Table of Contents

8-0 Mortgage Servicing Overview

The Mortgage Loan Servicing department of Company Name services various loan types including VA, FHA, Fixed Rate Conventional, Adjustable Rate Conventional, and others. This service includes the collection of payments, processing account adjustments, payoffs, customer inquiries, collection of escrow items, payment of escrow items, and the handling of delinquent loan accounts.

These sections will address the functional areas of Loan Servicing, from loan setup and customer service, to customer service functions and loan administration, including payment processing, escrow administration, and foreclosure/loss mitigation. Our objective is to comply with all servicing specific government regulations, but this manual is not a definitive regulatory compliance element. For definitive guidelines on complying with Federal laws, please see the Compliance Manual.

We make individual regulator, agency and investor handbooks available for our employees to allow us to follow specific regulations and requirements. These guidelines take precedence over any guidelines set forth in this document. It is the policy of Company Name to comply with all federal and state laws, regulations and guidelines in connection with the servicing of mortgage loans.

Overall Business Objective & Strategies

Some of the overall business objectives and strategies for the Mortgage Loan Servicing department are:

- Provide a quality point of contact for customers in order to answer inquires and to resolve problems concerning mortgage loans serviced by Company Name in order to build relationships that add value to both the customer and Company Name
- Support mortgage origination, branch sales and other areas of Company Name
- Maintain secured and accurate data on mortgage systems and ensure the smooth flow of that data through all systems.
- Minimize risk to Company Name by collection of delinquent payments, default intervention, payment of escrow items, and other servicing functions.
- Comply with federal, state, and local laws and regulations along with bank, investor, and departmental guidelines and practices.
- Produce non-interest revenue from servicing rights and fee income while controlling cost and expenditures in order to contribute the overall profitability of Company Name. Provide an efficient and flexible operational platform that allows for growth in the event of acquisition, integration, or enhancements to mortgage servicing portfolio and/or the overall company.
- Create and maintain a working environment that fosters efficiency, productivity, and a desire to achieve excellence in order to create value to our customers, employees, and stakeholder.

Computer Processing – System Information

Much of the process of loan servicing is done with the assistance of automation. We utilize many different tools in the management of elements of loan servicing. Some of these are provided by vendors or the investor. Some of these we own or contract with for our own use.

Function	Software Platform	Description	Knowledge Base
Loan Servicing	Sub-Servicer/LOS	Handles customer correspondence, accounting and reporting	On-line software manual
Tax Reporting	Sub-Servicer/LOS	Delegated to Sub-Servicer	DMI Module
Force Placed Insurance	Sub-Servicer	Delegated to Sub-Servicer	DMI Module
MERS	Mortgage Electronic Registration System	Handles transfer of ownership	www.mersinc.org.
Credit Disputes	E-Oscar	Handles the review and correction of consumer credit data we report	
Real Estate Tax Reporting	SmartWeb	Interface for managing real estate property tax vendors	

Depending on the function, staff may obtain information on, or adjust, customer accounts. Submit requests for access to the appropriate managers and team leaders for forwarding to System Administration.

Employee Reference Resources

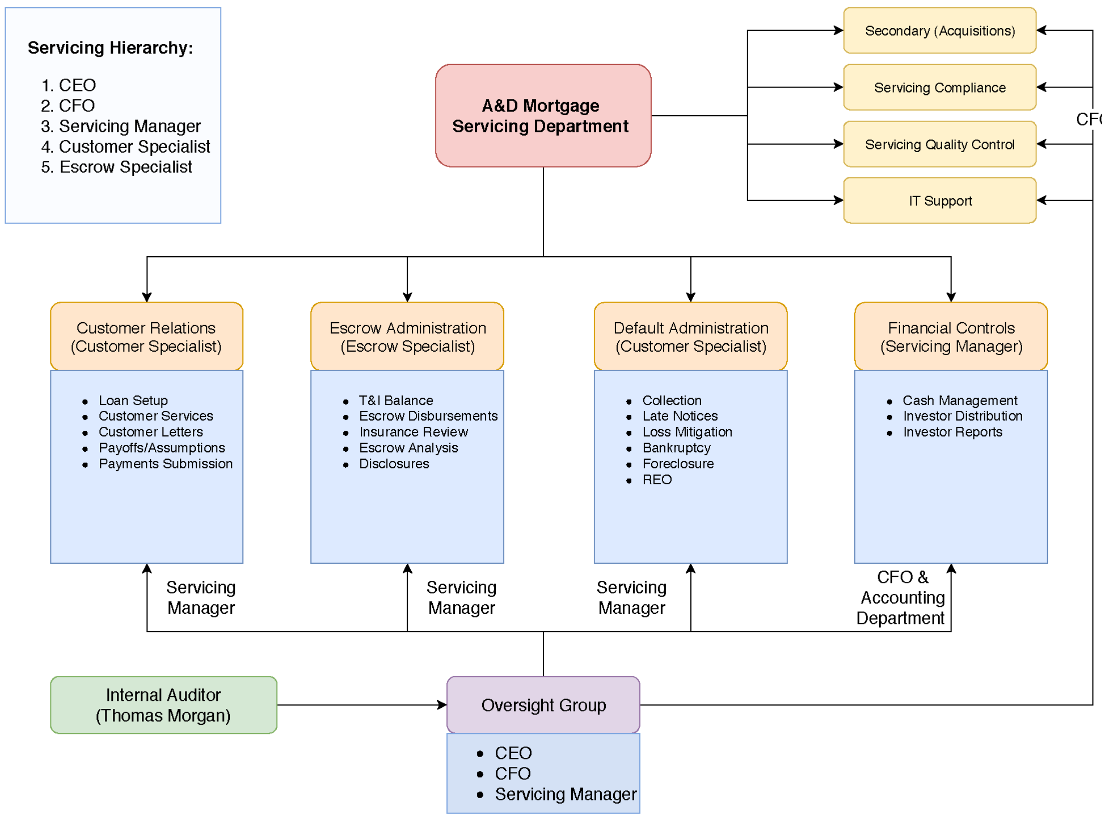
In order to eliminate the need for paper manuals, Company Name places, or provides links to, manuals on-line.

We make the following resources available

- Fannie Mae (FNMA)
- Freddie Mac (FHLMC)
- Ginnie Mae (GNMA)
- FHA
- VA
- Mortgage insurers

8-10 Servicing Personnel

8-11 Servicing Department Organizational Chart



8-12 Separation of Duties

Within our organizational structure we check each other's work. This means that an individual does not perform a duty and then check his or her work as well. Examples of this include:

- Payment posting and account reconciliation
- Quality Control
-
-

8-20 Servicing Quality Control Review

As a lender we must review not only our production activities, but also our post-closing loan servicing activities.

This plan is designed to meet all our investors' guidelines for servicing policies and procedures, as well as our responsibilities for ensuring that our procedures meet secondary market, investor, state and federal requirements.

8-20-1 Origination Quality Control Components

These areas are requirements that are addressed within our production quality control plan.

8-20-11 Ineligible/Disbarred Participants

We evaluate our employees at the time of hiring and with our semi-annual reviews to ensuring that no one has been debarred, suspended or under a Limited Denial of Participation (LDP).

Determine that no employee originating, processing, underwriting, or servicing is debarred, suspended, subject to a Limited Denial of Participation (LDP) or otherwise restricted from participation in HUD/FHA programs. Periodically check employee list, at least semi-annually. (6-12 AA)

8-20-12Fair Lending Compliance

Our QC Program includes a review of our lending operations to assure compliance with the Fair Housing Act and the Equal Credit Opportunity Act. (6-11C)

8-20-2 Quality Control Plan Checklist

Our Servicing Quality Plan Checklist ensures that we review the following areas of our loan servicing/loan administration efforts. (6-10A)

- Delinquent account procedures
- Loss Mitigation efforts
- Reporting under the Single-Family Default Monitoring System (SFDMS)
- Foreclosure processing
- MIP billings
- Deficiency judgments
- Claims, and claims without conveyance of title
- New loans, servicing transfers, acquisitions
- Customer service
- Fees and charges
- Escrow administration
- ARM adjustments and disclosures
- HECM disbursement reporting
- Assumption processing
- Handling of prepayments
- Paid-in-full mortgages
- Maintenance of records
- RESPA Compliance
- FHA Requirements

Servicing employees are trained and competent in all aspects of mortgage servicing including field collection activities so as to be able to service mortgages in accordance with HUD, VA, USDA FNMA, FHLMC and other agency requirements.

8-20-21 Quality Control Personnel and Contractors

Please see the complete Quality Control plan for a listing of quality control personnel, contractors, and third-party approval procedures.

8-20-3 Sampling and Random Selection

8-20-31 Sample Size

For each area being reviewed we must review 10% of all loans, but specifically FHA loans affected by that aspect of servicing during the period.

8-20-32 Random Selection Tool

We use the random selection tool to assure that we are reviewing a representative sampling of our loans.

8-20-33 Timing and Frequency of Reviews

Monthly

- Delinquent Loans Servicing
- Claims
- Foreclosures

Quarterly

- 10% of Production

Annually

- Annual Privacy Statement
- Escrow Analysis

8-20-4 Reporting Incidences or Patterns of Fraud or Non-Compliance

Serious deficiencies, patterns of non-compliance, or fraud uncovered by mortgagees, must be reported in writing (along with supporting documentation).

Reporting to Fannie Mae

To self-report loan–level issues that may result in the loan being ineligible as delivered to Fannie Mae or possible breaches of selling warranties use the Lender Self-Report Mailbox:
Self_Report@fanniemae.com.

To report suspected fraudulent mortgage activities and suspicious activity related to loans sold to Fannie Mae or Fannie Mae business activities contact Mortgage Fraud Reporting:
800-7FANNIE
800-732-6643
mortgagefraud_tips@fanniemae.com

For reporting non-compliance, compliance failures, or sanctions related to anti-money laundering requirements, contact Fannie Mae Ethics
fm_ethics@fanniemae.com
888–363–8442

Reporting to Freddie Mac

Fraud Hotline: (800) 4FRAUD8

Reporting to HUD

We report to the Regional Homeownership Center at (800) 225-5342 within 30 days of discovery.

Fraud or serious violations are immediately referred to the Quality Assurance Division Director. If HUD/FHA staff is suspected of involvement, it is reported to the HUD Inspector General at 1-800-347-3735, faxed to (202) 708-4829, e-mailed to hotline@hudoig.gov or in writing at HUD OIG Hotline (GFI), 451 7th Street, SW, Washington, DC 20410.

Company Name will use the Lender Reporting feature in the Neighborhood Watch Early Warning System. Access to Lender Reporting is through the HUD Website:

Early Warning System Process

1. Log in to HUD http://www.hud.gov/offices/hsg/sfh/lender/nw_home.cfm
2. Enter HUD ID and Password:

Single Family Homeownership Centers

A Quality Assurance Division is located in each of the four Single Family Homeownership Centers: Atlanta, Denver, Philadelphia, and Santa Ana. Each Homeownership Center covers a specific geographical territory.

Atlanta Homeownership Center
Director, Quality Assurance Division
Five Points Plaza
40 Marietta Street
Atlanta, GA 30303-2806

Geographical Territory: Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, and Tennessee.

Denver Homeownership Center
Director, Quality Assurance Division
633 17th Street
Denver, CO 80202-3607

Geographical Territory: Arkansas, Colorado, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wisconsin, and Wyoming.

Philadelphia Homeownership Center
Director, Quality Assurance Division
Wanamaker Building
100 Penn Square East
Philadelphia, PA 19107

Geographical Territory: Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, DC, and West Virginia.

Santa Ana Homeownership Center
Director, Quality Assurance Division
1600 N. Broadway, Suite 100
Santa Ana, CA 92706-3927

Geographical Territory: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, and Washington.

8-30 Customer Service

We must assure that requests from mortgagors concerning their individual mortgage accounts are responded to promptly.

800 Number

We maintain a toll-free number to allow our customers to reach us at no charge.

Strategy – Employees Empowered

Our strategy for providing excellent customer service empowers individuals to assist the customer once the customer has initiated contact. Each employee should think of himself as a customer service representative and realize that he represents not only himself and the department, but also Company Name each time he talks or corresponds with a customer.

Rule 1 – Don't Pass the Customer On

Avoid transferring a customer telephone call whenever possible and feasible. If you must transfer the customer, take the following steps:

1.) Identify the customer's problem completely
2.) If you cannot answer the concern, advise the customer that you need to identify the employee who can assist them. If you need to put the customer on hold, advise them "I need to locate the individual who can best serve you. Do you mind if I place you on a brief hold? I will return momentarily and will introduce you to that individual."
3.) Contact the individual responsible for the function the related to the borrower's inquiry and describe the problem. Request that the individual brief you on the solution.
4.) Return to the borrower and
    a. identify the individual and direct extension or number
    b. identify the solution that the individual recommended
    c. identify yourself as a contact in the event that there is a problem in the connection
    d. thank the customer for being patient and transfer the call

Strategy – Proactive Service Before the Problem

Proactive customer service means that, in addition to responding personally, that we anticipate problems that may occur, and identify solutions before they become an issue for the customer. For this reason, employees must familiarize themselves with all aspects of the loan servicing process, and the departments and responsibilities performing related functions.

On-Line Mortgage Information

We may offer access to mortgage servicing information via the internet as an additional customer service feature. In this way customers may “self-serve” their own basic inquiries, check payment status, view principal balances, escrow balances and obtain duplicate statements.

Customers must login using their account number and password. New users must first assign a user Id and a password using their account number and social security number. Customers signing in for the first time must establish three security challenge questions.

If a customer finds access to his or her account blocked for some reason, he or she must contact the Company Name’s Mortgage Customer Service Department and submit a request unlock the account or reset the password. Certain authorized Customer Service associates may unlock or reset the password. Once assigned, a customer service associate cannot view a password.