



## NEWS RELEASE

300 West Wieuca Road, Building One, Suite 300 Atlanta, Georgia 30342 www.williammills.com 678-781-7200 FAX 678-781-7239

### CONTACTS:

Daniel H. Jacobs  
Chief Executive Officer  
1st Metropolitan Mortgage  
djacobs@corporate-office.com  
704.926.6104

Charlyne H. McWilliams  
Media Contact for 1st Metropolitan Mortgage  
301.933.5567

### **1st Metropolitan Signs 79 NovaStar Branches**

*Branch managers attracted to company's benefits, camaraderie*

**CHARLOTTE, N.C., Nov. 17, 2004** – 1st Metropolitan Mortgage, a leading mortgage broker and a division of Empire Equity Group, Inc., announced that 79 NovaStar branches have committed to joining 1st Metropolitan's network of MetroBranches.

Representatives from most of the branches attended a two-day event in New York on Nov. 8 and 9 hosted by 1st Metropolitan that included educational presentations as well as opportunities for NovaStar branch managers to meet 1st Metropolitan executives and branch managers. Approximately 170 people from 85 NovaStar branches attended the event.

The transfer of the branches is a part of an alliance between 1st Metropolitan and NovaStar. In addition to the branch transfer, NovaStar will become one of 1st Metropolitan's preferred lenders offering MetroBranches across the country access to nonconforming loans.

"They sold me in New York based on the benefits, technology, the overall camaraderie of the employees and their knowledge of the business," said Harry Saul, branch manager for a NovaStar office in Bedford, New Hampshire. "I wanted to make sure that any company I signed with would be a place where the people in my office would be happy. I believe I have made the right decision."

The branches that have signed commitment letters have already gotten their welcome packages from 1st Metropolitan, which is also working with both NovaStar and state regulators on licensing issues to ensure the transition is as smooth as possible. Along with licensing, paperwork for health and retirement plan benefits for the branches is being processed, and 1<sup>st</sup> Metropolitan expects to have the transition effective in groups of branches beginning November 20 and to be complete by the end of January.

"We have a great deal of experience in transitioning branches because of previous acquisitions," said Daniel H. Jacobs, chief executive officer of 1st Metropolitan. "Our goal remains

consistent throughout this process: to work with integrity and honesty and to handle the minute details so originators can focus on their business.”

Saul, who has been in the mortgage industry for 35 years and has been with NovaStar for

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nearly 4 years, says the ease of transfer was very attractive to him. He said he plans to increase the number of originators from three to six or more because of the new relationship with 1st Metropolitan.

James Boll, a NovaStar branch manager in Jacksonville, Florida, said he was so impressed with 1<sup>st</sup> Metropolitan’s forward-thinking technological commitment, that he was compelled to convince other NovaStar branch managers at the event of the real benefits.

“I was about to spend about \$20,000 of my own money to create a virtual office,” Boll said. “Through 1st Metropolitan’s MetroNet, I have that and a great deal more without having to spend a cent. Joining 1st Metropolitan will revolutionize how I do business. I feel like my business has no bounds now.” Boll said he plans to add five additional originators in the coming weeks “because of the stability with 1st Metropolitan.”

Boll, who has worked with Merrill Lynch and Bank of America and was recruited by NovaStar a year ago, admits he was a skeptic because of his previous experiences with company mergers and acquisitions. But after meeting the staff and hearing how smooth the transition would be, Boll said. “The ice melted and I was on board. The commitment to giving us the best tools possible along with their genuine concern for the well being of my family helped me make the decision to transfer.”

“We want to minimize the effect the transition could have on the families involved because we know their livelihoods depend on uninterrupted loan production,” Jacobs said. 1st Metropolitan, which has more than 200 branches nationwide, has a history of implementing successful transition programs for multiple branches, Jacobs pointed out. A special team of professionals at 1st Metropolitan will work with the affected branches and NovaStar to ensure that the transition goes as smoothly as possible, Jacobs added.

### **About 1st Metropolitan Mortgage**

1st Metropolitan Mortgage, based in Charlotte, N.C. and a division of Empire Equity Group since 2002, is a leading mortgage brokerage, offering products from such companies as

Countrywide Home Mortgage, Chase Mortgage and Wells Fargo. The company is licensed in 48 states with approximately 250 branches nationwide. Leveraging the 20 years of experience of its parent company, 1st Metropolitan has an aggressive business development strategy. 1st Metropolitan's strategic theme for 2004 is *The Art of Being 1<sup>st</sup>: Opportunities Amid Change*. For

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more information, visit [www.1stmetro.com](http://www.1stmetro.com).

#### **About Empire Equity Group, Inc.**

Empire Equity Group has been in business since 1983 focusing heavily in the Northeastern United States. Since the acquisition of 1st Metropolitan, Empire has established development programs for branch managers, additional infrastructure to meet the needs of branches and installed the latest technology, such as an expanded intranet site and an innovative online loan origination system. For more information, call 704.552.0123.

#### **About NovaStar Mortgage Inc.**

NovaStar Financial, Inc. (NYSE:NFI) is one of the nation's leading lenders and investors in residential mortgages. The company specializes in single-family, nonconforming mortgages, involving borrowers whose loan size, credit details or other circumstances fall outside conventional mortgage agency guidelines. A Real Estate Investment Trust (REIT) founded in 1996, NovaStar efficiently brings together the capital markets, a nationwide network of mortgage brokers and American families financing their homes. NovaStar is headquartered in Kansas City, Missouri, and has lending operations nationwide.

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