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PRIVILEGED AND CONFIDENTIAL
WORK PRODUCT PREPARED FOR COMPANY COUNSEL

September 19, 2011

[redacted]
JPMorgan Chase Bank, National Association
[redacted]
New York, NY 10017

Re: JPMorgan Chase Bank, National Association - Assistance in the Foreclosure Review (Article VII) pursuant to the U.S. Department of the Treasury, Office of Comptroller of the Currency Consent Order dated April 13, 2011

Dear [redacted]

Understanding of Role

This letter (which, together with the attached Appendices that are hereby incorporated by reference herein, [redacted] sets forth the agreement between D&T and the [redacted] of the Company [redacted], acting on behalf of the Company, effective as of April 13, 2011, whereby D&T personnel will provide to Company [redacted] the services (the "Services") described in this Schedule (or "Engagement"). [redacted]

We understand that the Services are requested by Company Counsel in connection with the U.S. Department of the Treasury, Office of Comptroller of the Currency ("OCC") Consent Order ("Consent Order"), dated April 13, 2011, as it relates to the Company's practices to certain residential foreclosure actions regarding individual borrowers with respect to the Company's mortgage servicing portfolio (the "Foreclosure Review").

We further understand that it is Company Counsel's intention and the position of Company Counsel that our Services for Company Counsel will be covered by the attorney-client privilege, the attorney work product doctrine, and other applicable privileges. Accordingly, it is agreed that all communications related to this Engagement and all working papers and other documents prepared or received by us pursuant to this Engagement will be maintained by us as confidential material in accordance with the terms hereof. Notwithstanding this, we understand that it is Company Counsel's intention to furnish our report to the OCC upon the report's completion. Additionally, upon submission of our report and as required by the Consent Order, we are prepared to furnish our work papers associated with the Engagement to the OCC immediately upon its request.

In connection with the Services and pursuant to the Consent Order, Company Counsel shall retain King & Spalding LLP ("Independent Counsel") for at least the term of this Schedule to provide any legal services, including, without limitation, the determination and interpretation of applicable federal and state laws, that are reasonably required under the terms of the Consent Order. Company Counsel agrees that Independent Counsel will be expressly retained to advise D&T in a timely manner of any applicable legal requirements related to the Consent Order, including, without limitation, the identification of any reports to be provided by D&T, the formats of, and filing deadlines for, such reports, and the legal requirements, if any, concerning the retention of our notes, draft reports, or other work product. In addition, the parties understand that D&T will not provide any legal interpretation of the Consent Order or its requirements, and Company Counsel agrees that Independent Counsel will be responsible for all legal interpretations of the Consent Order and its requirements. Throughout the term hereof, Company Counsel shall ensure that Independent Counsel is available for consultation by D&T regarding any legal matters pertaining to the Services.

Company Counsel acknowledges that D&T is not providing legal services under this Schedule, and Company Counsel shall not construe any advice or recommendation provided under this Schedule as legal advice. Neither party intends that the Services provided hereunder shall be deemed to constitute the practice of law, and D&T does not engage in the practice of law. Company Counsel further agrees that Independent Counsel is being retained to provide supervision by qualified, and appropriately licensed, legal counsel over the Services rendered in connection with this Engagement. D&T will rely on Independent Counsel for all matters of legal interpretation required in the performance of our Engagement. D&T will not provide any assurance regarding the outcome of any regulatory audit, examination, or other regulatory action. The responsibility for all legal issues in connection with this Engagement, such as reviewing all deliverables for any legal implications, remains with Independent Counsel, and D&T shall have no responsibility therefor. In addition, Company Counsel and Independent Counsel will have responsibility for, among other things, identifying and ensuring compliance with laws and regulations applicable to Company's activities and for establishing and maintaining effective internal controls to ensure such compliance.

D&T is prepared to provide Services in performing the Foreclosure Review as described in Article VII of the Consent Order. The specific procedures to be performed by D&T were established based on the requirements of the Consent Order and discussions with Company Counsel and Independent Counsel, and are listed in Appendix D to this Schedule. The Services may include advice and recommendations, but D&T will not make any decisions on behalf of Independent Counsel or Company Counsel in connection with the implementation of such advice and recommendations. Further, although D&T may provide advice and recommendations concerning the specific procedures we might perform, D&T is not responsible for the sufficiency of such procedures or for responding to the Company's obligations to shareholders, lenders, regulators, and other stakeholders. In addition, the Company remains responsible for its reporting and similar obligations. The Company should look to Company Counsel or other legal advisors for legal advice in connection with these matters. In connection with the performance of the Services, D&T shall be entitled to rely on all decisions and approvals of Independent Counsel. D&T's performance is dependent upon Independent Counsel's and Company Counsel's timely and effective satisfaction of Independent Counsel's and Company Counsel's respective responsibilities hereunder and timely decisions and approvals of Independent Counsel in connection with the Services. D&T is also prepared to consider providing mutually agreeable assistance in any other areas that may be identified during the course of this Engagement.

In the course of performing the Services, matters may come to D&T's attention that may suggest possible opportunities to enhance the effectiveness and efficiency of the Company's controls, and we will consider communicating such matters to Company Counsel. However, we have not been engaged to perform an evaluation of internal controls and procedures, and our Services will not constitute an engagement to provide audit, compilation, review, or attestation Services as described in the pronouncements on professional standards issued by the American Institute of Certified Public Accountants ("AICPA") or any successor standards setting body. Therefore, we will not express an opinion or other form of assurance with respect to any matters related to the Engagement, including the Company's internal control systems. Any communications to Company Counsel concerning the Company's controls will be incidental to the purpose of this Engagement, and any matters so communicated will require management's independent assessment, as management is responsible for, among other things, establishing and maintaining effective internal controls over financial reporting and for identifying the laws and regulations applicable to the Company's activities and ensuring compliance therewith. It should be noted that an entity's internal control, including its controls designed to assure compliance with laws and regulations, no matter how well designed and operated, can provide only reasonable assurance to management and stakeholders regarding the achievement of an entity's control objectives. The likelihood of achievement is affected by limitations inherent to internal control. These include the realities that human judgment in decision-making can be faulty, that breakdowns in internal control can occur because of such human failures as simple error or mistake, and that controls can be circumvented by the collusion of two or more people or by management override of controls. Also, projections of any achievement of an entity's control objectives to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Company Counsel agrees that, without D&T's prior written permission, any reports, schedules, documents, deliverables, or other materials provided by D&T ("D&T Work Product") are not to be disclosed, quoted, or referenced, in whole or in part, in any public filings. This Engagement shall not create privity between D&T and any third party. Neither the D&T Work Product nor the Services provided hereunder are intended for the express or implied benefit of any third party. Company Counsel or D&T may make D&T Work Product available to Independent Counsel. In such case, Company Counsel hereby agrees to ensure that any such D&T Work Product is not quoted, disclosed, or otherwise referred to by Independent Counsel to any third party.

Conflicts

We performed an internal search for any potential client conflicts (the "Conflicts Search") based upon the names of the parties that you have provided (the "Involved Parties"). Nothing has come to our attention that, in our judgment, would impair our ability to objectively serve you in this Engagement.

Except for the Conflicts Search, we have not undertaken any process to identify any other relationships with the Involved Parties. Company Counsel agrees that it will inform us promptly of additional parties to this matter or of name changes for those parties whose names were provided by Company Counsel.

As you know, D&T and its affiliates and related entities have many clients and we are engaged by new clients every day. Therefore, we cannot assure that, following the completion of our Conflicts Search, an engagement relating to one or more of the Involved Parties will not be accepted. Should any potential conflict come to the attention of our Engagement Partner, we will promptly disclose the nature of the conflict to Company Counsel, will endeavor to resolve such potential conflict, and will determine what action needs to be taken.

Independence of Consultant Conducting Foreclosure Review

D&T agrees that the Foreclosure Review will comply with all requirements set forth in Article VII of the Consent Order issued to the Company on April 13, 2011, and that it will conduct the Foreclosure Review as separate and independent from any review, study, or other work performed by the Company or its contractors or agents with respect to the Company's mortgage servicing portfolio or the Company's compliance with other requirements of the Consent Order, as set forth below:

1. Conduct of the Foreclosure Review by D&T shall not be subject to direction, control, supervision, oversight, or influence by the Company, its contractors or agents (excluding the Independent Counsel) as defined below. D&T shall immediately notify the OCC of any effort by the Company, directly or indirectly, to exert any such direction, control, supervision, oversight, or influence over the Independent Consultant, its contractors, or agents (excluding the Independent Counsel).

2. D&T agrees that it is solely responsible for the conduct and results of the Foreclosure Review (excluding matters of legal interpretation and/or the determination of applicable laws relating to the Foreclosure Review which are the responsibility of Independent Counsel), in accordance with the requirements of Article VII of the Consent Order.

3. The conduct of the Foreclosure Review shall be subject to the monitoring, oversight, and direction of the OCC. D&T agrees to promptly comply with all written comments, directions, and instructions of the OCC concerning the conduct of the Foreclosure Review, and that it will promptly provide any documents, work papers, materials, or other information requested by the OCC, regardless of any claim of privilege or confidentiality.

4. D&T agrees to provide regular progress reports, updates, and information concerning the conduct of the Foreclosure Review to the OCC, as directed by the OCC.

5. D&T will conduct the Foreclosure Review using only entities employed or retained by D&T to perform the work required to complete the Foreclosure Review. D&T shall not employ or use services provided by Company employees, or contractors or agents retained by the Company with respect to the Consent Order or with respect to matters addressed in the Consent Order, in order to conduct the Foreclosure Review, except where the OCC specifically provides prior written approval to do so.

6. Subject to the requirements and restrictions of No. 5 above, including the requirement of specific approval by the OCC, D&T may utilize documents, materials, or other information provided by the Company, and may communicate with the Company, its contractors, or agents, in order to conduct the Foreclosure Review.

7. D&T agrees that any legal advice needed in conducting the Foreclosure Review shall be obtained from the outside law firm whose retention for that purpose has been approved by the OCC, specifically, Independent Counsel. D&T agrees not to obtain legal advice (or other professional services) in conducting the Foreclosure Review from the Company's inside counsel, or from outside counsel retained by the Company or its affiliates, to provide legal advice concerning the Consent Order or matters contained in the Consent Order. D&T will rely on the legal advice of the Independent Counsel in conduction of the Foreclosure Review.

8. The Company's agreement with D&T must provide that if the OCC determines, in its sole discretion, that D&T has not been fully compliant with the foregoing standards (Nos. 1-7, above), the OCC may direct the Company to dismiss D&T and retain a successor consultant, in which case the Company shall have no further obligation to D&T other than for services performed up to that date for the Company.

Engagement Staffing and Fees

[redacted] will participate as Engagement Partner and will be the Relationship Manager [redacted], maintaining overall responsibility for the Engagement on behalf of D&T. Technical support will also be provided by other professionals, who are identified in Appendix J.

We bill on a time and expense basis, with our fees determined by the tasks required and the related time spent. Engagement related expenses, such as travel and out of pocket expense, will be billed in addition to the fees. Notwithstanding [redacted] we agree that expenses will not exceed 20% of our professional fees. Engagement-related expenses, such as travel and out of pocket expense, will be billed as incurred in addition to the fees. Expenses will be stated separately on the invoices.

The scope of our Services, as well as the complexity and duration of this Engagement, can vary greatly due to circumstances that may not be anticipated. Our fees and expenses are not contingent upon the final resolution of the matters that are the subject of this Engagement. If it is agreed that we will act as an expert witness, it is our normal practice that we be paid in full for all work performed to date prior to our issuance of any report and/or providing testimony.

In addition, we will be compensated for any time and expenses (including, without limitation, reasonable legal fees and expenses) that we may incur in considering or responding to discovery requests or other requests for documents or information, or in participating as a witness or otherwise in any legal, regulatory, or other proceedings (including, without limitation, those unrelated to the matters that are the subject of this Engagement) as a result of D&T's performance of these Services.

Other Items

This Schedule is subject to Appendices A through J attached hereto.

[redacted]

If Company Counsel agrees to the terms of this Schedule and the attached Appendices, please sign the enclosed copy of this Schedule in the space provided and return it to me. If you have any questions, please call [redacted] We appreciate the opportunity to work for you and look forward to your prompt response.

Very truly yours,

Deloitte & Touche LLP

Accepted by: JP Morgan Chase Bank, National Association

By: [redacted]

Title: [redacted]

Date: 9/19/2011

Appendix A:	Approach
Appendix B:	Assumptions and Definitions
Appendix C:	Borrower Outreach Process for Claims and Complaints
Appendix D:	Sampling Methodology
Appendix E:	Procedures
Appendix F:	Quality Assurance Process
Appendix G:	Metrics and Reporting
Appendix H:	Systems Description
Appendix I:	Work of Others
Appendix J:	Biographies

Appendix A: Approach

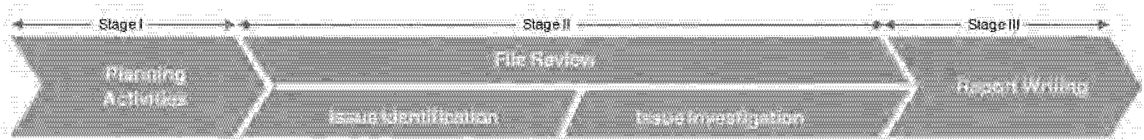
Our Understanding

D&T understands that the Company Counsel's objectives for this Engagement are as follows:

- Perform an assessment of certain residential foreclosure actions regarding individual borrowers with respect to the Company's mortgage servicing portfolio. The review shall include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by the Company, whether brought in the name of the Company, the investor, the mortgage note holder, or any agent for the mortgage note holder (including MERS) that have been pending at any time from January 1, 2009 to December 31, 2010, as well as residential foreclosure sales that occurred during this time period.
- Design a Foreclosure Review to meet specific requirements of Article VII of the Consent Order, based on direction from Independent Counsel where applicable.
- To the extent permissible by the OCC and acceptable to D&T, rely upon relevant internal audit and third party work product in performing this Engagement as further described in Appendix I.

Approach and Time Line

The Engagement will be executed in three stages: planning activities, foreclosure file review (which encompasses borrower outreach for claims and complaints but on different timeline as indicated), and reporting. This approach is designed to meet the requirements of the Consent Order.



Stage I: Planning Activities

Purpose: The objective of the planning and coordination stage encompassed within the pre-Engagement activities phase is to set a solid foundation for the effective and efficient execution of the foreclosure file review. Establishment of project management protocols, development of foreclosure file procedures, data gathering/sample selection, and review of previous work are core components of pre-Engagement activities stage.

Project Management: Effective project management is central to effectively completing the requirements of Article VII of the Consent Order. Key activities include:

- Task/activity monitoring to monitor progress towards mandated reporting timelines
- Resource planning and allocation to align with appropriate activities
- Regular status reporting to actively monitor status, identify interdependencies, and escalate risks and issues as necessary
- Reporting dashboards to report progress to various constituencies

Foreclosure File Procedures: This workstream centers on creation of the foreclosure file review procedures to be performed. Key activities include:

- Creation of procedures to be performed to meet the requirements of the Consent Order as interpreted by Independent Counsel. Preliminary procedures developed based on advice of Independent Counsel are detailed in Appendix E
- Documentation of key assumptions, definitions, and interpretive issues (Appendix B)

Data Gathering and Sample Selection: Identification and collection of relevant information and data must be completed prior to commencing Stage II. Key activities include:

- Information gathering to support the development of the sample methodology (Appendix D)
- Identification of the specific populations and sample size(s) required
- Documentation of the information systems and key data attributes assessed in the review (Appendix H)

Work of Others: Identification and documentation of procedures to be performed on work performed by other parties (Appendix I).

Deliverables: Foreclosure files review procedures, sample methodology, and procedures with respect to work product developed by others.

Stage II: Foreclosure File Testing

Purpose: The objective of Stage II is the execution of the foreclosure file testing procedures detailed in Appendix E. Based on our current understanding, we anticipate deploying at least four (4) File Testing Teams ("FTT"). Team size and structure will vary based on the sample population sizes and specific procedures to be performed. See Team Structure and Staffing for breakout of teams and responsibilities.

Each FTT consists of a team leader (manager or senior manager), supported by multiple file analysts and a subject matter specialist(s). The teams will be supported with technology, data, and industry specialist(s). The FTT leader will manage the workflow, status reporting, issue resolution, and overall productivity of team members. Reporting requirements include:

- File procedure status
- Progress against project plan
- Open issues
- Items for remediation

The file analysts ("Analysts") will be assigned a file workload to execute against the procedures in Appendix E. The Analysts will conduct necessary research and will obtain additional information as necessary for each to form a sufficient basis of conclusion. Finally, the Analysts will recommend a file for further review, for possible remediation activity or closure by the Company. Throughout the process, the Analysts will document the research, recommendations, and basis for the conclusions. If the Analyst recommends a case for further review or for possible remediation activity, it will be documented and reported to engagement leadership. The foregoing activities will be based on direction from Independent Counsel where appropriate. Finally, D&T will provide a quality assurance analyst to conduct a secondary assessment of files completed by the Analysts in accordance with the foreclosure file testing methodologies.

Foreclosure file review will be divided into two segments: issue identification and issue resolution.

Issue identification will consist of execution of the file testing procedures and identification of potential exceptions based on the expected result of each step of the review procedures. The file analyst will document his or her findings and then refer the file to the team manager and/or subject matter specialist for issue resolution.

With respect to issue resolution, Company management will be sought for clarification as issues arise. Identification as to the nature of the issue, further steps, and explanatory documentation, if any, will be discussed with the Company, with final conclusion performed by the manager/subject matter specialist. Should the file require further action, it will be referred for the Company's consideration in its remediation plan.

Expected Duration: Not to exceed 348 days (September 1, 2012) from engagement letter approval for loans to be assessed based upon application of statistical sampling procedures or required 100% review; not to exceed 439 days (December 1, 2012) from Engagement letter approval for loans reviewed pursuant to borrower outreach program.

Stage III: Reporting

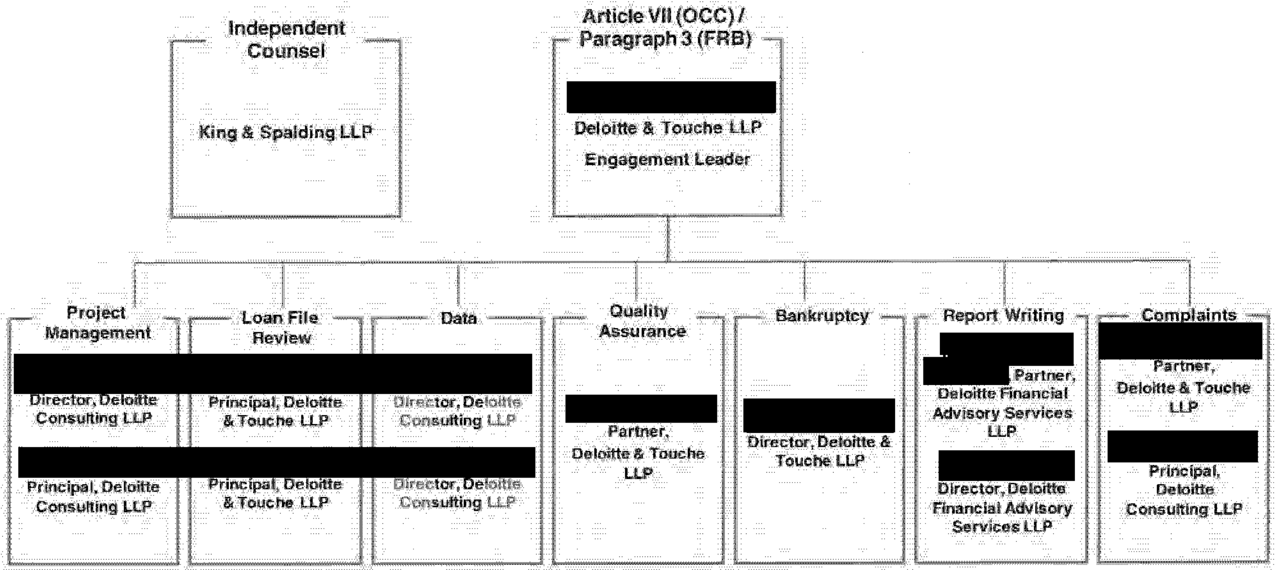
Purpose: The objective of Stage III is the review, approval, and issuance of the results of the foreclosure file testing. Upon completion of the foreclosure file testing, a written report will be submitted by the Company to the OCC detailing the process, testing methodology followed, and results of the Services. Prior to finalizing the report, D&T will present a draft of the report to key Company stakeholders.

Deliverables: Final report.

Expected Delivery Date: Not to exceed 377 days (September 30, 2012) from engagement letter approval for loans assessed using statistical sampling procedures or required 100% review; not to exceed 469 days (December 31, 2012) from engagement letter approval for loans reviewed pursuant to borrower outreach program.

Team Structure

Our Engagement team structure for the performance of the Services is outlined below:



[redacted] as the Engagement Leader, will be responsible for overall delivery of this project. [redacted] will coordinate all necessary subject matter specialists, staffing, and other resources to deliver the project to your satisfaction.

Our leadership team and key team members have access to the breadth of D&T's experience and will bring the necessary resources to bear to provide you with the right team. In addition [redacted] Lead Client Service Partner, JPMC, will be responsible for your overall client service experience. (Biographies included, Appendix J). Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP, and other affiliates of D&T will be performing Services as subcontractors to D&T.

Resource Plan

Estimation of hours for Foreclosure Review

Category	Population	Review Coverage	File Review Size (Low)	File Review Size (High)	Hours per File	Total Hours (Low)	Total Hours (High)	Assumptions
Statistical Sample	880K	Stratified sample	15,000	15,000	10-15	[redacted]	[redacted]	
Bankruptcy	150K	Approximates 100%	30,000	75,000	4	[redacted]	[redacted]	• Low assumes 20% of population loan file reviewed • High assumes 50% of population loan file reviewed
Complaints						[redacted]	[redacted]	
• State & Federal referrals	15K	100%	10,500	14,500	10-15	[redacted]	[redacted]	• Low assumes 70% review, high assumes 95% review, with remainder covered within base
• Borrower Outreach	-	100%	60,000	80,000	0.5 qualify 10 review	[redacted]	[redacted]	• 10% response rate from borrower outreach • 0.5 hour qualify of all responses
• Remainder	20K	Stratified sample	1,000	1,000	10-15	[redacted]	[redacted]	
Quality Assurance, Data & Program Mgmt						[redacted]	[redacted]	
Total Hours						[redacted]	[redacted]	

Staffing assumptions for Foreclosure Review

	Low Estimate		High Estimate	
Level	**Total number of staff**	**Hours**	**Total number of staff**	**Hours**
Partner/Principal/ Director	11	[redacted]	11	[redacted]
Manager	117	[redacted]	183	[redacted]
Consultant	480	[redacted]	730	[redacted]
Total	**608**	[redacted]	**924**	[redacted]

Appendix B: Assumptions and Definitions

Overall Assumptions and Definitions

Note: We have relied on Independent Counsel for all matters requiring legal interpretation.

"Foreclosure"	The "residential foreclosure actions and proceedings" covered within the scope of the Foreclosure Review are defined as including those actions or proceedings beginning at the time of the first legal action subsequent to maturity or acceleration of a mortgage loan regarding foreclosure that relates to the borrower and ending at the transfer of title. For judicial foreclosure states, we define "first legal action" as the filing of the complaint, the petition or other similar document as designated in the state law matrix provided by Independent Counsel. For non-judicial foreclosure states, we define "first legal action" as the filing, mailing, recording, or publishing of the notice of foreclosure or other similar document as designated in the state law matrix provided by Independent Counsel of the notice of foreclosure. The Foreclosure Review does not include the review and testing of any requirements regarding notice to third parties or state agencies, or requirements regarding real estate owned properties, and also does not include actions such as evictions.
"State law"	References in the Consent Order to "state law" (including "applicable" or "relevant" state law) are defined as state-level foreclosure laws only and do not include local laws, local regulations (such as county- or municipality-specific regulations), or standing court orders. The same standard is applied to the references to "state and federal law" in Article VII(3)(b),Article VII(3)(e) and Article VII(3)(f). We assume that the loan documents are in compliance with state and federal law and that the servicer and the mortgagee complied with the loan documents. The Foreclosure Review, however, will test whether the servicer complied with applicable and state-law foreclosure requirements. We assume that summaries of applicable and testable state law foreclosure requirements provided by Independent Counsel are accurate. We will review the requirements of affidavits and acknowledgements, including the dates of execution and notarization, in connection with the state law matrix

"Financial injury — borrowers"	We assume that no financial injury, other than potentially improper fees or penalties (aggregating more than $99.00) that are paid but impermissible and interest that is paid but impermissible under the SCRA, has occurred if a wrongful foreclosure sale did not occur. Potential financial injury that could result from a wrongful foreclosure includes only rescission, lost equity, fees or penalties (aggregating more than $99.00) that are paid but impermissible, and interest that is paid but impermissible under the SCRA. Impermissible fees and penalties are limited to those that were assessed by the Company. Financial injury is discussed further below as it relates to each sub-article in Article VII(3) but is subject to the OCC's guidance issued on 8/29/2011 and as may be amended from time to time.
"Financial injury — mortgagee/ investor"	In determining whether there has been a financial injury to the mortgagee under clause VII(3)(h), we assume that the Company as servicer would be in breach of its obligations to the mortgagee if an error, misrepresentation, or other deficiency is identified under clauses VII(3)(a) to (g) in connection with a mortgage loan. We also assume that the financial injury to the mortgagee - that is, the monetary harm to the mortgagee or owner directly caused by such a breach - (1) would include fees that were recovered by the Company from the mortgagee and that exceed the allowable amounts specified in the applicable contract fee schedule and (2) otherwise would be determined by the Company and the mortgagee or owner under the applicable contract. Financial injury is discussed further below as it relates to each sub article in Article VII(3) but is subject to the OCC's guidance issued on 8/29/2011 and as may be amended from time to time.
"Residential foreclosure actions or proceedings (including foreclosures that were in process or completed) . . . pending at any time from January 1, 2009 to December 31, 2010"	"Residential foreclosure actions or proceedings" are limited to foreclosure proceedings initiated or completed on owner-occupied, 1-4 family dwellings (including individual condominium dwelling units and individual cooperative housing units). "Residential foreclosure actions or proceedings" do not include foreclosure proceedings related to houseboats, motor homes, and trailer homes. For loans that were in foreclosure proceedings that were pending as of January 1, 2009, the Foreclosure Review will extend to the initiation of the foreclosure proceeding. For loans that were in foreclosure proceedings that were pending as of December 31, 2010, the Foreclosure Review will extend to the earlier of March 31, 2011, or the transfer of title for the foreclosure proceeding. If a loan was involved in an earlier foreclosure proceeding that had been completed or terminated prior to January 1, 2009, the earlier foreclosure proceeding will not be subject to review. If a loan was involved in a subsequent foreclosure proceeding that had not been initiated or was not pending prior to January 1, 2011, the subsequent foreclosure proceeding will not be subject to review.

State law assumptions and exclusions[1]	**General Assumptions** 1. If there is evidence in a loan file that a notice of sale was published in a newspaper, we assume that such notice was published in the correct newspaper. 2. For judicial foreclosure states, if there is evidence of an order or judgment allowing a foreclosure sale, we assume ; • that the contents of the complaint were sufficient and that service was proper. • that summary judgment and default judgment requirements were satisfied. • that an affidavit attached to a complaint or motion was executed on the date of execution in the affidavit and was notarized on the date of notarization in the affidavit. 3. If there is evidence of a foreclosure sale, we assume the location of the sale held by the trustee or sheriff was correct based on the address of the foreclosed property. **General Exclusions** 1. Our review will exclude requirements imposed by local laws, local regulations (such as county- or municipality-specific regulations), or standing court orders. 2. Our review will exclude requirements regarding the physical posting of documents. 3. Our review will exclude requirements regarding notice to third parties. 4. Our review will exclude content requirements regarding oral communication to the borrower. 5. Our review will exclude requirements imposed on third parties. 6. Our review will exclude requirements regarding the size, style, and type of font and/or specified envelopes used for delivery. 7. In conducting our review of compliance with applicable state law, we will exclude state law requirements regarding military service members that are identical to or less onerous than the requirements imposed by SCRA. 8. Our review will exclude mediation requirements not set forth in state statutes but mandated by local judges. 9. Our review will exclude requirements regarding post-foreclosure rescission procedures and distribution of foreclosure sale proceeds.

[1] Independent Counsel has listed assumptions and exclusions that are generally applicable. The review will also incorporate certain state-specific assumptions and exclusions.

Article	Definitions and Assumptions
VII(3)(a)	If the Company is the foreclosing party and if the owner of the note and mortgage is an affiliate of the Company, a securitization vehicle (including a trustee), a government agency, or a government-sponsored enterprise, we assume that the Company as agent or attorney in fact was authorized to bring the foreclosure action on behalf of the owner.
VII(3)(b)	We assume that the U.S. Bankruptcy Code and the SCRA are the only applicable federal laws that apply to the Foreclosure Review. <u>SCRA</u>: The following assumptions apply to the scope of the SCRA component of the review under Article VII(3)(b) of the Consent Order: 1. A servicemember's period of active duty is measured from SCRA eligibility start date to nine months after SCRA eligibility end date. 2. Judgment and sale are the only triggers for determining whether the foreclosure a violation. However, our review will also ascertain that First Legal occurred during the foreclosure protection period. 3. The provisions of the SCRA that relate to credit reporting restrictions are not within the scope of the Foreclosure Review, because they are not part of the foreclosure process. <u>Bankruptcy</u>: The following assumptions apply to the scope of the bankruptcy component of the review under Article VII(3)(b): 1. To determine whether a foreclosure was in accordance with the U.S. Bankruptcy Code, we will only review for violations of the automatic stay and violations of the discharge order. We will not perform document-level testing on the accuracy of facts alleged in or amounts reflected in or on bankruptcy filings, including proofs of claim. 2. If there is no foreclosure activity within 90 days after the entry of the discharge order in a chapter 13 case, we will assume that there is no violation of the discharge order. 3. We will not review for violations of the discharge order in cases under chapter 7 because (a) without more, a discharge does not impact a lender's liens on property of the borrower or of the estate or its right to foreclose on that property and (b) a lender would have to seek to impose personal liability on a borrower/debtor (such as by pursuing a deficiency judgment) to implicate the discharge. 4. For the purposes of determining whether the automatic stay in bankruptcy was violated, we will not consider any servicer activity that takes place prior to First Legal Action.

Article	Definitions and Assumptions
VII(3)(c)	"Under consideration" are those loans for which a loss mitigation template was opened or those loans for which at least one document reflecting a request for a loan modification or other loss mitigation request was received by the Company. We assume that if no payment was received from the borrower in the 120 days prior to the foreclosure sale, then the loan was not performing in accordance with a trial or permanent modification. We assume that a loan was in default for a sufficient period of time to authorize foreclosure if the loan remained in default for at least thirty (30) days after the last payment date with no receipt of payment from the borrower.
VII(3)(d)	For loans that are included in the Company's database, the "Payment Due Date" field is the most conservative measure for determining the default period because it represents the payment due from the last installment payment. "Amounts due" is to be measured as of the time of the notice of foreclosure sale. Our review of the calculation of "amounts due" will consider only the amount of principal and interest.
VII(3)(e) and (f)	We assume that if a fee or penalty is permissible under state law or FNMA guidelines, then the fee is reasonable and customary and is not excessive. The term "reasonable and customary" means the Company may only assess a fee for services actually rendered, and may only assess a fee or collect a monetary penalty that does not exceed the lesser of (a) any fee limitation or allowable amount for service under applicable state or federal law; (b) any published, pre-established fee limitation or allowable amount for the service under the guidelines for the applicable government-sponsored enterprise investing in the loan or the government agency insuring the loan; and (c) the market rate for the service. We assume that a service was actually rendered if the Company received an invoice for the service. We assume that all fees and penalties were assessed in accordance with the applicable loan documents If the loan was part of a foreclosure action or proceeding that was pending from January 1, 2009 to December 31, 2010, then all of the fees within the scope of Article VII(3)(e) and (f) related to that foreclosure action or proceeding are included in the review, regardless of whether they were charged before or after the two-year timeframe. If multiple foreclosure actions or proceedings occurred during the life of the loan, we exclude those actions or proceedings that were cured or completed or otherwise terminated prior to January 1, 2009.
VII(3)(g)	We assume that the models utilized by the Company to (1) calculate DTI,(2) perform the Standard Modification Waterfall,(3) determine the NPV and (4) decision loans including applicable spreadsheets and systems, produce outputs consistent with those of the MHA Base NPV Model. We also assume that MHA-C provided the necessary clearance to the servicer to commence use of the models. In such cases, we will not test the models.

Article	Definitions and Assumptions
VII(3)(g) (contd.)	We assume that servicer timely provided all relevant documents necessary to process borrowers' HAMP applications, notify borrowers' of modification decision and all notices acknowledging receipt of information and requests for additional information and informational notices. We assume that the data provided by the Company required to calculate housing debt, perform the Standard Modification Waterfall and determine NPV, including, but not limited to, escrow shortages, advances and payments, credit scores, property valuations, investor information and data contained in MSP, is accurate.

Appendix C: Borrower Outreach Process for Claims and Complaints

Purpose: The objective of the borrower outreach program for claims and complaints is to provide borrowers with a fair opportunity to file claims or complaints due to errors, misrepresentations, or other deficiencies associated with foreclosures initiated or completed during the review period.

Scope: While the borrower outreach channel will log and acknowledge all complaints, the Foreclosure Review itself will focus on complaints received from borrowers who believe they were financially harmed during calendar years 2009–2010. Such complaints could also include complaints that either arose from or have evolved into litigation. For all in-scope complaints received through the borrower outreach program, the Foreclosure Review will be conducted for the specific complaint raised by the borrower. In cases where the borrower raises a more generalized complaint, a review will be conducted for all provisions mandated by the Consent Order.

Process: The borrower outreach process will be distinct and separate from the Company's existing customer service channel. All relevant complaints received through this process, from its launch to the cut-off date, will be subjected to the Foreclosure Review. The launch date is scheduled to be approximately September 30, 2011. The Company will be responsible for all borrower interactions; notwithstanding this, however, the Company intends to outsource borrower outreach and intake of complaints to a third party ("Claim Intake Firm"). All associated fees and expenses related to the third party outsourcing firm will be borne by the Company.

To achieve the objectives listed above, the borrower outreach program will have three major elements: *Borrower Communication, Complaints Receipt and Processing, and Review of Claims and Complaints.*

1. **Borrower Communication** (all activities to be performed by the third party Claim Intake Firm):

   - **Outreach and Notification to Potentially Affected Borrowers:** The Company, using the services of a third party Claim Intake Firm will notify potentially affected borrowers about the claims process through three types of outreach: direct mail, advertisements, and outreach to neighborhood and not-for-profit groups.

     The draft advertisement, borrower letter, and complaints forms have been attached at the end of this Appendix. This draft represents the output of the coordination across all servicers operating under consent orders.

     – Direct Mail

       - Send mail notifications to borrowers engaged in the foreclosure process from the period of January 1, 2009 through December 31, 2010.
       - Employ skip tracing methods to confirm address where mail has been returned.

     – Advertisements

       - Advertise in national or local newspapers or prominent publications, taking into consideration geographical concentration of relevant borrowers.

     – Outreach to Neighborhood and Not-for-Profit Groups

- Consider using neighborhood and not-for-profit groups to buttress the outreach program. Using a combination of consumer groups and umbrella organizations, the Company is looking to target the geographic distribution represented in the Foreclosure Review population.

- **Return Mail:** The Company anticipates that some direct mail (especially those mailings to borrowers whose loans have gone to sale, whether through foreclosure or short sale, etc.) could be returned if the borrower's mailing address was the same as that of the foreclosed property. Therefore, a clearly defined process will be put in place to effectively handle returned mail and attempt to trace the borrower's current address.

  Return Mail Process (to be performed by the third party Claim Intake Firm)

  - The details will include:
    - A dedicated P.O. Box for receiving returned mail.
    - Skip tracing methods or other effective means such as checking against the National Change of Address ("NCOA") database, to identify the borrower's current address.
    - Second attempt to contact the borrower where mail has been returned. This will be performed after skip tracing.

  The key objective is to make sure that all reasonable attempts are made by the Company, using the services of the third party Claim Intake Firm, to contact the borrower and allow an opportunity to file a claim or complaint.

- **Communication Content:** The content of the communication to the borrowers will be designed to elicit relevant information including, but not limited to, the following:
  - Program information: Provides the borrower an overview of the program and supporting rationale; describes the target audience, eligibility, and applicable disclosures and disclaimers.
  - Required information: Explains what information is required from borrowers to help the Company effectively research the borrower's complaint. For direct mail and online channels, this will include a structured form to gather necessary information from borrowers with an option for borrowers to attach other relevant documents.
  - Contact information: Explains the different channels available for borrowers to contact Claim Intake Firm and the time when these channels are open.

A draft copy of the direct mail letter and claim form can be found at the end of this section.

2. **Complaints Receipt and Processing:** The borrower can submit claims/complaints through two channels:

   - Direct mail: A dedicated P.O. Box to receive mailed responses from borrowers.
   - Online: A dedicated program website where borrowers can submit a claim online.

   The dedicated website (www.IndependentForeclosureReview.com), with an independent Internet landing page, will also present borrowers with relevant background and process information.

   Additionally, a dedicated toll free number for borrowers with claims will be established to answer any questions that borrower may have in completing the form or in understanding eligibility requirements.

   A consistent set of processes will be adopted for complaint handling and processing, including intake form, document and storage, analysis process, forwarding/transfer process, and the follow-up.

- **Intake Form:** The form will provide a pre-determined set of questions to be answered and attested to by the borrower, including but not limited to:
  - Current contact information
  - Eligibility determination questions
  - Specific nature of issue
- **Documentation and Storage:** All complaints will be documented and stored in a database that will be archived per the Company's existing policies, and an acknowledgement will be provided to the borrower.
- **Analysis Process:** D&T will analyze the complaints forwarded by the Company to determine if they are foreclosure related and within the target timeframe. If the complaints are regarding residential mortgage foreclosure actions initiated, pending, or completed in 2009 or 2010, then D&T will test for the specific complaint or test for all provisions where the complaint is more generalized.
- **Forwarding/Transfer Process within the Company:** If the nature of the inquiry does not pertain to mortgages/foreclosures or is clearly not a complaint (e.g., inquiry), such contact will be handled by the Company's existing service channel.
- **Follow-up Process:** Based upon the review of the complaint or otherwise, there could be instances where a follow-up with the borrower is needed. As such, the Company will conduct the appropriate follow-up.

Effective receipt and handling of complaints will also necessitate the third-party Claim Intake Firm to execute program-specific training and scripting approved by the Company, and to develop technology configuration, among other elements.

- **Training and Scripting:** Adequate training will need to be developed for the call center agents to effectively handle and document complaints, including:
  - Key information to be collected
  - Information on forwarding/transferring the contact to the normal customer service processes
  - Relevant foreclosure complaint scripts, frequently-asked-questions (FAQ) documents, and other materials
- **Technology Configuration:** The infrastructure to support the handling of complaints and other appropriate tools will need to be configured. This includes:
  - Configuration of call center technology (where required) to meet process requirements
  - Development of a web form for complaints intake
  - Development of a database to document complaints received

3. **Review Claims and Complaints:** The Foreclosure Review will be conducted so as to analyze and resolve the specific complaint raised by the borrower. In cases where the borrower submits a more generalized complaint, a review for all provisions mandated by Article VII (OCC) and paragraph 3 (FRB) of the Consent Order will be conducted (detailed in Appendix E: Procedures). The Foreclosure Review will be subject to the process described in Appendix F: Quality Assurance Process.

Roles and Responsibilities: All outreach efforts (direct mail, online, and call center support) and claim intake efforts (receipt and logging of claims) will be handled by the third party Claim Intake Firm under the direction of the Company. The Company, on receipt of all complaints from the Claim Intake Firm, will initially determine whether the complaints are in-scope or out-of-scope and will assign priorities to each complaint (e.g. imminent-sale-related complaints marked as the first group of complaints to be reviewed.)

The Company will then forward all complaints (including out-of-scope) to D&T, along with relevant documents and findings related to the complaint. Additionally, the Company may be asked to clarify or confirm facts and disclose reasons for events that occurred related to the foreclosure process. This may require the Company to reach back to the borrower to obtain additional information or documentation. D&T will, on a sample basis, review complaints considered out-of-scope by the Company to determine whether the Company's assessment was appropriate.

D&T will perform an independent review of all complaints deemed in scope by the Company. Separately, the Company will also conduct its own review. D&T may consider the results of the Company's review in preparing its findings. Upon completion of D&T's review of the individual complaint, D&T will present its findings to the Company and, based on its findings, will make recommendations or observations for the Company's consideration. The Company will consider D&T's observations and/or recommendations in preparing its remediation plan. The final remediation responsibility rests with the Company.

The borrower outreach process may be amended from time-to-time based on guidance from the OCC or due to changes arising from cooperation on review process among all servicers operating under the consent orders.

Complaints Prioritization: All complaints received through the intake channel will be analyzed by Company to determine if they meet the eligibility criteria for review and to prioritize the eligible complaints before they go into the review process. Specifically, eligible complaints will be prioritized for loan file review by:

- Borrower with a possibility of imminent sale
- Complaint received through a state or federal agency
- Rest of complaints

Quality Control: Structured quality control methods will be used by the Company to monitor and track the accessibility and accuracy of the complaints process. These methods include establishing an ongoing governance process as well as monitoring performance through a set of specific quality checks and measures.

The governance process will include daily monitoring by the Company of quality and operational reports from the third party Claim Intake Firm, remote monitoring of calls on a periodic basis, select review of data entry accuracy, as well as periodic visits to the vendor complaint processing site(s) to perform spot checks for process adherence and review records for completeness.

Additionally, the third-party Claim Intake Firm will use its standard quality and performance management processes to appropriately staff and manage individual agent performance to meet quality measures.

The specific quality checks by channel are listed in the table below:

Channel	Quality Check
Mail	• Periodic review of complaint records for completeness and accuracy
Phone	• Agent performance evaluation by supervisors and/or quality coaches of the third party firm (agent quality scorecard will include data accuracy and completeness criteria) • Review of call center service-level metrics • Periodic monitoring of live and recorded calls
Online	• Define high threshold for program website's uptime • Design online form to only accept forms that have the mandatory fields filled out

Complaints Metrics and Reporting: Metrics will include the following operational and quality measures:

	Complaints Processing Status Month of [Month] 1, 2011 to [Month] 30, 2011		
	Metric	**Value**	**Comments**
A	Total complaints acknowledged		
B	Total in-scope complaints (C + D + E)		
C	Review not started		
D	Review in process		
E	Review completed		
F	Average age of in-scope complaints		
G	Number of complaints requiring remediation		
H	Number of complaints – remediation complete		
I	Total out-of-scope complaints		

Table Definitions:

- Total complaints acknowledged: Borrower notified that complaint was received and has provided complaint number

- Total in-scope complaints: Processing status for complaints determined "in-scope." Processing status dispositions for in-scope complaints are:
  - "Review not started": Complaint is determined in-scope, but analysis has not started
  - "Review in process": Complaint is undergoing review
  - "Review completed": Complaint review completed
  - "Average age of in-scope complaints": Average aging of complaints that are under review
  - "Number of complaints requiring remediation": Number of complaints, once review is completed, that require remediation action
  - "Number of complaints – remediation complete": Number of complaints, where remediation is required, with remediation action taken
- Total out-of-scope complaints: Processing status/reason for complaints determined "out-of-scope"

Comments section will be included on the reports if/as required to explain key data trends, anomalies, etc.

The services of a third party Claim Intake Firm, in addition to leveraging Company's infrastructure, will be utilized to meet the objectives listed above.

Duration: Company is targeting a start date for the outreach of September 30, 2011 with an expected completion of loan review by December 01, 2012.

Independent Foreclosure Review

Homeowners who were part of a foreclosure action between January 1, 2009 and December 31, 2010 may be eligible for an Independent Foreclosure Review.

Si usted habla español, tenemos representantes que pueden asistirle en su idioma.

The Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency (federal bank regulators) have required an Independent Foreclosure Review by an independent consultant to identify eligible customers who may have been financially injured due to errors, misrepresentations, or other deficiencies in their foreclosure process. Customers who were financially injured may receive compensation or other remedy.

To qualify for an Independent Foreclosure Review, your loan would need to meet the eligibility requirements. Your home must have been your primary residence and the foreclosure action on your property must have been in process between **January 1, 2009 and December 31, 2010.**

You must have been a customer of one of the mortgage servicers listed below.

America's Servicing Co.	Countrywide	National City
Aurora Loan Services	EMC	PNC
Bank of America	EverBank/EverHome Mortgage Company	Sovereign Bank
Beneficial	GMAC Mortgage	SunTrust Mortgage
Chase	HFC	U.S. Bank
Citibank	HSBC	Wachovia
CitiFinancial	IndyMac Mortgage Services	Washington Mutual
CitiMortgage	Metlife Bank	Wells Fargo

Eligible customers may receive a letter that explains the Independent Foreclosure Review process and a Request for Review Form that identifies some examples of situations that may have led to financial injury. The form must be completed by the eligibility deadline. Customers who do not receive a letter and customers who have previously filed a complaint outside of this review process may also submit a Request for Review Form.

To see the eligibility requirements and complete the Request for Review Form online or by mail, visit IndependentForeclosureReview.com.

If you need help completing the form, want to request a form by mail, or have questions, call 1-XXX-XXX-XXXX
Monday through Friday, X a.m.–X p.m. ET or Saturday, X a.m.–X p.m. ET

Esta información es precisa a la fecha de impresión y está sujeta a cambios sin previo aviso. Tenga en cuenta que el resto de la correspondencia, documentos legales y notas aclaratorias le serán suministrados en inglés. Le recomendamos que obtenga los servicios de un intérprete independiente para que le ayude según sus necesidades. This information is accurate as of date of printing and is subject to change without notice. All other communications, legal documents and disclosures will be provided to you in English. We recommend that you obtain the services of an independent third party interpreter to assist you as needed.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Appendix D: Sampling Methodology

Overall Approach

General: In order to arrive at an effective and statistically valid sample, it is necessary to develop an understanding of the population. Our analysis of loans within the scope of the Foreclosure Review considered the population's size, homogeneity, and similarities/differences in supporting processes and procedures. Additionally, specific focus areas and areas of interest were also evaluated, such as attorneys engaged, geographic distribution of the loans by state, and judicial versus non-judicial state foreclosure requirements. In developing the sample methodology, the following guides were considered:

- Sampling Methodologies,Comptroller's Handbook (August, 1998)
- U.S. Audit Approach Manual, 2010, Deloitte Technical Library
- GAO, Program Evaluation and Methodology Division, Using Statistical Sampling (May, 1992).
- *Sampling Methodologies, Comptroller's Handbook* was utilized as the basis for the sampling methodology.

The goal of the sampling methodology is to confirm that the sample set selected for testing is representative of the characteristics of the total population from which the sample is derived, thus enabling us to produce results that achieve desired levels of confidence and precision. Key activities include:

- Determine the total number of loans at issue and means to locate and enumerate them.
- Define the statistics of interest. Based on our current understanding, we will design the sampling methodology to measure an attribute or binary outcome for each loan, e.g., whether the foreclosure complied with necessary rules or not. The results for each binary test (for each loan) will be aggregated to determine the overall error rate for the specific tested attribute.
- Identify the attributes that distinguish sub-populations of loans for which customized sampling plans will be designed.
- Specify the desired levels of confidence and precision associated with each sample.

Based on the relevant attributes and specified levels of confidence and precision, a set of statistically valid sampling plans covering the relevant sub-populations of loans has been developed. To the extent that the number of loans and procedures vary across sub-populations and attributes, the target sample size will be expanded accordingly so as to achieve the desired levels of confidence and precision.

Objective: Determine the frequency of occurrence for specific criteria related to "certain residential foreclosure actions regarding individual borrowers with respect to the Company's mortgage servicing portfolio. The review shall include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by the Company, whether brought in the name of the Company, the investor, the mortgage note holder, or any agent for the mortgage note holder (including MERS), that have been pending at any time from January 1, 2009 to December 31, 2010, as well as residential foreclosure sales that occurred during this time period."

Specific considerations include:

- Information gleaned from internal reports or reviews that have identified credible evidence of errors, misrepresentations, or other deficiencies, including in the preparation and/or submission of foreclosure documents, that have the potential to cause financial injury
- Granular segmentation of the 2009–2010 foreclosure population, including targeted segmentation
- Review of specific provisions of the Consent Order
- A process for review and treatment of errors, including the likelihood that certain segments would be subject to additional sampling or review of the whole segment
- A process for additional sampling/"deep-dive" reviews that might need to be constructed to identify the maximum numbers of specifically defined errors, misrepresentations and deficiencies as possible within the population segment

Approach: In order to meet the requirement of the Consent Order and additional guidance from the OCC, a statistically valid, numerical sampling procedure will be utilized on the foreclosure populations to determine the frequency of an identified error in the population. Specific criteria and objectives are identified in each review step of the work plan (Appendix E).

Critical Features: Critical features to be analyzed for each item within Article VII of the Consent Order are detailed in the objective and review steps of the work plan (Appendix E).

Error Condition: An error condition will exist when the critical features in each component of the work plan is not met.

Sample Universe

Sample Unit: Mortgage record identifier

Scope: Certain residential foreclosure actions regarding individual borrowers with respect to the Company's mortgage servicing portfolio. The review shall include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by the Company, whether brought in the name of the Company, the investor, the mortgage note holder, or any agent for the mortgage note holder (including MERS), that have been pending at any time from January 1, 2009 to December 31, 2010, as well as residential foreclosure sales that occurred during this time period.

Size: Universe is the total population of residential mortgage loans serviced by the Company and brought in the name of the Company, the investor, the mortgage note holder, or any agent for the mortgage note holder.

Sample Frame: Management is in the process of providing a total record count within the aggregate population for the time period based upon the above defined scope. In providing the sample frame, management will outline and document the procedures performed to identify loans for inclusion. Management will also provide a description of each data element and source, any queries utilized, and perform reconciliation to source documents in advance of delivery. Approximately 880,000 unique records have been identified at this time.

Reconciliation of Sample Frame to Universe: Upon receipt of the aggregate population, we will obtain the information from management with respect to procedures it performed to assemble the population. We will also perform procedures to reconcile the sample universe to applicable source systems or independent financial documents. In addition, we will reconcile each of the above populations and reconcile the complete population. The following procedures will be performed to reconcile the sample frame:

- Obtain the Company's balance sheet, which includes ending balance by total dollars and total loan count for the periods ended December 31, 2008, December 31, 2009, and December 31, 2010.
- For each of the period ends, obtain the portfolio detail that includes portfolio, bank-owned, or third party data.
- Compare the total dollars to audited source documents/financial statements.
- With the portfolio total for each of the above defined year ends, reconcile the total dollars to the Company's [redacted] The [redacted] has been defined by the Company to include the required populations as defined above.
- Reconcile the [redacted] to the aggregate population on a loan-level specific-identification basis.
- For any variances identified, follow up with management to obtain an understanding, along with supporting documentation, to reconcile.

Sampling Approach

- **Initial:** Identification of appropriate population/sub-population.
- **Subsequent:** Random sample systematically generated. Key demographics of sample compared to sample frame to determine whether the sample is representative of the sample frame.

Sampling Reliability Parameters

- **Precision Range:** The width of the desired confidence interval for the universe error rate. For this Engagement a 2% precision has been selected.
- **Reliability/Confidence Level:** The likelihood (or probability) that the universe error rate, estimated by the sample, will be within a specified range about the (point) estimate itself. For this Engagement, a 95% confidence interval has been selected.
- **Reliability Factor:** The reliability factor is derived from a Poisson probability distribution and is an approximation of the probability of finding at least one exception in a sample of selected items at a given reliability level and error rate. A 95% confidence interval results in a 3.0 reliability factor.

Sample Size Determination

- Review step procedures have been designed to achieve a binary result for the critical features, i.e., is the critical feature met, yes or no. The formula utilized to calculate sample size:

$$\mathbf{n = reliability\ factor/precision}$$

- Calculation of n:

$$\mathbf{n = 3.0/0.02 = 150}$$

Sample Selection Method

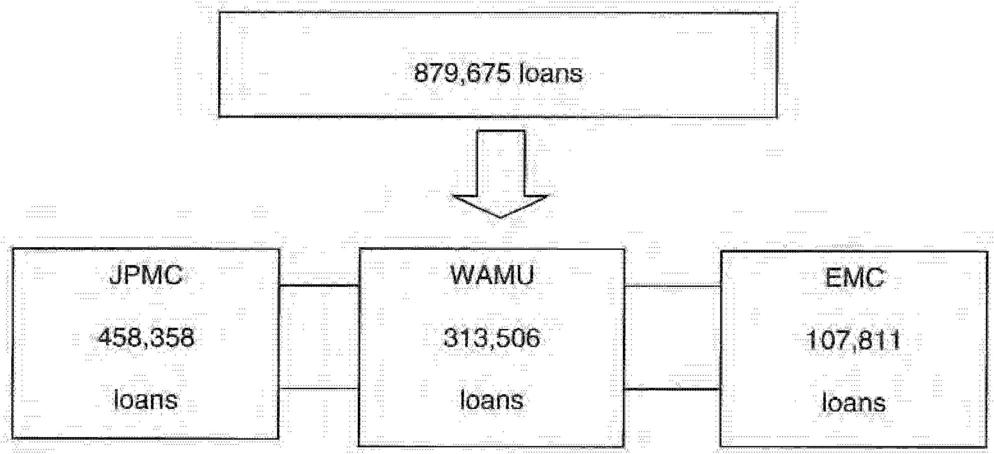
- Sample Selection Criteria:
  - A random sample will be identified by using random numbers against the sample frame to identify the appropriate sample for each article.
  - The audit analytics software [redacted] will be utilized to generate the random sample(s).
  - Identified sample(s) will be compared against appropriate demographics for the sample frame to determine whether the sample(s) selected is representative of the frame. Professional judgment may be utilized to adjust sample such that the selection is representative of the overall population.

- Sample Frame Segmentation: In determining the appropriate segmentation of the sample frame, a series of alternatives were analyzed to determine the most effective approach. In determining the appropriate segmentation, we reviewed internal/external audit reports related to mortgage operations and held discussions with business, legal, and information technology personnel to understand fully the population characteristics and known issues. As a result of these discussions, a sort of the loan records by loan heritage, and then subsequently utilizing the "Foreclosure Attorney Law Firm" data identifier as the primary segmentation, was selected for the following reasons:
  - Ability to precisely identify the error rates related to foreclosure attorney firm
  - Ease of meeting key demographic criteria, such as geographic distribution
  - Ability to expand sample size or conduct a deep dive if actual error rate exceeds the allowable error rate

We have outlined the sample frame segmentation waterfall as follows:

- Loan heritage
- Foreclosure Attorney Law Firm: Attorneys ranked by volume
- Focus areas:
  - Third parties
  - Behavior(s)
  - Demographic(s)
  - Claims and complaints

- **Loan Heritage:** The foreclosure population will be segmented according to loan heritage. This will enable reporting on loans by loan heritage and date.



- **Foreclosure law firm:** Subsequently, loan heritage segmentation will be subdivided by foreclosure attorney law firm, and the firms will be grouped as follows:

	All Heritages		EMC Only		CHASE Only		WaMu Only	
Attorney	Loan Count	% of portfolio	Loan Count	% of portfolio	Loan Count	% of portfolio	Loan Count	% of portfolio
Firm 1	85938	10.37%	5058	5.19%	8011	0.97%	72869	23.69%
Firm 2	46549	5.61%	14177	14.55%	2	0.00%	32370	10.53%
Firm 3	39801	4.80%	5863	6.02%	25394	3.06%	8544	2.78%
Firm 4	34404	4.15%	3357	3.45%	23059	2.78%	7988	2.60%
Firm 5	26969	3.25%	4421	4.54%	6282	0.76%	16266	5.29%
Firm 6	25744	3.11%	512	0.53%	20354	2.45%	4878	1.59%
Firm 7	18152	2.19%	801	0.82%	13570	1.64%	3781	1.23%
Firm 8	18060	2.18%	751	0.77%	9352	1.13%	7957	2.59%
Firm 9	17814	2.15%	829	0.85%	11844	1.43%	5141	1.67%
Firm 10	17554	2.12%	0	0.00%	16994	2.05%	560	0.18%

Within each heritage, the firms will now be ranked by volume of loans, from high to low, and grouped into the following categories:

– Top 33% of firms, by volume: Each of the top 33% of firms, by volume, will be treated as a distinct population; each firm will be individually sampled.

– Remaining firms:

- 10% increments: Of the remaining attorney firms, the firms will be stratified in 10% increments with each increment in aggregate sampled.
- Firms with fewer than 600 loans: If any of these firms have processed fewer than 600 loans, then 2% of the loans processed will be selected, with a minimum of one loan per firm.

For each of the above outlined categories, we have included an example that illustrates the implementation of our sampling methodology by loan heritage, with initial loan count(s) and sample size(s). Please note: In the following example, while the top category of the upper third of firms represents the complete grouping of firms in this category, the remaining categories are illustrative (in order to show methodology) and do not reflect the remainder of the complete population.

EMC

Attorney	EMC Loan Count	Initial Sample	Final Sample	
Firm 2	14177	150	150	Top 1/3 of firms
Firm 3	5863	150	150	
Firm 1	5058	150	150	
Firm 5	4421	150	150	
Firm 48	3773	150	150	
Firm 4	3357	150	54	10% increments
Firm 21	3010		48	
Firm 31	2968		48	
Firm 42	589	12	12	Firms with less than 600 loans
Firm 115	555	11	11	
Firm 161	2	1	1	
Firm 189	2	1	1	

WaMu

Attorney	WAMU Loan Count	Initial Sample	Final Sample	
Firm 1	72869	150	150	Top 1/3 of firms
Firm 2	32370	150	150	
Firm 5	16266	150	70	10% Increments
Firm 12	10067		43	
Firm 3	8544		37	
Firm 116	574	11	11	Firms with less than 600 loans
Firm 10	560	11	11	
Firm 305	2	1	1	
Firm 117	1	1	1	

Attorney	Chase Loan Count	Initial Sample	Final Sample	
Firm 3	25394	150	150	Top 1/3 of firms
Firm 4	23059	150	150	
Firm 6	20354	150	150	
Firm 10	16994	150	150	
Firm 7	13570	150	150	
Firm 11	12951	150	150	
Firm 15	12581	150	150	
Firm 13	12119	150	150	
Firm 9	11844	150	150	
Firm 17	9454	150	150	
Firm 8	9352	150	150	
Firm 22	8382	150	150	
Firm 1	8011	150	150	
Firm 20	7671	150	150	
Firm 14	7562	150	150	
Firm 29	7087	150	150	
Firm 18	6969	150	150	
Firm 21	6896	150	150	
Firm 28	6497	150	150	
Firm 5	6282	150	150	
Firm 27	6268	150	150	
Firm 23	6188	150	150	
Firm 19	6086	150	150	
Firm 24	5668	150	150	
Firm 38	5303	150	150	
Firm 12	5197	150	150	
Firm 16	5009	150	150	
Firm 32	4546	150	9	10% Increments
Firm 44	4255		8	
Firm 26	4148		7	
Firm 39	4041		7	
Firm 45	3768		7	
Firm 49	3635		7	
Firm 52	3564		6	
Firm 30	3493		6	
Firm 36	3438		6	
Firm 56	2862		5	
Firm 58	2786		5	
Firm 57	2718		5	
Firm 63	2630		5	
Firm 61	2625		5	
Firm 60	2533		5	
Firm 66	2337		4	
Firm 67	2305		4	
Firm 25	2201		4	

Firm 128	570	11	11	Firms with less than 600 loans
Firm 31	569	11	11	
Firm 297	2	1	1	
Firm 123	1	1	1	

- **Focus Areas**: The above sample sizes will consequently be adjusted for focus areas, with the adjustments additive to the initial sample selection.
  - Third parties: The sample will be adjusted based on the known issues or significant deficiencies related to the foreclosure firms. The sample selected will be increased to the lesser of 150 loans or the full population for the foreclosure firm or to the full population of the loans handled by the firm. Items for consideration include:
    - Firms identified by the Company as high risk, whether as a result of performance issues, issues raised by Company on site audits, or borrower complaints.
  - Behavior: The sample will be adjusted if any of the below behaviors are associated with a foreclosure firm; the sample selected will be increased to the lesser of 150 loans or to the full loan population for the foreclosure firm. Key behavior indicators include:
    - Rescinded foreclosures: Firms with significant rescission activities or sale reversals.
    - Modifications: As part of our procedures outlined in Appendix E, loans that are defined as "under consideration for a loan modification or other loss mitigation activity" will be tested. As trends are identified, the sample will be increased.
    - Debt cancellation: At this time, conversations with management have not identified debt cancellation contracts as practice. Utilizing the procedures outlined in Appendix E, we will be assessing the compliance and reasonability of debt cancellation practices. If these practices are identified, and the sample will be increased to test accordingly.
    - Fee assessment ("Pyramiding Fees"): At this time, conversations with management have not identified pyramiding of fees as practice. Utilizing the procedures outlined in Appendix E, we will be assessing the compliance and reasonability of fees. If pyramiding of fees is identified, the sample will be increased to test accordingly.

We anticipate that the inclusion of these considerations will increase the sample size by an additional 6,585 loans.

- Demographics: After adjusting the initial sample selection for the areas as described above, the overall sample will be adjusted to reflect the following characteristics:
  - Investor distribution: Will mirror the distribution of investors as found in the total Foreclosure Review population, with a minimum of one loan per investor
  - Foreclosure sale occurrence: Will mirror the occurrence of foreclosure sales as found in the total Foreclosure Review population

– Bankruptcy occurrence: Will mirror the occurrence of bankruptcy as found in the total Foreclosure Review population

– Geographical distribution: Will mirror the distribution of states as found in the total Foreclosure Review population, with a minimum of five loans per state

We anticipate that the consideration of these areas of emphasis will increase the sample size by an additional 2,049 loans.

- Claims and complaints: A random sample of claims and complaints will be selected for those items from the Executive Office and Litigation database, exclusive of state or federal agency referrals or borrower outreach.

Based on the above items the anticipated total sample size is broken down as follows:

	Chase	WaMu	EMC	Total
Initial Attorney Segmentation	2,668	1,508	2,309	6,485
Adjustments:				
Third Party/Behavior	2,262	2,470	1,853	6,585
Investor	104	425	194	723
Foreclosure Sale	70	19	81	170
Bankruptcy	0	0	0	0
Geography	74	949	133	1,156
Total	**5,178**	**5,371**	**4,570**	**15,119**

Sample Evaluation and Expansion of Sample Population

- No exceptions: If no exceptions are found, the desired statistical assurance (reliability level and precision level) has been attained and no further evaluation is required.
- Exceptions noted:

– The exception(s) will be evaluated to determine whether they are a result of inadvertent error or a pattern. Inadvertent exceptions are still exceptions and will not be excluded from sample results. The pattern determination will be utilized to determine whether additional testing is warranted.

– If sample exceptions exist, the initially selected precision limit will be adjusted to apply sampling results to the entire population. Appendicies B and C of the *Sampling Methodologies, Comptroller's Handbook* and a sample evaluation worksheet will be utilized to evaluate the sampling error and necessary increase(s) in sample size. Should the data patterns indicate system issues, we will consider increasing sample size to 100%, if applicable.

– If unable to meet the confidence interval, the entire subset will be surveyed to identify all instances of the error, and either a "deep dive" sampling approach or data driven approach will be developed for each failure to meet the statistical conditions and identify all instance of failure.

Appendix E: Procedures

Foreclosure Review Procedures

The applicable population subjected to the Foreclosure Review includes:

- 100% of bankruptcy cases in process of foreclosure or foreclosed in 2009–2010
- 100% of SCRA cases
- 100% of foreclosure cases referred by state and federal agencies. The source for these cases is the Company's existing customer complaints database including Web-ER and the litigation database
- 100% of claims and complaints submitted pursuant to borrower outreach program described in Appendix C
- Appropriate stratified sampling (described in Appendix D) to account for known deficiencies, complaints/claims look-back and rest of the population

Specifically, the bankruptcy and SCRA population procedures are distinct and have been described in Article VII(3)(b). For the rest of the population, the same provision testing procedures apply.

The procedures will be based on direction from Independent Counsel where appropriate. The procedures are outlined by the paragraphs below:

Article VII(1)	
OCC Reference	The review shall include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by the Bank whether brought in the name of the Bank, the investor, the mortgage note holder, or any agent for the mortgage note holder (including MERS), that have been pending at any time from January 1, 2009, to December 31, 2010, as well as residential foreclosure sales that occurred during this time period ("Foreclosure Review").
Article VII(3)(a)	
OCC Reference	(a) whether at the time the foreclosure action was initiated or the pleading or affidavit filed (including in bankruptcy proceedings and in defending suits brought by borrowers), the foreclosing party or agent of the party had properly documented ownership of the promissory note and mortgage (or deed of trust) under relevant state law, or was otherwise a proper party to the action as a result of agency or similar status;
Approach	The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), select a random sample based on a sample size determined by following the outlined sampling methodology included herein. Trace each selected loan number to the supporting documents within the loan file in order to identify the proper owner of the Note and Mortgage/Deed of Trust. Based on specific criteria from Independent Counsel, confirm that at the time of the foreclosure action, the foreclosing party had properly documented ownership of the Note and Mortgage/Deed of Trust in accordance with such criteria.

Procedures

Objective: Determine whether at the time of the foreclosure action, the foreclosing party had properly documented ownership of the Note and Mortgage/Deed of Trust under relevant state law.

Testing Procedures:

1. Identify holder of a Note indorsed in blank, the named owner of a Note specially indorsed, and/or the named mortgagee in the recorded Mortgage/Deed of Trust or final Assignment contained in the foreclosure file.
2. Obtain the complaint/petition (judicial) or Notice of Default/Notice of Sale (non-judicial) from the foreclosure file.
3. Check the accuracy of the foreclosure filing by determining whether the plaintiff name on the complaint/petition or the lender name on the Notice of Sale match the holder/owner of the Note and the mortgagee in the recorded Mortgage/Deed of Trust or final Assignment. If all of the names match, STOP and go to step 6. If the name of the holder/owner of the Note does not match the name of the plaintiff/lender, STOP and go to step 6. If the name of the holder/owner of the Note matches the name of the plaintiff/lender but the name of the mortgagee does not match the name of the plaintiff/lender, continue to step 4.
4. Determine if applicable state foreclosure law requires assignment(s) of the Mortgage/Deed of Trust to be recorded based on the state law matrix provided by Independent Counsel. If no, STOP and go to step 6. If yes, continue to step 5.
5. Is there documentation to support a chain of Assignment(s) of the Mortgage/Deed of Trust from the originating lender to the plaintiff/lender? If no, STOP and go to step 6. If yes, continue.
   a. Determine if the chain of Assignment(s) was properly recorded by inspecting each Assignment for an appropriate county-recording stamp.
      i. Compare the county-recording stamp date to the date of the complaint/petition or the Notice of Sale. If the county-recording stamp date is prior to the date of the complaint/petition or Notice of Sale, continue to step 5.b. If the county-recording stamp date is after the date of the complaint/petition or Notice of Sale, verify state requirements as listed in the state matrix provided by Independent Counsel and continue to step 5.a.ii.
      ii. If the state requires a recorded Assignment prior to filing of the Complaint/Petition or the Notice of Default, STOP and go to step 6. If not, continue.
   b. Determine if the Assignment(s) from the originating lender to the plaintiff/lender was properly authorized at each point involved in the chain of assignments.
6. Record the results of Steps 1–5.

Article VII(3)(b)	
OCC Reference	(b) whether the foreclosure was in accordance with applicable state and federal law, including, but not limited to, the SCRA and the U.S. Bankruptcy Code, as advised by the Independent Counsel
Approach (SCRA)	SCRA Compliance (Foreclosure Prohibition) Three different populations of loans will be utilized for the testing of this requirement. The first population will consist of a random sampling of loans contained in Company's database created for the purpose of tracking and identifying loans possibly eligible for protection under the Servicemember's Civil Relief Act (the "SCRA Verification Database"). The second population will consist of foreclosures within the SCRA Verification Database that have been identified as protected by SCRA. Finally, the third population, the violations identified by the Company and Morgan, Lewis & Bockius, will be tested for appropriateness of ultimate Company action (sale, judgment, or cessation of foreclosure action). The procedures herein are designed to assess the sufficiency and validate the completeness and the accuracy of the processes performed by the Company in identifying and evaluating borrowers protected under SCRA. Testing procedures include both protection and violations under SCRA. Individual objectives and test steps are designed to identify potential gaps or deficiencies in the process completed by the Company. The SCRA Verification Database is currently utilized by the Company to identify customers within the Home Lending Servicing portfolio for possible SCRA protection. The Company is reviewing the core loan accounting systems, customer comment systems, and imaging systems to identify accounts that are currently eligible for SCRA benefits and accounts that may have been entitled to benefits. Queries across all heritage organizations include: • Core Population: Queries run on the primary loan accounting systems to determine which loans have SCRA start or end dates or Housing and Economic Recovery Act of 2008 ("HERA") end dates. • Cross Line of Business ("LOB") Population: Search of population of accounts where the Social Security Number ("SSN") of an active or inactive SCRA customer from another line of business matched the SSN number of an active Home Lending customer that was not coded or had not been historically coded SCRA. The source of data is current and purged files from Credit Card, Auto, Education, and Business Banking loan accounting systems. Current and purged files back to January 1, 2005, are extracted for this match. • Imaging Systems: Word searches to identify loans that were not identified within the core population but have an SCRA-related document image in the loan file.

Article VII(3)(b)	
Approach (SCRA) (cont.)	• Customer Comments: Population is constructed from specific key word searches that were provided to technology to scan and isolate documented comments that included commonly used SCRA-related words. Company also engaged Morgan, Lewis & Bockius to analyze loans that have been identified through the above search criteria to be SCRA protected and to identify potential violations of SCRA. Upon completion of Morgan, Lewis & Bockius and the Company's procedures, we will obtain an understanding of the process performed to identify borrowers eligible for SCRA protection and who fall within the scope of Article VII.

Procedures

Objective 1: Test reliability and consistency of the SCRA indicator for population identified by the Company and Morgan, Lewis & Bockius.

1. Utilizing the foreclosures within the SCRA Verification Database identified by the Company and Morgan, Lewis & Bockius as violations of SCRA, determine whether the SCRA indicator has been activated on the corresponding loan by reviewing the SCRA screen in MSP.
2. If the SCRA indicator has not been activated, forward to management to obtain explanation. If the SCRA indicator has been activated, continue.
3. Record results of steps 1–2.

Objective 2: Confirm Company's narrowing from possible SCRA eligible files in the SCRA Verification Database to include only mortgages and foreclosures.

1. Select a random sample of the loans contained in the SCRA Verification Database based on a sample size necessary to achieve a statistically valid and representative sample. Utilizing this sample, identify both those loans coded as having a mortgage and evidence of foreclosure activity and those loans coded as not having a mortgage or evidence of foreclosure activity.
2. To identify if the loan is a mortgage, source documents will need to be identified such as Note, Mortgage, or Deed of Trust. If the loan is determined not to be a mortgage, record results and STOP.
3. If the loan in step 2 is identified as a mortgage, then verify that the loan is coded as a foreclosure within the SCRA Verification Database and reconcile to foreclosure indicators and documentation within relevant loan servicing programs.
4. Record results of steps 1–4.

Objective 3: Manually test to identify if there was a foreclosure judgment or sale in violation of SCRA.

1. Identify if the loan is eligible for SCRA by obtaining the SCRA start dates and end dates and HERA dates in the MSP database and verify them against source documents (Sailor Soldier Docs, military orders, and correspondence, etc.) located in relevant loan servicing programs and manually reconcile. If the dates do not reconcile, then rely on the manually calculated date for steps 2–4. If they do reconcile, continue.

Procedures (cont.)

2. Obtain the foreclosure sale date and/or judgment date for all the loans described identified by utilizing documents within the foreclosure file. The date of the foreclosure sale can be established by reviewing the Notice of Sale, the Publication of Sale, the Confirmation of Sale, and/or the recorded Deed after sale (if post-sale documents and pre-sale documents differ as to sale date, post-sale documents take precedence). The date of the judgment can be established by reviewing a file stamped copy of Judgment.
3. Test if judgment or foreclosure sale date occurred before HERA end date. If the date of the judgment or the date of the foreclosure sale occurred before the HERA end date, then a violation occurred and will be compared to the loans identified by outside counsel and undergoing remediation. If the date of the judgment or foreclosure sale is after the HERA end date, then no violation occurred; continue to step 4.
4. Record results of steps 1–3.

Objective 4: Manually test to identify if there were any steps in the foreclosure process taken (other than a sale or judgment).

1. Identify if the loan is eligible for SCRA by obtaining the SCRA start dates and end dates and HERA dates in the [redacted] and verify them against source documents (Sailor Soldier Docs, military orders, and correspondence, etc.) located in relevant loan servicing programs. Any loans identified in the previous Objective will be excluded from this procedure. If the dates do not reconcile, rely on the manually calculated date for steps 2–4. If they do reconcile, continue.
2. Search for any other document related to a foreclosure (other than a foreclosure sale or judgment), such as a foreclosure referral or first legal action date, and check that the SCRA indicator was activated. Use documents within the foreclosure file to identify if a foreclosure process was initiated.
3. If any foreclosure documentation is found (other than a foreclosure sale or judgment), test if the date of the applicable foreclosure step occurred before HERA date. If the date of the foreclosure step occurred before the HERA date, then the loan was referred to foreclosure incorrectly. If the date of the foreclosure step is after the HERA date, then no incorrect referral occurred; continue to step 4.
4. Record results of steps 1–3.

Objective 5: Assess the completeness of the SCRA database for inclusion within the overall population.

The SCRA Verification Database will be queried via a data analytic method to determine whether any actions occurred and will test for:

- Foreclosure Referral
- First Legal Action
- Judgment
- Foreclosure Sale

If any loans within the SCRA database meet the criteria above, we will investigate and follow up with management to obtain explanations.

Article VII(3)(b)	
OCC Reference	(b) whether the foreclosure was in accordance with the applicable state and federal law, including but not limited to, SCRA and the U.S. Bankruptcy Code;
Approach (SCRA)	SCRA Compliance (Interest Limitation) SCRA places a cap of six percent on obligations that were incurred by a service member, or the servicemember and the servicemember's spouse jointly, before the servicemember entered military service. In addition, it calls for the forgiveness of interest in excess of six percent. The period of protection under SCRA begins as of the date on which the servicemember is called to military service. In order for the interest cap protection to apply, the servicemember must first provide to the Company written notice and a copy of the military orders calling the servicemember to military service and any orders further extending military service. SCRA, as amended by the Housing and Economic Recovery Act of 2008 ("HERA"), provides that the interest cap shall apply for one year after the period of military service has concluded. The total population of loans for this requirement includes all loans identified in Article VII(3)(b) where the borrower has provided notice of military service as provided under SCRA (the "SCRA Population"). Once identified, the SCRA Population will be reviewed using manual testing procedures to determine whether interest (as defined in SCRA) was charged over the six percent annual limitation.

Procedures

Objective 6: Determine whether the borrower was eligible for the six percent interest limitation imposed under SCRA.

1. Utilizing the bank's document retention systems verify whether the borrower submitted notice and a copy of the military orders calling the borrower to military service pursuant to SCRA. If notice and a copy of the military orders are present, continue to next step. If not, STOP and report findings.
2. Determine whether the borrower's obligation was incurred before the borrower/servicemember entered military service by reviewing a fully executed copy of the Note. If the Note predates the borrower/servicemember's date of entry into military service, continue. If the date of the Note occurred during the borrower/servicemember's period of military service, STOP and report findings.

Objective 7: Determine whether the borrower/servicemember was charged interest in excess of the six percent limitation imposed under SCRA

1. Utilizing the bank's loan servicing systems, determine the aggregate amount of interest, service charges, renewal charges, fees, or any other charges (except bona fide insurance) charged to the borrower/servicemember beginning on the date the borrower/servicemember entered military service and ending one year after the date the borrower concluded military service (the "Protection Period").
2. Determine whether the borrower/servicemember was charged in excess of six percent interest in any consecutive twelve-month period during the borrower/servicemember's Protection Period. If the borrower/servicemember was charged in excess of six percent interest in any consecutive twelve-month period during the Protection Period, forward to management to obtain explanation. If the borrower/servicemember was not charged in excess of six percent interest in any consecutive twelve-month period during the Protection Period, record results.

Article VII(3)(b)	
Approach (Bankruptcy)	Bankruptcy (BK) Compliance Bankruptcy law prohibits foreclosure-related activity against property that is protected by automatic stay. Bankruptcy law also prohibits foreclosure-related activity on account of a debt that has been discharged. The total population of loans for this requirement includes all loans identified in Article VII (1) that have had any bankruptcy activity (the "Bankruptcy Population"). The Bankruptcy Population will first be queried via a data analytic method using data within the Company's loan servicing systems to determine whether any foreclosure activity occurred during the Bankruptcy Period (as defined below). For the loans that do not have enough information within the loan servicing system to properly test using the data analytic method, a manual file review process will be performed. The goal of both methods is to ensure no foreclosure activity occurred during the applicable Bankruptcy Period.

Procedures

Objective: Determine whether any of the following foreclosure events occurred or were filed/issued in violation of a discharge order or while the borrower was in bankruptcy (as captured in the state matrix):

- First legal action
- Judgment
- Publication of sale
- Foreclosure sale (recorded deed, crying of the sale, confirmation of sale, etc.)

Bankruptcy Period:

1. For a bankruptcy case under Chapter 7 of the Bankruptcy Code, the "Bankruptcy Period" will commence upon the filing of the petition for relief under Chapter 7 and will end on the earliest of the entry of an order (a) dismissing the case, (b) granting a motion for relief from the automatic stay, (c) discharging the debtor with abandonment of the property, or (d) closing the case.
2. For a bankruptcy case under Chapter 11 of the Bankruptcy Code, the "Bankruptcy Period" will commence upon the filing of the petition for relief under Chapter 11 and will end on the earliest of the entry of an order (a) dismissing the case, (b) granting a motion for relief from the automatic stay, or (c) closing the case. However, for those borrowers that confirm a plan and receive a discharge under Section 1141(d)(1)(A) of the Bankruptcy Code, in the absence of a prior order granting relief from stay or entry of a stay of the order confirming the plan, the "Bankruptcy Period" will end on the "effective date" specified in the confirmed plan or, in the absence of a specified effective date, on the first business day after the entry of the order confirming the plan.
3. For a bankruptcy case under Chapter 13 of the Bankruptcy Code, the "Bankruptcy Period" will commence upon the filing of the petition for relief under Chapter 13 and will end on the earliest of the entry of an order (a) dismissing the case, (b) granting a motion for relief from the automatic stay, or (c) closing the case. However, for borrowers that received a discharge, in the absence of a prior order granting the relief from stay, the "Bankruptcy Period" will extend 90 days beyond the entry of an order closing the case.

Testing Procedures:

1. Data Test Approach: Determine if a First Legal Action, a Judgment, a Publication of Sale, or a Foreclosure Sale, as captured in the state matrix, occurred during the Bankruptcy Period. Perform a query against the Bankruptcy Population to identify the filing date and end/removal date. Review the Bankruptcy Period for possible violations of the automatic stay and possible violations of the discharge order.

2. Additional system queries will be utilized to identify if any of the following dates occurred within the bankruptcy review period:
   a. First Legal Action Date
   b. Foreclosure Publication Date
   c. Foreclosure Sale Date
   d. Judgment Date
3. Loans that did not have any occurrences of the above within the Bankruptcy Period and that do not have missing, incomplete, or conflicting data or data that otherwise did not meet the criteria required to perform the tests described will be considered to pass. Proceed to step 7.
4. Loans that had occurrences of the above will be confirmed against source documentation using the Manual Test Approach described in step 6.
5. Loans with missing, incomplete, or conflicting data, or data that otherwise did not meet the criteria required to perform the tests described above will be tested using the Manual Test Approach described in step 6.
6. Manual Test Approach (Manual Test of Exceptions): For loans that could not be tested via the Data Test Approach or that require confirmation, calculate the Bankruptcy Period and assess for potential violations of the automatic stay or any discharge order by performing the following:
   - Identify the start and end dates of the Bankruptcy Period for each loan:
     – Start date: Utilizing the bankruptcy case documentation within PACER, determine the filing date of the bankruptcy by reviewing the bankruptcy petition.
     – End date: Using the bankruptcy case documentation within PACER, determine the bankruptcy end date as follows:
       - For a bankruptcy case under Chapter 7, the bankruptcy end date will be the date a motion for relief from the automatic stay was granted, the date the bankruptcy was dismissed or the date the debtor was discharged with abandonment of the property or the date the case was closed.
       - For a bankruptcy case under Chapter 11, the bankruptcy end date will be the a motion for relief from the automatic stay was granted, the date the bankruptcy was dismissed or the date the case was closed. However, for those borrowers that confirm a plan and receive a discharge under Section 1141(d)(1)(A) of the Bankruptcy Code, in the absence of a prior order granting relief from stay or entry of a stay of the order confirming the plan, the "Bankruptcy Period" will end on the "effective date" specified in the confirmed plan or, in the absence of a specified effective date, on the first business day after the entry of the order confirming the plan
       - For a bankruptcy case under Chapter 13, the bankruptcy end date will be the date a motion for relief from the automatic stay was granted, the date the bankruptcy was dismissed or the case closing date. However, for borrowers that received a discharge, in the absence of a prior order granting the relief from stay, the "Bankruptcy Period" will extend 90 days beyond the entry of an order closing the case.
       - Determine if the filing or occurrence of any foreclosure activity described in step 2 above occurred during the Bankruptcy Period by reviewing foreclosure documents, including the Notice of Sale, the Publication of Sale, Judgment, and Foreclosure Sale documents, as captured in state matrix, if they exist. If no such foreclosure activity occurred during the Bankruptcy Period, STOP and go to step 7. If any foreclosure activity occurred during the Bankruptcy Period, obtain explanations from management.

Procedures (cont.)
7. Record results. Verification of Loan Servicing Data • For the loans from step 3 that were considered to pass, additional procedures will be performed on a statistically valid sample of these loans to tie the data field within the relevant loan servicing system to original supporting documentation. These procedures will verify that the relevant dates have been inputted accurately and that the data pulled from the relevant loan serving systems can be relied upon.

Article VII(3)(c)	
OCC Reference	(c) whether a foreclosure sale occurred when an application for a loan modification or other Loss Mitigation was under consideration; when the loan was performing in accordance with a trial or permanent loan modification; or when the loan had not been in default for a sufficient period to authorize foreclosure pursuant to the terms of the mortgage loan documentation and related agreements;
Approach	The total population of loans for this requirement includes all loans identified in Article VII(1). Once the population has been provided (as outlined in Article VII(1)), assess the foreclosed loans that have been sold. Each loan will be analyzed to ascertain whether loss mitigation activity was closed or resolved before the foreclosure sale occurred. Article VII(3)(c) has three distinct criteria, which are discussed below.
Article VII(3)(c) Part 1	
OCC Reference	(c) whether a foreclosure sale occurred when an application for a loan modification or other Loss Mitigation and the request was under consideration,
Approach	The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), assess the loans that went to foreclosure sale. Loans will be compared with source documentation to test whether a foreclosure sale occurred while there was an application for loan modification or other Loss Mitigation activity. The data will be stratified in the following categories: (1) the number of foreclosure sales, (2) the number of foreclosure sales with open loss mitigation templates, (3) the number of foreclosure sales with at least one document reflecting a request for a loan modification, other loss mitigation request, or a customer complaint, (4) the number of foreclosure sales with an open loss mitigation template and at least one document reflecting a request for a loan modification, other loss mitigation request, or a customer complaint, (5) the number of foreclosure sales that contain at least one of the three currently required documents for a loan modification, but not all three, (6) the number of foreclosure sales that contain all three currently required documents for a loan modification, and (7) the number of foreclosure sales that contain perfected versions of all three currently required documents for a loan modification. The results will be expressed in terms of all types of loss mitigation.

Procedures

Objective: Determine whether a foreclosure sale occurred when the mortgage loan was under consideration for a loan modification or other loss mitigation options.

Loss Mitigation Testing Procedures:

1. For the population of foreclosure sales, determine if a foreclosure sale occurred while the loan was under consideration for loan modification or other loss mitigation options.
   a. Inspect the system of record to determine the foreclosure sale date. Additionally, inspect the supporting loss mitigation documents to determine the status of the various loss mitigation options.
   b. If the foreclosure sale occurred prior to completion of the loss mitigation decision, confirm observations against source documentation and obtain explanations from management as necessary.
   c. Record results of step 1.

Article VII(3)(c) Part 2	
OCC Reference	whether a foreclosure sale occurred when the loan was performing in accordance with a trial or permanent loan modification,
Approach	The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), assess the foreclosed loans that have been sold. From the foreclosure sales population, determine if a foreclosure sale occurred when a loan was performing in accordance with a trial loan modification. Permanent loan modifications will be tested in Article VII(3)(c) Part 1 above. Additionally, we will inspect the documentation in the relevant system to determine if all required loan modification or loss mitigation documents were received and validated prior to foreclosure sale and discuss with management for explanations.

Procedures

Objective: Determine whether a foreclosure sale occurred for loans where a trial loan modification was offered and performing.

Testing Procedures:

1. To identify possible loans where the Borrower was performing in accordance with a trial or permanent loan modification and there was a foreclosure sale, identify when a loan started a trial loan modification, when the loan ended the trial loan modification, and the Foreclosure Sale Date
2. Inspect the system of record to identify the loss mitigation status for the loan.
   a. If the loan was in active loss mitigation, STOP and proceed to step 4.
   b. If loss mitigation was completed or rejected for the loan, continue to step 3.
3. Inspect the system of record to determine whether the Foreclosure Sale Date occurred while the loan was performing in a trial loan modification.
   a. If the foreclosure sale occurred outside the trial loan modification, STOP and proceed to step 5.
   b. If the foreclosure sale occurred while the trial loan modification was open, continue to step 4.
4. For each loan, inspect the documentation within the relevant system to determine if all required loan modification documents have been received from the borrower(s) and were properly executed.
   a. If all required loan modification documents have not been received or were not properly executed, STOP and proceed to step 5.
   b. If all required loan modification documents have been received and were properly executed, confirm observations against source documentation and obtain explanations from management as necessary.
5. Record results of steps 1-4.

Article VII(3)(c) Part 3	
OCC Reference	(c) whether a foreclosure sale occurred when the loan had not been in default for a sufficient period to authorize foreclosure pursuant to the terms of the mortgage loan documentation and related agreements;
Approach	The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), assess the foreclosed loans that have been sold. To test the timeliness of the First Legal, calculate the days past due ("DPD"), and determine if it was greater than the applicable state requirement values defined by the matrix provided by the Independent Counsel. For loans with a DPD less than state requirements defined in the applicable matrix, perform detailed testing.

Procedures

Objective: Determine whether a Borrower was in default for a sufficient period of time to authorize foreclosure under the terms of the mortgage loan documents and related agreements.

Testing Procedures:

1. Identify the last installment due date, the date of the Demand Letter, and the date of the First Legal Action contained in the foreclosure file.
2. Determine the requirements for First Legal Action after either the date of default or the date of the Demand Letter, under the terms of the mortgage loan documents and the respective dates per the foreclosure file.
3. Calculate the days past notice of default ("DPND") value as the difference between the date of the Demand Letter and the date of First Legal Action. Determine if the DPND calculation exceeds the applicable requirements stated in the applicable state requirements matrix.
   a. If the DPND calculated is equal to or greater than applicable requirements listed in the matrix, STOP and proceed to step 5.
   b. If the DPND calculated is less than applicable requirements listed in the matrix, confirm observations against source documentation and obtain explanations from management as necessary.
4. Calculate the DPD value as the difference between the last installment due date (plus 30 days) and the date of First Legal Action. Determine if the DPD calculation exceeds the applicable requirements stated in the applicable state requirements matrix.
   a. If the DPD calculated is equal to or greater than applicable requirements listed in the matrix, STOP and proceed to step 5.
   b. If the DPD calculated is less than applicable requirements listed in the matrix, confirm observations against source documentation and obtain explanations from Management as necessary.
5. Record results of steps 1–4.

Article VII(3)(d)	
OCC Reference	(d) whether, with respect to non-judicial foreclosures, the procedures followed with respect to the foreclosure sale (including the calculation of the default period, the amounts due, and compliance with notice periods) and post-sale confirmation were in accordance with non-judicial state law requirements, as advised by the Independent Counsel
Approach	The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), assess whether, with respect to non-judicial foreclosure sales that occurred during the period of January 1, 2009 through December 31, 2010, and any additional period noted within Appendix B, the (1) calculation of the default period, (2) notice periods (days past due), and (3) post-sale confirmations were in accordance with non-judicial state law requirements, as advised by the Independent Counsel, and that (4) the amount(s) due was accurately represented in the Notice of Foreclosure Sale to the borrower. 1. Default Period: Review non-judicial state law requirements to determine, if applicable, the number of days elapsed was sufficient prior to first legal action date. 2. Notice Periods (Days Past Due): Review non-judicial state law requirements, as advised by the Independent Counsel to determine, if applicable, the required number of days elapsed prior to first legal action date, breach/demand letter notification date, and first publication date. 3. Post-Sale Confirmation: Review non-judicial state law requirements, as advised by the Independent Counsel, to determine, if applicable, whether the number of days elapsed was sufficient from foreclosure sale to redemption period as per post-sale confirmation requirements. 4. Amount(s) Due: Review amount(s) due included in the Notice of Foreclosure Sale to the borrower; independently perform calculations and compare amount(s) calculated to the amount(s) due included in the Notice of Foreclosure Sale to the borrower.

Procedures

Objective: Determine if the calculation of the default period, notice periods (days past due), and confirmations were in accordance with terms of the mortgage loan and non-judicial state law requirements, as advised by the Independent Counsel, and that the amount(s) due was accurately represented in the Notice of Foreclosure Sale to the borrower.

Testing Procedures:

1. Determine if the Default Period is in compliance with non-judicial state law notice requirements stated in the Independent Counsel provided matrix.
   a. Using the system of record, identify the state in which the property is located. Determine if the state is non-judicial by reviewing the Independent Counsel provided matrix. If property is located in a non-judicial state, indicate "Yes"; if the property is not located in a non-judicial state, indicate "No."
   b. Identify the physical address of the property and document the full address, data source and data/document identifier.
   c. Using the system of record, identify the "Foreclosure Sale Date" and document the data source and the data/document identifier from the document repository system.
   d. Identify and determine the "Payment Due Date" using the system of record and document the data source and the data identifier (add 30 days to payment due date for non-home equity loans; use the actual date for home equity loans).

e. Determine the "First Legal Action Date" and identify the supporting document in the document repository system; document the data source and data/document identifier.

f. Calculate the "Default Period" utilizing the date(s) obtained in steps d and e: Number of days between "Payment Due Date" (+30 days for non-home-equity mortgage loans) and the date for "First Legal Action."

Perform Test Steps:

1. Determine if the calculation in step f exceeds the non-judicial state law requirement per the Independent Counsel provided matrix.
2. For loans not in compliance with the Default Period as stated in the Independent Counsel provided matrix, confirm observations against source documentation and obtain explanations from management as necessary.
3. Record the results of steps a–f.

2. Determine if the Notice Period "number of days past due" is in compliance with non-judicial state law requirement in Independent Counsel provided matrix.

a. Identify the "Foreclosure Sale Date" and document the data source and data/document identifier from the document repository system.

b. Determine the "First Legal Action Date" and identify the supporting document in the document repository system; document the data source and data/document identifier.

c. Identify the "Breach/Demand Letter Notification Date" and document the data source and data/document identifier from the document repository system.

d. Determine the "First Publication Date" and identify the supporting document in the document repository system; document the data source and data/document identifier.

e. Calculate the number of days from "First Legal Action Date" using (a) "Foreclosure Sale Date" less (b) "First Legal Action Date."

f. Calculate the number of days from "Breach/Demand Letter Notification Date" using (a) "Foreclosure Sale Date" less (c) "Breach/Demand Letter Notification Date."

g. Calculate the number of days from "First Publication Date" using (a) Foreclosure Sale Date less (d) "First Publication Date."

Perform Test Steps:

1. Is the calculated "Days from First Legal" greater than or equal to the non-judicial state law requirements stated in the Independent Counsel provided matrix?
2. Is the calculated "Days from Breach" greater than or equal to the non-judicial state law requirements stated in the Independent Counsel provided matrix?
3. Is the calculated "Days from Publication" greater than or equal to the non-judicial state law requirements on the matrix?
4. If calculated result from test steps 1, 2, or 3 is less than the requirements in the Independent Counsel provided matrix, has appropriate supporting documentation/explanation been obtained to satisfy regulatory requirements?
5. Record the results of steps a–g.

Procedures (cont.)

3. Review non-judicial state law requirements stated in the Independent Counsel provided matrix to determine, if applicable, the number of days elapsed was sufficient from foreclosure sale to transfer of title.
   a. Identify the "Foreclosure Sale Date" and document the data source and data/document identifier from the document repository system.
   b. Identify the "Post-Sale Confirmation Date" (e.g., recorded deed date) and document the data source and data/document identifier from the document repository system.
   c. Calculate the elapsed number of days between the (b) "Post-Sale Confirmation Date" and (a) "Foreclosure Sale Date."

Perform Test Steps:

1. Is the calculated "Days to Post-Sale Confirmation" greater than or equal to the non-judicial state law requirements in the Independent Counsel provided matrix?
2. If test step 1 does not meet the requirements in the Independent Counsel provided matrix, has appropriate supporting documentation and explanation been obtained to satisfy regulatory requirements?
3. Record the results of steps a–c.

4. Review amount(s) due included in Notice of Foreclosure Sale to the borrower; independently perform calculations and compare amount(s) calculated to the amount(s) due included in the Notice of Foreclosure Sale to the borrower.
   a. Identify the "Delinquent Period Start Date" by reviewing the system of record to determine the Delinquent Period Start Date; document the data source and data/document identifier.
   b. Determine the "Notice of Foreclosure Sale Date" and identify the supporting document in the document repository system; document the data source and data/document identifier.
   c. Calculate the number of days delinquent using the difference between (a) "Delinquent Period Start Date" and (b) "Notice of Foreclosure Sale Date."
   d. If applicable, identify the "Interest Due" on the "Notice of Foreclosure Sale."
   e. If applicable, review the system of record and identify the "Interest Rate," "Principle Balance," and "Interest Accrual Method", and manually calculate the total "Interest Due."
   f. If applicable, calculate the "Interest Due" difference between amounts captured in (d) and (e).
   g. If applicable, review the system of record and identify the "Notice of Foreclosure Sale" on the "Foreclosure Notice."
   h. If applicable, review the system of record and identify the "Loan Outstanding Balance."
   i. If applicable, calculate the Loan Outstanding Balance difference between amounts captured in (h) and (i).

Perform Test Steps:

1. Is the calculated "Outstanding Loan Balance" and "Interest Due" equal to the amount(s) on the Notice of Foreclosure Sale?
2. If test step 1 is not equal to the calculated amount(s), has appropriate supporting documentation and explanation been obtained from management to satisfy the requirement?
3. Record the results of steps a–i.

Article VII(3)(e) and (f)	
OCC Reference	(e) whether any delinquent borrower's account was only charged fees and/or penalties that were permissible under the terms of the borrower's loan documents, applicable state and federal law, and were reasonable and customary; (f) whether the frequency that fees were assessed to any delinquent borrower's account (including broker price opinions) was excessive under the terms of the borrower's loan documents, and applicable state and federal law;
Approach	**GENERAL:** The total population of loans for this requirement includes all loans identified in VII(1). Once the population has been provided (as outlined in VII(1)), consider the following: •The scope is limited to permissible fees and penalties charged to the borrowers' accounts related to foreclosure and marked as borrower "recoverable" in the electronic servicing platform, not including third party or non-recoverable charges ("Recoverability Matrix"). •The scope will include fees associated with pending foreclosures with first legal actions in existence between January 1, 2009 and December 31, 2010 (look-back period). Fees reviewed will include amounts charged prior to January 1, 2009, if the delinquency related to the legal action was initiated prior to January 1, 2009, and will cover the period ending the earlier of the foreclosure sale event or July 1, 2011. •Loans with multiple foreclosure actions indicated within the Company's loan foreclosure tracking application will be individually reviewed. •Servicing system functionality for calculating fees that are percentage based, such as late fees or prepayment penalties, will be relied upon and will not be manually recalculated. •Loan documents are executed in accordance with state and federal laws and hence supersede regulatory requirements. Fees are not specifically addressed by federal laws and fees allowed under state law are prima facie reasonable **OCC PROVISION SPECIFIC:** Reasonable and customary permissible fees or penalties charged to the delinquent borrower's account, as noted in the language within this provision, is defined as follows: i. Type or amount for purpose needed to protect the secured party's interest in the mortgaged property ii. Amounts not substantially in excess of the fair market value of services performed iii. Performed services that were actually performed and customary internal or attorney fee amounts disclosed in mortgage instruments or other documents executed by the borrower as amounts the lender or servicer would charge

Article VII(3)(e) and (f) (cont.)	
Approach (cont.)	• The population for the permissibility of various fees or penalties is as follows: – Property preservation fees or penalties are limited to those charged to the borrower to protect the secured party's interest, which includes all fees that are non-eviction fees and costs, non-REO fees and costs, non-attorney-related fees and costs, and non-internal fees and penalties (e.g., late fee, NSF, etc.). The scope is limited to fees charged to the borrower, excluding taxes and insurance ("Escrow Advances") and origination fees. Escrow Advances will not be reviewed because they are 1) state regulated and 2) not considered a "fee." – Customary internal or attorney fee amounts are limited to internal and attorney-related fees, penalties, and costs (non-property preservation and maintenance fees) defined in the mortgage documents. – Fair market value and evidential support to substantiate services performed is limited to property preservation fees and internal or attorney fees discussed above, not including utilities. • The Federal National Mortgage Association ("Fannie Mae") and U.S. Department of Housing and Urban Development ("HUD") published Servicing Guides are considered to represent industry minimum standards and meet the definition of "reasonable and customary" for both GSE and private investor owned loans **[ref (VII (e&f))]**, including a guide for frequency, rate, type and amount; industry "fair market value" for servicing fees; and whether amount or rate exceeds terms defined as customarily charged in the market, as noted in the provision language for this section **[ref (VII (e&f))]**. • Fees in the Fannie Mae Property Preservation Matrix (dated December 15, 2010) represent fees for protecting the secured party's interest in the mortgaged property **[ref (VII (e&f))]**. • Fees charged are substantially in excess of fair market value of services if amounts charged were more than 10% over the amounts indicated in applicable Fannie Mae guideline **[ref (VII (e&f))]**. • All invoices are received from third-party vendors and not the Company and support actual services corresponding to the Reason Codes listed in the electronic servicing systems **[ref (VII (e&f))]**.

Procedures

Objective: For the total population of loans, determine whether (1) any delinquent borrower's account was charged fees or penalties that were not permissible and (2) the frequency that fees were assessed was excessive under the terms of the borrower's loan documents, state or federal law, as advised by the Independent Counsel, and/or were otherwise unreasonable.

Testing Procedures:

1. Obtain the Recoverability Matrix listing all relevant fees specific to the order and whether recoverable from the borrower.
2. Obtain a list of Reason Codes and descriptions from the appropriate servicing system(s), obtain a list of Line Item Codes and descriptions from each invoicing system, and obtain a list of Processor IDs and descriptions from the appropriate servicing system(s).
3. Obtain the following Fannie Mae documents: Property Preservation Matrix and Reference Guide and the New Foreclosure and Bankruptcy Attorney Network, and the Attorney's Fees and Costs ("The FNMA Guides").
4. Obtain the following HUD documents: Mortgage Letter 2005-30 – HUD Schedule of Standard Attorney Fees effective September 1, 2005, and Mortgage Letter 2002 – 10 – Section II Post-Endorsement Fees and Charges effective May 13, 2002 (the "HUD Schedules").
5. Obtain the FNMA and HUD Investor Guideline parameters from each remittance system.
6. Map the FNMA and HUD Investor Guideline parameters from each remittance system to the FNMA Guides and the HUD Schedules. Document any exceptions.
7. Obtain the sample of loans from Article VII(1) to use for testing this provision and perform the procedures below.

Determine if Fees are Permissible

1. Observe fee charges from third party sources ("Corporate Advances") from the applicable servicing system(s) fee detail screens.
2. For all Corporate Advances applied to borrower accounts, identified in step 8 above, that include an "R" in the third character of the Payee Code field, document the reason code, transaction code, transaction date, amount of charge, and check number (if available). The "R" represents the system flag indicated the fee will be charged to the borrower and not to a third party or absorbed by the Company.
3. Obtain and document the applicable state in which the property is located, using the property state field from applicable servicing system(s).
4. For each documented fee, agree the transaction code and reason code combination along with the fee description obtained from the servicing system to the corresponding transaction code and reason code combination and fee description listed in the Recoverability Matrix and confirm that the reason code in the Recoverability Matrix includes an "R" (defined as recoverable from the borrower) for the property state.
5. Research exceptions where an "R" value is not observed with management.

Procedures (cont.)

Determine if fees are charged in the appropriate amounts, charged with appropriate frequency, and represent actual services:

6. For each Corporate Advance fee charged to the borrower, as noted above, trace the fee from the servicing system to the applicable remittance system. Fees can be identified to the applicable remittance system using the Processor ID or fee description listed in the applicable servicing system. Trace fees to the remittance system using the loan number, transaction date, fee amount, and check number (if available in the servicing system).
7. For each fee traced to the remittance system, observe the invoices for the fee to represent the services are performed.
8. Trace each fee to the FNMA and HUD Investor Guidelines, and verify the following:
   a. The amount of the fee is within the guidelines for each individual charge.
   b. The amount of the fee is within the guidelines for the total fees allowable for each foreclosure action.
   c. The amount of the fee is within the appropriate frequency.
9. For fees outside of the FNMA and HUD Investor Guidelines, ascertain if the discrepancy amount is more than 10% over allowable amounts in the applicable guideline (substantially in excess of fair market value).
10. Research and document exceptions.

Determine if fees are documented in the mortgage documents (internal and attorney fees only):

11. For each selection that contains internal or attorney fees, obtain the borrower's note document, mortgage, or deed of trust from provision Section VII(3)(a) above.
12. Determine if each type of documented fee, including corresponding frequency, is specifically addressed in the note document, mortgage, or deed of trust.
13. If the fee type is included in the note document, mortgage, or deed of trust, verify that the documented internal fee is equal to or less than any specified amounts.
14. If the fee type is not included, research and document exceptions.

Article VII(3)(g)	
OCC Reference	(g) whether Loss Mitigation Activities with respect to foreclosed loans were handled in accordance with the requirements of the HAMP, and consistent with the policies and procedures applicable to the Bank's proprietary loan modifications or other loss mitigation programs, such that each borrower had an adequate opportunity to apply for a Loss Mitigation option or program, any such application was handled properly, a final decision was made on a reasoned basis, and was communicated to the borrower before the foreclosure sale;
Approach	The total population of loans for this requirement includes all loans identified in Article VII(1). Once the population has been provided (as outlined in Article VII(1)), assess foreclosed loans to determine whether, prior to a foreclosure sale (a) loss mitigation options, including loan modifications, were considered, (b) the servicer communicated directly with borrowers or co-borrowers of the loans identified in VII(1) regarding such loss mitigation opportunities, and (c) loss mitigation efforts, including HAMP evaluation were in compliance with relevant HAMP requirements. Given that the servicer executed its Servicer Participation Agreement ("SPA") on July 31, 2009, HAMP-specific testing will focus on the period of July 31, 2009 through December 31, 2010. For the period of January 1, 2009 through July 30, 2009, the testing focus will be on the servicer's proprietary loss mitigation program and activities. Review external reports and other relevant information, and document our understanding of non-compliance issues as related to the servicer's loss mitigation programs. Based on review of such information and the results of the sample testing described above, note any overlapping areas of non-compliance. Based on these areas, expand testing in a manner that would most likely identify borrowers that were harmed. This testing group will include, but not be limited to, borrowers that (i) were not given an adequate opportunity to apply for a Loss Mitigation option or program, (ii) were given such an application but it was not handled properly, (iii) were not provided a final decision on a reasonable basis, and (iv) were not communicated to prior to the foreclosure sale. Summarize findings based on loan testing performed and assess whether financial harm was caused to borrowers due to non-compliance with HAMP and/or other appropriate loss mitigation procedures.

Procedures

Objective: (1) Based on initial overall sampling of foreclosed loans, determine whether the servicer provided loss mitigation options, including loan modifications, to borrowers prior to foreclosure sale. (2) Obtain and review external reports (e.g., MHA-C Audit Reports and Annual Certifications as required by Supplemental Directive 10-06) and note overlapping non-compliance issues as related to the servicer's loss mitigation programs, which can be leveraged in performing expanded testing. (3) Identify foreclosed loans that were not handled in accordance with the requirements, as interpreted by Independent Counsel, of HAMP and/or proprietary loss mitigation programs.

Testing Procedures:

1. Determine if the borrower and property eligibility requirements are met.
2. If the loan is securitized, determine if the investor allows for HAMP modifications.
3. If Right Party Contact was made, determine if the borrower indicated that they are <u>not</u> interested in HAMP.
4. If Right Party Contact was made, and borrower indicated an interest in HAMP, determine if the borrower provided the required documentation needed to be evaluated for HAMP.
5. If Right Party Contact **was not** established, determine if the Company satisfied the Reasonable Effort standard.
6. Determine if the borrower's pre-modification debt to income ratio ("DTI") was above 31%.
    a. For loans where DTI was below 31%, compute the borrower's monthly income, recalculate the DTI, and determine if the recalculated DTI exceeds 31%.
    b. If HAMP was appropriately denied, determine if the re-calculated DTI would have made the borrower eligible for CHAMP.
    c. If HAMP/CHAMP was appropriately denied based on DTI thresholds, determine if the borrower was properly notified.
7. Determine if the borrower's post-modification DTI was able to be reduced to 31% through application of Standard Modification Waterfall.
    a. For loans where DTI could not be reduced to 31%, compute the borrower's income, rerun the loan through the Waterfall with the new income, and determine if the borrower's post-modification DTI is able to be reduced to 31%.
    b. If HAMP was appropriately denied, determine if the loan would have qualified for CHAMP using CHAMP thresholds and the calculated income.
    c. If HAMP/CHAMP was denied for post-modification, determine if borrower was properly notified.
8. Determine if the borrower's net present value ("NPV") evaluation was positive.
    a. For loans where HAMP was denied because of negative NPV, re-evaluate the loan with re-calculated income and determine if the NPV becomes positive.
    b. If HAMP NPV remains negative, determine if the loan would have been NPV positive for CHAMP using recalculated income.
    c. If HAMP/CHAMP was denied for negative NPV, determine if the borrower was properly notified.
9. If the borrower was offered a trial modification, determine if the borrower made the required number of trial payments within the prescribed timeframe.

Procedures (cont.)

10. For loans evaluated **prior to** the servicer signing of the SPA, determine if the borrower was given adequate opportunity to apply for a proprietary Loss Mitigation program, and was notified if evaluated and denied.
11. For loans evaluated after the servicer's signing the SPA, determine whether borrowers deemed as ineligible or not considered for HAMP were considered for CHAMP or other loss mitigation options and were notified if evaluated and denied.
12. Conclude whether HAMP and other loss mitigation procedures were followed appropriately based on relevant guidelines.

Article VII(3)(h)	
OCC Reference	(h) whether any errors, misrepresentations, or other deficiencies identified in the Foreclosure Review resulted in financial injury to the borrower or mortgagee.
Approach	After completing tasks under Article VII(3)(a) to VII(3)(g), work with management to identify the direct and indirect financial injury to the borrower, the mortgagee, or other party.

Procedures

Upon completion of testing, the deficiencies will be grouped and analyzed to ascertain whether there was financial injury as defined in Appendix B.

Key Document List

The list below outlines documents to be considered by process in the loan origination cycle. The list is not all inclusive or outlined by state/jurisdiction.

	Documents
Origination Documents	Note
	Mortgage
	Deed of Trust
	Security Deed
	Trust Indenture
Other Documents	Assignments
	Allonge
	Demand Letter (Breach Letter)
	Substitution of Trustee
	Judgment
	Writ of Fieri Facias
	Certificate of Sale
	Certificate of Title
	Order of Reference
	Praecipe for Sale
First Legal Action Documents	Notice of Sale
	Publication of Sale
	Complaint
	Petition
	Notice of Default
	Notice of Election and Demand for Sale
	Petition for Executory Process
	Petition in Equity Filing an Order to Docket
	Notice of Hearing

Sale Documents	Foreclosure Sale documents Notice of Right to Foreclose Notice of Intent to Foreclose Notice of Right to Cure Default Notice of Lien Notice of Trustee's Sale Notice of Substitution of Trustee "Help for Homeowners in Foreclosure" Notice Notice of Lis Pendens Notice of Application for Default Judgment Motion of Summary Judgment Notice to Tenant
Bankruptcy Documents	Voluntary Petition Involuntary Petition Order for Relief Motion for Relief from Stay Granted Discharge Dismissal
Post-Sale Confirmation	Recorded Deed

Appendix F: Quality Assurance Process

Purpose: The Quality Assurance Team (the "QA Team") is responsible for reviewing the accuracy of loan attributes tested and monitoring the adherence to Foreclosure Review team procedures detailed in Appendix E. Based on the results of the independent reviews performed, the QA Team will also disseminate any lessons learned to the Foreclosure Review teams and make suggestions for improvement in the test templates and/or procedures utilized by the Foreclosure Review teams.

Scope: The loans reviewed by the QA Team will consist of at least 10% of the overall work performed by each Foreclosure Review team on a weekly basis. This review is over and above the primary and secondary reviews performed by Team Leaders and Section Leaders. The QA Team will review the work performed by loan reviewers, the loans reviewed by Team Leaders, and the loans reviewed by Section Leaders.

Process: On a weekly basis, Section Leaders and Team Leaders within each foreclosure group are required to review 10% and 25% of their team's work, respectively. (Note: All open items and potential exceptions are required to be reviewed by both Team Leaders and Section Leaders.) The 10% to be reviewed by Section Leaders and the 25% to be reviewed by Team Leaders will be systematically chosen from the pool of loans completed by their team the preceding week. Loans will be tracked for number of previous reviews, as well as previous reviewing party(ies). Additionally, Team Leaders will review new team members' work until a level of accuracy is attained. This review is to evaluate the loan reviewer's understanding of the loan level testing process and documentation requirements.

The sample of loans to be tested by the QA Team will comprise a representative sample of loans that have been tested by the Foreclosure Review teams and reviewed by the Team Leaders and/or Section Leaders. Where variances are identified by the QA review, the QA Team will work to address the testing variances with the Section Leader and Team Leader within each Foreclosure Review team and perform subsequent reviews until the issue has been properly addressed.

To achieve the objectives listed above, the QA Team will use distinct review segments including **Loan Review, Bankruptcy, SCRA,** and **Borrower Outreach.** Each of these segments will be included in the 10% sample of the population reviewed by the QA Team during the life of the Foreclosure Review.

1. **Loan Level Testing:** The Loan Review segment is focused on the review of a loan across all tests required in the Foreclosure Review including, but not limited to, bankruptcy and SCRA testing. Utilizing the testing templates and procedures of each Foreclosure Review team, the QA Team will review loans which have been subject to all tests required under the Foreclosure Review for accuracy of loan attributes tested and adherence to Foreclosure Review team procedures and test requirements. The purpose of the Loan Level Testing is to analyze a representative sample of loans that have been subject to all tests within the Foreclosure Review in an effort to identify issues that may not be identifiable via section specific loan testing performed by the Foreclosure Review teams.
2. **Bankruptcy Testing:** The purpose of the Bankruptcy Testing segment is to analyze a representative sample of loan file inventory and testing performed by the bankruptcy review team. Utilizing the testing templates and procedures of the bankruptcy review team, the Bankruptcy Testing segment will review at least 10% of loans assessed by the bankruptcy review team, including loan reviews subject to Team Leader and/or Section Leader review in the preceding week.
3. **SCRA Testing:** Like the bankruptcy review team, the SCRA review is also testing a population of loans that is largely distinct from the loans tested by other teams within the Foreclosure Review. The purpose of the SCRA Testing segment is to analyze a representative sample of loan file testing performed by the SCRA review team. Utilizing the testing templates and procedures of the SCRA review team, the SCRA Testing segment will review at least 10% of loans assessed by the SCRA

review team, including loans subject to Team Leader and/or Section Leader review in the preceding week.

4. **Borrower Outreach Testing:** The purpose of the Borrower Outreach Testing segment is to analyze a representative sample of loans identified during the customer outreach process that are not subject to and included in loan level testing and the QA review of loan level testing.

Appendix G: Metrics and Reporting

Purpose: The objective of metrics and reporting is to provide periodic status updates that will be delivered to the regulatory agencies. The periodic updates will include the progress of the required testing for the Consent Order for the sample populations and Consent Order section. The periodic updates will also include any significant risks or issues that arise and will include a forward-looking update for the coming weeks. See the table below for a sample status update and the table definitions.

Loan File Review Status - 6/28/2011								
Status	Consent Order Section							
	Note Holder	Bankruptcy	State/ Local	SCRA	Loss Mitigation	Non-Judicial	Fees/ Expenses	HAMP
Original Samples Selected								
Additional Samples Added								
Total Samples								
Not Started								
In Process								
Completed Review–No Issues								
Completed Review–Issues Noted–No Harm Noted								
Completed Review–Issues Noted–Harm Noted								

Table Definitions:

- Original Samples Selected: D&T selected a statistical sample from the population of loans that included a first legal action during the period of January 1, 2009 through December 31, 2010. See Appendix D for additional detail on the sample selection.
- Additional Samples Added: When issues were identified, D&T performed an analysis on the key demographics and selected additional samples based on these demographics. See Appendix D for additional detail on the expansion of the sample population.
- Total Samples: This includes the combination of the original samples selected and the additional samples added.
- Not Started: This includes samples that have not had any testing initiated across the Consent Order sections.
- In Process: This includes samples that have had testing initiated for at least one Consent Order section, but have not had all Consent Order sections completed and reviewed.

- Completed Review – No Issues: This includes samples that have been tested for each Consent Order section, have been reviewed through the QA process and have no issues noted.
- Completed Review – Issues Noted – No Harm Noted: This includes samples that have been tested for each Consent Order section, have been reviewed through the QA process had at least one issue noted, but were determined to have no financial harm to the borrower.
- Completed Review – Issues Noted – Harm Noted: This includes samples that have been tested for each Consent Order section, have been reviewed through the QA process had at least one issue noted, and were determined to have financial harm to the borrower.

Appendix H: Systems Description

Systems Overview

[redacted]

[redacted]

Key Applications: Relevant application business applications and support applications.

[redacted]

[redacted]

Appendix I: Work of Others

In connection with our Engagement, D&T may utilize relevant materials provided by Independent Counsel and the Company to assist D&T in assessing the Company's foreclosure processes and procedures. Such materials include, but are not limited to, the state matrix of applicable legal requirements from Independent Counsel, the fee matrix provided by the Company, the Recoverability Matrix provided by the Company, and the Company's internal and external audit reports and work performed by the Company with respect to its determination of wrongful foreclosures pursuant to the application of SCRA. All of these items are related to the Company's practices related to mortgage servicing and handling of foreclosure proceedings during the period described by the Consent Order. The Independent Counsel and the Company are responsible for providing such relevant materials to D&T on a timely basis and for the accuracy and completeness of relevant materials provided to D&T.

D&T will evaluate the quality of relevant materials for the following:

- The appropriateness of the scope of underlying work of the preparing entity to meet the objectives of the Engagement
- The adequacy of work programs underlying such materials
- The adequacy of documentation of work performed in connection with such materials, including evidence of supervision and review
- The appropriateness of conclusions set forth in such materials in the circumstances
- The consistency of reports with the results of the work performed

Appendix J: Biographies

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