



OLD REPUBLIC
National Title Insurance Company

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ALERT!

To: All Agents & Attorneys in the States of Texas & New Mexico
From: Stephen R. Streiff
Date: August 7, 2007
Re: Aegis Mortgage Corporation and NovaStar Financial, Inc.

Aegis Mortgage Corporation ("Aegis") announced yesterday that it **has suspended all loan originations** and **will not be able to fund** any pending loans.

NovaStar Financial, Inc., ("NovaStar") announced yesterday that it has **suspended issuing commitments for new loans**; however, it may not have suspended the funding of existing obligations.

As a result of these announcements, **Old Republic operations or agents should not close loans** involving either Aegis or NovaStar **unless they have good funds** in their escrow account for the loan. For purposes of this **ALERT!**, the term "good funds" should be construed to mean that the funds for the loan have actually been received by the bank and have been credited to the appropriate escrow account.

This **ALERT!** is being issued for the sole purpose of meeting the Company's predetermined underwriting criteria and should in no way be construed as slanderous or defamatory material against any of the parties named herein.

Should you have any questions or require further information, please contact David Rhodes or Steve Streiff in our Legal Department.