB
Mortgage Finance Division - 10th Floor
8333 Douglas Avenue
Dallas, Texas 75225

Telex No.: (214) 360-2865
Telecopy No.: (214) 360-1660
Telephone No.: (214) 360-2872

Attention: Michael Barber

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
COMERICA BANK	\$3,600,000	\$3,150,000	\$2,250,000

Domestic Lending Office:

Comerica Bank
One Detroit Center
500 Woodward Avenue
Detroit, MI 48226

LIBOR Lending Office:

Comerica Bank
One Detroit Center
500 Woodward Avenue
Detroit, MI 48226

Notice Address:

Comerica Bank
One Detroit Center
500 Woodward Avenue
Detroit, MI 48226

Telex No.:

Telecopy No.: (313) 222-9295

Telephone No.: (313) 222-9285

Attention: Von L. Ringger

9

99

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
FLEET BANK, N. A.	\$6,000,000	\$5,250,000	\$3,750,000

Domestic Lending Office:

Fleet Bank, N.A.
1185 Avenue of the Americas, 2nd Floor
New York, NY 10036

LIBOR Lending Office:

Fleet Bank, N.A.
1185 Avenue of the Americas, 2nd Floor
New York, NY 10036

Notice Address:

Fleet Bank, N.A.
1185 Avenue of the Americas, 2nd Floor
New York, NY 10036

Telecopy No.: (212) 819-6207

Telephone No.: (212) 819-6078

Attention: Jerry Parisella

10

100

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
---	----------------------------	----------------------------	------------------------------------

NATIONSBANK, N.A.	\$6,000,000	\$5,250,000	\$3,750,000
-------------------	-------------	-------------	-------------

Domestic Lending Office:

NationsBank, N.A.
901 Main Street
Dallas, TX 75202

LIBOR Lending Office:

NationsBank, N.A.
901 Main Street
Dallas, TX 75202

Notice Address:

NationsBank, N.A.
901 Main Street
Dallas, TX 75202

Telex No.:

Telecopy No.: (214) 508-0338

Telephone No.: (214) 508-0505

Attention: Chad Patton

11

101

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
THE FIRST NATIONAL BANK OF CHICAGO	\$4,000,000	\$3,500,000	\$2,500,000

Domestic Lending Office:

The First National Bank of Chicago
One First National Plaza
16th Floor, Mail Suite 0098
Chicago, IL 60670-0098

LIBOR Lending Office:

The First National Bank of Chicago
One First National Plaza
16th Floor, Mail Suite 0098
Chicago, IL 60670-0098

Contact: Peter Scarpelli (312) 732-1068

Telecopy No.: (312) 732-3852

Notice Address:

The First National Bank of Chicago

One First National Plaza
16th Floor, Mail Suite 0098
Chicago, IL 60670-0098

Telex No.: (312) 732-6222
Telecopy No.: (312) 732-4423
Telephone No.: (312) 732-1100
(312) 732-1188

Attention: Patrick Power
Scott Miller

12

102

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
NATIONAL CITY BANK OF KENTUCKY	\$4,000,000	\$3,500,000	\$2,500,000

Domestic Lending Office:

National City Bank, Kentucky
421 West Market Street
Louisville, KY 40202

LIBOR Lending Office:

National City Bank, Kentucky
421 West Market Street
Louisville, KY 40202

Notice Address:

National City Bank, Kentucky
421 West Market Street
Louisville, KY 40202

Telex No.:
Telecopy No.: (502) 581-4154
Telephone No.: (502) 581-6455

Attention: Robert J. Ogburn

13

103

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
MARINE MIDLAND BANK	\$1,000,000	\$875,000	\$625,000

Domestic Lending Office:

Marine Midland Bank
One Marine Midland Center, 27th Floor
Buffalo, NY 14203

LIBOR Lending Office:

Marine Midland Bank
One Marine Midland Center, 27th Floor
Buffalo, NY 14203

Notice Address:

Marine Midland Bank
One Marine Midland Center, 27th Floor
Buffalo, NY 14203

Telex No.:

Telecopy No.: (716) 841-4199

Telephone No.: (716) 841-2931

Attention: David J. Christel

14

104

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
CREDIT LYONNAIS	\$3,200,000	\$2,800,000	\$2,000,000

Domestic Lending Office:

Credit Lyonnais New York Branch
1301 Avenue of the Americas
New York, NY 10019

LIBOR Lending Office:

Credit Lyonnais New York Branch
1301 Avenue of the Americas
New York, NY 10019

Notice Address:

Credit Lyonnais New York Branch
1301 Avenue of the Americas
New York, NY 10019

Telex No.:

423494/235655/02723

Telecopy No.: (212) 261-3401

Telephone No.: (212) 261-7408

(212) 261-7367

Attention: W. Jay Buckley

15

105

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
BANKERS TRUST COMPANY	\$2,000,000	\$1,750,000	\$1,250,000

Domestic Lending Office:

Bankers Trust
130 Liberty Street
MS 2252
New York, NY 10006

LIBOR Lending Office:

Bankers Trust
130 Liberty Street
MS 2252
New York, NY 10006

Notice Address:

Bankers Trust
130 Liberty Street
MS 2252
New York, NY 10006

Telex No.:

Telecopy No.: (212) 669-0738

Telephone No.: (212) 250-2304

Attention: Kevin M. McCann

16

106

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
UNION BANK OF CALIFORNIA	\$2,200,000	\$1,925,000	\$1,375,000

Domestic Lending Office:

Union Bank of California
350 California St., 11th Floor

San Francisco, CA 94104

LIBOR Lending Office:

Union Bank of California
350 California St., 11th Floor
San Francisco, CA 94104

Notice Address:

Union Bank of California
350 California St., 11th Floor
San Francisco, CA 94104

Telex No.: 188316/UnionSFO UT
Telecopy No.: (415) 705-7037
Telephone No.: (415) 705-7062
(415) 705-7090

Attention: Donald Rubin

17

107

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
PNC BANK NATIONAL ASSOCIATION	\$3,600,000	\$3,150,000	\$2,250,000

Domestic Lending Office:

PNC Bank
Two Tower Center - 18th
East Brunswick, NJ 08816

LIBOR Lending Office:

PNC Bank
Two Tower Center - 18th
East Brunswick, NJ 08816

Notice Address:

PNC Bank
Two Tower Center - 18th
East Brunswick, NJ 08816

Telex No.:
Telecopy No.: (908) 220-3737
Telephone No.: (908) 220-3515

Attention: Glenn Hedde

18

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
LASALLE NATIONAL BANK	\$3,600,000	\$3,150,000	\$2,250,000

Domestic Lending Office:

LaSalle National Bank
120 South LaSalle - 4th Floor
Chicago, IL 60603

LIBOR Lending Office:

LaSalle National Bank
120 South LaSalle - 4th Floor
Chicago, IL 60603

Notice Address:

LaSalle National Bank
120 South LaSalle - 4th Floor
Chicago, IL 60603

Telex No.:

Telecopy No.: (312) 904-6382

Telephone No.: (312) 904-7460

Attention: John Swift

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
UBS AG, NEW YORK BRANCH	\$2,000,000	\$1,750,000	\$1,250,000

Domestic Lending Office:

UBS AG, New York Branch
299 Park Avenue
New York, NY 10171

LIBOR Lending Office:

UBS AG, New York Branch
299 Park Avenue
New York, NY 10171

Notice Address:

UBS AG, New York, Branch
299 Park Avenue
New York, NY 10171

Telex No.:

Telecopy No.: (212) 821-4541

Telephone No.: (212) 821-3020

Attention: Bob Mendeles

20

110

Annex A
Revolving/Term

Banks, Lending Offices and Notice Addresses -----	HFI Commitment -----	HFS Commitment -----	Receivables Commitment -----
HIBERNIA NATIONAL BANK	\$4,000,000	\$3,500,000	\$2,500,000

Domestic Lending Office:

Hibernia National Bank
313 Carondelet Street
New Orleans, LA 70130

LIBOR Lending Office:

Hibernia National Bank
313 Carondelet Street
New Orleans, LA 70130

Notice Address:

Hibernia National Bank
313 Carondelet Street
New Orleans, LA 70130

Telex No.:

Telecopy No.: (504) 533-5344

Telephone No.: (504) 533-3041

Attention: Skip Santos

21

111

ANNEX B

DEFINITIONS

Section 1. Defined Terms. For the purposes of this Agreement:

"Accumulated Funding Deficiency" has the meaning ascribed to that term in Section 302 of ERISA.

"Acknowledgment Agreement" means an acknowledgment agreement, in the then current form, between the Borrower, the Collateral Agent (as defined in the Revolving/Term Credit Agreement), and either FNMA, FHLMC or GNMA, as appropriate.

"Additional Commitment Bank" has the meaning ascribed thereto in Section 1.07(b) of this Agreement.

"Adjusted LIBOR Rate" means, for any Interest Period, a rate per annum (rounded upward, if necessary, to the next higher 1/16 of 1%) equal to the rate obtained by dividing (a) the LIBOR Rate for such Interest Period by (b) a percentage equal to 1 minus the Reserve Requirement in effect from time to time during such Interest Period.

"Adjusted Net Worth" means, at any time, an amount equal to (a) Net Worth minus (b) mortgage servicing rights minus (c) capitalized excess servicing fees minus (d) all intangible items including unamortized debt discount and expense, unamortized deferred charges, goodwill, organizational and research and development expense plus (e) 90% of the appraised value of the Servicing Rights of RBMG (determined on the basis of the most recent appraisal), plus (f) 90% of the appraised value of Hedge Contracts (determined on the basis of the most recent appraisal).

"Affiliate" means, with respect to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person; unless otherwise specified, "Affiliate" means an Affiliate of RBMG.

"Agent" means The Bank of New York, as agent for the Banks under this Agreement, and any successor Agent appointed pursuant to Section 8.08.

"Agent's Office" means the address of the Agent specified in or determined in accordance with the provisions of Section 9.01(a)(ii).

"AMC" means RBMG Asset Management Company, Inc., a Nevada corporation.

112

"Applicable Law" means, anything in Section 9.11 to the contrary notwithstanding, (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of governmental bodies, (ii) Governmental Approvals and (iii) orders, decisions, judgments and decrees of all courts (whether at law or in equity or admiralty) and arbitrators.

"Bank Tax" means any income or franchise tax imposed upon (a) any Bank by any jurisdiction (or political subdivision thereof) in which such Bank or any of its Lending Offices is located, (b) the Agent by the jurisdiction (or political subdivision thereof) in which the Agent's Office is located or (c) the Collateral Agent by any jurisdiction (or political subdivision thereof) in which the Collateral Agent's Office is located.

"Base Financial Statements" means the most recent, audited, consolidated balance sheet of RBMG and the Consolidated Subsidiaries referred to in Schedule Annex E-2(a) and the related statements of income, retained earnings and, as applicable, changes in financial position or cash flows for the fiscal year ended with the date of such balance sheet.

"Benefit Plan" of any Person, means, at any time, any employee benefit plan (including a Multiemployer Benefit Plan), the funding requirements of which (under Section 302 of ERISA or Section 412 of the Code) are, or at any time within six years immediately preceding the time in question were, in whole or in part, the responsibility of such Person.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks in New York or Chicago are authorized to close.

"Capital Security" means, with respect to any Person, (a) any share of capital stock of such Person or (b) any security convertible into, or any option, warrant or other right to acquire, any share of capital stock of such Person.

"Cash Flow" means, for any fiscal quarter, an amount equal to Net Income for that fiscal quarter plus all depreciation, amortization, deferred taxes and other non-cash charges and the net change in the deferred valuation account comprised of non-cash adjustments to the cost of servicing resulting from the application of FAS 122 less, to the extent not already deducted, the amount of any non-cash revenues constituting Net-Income.

"Co-Agents" means Bank One, Texas, National Association, U.S. Bank National Association, and NationsBank, N.A.

"Code" means the Internal Revenue Code of 1986.

"Collateral Agent's Office" means the address of the Collateral Agent specified in or determined in accordance with the provisions of Section 9.01(a)(ii).

2

113

"Commitment Increase" has the meaning ascribed thereto in Section 1.07(b).

"Commitment Increase Supplement" has the meaning ascribed thereto in Section 1.07(b).

"Consolidated Subsidiary" means, with respect to any Person at any time, any Subsidiary or other Person the accounts of which would be consolidated with those of such first Person in its consolidated financial statements as of such time; unless otherwise specified, "Consolidated Subsidiary" means a Consolidated Subsidiary of RBMG.

"Contract" means (a) any agreement (whether bi-lateral or uni-lateral or executory or non-executory and whether a Person entitled to rights thereunder is so entitled directly or as a third-party beneficiary), including an indenture, lease or license, (b) any deed or other instrument of conveyance, (c) any certificate of incorporation or charter and (d) any by-law.

"Coop Loan" has the meaning ascribed to that term in the Secured Mortgage Warehousing Credit Agreement.

"Debt" means any Liability that constitutes "debt" or "Debt" under section 101(11) of the Bankruptcy Code or under the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any analogous Applicable Law.

"Default" means any condition or event that constitutes an Event of Default or that with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" and the sign "\$" mean lawful money of the United States of America.

"Domestic Lending Office" of any Bank means (a) the branch or office of such Bank set forth below such Bank's name under the heading "Domestic Lending Office" on Annex A or, in the case of a Bank that becomes a Bank pursuant to Section 1.07 or to an assignment, the branch or office of such Bank set forth under the heading "Domestic Lending Office" in the Commitment Increase Supplement or the Notice of Assignment, as the case may be, given to RBMG and the Agent with respect to such assignment or (b) such other branch or office of such Bank designated by such Bank from time to time as the branch or office at which its Base Rate or Federal Funds Rate Loans, as the case may be, are to be

made or maintained.

"Effective Date" means the date set forth as such on the last signature page hereof, which date is the date each of the conditions contained in Section 2.01 hereto was fulfilled and, accordingly, this Agreement became effective and the Banks first became committed to make the Loans and other extensions of credit contemplated by this Agreement.

"Enacted", as applied to a Regulatory Change, means the date such Regulatory Change first becomes effective or is implemented or first required or expected to be complied

with, whether the same is (a) the result of an enactment by a government or any agency or political subdivision thereof, a determination of a court or regulatory authority, or otherwise or (b) enacted, adopted, issued or proposed before or after the Effective Date.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means, with respect to any Person, any other Person, including a Subsidiary or other Affiliate of such first Person, that is a member of any group of organizations within the meaning of Code Sections 414(b), (c), (m) or (o) of which such first Person is a member.

"Event of Default" means any of the events specified in Section 6.01.

"Existing Guaranty" means (a) any Guaranty outstanding on the Syndicated Credit Agreement Effective Date, to the extent set forth on Schedule Annex D-5, and (b) any Guaranty that constitutes a renewal, extension or replacement of an Existing Guaranty, but only if (i) at the time such Guaranty is entered into and immediately after giving effect thereto, no Default would exist, (ii) such Guaranty is binding only on the obligor or obligors under the Guaranty so renewed, extended or replaced, (iii) the principal amount of the obligations Guaranteed by such Guaranty does not exceed the principal amount of the obligations Guaranteed by the Guaranty so renewed, extended or replaced and (iv) the obligations Guaranteed by such Guaranty bear interest at a rate per annum not exceeding the rate borne by the obligations Guaranteed by the Guaranty so renewed, extended or replaced except for any increase that is commercially reasonable at the time of such increase.

"Existing Investments" means any Investments by RBMG or any Subsidiary outstanding as of the Credit Agreement Effective Date, to the extent set forth on Schedule Annex D-9.

"Federal Funds Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York or, if such rate is not so published for any day that is a Business Day, the average of quotations for such day or such transactions received by The Bank of New York from three Federal funds brokers of recognized standing selected by such bank.

"Federal Funds Rate Loan" means any Loan the interest on which is, or is to be, as the context may require, computed on the basis of the Federal Funds Rate.

"FHA" means the Federal Housing Administration.

"FHA Notice of Assignment" means a Notice of Assignment in the form of Exhibit D to the Secured Mortgage Warehousing Revolving Credit Agreement.

"FHLMC" means the Federal Home Loan Mortgage Corporation.

"FNMA" means the Federal National Mortgage Association.

"Foreclosure Advance" means either (a) a P&I Advance or a T&I Advance made in respect of a Mortgage Loan which is in foreclosure or (b) a Repurchase Foreclosure Advance.

"General Intangible" means a general intangible as that term is defined in the Uniform Commercial Code.

"Generally Accepted Accounting Principles" means generally accepted accounting principles as in effect on December 31, 1997, in the United States of America.

"GNMA" means the Government National Mortgage Association.

"Governmental Approval" means any authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any governmental unit.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranty" of any Person means any obligation, contingent or otherwise, of such Person (a) to pay any Liability of any other Person or to otherwise protect, or having the practical effect of protecting, the holder of any such Liability against loss (whether such obligation arises by virtue of such Person being a partner of a partnership or participant in a joint venture or by agreement to pay, to keep well, to purchase assets, goods, securities or services or to take or pay, or otherwise) or (b) incurred in connection with the issuance by a third Person of a Guaranty of any Liability of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise). The word "Guarantee" when used as a verb has the correlative meaning.

"HUD" means the Department of Housing and Urban Development.

"Indebtedness" of any Person means (in each case, whether such obligation is with full or limited recourse) (a) any obligation of such Person for borrowed money, (b) any obligation of such Person evidenced by a bond, debenture, note or other similar instrument, (c) any obligation of such Person to pay the deferred purchase price of property or services, except a trade account payable that arises in the ordinary course of business but only if and so long as the same is payable on customary trade terms, (d) any obligation of such Person as lessee under a capital lease, (e) any Mandatorily Redeemable Stock of such Person owned by any Person other than such Person (the amount of such Mandatorily Redeemable Stock to be determined for this purpose as the higher of the liquidation preference of and the amount payable upon redemption

or purchase of such Mandatorily Redeemable Stock), (f) any obligation of such Person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or property, (g) any non-contingent obligation of such Person to reimburse any other Person in respect of amounts paid under a letter of credit or other Guaranty issued by such other Person to the extent that such reimbursement obligation remains outstanding after it becomes non-contingent, (h) any

Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on any asset of such Person and (i) any Indebtedness of others Guaranteed by such person.

"Indebtedness-Free Subsidiary" means any wholly owned Subsidiary that has no Indebtedness other than the Indebtedness outstanding under a Syndicated Credit Agreement and Indebtedness owing to RBMG or another Indebtedness-Free Subsidiary.

"Indemnified Person" means any Person that is, or at any time was, the Agent, a Co-Agent, a Bank, an Affiliate of the Agent, the Co-Agent or a Bank or a director, officer, employee or agent of any such Person.

"Information" means data, certificates, reports, statements (including financial statements), opinions of counsel, documents and other information.

"Intellectual Property" means (a) (i) patents and patent rights, (ii) trademarks, trademark rights, trade names, trade name rights, corporate names, business names, trade styles, service marks, logos and general intangibles of like nature and (iii) copyrights, in each case whether registered, unregistered or under pending registration and, in the case of any such that are registered or under pending registration, whether registered or under pending registration under the laws of the United States or any other country, (b) reissues, continuations, continuations-in-part and extensions of any Intellectual Property referred to in clause (a), and (c) rights relating to any Intellectual Property referred to in clause (a) or (b), including rights under applications (whether pending under the laws of the United States or any other country) or licenses relating thereto.

"Investment" of any Person means (a) any Capital Security, evidence of Indebtedness or other security or instrument issued by any other Person, (b) any loan, advance or extension of credit to, or any contribution to the capital of, any other Person and (c) any other investment in any other Person.

"Lending Office" of any Bank means the Domestic Lending Office or the LIBOR Lending Office of such Bank.

"Liability" of any Person means (in each case, whether with full or limited recourse) any Indebtedness, liability, obligation, covenant or duty of or binding upon, or any term or condition to be observed by or binding upon, such Person or any of its assets, of any kind, nature or description, direct or indirect, absolute or contingent, due or not due, contractual

or tortious, liquidated or unliquidated, whether arising under Contract, Applicable Law, or otherwise, whether now existing or hereafter arising, and whether for the payment of money or the performance or non-performance of any act.

"LIBOR Business Day" means any Business Day on which dealings in Dollar deposits are carried on in the London interbank market and on which commercial banks are open for domestic and international business (including dealing in Dollar deposits) in London, England.

"LIBOR Lending Office" of any Bank means (a) the branch or office of such Bank set forth below such Bank's name under the heading "LIBOR Lending Office" on Annex A or, in the case of a Bank that becomes a Bank pursuant to Section 1.07 or an assignment, the branch or office of such Bank set forth under the heading "LIBOR Lending Office" in the Commitment Increase Supplement or the Notice of Assignment, as the case may be, given to RBMG and the Agent with respect to such assignment or (b) such other branch or office of such Bank designated by such Bank from time to time as the branch or office at which its LIBOR Rate Loans are to be made or maintained.

"LIBOR Rate" means, for any Interest Period, the rate per annum (rounded upward, if necessary, to the next higher 1/16 of 1%) determined by The Bank of New York to be the rate at which it offered or would have offered to place with first-class banks in the London interbank market deposits in Dollars in amounts comparable to the LIBOR Rate Loan of The Bank of New York to which such Interest Period applies, for a period equal to such Interest Period, at 11:00 a.m. (London time) on the second LIBOR Business Day before the first day of such Interest Period.

"LIBOR Rate Loan" means any Loan the interest on which is, or is to be, as the context may require, computed on the basis of the Adjusted LIBOR Rate.

"Lien" means, with respect to any property or asset (or any income or profits therefrom) of any Person (in each case whether the same is consensual or nonconsensual or arises by Contract, operation of law, legal process or otherwise) (a) any mortgage, lien, pledge, attachment, levy or other security interest of any kind thereupon or in respect thereof or (b) any other arrangement, express or implied, under which the same is pledged, transferred, sequestered or otherwise identified so as to subject the same to, or make the same available for, the payment or performance of any Liability in priority to the payment of the ordinary, unsecured Liabilities of such Person. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan Document Related Claim" means any claim (whether civil, criminal or administrative and whether arising under Applicable Law, including any "environmental" or similar law, under Contract or otherwise) in any way arising out of, related to, or connected with,

7

118

the Loan Documents, the relationships established thereunder or any actions or conduct thereunder or with respect thereto, whether such claim arises or is asserted before or after the Effective Date or before or after the Repayment Date.

"Loan Documents" means (a) this Agreement, the Notes, the Intercreditor Agreement (if any) and the Security Agreement and (b) all other agreements, documents, including Borrowing Base Certificates, and instruments relating to, arising out of, or in any way connected with (i) any agreement, document or instrument referred to in clause (a), (ii) any other agreement, document or instrument referred to in this clause (b) or (iii) any of the transactions contemplated by any agreement, document or instrument referred to in clause (a) or in this clause (b).

"Mandatorily Redeemable Stock" means, with respect to any Person, any share of such Person's capital stock to the extent that it is (a) redeemable, payable or required to be purchased or otherwise retired or extinguished, or convertible into any Indebtedness or other Liability of such Person, (i) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (ii) at the option of any Person other than such Person or (iii) upon the occurrence of a condition not solely within the control of such Person, such as a redemption required to be made out of future earnings or (b) convertible into Mandatorily Redeemable Stock.

"Materially Adverse Effect" means, (a) with respect to any Person, any materially adverse effect on such Person's business, assets, Liabilities, financial condition, results of operations or business prospects, (b) with respect to any Loan Document, any adverse effect, WHETHER OR NOT MATERIAL, on the binding nature, validity or enforceability thereof as an obligation of a Borrower and (c) with respect to Collateral, a materially adverse effect on the value of a category of such Collateral or its utility in a Borrower's business

or an adverse effect, WHETHER OR NOT MATERIAL, on the validity, perfection, priority or enforceability of the Security Interest therein.

"Maximum Permissible Rate" means, with respect to interest payable on any amount, the rate of interest on such amount that, if exceeded, could, under Applicable Law, result in (a) civil or criminal penalties being imposed on the payee or (b) the payee's being unable to enforce payment of (or, if collected, to retain) all or any part of such amount or the interest payable thereon.

"Meritage" means Meritage Mortgage Corporation, an Oregon corporation.

"Money Market Investment" means (a) any security issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having a remaining maturity of not more than one year, (b) any certificate of deposit, eurodollar time deposit and bankers' acceptance with remaining maturity of not more than six months, any overnight bank deposit, and any demand deposit account, in each case with any Bank or with any United States commercial bank having capital and surplus in excess of \$500,000,000 and rated B

or better by Thomson Bankwatch Inc. or (c) any repurchase obligation with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above, and (d) any commercial paper issued by any Bank or the parent corporation of any Bank and any other commercial paper rated A-1 by Standard & Poor's Corporation or Prime-1 by Moody's Investors Service, Inc. and in any case having a remaining maturity of not more than six months.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage Loan" means Indebtedness (which is such by virtue of clause (a) of the definition thereof) of an Obligor that is secured by residential real estate, including such Indebtedness that constitutes a Coop Loan.

"Mortgage-Backed Security" means a security (including a participation certificate) that is (a) guaranteed by GNMA that represents interests in a pool of loans that (i) are secured by mortgages, deeds of trust or other instruments creating a Lien on property which is improved by a completed single family dwelling (one-to-four family unit) or (ii) are Coop Loans or (b) issued by FNMA, FHLMC or other Persons that represents interests in such a pool.

"Multiemployer Benefit Plan" means any Benefit Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Income" means, for any period, the amount of net income of RBMG for such period (taken as a cumulative whole), determined in accordance with Generally Accepted Accounting Principles.

"Net Worth" means, at any date, the stockholders' equity of RBMG at such date, determined in accordance with Generally Accepted Accounting Principles.

"New Commitment Bank" has the meaning ascribed thereto in Section 1.07(b).

"Non-US Bank" means a Person that is not a United States Person and that is not described in Section 881(C)(3) of the Code.

"Notice of Assignment" means any notice to the Borrower and the Agent with respect to an assignment pursuant to Section 9.10(a) in the form of Schedule 9.10(a).

"Obligor" means the Person or Persons obligated to pay the Indebtedness which is the subject of a Mortgage Loan, including any guarantor of such indebtedness.

"PBGC" means the Pension Benefit Guaranty Corporation.

9

120

"Permitted Guaranty" means (a) any Guaranty that is an endorsement of a check for collection in the ordinary course of business, (b) any Guaranty (made in the ordinary course of business and consisting only of customary selling warranties required under selling contracts with Approved Investors) of the obligations of mortgagors with respect to Mortgage Loans sold by RBMG or a Subsidiary, except that RBMG's or such Subsidiary's, as the case may be, obligations under a "with recourse" sale to FHLMC, under a "regular" servicing option sale to FNMA, or under any similar sale to any other Person, shall not constitute a Permitted Guaranty, (c) any Guaranty by RBMG of any insurer of, or other Person providing credit support for, or purchaser of securities issued pursuant to one or more asset securitization facilities or one or more transactions involving the sale of a group of loans effected by RBMG, RBMG Funding Co., AMC or one or more Wholly Owned Subsidiaries of RBMG formed as a bankruptcy-remote Person solely for the purpose of, and which engage in no business other than the activities necessary to effect, one or more asset securitization facilities, solely to the extent that such Guaranty indemnifies such indemnified Person for losses resulting from any representation or warranty made by RBMG or one of its Subsidiaries that was incorrect or misleading when made or deemed made in any agreement or disclosure document entered into or issued in connection with such asset securitization facility or sale of loans; provided that any such Guaranty that assures such indemnified Person that any or all of the assets securing such securities or subject of such sale will be shall not constitute a Permitted Guaranty and (d) the Guaranty by RBMG under Section 9.22 of the Mortgage Warehousing Revolving Credit Agreement.

"Permitted Lien" means (a) with respect to any asset that does not constitute Collateral, (i) any Lien arising in the ordinary course of business and that secures a Liability that does not constitute Indebtedness and at the time is not required to be paid in accordance with Section 1(d) of Annex D and, if such Lien arises in connection with legal proceedings, the execution or other enforcement thereof is not unstayed for more than 20 days; (ii) any Lien on the assets of any Person securing Indebtedness of such Person to which Section 4 of Annex D is not applicable, (iii) any Lien securing Hedge Contracts, but only if such Hedge Contracts are entered into in the ordinary course of business; and (iv) Liens incidental to the conduct of the mortgage banking and equipment leasing businesses of RBMG and its Subsidiaries or the ownership of its properties or arising out of transactions entered into in the ordinary course of such business which do not secure Indebtedness and do not, in the aggregate, materially detract from the value of its properties in the aggregate or materially impair the use thereof in the ordinary course of such business; and (b) with respect to any asset that constitutes Collateral, the Syndicated Credit Agreement Security Interests.

"Person" means any individual, sole proprietorship, corporation, partnership, trust, unincorporated organization, mutual company, joint stock company, estate, union, employee organization, government or any agency or political subdivision thereof or, for the purpose of the definition of "ERISA Affiliate", any trade or business.

"Post-Default Rate" means, for any day, the rate otherwise applicable under Section 1.03(a)(i) or (ii) for such day plus 2% or, if no rate would otherwise be applicable under

10

Section 1.03(a)(i) or (ii), the sum of 2% and the higher of (a) the Prime Rate in effect on such day and (b) the Federal Funds Rate in effect on such day.

"Prime Rate" means the prime commercial lending rate of The Bank of New York, as publicly announced to be in effect from time to time. The Prime Rate shall be adjusted automatically, without notice, on the effective date of any change in such prime commercial lending rate. The Prime Rate is not necessarily The Bank of New York's lowest rate of interest.

"Principals" means all Persons that are, or at any time were, the Secured Party, an Agent, a Co-Agent, a Bank or any other Indemnified Person.

"Prohibited Transaction" means any transaction that is prohibited under Code Section 4975 or ERISA Section 406 and not exempt under Code Section 4975 or ERISA Section 408.

"Property" means the real property, including the improvements thereon, and the personal property (tangible and intangible) which purport to secure a Mortgage Loan.

"Qualifying Balances" means, with respect to any Bank, those free collected balances maintained in non-interest bearing accounts (whether or not such accounts are trust accounts) in the Borrower's name with such Bank or with a financial institution designated by such Bank and acceptable to the Borrower (after deducting for purposes of calculating such balances FDIC insurance premiums, float and balances required by such Bank under its normal practices to compensate such Bank for the maintenance of such accounts and taking into consideration any reserve requirements applicable to such accounts).

"Questionnaire" means the Questionnaire in the form attached to the Security Agreement as Exhibit A delivered by a Borrower to the Agent and the Collateral Agent in connection with this Agreement.

"RBC" means Resource Bancshares Corporation, a South Carolina corporation.

"RBMG" means Resource Bancshares Mortgage Group, Inc., a Delaware corporation.

"RBMG Mortgage" has the meaning ascribed to that term in the Secured Mortgage Warehousing Revolving Credit Agreement.

"RBMG Mortgage Loan" has the meaning ascribed to that term in the Secured Mortgage Warehousing Credit Agreement.

"Register" means a register kept at the Agent's office by the Agent on behalf of RBMG, at no extra charge to RBMG, on which the Agent records the names of the Registered holders of Registered Notes.

"Registered Holder" means the Person in whose name a Registered Note is registered.

"Registered Note" means a Note the name of the holder of which has been recorded on the Register. The registration of a Note shall constitute the registration of the Loan evidenced thereby.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System.

"Regulatory Change" means any Applicable Law, interpretation, directive, request or guideline (whether or not having the force of law), or any change therein or in the administration or enforcement thereof, that is Enacted or is implemented or first required or expected to be complied with after the Syndicated Credit Agreement Effective Date, including any such that imposes, increases or modifies any Tax, reserve requirement, insurance charge, special deposit requirement, assessment or capital adequacy requirement, but excluding any such that imposes, increases or modifies any Bank Tax.

"Repayment Date" means the later of (a) the termination of the Commitments (whether as a result of the occurrence of the Termination Date, reduction to zero pursuant to Section 1.07 or termination pursuant to Section 6.02) and (b) the payment in full of the Loans and all other amounts payable or accrued hereunder.

"Reportable Event" means, with respect to any Benefit Plan of any Person, (a) the occurrence of any of the events set forth in ERISA Section 4043(c), other than an event as to which the requirement of 30 days' notice, or the penalty for failure to provide such notice, has been waived by the PBGC, (b) the existence of conditions sufficient to require advance notice to the PBGC pursuant to ERISA Section 4043(b), (c) the occurrence of any of the events set forth in ERISA Sections 4062(e) or 4063(a) or the regulations thereunder, (d) any event requiring such Person or any of its ERISA Affiliates to provide security to such Benefit Plan under Code Section 401(a)(29) or (e) any failure to make a payment required by Code Section 412(m) with respect to such Benefit Plan.

"Representation and Warranty" means any representation or warranty made pursuant to or under (a) Section 2.02, Article 3, or any other provision of this Agreement, (b) Annex C or Annex E or (c) any amendment to, or waiver of rights under, this Agreement, or either such Annex, WHETHER OR NOT, IN THE CASE OF ANY REPRESENTATION OR

12

123

WARRANTY REFERRED TO IN CLAUSE (a), (b) OR (c) OF THIS DEFINITION (EXCEPT, IN EACH CASE, TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED), THE INFORMATION THAT IS THE SUBJECT MATTER THEREOF IS WITHIN THE KNOWLEDGE OF RBMG.

"Repurchase Foreclosure Advance" has the meaning ascribed to such term in Section 10.01.

"Required Banks" means Banks having more than 66-2/3% of the aggregate amount of, when an Event of Default does not exist, the Commitments, and during an Event of Default, the Loans outstanding.

"Required Principal Payments" means, for any fiscal quarter, the aggregate of the principal amounts of the Loans (as defined in the Revolving/Term Credit Agreement) required in accordance with the terms of Section 1.04(a) of the Revolving/Term Credit Agreement to be repaid by RBMG during such fiscal quarter.

"Reserve Requirement" means, at any time, the then current maximum rate for which reserves (including any marginal, supplemental or emergency reserve) are required to be maintained under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding five billion Dollars against "Eurocurrency liabilities", as that term is used in Regulation D. The Adjusted LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

"Restricted Payment" means (a) any dividends or other distribution on account of any shares of RBMG's capital stock (other than dividends payable solely in shares of any of its capital stock) or (b) any payment on account of

any purchase, redemption, retirement, exchange or conversion of any of RBMG's Capital Securities, including purchases of Mandatory Redeemable Stock of RBMG pursuant to RBMG's employee stock purchase plan.

"Revolving/Term Credit Agreement" means the Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, among RBMG, the Agent and Collateral Agent, the Co-Agents and the Banks party thereto.

"S&P" means Standard & Poor's Rating Service, a division of the McGraw Hill Companies, Inc.

"Secured Mortgage Warehousing Revolving Credit Agreement" means the Third Amended and Restated Secured Mortgage Warehousing Revolving Credit Agreement, dated as of July 28, 1998, among Resources Bancshares Mortgage Group, Inc., RBMG Mortgage, the Banks listed on the signature pages thereof and The Bank of New York, as Agent, and the Co-Agents.

13

124

"Secured B/C Mortgage Warehousing Revolving Credit Agreement" means the First Amended and Restated Secured B/C Mortgage Warehousing Revolving Credit Agreement, dated as of July 28, 1998 among RBMG, the Banks party thereto, The First National Bank of Chicago, as Documentation Agent, First Union National Bank, as Syndication Agent, and The Bank of New York, as Agent.

"Security Interest" means the Liens created, or purported to be created, by the Loan Documents.

"Serviced Mortgage Loan" means a Mortgage Loan the Servicing Rights with respect to which constitute part of the Servicing Portfolio.

"Servicing Contract" means a written agreement between an investor and a Person acting as servicer (or in the case of a sub-servicing arrangement, between the Person acting as servicer and the master servicer) providing for the servicing of Mortgage Loans, including pools of Mortgage Loans underlying Mortgage-Backed Securities, and includes all manuals, guides and Applicable Laws incorporated by reference in or otherwise governing the terms of the relationship of such investor and the Person acting as servicer thereunder. Unless otherwise specified, "Servicing Contract" means a Servicing Contract under which RBMG or a sub-agent of RBMG is the Person acting as servicer.

"Servicing Portfolio" means at any time the aggregate outstanding principal balance of the Mortgage Loans the Servicing Rights with respect to which make up the entire portfolio of Servicing Rights owned by RBMG, excluding the Servicing Rights with respect to which RBMG has "full recourse" obligations at that time.

"Servicing Rights" means (a) all rights under a Servicing Contract of the Person acting (directly or through a sub-agent) as servicer thereunder, including all rights to compensation, payment and reimbursement, (b) all rights of such Person to termination fees payable in respect of such Servicing Contract, and (c) all proceeds of any sale, assignment or other disposition of such Person's interest in such Servicing Contract. Unless otherwise specified, "Servicing Rights" means Servicing Rights of RBMG.

"Subordinated Indebtedness" means Indebtedness of a Borrower that is subordinate in right of payment to the Liabilities of a Borrower under the Loan Documents to which it is a party, pursuant to subordination provisions the terms and conditions of which are acceptable to the Required Banks.

"Subsidiary" means, with respect to any Person, any other Person (a) securities of which having ordinary voting power to elect a majority of the board of directors (or other persons having similar functions) or (b) other ownership interests of which ordinarily constituting a majority voting interest, are at the time, directly or indirectly, owned or controlled by such first

Person, or by one or more of its Subsidiaries, or by such first Person and one or more of its Subsidiaries; unless otherwise specified, "Subsidiary" means a Subsidiary of RBMG.

14

125

"Syndicated Credit Agreements" means the Secured Mortgage Warehousing Revolving Credit Agreement, the Secured Revolving/Term Credit Agreement and the Secured B/C Mortgage Warehousing Revolving Credit Agreement.

"Syndicated Credit Agreement Effective Date" means the earliest of (a) the "Effective Date" as that term is defined in the Secured Mortgage Warehousing Revolving Credit Agreement, (b) the "Effective Date" as that term is defined in the Revolving/Term Credit Agreement, and (c) the "Effective Date" as that term is defined in the Secured B/C Mortgage Warehousing Credit Agreement.

"Syndicated Credit Agreement Security Interest" has the meaning ascribed to the term "Security Interest" in each of the Syndicated Credit Agreements.

"Tax" means any Federal, State or foreign tax, assessment or other governmental charge or levy (including any withholding tax) upon a Person or upon its assets, revenues, income or profits.

"Termination Event" means, with respect to any Benefit Plan, (a) any Reportable Event with respect to such Benefit Plan, (b) the termination of such Benefit Plan, or the filing of a notice of intent to terminate such Benefit Plan, or the treatment of any amendment to such Benefit Plan as a termination under ERISA Section 4041(c), (c) the institution of proceedings to terminate such Benefit Plan under ERISA Section 4042 or (d) the appointment of a trustee to administer such Benefit Plan under ERISA Section 4042.

"Total Liabilities" means, at any time, all of RBMG's Liabilities to the extent reflected, or required in accordance with Generally Accepted Accounting Principles to be reflected, on a balance sheet of RBMG, including obligations in respect of whole loan gestation financing agreements which either do not have initial pool certification or are not with "assignment of trade," but excluding gestation and repurchase financing agreements with respect to initially certified pools and whole loan gestation financing agreements which have "assignment of trade."

"Unfunded Benefit Liabilities" means, with respect to any Benefit Plan at any time, the amount of unfunded benefit liabilities of such Benefit Plan at such time as determined under ERISA Section 4001(a)(18).

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States Person" means a corporation, partnership or other entity created, organized or incorporated under the laws of the United States of America or a State thereof (including the District of Columbia).

15

126

"VA" means the Veterans Administration.

"VA Notice of Assignment" means a Notice of Assignment in the form of Exhibit E to the Secured Mortgage Warehousing Revolving Credit Agreement.

"Wholly Owned Subsidiary" means, with respect to any Person, any Subsidiary of such Person all of the Capital Securities and all other ownership interests and rights to acquire ownership interests of which (except directors' qualifying shares) are, directly or indirectly, owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person

and one or more of such Subsidiaries; unless otherwise specified, "Wholly Owned Subsidiary" means a Wholly Owned Subsidiary of RBMG.

16

127

ANNEX C

CERTAIN REPRESENTATIONS AND WARRANTIES

RBMG represents and warrants as follows:

Section 1. Organization; Power; Qualification. RBMG and each Subsidiary are corporations or limited liability companies duly organized, validly existing and in good standing under the laws of their respective jurisdictions of organization, have the power and authority to own their respective properties and to carry on their respective businesses as now being and hereafter proposed to be conducted and are duly qualified and in good standing as foreign business entities, and are authorized to do business, in all jurisdictions in which the character of their respective properties or the nature of their respective businesses requires such qualification or authorization, except for qualifications and authorizations the lack of which, singly or in the aggregate, has not had and does not have a significant possibility of having a Materially Adverse Effect on (a) RBMG or (b) the Collateral.

Section 2. Subsidiaries. On the Syndicated Credit Agreement Date, RBMG has no Subsidiaries other than as set forth on Schedule Annex C-2.

Section 3. Authorization; Enforceability; Required Consents; Absence of Conflicts. Each of RBMG and RBMG Mortgage has the power, and has taken all necessary action (including, if a corporation, any necessary stockholder action) to authorize it to execute, deliver and perform in accordance with their respective terms the Loan Documents to which it is a party and to borrow hereunder in the unused amount of the Commitments available to it. This Agreement has been, and each of the other Loan Documents when delivered will have been, duly executed and delivered by RBMG and is, or when so delivered will be, a legal, valid and binding obligation of RBMG or RBMG Mortgage, as the case may be, enforceable against RBMG or RBMG Mortgage, as the case may be, in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally. The execution, delivery and performance in accordance with their respective terms by RBMG and RBMG Mortgage of the Loan Documents to which it is a party, and each borrowing hereunder, whether or not in the amount of the unused Commitments, do not and (absent any change in any Applicable Law or applicable Contract) will not (a) require any Governmental Approval or any other consent or approval, including any consent or approval of any Subsidiary or any consent or approval of the stockholders of RBMG or any Subsidiary, other than Governmental Approvals and other consents and approvals that have been obtained, are final and not subject to review on appeal or to collateral attack, are in full force and effect and, in the case of any such required under any Applicable Law or Contract as in effect on the Effective Date, are listed on Schedule Annex C-3, or (b) violate, conflict with, result in a breach of, constitute a default under, or result in or require

128

the creation of any Lien (other than the Security Interest) upon any assets of RBMG or any Subsidiary under, (i) any Contract to which RBMG or any Subsidiary is a party or by which RBMG or any Subsidiary or any of their respective properties may be bound or (ii) any Applicable Law.

Section 4. Taxes. RBMG and each Subsidiary have (a) filed all Tax returns required to have been filed by it under Applicable Law, (b) paid all Taxes that are shown on such returns as being due and payable by it or have been assessed against it, except for Taxes the failure to have paid which does not

contravene Section 1(d) of Annex D and (c) to the extent required by Generally Accepted Accounting Principles, reserved against all Taxes that are payable by it but are not yet due or that are due and payable by it or have been assessed against it but have not yet been paid.

Section 5. Litigation. Except as set forth on Schedule Annex C-5, there are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending or threatened (nor, to the knowledge of RBMG and its Subsidiaries is there any basis therefor) against or in any other way relating to or affecting (a) RBMG or any of its Subsidiaries or any of their respective businesses or properties, (b) any Loan Document or (c) the Collateral, except actions, suits or proceedings that (x) do not, singly or in the aggregate, have a significant possibility (taking into account the likelihood of an adverse determination) of having a Materially Adverse Effect on RBMG and (y) if adversely determined, would not, singly or in the aggregate, have a Materially Adverse Effect on any Loan Document or the Collateral.

Section 6. Burdensome Provisions. Neither RBMG nor any Subsidiary is a party to or bound by any Contract or Applicable Law, except those compliance with which does not and will not have a significant possibility of having a Materially Adverse Effect on (a) RBMG, (b) any Loan Document or (c) the Collateral.

Section 7. No Adverse Change or Event. Since December 31, 1997, no change in the business, assets, Liabilities, financial condition, results of operations or business prospects of RBMG or any Subsidiary has occurred, and no event has occurred or failed to occur, that has had or that has a significant possibility of having, either alone or in conjunction with all other such changes, events and failures, a Materially Adverse Effect on (a) RBMG, (b) any Loan Document or (c) the Collateral. RBMG acknowledges that such an adverse change may have occurred, and such an event may have occurred or failed to occur, at any particular time notwithstanding the fact that at such time no Default (other than an Event of Default specified in Section 6.01(f) of this Agreement) shall have occurred and be continuing.

Section 8. Year 2000. The Borrower and its Subsidiaries have reviewed the effect of the Year 2000 Issue on the computer software, hardware and firmware systems and equipment containing embedded microchips owned or operated by or for the Borrower and its Subsidiaries or used or relied upon in the conduct of their business (including systems and equipment supplied by others or with which such computer systems of the Borrower and its

Subsidiaries interface). The costs to the Borrower and its Subsidiaries of any reprogramming required as a result of the Year 2000 Issue to permit the proper functioning of such systems and equipment and the proper processing of data, and the testing of such reprogramming, and of the reasonably foreseeable consequences of the Year 2000 Issue to the Borrower or any of its Subsidiaries (including reprogramming errors and the failure of systems or equipment supplied by others) are not reasonably expected to result in a Default or Event of Default or to have a material adverse effect on the business, assets, operations, prospects or condition (financial or otherwise) of the Borrower or any of its Subsidiaries.

Section 9. Additional Adverse Facts. Except for facts and circumstances disclosed on Schedule Annex C-5 or Schedule Annex C-8 or in the notes to the financial statements referred to in Section 2(a) of Annex E, no fact or circumstance is known to RBMG or RBMG Mortgage, as of the Syndicated Credit Agreement Effective Date, that, either alone or in conjunction with all other such facts and circumstances, has had or has a significant possibility of having (so far as RBMG can foresee) a Materially Adverse Effect on (a) RBMG, (b) any Loan Document or (c) the Collateral. If a fact or circumstance disclosed on such Schedules or in such notes should in the future have a Materially Adverse Effect on (x) RBMG, (y) any Loan Document or (z) the Collateral, such Materially

Adverse Effect shall be a change or event subject to Section 7 notwithstanding such disclosure.

Section 10. Agency Approvals. RBMG is, and is in good standing as, an FNMA- and FHLMC-approved Seller/Servicer, a GNMA-approved Issuer/Servicer, a HUD Direct Endorsement Lender and a VA-approved lender.

3

130

Schedule Annex C-2

SCHEDULE OF SUBSIDIARIES

AMC
Laureate Capital Corp.
Laureate Realty Services, Inc.
Meritage
RBMG Funding Co.
RBMG Mortgage, Inc.
RBMG Subsidiary Inc.
RBC
TFP Funding, Inc.
TFP Funding III, Inc.

4

131

Schedule Annex C-3

SCHEDULE OF REQUIRED CONSENTS AND GOVERNMENTAL APPROVALS

None.

132

Schedule Annex C-5

SCHEDULE OF MATERIAL LITIGATION

None.

133

Schedule Annex C-8

SCHEDULE OF ADDITIONAL MATERIAL ADVERSE FACTS

None.

134

ANNEX D

CERTAIN COVENANTS

A. Affirmative Covenants.

RBMG shall and, in the case of Sections 1 and 2, shall cause each Subsidiary to:

Section 1. Preservation of Existence and Properties, Scope of Business, Compliance with Law, Payment of Taxes and Claims, Preservation of Enforceability. (a) Preserve and maintain its existence and all of its other franchises, licenses, rights and privileges, (b) preserve, protect and obtain all Intellectual Property, and preserve and maintain in good repair, working order and condition all other properties, required for the conduct of its business, (c) comply with Applicable Law, (d) pay or discharge when due all Taxes and all Liabilities that might become a Lien on any of its properties and (e) take all action and obtain all consents and Governmental Approvals required so that its obligations under the Loan Documents (as defined in any Syndicated Credit Agreement) will at all times be legal, valid and binding and enforceable in accordance with their respective terms, except that this Section 1 (other than clauses (a), in so far as it requires RBMG to preserve its corporate existence, and (e)) shall not apply in any circumstance (i) where noncompliance, together with all other noncompliances with this Section 1, does not have a significant possibility of having a Materially Adverse Effect on (A) RBMG, (B) any Loan Document or (C) the Collateral or (ii) where noncompliance is being contested in good faith and by appropriate proceedings diligently conducted and appropriate reserves against the possibility that compliance will be required have been established in accordance with Generally Accepted Accounting Principles.

Section 2. Insurance. Maintain or cause to be maintained with financially sound and reputable insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by reputable companies in the same or similar businesses, such insurance to be of such types and in such amounts (with such deductible amounts) as is customary for such companies under similar circumstances, including errors and omissions coverage and fidelity coverage in form and substance acceptable under FNMA and FHLMC guidelines, and furnish the Agent on request full information as to all such insurance.

Section 3. Maintain Eligibility as Servicer. Maintain its eligibility and be in good standing as a FNMA- and FHLMC-approved Seller/Servicer, a GNMA-approved Issuer/Servicer, a HUD Direct Endorsement Lender and a VA-approved lender.

B. Negative Covenants.

RBMG shall not, and shall not permit any Subsidiary to, directly or indirectly:

135

Section 4. Indebtedness. Have any Indebtedness, at any time, except that this Section 4 shall not apply to:

In the case of RBMG:

(a) Indebtedness outstanding under the Syndicated Credit Agreements;

(b) repurchase and gestation financing, but only if and so long as (i) such financing is with investment banks that have been approved in writing by the Agent, such approval not to be unreasonably withheld, and (ii) the aggregate principal amount of such financing outstanding at the end of, and the average principal amount of all such financing outstanding during, each calendar month is reported to the Agent no later than the fifteenth Business Day following the end of such month;

(c) daylight overdrafts; and

(d) other Indebtedness in an aggregate principal amount outstanding at any time not in excess of \$150,000,000; and

In the case of any Subsidiary: (i) Indebtedness under any Syndicated Credit Agreement, (ii) other Indebtedness incurred by such Subsidiary in connection with a secured mortgage warehousing loan facility entered into by such Subsidiary, (iii) daylight overdrafts (iv) other Indebtedness incurred by such Subsidiary, other than RBC and AMC, in an aggregate principal amount outstanding at any time for all Subsidiaries not in excess of \$5,000,000, (v) Indebtedness incurred by Meritage owing to RBMG in an aggregated principal amount outstanding at any time not in excess of \$25,000,000, (vi) Indebtedness incurred by such Subsidiary owing to RBMG or to any other Subsidiary in an aggregate principal amount outstanding at any time for all Subsidiaries not in excess of \$10,000,000, (vii) other Indebtedness incurred by RBC in an aggregate principal amount outstanding at any time not in excess of \$200,000,000, (viii) other Indebtedness incurred by AMC in an aggregate principal amount outstanding at any time not in excess of \$10,000,000 and (ix) other Indebtedness incurred by one or more Wholly Owned Subsidiaries of RBMG formed as a bankruptcy-remote Person solely for the purpose of, and which engage in no business other than the activities necessary to effect, one or more asset securitization facilities, provided, that, such Indebtedness incurred in any such asset securitization facility shall be non-recourse to such Subsidiary other than to the assets subject of such asset securitization facility.

Section 5. Guaranties. Be obligated, at any time, in respect of any Guaranty, except that this Section 5 shall not apply to (a) Existing Guaranties, (b) Permitted Guaranties, (c) Guaranties by RBMG of the obligations of Subsidiaries (other than in respect of Indebtedness of such Subsidiaries) incurred in the ordinary course of business of such Subsidiaries, provided that the maximum aggregate liabilities so guaranteed by RBMG for all such Subsidiaries may not exceed \$20,000,000 and (d) Guaranties by RBMG of Indebtedness of either of RBC or AMC to

2

136

the extent Section 4 of this Annex D is not applicable to such Indebtedness by virtue of clauses (v) and (vi) thereof, provided that, in the case of RBC, such Indebtedness shall be secured by the assets of RBC representing all or a portion of its leasing portfolio having an aggregate value equal to or greater than the aggregate principal amount of such Indebtedness so guaranteed, and provided, further, that if the Collateral has been released pursuant to Section 9.23 of the Secured B/C Mortgage Warehousing Credit Agreement and Section 9.25 of the Secured Mortgage Warehousing Credit Agreement, each such Guaranty must be on terms and conditions satisfactory to the Required Banks.

Section 6. Liens. Permit to exist, at any time, any Lien upon any of their respective properties or assets of any character, whether now owned or hereafter acquired, or upon any income or profits therefrom, except that this Section 6 shall not apply to Permitted Liens.

Section 7. Restricted Payments. Make or declare or otherwise become obligated to make any Restricted Payment, except that this Section 7 shall not apply to (a) any Restricted Payment consisting of the repurchase of shares of RBMG's Capital Securities in an aggregate amount, for all such repurchases under this clause (a) after the Syndicated Credit Agreement Effective Date, not in excess of \$10,000,000, and (b) any Restricted Payment in any fiscal year of RBMG ending after the Syndicated Credit Agreement Effective Date the amount of which, together with the amounts of all Restricted Payments under this clause (b) that RBMG and its Subsidiaries have made or declared or otherwise become obligated to make during such fiscal year would not exceed 50% of Net Income for such fiscal year, but only if, in the case of any Restricted Payment, whether under clause (a) or (b), at the time of the making thereof, and immediately after giving effect thereto, a Default would not exist. This Section 7 shall not prohibit the payment of a dividend that constitutes a Restricted Payment if such Restricted Payment is made within 45 days of the declaration thereof and such Restricted Payment was permitted under this Section 7 at the time of its declaration.

Section 8. Merger or Consolidation. Merge or consolidate with any Person, except that, if after giving effect thereto no Default would exist, this Section 8 shall not apply to (a) any merger or consolidation of RBMG with any one or more Persons, provided that RBMG shall be the continuing Person, and (b) any merger or consolidation of any Subsidiary with any one or more other Persons, provided that the continuing Person shall, after giving effect to such merger or consolidation, be a Wholly-Owned Subsidiary.

Section 9. Investments. Make or acquire any Investment or have any Investment outstanding, except that this Section 9 shall not apply to (a) Existing Investments, (b) Money Market Investments, (c) Guaranties to which Section 5 of this Annex D is not applicable by virtue of clause (d) thereof, (d) extensions of credit in the ordinary course of business, including Mortgage Loans and Mortgage-Backed Securities (as defined in both of the Secured Mortgage Warehousing Revolving Credit Agreement and the Secured B/C Mortgage Warehousing Revolving Credit Agreement) made or purchased, (e) Hedge Contracts, (f) loans to any Person for use by such Person to acquire or originate Mortgage Loans and servicing rights, provided that

such loans are secured by Mortgage Loans, servicing rights or Mortgage-Backed Securities (as defined in both of the Secured Mortgage Warehousing Revolving Credit Agreement and the Secured B/C Mortgage Warehousing Revolving Credit Agreement) and are made in the ordinary course of business, (g) loans to the Resource Bancshares Mortgage Group, Inc. Employee Stock Ownership Plan in an aggregate principal amount not in excess of \$20,000,000 at any time outstanding, (h) Investments in RBMG Mortgage in an aggregate amount not in excess of \$5,000,000 at any time outstanding, and (i) Investments to which Section 10 is not applicable by virtue of clause (b) thereof.

Section 10. Disposition and Acquisition of Assets. (a) Sell, lease, assign, license, transfer or otherwise dispose of any asset or any interest therein, except that this Section 10 shall not apply to (i) any disposition of any asset or any interest therein in the ordinary course of business (it being expressly understood that, in the ordinary course of its business, RBMG and its Subsidiary sell Mortgage-Backed Securities (as defined in both of the Secured Mortgage Warehousing Revolving Credit Agreement and the Secured B/C Mortgage Warehousing Revolving Credit Agreement), Mortgage Loans with or without servicing released and Servicing Rights), (ii) any sale of any equipment leases or any interest therein by RBC in the ordinary course of business, (iii) any disposition of any obsolete or retired property not used or useful in the business of RBMG or such Subsidiary and (iv) any transaction to which any of the other provisions of this Annex D (other than Section 11) is by its express terms inapplicable.

(b) Purchase or acquire (including by way of merger or consolidation) any asset or any interest therein, including but not limited to Capital

Securities, of any Person other than (i) acquisitions in the ordinary course of business and (ii) other acquisitions so long as the aggregate purchase price (exclusive of shares of the capital stock of RBMG, other than Mandatorily Redeemable Stock) of any such acquisition or group of related acquisitions does not exceed \$20,000,000.

Section 11. Transactions with Affiliates. Effect any transaction with any Affiliate on a basis less favorable than would at the time be obtainable for a comparable transaction in an arms-length dealing with an unrelated third party, provided that this Section 11 shall not apply to transactions by RBMG with a Subsidiary to the extent such transaction is no less favorable to RBMG than would be obtainable for a comparable transaction in an arms-length dealing with an unrelated third party.

Section 12. Change of Business. Engage, significantly, in any type of business that is not or is not related to the mortgage banking and lending business and the servicing of mortgage loans; or, in the case of RBC, the business of acquiring, originating, servicing and selling equipment leases.

C. Financial Tests.

RBMG shall not:

4

138

Section 13. Minimum Net Worth. Permit its Net Worth at any time to be less than an amount equal to (a) \$185,000,000 plus (b) 100% of the sum of the positive Net Incomes of RBMG for each of the fiscal quarters of RBMG commencing with the fiscal quarter ending June 30, 1998 plus (c) 100% of the contributions (other than contributions in the form of subordinated indebtedness) to the capital of RBMG made after the Syndicated Credit Agreement Effective Date minus (d) Restricted Payments permitted under Section 7 made or declared by RBMG, or with respect to which RBMG otherwise became obligated, after the Syndicated Credit Agreement Effective Date.

Section 14. Total Liabilities to Adjusted Net Worth. Permit the ratio of its Total Liabilities to its Adjusted Net Worth at any time to be greater than 8.0 to 1.0.

Section 15. 30 Days Past Due and Foreclosed Serviced Mortgage Loans. Permit, at any time, the sum of (a) the aggregate principal amount, at that time, of Serviced Mortgage Loans any payments on which are more than 30 days past due, and (b) the aggregate principal amount, at that time, of Serviced Mortgage Loans which are being foreclosed to be more than 5% of the outstanding principal amount, at that time, of all Serviced Mortgage Loans.

Section 16. 90 Days Past Due and Foreclosed Serviced Mortgage Loans. Permit, at any time, the sum of (a) the aggregate principal amount, at that time, of Serviced Mortgage Loans any payments on which are more than 90 days past due, and (b) the aggregate principal amount, at that time, of Serviced Mortgage Loans which are being foreclosed to be more than 2% of the outstanding principal amount, at that time, of all Serviced Mortgage Loans.

Section 17. Balance of Servicing Portfolio. Permit at any time the principal balance of all Serviced Mortgage Loans to be less than \$4,000,000,000 at any time.

Section 18. Cash Flow to Required Principal Payments. Permit the ratio at the end of any fiscal quarter of its Cash Flow for that fiscal quarter plus its Cash Flow for the immediately preceding fiscal quarter to its Required Principal Payments during the next two succeeding fiscal quarters to be less than 1.3 to 1.0.

5

SCHEDULE OF EXISTING GUARANTIES

140

Schedule Annex D-9

SCHEDULE OF EXISTING INVESTMENTS

Company	Investment	Investment Amount
-----	-----	-----

141

ANNEX E

INFORMATION

Section 1. Information to Be Furnished. From the Effective Date and until the Repayment Date, RBMG shall furnish to the Agent:

(a) Quarterly Financial Statements. As soon as available and in any event within 45 days after the close of each quarterly accounting period of RBMG, commencing with the quarterly period ending June 30, 1998, consolidated and, if requested by the Agent, consolidating balance sheets of RBMG and the Consolidated Subsidiaries as at the end of such quarterly period and the related consolidated and, if requested by the Agent, consolidating statements of income, retained earnings and cash flows of RBMG and the Consolidated Subsidiaries for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, setting forth in each case in comparative form the figures for the corresponding periods of the previous fiscal year.

(b) Year-End Financial Statements; Accountants' Certificates. As soon as available and in any event within 90 days after the end of each fiscal year of RBMG, commencing with the fiscal year ending December 31, 1998:

(i) consolidated and, if requested by the Agent, consolidating balance sheets of RBMG and the Consolidated Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income, retained earnings and cash flows of RBMG and the Consolidated Subsidiaries for such fiscal year, setting forth in comparative form the figures as at the end of and for the previous fiscal year;

(ii) an unqualified audit report of Price Waterhouse, or other independent certified public accountants of recognized standing satisfactory to the Required Banks, on such of the financial statements referred to in clause (i) as are consolidated financial statements; and

(iii) a certificate of such accountants addressed to the Board of Directors of RBMG and in form and substance satisfactory to the Required Banks stating that they have caused the Agreement to be reviewed and that, in making the examination necessary for their report on such consolidated financial statements, nothing came to their attention that caused them to believe that, as of the date of such financial statements, RBMG was not in compliance with the covenants contained in Sections 7, 9, 13, 14, 15, 16, 17 and 18 of

142

(c) Officer's Certificate as to Financial Statements and Defaults. At the time that financial statements are furnished pursuant to Section (a) or (b), a certificate of the vice chairman or chief financial officer of RBMG in the form of Schedule Annex E-1(c).

(d) Monthly Statements. As soon as available and in any event no later than 15 Business Days after the end of each month and at such other times as the Agent or the Required Banks may reasonably request:

(i) a balance sheet and income statement at and as of the last day of each month and, in the case of each income statement, for the year-to-date, in each case in a form acceptable to the Agent, together with a certificate of the vice chairman or chief financial officer of RBMG setting forth the calculation for determining compliance with Sections 13 through 18 of Annex D in the same detail as set forth in the certificate required to be delivered quarterly in the form of Schedule Annex E-1(c); and

(ii) a Borrowing Base Certificate.

(e) Audit Reports. Promptly after receipt thereof by RBMG, unless prohibited by Applicable Law, copies of each HUD Single Family Audit Report and FNMA and FHLMC audit reports on RBMG and its operations.

(f) Other Information. Promptly, such additional financial and other information, including financial statements of RBMG and, if available, any Approved Investor (other than FNMA or FHLMC), and such information regarding the Collateral as any Bank, through the Agent, may from time to time reasonably request, including such information as is reasonably necessary for any Bank to grant participations of its interests in Loans hereunder or to enable another financial institution to become a signatory hereto. The Agent shall promptly deliver to each Bank a copy of all notices, reports and other materials furnished to it by RBMG pursuant to this Section 1.

(g) Reports and Filings. (i) Promptly upon receipt thereof, copies of all reports relating to the business, as a whole, assets, Liabilities, financial condition, results of operation, or business or financial prospects of RBMG or any of its Subsidiaries, if any, submitted to RBMG or any Subsidiary, or the Board of Directors of RBMG or any Subsidiary, by its independent certified public accountants, including any management letter and (ii) as soon as practicable, copies of all such financial statements and reports as RBMG or any Subsidiary shall send to its stockholders and of all registration statements and all regular or periodic reports that RBMG or any Subsidiary shall file, or may be required to file, with the Securities and Exchange Commission or any successor commission.

(h) Requested Information. From time to time and promptly upon request of any Bank, such Information regarding the Loan Documents, the Loans or the business, assets, Liabilities, financial condition, results of operations or business prospects of RBMG or any

2

143

Subsidiaries as such Bank may reasonably request, in each case in form and substance and certified in a manner satisfactory to the requesting Bank.

(i) Notice of Defaults, Material Adverse Changes and Other Matters. Prompt notice of:

(i) the threatening or commencement of, or the occurrence

or nonoccurrence of any change or event relating to, any action, suit or proceeding that would cause the Representation and Warranty contained in Section 5 of Annex C to be incorrect if made at such time,

(ii) the occurrence or nonoccurrence of any change or event that would cause the Representation and Warranty contained in Section 7 of Annex C to be incorrect if made at such time,

(iii) any change in the rating given by any nationally recognized rating agency to any securities issued by RBMG,

(iv) any event or condition referred to in clauses (a) through (g) of Section 6.01 of the Agreement whether or not such event or condition shall constitute an Event of Default,

(v) any amendment of the certificate of incorporation or by-laws of RBMG or RBMG Mortgage, and

(vi) any change in the name of any Subsidiary, its jurisdiction of incorporation, the percentages of the various classes of its Capital Securities owned by RBMG or another Subsidiary or its status as a Consolidated or non-Consolidated Subsidiary.

(j) Regulatory Reports and Information. (i) Promptly upon receipt thereof, copies of all reports relating to RBMG, including the GNMA "Issuer Feedback Report" and "Expert Rating" report and any similar reports of FNMA and FHLMC, (ii) promptly after the occurrence thereof, notice of (1) any loss by RBMG of its status as an issuer in good standing of Mortgage Backed Securities, including its status as a GNMA issuer, (2) the assignment of RBMG to a special watch group, including an assignment by GNMA of RBMG to its Issuer Assistance Group, (3) any suspension or restriction to review of any GNMA commitments for RBMG, (4) receipt of any notice of intent to default or the entry into a supervisory agreement, including any such with GNMA, (iii) promptly after receipt thereof, copies of all correspondence and all notices relating to any of the foregoing and (iv) prompt notice of any other adverse development that is or could be prejudicial to RBMG's continued status as an FNMA and FHLMC-approved Seller/Servicer, a GNMA-approved Issuer/Servicer, an HUD Direct Endorsement Lender and a VA-approved lender.

(k) Within 30 days after the end of each calendar quarter, (a) a written appraisal in form and substance satisfactory to the Agent as to the market value of the Servicing Rights, prepared by a third-party appraiser satisfactory to the Agent and (b) a written appraisal, in form and substance acceptable to the Agent, of the value of Hedge Contracts.

Section 2. Accuracy of Financial Statements and Information.

(a) Historical Financial Statements. RBMG hereby represents and warrants that (i) Schedule Annex E-2(a) sets forth a complete and correct list of the financial statements submitted by RBMG to the Banks in order to induce them to execute and deliver the Agreement, (ii) such financial statements present fairly, in accordance with Generally Accepted Accounting Principles, the financial position of RBMG as at their respective dates and the results of operations, retained earnings and, as applicable, changes in financial position or cash flows of RBMG for the respective periods to which such statements relate, and (iii) except as disclosed or reflected in such financial statements, as of March 31, 1998, RBMG had no Liability, contingent or otherwise, or any unrealized or anticipated loss, that, singly or in the aggregate, has had or has a significant possibility of having a Materially Adverse Effect on RBMG.

(b) Future Financial Statements. The financial statements delivered pursuant to Section 1(a), (b) or (d) of this Annex E shall present fairly, in accordance with Generally Accepted Accounting Principles (except for changes

therein or departures therefrom that are described in the certificate or report accompanying such statements), the consolidated and, if applicable, consolidating financial position of RBMG and the Consolidated Subsidiaries as at their respective dates and the consolidated and, if applicable, consolidating results of operations, retained earnings and cash flows of RBMG and such Subsidiaries for the respective periods to which such statements relate, and the furnishing of the same to the Banks shall constitute a Representation and Warranty by RBMG made on the date the same are furnished to such Banks to that effect and to the further effect that, except as disclosed or reflected in such financial statements, as at the respective dates thereof, neither RBMG nor any Subsidiary had any Liability, contingent or otherwise, or any unrealized or anticipated loss, that, singly or in the aggregate, has had or has a significant possibility of having a Materially Adverse Effect on RBMG.

(c) Historical Information. RBMG hereby represents and warrants that all Information furnished to the Agent or the Banks by or on behalf of RBMG prior to the Syndicated Credit Agreement Effective Date in connection with or pursuant to the Loan Documents and the relationships established thereunder, at the time the same was so furnished, but in the case of Information dated as of a prior date, as of such date, (A) in the case of any Information prepared in the ordinary course of business, was complete and correct in all material respects and in the light of the purpose for which it was prepared, and, in the case of any Information the preparation of which was requested by any Bank, was complete and correct in all material respects to the extent necessary to give such Bank true and accurate knowledge of the subject matter thereof, (B) did not contain any untrue statement of a material fact, and (C) did not

4

145

omit to state a material fact necessary in order to make the statements contained therein not misleading in the light of the circumstances under which they were made.

(d) Future Information. All Information furnished to the Agent or the Banks by or on behalf of RBMG on or after the Syndicated Credit Agreement Effective Date in connection with or pursuant to any of the Loan Documents or in connection with or pursuant to any amendment or modification of, or waiver of rights under, any of the Loan Documents, shall, at the time the same is so furnished, but in the case of Information dated as of a prior date, as of such date, (i) in the case of any Information prepared in the ordinary course of business, be complete and correct in all material respects and in the light of the purpose for which it was prepared, and, in the case of any Information required by the terms of any of the Loan Documents or the preparation of which was requested by any Bank, be complete and correct to the extent necessary to give such Bank true and accurate knowledge of the subject matter thereof, (ii) not contain any untrue statement of a material fact, and (iii) not omit to state a material fact necessary in order to make the statements contained therein not misleading in the light of the circumstances under which they were made, and the furnishing of the same to the Agent or any Bank shall constitute a Representation and Warranty by RBMG made on the date the same are so furnished to the effect specified in clauses (i), (ii) and (iii).

Section 3. Additional Covenants Relating to Disclosure. From the Syndicated Credit Agreement Effective Date and until the Repayment Date, RBMG shall and shall cause each Subsidiary to:

(a) Accounting Methods and Financial Records. Maintain a system of accounting, and keep such books, records and accounts (which shall be true and complete in all material respects), as may be required or necessary to permit (i) the preparation of financial statements required to be delivered pursuant to Section 1(a), (b) or (d) of this Annex E and (ii) the determination of the compliance of RBMG with the terms of the Loan Documents.

(b) Fiscal Year. Maintain the same opening and closing dates for each fiscal year as for the fiscal year reflected in the Base Financial Statements or, if the opening and closing dates for the fiscal year reflected in the Base

Financial Statements were determined pursuant to a formula, determine the opening and closing dates for each fiscal year pursuant to the same formula.

(c) Visits, Inspections and Discussions. (i) Permit each Bank, from time to time, as often as may be reasonably requested, during normal business hours, to (A) visit any of its premises or property, (B) inspect, and verify the amount, character and condition of, any of its property, (C) review and make extracts from its books and records, including management letters prepared by its independent certified public accountants, and (D) discuss with it, its principal officers, independent certified public accountants, suppliers, customers, debtors and other creditors its business, assets, Liabilities, financial condition, results of operation and business prospects and (ii) in the case of Persons, premises, property, books and records, not within its immediate control, use all reasonable efforts to cause each such Person, to permit representatives

5

146

(whether or not officers or employees) of any of the Required Banks, from time to time, as often as may be reasonably requested, during normal business hours, to (A) visit premises or property of others on which any of its property or books and records (or books and records of others relating to it) are located, (B) inspect and verify the amount, character and condition of, any of its property not within its immediate control, (C) review and make extracts from books and records of others relating to it, and (D) discuss with other Persons (including their principal officers) its business, assets, Liabilities, financial condition, results of operation and business prospects.

6

147

Schedule Annex E-1(c)

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

CERTIFICATE AS TO FINANCIAL STATEMENTS AND DEFAULTS

I, _____, [vice chairman, chief financial officer] of Resource Bancshares Mortgage Group, Inc., a Delaware corporation ("RBMG"), hereby certify that:

1. (a) The accompanying [unaudited]1 consolidated and consolidating financial statements of RBMG and the Consolidated Subsidiaries as at _____ and for the [fiscal year][quarterly accounting period]2 ended _____, 19____, present fairly, in accordance with Generally Accepted Accounting Principles (except for changes therein or departures therefrom described below that have been approved by Messrs. _____, RBMG's current independent certified public accountants), the consolidated and consolidating financial position of RBMG and the Consolidated Subsidiaries as at the end of such [fiscal year][quarterly period]2, and the consolidated and consolidating results of operations and cash flows for such [fiscal year] [quarterly period]2, and for the elapsed portion of the [fiscal year] [quarterly period]2 ended with the last day of [fiscal year][such quarterly period]2, in each case on the basis presented [and subject only to normal year-end auditing adjustments]1.

(b) Except as disclosed or reflected in such financial statements, as at _____, neither RBMG nor any Subsidiary had any Liability, contingent or otherwise, or any unrealized or anticipated loss, that, singly or in the aggregate, has had or has a significant possibility of having a Materially Adverse Effect on RBMG.

2. (a) The changes in and departures from Generally Accepted Accounting Principles are as follows:

All such changes have been approved in writing by Messrs. _____. Accordingly, the accompanying financial statements have been prepared in accordance with generally accepted accounting principles as in effect as of the date of the accompanying balance sheet and for the period covered by the accompanying statement of results of operations and cash flows.

[[(b) Attached as Annex A are [unaudited]1 consolidated and consolidating financial statements of RBMG and the Consolidated Subsidiaries as at _____ and for the [fiscal year] [quarterly accounting period]2 ended _____, 19__, which have been prepared in accordance with Generally Accepted Accounting Principles without giving effect to the

148

changes referred to in Paragraph 2(a) of this Certificate or any previous Certificate. Such financial statements present fairly, in accordance with Generally Accepted Accounting Principles, the consolidated and consolidating financial position of RBMG and its Consolidated Subsidiaries as at the end of such [fiscal year][quarterly period]2, and the results of operations and cash flows for such [quarterly period] [fiscal year]2, and for the elapsed portion of the [fiscal year] [quarterly period]2 ended with the last day of such [fiscal year][quarterly period]2, in each case on the basis presented [and subject only to normal year-end auditing adjustments]1.]3]

3. There follow the calculations required to establish whether or not RBMG was in compliance with the following Sections of Annex D:4

(a) Section 7.

(b) Section 9.

(c) Section 13.

(d) Section 14.

(e) Section 15.

(f) Section 16.

(g) Section 17.

(h) Section 18.

4. Based on an examination sufficient to enable me to make an informed statement, no Default exists, including, in particular, any such arising under the provisions of Article 4 of the Mortgage Warehousing Revolving Credit Agreement or Annex D, except the following:

[If none such exist, insert "None"; if any do exist, specify the same by Section, give the date the same occurred, and the steps being taken by RBMG or a Subsidiary with respect thereto.]

149

Dated:

 [Vice Chairman, Chief
 Financial Officer]

1. Include only in the case of a certificate to be delivered with respect to quarterly financial statements.
2. Include first alternative in the case of a certificate to be delivered with respect to year-end financial statements; include second alternative in the case of a certificate to be delivered with respect to quarterly financial statements.
3. Paragraph (b) should be included in, and Annex A attached to, the Certificate only if changes from Generally Accepted Accounting Principles are specified in Paragraph 2(a) of this or any previous Certificate.
4. The calculations should be made in the same manner and with the same degree of detail as the calculations set forth in the certificate delivered by RBMG pursuant to Section 2.01(a) (viii).

150

Schedule Annex E-2(a)

SCHEDULE OF HISTORICAL FINANCIAL INFORMATION

Resource Bancshares Mortgage Group

Financial statements included in RBMG's Annual Report to Stockholders as of and for the year ended December 31, 1997 and RBMG's Form 10-Q for the quarter ended March 31, 1998.

AMENDMENT NO. 1
Dated as of July 28, 1998

to and under

SECOND AMENDED AND RESTATED REVOLVING/TERM
SECURITY AND COLLATERAL AGENCY AGREEMENT
Dated as of July 31, 1996

This Amendment No. 1 (the "Amendment"), dated as of July 28, 1998, by and among Resource Bancshares Mortgage Group, Inc. (the "Pledgor"), the banks listed on the signature pages hereof (the "Banks"), and The Bank of New York, as Secured Party and Collateral Agent.

WHEREAS, the Pledgor, the Agent, the Co-Agents, the Banks and the other Persons listed on the signature pages thereof are parties to a Second Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 31, 1996 (as amended prior to the date hereof, the "Second Amended and Restated Credit Agreement"); and

WHEREAS, the parties thereto have amended and restated in its entirety the Second Amended and Restated Credit Agreement pursuant to that Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Pledgor, the Secured Party and the Collateral Agent are parties to the Second Amended and Restated Revolving/Term Security and Collateral Agency Agreement dated as of July 31, 1996 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "Security Agreement"); and

WHEREAS, the Pledgor, the Secured Party and the Collateral Agent desire to amend the Security Agreement as more fully set forth herein;

NOW, THEREFORE, the Pledgor, the Secured Party and the Collateral Agent hereby (i) confirm and ratify that the Security Agreement continues in full force and effect pursuant to the terms of the Credit Agreement and shall continue to secure the Secured Obligations (including all Liabilities of the Pledgor to the Principals under the Credit Agreement and all other Loan

Documents, as more fully provided in the Security Agreement) and (ii) further agree that the Security Agreement shall be amended as follows:

1. Amendment to the Security Agreement. Upon and after the Amendment Effective Date (as defined below),

2

(a) The definition of "Credit Agreement" shall be amended as follows:

- (i) by deleting the words "Second Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 31, 1996, as amended from time to time"; and
- (ii) inserting in lieu thereof the words "Third Amended and Restated Secured Revolving/Term Credit Agreement, dated as of July 28, 1998, as amended, restated, supplemented, waived or otherwise modified from time to time".

2. Representations and Warranties. In order to induce the Banks, the Secured Party and the Collateral Agent to agree to amend the Security Agreement, the Pledgor hereby represents and warrants, as follows:

The Pledgor has the corporate power and authority to execute, deliver and perform this Amendment and the Security Agreement, as amended by this Amendment, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Amendment. This Amendment has been duly executed and delivered on behalf of the Pledgor, and this Amendment, and the Security Agreement as amended hereby, constitutes the legal, valid and binding obligations of the Pledgor, enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity. The execution, delivery and performance of this Amendment, and the Security Agreement as amended hereby, does not and will not (a) violate any Applicable Law or any Contract to which the Pledgor or any Subsidiary is a party or by which the Pledgor or any Subsidiary or any of their respective properties may be bound, (b) require any license, consent, authorization, approval or any other action by, or any notice to or filing or registration with, any Governmental Authority or other Person or (c) result in the creation or imposition of any Lien on any asset of the Pledgor except as contemplated by the Loan Documents.

Each of the foregoing representations and warranties shall be made at and as of the Amendment Effective Date.

3. Conditions to Effectiveness; Amendment Effective Date. This Amendment shall be effective as of the date first written above, but shall not become effective as of such date until the date (the "Amendment Effective Date") that the Agent shall have received this Amendment duly executed by the Pledgor, the Secured Party and the Collateral Agent and consented to by each Bank.

4. Governing Law. The rights and duties of the parties under this Amendment shall, pursuant to New York General Obligations Law Section 5-1401, be governed by the law of the State of New York.

2

3

5. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument.

6. Headings. Section headings in this Amendment are included herein for convenience and reference only and shall not constitute a part of this Amendment for any other purpose.

3

4

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers all as of July 28, 1998.

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

By

Name:

Title:

THE BANK OF NEW YORK,
as Collateral Agent, Secured Party
and as a Bank

By

Name: Patricia M. Dominus
Title: Vice President

This Amendment No. 1 to the Second Amended and Restated Revolving/Term Security and Collateral Agency Agreement is hereby consented to by:

[insert Bank name]

By:

Name:
Title:

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

Preferred Provider Organization Plan (PPO)
for Retired Executives

May 1, 1998

UNITEDhealthcare (R)

Table of Contents

Certification.....	3
Schedule of Benefits	4
Effective Date of this Plan	4
Medical Benefits	4
Mental Health Benefits	5
Pregnancy Benefits	5
Preventive Health Care Benefits	5
Family Planning Benefits	6
Prescription Drug Benefits	6
Transplant Benefit Management Program	6
Coverage under the Former Plan	6
Eligibility	7
Eligible Employees	7
Eligible Dependents	7
Cost of Coverage	7

Enrollment Requirements	7
Enrollment Periods	8
Effective Date of Employee Coverage	9
Effective Date of Dependent Coverage	9
Qualified Medical Child Support Order	9
Special Provision for Newborn Children	9
Utilization Review	10
Notification	10
Mental Disorder Treatment	12
Preferred Provider Plan	13
Network Benefits	14
Non-Network Benefits	14
Medical Benefits	15
Copayments and Deductibles	15
Out-of-Pocket Feature	16
Maximum Benefit	17
Covered Services and Supplies	17
Mental Health Benefits	24
Additional Covered Services and Supplies	24
Pregnancy Benefits	25
Additional Covered Services and Supplies	25
Family Planning Benefits	26
Covered Services and Supplies	26
Preventive Health Care Benefits	26
Covered Services and Supplies	27
Prescription Drug Benefits	27
Copayments	27
Network Pharmacy	27
Non-Network Pharmacy	28
Mail Service Network Pharmacy	28
Supply Limits	28
Glossary	29
Not Covered	30

Transplant Benefit Management Program	30
---	----

General Exclusions and Limitations	32
Claims Information	35
How to File a Claim	35
When Claims Must be Filed	35
How and When Claims Are Paid	36
Legal Actions	36
Incontestability of Coverage	36
Review Procedure for Denied Claims	36
Coordination of Benefits	37
Definitions	37
How Coordination Works	37
Which Plan Pays First	38
Right to Exchange Information	39
Facility of Payment	39
Right of Recovery	39
Recovery Provisions	39
Refund of Overpayments	39
Subrogation	40
Effect of Medicare and Government Plans	40
Medicare	40
Government Plans (other than Medicare and Medicaid)	42
Termination of Coverage	42
Employee Coverage	42
Dependent Coverage	42
Extended Benefits	43
Conversion Coverage	43
Conditions for Conversion	44
How to Apply	45
Limitations	45
Conversion Coverage for Medicare Eligibles	46
Glossary	46
Continuation of Health Coverage (COBRA)	56
Summary Plan Description	59

CERTIFICATE OF INSURANCE

for Employees of

Resource Bancshares Mortgage Group,
Inc.

(called the Employer)

insured by

UNITED HEALTHCARE INSURANCE COMPANY
Hartford, Connecticut
(called the Company)

United HealthCare Insurance Company has issued Group Policy No. GA-187129G.
It covers certain Employees of the Employer.

This Certificate of Insurance describes the benefits and provisions of the
policy. Additional benefits and provisions may apply based on the
requirements of

-- The state where the policy is issued.

-- The state where the Employee lives.

These state benefits and provisions are described in separate Amendments.
See the Employer for details.

This is a Covered Person's Certificate of Insurance only while that person
is insured under the policy. Dependent benefits apply only if the Employee
is insured under the Employer's Plan for Dependent Benefits.

This Certificate describes the Plan in effect as of May 1, 1998 for Retired
Executives enrolled in the Preferred Provider Organization Plan. It is void
if issued to any other Employee.

This Certificate replaces any and all Certificates previously issued for
Employees under the plan.

UNITED HEALTHCARE INSURANCE COMPANY

/s/ Ben B. Cuy

President and CEO

C-CE1, C-SB2, C-EL1SC, C-EL6, C-RE1, C-PP1, C-MB1, C-MH1, C-PB1, C-FP1,
C-PH1, C-PD5, C-TB1, C-GE1SC, C-CI1, C-CB1SC, C-RP1SC, C-EM1, C-TE1, C-EB1,
C-CR1, C-GL1,

Schedule of Benefits

Effective Date of this Plan

May 1, 1998

Medical Benefits

=====	
MAXIMUM BENEFITS	

Lifetime Maximum Benefit	\$2,000,000

Durable Medical Equipment - Calendar Year Maximum	\$ 50,000

Nursing Services - Lifetime Maximum	\$ 50,000

DEDUCTIBLES AND OUT-OF-POCKET MAXIMUMS	

Non-Network Individual Deductible	\$ 250

Non-Network Family Deductible	\$ 750

Non-Notification Deductible	
(Applicable only if Medical Management is not notified as required. It does not count toward the Out-of-Pocket Feature.)	\$ 500

Network Individual Out-of-Pocket Maximum	\$ 1,000

Network Family Out-of-Pocket Maximum	\$ 3,000

Non-Network Individual Out-of-Pocket Maximum	\$ 2,000

Non-Network Family Out-of-Pocket Maximum	\$ 6,000

COPAYMENTS	

Office Visit Copayment	\$ 10

Emergency Room Copayment	\$ 50

PERCENTAGE OF COVERED EXPENSES PAYABLE BEFORE DEDUCTIBLES ARE SATISFIED	

Independent Labs, X-Rays and MRI Facilities	100%
Durable Medical Equipment	100%
Home Health Care*	
*The care must be recommended by Medical Management	100%

PERCENTAGE OF COVERED EXPENSES PAYABLE FOR PREVENTIVE HEALTH CARE

Services received from a Network Physician
(The Office Visit Copayment applies.) 100%

PERCENTAGE OF COVERED EXPENSES PAYABLE AFTER
DEDUCTIBLES/COPAYMENTS ARE SATISFIED

	Network	Non-Network
Office Visits	100%	70%
Physician's Services	90%	70%
Hospital Services	90%	70%
Ambulatory Surgical Center Services	90%	70%
Home Health Care Provider Services (including home IV therapy)	90%	70%
Hospice Care Provider Services	90%	70%
Physical Therapist Services	90%	70%
Rehabilitation Facility Services	90%	70%
Skilled Nursing Facility Confinement Services	90%	70%

All Other Covered Expenses for Medical Benefits	90%	70%
---	-----	-----

Mental Health Benefits

MAXIMUM BENEFITS EACH CALENDAR YEAR

Inpatient	30 days
Outpatient	30 visits

Mental Health Benefits are subject to the same Cash Deductibles and Percentages as Medical Benefits. There is no Out-of-Pocket Maximum applicable to Mental Health Benefits.

Pregnancy Benefits

Pregnancy Benefits are payable in the same manner as Medical Benefits.

Preventive Health Care Benefits

Preventive Health Care Benefits are payable in the same manner as Medical Benefits.

5

7

Family Planning Benefits

Family Planning Benefits are payable in the same manner as Medical Benefits.

Prescription Drug Benefits

Prescription Drug Benefits are payable as described in the section Prescription Drug Benefits.

Transplant Benefit Management Program

Benefits for Qualified Procedures performed at a Designated Transplant Facility are payable at 100% of Covered Expenses without application of

deductibles.

Coverage under the Former Plan

This section applies only to persons covered under this Employer's prior group plan (called the Former Plan) in effect on the day before the Effective Date of this Plan. The coverage described in this Certificate replaces the coverage under the Former Plan.

Coverage and benefits paid under the Former Plan will be considered as coverage and benefits paid under this Plan for figuring the following under any benefits of this Plan:

- Benefit limits and maximum amounts. Any Covered Expenses applied toward the benefit limits or maximum amounts under the Former Plan are applied to those same benefit limits or maximum amounts under this Plan.
- Coinsurance percentage.

A person may have satisfied or partially satisfied an out-of-pocket maximum or a deductible requirement under the Former Plan. Expenses counted toward either of them under the Former Plan will be counted toward them under this Plan. They will be counted under this Plan the same way they were counted under the Former Plan.

Certain children will be included as Eligible Dependents under this Plan regardless of age. The child must have been covered under the Former Plan. The child must meet the following conditions:

- The child is mentally or physically incapacitated.
- The child is not capable of self-support.
- The child depends mainly on the Employee for support.

The Employee must give the Company proof that the child meets these conditions when requested.

Eligibility

Eligible Employees

All Retired Executive Employees* of the Employer enrolled in the Preferred Provider Organization (PPO) Plan.

* Whenever the term "Employee(s)" is used in this certificate, it means a Retired Employee as defined in the Glossary.

Employees must reside in the United States.

Eligible Dependents

Dependents are:

- A wife or husband of an eligible Employee.
- Any unmarried child from birth until the end of the month following the 19th birthday of the child of an eligible Employee.
- An unmarried child until the end of the month following the 25th birthday of the child of an eligible Employee, if the child is a registered student in regular full-time attendance at school. The child must be mainly dependent on the Employee for care and support. The child cannot be employed on a regular full-time basis by one or more employers for a total of 30 or more hours per week.
- Child includes the following:
 - A stepchild who resides in the eligible Employee's home.
 - A legally adopted child. (A child is considered legally adopted on the earlier of the date of placement or the date the legal adoption proceedings have been started.)
 - Any other child related to an eligible Employee, mainly dependent on the eligible Employee for care and support and residing in the eligible Employee's home.

Dependents must reside in the United States.

Cost of Coverage

The coverage under this Plan is contributory. This means that Employees must make contributions toward the cost of coverage.

Enrollment Requirements

The date the person is enrolled under this Plan.

Employee Coverage

An Employee enrolls for Employee coverage by:

- completing an enrollment form, and
- giving the form to the Employer.

An Employee's enrollment is either timely or late.

An Employee is considered a timely enrollee if he or she enrolls during either the Initial Eligibility Period or a Special Enrollment Period.

An Employee is considered a late enrollee when he or she enrolls during the Annual Enrollment Period.

Dependent Coverage

An Employee must enroll for coverage as an Employee in order to enroll his or her Dependents. If a husband and wife are both eligible Employees, only one may enroll Dependents for coverage.

No person can be covered both as an Employee and as a Dependent.

Initial Dependents are those family members who are eligible Dependents on the date the Employee first becomes eligible for Employee coverage.

Subsequent Dependents are any family members who become Eligible Dependents after the date the Employee first becomes eligible under this Plan. Subsequent Dependents may be added during a Special Enrollment Period.

A Dependent's enrollment is either timely or late.

A Dependent is considered a timely enrollee when he or she is enrolled for coverage during either the Initial Eligibility Period or a Special Enrollment Period.

A Dependent is considered a late enrollee when he or she enrolls during the Annual Enrollment Period.

Enrollment Periods

The Initial Eligibility Period is the 31-day period which begins on the date the person is first eligible under this Plan.

Employees and/or Dependents who are not enrolled during the Initial Eligibility Period or a Special Enrollment Period must wait until the next Annual Enrollment Period to enroll for coverage.

The Annual Enrollment Period is designated by the Employer each year. It is held before the start of each Plan Year. During this period, all eligible Employees and Dependents can enroll for coverage.

Special Enrollment Periods are available to certain persons who have lost other coverage and to certain dependents.

A Special Enrollment Period is available to a person who meets each of the following conditions:

- The Employee or Dependent was covered under a group health plan or had health insurance coverage at the time coverage under this Plan was previously offered to the Employee or Dependent.
- The Employee stated in writing, at the time coverage was previously offered, that the other coverage was the reason for declining enrollment under this Plan. The Employer must have requested the statement at that time. The Employer must have provided the Employee with notice of this requirement (and its consequences) at that time.
- The Employee's or Dependent's prior coverage was one of the following:
 - COBRA continuation which was exhausted.
 - Non-COBRA coverage which was terminated either as a result of loss of eligibility for the coverage (including as a result of legal separation, divorce, death, termination of employment, or reduction in the number of hours of employment) or employer contributions towards such coverage were terminated.
- The Employee requests enrollment under this Plan not later than 31 days after the date of the end of the COBRA continuation, termination of coverage, or termination of Employer contribution.

A Special Enrollment Period is available to Subsequent Dependents. The

Dependent Special Enrollment Period is the 31-day period which begins with the date the person becomes a Dependent.

If a Subsequent Dependent is enrolled, the Employee must enroll at the same time if not already covered. In addition, any of the Employee's other Dependents may be enrolled at the same time, if not already covered, subject to the same enrollment requirements.

Late Enrollees

A late enrollee can enroll only during an Annual Enrollment Period.

Effective Date of Employee Coverage

Employee coverage is effective on the first day of the month coincident with or next following the latest of.

- The Effective Date shown in Schedule of Benefits.
- The date the Employee enrolls for coverage.
- The date the Employee becomes a Retired Employee.

Effective Date of Dependent Coverage

Coverage for an Initial Dependent(s) is effective on the later of the following dates:

- The date the Employee becomes covered.
- The date the Employee enrolls the Dependents.

Coverage for a Subsequent Dependent is effective as follows:

- For a spouse, the first day of the month coincident or next following the later of the date the spouse is enrolled and the date of marriage.
- For a newborn child, the date of birth.
- For an adopted child, the date of adoption or placement for adoption.
- For any other child, the date the child becomes a Dependent.

Qualified Medical Child Support Order

If an Employee is required by a qualified medical child support order, as defined in the Omnibus Budget Reconciliation Act of 1993 (OBRA 93), to provide coverage for his/her children, these children can be enrolled as

timely enrollees as required by OBRA 93.

If the Employee is not already enrolled, the Employee may also enroll as a timely enrollee at the same time.

Special Provision for Newborn Children

Plan Benefits are payable for a newborn child for 31 days after the child's birth, even if the Employee has not enrolled the child.

If additional contributions are required from the Employee for the coverage of that child, the Employee must enroll the child during the 31-day Special Enrollment Period in order for the child to be a timely enrollee.

Utilization Review

Covered Services and Supplies under this Plan are subject to a Utilization Review (UR).

Medical Management determines the Medical Necessity of the services. No benefits are payable unless Medical Management determines the Covered Services and Supplies are Medically Necessary.

The ultimate decisions on medical care must be made by the Covered Person and his or her Physician. Medical Management only determines the Medical Necessity of a listed service or supply according to the Plan benefits and provisions.

Approval by Medical Management does not guarantee that benefits are payable under this Plan. Benefits are based on:

- The Covered Services and Supplies actually performed or given.
- The Covered Person's eligibility under this Plan on the date the Covered Services and Supplies are performed or given.
- Copayments, deductibles, coinsurance, maximum limits and all other terms of this Plan.

Notification

Medical Management must be notified for any of the services shown below:

Inpatient

- Hospital confinement.
- Skilled Nursing Facility confinement.

Outpatient

- Back surgery.
- Ear, nose and throat surgery.
- Female pelvic surgery.
- Foot surgery.
- Gall bladder surgery.
- Hand/wrist surgery.
- Heart surgery.
- Knee surgery.
- Rectal Surgery.
- Home Health Care.
- Private duty nursing.

Organ/Tissue Transplants

How To Notify Medical Management

Medical Management is notified by calling the toll-free number shown on the ID card.

When to Notify Medical Management

- For inpatient confinement, the Covered Person must notify Medical

Management of the scheduled admission date at least 5 working days before the start of the confinement. An admission date may not have been set when the confinement was planned. The Covered Person must call Medical Management again as soon as the admission date is set.

- Pregnancy is subject to the following notification time periods:
 - Prenatal Programs - Medical Management should be notified during the first trimester (12 weeks) of pregnancy. This early notification makes it possible for the mother to participate in the prenatal programs.
 - Inpatient Confinement for Delivery of Child -- Medical Management must be notified only if the inpatient care for the mother or child is expected to continue beyond:
 - 48 hours following a normal vaginal delivery, or
 - 96 hours following a cesarean section.

For inpatient care (for either the mother or child) which continues beyond the 48/96 hour limits stated above, Medical Management must be notified before the end of these time periods.

- Non-Emergency Inpatient Confinement Without Delivery of Child-- Confinement during pregnancy but before the admission for delivery, which is not Emergency Care, requires notification as a scheduled confinement. Medical Management must be notified prior to the scheduled admission.
- For outpatient services which require notification, the Covered Person must notify Medical Management at least five working days before the service is given.
- Organ/Tissue Transplants

A Covered Person must notify Medical Management at least seven working days before the scheduled date of any of the following or as soon as reasonably possible:

- The evaluation.
- The donor search.
- The organ procurement/tissue harvest.
- The transplant.

Medical Management will then complete the Utilization Review. The Covered Person, the Physician and the facility will be sent a letter confirming the results of the Review.

Benefits Reduced if Medical Management Not Called

Benefits are reduced if the Covered Person does not call Medical Management as required. This reduction is called a Non-Notification Deductible. A Non-Notification Deductible applies to each confinement, surgical procedure, or treatment plan.

The amount of the Non-Notification Deductible is shown in the Schedule of Benefits. The amount of the Non-Notification Deductible will never be more than the amount of the Covered Expenses.

A Covered Person can appeal a Utilization Review by calling Medical Management.

If the Covered Person or the Physician does not agree with Medical Management's decision, it can be appealed.

- The Covered Person or the Physician can request Medical Management to reconsider the decision by writing or telephoning within 60 days of the decision.
- If the Covered Person, the Physician and Medical Management still cannot find an acceptable solution, this decision can be reappealed. Another Physician will review the facts of the case -- taking into account the Covered Person's and the attending Physician's point of view -- and make a final decision.

Emergency Care

When Emergency Care is required and results in a confinement, the Covered Person (or that person's representative or Physician) must call Medical Management. Medical Management must be called within one working day of the date the confinement begins.

A working day is a business day of the Company. It does not include Saturday, Sunday or a State or Federal holiday. If it is not reasonably possible to call Medical Management within one working day, Medical Management must be notified as soon as reasonably possible.

When the Emergency Care has ended, however, Medical Management must be called before any additional services are received.

Benefits are subject to the Non-Notification Deductible if Medical Management is not called as shown above. The Non-Notification Deductible applies to each confinement.

The amount of the Non-Notification Deductible is shown in the Schedule of Benefits. The amount of the Non-Notification Deductible will never be more than the amount of the Covered Expenses.

Mental Disorder Treatment

Notification Requirement

The Covered Person must call Behavioral Health Care Management (BHCM) before Covered Services and Supplies are given for Mental Disorder Treatment. This call starts the Utilization Review process.

BHCM can be contacted by calling the toll-free number in the directory of providers, or by calling Customer Service at the toll-free number shown on the ID card.

Benefits under this Plan are subject to the Non-Notification Deductible if BCHM is not called before services are received.

The amount of the Non-Notification Deductible is shown in the Schedule of Benefits. The amount of the Non-Notification Deductible will never be more than the amount of the Covered Expenses.

BHCM performs a Utilization Review to determine the Medical Necessity of Covered Services and Supplies. No benefits are payable unless BCHM determines the Covered Services and Supplies are Medically Necessary.

Emergency Care

When Emergency Care is required for Mental Disorder Treatment, the Covered Person (or representative or Physician) must call BCHM within one day after the Emergency Care is given. BCHM is ready to take calls 7 days a week, 24 hours a day. If it is not reasonably possible to make this call within one calendar day, the call must be made as soon as reasonably possible.

When the Emergency Care has ended, BHCM must be called before any additional services are received.

Benefits are subject to the Non-Notification Deductible if BHCM is not called as required above.

The amount of the Non-Notification Deductible is shown in the Schedule of Benefits. The amount of the Non-Notification Deductible will never be more than the amount of the Covered Expenses.

Appeal

The Covered Person can appeal a Utilization Review. Call BHCM for further information.

Preferred Provider Plan

This Plan pays for Covered Services and Supplies received from either Network or Non-Network Providers.

If Network Providers are used, this Plan pays a greater portion of Covered Expenses. This is called the Network level.

If Non-Network Providers are used, this Plan pays a lesser portion of Covered Expenses. This is called the Non-Network level.

A directory of the Network Providers is available from the Employer.

There are many types of providers who participate in the Network. The following types of providers participate in the Network:

- Ambulatory Surgical Centers.
- Chiropractors.
- Durable Medical Equipment Providers.
- Home Health Care Providers.
- Home IV Providers.
- Hospices.
- Hospitals.
- Physical Therapists.

-- Physicians.

15

-- Podiatrists.

-- Rehabilitation Facilities.

-- Skilled Nursing Facilities.

This Plan also covers Specialized Providers and Specialized Facilities. These are types of providers which are not represented in the Network. These providers and facilities are not subject to the Network/Non-Network level of coverage. Instead these types of providers are covered at 80%.

Network Benefits

This Plan pays the Network percentage for Network Provider services as shown in the Schedule of Benefits. See Medical Benefits for a complete description of any deductibles or copayments that may apply under this Plan.

Non-Network Providers Paid At Network Level

-- Radiology, anesthesiology, and pathology services are paid at the Network level. Services must be given in one of the settings shown below:

-- Inpatient Hospital.

-- Outpatient facility which is part of a Hospital.

-- Ambulatory Surgical Center.

-- Emergency Care.

Emergency Care is payable at the Network level, even if services are received from a Non-Network Provider.

Network Provider Charges Not Covered

A Network Provider has contracted with the Company to participate in the

Network. Under this contract a Network Provider may not charge the Covered Person or the Company for certain expenses, except as stated below. A Network Provider cannot charge the Covered Person or the Company for any services or supplies which are not Medically Necessary.

The Covered Person may agree with the Network Provider to pay any charges for services and supplies which are not Medically Necessary. In this case, the Network Provider may make charges to the Covered Person. However, these charges are not Covered Expenses under this Plan and are not payable by the Company.

Non-Network Benefits

This Plan pays the Non-Network percentage of Covered Expenses as shown in the Schedule of Benefits for Non-Network Provider services.

See Medical Benefits for a complete description of the deductibles that apply under this Plan.

14

16

Medical Benefits

Medical Benefits are payable for Covered Expenses incurred by the Covered Person while covered under this Plan.

Covered Expenses are the actual cost to the Covered Person of the Reasonable Charge for Covered Services and Supplies listed in this Benefit. The Company, in its discretion, will calculate Covered Expenses following evaluation and validation of all provider billings in accordance with:

- The methodologies in the most recent edition of the Current Procedural Terminology.
- The methodologies as reported by generally recognized professionals or publications.

The Covered Expenses must be incurred for the care of an accidental injury or Sickness. A Covered Expense is incurred on the date that the Covered Service or Supply is performed or given.

Each Covered Person must satisfy certain Copayments and/or Deductibles before any payment is made for certain Covered Services and Supplies. Then

the Medical Benefits pays the percentage of Covered Expenses shown in the Schedule of Benefits.

There is a Lifetime Maximum shown in Schedule of Benefits.

After coverage under this Plan stops, Medical Benefits are payable as shown in Extended Benefits.

Covered Services and Supplies for pregnancy are shown in Pregnancy Benefits.

Covered Services and Supplies for Mental Disorder Treatment are shown in Mental Health Benefits.

Copayments and Deductibles

Before Medical Benefits are payable, each Covered Person must satisfy certain Copayments and/or Deductibles.

A Copayment is the amount of Covered Expenses the Covered Person must pay to a Network Provider at the time services are given. Copayments are not counted toward any Deductible or Out-of-Pocket Feature. Covered Services and Supplies which require a Copayment are not subject to a Deductible.

A Deductible is the amount of Covered Expenses the Covered Person must pay before Medical Benefits are payable. After the Deductible has been met, Covered Expenses are payable at the percentage shown in the Schedule of Benefits.

The amount of each Copayment/Deductible is shown in the Schedule of Benefits. A Covered Expense can only be used to satisfy one copayment or deductible.

Office Visit Copayment

The Office Visit Copayment applies to Network Physician's Services. It also applies to Network physical therapist's services if the physical therapist bills for his/her services separately from any other charges. It applies to all Covered Services and Supplies given in connection with each office visit.

The Office Visit Copayment does not apply to the prenatal and postnatal office visits to the Network obstetrician/gynecologist who is primarily responsible for maternity care.

Emergency Room Copayment

The Emergency Room Copayment applies to Hospital emergency room services. It applies to each emergency room visit. Emergency room services are payable only if it is determined that the services are Medically Necessary and there is not a less intensive or more appropriate place of service, diagnostic or treatment alternative that could have been used in lieu of emergency room services. (See definition of Emergency Care.)

The Emergency Room Copayment does not apply if the Covered Person is admitted as a Hospital inpatient.

Non-Network Individual Deductible

The Non-Network Individual Deductible applies to Covered Expenses charged by a Non-Network Provider. It applies each Calendar Year.

Non-Network Family Deductible

The most a family will have to pay for Non-Network Individual Deductibles in any Calendar Year, no matter how large a family may be, is the amount of the Non-Network Family Deductible. Only Covered Expenses which count toward the Covered Person's Non-Network Individual Deductible count toward this Deductible.

Non-Notification Deductible

The Non-Notification Deductible applies to Covered Expenses if Medical Management is not notified as required.

Out-of-Pocket Feature

Covered Expenses are payable at the percentage shown in the Schedule of Benefits until any Out-of-Pocket Maximum shown in the Schedule of Benefits has been reached during a Calendar Year. Then, Covered Expenses are payable at 100% for the rest of that year as shown below.

All Covered Expenses that the Covered Person pays, other than those shown below, count toward the Out-of-Pocket Maximums.

Covered Expenses used to satisfy the following Copayments and/or Deductibles do not count toward any of the Out-of-Pocket Maximums. These Copayments and

Deductibles still apply even after the applicable Out-of-Pocket Maximum has been reached:

- Office Visit Copayment.
- Emergency Room Copayment.
- Non-Notification Deductible.

Network Individual Out-of-Pocket Maximum

When the Network Individual Out-of-Pocket Maximum is reached for any one Covered Person in a Calendar Year, Network Covered Expenses, other than those shown in the Out-of-Pocket Feature, are payable at 100% for that same person for the rest of that year.

16

18

Network Family Out-of-Pocket Maximum

When the Network Family Out-of-Pocket Maximum is reached for all Covered Family Members in a Calendar Year, Network Covered Expenses, except those shown in the Out-of-Pocket Feature, are payable at 100% for all Covered Family Members for the rest of that year.

Non-Network Individual Out-of-Pocket Maximum

When the Non-Network Individual Out-of-Pocket Maximum is reached for any one Covered Person in a Calendar Year, Non-Network Covered Expenses, other than those shown in the Out-of-Pocket Feature, are payable at 100% for that person for the rest of that year.

Non-Network Family Out-of-Pocket Maximum

When the Non-Network Family Out-of-Pocket Maximum is reached for all Covered Family Members in a Calendar Year, Non-Network Covered Expenses other than those shown in the Out-of-Pocket Feature, are payable at 100% for all Covered Family Members for the rest of that year.

Maximum Benefit

The Maximum Benefit payable for each Covered Person is shown in the Schedule of Benefits. This maximum applies to each Covered Person's lifetime.

Covered Services and Supplies

Covered Services and Supplies must be Medically Necessary and given for the diagnosis or treatment of an accidental injury or Sickness.

A Covered Person and his or her Physician decide which services and supplies are given, but this Plan only pays for the following Covered Services and Supplies which are Medically Necessary as determined by the Company.

Covered Services and Supplies also include services and supplies that are part of an Alternate Care Proposal (ACP). An ACP is a course of treatment developed by the Company and authorized by the Employer as an alternative to the services and supplies that would otherwise have been considered Covered Services and Supplies.

Unless the ACP specifies otherwise, the provisions of the Plan related to benefit amounts, maximum amounts, copayments and deductibles will apply to these services.

Ambulatory Surgical Center Services

A Center's services given within 72 hours before or after a surgical procedure. The services must be given in connection with the procedure.

Anesthetics

Chemotherapy

Durable Medical Equipment

Durable Medical Equipment means equipment which meets all of the following:

- It is for repeated use and is not a consumable or disposable item.
- It is used primarily for a medical purpose.

-- It is appropriate for use in the home.

Some examples of Durable Medical Equipment are:

- Appliances which replace a lost body organ or part or help an impaired one to work.
- Orthotic devices such as arm, leg, neck and back braces.
- Hospital-type beds.
- Equipment needed to increase mobility, such as a wheelchair.
- Respirators or other equipment for the use of oxygen.
- Monitoring devices.

The Company decides whether to cover the purchase or rental of the equipment.

Payment for all Durable Medical Equipment and artificial aids is subject to Calendar Year Maximum of \$50,000 for each Covered Person.

Foot Care

Care and treatment of the feet, if needed due to severe systemic disease. Routine care such as removal of warts, corns, or calluses, the cutting and trimming of toenails, foot care for flat feet, fallen arches, and chronic foot strain is a Covered Service only if needed due to severe systemic disease.

Health Care Provider Services

Services of a licensed or certified Health Care Provider, other than a Physician, when required by state law. Services given by a Health Care Provider acting within the scope of that license or certification are payable on the same basis as Covered Services given by a Physician.

Home Health Care

The following Covered Services must be given by a Home Health Care Agency:

- Temporary or part-time nursing care by or supervised by a registered graduate nurse (R.N.).
- Temporary or part-time care by a home health aide.

- Physical therapy.
- Occupational therapy.
- Speech Therapy.

Covered Services are limited to 40 visits each Calendar Year. Each period of home health aide care of up to four hours given in the same day counts as one visit. Each visit by any other member of the home health team will count as one visit.

18

20

Hospice Care

- Room and Board.
- Other Services and Supplies.
- Part-time nursing care by or supervised by a registered graduate nurse (R.N.).
- Home Health Care Services as shown under Home Health Care. The limit on the number of visits shown under Home Health Care does not apply to Hospice patients.
- Counseling for the patient and Covered Family Members.
- Bereavement counseling for Covered Family Members. Services must be given within six months after the patient's death. Covered Services are limited to a total of 15 visits for each family.

Counseling must be given by a Licensed Counselor.

Services for the patient must be given in an inpatient Hospice facility or in the patient's home.

The Physician must certify that the patient is terminally ill with six months or less to live.

Any counseling services given in connection with a terminal illness will not be considered as Mental Disorder Treatment.

Hospital Services

-- Room and Board.

Covered Expenses for a private room are limited to the regular daily charge made by the Hospital for a semi-private room.

-- Other Services and Supplies.

-- Emergency Room.

Emergency room services are Covered Services only if it is determined that the services are Medically Necessary and there is not a less intensive or more appropriate place of service, diagnostic or treatment alternative that could have been used in lieu of emergency room services. If the Company, at its discretion, determines that a less intensive or more appropriate treatment could have been given then no benefits are payable.

Infertility Treatment

Diagnosis and treatment of infertility, including surgery and drug therapy.

Laboratory Tests and X-rays

X-rays or tests for diagnosis or treatment.

Medical Supplies

-- Surgical supplies (such as bandages and dressings). Supplies given during surgery or a diagnostic procedure are included in the overall cost for that surgery or diagnostic procedure. Covered expenses for a surgical tray, which is a covered supply separate from the surgery, are limited to \$150.

-- Blood or blood derivatives only if not donated or replaced.

Medical Transportation Services

Transportation by professional ambulance, other than air ambulance, to and from a medical facility.

Transportation by regularly-scheduled airline, railroad or air ambulance, to the nearest medical facility qualified to give the required treatment.

These services must be given within the United States, Puerto Rico or Canada.

Nurse-Practitioner Services

Services of a licensed or certified Nurse-Practitioner acting within the scope of that license or certification.

Oral Surgery and Dental Services

- Oral surgery if needed as a necessary, but incidental, part of a larger service in treatment of an underlying medical condition.
- The following services and supplies are covered only if needed because of accidental injury to natural teeth which happened to the Covered Person while covered under this Plan:
 - Oral surgery.
 - Full or partial dentures.
 - Fixed bridge work.
 - Prompt repair to natural teeth.
 - Crowns.

Organ/Tissue Transplants

Services and supplies for Medically Necessary organ or tissue transplants are payable under this Plan. Certain transplants (called Qualified Procedures) are only payable if they are performed at a Designated Transplant Facility. See Transplant Benefit Management Program for information on how Qualified Procedures are paid.

Orthoptic Training (Eye Muscle Exercise)

Training by a licensed optometrist or an orthoptic technician. Covered Services are limited to a lifetime maximum of 20 visits for each Employee or Dependent spouse. Covered Services are limited to a lifetime maximum of 30 visits for each Dependent child.

Outpatient Occupational Therapy

Services of a licensed occupational therapist, provided the following conditions are met:

- The therapy must be ordered and monitored by a Physician.
- The therapy must be given in accordance with a written treatment plan approved by a Physician. The therapist must submit progress reports at the intervals stated in the treatment plan.

Covered Services are limited to 20 visits each Calendar Year.

20

22

Outpatient Physical Therapy

Services of a licensed physical therapist, provided the following conditions are met:

- The therapy must be ordered and monitored by a Physician.
- The therapy must be given in accordance with a written treatment plan approved by a Physician. The therapist must submit progress reports at the intervals stated in the treatment plan.

Covered Services are limited to 20 visits each Calendar Year. Covered Services are limited to three types of treatment to each body part during each visit.

Physician Services

Medical Care and Treatment

- Hospital, office and home visits.
- Emergency room services.

Surgery

Services for surgical procedures.

Reconstructive Surgery

- Reconstructive surgery to improve the function of a body part when the malfunction is the direct result of one of the following:
 - Birth defect.
 - Sickness.
 - Surgery to treat a Sickness or accidental injury.
 - Accidental injury which happens while the person is covered under this Plan.
- Reconstructive breast surgery following a Medically Necessary mastectomy.
- Reconstructive surgery to remove scar tissue on the neck, face, or head if the scar tissue is due to Sickness or accidental injury which happens while the person is covered under this Plan.

Assistant Surgeon Services

Covered Expenses for assistant surgeon services are limited to 1/5 of the amount of Covered Expenses for the surgeon's charge for the surgery. An assistant surgeon must be a Physician. Surgical assistant's services are not covered.

Multiple Surgical Procedures

Multiple surgical procedures means more than one surgical procedure performed during the same operative session. Covered Expenses for multiple surgical procedures are limited as follows:

- Covered Expenses for a secondary procedure are limited to 50% of the Covered Expenses that would otherwise be considered for the secondary procedure had it been performed during a separate operative session.
- Covered Expenses for any subsequent procedure are limited to 25% of the Covered Expenses that would otherwise be considered for the subsequent procedure had it been performed during a separate operative session.

Prescribed Drugs and Medicines

- Prescribed drugs and medicines for inpatient services.
- Outpatient Prescription Drugs filled at a Non-Network Pharmacy.
(Outpatient Prescription Drugs filled at a Network Pharmacy are covered under Prescription Drug Benefits unless the drugs are specifically excluded under that benefit.)

Private Duty Nursing Care

Private duty nursing care given on an outpatient basis by a licensed nurse (R.N., L.P.N., or L.V.N.).

Payment for outpatient private duty nursing care is subject to a Lifetime Maximum of \$50,000 for each Covered Person.

Psychologist Services

Radiation Therapy

Rehabilitation Therapy

Inpatient

- Services of a Hospital or Rehabilitation Facility for room, board, care and treatment during a confinement.
- Inpatient rehabilitative therapy is a Covered Service only if intensive and multidisciplinary rehabilitation care is necessary to improve the patient's ability to function independently.

Covered Services are limited to a combined total of 120 days of confinement in a Hospital, Skilled Nursing Facility and/or Rehabilitation Facility each Calendar Year.

Outpatient

- Services of a Hospital or Comprehensive Outpatient Rehabilitative Facility (CORF).
- Covered Services are limited to 20 days of therapy each Calendar Year. A day of therapy includes all services given by or visits to the Hospital or CORF in any one day.
- Covered Services for each day of therapy reduces the number of visits

under Covered Services for Outpatient Physical Therapy, Outpatient Occupational Therapy or Speech Therapy. This reduction only applies to days of therapy during which the therapy includes services given by a physical therapist, occupational therapist or speech therapist.

Skilled Nursing Facility Services

-- Room and Board.

Covered Expenses for Room and Board are limited to the facility's regular daily charge for a semi-private room.

-- Other Services and Supplies.

Covered Services are limited to the first 120 days of confinement each Calendar Year.

Speech Therapy

Services of a licensed speech therapist.

These services must be given to restore speech lost or impaired due to one of the following:

- Surgery, radiation therapy or other treatment which affects the vocal chords.
- Cerebral thrombosis (cerebral vascular accident).
- Brain damage due to accidental injury or organic brain lesion (aphasia).
- Accidental injury which happens while a person is covered under this Plan.

Covered Services are limited to 20 visits each Calendar Year.

Speech Therapy for Children Under Age 3

Services of a licensed speech therapist for treatment given to a child under age 3 whose speech is impaired due to one of the following conditions:

- Infantile autism.
- Developmental delay or cerebral palsy.
- Hearing impairment.
- Major congenital anomalies that affect speech such as, but not limited to, cleft lip and cleft palate.

Covered Services are limited to 20 visits each Calendar Year.

Spinal Manipulations

Services of a Physician given for the detection or correction (manipulation) by manual or mechanical means of structural imbalance or distortion in the spine.

Covered Services are limited to 20 visits each Calendar Year.

Exclusions and limitations that apply to this benefit are in General Exclusions and Limitations.

Mental Health Benefits

Benefits are payable for Covered Services and Supplies for Mental Disorder Treatment given to the Covered Person while covered under this Plan. These Covered Services and Supplies are listed in Medical Benefits.

These Mental Health Benefits are subject to the same copayments, deductibles and percentage of Covered Expenses payable as benefits that are paid due to Sickness, except as shown below.

Mental Health Benefits include, but are not limited to:

- Assessment.
- Diagnosis.
- Treatment planning.

- Medication management.
- Individual, family and group psychotherapy.
- Psychological education.
- Psychological testing.

After coverage under this Plan stops, extended benefits for Mental Health Benefits are the same as for Sickness.

Covered Services and Supplies for Mental Disorder Treatment are subject to the following limitations:

=====	
Maximum Benefits each Calendar Year	

Inpatient	30 days

Outpatient	30 visits
=====	

The Out-of-Pocket Feature shown in Medical Benefits does not apply to Mental Health Benefits. Covered Expenses incurred for Mental Disorder Treatment do not count toward the Out-of-Pocket Maximums. After the Out-of-Pocket Maximums are reached, benefits for Mental Disorder Treatment are not payable at 100%.

Additional Covered Services and Supplies specific to Mental Disorder Treatment are listed below. These Additional Covered Services and Supplies are subject to the same requirements as Covered Services and Supplies listed in Medical Benefits.

Additional Covered Services and Supplies

Licensed Counselor Services

Services of a Licensed Counselor for Mental Disorder Treatment.

Treatment Center Services

- Room and Board.
- Other Services and Supplies.

Exclusions and limitations that apply to this benefit are in General Exclusions and Limitations.

Pregnancy Benefits

Benefits are payable for Covered Services and Supplies for pregnancy given to the Covered Person while covered under this Plan. These Covered Services and Supplies are listed in Medical Benefits.

Benefits for pregnancy are paid in the same way as benefits are paid for Sickness.

Benefits are payable for at least:

- 48 hours of inpatient care for the mother and newborn child following a normal vaginal delivery.
- 96 hours of inpatient care for the mother and newborn child following a cesarean section.

The hospital or other provider is not required to get authorization from the Company for the time periods stated above. Authorizations are required for longer lengths of stay.

After coverage under this Plan stops, extended benefits for pregnancy are the same as for Sickness.

The Office Visit Copayment does not apply to prenatal and postnatal office visits (after the initial diagnosis) by the Network obstetrician/gynecologist who is primarily responsible for the patient's maternity care.

Additional Covered Services and Supplies specific to pregnancy are listed below. These Additional Covered Services and Supplies are subject to the same requirements as Covered Services and Supplies listed in Medical Benefits.

Additional Covered Services and Supplies

Birth Center Services

- Room and Board.

-- Other Services and Supplies.

-- Anesthetics.

Nurse-Midwife's Services

Services of a licensed or certified Nurse-Midwife.

Routine Well Baby Care

The following services and supplies given during a newborn child's initial Hospital confinement:

-- Hospital services for nursery care.

-- Other Services and Supplies given by the Hospital.

-- Services of a surgeon for circumcision.

-- Physician Services.

Exclusions and limitations that apply to these benefits are in General Exclusions and Limitations.

Family Planning Benefits

Benefits are payable for Covered Expenses for Family Planning Benefits incurred by the Covered Person while covered under this Plan.

Covered Expenses are the actual cost to the Covered Person of the Reasonable Charge for the Covered Services and Supplies listed in this Benefit. A Covered Expense is incurred on the date that the Covered Service or Supply is performed or given.

These Family Planning Benefits are subject to the same copayments, deductibles and percentage of Covered Expenses payable as benefits that are paid due to Sickness under Medical Benefits.

After coverage under this Plan stops, there are no extended benefits.

Covered Services and Supplies

Contraceptive Drugs, Services and Devices

Contraceptive drugs, services and devices, including but not limited to:

- Intrauterine device and related Physician services.
- Physician services related to a diaphragm fitting.
- Voluntary sterilization by either vasectomy or tubal ligation.
- Surgical implants for contraception, such as Norplant.

Charges for the diaphragm and oral contraceptives are covered under Prescription Drug Benefits.

Exclusions and limitations that apply to these benefits are in General Exclusions and Limitations.

Preventive Health Care Benefits

Benefits are payable for Covered Services and Supplies for Preventive Health Care Benefits given to a Covered Person by a Network Physician while the person is covered under this Plan.

The Office Visit Copayment shown in the Schedule of Benefits applies to the Covered Services and Supplies on the same basis as it applies to Sickness under the Medical Benefits.

Benefits are payable at 100% of Covered Expenses after the Copayment has been paid.

After coverage under this Plan stops, there are no extended benefits.

Covered Services and Supplies

- Routine physical exam for covered Employees and Dependent spouses, including diagnostic tests and immunizations.
- Child preventive care services given in connection with routine pediatric care, including PKU tests and immunizations.
- Routine well-woman exams. A well-woman exam includes the following:
 - Breast examination and/or mammogram.
 - Pelvic examination.
 - Pap smear.
- Chromosome testing.

Exclusions and limitations that apply to these benefits are in General Exclusions and Limitations.

Prescription Drug Benefits

Benefits are payable for outpatient Prescription Drugs. The Prescription Drugs must be prescribed for:

- Medically Necessary treatment of an accidental injury, sickness, or pregnancy.
- Prevention of pregnancy.

Certain Prescription Drugs require Prior Authorization by a pharmacist or physician from the Company or its designee.

The Covered Person must be covered under this Prescription Drug Benefit when the prescription is filled.

Copayments

Retail Pharmacy

Generic Drug	\$10
--------------	------

Brand Name Drug	\$15
-----------------	------

Mail Service Pharmacy

Generic Drug	\$15

Brand Name Drug	\$15
=====	

Network Pharmacy

When a Network Pharmacy is used, the Covered Person pays the Copayment. Copayment amounts are shown above.

If the Prescription Drug Cost is less than the Copayment, the Copayment does not apply and the Covered Person pays the Prescription Drug Cost.

Network Pharmacies dispense Generic Drugs whenever possible.

For Generic Drugs, a Covered Person pays the Generic Drug Copayment.

27

29

A Covered Person pays the Brand Name Drug Copayment for Brand Name Drugs dispensed under either of the following conditions:

- There is no equivalent Generic Drug for substitution.
- The Physician orders a Brand Name Drug. This is usually done by writing "Dispense as written" on the prescription.

For all other Brand Name Drugs, a Covered Person pays:

- The Brand Name Drug Copayment.
- The difference in cost between the Generic Drug and the Brand Name Drug dispensed. The difference is not counted as a Covered Expense under Medical Benefits.

Non-Network Pharmacy

When a Non-Network Pharmacy is used, the Covered Person must pay for the entire cost of each prescription at the time it is filled. Then the Covered Person must submit a claim. Benefits are payable at the Non-Network level under Medical Benefits.

Mail Service Network Pharmacy

A mail service pharmacy option has been provided for convenience. If the mail service pharmacy is used, the Covered Person must pay the Copayment. See your Employer for the necessary information about how to use the mail service option.

There is no coverage for Prescription Drugs dispensed by a Non-Network Mail Service Pharmacy.

Mail service pharmacies dispense Generic Drugs whenever possible.

For Generic Drugs, a Covered Person pays the Mail Service Generic Drug Copayment.

A Covered Person pays the Mail Service Brand Name Drug Copayment for Brand Name Drugs dispensed under either of the following conditions:

- There is no equivalent Generic Drug for substitution.
- The Physician orders a Brand Name Drug. This is usually done by writing "Dispense as written" on the prescription.

For all other Brand Name Drugs, a Covered Person must pay:

- The Mail Service Brand Name Drug Copayment.
- The difference in cost between the Generic Drug and the Brand Name Drug. The difference is not counted as a Covered Expense under Medical Benefits.

Supply Limits

Retail Pharmacy

If the Prescription Drug is dispensed by a retail Pharmacy, the following limits apply:

- Up to a 31 day supply of a Prescription Drug, unless adjusted based on the drug manufacturer's packaging size. Some products may be subject to additional supply limits adopted by the Company. A list of current additional supply limits may be obtained from the Company.
- A one cycle supply of an oral contraceptive. Up to three cycles can be purchased at one time if a Copayment is paid for each cycle supplied.

Mail Service Pharmacy

If the Prescription Drug is dispensed by a mail service pharmacy, the supply limit is up to a 90 day supply of a Prescription Drug, unless adjusted based on the drug manufacturer's packaging size or any additional supply limits adopted by the Company. A list of current supply limits may be obtained from the Company.

Identification Card

If a Covered Person does not show the identification card at the time Prescription Drugs are obtained, the Covered Person will be required to pay the full cost of the Prescription Drug and get payment from the Company. In that case, benefits are calculated at the predominant contract reimbursement rate for a Network Pharmacy (including any sales tax), less the applicable Copayment.

Glossary

Brand Name Drug

A Prescription Drug which is (1) manufactured and marketed under a trademark or name by a specific drug manufacturer, and (2) identified as a Brand Name Drug by the Company.

Generic Drug

A Prescription Drug which is: (1) chemically equivalent to a Brand Name Drug whose patent has expired; and (2) identified as a Generic Drug by the Company.

Network Pharmacy

A pharmacy which has (1) entered into an agreement with the Company or its designee to provide Prescription Drugs to Covered Persons; (2) has agreed to accept specified reimbursement rates for dispensing Prescription Drugs and (3) has been designated by the Company as a Network Pharmacy. A Network Pharmacy can be either a retail or a mail service pharmacy.

Prescription Drugs

A medication, product or device which has been approved by the Food and Drug Administration and which can, under federal or state law, be dispensed only pursuant to a Prescription Order or Refill. For the purpose of coverage under the Plan, this definition includes insulin and the following diabetic supplies: insulin syringes with needles; blood testing strips - glucose; urine testing strips - glucose; ketone testing strips and tablets; lancets and lancet devices.

Prescription Drug Cost

The Company's contracted reimbursement rate, including any sales tax, with the Network Pharmacy where a Prescription Drug is dispensed. The Prescription Drug Cost does not include any manufacturer's refunds or incentive payments which may be received by and will be retained by the Company.

Prescription Order or Refill

The directive to dispense a Prescription Drug issued by a duly licensed health care provider whose scope of practice permits issuing such a directive.

Prior Authorization

The process of obtaining approval for certain Prescription Drugs, prior to dispensing, using guidelines approved by the Company. This approval is to be obtained from the Company by the prescribing physician or the pharmacist. The list of Prescription Drugs requiring Prior Authorization is subject to periodic review and modification by the Company.

Not Covered

- Drugs for tobacco dependency or smoking cessation.
- Drugs for infertility treatment.

- Drugs given while confined in a Hospital, nursing home or similar place that has its own drug dispensary.
- Therapeutic devices or appliances, including colostomy supplies and support garments, regardless of intended use. (This exclusion does not apply to insulin syringes with needles, blood testing strips - glucose, urine testing strips - glucose, ketone testing strips and tablets, lancets and lancet devices which are covered.)
- Injectable drugs. (This exclusion does not apply to insulin or self-administered injectables which can be injected subcutaneously which are covered.)
- Progesterone suppositories.
- Appetite suppressants and other weight loss products.
- General and injectable vitamins. (This exclusion does not apply to prenatal vitamins, vitamins with fluoride and B-12 injections which are covered.)
- Drugs dispensed in any amount which exceed the supply limits.
- Replacement drugs resulting from a lost, stolen, broken or destroyed Prescription Order or Refill.
- Unit dose packaging of drugs.
- Drugs available over-the-counter that do not require a Prescription Order or Refill by federal or state law before being dispensed and any drug that is therapeutically equivalent to an over-the-counter drug.

Other exclusions that apply to this benefit are in General Exclusions and Limitations.

Transplant Benefit Management Program

Services and supplies for Medically Necessary organ or tissue transplant procedures listed below are payable under this Plan provided the procedures are performed at a Designated Transplant Facility.

See "Organ/Tissue Transplants" under Medical Benefits for other transplants that are payable under this Plan.

Medical Management must be notified at least seven working days before the scheduled date of any of the following or as soon as reasonably possible:

- The evaluation.

- The donor search.
- The organ procurement/tissue harvest.
- The transplant procedure.

30

32

Qualified Procedures

- Heart transplants.
- Lung transplants.
- Heart/Lung transplants.
- Kidney transplants.
- Liver transplants.
- Pancreas transplants.
- Kidney/Pancreas transplants.
- Bone Marrow/Stem Cell transplants.

Donor Charges for Organ/Tissue Transplants

- In the case of an organ or tissue transplant, donor charges are considered Covered Expenses ONLY if the recipient is a Covered Person under this Plan. If the recipient is not a Covered Person, no benefits are payable for donor charges.
- The search for bone marrow/stem cell from a donor who is not biologically related to the patient is not considered a Covered Service UNLESS the search is made in connection with a transplant procedure arranged by a Designated Transplant Facility.

Medical Care and Treatment

The Covered Expenses for services provided in connection with the transplant procedure include:

- Pre-transplant evaluation for one of the procedures listed above.
- Organ acquisition and procurement.
- Hospital and physician fees.
- Transplant procedures.
- Follow-up care for a period up to one year after the transplant.
- Search for bone marrow/stem cell from a donor who is not biologically related to the patient. If a separate charge is made for bone marrow/stem cell search, a Maximum Benefit of \$25,000 is payable for all charges made in connection with the search.

Transportation and Lodging

Medical Management will assist the patient and family with travel and lodging arrangements. Expenses for travel, lodging and meals for the transplant recipient and a companion are available under this Plan as follows:

- Transportation of the patient and one companion who is traveling on the same day(s) to and/or from the site of the transplant for the purposes of an evaluation, the transplant procedure or necessary post-discharge follow-up.
- Reasonable and necessary expenses for lodging and meals for the patient (while not confined) and one companion. Benefits are paid at a per diem rate of \$50 for one person or \$100 for two people.
- Travel and lodging expenses are only available if the transplant recipient resides more than 50 miles from the Designated Transplant Facility.

- If the patient is a covered dependent minor child, the transportation expenses of two companions will be covered and lodging and meal expenses will be reimbursed at the \$100 per diem rate.
- There is a combined overall lifetime maximum of \$10,000 per Covered Person for all transportation, lodging and meal expenses incurred by the

transplant recipient and companion(s) and reimbursed under this Plan in connection with all transplant procedures.

Not Covered

No benefits are payable for services or supplies received in connection with a Qualified Procedure which is not performed at a Designated Transplant Facility.

Other exclusions and limitations that apply are in General Exclusions and Limitations.

General Exclusions and Limitations

This Plan does not cover any expenses incurred for services, supplies, medical care or treatment relating to, arising out of, or given in connection with, the following:

- Services or supplies received before an Employee or his or her Dependent becomes covered under this Plan.
- Expenses incurred by a Dependent if the Dependent is covered as an Employee for the same services under this Plan.
- Abdominoplastys.
- Breast reduction surgery.
- Chelation therapy, except to treat heavy metal poisoning.
- Completion of claim forms, or missed appointments.
- Cosmetic or reconstructive surgery or treatment. (This is surgery or treatment primarily to change appearance.) It does not matter whether or not it is for psychological or emotional reasons. See Medical Benefits for limited coverage of reconstructive surgery.
- Custodial Care. This is care made up of services and supplies that meets one of the following conditions:
 - Care furnished mainly to train or assist in personal hygiene or other activities of daily living, rather than to provide medical treatment.
 - Care that can safely and adequately be provided by persons who do not have the technical skills of a covered health care professional.

Care that meets one of these conditions is custodial care regardless of

any of the following:

- Who recommends, provides or directs the care.
- Where the care is provided.
- Whether or not the patient or another caregiver can be or is being trained to care for himself or herself.

32

34

- Ecological or environmental medicine, diagnosis and/or treatment.
- Education, training and bed and board while confined in an institution which is mainly a school or other institution for training, a place of rest, a place for the aged or a nursing home.
- Eye glasses, contact lenses, eye refractions, hearing aids and cochlear implants, unless required due to an accidental injury which happens while covered under this Plan.
- Herbal medicine, holistic or homeopathic care, including drugs.
- Services, supplies, medical care or treatment given by one of the following members of the Employee's immediate family:
 - The Employee's spouse.
 - The child, brother, sister, parent or grandparent of either the Employee or the Employee's spouse.
- Charges for procedures which facilitate a pregnancy but do not treat the cause of infertility, such as in vitro fertilization, artificial insemination, embryo transfer, gamete intrafallopian transfer, zygote intrafallopian transfer and tubal ovum transfer.
- Expenses and associated expenses incurred for services and supplies for Experimental, Investigational or Unproven Services, treatments, devices and pharmacological regimens, except for services which are otherwise Experimental, Investigational, or Unproven that are deemed to be, in the Company's judgment, covered transplant services. The fact that an Experimental, Investigational or Unproven Service, treatment, device and pharmacological regimen, is the only available treatment for a particular condition will not result in coverage if the procedure is

considered to be Experimental, Investigational or Unproven in the treatment of that particular condition.

- Services and supplies which the Covered Person is not legally required to pay.
- Liposuction.
- Surgical correction or other treatment of malocclusion.
- Services or supplies which are not Medically Necessary, including any confinement or treatment given in connection with a service or supply which is not Medically Necessary.
- Membership costs for health clubs, weight loss clinics and similar programs.
- Nutritional counseling.

For persons for whom coverage under a workers' compensation act or similar law is optional because they could elect it, or could have it elected for them, occupational injury or Sickness includes any injury or Sickness that would have been covered under the workers' compensation act or similar law had that coverage been elected.

- Occupational injury or Sickness. An occupational injury or Sickness for which workers' compensation is paid.
- Examinations or treatment ordered by a court in connection with legal proceedings unless such examinations or treatment otherwise qualify as Covered Services.
- Services given by a pastoral counselor.

- Personal convenience or comfort items including, but not limited to, such items as TVs, telephones, first aid kits, exercise equipment, air conditioners, humidifiers, saunas and hot tubs.
- Private duty nursing services while confined in a facility.
- Services for a surgical procedure to correct refraction errors of the eye, including any confinement, treatment, services, or supplies given

in connection with or related to the surgery.

- Services for, or related to, the removal of an organ or tissue from a person for transplantation into another person, unless the transplant recipient is a Covered Person under this Plan and is undergoing a covered transplant.
- Reversal of sterilization.
- Sensitivity training, educational training therapy or treatment for an education requirement.
- Sex-change surgery.
- Charges made by a Hospital for confinement in a special area of the Hospital which provides non-acute care, by whatever name called, including but not limited to the type of care given by the facilities listed below.

If that type of facility is otherwise covered under this Plan, then benefits for that covered facility which is part of a Hospital, as defined, are payable at the coverage level for that facility, not at the coverage level for a Hospital.

- Adult or child day care center.
- Ambulatory Surgical Center.
- Birth Center.
- Half-way house.
- Hospice.
- Skilled Nursing Facility.
- Treatment Center.
- Vocational rehabilitation center.
- Any other area of a Hospital which renders services on an inpatient basis for other than acute care of sick, injured or pregnant persons.
- Stand-by services required by a Physician.
- Care of or treatment to the teeth, gums or supporting structures such as, but not limited to, periodontal treatment, endodontic services, extractions, implants or any treatment to improve the ability to chew or speak. See Medical Benefits for limited coverage of oral surgery and dental services.

- Telephone consultations.
- Tobacco dependency.
- Services or supplies received as a result of war declared or undeclared, or international armed conflict
- Weight reduction or control (unless there is a diagnosis of morbid obesity).
- Special foods, food supplements, liquid diets, diet plans or any related products.

34

36

- Wigs or toupees (except for loss of hair resulting from treatment of a malignancy or permanent loss of hair from an accidental injury), hair transplants, hair weaving or any drug if such drug is used in connection with baldness.
- Services given by volunteers or persons who do not normally charge for their services.

Claims Information

How to File a Claim

A claim form does not need to be filed when a Network Provider is used.

The following steps should be completed when submitting bills for payment:

- Get a claim form from the Employer, the Plan Administrator or the Company.
- Complete the Employee portion of the form.
- Have the provider complete the provider portion of the form.
- Send the form and bills to the address shown on the form.

Make sure the bills and the form include the following information:

- The Employee's name and social security number.
- The Employees name and contract number (187129G).
- The patient's name.
- The diagnosis.
- The date the services or supplies were incurred.
- The specific services or supplies provided.

A bill or cash receipt for Prescription Drugs must also show the prescription number and the name of the Physician who issued the prescription.

If the covered Employee asks for a claim form but does not receive it within 15 days, the covered Employee can file a claim without it by sending the bills with a letter, including all of the information listed above.

When Claims Must be Filed

The covered Employee must give the Company written proof of loss within 15 months after the date the expenses are incurred.

The Company will determine if enough information has been submitted to enable proper consideration of the claim. If not, more information may be requested.

No benefits are payable for claims submitted after the 15-month period, unless it can be shown that:

- It was not reasonably possible to submit the claim during the 15-month period.
- Written proof of loss was given to the Company as soon as was reasonably possible.

How and When Claims Are Paid

All payments will be paid to the covered Employee as soon as the Company receives satisfactory proof of loss, except in the following cases:

- If the covered Employee has financial responsibility under a court order for a dependent's medical care, the Company will make payments directly to the provider of care.
- If the Company pays benefits directly to Network Providers.
- If the covered Employee requests in writing that payments be made directly to a provider. A covered Employee does this when completing the claim form.

These payments will satisfy the Company's obligation to the extent of the payment.

The Company will send an Explanation of Benefits (EOB) to the covered Employee. The EOB will explain how the Company considered each of the charges submitted for payment. If any claims are denied or denied in part, the covered Employee will receive a written explanation.

Any benefits continued for Dependents after a covered Employee's death will be paid to one of the following.

- The surviving spouse.
- A Dependent child who is not a minor, if there is no surviving spouse.
- A provider of care who makes charges to the covered Employee's Dependents for Covered Services and Supplies.
- The legal guardian of the covered Employee's Dependent.

Legal Actions

The covered Employee may not sue on a claim before 60 days after proof of loss has been given to the Company. The covered Employee may not sue after three years from the time proof of loss is required, unless the law in the area where the covered Employee lives allows for a longer period of time.

Incontestability of Coverage

This Plan cannot be declared invalid after it has been in force for two years. It can be declared invalid due to nonpayment of premium.

No statement used by any person to get coverage can be used to declare

coverage invalid if the person has been covered under this Plan for two years. In order to use a statement to deny coverage before the end of two years, it must have been signed by the person. A copy of the signed statement must be given to the person.

Review Procedure for Denied Claims

In cases where a claim for benefits payment is denied in whole or in part, the claimant may appeal the denial. A request for review must be directed to the Company within 90 days after the claim payment date or the date of the notification of denial of benefits. When requesting a review, the claimant should state the reason he or she believes the claim was improperly paid or denied and submit any data or comments to support the claim.

A review of the denial will be made and the Company will provide the claimant with a written response within 60 days of the date the Company receives the claimant's request for review. If, because of extenuating circumstances, the Company is unable to complete the review process within 60 days, the Company will notify the claimant of the delay within the 60 day period and will provide a final written response to the request for review within 120 days of the date the Company received the claimant's written request for review.

If the denial is upheld, the Company's written response to the claimant will cite the specific Plan provision(s) upon which the denial is based.

Coordination of Benefits

(This provision does not apply to Prescription Drug Benefits.)

Coordination of benefits applies when a covered Employee or a covered Dependent have health coverage under this Plan and one or more Other Plans.

One of the plans involved will pay the benefits first: that plan is Primary. Other Plans will pay benefits next: those plans are Secondary. The rules shown in this provision determine which plan is Primary and which plan is Secondary.

Whenever there is more than one plan, the total amount of benefits paid in a Calendar Year under all plans cannot be more than the Allowable Expenses

charged for that Calendar Year.

Definitions

"Other Plans" are any of the following types of plans which provide health benefits or services for medical care or treatment:

- Group insurance and group subscriber contracts.
- Uninsured arrangements of group coverage.
- Group coverage through HMOs and other prepayment, group practice and individual practice plans.
- The amount by which group Hospital indemnity benefits exceed \$100 per day.
- The medical benefits coverage in a group and individual automobile "no fault" and traditional automobile "fault" type contract.
- Medicare and other governmental benefits, except as a state plan under Medicaid and except as mandated by federal law.

"Primary Plan": A plan that is Primary will pay benefits first. Benefits under that plan will not be reduced due to benefits payable under Other Plans.

"Secondary Plan": Benefits under a plan that is Secondary may be reduced due to benefits payable under Other Plans that are Primary.

"Allowable Expenses" means the necessary, reasonable and customary expense for health care when the expense is covered in whole or in part under at least one of the plans.

The difference between the cost of a private Hospital room and the cost of a semi-private Hospital room is not considered an Allowable Expense unless the patient's stay in a private Hospital room is Medically Necessary either in terms of generally accepted medical practice, or as defined in the plan.

When a plan provides benefits in the form of services, instead of a cash payment, the reasonable cash value of each service rendered will be considered both an Allowable Expense and a benefit paid.

How Coordination Works

When this Plan is Primary, it pays its benefits as if the Secondary Plan or Plans did not exist.

When this Plan is a Secondary Plan, its benefits are reduced so that the total benefits paid or provided by all plans during a Calendar Year are not more than total Allowable Expenses. The amount by which this Plan's benefits have been reduced shall be used by this Plan to pay Allowable Expenses not otherwise paid, which were incurred during the Calendar Year by the person for whom the claim is made. As each claim is submitted, this Plan determines its obligation to pay for Allowable Expenses based on all claims which were submitted up to that point in time during the Calendar Year.

The benefits of this Plan will only be reduced when the sum of the benefits that would be payable for the Allowable Expenses under the Other Plans, in the absence of provisions with a purpose like that of this Coordination of Benefits provision, whether or not claim is made, exceeds those Allowable Expenses in a Calendar Year.

When the benefits of this Plan are reduced as described above, each benefit is reduced in proportion. It is then charged against any applicable benefit limit of this Plan.

Which Plan Pays First

When two or more plans provide benefits for the same Covered Person, the benefit payment will follow the following rules in this order

- A plan with no coordination provision will pay its benefits before a plan that has a coordination provision.
- The benefits of the plan which covers the person other than as a dependent are determined before those of the plan which covers the person as a dependent.
- The benefits of the plan covering the person as a dependent are determined before those of the plan covering that person as other than a dependent, if the person is also a Medicare beneficiary and both of the following are true:
 - Medicare is secondary to the plan covering the person as a dependent.

- Medicare is primary to the plan covering the person as other than a dependent (example, a retired employee).
- When this Plan and another plan cover the same child as a dependent of parents who are not separated or divorced, the benefits of the plan of the parent whose birthday falls earlier in a year are determined before those of the plan of the parent whose birthday falls later in that year. This is called the "Birthday Rule." The year of birth is ignored.

If both parents have the same birthday, the benefits of the plan which covered one parent longer are determined before those of the plan which covered the other parent for a shorter period of time.

If the other plan does not have a birthday rule, but instead has a rule based on the gender of the parent, and if, as a result, the plans do not agree on the order of benefits, the rule in the other plan will determine the order of benefits.

- If two or more plans cover a person as a dependent child of divorced or separated parents, benefits for the child are determined in this order:
 - First, the plan of the parent with custody for the child.
 - Second, the plan of the spouse of the parent with the custody of the child.
 - Finally, the plan of the parent not having custody of the child.

However, if the specific terms of a court decree state that one of the parents is responsible for the health care expense of the child, and the entity obligated to pay or provide the benefits of the plan of that parent has actual knowledge of those terms, the benefits of that plan are determined first. The plan of the other parent shall be the Secondary Plan. This rule does not apply with respect to any claim for which any benefits are actually paid or provided before the entity has that actual knowledge.

- If the specific terms of a court decree state that the parents shall share joint custody, without stating that one of the parents is responsible for the health care expenses of the child, the plans covering the child shall follow the order of benefit determination rules that apply to dependents of parents who are not separated or

divorced.

If none of the above rules determines the order of benefits, the benefits of the plan which covered an employee, member or subscriber for the longer period are determined before those of the plan which covered that person for the shorter period.

Right to Exchange Information

In order to coordinate benefit payments, the Company needs certain information. It may get needed facts from or give them to any other organization or person. The Company need not tell, or get the consent of, any person to do this.

A Covered Person must give the Company the information it asks for about other plans. If the Covered Person cannot furnish all the information the Company needs, the Company has the right to get this information from any source. If any other organization or person needs information to apply its coordination provision, the Company has the right to give that organization or person such information. Information can be given or obtained without the consent of any person to do this.

Facility of Payment

It is possible for benefits to be paid first under the wrong plan. The Company may pay the plan or organization or person for the amount of benefits that the Company determines it should have paid. That amount will be treated as if it was paid under this Plan. The Company will not have to pay that amount again.

Right of Recovery

The Company may pay benefits that should be paid by another plan or organization or person. The Company may recover the amount paid from the other plan or organization or person.

The Company may pay benefits that are in excess of what it should have paid. The Company has the right to recover the excess payment.

Recovery Provisions

Refund of Overpayments

If the Company pays benefits for expenses incurred on account of a Covered Person, that Covered Person or any other person or organization that was

paid must make a refund to the Company if:

- All or some of the expenses were not paid by the Covered Person or did not legally have to be paid by the Covered Person.
- All or some of the payment made by the Company exceeded the benefit under this Plan.

39

41

The refund equals the amount the Company paid in excess of the amount it should have paid under this Plan.

If the refund is due from another person or organization, the Covered Person agrees to help the Company get the refund when requested.

If the Covered Person, or any other person or organization that was paid, does not promptly refund the full amount, the Company may reduce the amount of any future benefits that are payable under this Plan. The Company may also reduce future benefits under any other group benefits plan administered by the Company for the Employer. The reductions will equal the amount of the required refund. The Company may have other rights in addition to the right to reduce future benefits.

Subrogation

In the event a Covered Person suffers an injury as a result of a negligent or wrongful act or omission of a liable third party, the Company has the right to pursue subrogation where permitted by law.

The Company will be subrogated and succeed to the Covered Person's right against a liable third party. The Company may use this right to the extent of the benefits paid under this Plan.

The Covered Person agrees to help the Company use this right when requested.

If the Director or his designee, upon being petitioned by the Employee, determines that the exercise of subrogation by the Company is inequitable and commits an injustice to the Employee, subrogation is not allowed.

Medicare

When a Covered Person becomes eligible for Medicare, this Plan pays its benefits in accordance with the Medicare Secondary Payer requirements of federal law. If the Employer is subject to the Medicare Secondary Payer requirements, this Plan will pay primary.

When This Plan Pays Primary to Medicare

This Plan pays primary to Medicare for Covered Persons who are Medicare eligible if:

- Eligibility for Medicare is due to age 65 and the employee has "current employment status" with the employer as defined by federal law and determined by the employer.
- Eligibility for Medicare is due to disability and the employee has "current employment status" with the employer as defined by federal law and determined by the employer.
- Eligibility for Medicare is due to end stage renal disease (ESRD) under the conditions and for the time periods specified by federal law.

When Medicare Pays Primary to this Plan

Medicare pays primary to this Plan for Covered Persons who are Medicare eligible if:

- The employee is a Retired Employee.
- Eligibility is due to disability and the Employee does NOT have "current employment status" with the employer as defined by federal law and determined by the employer.
- Eligibility for Medicare is due to end stage renal disease (ESRD), but only after the conditions and/or time periods specified in federal law cause Medicare to become primary.

See How this Plan Pays When Medicare is Primary.

Important! - Medicare Enrollment Requirements

When this Plan pays benefits first, without regard to Medicare, and the Covered Person wants Medicare to pay after this Plan, the Covered Person must enroll for Medicare Parts A and B. If the Covered Person does not enroll for Medicare when he or she is first eligible, the Covered Person must enroll during the special enrollment period which applies to that person when the person stops being eligible under this Plan.

When Medicare pays benefits first, benefits available under Medicare are deducted from the amounts payable under this Plan, whether or not the person has enrolled for Medicare. If Medicare pays first, the Covered Person should enroll for both Parts A and B of Medicare when that Covered Person is first eligible; otherwise, the expenses may not be covered by the Plan or Medicare.

How This Plan Pays When Medicare Is Primary

If Medicare pays benefits first, this Plan pays benefits as described below. This method of payment only applies to Medicare eligibles. It does not apply to any Covered Person unless that Covered Person becomes eligible under Medicare.

If the provider has agreed to limit charges for services and supplies to the charges allowed by Medicare (participating Physicians), this Plan determines the amount of Covered Expenses based on the amount of charges allowed by Medicare.

If the provider has not agreed to limit charges for services and supplies to the charges allowed by Medicare (non-participating Physicians), this Plan determines the amount of Covered Expenses based on the lesser of the following:

- The Reasonable Charges.
- The amount of the Limiting Charge as defined by Medicare.

The amount of charges for Covered Expenses under this Plan is determined first. Then the amount payable under Medicare for the same expenses is subtracted from the amount of Covered Expenses. This Plan pays the difference between the two amounts.

The amount payable under Medicare which is subtracted from this Plan's benefits is determined as the amount that would have been payable to a Medicare eligible covered under Medicare even if:

- The person is not enrolled for Medicare Parts A and B. Benefits are determined as if the person were covered under Medicare Parts A and B.

- The expenses are paid under another employer's group health plan which is primary to Medicare. Benefits are determined as if benefits under that other employer's plan did not exist.
- The person is enrolled in a Health Maintenance Organization (HMO) or Competitive Medical Plan (CMP) to receive Medicare benefits, and receives unauthorized services (out-of-plan services not covered by the HMO/CMP). Benefits are determined as if the services were authorized and covered by the HMO/CMP.

Government Plans (other than Medicare and Medicaid)

If the Covered Person is also covered under a Government Plan, this Plan does not cover any services or supplies to the extent that those services or supplies, or benefits for them, are available to that Covered Person under the Government Plan.

This provision does not apply to any Government Plan which by law requires this Plan to pay primary.

A Government Plan is any plan, program, or coverage -- other than Medicare or Medicaid -- which is established under the laws or regulations of any government, or in which any government participates other than as an employer.

Termination of Coverage

Employee Coverage

Employee coverage ends on the earliest of the following:

- The day this Plan ends.
- The last day of the month in which the person stops being an eligible Employee.

- The last day of a period for which contributions for the cost of coverage have been made, if the contributions for the next period are not made when due.

Disability

The Employer has the right to continue a person's employment and coverage under this Plan during a period in which the person is away from work due to disability. The period of continuation is determined by the Employer based on the Employer's general practice for an Employee in the person's job class.

Coverage ends on the date the Employer notifies the Company that the person's employment has stopped and coverage is to be ended.

Dependent Coverage

Coverage for all of an Employee's Dependents ends on the earlier of the following:

- The day the Employee's coverage ends.
- The last day of a period for which contributions for the cost of Dependent coverage have been made, if the contributions for the next period are not made when due.

Coverage for an individual Dependent ends on the earlier of:

- The day the Dependent becomes covered as an Employee under this Plan.
- The last day of the month in which the Dependent stops being an eligible Dependent.

Continuation of Coverage for Incapacitated Children

A mentally or physically incapacitated child's coverage will not end due to age. It will continue as long as Dependents coverage under this Plan continues and the child continues to meet the following conditions:

- The child is incapacitated.
- The child is not capable of self-support.
- The child depends mainly on the Employee for support.

The Employee must give the Company proof that the child meets these conditions when requested. The Company will not ask for proof more than once a year.

Extended Benefits

There are extended benefits under Medical Benefits, Mental Health Benefits and Pregnancy Benefits.

Extended benefits are payable for a Totally Disabled Covered Person for up to 12 months. Extended benefits are only payable for Covered Services and Supplies given during the 12-month period after the person's coverage ends.

The person must be continuously Totally Disabled due to the same cause from the date coverage ends until the date Covered Services or Supplies are given.

Extended benefits are only payable for Covered Services and Supplies given for the accidental injury, Sickness, or pregnancy causing Total Disability.

Conversion Coverage

If the covered Employee's group health coverage stops under this Plan, the covered Employee may buy individual health insurance (called "Conversion Coverage").

Proof of insurability will not have to be given. However, if the benefits under Conversion Coverage are greater than those under this Plan, the covered Employee and his or her covered Dependents will be asked to give proof of insurability for the greater benefits.

If the covered Employee has Dependents coverage when the group coverage stops, the Conversion Coverage will be for the covered Employee and all Covered Family Members on the day such coverage stops. The covered Employee must apply for Conversion Coverage on the same basis as the coverage he or she has under this Plan. The covered Employee cannot apply for single Conversion Coverage unless he or she is enrolled for Employee Only coverage under this Plan. A Dependent child over age 19 will be issued single Conversion Coverage because only Dependent children under 19 are covered as family members under Conversion Coverage.

An individual policy will be issued if the person converting is eligible and lives in one of the following states:

Georgia	Oregon
Maine	Puerto Rico
Minnesota	South Dakota
New Hampshire	Vermont
New Mexico	Virginia
New York	

If the person converting lives in a state or jurisdiction of the United States not listed above and is eligible, Conversion Coverage will be provided through The Group Conversion Trust. The person will receive a Certificate of Insurance instead of an individual policy.

See Conversion Coverage for Medicare Eligibles at the end of this provision if the covered Employee or a covered Dependent is Medicare Eligible.

Conditions for Conversion

For Covered Employees

This Plan must be in force and the coverage has to stop for either of the following reasons:

- The person's employment ends.
- The person is no longer an eligible Employee.

If a covered Employee's group health coverage stops because this Plan ends, the covered Employee will not have the right to buy Conversion Coverage.

The person's Employer may continue coverage under this Plan when the person becomes a Retired Employee. In this case, the person cannot buy Conversion Coverage until the continued coverage stops.

For Covered Dependents

If the covered Employee dies, the covered Employee's wife or husband or any guardian of the covered Employee's Dependent children may buy Conversion Coverage for the covered Dependents.

44

46

If the covered Employee's marriage is dissolved, the covered Employee's former spouse may buy Conversion Coverage. This can happen at either of the following times:

- When the marriage is dissolved.
- At the end of any period of continuation of coverage under this Plan, but only if this Plan is in force on that date.

Any of a covered Employee's covered Dependents may buy Conversion Coverage if one of the following is true:

- The Dependent stops being eligible.
- The Dependent is 19 or older when the covered Employee buys Conversion Coverage. (Only Dependent children under 19 are covered under a covered Employee's new family coverage.)

How to Apply

Application must be made within 31 days after the group coverage stops.

Get an application from the Company or the Employer.

The first premium must be paid before Conversion Coverage can be put in force.

Conversion Coverage will be effective on the date that the group coverage stops. In some cases a covered Employee can choose to continue group

coverage after employment ends. In some cases a covered Employee's Dependents can choose to continue their group coverage after the covered Employee's death. In these cases Conversion Coverage will go into effect when the continued coverage stops but only if this Plan is in force on that date.

If the covered Employee dies within the 31-day conversion period, the covered Employee's wife or husband or any guardian of the covered Employee's Dependents may apply for Conversion Coverage for those covered Dependents.

Limitations

Conversion Coverage may have greatly reduced benefits at a much higher cost. In most cases, the benefits will be limited to Hospital and surgical benefits only.

The benefit amounts for Conversion Coverage will be governed by the following:

- The rules of the Company.
- The laws of the state or jurisdiction where the person lives when he or she applies.

A copy of the individual policy or Certificate of Insurance is on file with the state insurance authority, where required. A copy may also be obtained from the Company.

The Company might limit the benefits of, or refuse to issue, Conversion Coverage because the covered Employee or a Dependent has other health coverage. Each person will be told the rules when they apply.

Conversion Coverage for Medicare Eligibles

A Medicare Eligible who lives in one of the following states is not eligible for Conversion Coverage:

Georgia

Oregon

Maine

Puerto Rico

Minnesota

South Dakota

New Hampshire

Vermont

New Mexico

Virginia

New York

Conversion Coverage of a Medicare Eligible who lives in any other state or jurisdiction of the United States (except Michigan) will be provided through The Group Conversion Trust. Michigan residents will be covered under an individual policy.

Glossary

(These definitions apply when the following terms are used.)

Ambulatory Surgical Center

A specialized facility which is established, equipped, operated, and staffed primarily for the purpose of performing surgical procedures and which fully meets one of the following two tests:

- It is licensed as an Ambulatory Surgical Center by the regulatory authority having responsibility for the licensing under the laws of the jurisdiction in which it is located.
- Where licensing is not required, it meets all of the following requirements:
 - It is operated under the supervision of a licensed doctor of medicine (M.D.) or doctor of osteopathy (D.O.) who is devoting full time to supervision and permits a surgical procedure to be performed only by a duly qualified Physician who, at the time the procedure is performed, is privileged to perform the procedure in at least one Hospital in the area.
 - It requires in all cases, except those requiring only local infiltration anesthetics, that a licensed anesthesiologist administer the anesthetic or supervise an anesthesiologist who is administering the anesthetic and that the anesthesiologist or anesthesiologist remain present throughout the surgical procedure.
 - It provides at least one operating room and at least one post-anesthesia recovery room.

- It is equipped to perform diagnostic X-ray and laboratory examinations or has an arrangement to obtain these services.
- It has trained personnel and necessary equipment to handle emergency situations.

46

48

- It has immediate access to a blood bank or blood supplies.
- It provides the full-time services of one or more registered graduate nurses (R.N.) for patient care in the operating rooms and in the post-anesthesia recovery room.
- It maintains an adequate medical record for each patient, the record to contain an admitting diagnosis including, for all patients except those undergoing a procedure under local anesthesia, a preoperative examination report, medical history and laboratory tests and/or X-rays, an operative report and a discharge summary.

An Ambulatory Surgical Center which is part of a Hospital, as defined herein, will be considered an Ambulatory Surgical Center for the purposes of this Plan.

Birth Center

A specialized facility which is primarily a place for delivery of children following a normal uncomplicated pregnancy and which fully meets one of the following two tests:

- It is licensed by the regulatory authority having responsibility for the licensing under the laws of the jurisdiction in which it is located.
- It meets all of the following requirements:
 - It is operated and equipped in accordance with any applicable state law.
 - It is equipped to perform routine diagnostic and laboratory examinations such as hematocrit and urinalysis for glucose, protein, bacteria and specific gravity.
 - It has available to handle foreseeable emergencies, trained

personnel and necessary equipment, including but not limited to oxygen, positive pressure mask, suction, intravenous equipment, equipment for maintaining infant temperature and ventilation, and blood expanders.

- It is operated under the full-time supervision of a licensed doctor of medicine (M.D.), doctor of osteopathy (D.O.) or registered graduate nurse (R.N.).
- It maintains a written agreement with at least one Hospital in the area for immediate acceptance of patients who develop complications.
- It maintains an adequate medical record for each patient, the record to contain prenatal history, prenatal examination, any laboratory or diagnostic tests and a postpartum summary.
- It is expected to discharge or transfer patients within 24 hours following delivery.

A Birth Center which is part of a Hospital, as defined herein, will be considered a Birth Center for the purposes of this Plan.

Calendar Year

A period of one year beginning with a January 1.

Comprehensive Outpatient Rehabilitation Facility

A facility which is primarily engaged in providing diagnostic, therapeutic and restorative services to outpatients for the rehabilitation of injured or sick persons and which fully meets one of the following two tests:

- It is approved by Medicare as a Comprehensive Outpatient Rehabilitation Facility.
- It meets all of the following tests:
 - It provides at least the following comprehensive outpatient rehabilitation services:
 - Services of Physicians who are available at the facility on a

full or part-time basis.

- Physical therapy.
- Social or psychological services.
- It has policies established by a group of professional personnel (associated with the facility) including one or more Physicians to govern the comprehensive outpatient rehabilitation services it furnishes, and provides for the carrying out of such policies by a full or part-time Physician.
- It has a requirement that every patient must be under the care of a Physician.
- It is established and operated in accordance with the applicable licensing and other laws.

Covered Family Members or Covered Person

The Employee and the Employee's wife or husband and/or Dependent children who are covered under this Plan.

Designated Transplant Facility

A facility designated by the Company to render Medically Necessary Covered Services and Supplies for Qualified Procedures under this Plan.

Emergency Care

Medical care and treatment provided after the sudden onset of a medical condition manifesting itself by acute symptoms, including severe pain, which are severe enough that the lack of immediate medical attention could reasonably be expected to result in any of the following:

- The patient's health would be placed in serious jeopardy.
- Bodily function would be seriously impaired.
- There would be serious dysfunction of a bodily organ or part.

In addition, Emergency Care includes immediate Mental Disorder Treatment when the lack of the treatment could reasonably be expected to result in the patient harming himself or herself and/or other persons.

Employee (Retired)

Retired Employee means an Employee who meets all of the following:

- The Employee is an Executive who is a Senior Vice President or higher and who is retired by the Employer.
- The Employee receives retirement income either from the Employer or as a result of service with the Employer.
- The Employee was covered under this Plan or the Former Plan on the day before the date of retirement.
- The Employee must be at least 50 years of age with a minimum of seven years of service with the Employer.

Experimental, Investigational or Unproven Services

Medical, surgical, diagnostic, psychiatric, substance abuse or other health care services, technologies, supplies, treatments, procedures, drug therapies or devices that, at the time the Company makes a determination regarding coverage in a particular case are determined to be:

- not approved by the U.S. Food and Drug Administration ("FDA") to be lawfully marketed for the proposed use and not identified in the American Hospital Formulary Service, or the United States Pharmacopoeia Dispensing Information, as appropriate for the proposed use; or
- subject to review and approval by any institutional review board for the proposed use; or
- the subject of an ongoing clinical trial that meets the definition of a Phase 1, 2 or 3 clinical trial set forth in the FDA regulations, regardless of whether the trial is actually subject to FDA oversight; or
- not demonstrated through prevailing peer-reviewed medical literature to be safe and effective for treating or diagnosing the condition or illness for which its use is proposed.

The Company, in its judgment, may deem an Experimental, Investigational or Unproven Service covered under this Plan for treating a life threatening Sickness or condition if it is determined by the Company that the Experimental, Investigational or Unproven Service at the time of the determination:

- is proved to be safe with promising efficacy; and
- is provided in a clinically controlled research setting, and
- uses a specific research protocol that meets standards equivalent to those defined by the National Institutes of Health.

(For the purpose of this definition, the term "life threatening" is used to describe Sickesses or conditions which are more likely than not to cause death within one year of the date of the request for treatment.)

Health Care Provider

A licensed or certified provider other than a Physician whose services the Company must cover due to a state law requiring payment of services given within the scope of that provider's license or certification.

Home Health Care Agency

An agency or organization which provides a program of home health care and which meets one of the following three tests:

- It is approved under Medicare.
- It is established and operated in accordance with the applicable licensing and other laws.
- It meets all of the following tests:
 - It has the primary purpose of providing a home health care delivery system bringing supportive services to the home.
 - It has a full-time administrator.
 - It maintains written records of services provided to the patient.
 - Its staff includes at least one registered graduate nurse (R.N.) or it has nursing care by a registered graduate nurse (R.N.) available.
 - Its employees are bonded and it maintains malpractice insurance.

Hospice

An agency that provides counseling and incidental medical services for a terminally ill individual. Room and Board may be provided. The agency must meet one of the following three tests:

- It is approved by Medicare as a Hospice.
- It is licensed in accordance with any applicable state laws.
- It meets the following criteria:
 - It provides 24 hour-a-day, 7 day-a-week service.
 - It is under the direct supervision of a duly qualified Physician.
 - It has a nurse coordinator who is a registered graduate nurse with four years of full-time clinical experience. Two of these years must involve caring for terminally ill patients.
 - The main purpose of the agency is to provide Hospice services.
 - It has a full-time administrator.
 - It maintains written records of services given to the patient.
 - It maintains malpractice insurance coverage.

A Hospice which is part of a Hospital will be considered a Hospice for the purposes of this Plan.

Hospital

An institution which is engaged primarily in providing medical care and treatment of sick and injured persons on an inpatient basis at the patient's expense and which fully meets one of the following three tests:

- It is accredited as a Hospital by the Joint Commission on Accreditation of Healthcare Organizations.
- It is approved by Medicare as a Hospital.
- It meets all of the following tests:
 - It maintains on the premises diagnostic and therapeutic facilities for surgical and medical diagnosis and treatment of sick and injured persons by or under the supervision of a staff of duly qualified Physicians.

- It continuously provides on the premises 24-hour-a-day nursing service by or under the supervision of registered graduate nurses.
- It is operated continuously with organized facilities for operative surgery on the premises.

Licensed Counselor

A person who specializes in Mental Disorder Treatment and is licensed as a Licensed Professional Counselor (LPC) or Licensed Clinical Social Worker (LCSW) by the appropriate authority.

Medical Management

A program which performs a Utilization Review for the Company.

Medically Necessary or Medical Necessity

Health care services and supplies which are determined by the Company to be medically appropriate, and

- (1) necessary to meet the basic health needs of the Covered Person; and
- (2) rendered in the most cost-efficient manner and type of setting appropriate for the delivery of the service or supply; and
- (3) consistent in type, frequency and duration of treatment with scientifically based guidelines of national medical, research, or health care coverage organizations or governmental agencies that are accepted by the Company; and
- (4) consistent with the diagnosis of the condition; and
- (5) required for reasons other than the convenience of the Covered Person or his or her Physician; and
- (6) demonstrated through prevailing peer-reviewed medical literature to be either:

(a) safe and effective for treating or diagnosing the condition or Sickness for which their use is proposed, or,

(b) safe with promising efficacy

(i) for treating a life threatening Sickness or condition, and

(ii) in a clinically controlled research setting; and

(iii) using a specific research protocol that meets standards equivalent to those defined by the National Institutes of Health.

(For the purpose of this definition, the term "life threatening" is used to describe Sicknesses or conditions which are more likely than not to cause death within one year of the date of the request for treatment.)

The fact that a Physician has performed or prescribed a procedure or treatment or the fact that it may be the only treatment for a particular injury, Sickness or pregnancy does not mean that it is a Medically Necessary service or supply as defined above. The definition of Medically Necessary used in this certificate relates only to coverage and differs from the way in which a Physician engaged in the practice of medicine may define medically necessary.

Medicare

The Health Insurance For The Aged and Disabled program under Title XVIII of the Social Security Act.

Mental Disorder Treatment

Mental Disorder Treatment is treatment for both of the following:

- Any Sickness which is identified in the current edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM), including a psychological and/or physiological dependence or addiction to alcohol or psychoactive drugs or medications, regardless of any underlying physical or organic cause, and
- Any Sickness where the treatment is primarily the use of psychotherapy

or other psychotherapeutic methods.

All inpatient services, including Room and Board, given by a mental health facility or area of a Hospital which provides mental health or substance abuse treatment for a Sickness identified in the DSM, are considered Mental Disorder Treatment, except in the case of multiple diagnoses.

If there are multiple diagnoses, only the treatment for the Sickness which is identified in the DSM is considered Mental Disorder Treatment.

Detoxification services given prior to and independent of a course of psychotherapy or substance abuse treatment is not considered Mental Disorder Treatment.

Prescription Drugs are not considered Mental Disorder Treatment.

Network Provider

A provider which participates in the network.

Non-Network Hospital

A Hospital (as defined) which does not participate in the network.

Non-Network Provider

A provider which does not participate in the network.

Nurse-Midwife

A person who is licensed or certified to practice as a Nurse-Midwife and fulfills both of these requirements:

- A person licensed by a board of nursing as a registered nurse.
- A person who has completed a program approved by the state for the preparation of Nurse-Midwives.

Nurse-Practitioner

A person who is licensed or certified to practice as a Nurse-Practitioner

and fulfills both of these requirements:

- A person licensed by a board of nursing as a registered nurse.
- A person who has completed a program approved by the state for the preparation of Nurse-Practitioners.

Other Services and Supplies

Services and supplies furnished to the individual and required for treatment, other than the professional services of any Physician and any private duty or special nursing services (including intensive nursing care by whatever name called).

Physician

A legally qualified:

- Doctor of Medicine (M.D.).
- Doctor of Chiropody (D.P.M.; D.S.C.).
- Doctor of Chiropractic (D.C.).
- Doctor of Dental Surgery (D.D.S.).
- Doctor of Medical Dentistry (D.M.D.).
- Doctor of Osteopathy (D.O.).
- Doctor of Podiatry (D.P.M.).

Plan

The group policy or policies issued by the Company which provide the benefits described in this Certificate of Insurance.

Psychologist

A person who specializes in clinical psychology and fulfills one of these requirements:

- A person licensed or certified as a psychologist.
- A Member or Fellow of the American Psychological Association, if there is no government licensure or certification required.

Reasonable Charge

As to charges for services rendered by or on behalf of a Network Physician, an amount not to exceed the amount determined by the Company in accordance with the applicable fee schedule.

As to all other charges, an amount measured and determined by the Company by comparing the actual charge for the service or supply with the prevailing charges made for it. The Company determines the prevailing charge. It takes into account all pertinent factors including:

- The complexity of the service.
- The range of services provided.
- The prevailing charge level in the geographic area where the provider is located and other geographic areas having similar medical cost experience.

Rehabilitation Facility

A facility accredited as a rehabilitation facility by the Commission on Accreditation of Rehabilitation Facilities.

Room and Board

Room, board, general duty nursing, intensive nursing care by whatever name called, and any other services regularly furnished by the Hospital as a condition of occupancy of the class of accommodations occupied, but not including professional services of Physicians nor special nursing services rendered outside of an intensive care unit by whatever name called.

Sickness

The term "Sickness" used in connection with newborn children will include congenital defects and birth abnormalities, including premature births.

Skilled Nursing Facility

If the facility is approved by Medicare as a Skilled Nursing Facility then it is covered by this Plan.

If not approved by Medicare, the facility may be covered if it meets the following tests:

- It is operated under the applicable licensing and other laws.
- It is under the supervision of a licensed Physician or registered graduate nurse (R.N.) who is devoting full time to supervision.
- It is regularly engaged in providing Room and Board and continuously provides 24-hour-a-day skilled nursing care of sick and injured persons at the patient's expense during the convalescent stage of an injury or Sickness.
- It maintains a daily medical record of each patient who is under the care of a licensed Physician.
- It is authorized to administer medication to patients on the order of a licensed Physician.
- It is not, other than incidentally, a home for the aged, the blind or the deaf, a hotel, a domiciliary care home, a maternity home, or a home for alcoholics or drug addicts or the mentally ill.

A Skilled Nursing Facility which is part of a Hospital will be considered a Skilled Nursing Facility for the purposes of this Plan.

Specialized Facility

A facility which is a Non-Network facility and which holds a license that is not the same type held by any Network Provider.

Specialized Provider

A provider who is a Non-Network Provider but who also holds a health care professional license that is not the same type held by any Network Provider in the service area in which the services are rendered.

Total Disability or Totally Disabled

A Retired Employee's inability due to accidental injury or Sickness to perform the normal activities of a person in good health and of like age and sex.

Treatment Center

A facility which provides a program of effective Mental Disorder Treatment and meets all of the following requirements:

- It is established and operated in accordance with any applicable state law.
- It provides a program of treatment approved by a Physician and the Company.
- It has or maintains a written, specific and detailed regimen requiring full-time residence and full-time participation by the patient.
- It provides at least the following basic services:
 - Room and Board (if this Plan provides inpatient benefits at a Treatment Center).
 - Evaluation and diagnosis.
 - Counseling.
 - Referral and orientation to specialized community resources.

A Treatment Center which qualifies as a Hospital is covered as a Hospital and not as a Treatment Center.

Utilization Review

A review and determination as to the Medical Necessity of services and supplies.

End of Certificate

Continuation of Health Coverage (COBRA)

This optional continuation only applies to Employees and their Dependents if it has been made available by the Employer. The Employer is required to offer this continuation in certain cases as a result of Public Law 99-272 (COBRA). This provision is intended to comply with the law and any pertinent regulations, and its interpretation is governed by them. See the Employer to find out if and how this continuation applies to Employees and their Dependents.

In no event will the Company be obligated to provide continuation to a Covered Person if the Employer or its designated Plan Administrator fails to perform its responsibilities under federal law. These responsibilities include but are not limited to notifying the Covered Person in a timely manner of the right to elect continuation and notifying the Company in a timely manner of the Covered Person's election of continuation.

The Company is not the Employer's designated Plan Administrator and does not assume any responsibilities of a Plan Administrator pursuant to federal law.

If coverage under this Plan would have stopped due to a Qualifying Event, a Qualified Beneficiary may elect to continue coverage subject to the provisions below.

The Qualified Beneficiary may continue only the coverage in force immediately before the Qualifying Event.

The coverage being continued will be the same as the coverage provided to similarly situated individuals to whom a Qualifying Event has not occurred.

Coverage will continue until the earliest of the following dates:

- 18 months from the date the Qualified Beneficiary's health coverage would have stopped due to a Qualifying Event based on employment stopping or work hours being reduced.
- If a Qualified Beneficiary is determined to be disabled under the Social Security Act at any time during the first 60 days of continued coverage due to the employee's employment stopping or work hours being reduced, that Qualified Beneficiary may elect an additional 11 months of coverage under this Plan, subject to the following conditions:
 - The Qualified Beneficiary must provide the Employer with the Social Security Administration's determination of disability within 60 days of the time the determination is made and within the initial 18-month continuation period.

- The Qualified Beneficiary must agree to pay any increase in the required payment necessary to continue the coverage for the additional 11 months.
- If the Qualified Beneficiary entitled to the additional 11 months of coverage has nondisabled family members who are entitled to continuation coverage, those nondisabled family members are also entitled to the additional 11 months of continuation coverage.
- 36 months from the date the health coverage would have stopped due to the Qualifying Event other than those described above.

WRITTEN CONSENT IN LIEU OF A
MEETING OF THE COMPENSATION COMMITTEE OF THE
BOARD OF DIRECTORS OF
RESOURCE BANCSHARES MORTGAGE GROUP, INC.

In lieu of a meeting of the Compensation Committee (the "Committee") of the Board of Directors of Resource Bancshares Mortgage Group, Inc., a Delaware corporation (the "Corporation"), the undersigned, constituting all of the members of the Committee, in accordance with Section 141(f) of the General Corporation Law of Delaware, as amended, unanimously agree to the following resolutions:

RESOLVED, FURTHER, that the Amended and Restated Resource Bancshares Mortgage Group, Inc. Omnibus Stock Award Plan be amended by adding the following sentence at the end of the penultimate paragraph of Section 4.1(d)

Notwithstanding the foregoing, if approval of stockholders has not been obtained as required by Section 7.9 at the time the Employee ceases to be employed by the Company, the Agreement may, in the discretion of the Committee and subject to such conditions as the Committee may determine, provide that the time periods described in clauses (1), (2) and (3) shall not begin to run until the approval of stockholders has been obtained and the time period shall extend for up to eight months or such shorter period of time as management of the Company may determine.

RESOLVED, FURTHER, that the form of Stock Option Agreement and Release attached hereto as Exhibit A is hereby approved.

The undersigned, by signing this Consent, waive notice of the date, time, place and purpose of the meeting of the Compensation Committee of the Board of Directors and agree to the transaction of the business of the meeting by written consent in lieu thereof effective as of April 24, 1998.

John C. Baker

Robin C. Kelton

INCENTIVE STOCK OPTION AGREEMENT
AND RELEASE

Pursuant to

RESOURCE BANCSHARES MORTGAGE GROUP, INC.
OMNIBUS STOCK AWARD PLAN

This Incentive Stock Option Agreement and Release (the "Option Agreement") is entered into between Resource Bancshares Mortgage Group, Inc., a Delaware corporation (the "Company"), and _____ (the "Optionee").

WHEREAS, the Optionee has been awarded one or more Options under and subject to the terms and conditions set forth in the Company's Omnibus Stock Award Plan (the "Plan"); and

WHEREAS, the Optionee has not been and, but for this Option Agreement would not be, entitled to exercise any Options awarded under the Plan because the Optionee's employment by the Company terminated prior to the receipt of requisite stockholder approval;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Optionee agree as follows:

1. Definitions.

Capitalized terms used in this Option Agreement but not defined herein are used herein as defined in the Plan. In addition, throughout this Option Agreement, the following terms shall have the meanings indicated:

(a) "Exercise Date" shall have the meaning indicated in paragraph 3 hereof.

(b) "Option Period" shall mean the period commencing on the date of execution of this Option Agreement by Optionee and ending at the close of the Company's business on _____, 1998.

(c) "Securities Act" shall mean the Securities Act of 1933, as amended.

2. Award of Option.

On January ___, 1997, and subject to the terms and conditions set forth herein and in the Plan, the Company awarded to the Optionee the option to purchase from the Company, at an exercise price of \$_____ per share, up to but not exceeding in the aggregate _____

1

3

shares of Common Stock (such exercise price and number of shares of Common Stock having been adjusted for all stock dividends since January ___, 1997). It is intended that this Option qualify to the extent possible as an ISO. The Company shall have no liability if this Option shall not qualify as an ISO, but this Option shall continue in full force and effect as an NQSO notwithstanding such failure to so qualify.

3. Exercise of Option.

(a) The Company agrees to allow the Optionee to exercise the Option with respect to _____ of the Option Shares (such number of Option Shares having been adjusted for all dividends since January ___, 1997), which is the extent to which the Option was exercisable at the date of the termination of the Optionee's employment (assuming requisite stockholder approval had been received) at any time and from time to time during the Option Period, but not thereafter, and not with respect to any additional Option Shares. In the event the aggregate Fair Market Value of the Common Stock with respect to ISOs exercisable for the first time by Optionee during any calendar year exceeds \$100,000, the Optionee shall give notice (as provided in Section 7(d)) of such fact to the Company. The number of shares of Common Stock subject to this Option and the per share exercise price under each outstanding Option shall be adjusted, to the extent the Committee deems appropriate, as provided in Section 4.1(e) of the Plan. Sections 4.1(e), 4.1(f), 4.1(g) and 4.1(i) of the Plan are incorporated in this Option Agreement by reference as if fully set forth herein.

(b) No less than 100 shares of Common Stock may be purchased upon any one exercise of the Option granted hereby unless the number of shares purchased at such time is the total number of shares in respect of which the Option is then exercisable.

(c) Upon exercise of the Option, the Option exercise price shall be payable in United States dollars, in cash (including by check) or (unless the Committee otherwise prescribes) in shares of Common Stock owned by the Optionee for a period exceeding six months, or in a combination of cash and such Common Stock. If all or any portion of the Option exercise price is paid in Common Stock owned by the Optionee, then that stock shall be valued at its Fair Market Value as of the date the Option is exercised. The Option shall be deemed to be exercised on the date (the "Exercise Date") that the Company receives full

payment of the exercise price for the number of shares for which the Option is being exercised.

(d) The Option shall be exercisable only by the Optionee and shall not be assignable or transferable by the Optionee and no person shall acquire any rights therein.

4. Release.

(a) The Optionee, on behalf of himself and his agents, heirs, successors, assigns and legal representatives, hereby waives and releases the Company and its agents, servants, directors, officers, employees, successors, assigns, legal representatives and affiliates (collectively

2

4

the "Released Parties") from any and all claims, causes of action, demands, covenants and other rights, whether arising at law or in equity, whether direct or indirect, whether presently accrued or hereafter accrued, which the Optionee may have against any of the Released Parties including all claims or obligations arising under this Option Agreement or the Plan or in connection with the Optionee's employment with the Company, except any claims or obligations arising under the Company's pension plan.

(b) The Optionee agrees and understands that this full and final release shall cover and shall include any and all future damages not now known to the Released Parties or the Optionee, but which may later develop or be discovered, including the effects and consequences thereof and all causes of action therefor.

5. Compliance with the Securities Act; No Registration Rights.

Anything in this Option Agreement to the contrary notwithstanding, if, at any time specified herein for the issuance of Option Shares, any law, regulation or requirement of any governmental authority having jurisdiction in the premises shall require the Company or the Optionee, in the judgment of the Company, to take any action in connection with the shares then to be issued, then the issuance of such shares shall be deferred until such action shall have been taken. Nothing in this Option Agreement shall be construed to obligate the Company at any time to file or maintain the effectiveness of a registration statement under the Securities Act, or under the securities laws of any state or other jurisdiction, or to take or cause to be taken any action that may be necessary in order to provide an exemption from the registration requirements of the Securities Act under Rule 144 or any other exemption with respect to the Option Shares or otherwise for resale or other transfer by the Optionee as a result of the exercise of the Option evidenced by

this Option Agreement.

6. Settlement and Compromise.

It is intended that this Option Agreement is to settle any and all claims that could possibly have existed under this Option Agreement or the Plan or in connection with the Optionee's employment with the Company, except any claims or obligations arising under the Company's pension plan. The execution of this Option Agreement by the parties hereto is not to be construed as an admission of liability on the part of any party to this Option Agreement. It is expressly agreed and understood, as a condition hereof, that this Option Agreement shall not constitute an admission on any part of the parties hereto.

7. Miscellaneous.

(a) Binding on Successors and Representatives. The parties understand and agree that this Option Agreement shall be binding upon and inure to the benefit of not only themselves, but the agents, heirs, successors, assigns and legal representatives of the Optionee and the Released Parties.

3

5

(b) Entire Agreement; Relationship to Plan. The Optionee acknowledges that he has received a copy of the Plan. This Option Agreement, together with the Plan, constitutes the entire agreement of the parties with respect to the Option and supersedes any previous agreement, whether written or oral, with respect thereto. This Option Agreement has been entered into in compliance with the terms of the Plan; to the extent that any interpretive conflict may arise between the terms of this Option Agreement and the terms of the Plan, the terms of the Plan shall control.

(c) Amendment. Neither this Option Agreement nor any of the terms and conditions herein set forth may be altered or amended orally, and any such alteration or amendment shall be effective only when reduced to writing and signed by each of the parties.

(d) Notices. All notices and requests under this Option Agreement shall be in writing and shall be deemed to have been given when personally delivered or sent prepaid certified mail:

(i) if to the Company, to the following address:

Resource Bancshares Mortgage Group, Inc.
7909 Parklane Road
Columbia, South Carolina 29223
Attention: Chairman

or to such other address as the Company shall designate by notice.

(ii) if to the Optionee, to the Optionee's address appearing in the Company's records, or to such other address as the Optionee shall designate by notice.

(e) Governing Law; Submission to Jurisdiction. This Option Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina. The parties hereby consent to the exclusive jurisdiction and venue of the Court of Common Pleas in Richland County, South Carolina for purposes of adjudicating any issue arising hereunder.

(f) Construction of Terms. Any reference herein to the singular shall be construed as the plural whenever the context requires and vice versa.

4

6

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement as of the day and year first above written.

RESOURCE BANCSHARES MORTGAGE GROUP, INC.

By:

Edward J. Sebastian
Chief Executive Officer

Date: January __, 1998

OPTIONEE:

(SEAL)

Name:

Date: _____, 1998

5

EXHIBIT 11.1

RESOURCE BANCSHARES MORTGAGE GROUP, INC.
 STATEMENT RE: COMPUTATION OF NET INCOME PER SHARE,
 BASIC and DILUTED EARNINGS PER SHARE

(\$ in thousands, except per share amounts)

<TABLE>
 <CAPTION>

	For the Nine Months Ended September 30, 1998	For the Quarter Ended September 30, 1998

<S>	<C>	<C>
Net Income	\$ 35,945	\$ 13,252
Net Income per common share - basic (1)	1.55	0.57
Net income per common share - diluted (2)	1.53	0.56

</TABLE>

1) The number of common shares outstanding used to compute net income per share - basic was 23,189,299 for the nine months ended September 30, 1998, and 23,394,524 for the quarter ended September 30, 1998.

2) Diluted earnings per share for the nine months and the quarter ended September 30, 1998, was calculated based on weighted average shares outstanding of 23,569,021 and 23,831,297, respectively, which assumes the exercise of options covering 1,758,205 shares and computes incremental shares using the treasury stock method.

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-START>	JAN-01-1998
<PERIOD-END>	SEP-30-1998
<CASH>	103,620
<SECURITIES>	33,393
<RECEIVABLES>	200,921
<ALLOWANCES>	0
<INVENTORY>	1,036,103
<CURRENT-ASSETS>	1,920,643
<PP&E>	49,369
<DEPRECIATION>	14,644
<TOTAL-ASSETS>	1,971,951
<CURRENT-LIABILITIES>	1,713,957
<BONDS>	6,390
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	316
<OTHER-SE>	251,288
<TOTAL-LIABILITY-AND-EQUITY>	1,971,951
<SALES>	25,009
<TOTAL-REVENUES>	62,637
<CGS>	30,856
<TOTAL-COSTS>	41,251
<OTHER-EXPENSES>	10,395
<LOSS-PROVISION>	6,452
<INTEREST-EXPENSE>	20,408
<INCOME-PRETAX>	21,386
<INCOME-TAX>	8,134
<INCOME-CONTINUING>	21,386
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	13,252
<EPS-PRIMARY>	.57
<EPS-DILUTED>	.56

</TABLE>