

Rating Action: [LoanCare Servicing Center Inc](#)

MOODY'S ASSIGNS A RATING OF SQ3- TO LOANCARE SERVICING CENTER, INC. AS A PRIMARY SERVICER OF PRIME LOANS

US RESIDENTIAL MORTGAGE SERVICER RATING ACTION

New York, May 04, 2006 -- Moody's Investors Service has assigned LoanCare Servicing Center, Inc. ("LoanCare") a rating of SQ3- as a primary servicer of prime loans. LoanCare is a wholly-owned subsidiary of LandAmerica Financial Group, Inc., ("LAFG") a provider of real estate transaction services. Moody's ratings are based on LoanCare's average collection abilities, average loss mitigation and below average servicing stability.

LoanCare's loan servicing portfolio consists primarily of first lien prime mortgage loans. As of December 31, 2005, LoanCare's servicing portfolio totaled 67,559 loans for an unpaid balance ("UPB") of approximately \$8.4 billion, representing 68% growth in UPB from 2004. Prime and Alt-A first lien loans comprised approximately 99% of the overall portfolio. Primary servicing operations for LoanCare are located in Norfolk, VA.

LoanCare expects to continue to grow its servicing portfolio by approximately 35% in 2006. The management team plans to implement several technological enhancements in anticipation of the growth. Moody's believes that these enhancements should enable LoanCare to manage future growth effectively. Although LAFG has demonstrated a commitment to mortgage servicing and continues to provide operational support to LoanCare, the extent of the financial commitment by LAFG is limited. Moody's would view additional capital support by LAFG as positive.

Moody's SQ ratings represent its view of a servicer's ability to prevent or mitigate asset pool losses across changing markets. The rating scale ranges from SQ1 (strong) to SQ5 (weak). Where appropriate, a "+" or "-" modifier will be appended to the relevant rating to indicate a servicer's relative servicing quality within a particular category. Moody's servicer ratings are differentiated in the marketplace by focusing on performance measurement. SQ ratings for U.S. residential mortgage servicers incorporate assessments of delinquency transition rates, foreclosure timeline management, loan cure rates, recoveries, loan resolution outcomes, and REO management - all critical indicators of a servicer's ability to maximize returns from mortgage portfolios.

Moody's servicer ratings also consider the company's ability to maintain its focus on high quality servicing in an economic downturn. Servicing operations can be stressed by increasing the number of delinquent loans while at the same time increasing the need for liquidity. The SQ rating reflects our expectation of the impact that the servicing will have on the on-going credit performance of the portfolio. For this reason, Moody's monitors SQ ratings based on periodic information provided by servicers and conducts a formal re-evaluation of its servicer ratings annually.

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