**Staff Announcement for Project West**

**Draft: FINAL**

To My Fellow GreenPoint Employees and Shareholders:

It is clear now that 1998 has been another very good year for GreenPoint, both in terms of our financial performance, and in terms of the execution of our long-term business strategy. Financially, as you have seen in our quarterly announcements, we have continued to produce solid earnings.

Strategically, the recent turmoil in the financial markets, which has created difficulties for so many of our competitors, has demonstrated the validity of our business model – essentially that of a specialty home finance company backed by the strength of a well-run thrift. In addition, we took another step in the execution of our strategy of growing our specialty home finance business by completing the acquisition of BankAmerica Housing Services, now GreenPoint Credit. We announced just Monday an additional agreement with BankAmerica that adds the manufactured housing lending unit of the former NationsBank.

While it has been a busy, productive year, I am happy to say that we are not yet finished with 1998. We have announced today an agreement to acquire Headlands Mortgage Company, a mortgage banking company that gives us a leading market position in a third niche of the specialty home finance business.

Headlands is a top lender in the $80 billion “Alt A” segment of the mortgage market. “Alt A” loans meet the needs of borrowers who have strong credit profiles, but do not meet other agency lending guidelines. Headlands originated $3.7 billion in 1997, $6.8 billion through November of this year, and has a servicing portfolio of $4.4 billion.

Headlands will operate as a separate subsidiary of GreenPoint Bank under the Headlands name. Its founder and President, Peter T. Paul, will become Vice Chairman and a member of the Board of Directors of GreenPoint Financial Corp. He will report to Bharat.

This acquisition, expected to be completed by the end of the first quarter of 1999, is clearly a revenue-driven transaction. The sales synergy that will result from a close working relationship between Headlands and GreenPoint Mortgage will be tremendous.

Headlands’ primary strength is on the west coast where GreenPoint Mortgage has only recently begun to establish itself. On the other hand, GreenPoint Mortgage’s primary strength is in the eastern half of the country, where Headlands has a more modest sales presence.

In addition, the product sets of the two companies are highly complementary. Headlands has a broad product set, and the ability to develop and introduce new products very rapidly, together with a leading position in the “Alt A” segment. GreenPoint Mortgage has unmatched expertise and market share in no-documentation lending.

For more details about the acquisition, please read the attached press release and Question & Answer Sheet.

The size of our organization continues to increase, and, as it does, it is important to remember that GreenPoint’s success has always been in large measure due successful teamwork. I will do everything I can to foster an environment where teamwork and our other corporate values can continue to flourish, but it is up to each of us to make it happen. We are all shareholders, or soon will be, and we are all working towards the same goal of increasing shareholder value.

As we prepare to close out 1998, we should all feel proud of the progress we have made in all aspects of our business. If we work to keep the momentum going, our performance in 1999 should be even stronger.

Enjoy the holidays!

Yours truly,

Thomas S. Johnson

CEO

GreenPoint Financial