ORIGEN FINANCIAL, INC.

Southfield, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

March 31, 2013

ORIGEN FINANCIAL, INC.

TABLE OF CONTENTS

Financial Statements

ORIGEN FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
As of March 31, 2013 (unaudited) and December 31, 2012

ASSETS

	March 31, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	$ 1,544	$ 826
Restricted cash	10,468	11,110
Investments	1,379	1,442
Loans receivable, net	522,389	543,420
Furniture, fixtures and equipment, net	48	33
Repossessed houses, net	2,437	2,180
Derivative assets	-	-
Other assets	4,148	4,233
TOTAL ASSETS	$ 542,413	$ 563,244

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES		
Securitization financing	$ 475,349	$ 491,720
Derivative liabilities	35,537	37,454
Other liabilities	10,400	10,935
Total Liabilities	521,286	540,109
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value per share	125	125
10,000,000 shares authorized		
125 shares issued and outstanding		
$1,000 per share liquidation preference		
Common stock, $.01 par value per share	259	259
125,000,000 shares authorized		
25,926,149 shares issued and outstanding		
Additional paid in capital	225,230	225,230
Accumulated other comprehensive loss	(35,484)	(37,403)
Distributions in excess of earnings	(169,003)	(165,076)
Total Stockholders' Equity	21,127	23,135
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 542,413	$ 563,244

ORIGEN FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)
For the Three Months Ended March 31, 2013 and 2012 (unaudited)

	2013	2012 (as restated)
INTEREST INCOME		
Interest income	$ 12,540	$ 14,501
Interest expense	(8,580)	(9,786)
Net Interest Income Before Loan Losses	3,960	4,715
Provision for loan losses	3,312	5,154
Net Interest Income (Loss) After Loan Losses	648	(439)
NON-INTEREST INCOME		
Realized gain on derivative	-	6,278
Other	133	982
Total Non-Interest Income	133	7,260
NON-INTEREST EXPENSE		
Personnel	356	331
Loan origination and servicing	1,790	2,069
State business taxes	73	86
Other operating	408	453
Total Non-Interest Expense	2,627	2,939
Income (Loss) Before Income Taxes	(1,846)	3,882
INCOME TAX EXPENSE	7	18
NET INCOME (LOSS)	$ (1,853)	$ 3,864
Weighted average common shares outstanding, basic and diluted	25,926,149	25,926,149
NET INCOME (LOSS) – per common share, basic and fully diluted:	$ (0.07)	$ 0.15

ORIGEN FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
For the Periods Ended March 31, 2013 and 2012 (unaudited)

	2013	2012 (as restated)
Net income (loss)	$ (1,853)	$ 3,864
Other comprehensive income (loss):		
Net unrealized gains (losses) on interest rate swaps, designated as cash flow hedges	1,917	1,463
Reclassification adjustment for net realized gains included in net loss	2	(15)
Total Other Comprehensive Income (Loss)	1,919	1,448
COMPREHENSIVE INCOME (LOSS)	$ 66	$ 5,312

ORIGEN FINANCIAL, INC.

STATEMENTS OF CASH FLOWS
For the Periods Ended March 31, 2013 and 2012 (unaudited)

	2013	2012 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (1,853)	$ 3,864
Adjustments to reconcile to net cash flows from operating activities		
Provision for loan losses	3,312	5,154
Depreciation and amortization	341	359
Decrease (increase) in other assets	(772)	(917)
(Decrease) increase in other liabilities	(534)	(165)
Net Cash Flows from Operating Activities	494	8,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in restricted cash	642	(114)
Principal collections on loans	15,177	13,972
Proceeds from sale of repossessed houses	2,887	2,614
Sale of (expenditure on) capital assets	(20)	(3)
Net Cash Flows from Investing Activities	18,686	16,469
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,074)	(3,889)
(Gain) loss on derivatives	-	(6,278)
Repayment of securitization financing	(16,388)	(15,725)
Net Cash Flows from Financing Activities	(18,462)	(25,892)
Net Change in Cash and Cash Equivalents	718	(1,128)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	826	3,740
CASH AND CASH EQUIVALENTS - END OF PERIOD	1,544	2,612

NOTE 1 – Basis of Presentation

The unaudited consolidated financial statements of Origen Financial, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting. However, they do not include all of the disclosures necessary for annual financial statements in conformity with GAAP. The results of operations for the period ended March 31, 2013 is not necessarily indicative of the operating results anticipated for the full year. Accordingly, these unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 and the Company's quarterly consolidated financial statements for the period ending March 31, 2012. The preparation of financial statements in conformity with GAAP also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of interim financial statements.

Reclassifications

Certain amounts for prior periods have been reclassified to conform with current financial statement presentation.

NOTE 2 – Recent Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position. The FASB issued common disclosure requirements related to offsetting arrangements to allow investors to better compare financial statements prepared in accordance with IFRS or U.S. GAAP. The objective of this guidance is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. This guidance is effective retrospectively, for annual and interim periods, beginning on or after January 1, 2013. The adoption of the guidance did not have a material impact on the Company's Consolidated Financial Statements or the Notes thereto.

NOTE 3 – Correction of an Error of Previously Issued Consolidated Financial Statements

During the month of October 2012, the Company received notice from the Bank of New York Mellon, in its capacity as indenture trustee (the "Trustee") for Origen Manufactured Housing Contract Trust 2006-a and Origen Manufactured Housing Contract Trust 2007-a (the "Issuers"), disclosing that the Trustee had, beginning July 31, 2009 and ending August 31, 2012, calculated the interest rate on the Issuers' Class A-2 notes at a rate higher than that prescribed by the related indentures. The Indentures specify that the Note Rate for the Class A-2 notes will be the least of the applicable Auction Rate, Net Contract Rate and the maximum cap rate of 18.00% per annum. During the indicated periods the Trustee had applied the higher applicable Auction Rate. The over calculation of interest resulted in underpayment of principal to the Class A-1 Notes.

Since the Company structured the subject transactions as financings, any restatement of amounts previously disbursed, between principal payments and interest payments, are required to be reflected in the financial statements of the Company. Accordingly, the Company has corrected the error related to its Consolidated Financial Statements for the three months ended March 31, 2012 to reflect the reduced interest expense on the Notes.

Consolidated Statement of Operations for the three months ended March 31, 2012 (In thousands, except share data)

	As Previously Reported	Adjustments	Restated
Interest Expense	$ (10,084)	$ 298	$ (9,786)
Net Interest Income Before Loan Losses and Impairments	$ 4,417	$ 298	$ 4,715
Net Interest Income After Loan Losses and Impairments	$ (737)	$ 298	$ (439)
Income Before Income Taxes	$ 3,584	$ 298	$ 3,882
Net Income	$ 3,566	$ 298	$ 3,864
Net Income – Per Common Share (basic and fully diluted):	$ 0.14	$ 0.01	$ 0.15

NOTE 3 – Correction of an Error of Previously Issued Consolidated Financial Statements (cont.)

Consolidated Statement of Comprehensive Loss for the three months ended March 30, 2012 (In thousands)

	As Previously Reported	Adjustments	Restated
Net Income	$ 3,566	$ 298	$ 3,864
Comprehensive Income	$ 5,014	$ 298	$ 5,312

Consolidated Statement of Cash Flows for the three months ended March 31, 2012 (In thousands)

	As Previously Reported	Adjustments	Restated
Net Income	$ 3,566	$ 298	$ 3,864
Net Cash Flows from Operating Activities	$ 7,997	$ 298	$ 8,295
Repayment of Securitization Financing	$ (15,427)	$ (298)	$ (15,725)
Net Cash Flows from Financing Activities	$ (25,594)	$ (298)	$ (25,892)

NOTE 4 - Investments

The Company follows the provisions of ASC Topic 310 in reporting its investments. The investments are carried on the Company's balance sheet at $1.4 million and $1.4 million at March 31, 2013 and December 31, 2012, respectively.

NOTE 5 - Loans Receivable

The carrying amounts and fair value of loans receivable consisted of the following (in thousands):

	March 31, 2013	December 31, 2012
Manufactured housing loans - securitized	$ 537,267	$ 558,831
Manufactured housing loans - unsecuritized	1,202	1,351
Accrued interest receivable	3,650	3,729
Deferred loan origination costs	1,243	1,322
Discount on originated loans (1)	(10,493)	(10,916)
Discount on purchased loans	(284)	(409)
Allowance for purchased loans	(2,689)	(2,689)
Allowance for loan losses	(7,507)	(7,799)
Total	$ 522,389	$ 543,420

(1) Represents the fair market value of servicing rights sold in July 2008 which are related to loans held-for-investment. The discount is accreted into interest income over the life of the loans on a level yield method.

The following table sets forth the average per loan balance, weighted average loan yield, and weighted average initial term at March 31, 2013 and December 31, 2012 (dollars in thousands):

	March 31, 2013	December 31, 2012
Number of loans receivable	13,480	13,849
Average loan balance	$ 40	$ 40
Weighted average loan yield	9.34%	9.34%
Weighted average initial term	20 years	20 years

NOTE 5 – Loans Receivable (cont.)

Delinquency statistics for the manufactured housing loan portfolio are as follows at March 31, 2013 and December 31, 2012 (dollars in thousands):

	March 31, 2013			December 31, 2012		
Days Delinquent	Number of Loans	Principal Balance	% of Portfolio	Number of Loans	Principal Balance	% of Portfolio
31-60	107	$ 3,670	0.7	127	$ 4,787	0.9
61-90	42	1,442	0.3	43	1,842	0.3
Greater than 90	88	4,280	0.8	109	5,218	0.9

The Company defines non-performing loans as those loans that are greater than 90 days delinquent in contractual principal payments.

NOTE 6 - Allowance for Loan Losses

The allowance for loan losses and related additions and deductions to the allowance for the three and twelve months ended March 31, 2013 and December 31, 2012 were as follows (in thousands):

	March 31, 2013	December 31, 2012
Balance at beginning of period	$ 11,802	$ 15,088
Provision for loan losses	3,312	17,415
Gross charge offs	(5,998)	(29,955)
Recoveries	2,485	9,254
Balance at end of period	$ 11,601	$ 11,802
Allocation to carrying value of repossessed houses	(4,094)	(4,003)
Net Allowance	$ 7,507	$ 7,799

NOTE 7 – Derivatives

The following table presents the composition of the Company's derivative instruments at March 31, 2013 and December 31, 2012 (in thousands):

	March 31, 2013		
		Fair Value	
	Notional/ Contract Amount	Asset Derivatives (Unrealized Gains)	Liability Derivatives (Unrealized Losses)
Derivatives designated as hedging instruments:			
Interest rate contracts: Swaps - cash flow - receive floating/pay fixed	$ 272,685	$ -	$ 35,537
Derivatives not designated as hedging instruments:			
Interest rate contracts: Swaps - cash flow - receive floating/pay fixed	-	-	-
Total Derivatives	$ 272,685	$ -	$ 35,537

	December 31, 2012		
		Fair Value	
	Notional/ Contract Amount	Asset Derivatives (Unrealized Gains)	Liability Derivatives (Unrealized Losses)
Derivatives designated as hedging instruments:			
Interest rate contracts: Swaps - cash flow - receive floating/pay fixed	$ 283,393	$ -	$ 37,454
Derivatives not designated as hedging instruments:			
Interest rate contracts: Swaps - cash flow - receive floating/pay fixed	-	-	-
Total Derivatives	$ 283,393	$ -	$ 37,454

NOTE 8 - Debt

Total debt outstanding was as follows (in thousands):

	March 31, 2013	December 31, 2012
Securitization financing	$ 475,349	$ 491,720

Securitization Financing — 2004-A Securitization

On February 11, 2004, the Company completed a securitization of approximately $238.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $200.0 million in notes payable. The notes are stratified into six different classes and pay interest at a duration weighted average rate of approximately 5.12%. The notes have a contractual maturity date of October 2013 with respect to the Class A-1 notes; August 2017, with respect to the Class A-2 notes; December 2020, with respect to the Class A-3 notes; and January 2035, with respect to the Class A-4, Class M-1 and Class M-2 notes. The outstanding balance on the 2004-A securitization notes was approximately $48.6 million and $50.3 million at March 31, 2013 and December 31, 2012, respectively.

Securitization Financing — 2004-B Securitization

On September 29, 2004, the Company completed a securitization of approximately $200.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $169.0 million in notes payable. The notes are stratified into seven different classes and pay interest at a duration-weighted average rate of approximately 5.27%. The notes have a contractual maturity date of June 2013 with respect to the Class A-1 notes; December 2017, with respect to the Class A-2 notes; August 2021, with respect to the Class A-3 notes; and November 2035, with respect to the Class A-4, Class M-1, Class M-2 and Class B-1 notes. The outstanding balance on the 2004-B securitization notes was approximately $47.2 million and $49.2 million at March 31, 2013 and December 31, 2012, respectively.

Securitization Financing — 2005-A Securitization

On May 12, 2005, the Company completed a securitization of approximately $190.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $165.3 million in notes payable. The notes are stratified into seven different classes and pay interest at a duration-weighted average rate of approximately 5.30%. The notes have a contractual maturity date of July 2013 with respect to the Class A-1 notes; May 2018, with respect to the Class A-2 notes; October 2021, with respect to the Class A-3 notes; and June 2036, with respect to the Class A-4, Class M-1, Class M-2 and Class B notes. The outstanding balance on the 2005-A securitization notes was approximately $52.3 million and $54.3 million at March 31, 2013 and December 31, 2012, respectively.

NOTE 8 – Debt (cont.)

Securitization Financing — 2005-B Securitization

On December 15, 2005, the Company completed a securitization of approximately $175.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $156.2 million in notes payable. The notes are stratified into eight different classes and pay interest at a duration-weighted average rate of approximately 6.15%. The notes have a contractual maturity date of February 2014 with respect to the Class A-1 notes; December 2018, with respect to the Class A-2 notes; May 2022, with respect to the Class A-3 notes; and January 2037, with respect to the Class A-4, Class M-1, Class M-2, Class B-1 and B-2 notes. The outstanding balance on the 2005-B securitization notes was approximately $57.2 million and $59.1 million at March 31, 2013 and December 31, 2012, respectively.

Securitization Financing — 2006-A Securitization

On August 25, 2006, the Company completed a securitization of approximately $224.2 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $200.6 million in notes payable. The notes are stratified into two different classes. The Class A-1 notes pay interest at one month LIBOR plus 15 basis points and have a contractual maturity date of November 15, 2018. The Class A-2 notes pay interest based on a rate established by the auction agent at each rate determination date and have a contractual maturity date of October 2037. Additional credit enhancement was provided through the issuance of a financial guaranty insurance policy by Ambac Assurance Corporation. The outstanding balance on the 2006-A securitization notes was approximately $94.9 million and $98.0 at March 31, 2013 and December 31, 2012, respectively.

Securitization Financing — 2007-A Securitization

On May 2, 2007, the Company completed a securitization of approximately $200.4 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $184.4 million in notes payable. The notes are stratified into two different classes. The Class A-1 notes pay interest at one month LIBOR plus 19 basis points and have a contractual maturity date of April 2037. The Class A-2 notes pay interest based on a rate established by the auction agent at each rate determination date and have a contractual maturity date of April 2037. Additional credit enhancement was provided through the issuance of a financial guaranty insurance policy by Ambac Assurance Corporation. The outstanding balance on the 2007-A securitization notes was approximately $100.1 million and $103.0 at March 31, 2013 and December 31, 2012, respectively.

Securitization Financing — 2007-B Securitization

On October 16, 2007, the Company completed a securitization of approximately $140.0 million in principal balance of manufactured housing loans. The securitization was accounted for as a financing. As part of the securitization the Company, through a special purpose entity, issued $126.7 million of a single AAA rated floating rate class of asset backed notes to a single qualified institutional buyer pursuant to Rule 144A under the Securities Act of 1933. The notes pay interest at one month LIBOR plus 120 basis points and have a contractual maturity date of September 2037. Additional credit enhancement was provided by a guaranty from Ambac Assurance Corporation. The outstanding balance on the 2007-B securitization notes was approximately $75.1 million and $77.7 at March 31, 2013 and December 31, 2012, respectively.

NOTE 8 - Debt (cont.)

The average balance and average interest rate of outstanding debt was as follows (dollars in thousands):

	March 31, 2013		December 31, 2012	
	Average Balance	Average Rate	Average Balance	Average Rate
Securitization financing — 2004-A securitization	49,708	6.2	54,024	6.2
Securitization financing — 2004-B securitization	48,734	6.4	53,943	6.4
Securitization financing — 2005-A securitization	53,651	5.8	59,087	5.8
Securitization financing — 2005-B securitization	58,526	6.2	64,850	6.2
Securitization financing — 2006-A securitization	97,053	8.4	104,233	8.5
Securitization financing — 2007-A securitization	102,205	7.5	110,690	7.7
Securitization financing — 2007-B securitization	76,811	7.1	82,950	7.0

NOTE 9 - Fair Value Measurements

The Company follows guidance related to fair value measurements and additional guidance for financial instruments. This guidance establishes a framework for measuring fair value and expands disclosures about fair value measurements. The updated guidance was issued to establish a uniform definition of fair value. The definition of fair value under this guidance is market based as opposed to company specific and includes the following:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in either case through an orderly transaction between market participants at a measurement date, and establishes a framework for measuring fair value;

- Establishes a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date;

- Nullifies previous fair value guidance, which required the deferral of profit at inception of a transaction involving a derivative financial instrument in the absence of observable data supporting the valuation technique;

- Eliminates large position discounts for financial instruments quoted in active markets and requires consideration of the company's creditworthiness when valuing liabilities; and

- Expands disclosures about instruments that are measured at fair value.

The accounting guidance for financial instruments provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized Company commitments and written loan commitments not previously recorded at fair value. The Company has not elected to apply the fair value option for any financial instruments.

NOTE 9 - Fair Value Measurements (cont.)

Determination of Fair Value

The Company has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that use primarily market-based or independently-sourced market parameters, including interest rate yield curves and option volatilities. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality, creditworthiness, liquidity and unobservable parameters that are applied consistently over time. Any changes to the valuation methodology are reviewed by management to determine appropriateness of the changes. As markets develop and the pricing for certain products becomes more transparent, the Company expects to continue to refine its valuation methodologies.

The methods described above may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different estimates of fair values of the same financial instruments at the reporting date.

Valuation Hierarchy

The accounting guidance for fair value measurements and disclosures establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy favors the transparency of inputs to the valuation of an asset or liability as of the measurement date and thereby favors use of Level 1 if appropriate information is available, and otherwise Level 2 and finally Level 3 if Level 2 input is not available. The three levels are defined as follows.

- Level 1 — Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate.

- Level 2 — Fair value is based upon quoted prices for similar (i.e., not identical) assets and liabilities in active markets, and other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 — Fair value is based upon financial models using primarily unobservable inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the fair value measurement.

The following is a description of the valuation methodologies used by the Company for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy

NOTE 9 - Fair Value Measurements (cont.)

Assets

Investments - "SOP – 03-3" - These securities are comprised of mortgage-backed securities that have evidence of deterioration of credit quality at purchase. The fair values are determined by using a third party discounted cash flow model based on observable market prices and are classified within Level 2 of the valuation hierarchy.

Loans receivable

The Company does not record these loans at fair value on a recurring basis. However, from time to time a loan is considered impaired and an allowance for loan losses is established. Loans are considered impaired if it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Once a loan is identified as impaired, the fair value of the impaired loan is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, and liquidation value or discounted cash flows. Impaired loans do not require an allowance if the fair value of the expected repayments or collateral exceed the recorded investments in such loans. At March 31, 2013 and December 31, 2012, substantially all of the total impaired loans were evaluated based on the fair value of the collateral rather than on discounted cash flows. Impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the impaired loan as a nonrecurring Level 2 valuation.

Repossessed houses

Loans on which the underlying collateral has been repossessed are adjusted to fair value upon transfer to repossessed assets. Subsequently, repossessed assets are carried at the lower of carrying value or fair value, less anticipated marketing and selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the repossessed asset as a nonrecurring Level 2 valuation.

Derivative Financial Instruments

The Company's derivative contracts include only interest rate swaps. Where possible, such contracts are valued by comparing similar contracts in an active market with inputs that are observable and are classified within Level 2 of the valuation hierarchy. Where observable active market inputs are not available, the Company utilizes internal financial models using inputs derived from forecasts based on historical results and the Company's estimates. These valuations are classified within Level 3 of the valuation hierarchy.

.

NOTE 9 - Fair Value Measurements (cont.)

Assets and liabilities measured at fair value on a recurring basis are summarized below (dollars in thousands):

	March 31, 2013			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Assets/Liabilities at Fair Value
Assets				
Derivatives	$ -	$ -	$ -	$ -
Total assets	$ -	$ -	$ -	$ -
Liabilities				
Derivatives	$ -	$ -	$ 35,537	$ 35,537
Total liabilities	$ -	$ -	$ 35,537	$ 35,537

	December 31, 2012			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Assets/Liabilities at Fair Value
Assets				
Derivatives	$ -	$ -	$ -	$ -
Total assets	$ -	$ -	$ -	$ -
Liabilities				
Derivatives	$ -	$ -	$ 37,454	$ 37,454
Total liabilities	$ -	$ -	$ 37,454	$ 37,454

Derivative assets are included in other assets on the balance sheet.

NOTE 9 - Fair Value Measurements (cont.)

The Company also has assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These include assets that are measured at the lower of cost or market and had a fair value below cost at the end of the period as summarized below:

	March 31, 2013			
	Fair Value on a Non-recurring Basis			
	Level 1	Level 2	Level 3	Asset/Liability at Fair Value
Investments-*SOP – 03-3*	$ -	$ 1,379	$ -	$ 1,379
Impaired loans	-	1,584	-	1,584
Repossessed assets	-	2,437	-	2,437
Total Asset	$ -	$ 5,400	$ -	$ 5,400

	December 31, 2012			
	Fair Value on a Non-recurring Basis			
	Level 1	Level 2	Level 3	Asset/Liability at Fair Value
Investment-*SOP – 03-3*	$ -	$ 1,442	$ -	$ 1,442
Impaired loans	-	1,826	-	1,826
Repossessed houses	-	2,180	-	2,180
Total Asset	$ -	$ 5,448	$ -	$ 5,448

NOTE 10 - Subsequent Events

The Company has evaluated subsequent events through May , 2013, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Company's financial statements.

On May 14, 2013, the Company declared a dividend of $0.09 per common share payable to holders of record as of May 27, 2013. The dividend will be paid on June 3, 2013 and will approximate $2.3 million.