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IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA

Richmond Division

APR 2 1987

EVELYN ANDERSON, <u>et al.</u> ,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Civil Action No.
	)	<u>87-0236-R</u>
FEDERAL NATIONAL MORTGAGE	)	
ASSOCIATION, <u>et al.</u> ,	)	
	)	
Defendants.	)	

MEMORANDUM IN SUPPORT OF  
MOTION TO DISMISS OR IN  
THE ALTERNATIVE TO TRANSFER

Defendants Federal National Mortgage Association (FNMA), Perpetual Savings, Bank, F.S.B. (Perpetual), Home Unity Savings and Loan Association (Home Unity), Yankee Bank for Finance and Savings, FSB (Yankee Bank), ComFed Savings Bank, formerly Heritage Savings and Loan Association (ComFed), First Federal Savings and Loan Association of South Carolina (First Federal of South Carolina) and First Federal Savings and Loan Association of Seminole (First Federal of Seminole), collectively referred to as Investors, have filed a motion to dismiss this action under Rule 12(b)(3), F.R.Civ. P., and Rule 4 of the Rules of the United States District Court for the Eastern District of Virginia. In the alternative, Investors have moved this Court under Rules 4 and 5 of the Rules of the Eastern District of Virginia and under 28 U.S.C. § 1404(a) and (b) to transfer this action to the Norfolk Division of the Eastern District of

Rather than pursuing their state law claims in state court and refiling their federal claims in United States District Court in the Norfolk Division, plaintiffs have elected, by this Complaint, to refile their state and federal claims in the Richmond Division. As discussed below, venue in this division is improper, and this Court should dismiss the action or, in the alternative, transfer it to Norfolk.

## II. Procedural History

On May 28, 1986, a complaint similar to the one now before this Court was filed by a nearly identical group of plaintiffs in the United States Bankruptcy Court for the Eastern District of Virginia, Norfolk Division. An Amended Complaint was filed June 17, 1986, adding defendants and causes of action. The Amended Complaint was in substance the same as the Complaint now before this Court, and will be referred to here as the Norfolk Action.

In the Norfolk Action, the named defendants included Landbank Equity Corporation (Landbank), a now defunct lending institution based in the Tidewater area, which is a debtor in a pending bankruptcy proceeding in Norfolk, and Lawrence H. Levy, the Trustee in Bankruptcy for Landbank, as well as Investors. Landbank and its Trustee were not included as defendants in the action before this Court, but plaintiffs state in paragraphs D-1 and D-2 of the Complaint that they intend to obtain relief from

same class of borrowers represented by the Attorney General of Virginia in the settlement negotiations with the Investors and other savings and loan institutions all over the United States that purchased portfolios of Landbank loans. After months of negotiations, the Investors and the Attorney General agreed to a settlement that would be offered to all Virginia borrowers. Offers to modify the obligations of the borrowers under the loans in accordance with the agreement with the Attorney General were sent by Investors to Virginia borrowers with a notice approved by the Bankruptcy Court. Acceptances of those settlement offers have been received by Investors from many borrowers in accordance with the settlement agreement entered into by the Investors and the Attorney General and the Notice approved by the Bankruptcy Court.

Counsel for the plaintiffs in this action objected to the settlement. While the settlement process was ongoing, they filed the predecessor to this Complaint in the United States Bankruptcy Court for the Eastern District of Virginia on May 28, 1986. In that Complaint, as here, plaintiffs alleged that they had entered into loan transactions with Landbank and that the notes of the plaintiffs were transferred to the Investors. Plaintiffs sought, as they do now, to represent a class of borrowers whose Landbank loans were held by a class of Investors said to be represented by the Investors named individually as defendants in the Complaint.

These claims require determination of complex issues of Virginia's mortgage and lending law, as well as interpretations of its usury statutes and its Consumer Protection Act. This Court's determination would have pervasive effects on a broad area of business that has been traditionally at the heart of state legislative power. For example, plaintiffs' first cause of action requires a ruling as to what degree points charged in connection with a loan must be stated in the note. Determination of this question would effect lending practices throughout Virginia. The Court's ruling would involve the recording of notes, mortgages, and deeds of trust all over the state -- to the very western-most tip of the Commonwealth.

Order at 5-6.

Also in its Order, the Court noted that with respect to allegations of violations of the Virginia Consumer Protection Act, the plaintiffs sought a far-reaching extension of the Virginia statute. On page 6 of its Order, the Court stated that abstention was particularly appropriate where the claimant urged an especially expansive theory of state law:

In this case, plaintiffs maintain that the defendants' loans violated the Virginia Consumer Protection Act, despite language in the Act arguably excluding home equity loans from its coverage. See Va. Code § 59.1-198(A) (1984). This Court in no way implies that plaintiffs' interpretation should not prevail. But a federal court should be slow to intervene when the effect of its ruling is potentially as far-reaching as it is in this case. The state law issues in this case are best left to the Courts, and the legislature, of Virginia.

Plaintiffs had argued that abstention was inappropriate because the class action mechanism was not available to them under state court procedure in Virginia. However, Judge Doumar noted

### III. Discussion

#### A. Under Eastern District Rule 4, Venue Is Improper In The Richmond Division.

The Rules of the United States District Court for the Eastern District of Virginia specify the appropriate division within the Eastern District for actions against resident and non-resident corporations. Under Rule 4 of the Eastern District Rules, Richmond is not the appropriate division for this action, in which both resident and non-resident corporations are named as defendants. This Court should therefore dismiss the action, pursuant to Rule 12(b)(3) F.R. Civ. P., or in the alternative, transfer it to the Norfolk Division. Rule 4 of the Eastern District Rules provides:

**Rule 4. Division in Which Suits to Be Instituted.** Suits or prosecutions of which this court has jurisdiction and venue, except where otherwise especially provided, shall be brought in the division (a) wherein the cause of action or any part thereof arose; or (b) wherein any of the defendants may reside; or (c) where all defendants are nonresidents of the State of Virginia, wherein the plaintiff resides; or if a corporation be defendant, wherein it maintains its principal office or registered agent, or wherein its president, mayor, rector or other chief officer resides; or if it be a foreign corporation, wherein its statutory or registered agent resides, or wherein it maintains a place of business or is doing business; or if it involves a defendant residing without the state, wherein he may be found and served with process, or may have estate or debts due him; or if it involves real property, wherein any part thereof may be; or if it be upon a policy of insurance issued or delivered within this state, the place where the policyholder or the one entitled to maintain action therein

officer resides." A foreign corporate defendant may be sued only in the division where its "statutory or registered agent resides, or wherein it maintains a place of business or is doing business." Rule 4 has no provision allowing venue to be proper against all corporate defendants where proper against any corporate defendant. Thus, if not all corporate defendants have a place of business, registered agent or corporate officer in the same division, plaintiffs must base venue on clause (a) - where the cause of action arose.

In this action, venue is not proper as to all defendants in any division of the Eastern District. Therefore, venue is only proper where the cause of action arose. As plaintiffs' Complaint demonstrates, if any cause of action arose in the Eastern District of Virginia, it arose in the Norfolk Division, and it is only there that venue is proper.

Plaintiffs have ignored Rule 4's divisional venue requirements. Eastern District Rule 4 requires that suit be brought only where divisional venue is proper. Boothe v. Baltimore Steam Packet Co., 149 F. Supp. 861, 863 (E.D. Va. 1957). The burden is on plaintiffs to establish that venue is proper. Hodson v. A.H. Robins Co., 528 F. Supp. 809, 812 (E.D. Va. 1981), aff'd 715 F.2d 142 (4th Cir. 1983).

While most Investors are non-resident corporations, Perpetual and Southeast Mortgage Corporation (Southeast) are Virginia corporations.<sup>1/</sup> Perpetual Savings Bank has its principal office

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<sup>1/</sup> Landbank, which plaintiffs state they intend to join as a defendant, is also a Virginia corporation.

business in Richmond. Further, Rule 4 has no provision for suing multiple corporate defendants in any division where one of them does business. Thus, if Borrowers predicate venue on the business activities in Virginia of the non-resident corporations, then only in the Norfolk Division could all Investors be said to have done business by purchasing loans from Landbank. For these reasons, the Norfolk Division is the only division in which venue is proper as to all defendants.

**B. Under Eastern District Rules 4 and 5  
And 28 U.S.C. § 1404 (a) And (b), This  
Action Should Be Transferred To Norfolk.**

An action may be transferred from one division to another under 28 U.S.C. § 1404, as well as under Eastern District Rules 4 and 5. Sections (a) and (b) of 28 U.S.C. § 1404 provide:

(a) For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

(b) Upon motion, consent or stipulation of all parties, any action, suit or proceeding of a civil nature or any motion or hearing thereof, may be transferred, in the discretion of the court, from the division in which pending to any other division in the same district. Transfer of proceedings in rem brought by or on behalf of the United States may be transferred under this section without the consent of the United States where all other parties request transfer.

Eastern District Rule 5 provides, "The court may at any time transfer any suit, action, indictment, information, or other proceeding from one division to another for hearing,

fell on defendant's ferry as it steamed up the Bay from Norfolk. Mrs. Boothe sued in Alexandria, though defendant did no business there. The version of Rule 4 then in effect did not provide for venue where the cause of action arose. The Court concluded that venue was improper, but noted Mrs. Boothe's health and the presence of most witnesses in the Alexandria area. The Court therefore ordered the case transferred to Alexandria under Rule 5, providing for discretionary transfers between divisions. The Court did not rely on Rule 4's savings clause, which stated that jurisdiction and the court's power were not impaired by improper divisional venue. It is clear, therefore, that the Court treated the case as one in which Mrs. Boothe, in effect, was moving for change of venue.

The same circumstances prevail here, and accordingly the burden on Investors to justify transfer is no greater than the plaintiffs' burden to justify the retention of the case in Richmond.

In determining whether the convenience of parties and witnesses and the interests of justice require transfer, courts balance several, usually competing, interests:

- (1) the convenience to parties;
- (2) the convenience of witnesses;
- (3) the relative ease of access to sources of proof;
- (4) the availability of process to compel attendance of unwilling witnesses;
- (5) the cost of obtaining willing witnesses;
- (6) the practical problems indicating where the case can be tried more expeditiously and inexpensively;
- and (7) the interests of justice.

Supp. 261, 263 (D. Del. 1975) (in class action, named plaintiffs' choice of forum "substantially less important"); De Lay & Daniels, Inc. v. Allen M. Campbell Co. General Contractors, Inc., 71 F.R.D. 368, 371 (D.S.C. 1976) (weight accorded plaintiff's choice of forum unconnected to controversy "diminished").

Plaintiffs' choice of this forum for a class action that did not arise in this division should receive no deference. Plaintiffs seek to represent a class of homeowners, many of whom live in the Norfolk Division. Compare King, 565 F. Supp. at 720 ("the interest of the class would be better served by a trial in Los Angeles than by one in Baltimore, as many more class members would likely reside in close proximity to the courthouse.")

The named plaintiffs' choice of forum also deserves little weight. The named plaintiffs reside, for the most part, in the Norfolk division, not in the Richmond division. Compare De Lay & Daniels, 71 F.R.D. at 371 ("where, as here, plaintiff sues in a forum which has no discernible connection with the controversy," weight accorded non-resident plaintiff's choice of forum given less than slight significance).

Finally, if the Borrowers' causes of action arose, in the Eastern District at all, they arose in Norfolk, not in Richmond. Compare King, 565 F. Supp. at 721; De Lay & Daniels, 71 F.R.D. at 371.

great. . . . since plaintiffs instituted an earlier action in Puerto Rico, the plaintiffs' choice of forum is not entitled to great weight." 327 F. Supp. at 719.

Plaintiffs' previous choice establishes conclusively the convenience of Norfolk insofar as plaintiffs are concerned. As a result of that previous selection, plaintiffs' present choice of forum is entitled to little deference. Given, then, that this division has little connection with this claim, that none of the named parties resides in Richmond and one resides in the Norfolk Division, the factor of convenience to the parties weighs in favor of transfer to Norfolk.

2. Norfolk offers greater convenience to witnesses.

The factor of convenience of witnesses favors Norfolk. Plaintiffs' complaint is a recitation of the misdeeds of Landbank and its principals. Those principals, William and Marika Runnels and Ross Schumann, live in Norfolk or Virginia Beach. Further, of those potential class members residing in Virginia, many live in the Norfolk division, where Landbank's operations were centered. One defendant, Southeast, has its offices in the Norfolk division, according to the Complaint. Indeed, it is difficult to identify any important witnesses who reside in the Richmond division.

3. Norfolk offers greater ease of access to sources of proof.

The most important sources of proof, in addition to the Landbank witnesses, likely will be the Landbank documents.

filings and the hearing in that Court. More importantly, the plaintiffs, having received an Order by the Norfolk Court which is not to their liking, should not be permitted now to choose a different forum.

### III. Conclusion

For the reasons stated above, Investors respectfully request that their Motion to Dismiss or in the Alternative to Transfer be granted, and that the action be dismissed or, in the alternative, transferred to the Norfolk Division.

Respectfully submitted,  
**HOME UNITY SAVINGS AND LOAN  
ASSOCIATION**

Dewey B. Morris  
Benjamin C. Ackerly  
Virginia W. Powell  
George R. Pitts  
HUNTON & WILLIAMS  
P. O. Box 1535  
Richmond, VA 23212

S. Miles Dumville  
THOMAS & FISKE  
310 S. Boulevard  
Richmond, VA 23220

**PERPETUAL SAVINGS BANK, F.S.B.**

Robert L. O'Donnell  
VENDEVENTER, BLACK, MEREDITH  
& MARTIN  
500 World Trade Center  
Norfolk, VA 23510

**YANKEE BANK FOR FINANCE AND  
SAVINGS, FSB**

**FILED**  
NOV 14 1986  
CLERK

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
NORFOLK DIVISION

IN RE:  
LANDBANK EQUITY CORPORATION,  
Federal Tax I.D. #54-119326,

Debtor.

CASE NO. 85-01541-N

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ADVERSARY PROCEEDING NO. 86-0438-N

EVELYN ANDERSON; ROSA L. McCRAY; DORIS S.  
WESTERMAN; DOUGLAS WILBORNE; MABLE T. WILLIAMS;  
VERNARD and LOLA COFFLIN; ETHEL C. COOK;  
REBA I. HANCOCK; and DOROTHY MITTS, by her attorneys  
in fact, BETHELENE and WILLIAM STEVENS, on behalf  
of themselves and all others similarly situated,

Plaintiffs,

v.

CIVIL ACTION NO. 86-712-N

LANDBANK EQUITY CORPORATION; LAURENCE H.  
LEVY, in his official capacity as Trustee of  
LANDBANK EQUITY CORPORATION; the FEDERAL  
NATIONAL MORTGAGE ASSOCIATION, individually,

and

PERPETUAL SAVINGS BANK, F.S.B. (formerly  
PERPETUAL AMERICAN BANK, F.S.B.); HOME  
UNITY SAVINGS AND LOAN ASSOCIATION;  
YANKEE BANK FOR FINANCE AND SAVINGS,  
FSB; HERITAGE SAVINGS AND LOAN  
ASSOCIATION; SOUTHEAST MORTGAGE  
CORPORATION; FIRST FEDERAL OF SOUTH  
CAROLINA; and FIRST FEDERAL OF SEMINOLE,  
individually, and on behalf of all others  
similarly situated,

Defendants.

ORDER

This case arises from the allegedly fraudulent and usurious practices, and subsequent bankruptcy, of Landbank Equity Corporation. On May 28, 1986, the plaintiffs brought a class

At a hearing on the Motion to Abstain on August 19, 1986, United States Bankruptcy Judge Hal J. Bonney, Jr., ruled that the Court should abstain under both the discretionary and mandatory abstention provisions of 28 U.S.C. § 1334 (1984). Judge Bonney also held that the proceedings in question were non-core proceedings under the Bankruptcy Amendments and Federal Judgeship Act of 1984, 28 U.S.C. § 157(b). Anderson v. Landbank Equity Corporation, Adv. Proc. No. 86-0438-N (Bankr. E.D. Va. Sept. 3, 1986).

Following the Bankruptcy Court order, plaintiffs filed in this Court Motions to Withdraw the Reference and to Reconsider the Bankruptcy Court Order, de novo. Defendants oppose the Motion to Reconsider, claiming that under § 1334(c) a decision to abstain is not reviewable "by appeal or otherwise." For the reasons stated herein, this Court holds that a decision to abstain, made by a Bankruptcy Court in a non-core proceeding, is subject to review by a District Court. However, this Court agrees with the Bankruptcy Court that abstention is proper in this case, and will enter a dispositive order of abstention.

I. PLAINTIFFS' MOTION FOR RECONSIDERATION

Plaintiffs contend that a bankruptcy judge may not enter a final order of abstention in a non-core proceeding. Plaintiffs rely on 28 U.S.C. § 157(c)(1), which directs that in a non-core proceeding, "the bankruptcy judge shall submit proposed findings of fact and conclusions of law to the district court, and any

Association, Inc. v. Boehning, 511 F.2d 834 (7th Cir. 1975). See Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1, 9 (1983). Consequently, a bankruptcy judge may not enter a final order of abstention in a non-core case. See Matter of First Landmark Development Corp., 51 Bankr. 25 (Bankr. M.D. Fla. 1985).

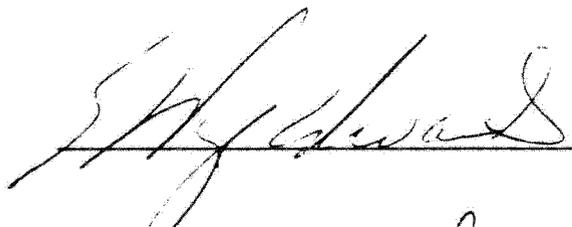
Accordingly, this Court will consider de novo the bankruptcy court's decision to abstain.

## II. MOTION TO ABSTAIN

28 U.S.C. § 1334(c)(1) provides that a district court may abstain from hearing a bankruptcy proceeding when it is "in the interest of justice, or in the interest of comity with State courts or respect for State law." In this case, plaintiffs raise substantial state law claims in both their complaint and their amended complaint. These claims require determination of complex issues of Virginia's mortgage and lending law, as well as interpretations of its usury statutes and its Consumer Protection Act. This Court's determination would have pervasive effects on a broad area of business that has been traditionally at the heart of state legislative power. For example, plaintiffs' first cause of action requires a ruling as to what degree points charged in connection with a loan must be stated in the note. Determination of this question would affect lending practices throughout



5. Neither Perpetual's president nor its chief officer resides within the Richmond Division, as defined in Rule 3 of the Rules of the United States District Court for the Eastern District of Virginia (Cities of Richmond, Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).

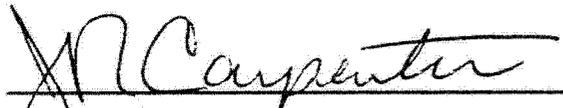
*Commonwealth of Virginia*  
*City of Alexandria* 

Subscribed and sworn to before me on this 2nd day of April, 1987.

My commission expires: April 28, 1990.

  
Notary Public

the Rules of the United States District Court for the Eastern District of Virginia (Cities of Richmond, Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Sportsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).



Jordan R. Carpenter  
Assistant Regional Vice President

Subscribed and sworn to before me on April 7th, 1987.



Notary Public

My Commission expires: 6/7/90

KATHLEEN C. McNABB  
Notary Public, Phila., Phila. Co.  
My Commission Expires June 7, 1990

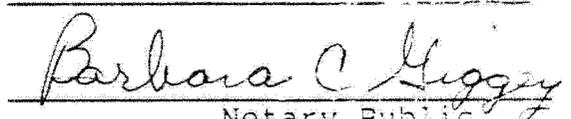
5. Neither the president nor the chief officer of Yankee Bank resides within the Richmond Division, as defined in Rule 3 of the Rules of the United States District Court for the Eastern District of Virginia (Cities of Richmond, Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).

6. Yankee Bank is not licensed to do business in Virginia.

  
\_\_\_\_\_  
JAMES E. REULBACH  
ASSISTANT VICE PRESIDENT

Subscribed and sworn to before me on April 2, 1987.

My Commission expires: \_\_\_\_\_

  
\_\_\_\_\_  
Notary Public  
BARBARA C. GIGGEY

*Commission expires 7-20-90*

Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).

6. Heritage is not licensed to do business in Virginia.

ComFed Savings Bank (formerly known as Heritage Savings and Loan Association, Inc.)

By William H. Hale  
William H. Hale, Senior Vice President

Subscribed and sworn to before me on April 4, 1987.

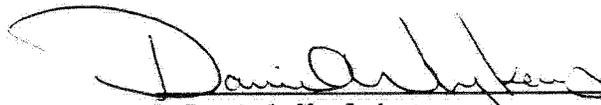
My Commission expires: 3/31/90.

Holly E. Nickerson  
Notary Public  
Holly E. Nickerson

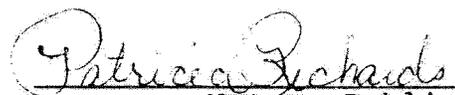
4. First Federal of Seminole has no Registered Agent in Virginia.

5. Neither the president nor the chief officer of First Federal of Seminole resides within the Richmond Division, as defined in Rule 3 of the Rules of the United States District Court for the Eastern District of Virginia (Cities of Richmond, Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).

6. First Federal of Seminole is not licensed to do business in Virginia.

  
Daniel W. Lykens  
Vice President

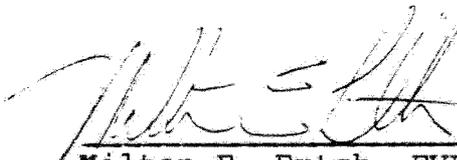
Subscribed and sworn to before me on April 3, 1987.  
Notary Public, State of Florida at Large  
My Commission expires: My commission expires August 27, 1989

  
Notary Public

5. Neither the president nor the chief officer of First Federal of South Carolina resides within the Richmond Division, as defined in Rule 3 of the Rules of the United States District Court for the Eastern District of Virginia (Cities of Richmond, Petersburg, Hopewell, Colonial Heights and Fredericksburg, and the Counties of Amelia, Brunswick, Caroline, Charles City, Chesterfield, Dinwiddie, Essex, Goochland, Greensville, Hanover, Henrico, King and Queen, King George, King William, Lancaster, Louisa, Lunenburg, Mecklenburg, Middlesex, New Kent, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties.)

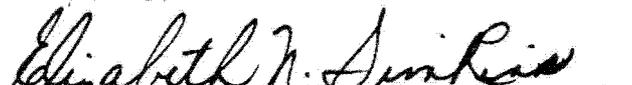
6. First Federal of South Carolina is not licensed to do business in Virginia.

7. Academy Mortgage Corporation, a wholly-owned subsidiary of First Federal of South Carolina has a mortgage loan origination office within the Richmond Division, but this entity has never owned or held and does not now own or hold any loans originated, serviced or sold by Landbank Equity Corporation.



Milton E. Futch, EVP & CFO  
Subscribed and sworn to before me on April 15<sup>th</sup>, 1987.

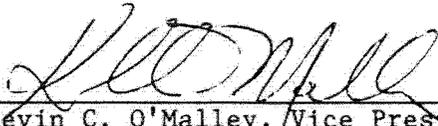
My Commission expires: 9/21/88.



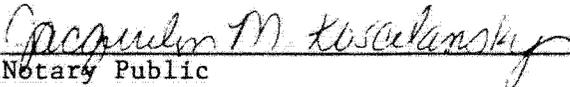
Elizabeth N. Smith  
Notary Public for the State of  
South Carolina

Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Spotsylvania, Surry, Sussex, Westmoreland, and any other city or town geographically within the exterior boundaries of said counties).

6. Home Unity is not licensed to do business in Virginia

  
Kevin C. O'Malley, Vice President and  
General Counsel

Subscribed and sworn to before me on April 6 , 1987.

  
Notary Public

JACQUELYN M. KOSCELANSKY  
Notary Public, Whitmarsh Twp., Montg. Co.  
My Commission Expires March 25, 1991