

[REDACTED]
[REDACTED]
September 9, 2011

Foreclosure Review Engagement Letter - FINAL

September 9, 2011

[REDACTED]
Aurora Bank FSB
[REDACTED]
New York, NY 10020

Dear [REDACTED]

This letter agreement, if acceptable to and countersigned by you, and upon approval by the Office of the Comptroller of the Currency (“OCC”), will serve as the agreement (“Agreement”) between Aurora Bank, FSB (“Aurora Bank”) and Allonhill, LLC (“Allonhill”) governing Allonhill’s conduct of the foreclosure review (“Foreclosure Review”) required by paragraphs 14-19 (the “Foreclosure Review Section”) of the Consent Order entered into by Aurora Bank and the Office of Thrift Supervision (“OTS”) on April 13, 2011 (the “Consent Order”), and subject to the supervision of the OTS or its successor, the OCC. (Hereinafter references to OTS where appropriate shall also be meant to incorporate the OCC as successor to OTS.). The effective date of the Agreement (the “Effective Date”) will be the later of (i) the date on which this letter agreement is executed by Aurora Bank or (ii) the date on which the OCC formally approves this letter agreement. Allonhill and Aurora Bank are each referred to herein as a “Party” and collectively, the “Parties.”

1. BACKGROUND

The Consent Order: On April 13, 2011, Aurora Bank and the OTS entered into the Consent Order, which relates to the conduct of Aurora Bank’s mortgage servicing business. Paragraph 14 of the Consent Order requires Aurora Bank, within 45 days of the date of the Consent Order, to retain an independent consultant to conduct an independent review of certain residential foreclosure actions regarding individual borrowers with respect to Aurora Bank’s mortgage servicing portfolio. The review is to include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by Aurora Bank whether brought in the name of Aurora Bank, the investor, the mortgage note holder, or any



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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. Paragraph 15 of the Consent Order requires Aurora Bank to submit to the Regional Director of the OTS for approval an engagement letter governing the Foreclosure Review. This Agreement, together with its attachments, constitutes that engagement letter.

2. ORGANIZATION OF THIS AGREEMENT

Section 3 of this Agreement sets forth its essential terms and conditions. Section 3.a sets forth an affirmative statement of the Parties' intent to comply with the terms of the Consent Order. Section 3.b describes the independence of Allonhill in conducting the review. Section 3.c describes the scope and timing of services to be provided by Allonhill pursuant to this Agreement. Section 3.d sets forth the performance period. Section 3.e sets forth acceptance criteria. Sections 3.f and 3.g identify project managers. Section 3.h identifies subcontractors that Allonhill intends to use. Section 3.i sets all other terms and conditions governing the conduct of this agreement.

Paragraph 15 of the Consent Order requires this Agreement to include four items. The table below summarizes those items and the complaint review methodology, and indicates the section and page of this Agreement that responds to each of them.

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Requirement	Agreement Section	Page
Methodology for conducting the Foreclosure Review	Attachment A	A-i
Methodology for conducting the Complaint Review	Attachment B	B-i
Expertise and resources to be dedicated to the Foreclosure Review	Attachment C	B-i
Completion of the Foreclosure Review within one hundred twenty (120) days from approval of this Agreement	Section 3.d.ii.1	10
	Section 3.c.i	6
Commitment that any workpapers associated with the Foreclosure Review be made available to the OCC immediately upon request	Section 3.b.3	4-5

The following attachments provide important supplemental information and are integral to this Agreement:

Attachment A sets forth the methodology Allonhill intends to use in accomplishing the Foreclosure Review. In accordance with the terms of the Consent Order, Attachment A includes (i) a description of the information systems and documents that Allonhill will review, including the selection of criteria for cases to be reviewed; (ii) the criteria Allonhill intends to apply in evaluating the reasonableness of fees and penalties; (iii) other procedures necessary to make the required determinations (such as interviews of employees and third parties and a process for submission and review of borrower claims and complaints); and (iv) Allonhill's proposed sampling techniques, including both a full description of the statistical basis for the sampling methods chosen, as well as procedures to increase the size of the sample depending on results of the initial sampling.

Attachment B sets forth the methodology Allonhill intends to use in connection with the Complaint Review.

Attachment C describes the resources and expertise Allonhill will use to complete the Foreclosure Review, including personnel and information systems. Attachment C further describes Allonhill's plans for enlisting additional resources necessary to complete the Foreclosure Review in the event that initial sampling identifies needs for more extensive file review.



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Attachment D (“Project Plan”) provides a high-level Foreclosure Review Project Plan. The Plan will be a working document, subject to periodic revision upon mutual agreement of the Parties throughout the performance of services pursuant to this Agreement.

3. TERMS AND CONDITIONS

a. COMPLIANCE WITH CONSENT ORDER

The Parties intend this Agreement to comply fully with the requirements of the Foreclosure Review Section of the Consent Order. In the event that the OCC requires further refinement of this letter as a condition of its approval, the Parties agree to work together in good faith to make refinements acceptable to the OCC.

b. INDEPENDENCE OF ALLONHILL CONDUCTING FORECLOSURE REVIEW

Allonhill has been retained to conduct an independent review of certain residential foreclosure actions regarding individual borrowers with respect to Aurora Bank’s mortgage servicing portfolio. Allonhill agrees that the Foreclosure Review will comply with all requirements set forth in Paragraph 16(a) – (h) and Paragraph 17 of the Consent Order issued to Aurora Bank 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 Aurora Bank or its contractors or agents with respect to Aurora Bank's mortgage servicing portfolio or Aurora Bank’s compliance with other requirements of the Consent Order, as set forth below:

1. The Foreclosure Review conducted by Allonhill shall not be subject to direction, control, supervision, oversight, or influence by Aurora Bank, its contractors or agents. Allonhill shall immediately notify OCC, of any effort by Aurora Bank, directly or indirectly, to exert any such direction, control, supervision, oversight, or influence over Aurora Bank, its contractors or agents.

2. Allonhill agrees that it is solely responsible for the conduct and results of the Foreclosure Review, in accordance with the requirements of Paragraph 16(a) – (h) and Paragraph 17 of the Consent Order.

3. The conduct of the Foreclosure Review shall be subject to the monitoring, oversight, and direction of the OCC. Allonhill 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, workpapers, materials or other information requested by the OCC with respect to the Foreclosure Review, regardless of whether such information constitutes confidential information; provided, however: (i) neither Allonhill nor



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Aurora Bank waives any right to assert that information requested by the OCC is privileged; and (ii) Allonhill will not be required to provide the source code for any proprietary software used by Allonhill in connection with providing the Foreclosure Review.

4. Allonhill 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. Allonhill will conduct the Foreclosure Review using only personnel employed or retained by Allonhill to perform the work required to complete the Foreclosure Review (collectively, "Allonhill Personnel"). Allonhill shall not employ or use services provided by Aurora Bank employees, or contractors or agents retained by Aurora Bank with respect to the Consent Order or with respect to matters contained 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, Allonhill may utilize documents, materials or other information provided by Aurora Bank, and may communicate with Aurora Bank, its contractors or agents, in order to conduct the Foreclosure Review.

7. Allonhill agrees that any legal advice needed in conducting the Foreclosure Review shall be obtained from the outside law firm whose retention for that purpose will be approved in advance by the OCC. Allonhill agrees not to obtain legal advice (or other professional services) in conducting the Foreclosure Review from Aurora Bank's inside counsel, or from outside counsel retained by Aurora Bank or its affiliates to provide legal advice concerning the Consent Order or matters contained in the Consent Order.

8. If the OCC determines, in its sole discretion, that Allonhill has not been fully compliant with the foregoing standards, the OCC may direct Aurora Bank to dismiss Allonhill and retain a successor consultant, in which case Aurora Bank shall have no further obligation to Allonhill other than for services performed up to that date for Aurora Bank, and in which case Allonhill will provide reasonable assistance as requested for any transition to a successor consultant, at rates to be mutually agreed upon in writing by the Parties. In no event will Allonhill be required to provide access to, or copies of, any proprietary software of Allonhill to any successor consultant, except as specifically agreed in writing by an authorized representative of Allonhill.

c. SCOPE AND TIMING OF Allonhill SERVICES



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i. Foreclosure Review.

The Consent Order requires Allonhill to confirm the review will be completed within 120 days following OCC approval of this Agreement. Allonhill has determined that to provide a quality review, we estimate Stage 1 of the review will be completed within 180 days; however, Stages 2 and 3 will require Allonhill to expand our review beyond the initial 180 day review period. Given the uncertainty around the number of loans that will be included in the review for Stages 2 and 3, Allonhill is unable to confidently determine the review time; however, Allonhill anticipates the review will be completed within 270 days from the date of OCC approval of this Agreement. As further described in the Attachments hereto, Allonhill will conduct an independent Foreclosure Review of certain residential foreclosure actions regarding individual borrowers with respect to Aurora Bank's mortgage servicing portfolio. The Foreclosure Review will include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by Aurora Bank, whether brought in the name of Aurora 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.

ii. Report of Findings.

Within thirty (30) days of completing the Foreclosure Review, Allonhill will prepare a written report detailing the findings of the Foreclosure Review ("Foreclosure Review Report"). Upon completion, Allonhill will simultaneously deliver the Foreclosure Report to the members of the Board of Directors of Aurora Bank and to the OCC.

iii. Reporting.

1. Periodic Reports to Management.

Allonhill will report to Aurora Bank at regular intervals and in a form to be mutually agreed, no less than every fourteen (14) days, concerning the status of its performance of services under this Agreement. At a minimum, Allonhill's reporting will identify any respects in which the accomplishment of milestones set forth in the Foreclosure Review Project Plan (Attachment D) is at risk, any need(s) for assistance from Aurora Bank, and any findings or observations believed by Allonhill likely to warrant inclusion in the Foreclosure Review Report.

2. Ad Hoc Reports to Management.



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Managing Directors assigned by Allonhill to this engagement shall be reasonably available to Aurora Bank management by telephone, e-mail, or in-person for ad hoc consultations and status reports throughout the period of this Agreement.

3. Reporting to the Board.

Upon reasonable notice, Allonhill will report to the Board of Aurora Bank, or any committee of the Board charged with oversight of Aurora Bank's efforts to comply with the Consent Order for the purpose of discussing the status of Allonhill's provision of services pursuant to this Agreement and any findings or observations Allonhill may have made in the course of providing such services.

4. Reporting to the OCC.

If requested by Aurora Bank or the OCC, Allonhill will meet with representatives of the OCC to discuss the status of the Foreclosure Review, the findings set forth in the Foreclosure Review Report, or any other matters germane to this engagement.

iv. Independence of Allonhill Generally.

As discussed in more detail in Section 3.b, as independent consultant, Allonhill will have sole responsibility for the methodology, findings, and observations set forth in the Foreclosure Review Report.

Allonhill's core business is the performance of due diligence in connection with mortgage origination, securitization, servicing, modification, and foreclosure. Its entire business model is predicated upon the provision of independent analysis and reporting.

Allonhill is a privately-held limited liability company (LLC). No investors in Allonhill or LLC members are servicing companies.

Allonhill currently has no other engagements with Aurora Bank. Aurora Bank and Allonhill have engaged in discussions about the possibility of Allonhill providing due diligence services for Aurora Bank if or when Aurora Bank purchases loans on a bulk basis from a third party. None of the prior work or the potential future work will affect the independence of Allonhill in performing the Foreclosure Review.

1. Allonhill's Past Work with Aurora Bank

Allonhill has not performed any previous engagements with Aurora Bank.



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2. Actual or Potential Conflicts of Interest

Allonhill has been engaged as a subcontractor to Promontory Financial Group to perform services in connection with a foreclosure review being performed by Promontory for another entity subject to a consent order. Allonhill and Promontory represent that this engagement does not create a conflict of interest, however, as both servicers share the common and mutually consistent goals of compliance with their respective Consent Orders.

3. Conflict of Interest Management.

In connection with this engagement, Allonhill will implement various controls to manage conflicts and ensure that the loan review services are provided with an appropriate level of independence. These controls include:

- a. Restricting any individual who previously was employed by, or otherwise was under contract to provide services to, Aurora Bank from:
(i) being assigned to perform loan-level reviews or borrower outreach efforts in connection with this engagement; (ii) providing day-to-day project management of personnel performing loan-level reviews or borrower outreach efforts; or (iii) providing strategic input on Allonhill's approach to, or execution of, this engagement. Allonhill may make exceptions to these restrictions on a case-by-case basis based on Allonhill's conclusion that an individual who was employed by or otherwise provided services to Aurora Bank was not exposed to Aurora Bank's foreclosure activity (e.g., a former employee who worked in the banking division and not the mortgage servicing division) or who can be appropriately segregated pursuant to Section 3.c.iv.3.b (e.g., an individual who worked for a law firm assisting with Aurora Bank foreclosures in certain states and who will be restricted from viewing Aurora Bank loans in those states), and that such exception will not result in a conflict of interest or compromise Allonhill's independence in performing the Services. No exception will be granted without the written approval of Allonhill's General Counsel, President, or Chief Executive Officer.
- b. The implementation of an information "firewall" to prevent any individual who previously was employed by, or otherwise was under contract to provide services to, Aurora Bank from having access to information related to: (i) the results of Allonhill's loan review services

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or borrower outreach efforts; (ii) summary information concerning the services performed by Allonhill pursuant to this engagement letter; and/or (iii) information concerning Aurora Bank's policies and procedures. Pursuant to the exceptions discussed in Section 3.c.iv.3.a, certain individuals who were employed by, or provided services to, Aurora Bank may have access to loan-level information concerning foreclosed loans and/or the results of the Services.

- c. Allonhill will implement technical restrictions in the proprietary software platform that Allonhill will use in connection with the Foreclosure Review (the [REDACTED]) that prevents individuals who are not approved to provide the services contemplated by this engagement letter from accessing information concerning the results of the services.
- d. Implementing policies, procedures, and training related to these conflict management protocols.
- e. Periodic review by Allonhill's General Counsel of the controls and restrictions discussed in this section.

During the course of the engagement, Allonhill will continue to monitor for actual or apparent conflicts of interest, maintain a dialogue with the OCC related to any conflict of interest concerns it may have, and take such further action(s) that are necessary to address any additional conflict of interest issues that may arise.

4. Allonhill Subcontractors

Allonhill's subcontractor, Promontory Financial Group, has never previously provided professional services to Aurora Bank and has no other assignment with Aurora Bank in progress or pending acceptance.

Aurora Bank engaged Hudson Cook, LLP for the purpose of providing information to Allonhill regarding state foreclosure laws, as well as feedback on Allonhill's business rules (used for programming the [REDACTED]) based on those laws. Hudson Cook does not represent Aurora Bank. Hudson Cook does not represent and will not represent Aurora Bank in connection with the Consent Order.

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Allonhill has retained SNR Denton US LLP to serve as its independent outside counsel for legal matters related to this engagement; the use of SNR Denton by Allonhill has previously been approved by the OCC.

v. Workpapers

Subject to the Parties' right to assert that requested information is privileged, Allonhill will make all of its work papers associated with performance of the Foreclosure Review available immediately upon the request of the OCC or Aurora Bank.

d. PERFORMANCE PERIOD

i. Start Date of the Engagement. As of the date of this Agreement.

ii. Milestones. As set out in this Agreement and the Consent Order and further detailed in Attachment D ("Project Plan"):

1. Allonhill will complete Stage 1 of the Foreclosure Review within 160 days following OCC approval of this Agreement or such later date as the OCC may specify in response to a request for extension or otherwise;
2. Allonhill will complete the Foreclosure Review Report within 30 days following completion of the Foreclosure Review.

iii. End Date. The Foreclosure Review will conclude upon the OCC's acceptance of (or non-objection to) the Foreclosure Review Report. This Agreement will terminate after such acceptance and the payment of all outstanding fees owed to Allonhill as of the conclusion of the Foreclosure Review[, subject to the provisions of Sections 3.i.xii.5 (Effect of Termination), 3.i.xii.6 (User Access Termination), and 3.i.xii.7 (Survival of Certain Provisions)].

e. ACCEPTANCE CRITERIA

In addition to the terms of this Agreement, acceptance shall be subject to the Consent Order and any requirements placed on this engagement by the OCC.

f. AURORA BANK MANAGER

[REDACTED]

g. ALLONHILL PROJECT MANAGER

[REDACTED]

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[REDACTED] See Attachment C for additional team members.

h. ALLONHILL SUBCONTRACTORS

Promontory Financial Group, LLC.

See Attachment C for additional details.

i. Additional Terms and Conditions

i. Definitions

1. **"Affiliates"** means Aurora Bank FSB and any present or future subsidiary thereof.
2. **"Confidential Information"** means any and all information, including trade secrets, know-how and proprietary information, techniques, plans or any other information relating to the business of a Party, including without limitation, work in process and information regarding a Party's present or future products, customers, employees, investors or affiliates and disclosed or otherwise supplied in confidence by the Party who disclosed the information ("Disclosing Party") to the other Party ("Receiving Party"), or received by the Receiving Party in the course of carrying out the tasks hereunder, or as a result of access to the premises of the Disclosing Party. This includes information furnished in the course of the provision of Services by Allonhill, or related to discussions between the Parties in anticipation of this Agreement or any particular scope of work under this Agreement. Confidential Information includes: (i) information disclosed in a written or other tangible form which is clearly marked with a "confidential" or "proprietary" legend or other comparable legend; (ii) information disclosed orally or visually which is identified as confidential at the time of disclosure and confirmed in writing within a reasonable time; (iii) any other information which a reasonable person would deem confidential under the context of disclosure or due to the nature of the information; and (iv) in the case of Aurora Bank, Customer/Consumer Information. Exceptions to the term "Confidential Information" are set forth in Section 3.i.vii.1.d (Exclusions).
3. **"Customer/Consumer Information"** means any and all information or data that is provided by, through or on behalf of Aurora Bank or any Affiliate to any Allonhill Personnel, or is otherwise acquired by any Allonhill Personnel in the course of performing Services under this Agreement that relates to any: (i) current, prospective or former customer (whether an individual, business entity, governmental unit, or otherwise) of Aurora Bank or any Affiliate, (ii) consumer of Aurora Bank or any Affiliate, (iii) nonpublic personal information of Aurora Bank or any Affiliate regarding its customers or consumers (within the meaning of Title V of



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the Gramm-Leach-Bliley Act and its implementing regulations, or any similar provision under any other applicable law), (iv) information subject to Section 628 of the Fair Credit Reporting Act and any regulations or guidelines adopted under those laws (or any similar provision under any other applicable law), or (v) information from which a customer or consumer's identity can be ascertained, either from the information itself or by combining the information with information from other sources. "Customer/Consumer Information" includes, but is not limited to, financial information, medical or health-related information. Examples are credit history, income, financial benefits, information in an application, loan or claim information, health information such as medical records, names or lists of individuals derived from nonpublic personally identifiable information or otherwise derived from Aurora Bank or an Affiliate, or the identification of an individual as a customer or an individual claimant under a financial product or service provided by Aurora Bank or an Affiliate.

4. **"Deliverables"** means materials that Allonhill will furnish to Aurora Bank as a result of the services performed under this Agreement, including, but not limited to the Foreclosure Review Report and the reports described above in Section 3.c.iii (Reporting).
5. **"Intellectual Property Rights"** means all patents (including originals, divisionals, continuations, continuations in-part, extensions, foreign applications, utility models and re-issues), patent applications, copyrights (including all registrations and applications therefor), trade secrets, service marks, trademarks, trade names, trade dress, trademark applications and other proprietary and intellectual property rights, including moral rights.
6. **"Services"** means the services to be provided by Allonhill under this Agreement.
7. **"Allonhill Personnel"** means Allonhill and each of its employees, along with any subcontractors or agents of Allonhill, and any Dependent Provider (as defined in Section 3.i.ii.1.b.ii (Dependent Providers) below.)

ii. Standards for Performance of Services

1. Allonhill Personnel

- a. **Independent Contractors.** Allonhill will select all Allonhill Personnel, and these individuals will be under the exclusive supervision and control of Allonhill, subject to the terms of this Agreement, including the Dependent Providers and individuals described in Section 3.i.ii.1.b (Subcontractors) below. The relationship between the Parties created



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by this Agreement is that of independent contractor and not partners, joint venturers, agents or employees. Allonhill will ensure that all Allonhill Personnel who perform Services under this Agreement comply at all times with the terms of this Agreement, including obtaining written agreement with the Confidentiality provisions of this engagement and all Statements of Work, and will be responsible for any failure of Allonhill Personnel to so comply. Allonhill will also undertake reasonable efforts to ensure any Independent Contractors do not have any conflict of interest to Aurora Bank or other conflicts that would in any way compromise their ability to work with Allonhill in an independent manner.

- b. Subcontractors.** Allonhill will ensure that all subcontractors (“Subcontractors”) who perform Services under this Agreement comply at all times with the terms of this Agreement. Allonhill will obtain written agreement with the Confidentiality provisions of this engagement, and Allonhill will be responsible for any failure of its Subcontractors to comply with any terms of this Agreement. Allonhill will also undertake reasonable efforts to ensure any Subcontractors do not have any conflict of interest to Aurora Bank or other conflicts that would in any way compromise their ability to work with Allonhill in an independent manner.

 - i. Individuals.** Allonhill may not use individuals who (i) are not employees of Allonhill, (ii) employees of staffing agencies retained by Allonhill, or (iii) are in the United States pursuant to the L-1 category of visas (or any successor legislation or regulations), in the performance of Services, *unless* approved by Aurora Bank in a signed writing, which approval must be obtained prior to when the individual commences performing any aspect of the Services, and which approval will not be unreasonably withheld or unduly delayed.
 - ii. Dependent Providers.** Allonhill will rely on the following service providers:

 - 1. Promontory Financial Group, LLC for support essential to Allonhill’s performance of the Services.



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2. Allonhill will rely on Hudson Cook LLP for information concerning the foreclosure laws in effect during the period encompassed by the Foreclosure Review.
3. SNR Denton US LLP
4. Allonhill will rely on Lexis/Nexis for bankruptcy case information for in-scope borrowers.

Allonhill will provide Aurora Bank with no less than thirty (30) days' notice of any intent to discontinue its reliance on Promontory Financial Group or to replace Promontory Financial Group with another vendor of such support, and will obtain Aurora Bank's prior written approval for any such change, which approval will not be unreasonably withheld or unduly delayed.

- iii. **Disclosures by Allonhill Necessary to Perform Services.** In the event it is necessary for Allonhill to disclose Confidential Information including but not limited to Customer/Consumer Information to a third party including any Subcontractor in order to perform Allonhill's duties under this Agreement, Allonhill shall disclose only such Confidential Information as is necessary for such third party to perform its obligations to Allonhill and shall, before such disclosure is made shall obtain written agreement prohibiting the third party's redisclosure, duplication or reuse of any Confidential Information. If requested by Aurora Bank any employee, representative, agent or subcontractor of Allonhill shall enter into a non-disclosure agreement in order to protect the Confidential Information.

2. **Replacement.** If Aurora Bank requests that Allonhill Personnel and/or Dependent Providers be replaced on a project due to unsatisfactory performance or lack of the requisite skills, Aurora Bank and Allonhill will meet to discuss Aurora Bank's concerns, and will use good faith efforts to resolve any issues so raised to Aurora Bank's reasonable satisfaction. Notwithstanding the foregoing, in order to maintain the independence of Allonhill in performing the Foreclosure Review, the final decision on whether to remove or replace any Personnel will be made by Allonhill in its sole discretion.



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3. Non-Exclusive. The Parties acknowledge and agree that the procurement of Services under this Agreement will be on a non-exclusive basis and that neither Aurora Bank nor its Affiliates guarantees to Allonhill any minimum amount of business other than as agreed herein. Allonhill and Allonhill Personnel may contract to perform similar services for others during the term of this Agreement, subject to Allonhill's obligations under this Agreement. No Confidential Information as defined under this Agreement will be shared with any of Allonhill's other clients engaged in their own foreclosure review. Notwithstanding the foregoing, Allonhill may use its proprietary software for the purpose of providing foreclosure review services to other entities; provided, however, that in no event will Allonhill disclose or otherwise use any Confidential Information that is specific to Aurora in connection with the provision of services to any third party.

4. Offshore Services.

- a. **Prior Approval Required.** Allonhill will not perform any Services under this Agreement, whether directly or via a subcontractor, outside of the United States of America ("United States") without the prior written consent of an Aurora Bank Executive Vice President. In the event that Aurora Bank does not consent to a Allonhill request to utilize Allonhill Personnel resident or otherwise from outside the United States, Aurora Bank will indicate to Allonhill the reasons therefore, and the Parties will work in good faith to reach a mutually agreeable solution.
- b. **Exceptions.** The foregoing restrictions of this Section 3.i.ii.4 (Offshore Services) shall not apply to (a) Allonhill efforts to develop or modify Allonhill's commercially available software to the extent it does not refer to or include Aurora Bank Confidential Information; (b) Allonhill's telephone or email technical support of its products or services that does not require (i) access to Aurora Bank Confidential Information; (ii) access to or connectivity with Aurora Bank's computing environments, or (iii) direct communication with any Aurora Bank Customer or Consumer; and (c) Allonhill's manufacture of commercially available goods.

iii. Intellectual Property Rights



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- 1. Aurora Bank's Data.** Allonhill acknowledges and agrees that Aurora Bank shall retain all right, title and interest in and to all Aurora Bank Confidential Information, including all Intellectual Property Rights therein and any derivatives of Aurora Bank's Confidential Information or improvements to Aurora Bank's Confidential Information. Aurora Bank grants no licenses to Allonhill to use the Aurora Bank Confidential Information other than for the purposes of performing Services hereunder, pursuant to the terms of this Agreement. The foregoing is not intended to prohibit Allonhill, in the conduct of its business from developing, creating or reducing to practice derivative works or improvements to any know-how gained while providing services to Aurora Bank or from using Residual Information (as defined in Section 3.i.iii.5 below).
- 2. Allonhill's Technology.** Aurora acknowledges and agrees that Allonhill is the sole and exclusive owner or all copyrights, patents, trade secrets, intellectual property or any other intellectual property rights associated with any ideas, designs, practices, software applications, processes, apparatus, improvements, inventions, know-how, trade secret, formulae, products or future products, plans, devices, or works of authorship created, conceived, or originated by Allonhill, either individually or jointly with the Company or third parties (whether or not patented, patentable, copyrighted, or copyrightable), including any improvements, enhancements or refinements thereto, that are directly or indirectly useful in any aspect of the business of Allonhill and related to the performance of Services hereunder (collectively, "Allonhill Technology"). All Allonhill Technology is the Confidential Information of Allonhill.
- 3. Aurora Bank Technology.** The Parties agree that all Intellectual Property Rights in and to the inventions, discoveries, or innovations developed by Aurora Bank prior to or during the term of this Agreement that are embodied in the products and processes utilized by Aurora Bank in its own internal business operations or its business activities undertaken with current or prospective customers, consumers or service providers ("Aurora Bank Technology"), along with Aurora Bank's or its agents' improvements to that technology and any derivative works of such technology, are and shall remain the sole and exclusive property of Aurora Bank.
- 4. Ownership.** Except as noted herein with respect to the Allonhill Technology in Section 3.i.iii.2 above, or as set forth in Section 3.i.iii.5 below, the Parties agree that Aurora Bank is the sole and exclusive owner of the Deliverables.
- 5. Exclusions.** Each Party may, during the course of the performance of Services by Allonhill for Aurora Bank, discover or learn information or develop knowhow of general application regarding the subject matter of the Services, which discovery, information or know-how



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would not deprive the other Party of any vested proprietary rights in any system, process or other business operation disclosed to such Party (“Residual Information”). Each Party is entitled to use Residual Information it learns from the other Party without the need to seek the approval of the other Party or pay any compensation for such Residual Information. The limited permission set forth in this Section 3.i.iii.5 does not permit intentional memorization of the other Party’s Confidential Information for the sole purpose of evading obligations contained in this Agreement, or the unlicensed use of a Party’s “Technology” (as such term is defined in Sections 3.i.iii.2 and 3.i.iii.3, above). Each Party agrees to instruct its personnel on the obligations under this Section. Notwithstanding anything to the contrary in this paragraph, nothing contained in this Section 3.i.iii.5 gives the recipient of the Residual Information the right to disclose, publish or disseminate:(a) the source of the Residual Information; (b) any financial, statistical or personnel data of the other Party; (c) the business plans of the other Party; or (d) in the case of Allonhill, the Customer/Consumer Information of Aurora Bank.

iv. **Acceptance**

- 1. Acceptance.** Aurora Bank intends to use the Deliverables in furtherance of its business and to assist Aurora Bank’s own counsel in providing legal advice as to compliance with the Consent Order, including but not limited to the preparation and submission of the remediation plan as required by the Consent Order, and Aurora Bank will have the right to evaluate the Deliverables for compliance with the terms of this Agreement. Aurora Bank may not reject the Services or Deliverables for subjective reasons (e.g., Aurora Bank disagrees with the findings or conclusions reached, or recommendations set forth, in the Deliverables), but may only do so for Allonhill’s failure to perform the Services in accordance with this Agreement.
- 2. Non-conformance.** Within ten (10) business days after receipt of any Deliverable (or within the number of days specified in any mutually agreed upon work plan), Aurora Bank will review the Deliverable to confirm that it conforms to the requirements of this Agreement. If Aurora Bank reasonably rejects a Deliverable, Aurora Bank will notify Allonhill and identify in detail any deficiencies, and Allonhill, at its own cost and expense, will have the opportunity to correct the deficiencies identified by Aurora Bank within ten (10) business days following its receipt of Aurora Bank’s rejection notice (or within the number of days specified in any mutually agreed upon work plan), and Aurora Bank will re-evaluate the modified Deliverable, and provide a response in writing. This process will continue until the Deliverables are acceptable under the terms of this Agreement; provided, however, that in the event that Allonhill has not corrected and/or Aurora Bank has not accepted any



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Deliverable after the Parties have continued this process for two successive rounds, then Aurora Bank shall have the right to terminate this Agreement. The provisions of this subsection are not intended to empower Aurora Bank to require Allonhill to modify any findings, recommendations or conclusions set forth in the Deliverable, as long as the Deliverable conforms to the requirements of this Agreement. If Aurora Bank fails to provide Allonhill with a written rejection within ten (10) business days after its receipt of the Deliverables, the Deliverables will be deemed accepted by Aurora Bank.

v. Pricing and Payment

- 1. Payment Terms.** Fees for services performed (and expenses incurred) by Allonhill in connection with the Foreclosure Review will be in paid in accordance with a separate letter agreement entered into by Aurora and Allonhill.
- 2. Rates and Overtime.** Allonhill will comply with all applicable state and federal wage and hour laws with respect to the payment of overtime to Allonhill Personnel, but Allonhill will not charge Aurora Bank any additional amounts for overtime unless Aurora Bank previously authorized the overtime in writing.
- 3. Taxes.** On its invoices, Allonhill will itemize amounts for any and all sales, use, excise, value-added, or goods and services taxes due under federal, state, local or foreign law that are associated with the Services or Deliverables rendered by Allonhill under this Agreement (but specifically excluding taxes in the nature of ordinary personal property taxes assessed against or payable by Allonhill, taxes based upon Allonhill's net income, Allonhill's corporate franchise taxes and the like) (collectively, "Taxes"). Aurora Bank will pay or reimburse Allonhill for all Taxes and Allonhill will remit those amounts to the appropriate taxing authority, and keep appropriate records of the assessment and payment of the Taxes. Allonhill will be exclusively liable for any penalties, interest and other charges of any jurisdiction and any other fees or costs arising from Allonhill's failure (i) to assess, or timely assess, any applicable Taxes (although Aurora Bank will remain liable for the underlying Taxes that Allonhill should have assessed), or (ii) to remit any amounts for Taxes it has collected from Aurora Bank.

vi. Security

- 1. Compliance with Aurora Bank Standards.** It is not contemplated that Allonhill will have access to Aurora Bank's secure facilities or information systems, or to "Restricted" Confidential Information of Aurora Bank (e.g., symmetric encryption keys, passwords, etc.), in a manner that would necessitate information security planning processes. However,



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Allonhill will have access to Aurora Bank facilities and Confidential Information. Therefore, Allonhill, for itself and Allonhill Personnel, will comply with all of Aurora Bank's requirements in relation to the security of the Aurora Bank facilities and Confidential Information that have been provided to Allonhill in writing in advance, attached as Schedule 1. This obligation includes the obligation of all Allonhill Personnel performing the Services, wherever located, to comply with the terms of (i) any Aurora Bank security or information processing requirements set forth in this Agreement; or (ii) in a mutually agreed upon information security procedures between the Parties.

- 2. Allonhill's Program.** Allonhill will implement such security measures as it deems commercially reasonable to comply with its general obligations in this Section 3.i.vi (Security) in order to control and mitigate the risks of loss, theft or disclosure of any Aurora Bank Confidential Information or Aurora Bank Technology to which Allonhill has access in relation to the Services, and in a manner commensurate with the sensitivity of the Services and such information and technology.
- 3. Risk Assessments.** Aurora Bank reserves the right to conduct, at its cost, an initial risk assessment prior to commencing Services to determine the risks associated with the Services to be performed. Depending on the results of this assessment, Aurora Bank may also conduct, at its cost, a site audit or other risk evaluations of the operations of Allonhill Personnel, but these sorts of evaluations are not generally anticipated by the Parties in the ordinary course of Aurora Bank receiving Services from Allonhill. Allonhill Personnel will cooperate with Aurora Bank in such initial assessment, and any subsequently required evaluations, in order to permit Aurora Bank to evaluate the ability of Allonhill Personnel to comply with Aurora Bank internal policies and procedures in relation to the Services.
- 4. Protecting Customer/Consumer Information.** To the extent that Allonhill receives any Customer/Consumer Information as a result of any exchange of information under the Agreement, and notwithstanding anything to the contrary contained in the Agreement, Allonhill agrees that it will (a) not disclose or use any Customer/Consumer Information except to the extent necessary to carry out its obligations under the Agreement or as required by law and for no other purpose, (b) not disclose Customer/Consumer Information to any third party except (i) the OCC, or (ii) any Dependent Provider specified in Section 3.i.ii.1.b.ii, including its third party service providers, without the prior written consent of Aurora Bank and subject to the further requirements of this Section, (c) employ commercially reasonable administrative, technical and physical safeguards, including proper information disposal procedures, to prevent unauthorized use or disclosure of Customer/Consumer Information, which are consistent with acceptable standards and



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practices of Aurora Bank's industry, (d) promptly provide such information regarding its privacy and information security systems, policies and procedures as Aurora Bank may reasonably request relating to its due diligence and oversight obligations under applicable laws and regulations, (e) in the event of any actual or apparent theft, unauthorized use or disclosure of any Customer/Consumer Information, immediately commence commercially reasonable efforts to investigate and correct the causes and remediate the results thereof, and (f) as soon as practicable following discovery of any event described in clause (e) hereof, provide Aurora Bank notice thereof, and such further information and assistance as may be reasonably requested. With respect to any third party provided access to Customer/Consumer Information, Allonhill will enter into a written agreement with such third party requiring safeguarding of such Customer/Consumer Information Data in a manner no less restrictive than Allonhill's obligations under the Agreement, and including those affirmative obligations described in this Section.

vii. Confidentiality

1. Mutual Obligations

- a. **Standards.** Confidential Information of the Disclosing Party will be maintained in confidence by the Receiving Party, who will safeguard this information using the same degree of care as it uses to safeguard its own Confidential Information, but in no case less than a reasonable degree of care. Subject to the terms of this Agreement, the Receiving Party will limit (a) access to the Disclosing Party's Confidential Information to those of its employees, officers, subcontractors and agents with a need to know such Confidential Information for the performance of obligations under this Agreement, and (b) use of the Disclosing Party's Confidential information for the exclusive purpose of fulfilling its obligations under this Agreement. Confidential Information of the Disclosing Party is and will remain the sole and exclusive property of the Disclosing Party, and the Receiving Party has no right in or to the Disclosing Party's Confidential Information. Allonhill acknowledges that Aurora Bank's Confidential Information includes both "Confidential Information" (defined in Section 3.i.i.2 above) and "Customer / Consumer Information" (as defined in Section 3.i.i.3 above). Allonhill and Aurora Bank will provide the other Party's Confidential Information to its respective Personnel only after Allonhill or Aurora Bank, as the case may be, has (a) informed each individual or legal entity of the



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confidential nature of the information and of the obligation to maintain its confidentiality, and (b) has procured a written agreement from each such Personnel to maintain the confidentiality of the other Party's Confidential Information, it being understood that such Personnel's obligation of confidentiality may be expressed in the form of a written agreement applicable generally to the confidentiality of information belonging or pertaining to parties with whom Allonhill or Aurora Bank, as the case may be, does business.

- b. **Return of Information.** At any time at the request and option of the Disclosing Party and in the event of termination or expiration of this Agreement (or any part thereof), the Receiving Party agrees to promptly: (a) return to the Disclosing Party the Confidential Information and/or Customer/Consumer Information, as applicable; or (b) destroy or permanently erase (on all forms of recordation) the Confidential Information and/or Customer/Consumer Information, as applicable and, if requested by the Disclosing Party, acknowledge in writing that all such Confidential Information and/or Customer/Consumer Information, as applicable, has been destroyed or permanently erased. Notwithstanding the foregoing, each Party may retain copies of the Confidential Information and/or Customer/Consumer Information, as applicable, to the extent required to comply with internal record retention policies, data backup and recovery requirements in the ordinary course of business, and applicable legal and regulatory requirements, provided, however, that such Confidential Information and/or Customer/Consumer Information, as applicable, will remain subject to the terms and conditions herein.
- c. **Title.** The Parties acknowledge and agree that any disclosure of Confidential Information, and in the case of Customer/Consumer Information, will in no way be construed to be an assignment, transfer, or conveyance of title to or ownership rights in such Confidential Information or Customer/Consumer Information. In addition, Aurora Bank's obligations under this Section with respect to Allonhill's Confidential Information will not be construed to limit Aurora Bank's rights to own or use intellectual property.



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- d. **Exclusions.** Except for Customer/Consumer Information (which will always remain as Confidential Information without exception), Confidential Information will not include information to the extent that: (a) such information is or becomes publicly available other than through any act or omission of either Party in breach of this Agreement; (b) such information was received by the Receiving Party other than under an obligation of confidentiality from a third party, which third party had no obligation of confidentiality to the Disclosing Party; or (c) such information was in the possession of the Receiving Party at the time of the disclosure without obligation of confidentiality, or was independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information. The burden of proof that Confidential Information falls into any one of the above exemptions will be borne by the Party claiming such exemption(s).
- e. **Safeguards.** Allonhill maintains commercially reasonable safeguards designed to protect against the destruction, loss, alteration of or unauthorized access to its clients' confidential information, including, without limitation, Aurora Bank's Confidential Information in the possession of Allonhill Personnel, which safeguards include policies for the disposal/destruction of and prohibiting any alteration or unauthorized access to any such data that are commensurate with the sensitivity of the materials, but are otherwise in accordance with the terms of this Agreement regarding the proper handling of Aurora Bank's Confidential Information.
- f. **Encryption.** Allonhill acknowledges that Aurora Bank Confidential Information, in particular Customer/Consumer Information, may, in accordance with Aurora Bank information security policies, require encryption and/or other information security controls when it is transmitted over a network, or is stored, processed or managed on equipment belonging to Allonhill Personnel (including portable equipment such as laptops and other portable devices), whether this equipment is used at a Aurora Bank site or elsewhere, and Allonhill agrees to conform to such encryption policies, pursuant to the terms of Section 3.i.vi.1 (Compliance with Aurora Bank Standards), above.



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- 2. Legal Proceedings.** In the event a subpoena or other legal process is served upon the Receiving Party that, pursuant to the requirement of a judicial authority, governmental agency or law of the United States or any state thereof (or any governmental or political subdivision thereof), requires the disclosure of either Party's Confidential Information or any work product prepared under this Agreement disclosed hereunder, to the extent practicable and legally permissible, the Receiving Party will notify the Disclosing Party promptly upon receipt of such subpoena or other request for legal process (unless such notice is prohibited by applicable law, rule or regulation), and will cooperate with the Disclosing Party, at the Disclosing Party's expense, in any lawful effort by the Disclosing Party to contest the legal validity or scope of such subpoena or other legal process.
- 3. Third Party Proprietary Information.** Neither Party will disclose any information to the other Party that it actually knows to be the proprietary or confidential information, or trade secret, of a third party, except as permitted by the license or other terms of use under which the Disclosing Party received such information from the third party. Each Party will take all reasonable steps necessary to ensure the fulfillment of this obligation.
- 4. Injunctive Relief.** The Receiving Party acknowledges it would be difficult to fully compensate the Disclosing Party for damages that may result from the breach or threatened breach of the foregoing provisions and, accordingly, that the Disclosing Party will be entitled to seek injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions, without the necessity of posting any bond thereof. This provision with respect to injunctive relief will not, however, diminish the Disclosing Party's right to claim and recover damages.
- 5. Publicity.** Except when disclosure is compelled pursuant to Section 3.i.vii.2 (Legal Proceedings), as otherwise contemplated by this Agreement, or as necessary for Allonhill to perform the Foreclosure Review, Allonhill will not disclose the existence of this Agreement or the business relationship between Aurora Bank and Allonhill to any outside third party without Aurora Bank's prior written approval, from an Aurora Bank Executive Vice President. This restriction includes, but is not limited to, using Aurora Bank's name, likeness or logo ("Aurora Bank's Identity"). By way of example and not limitation, Allonhill will not use Aurora Bank's Identity, directly or indirectly, in conjunction with any other clients of Allonhill, any client list, advertisements, news/press releases or releases to any professional or trade publications, or in any document that Allonhill plans to file with the Securities and Exchange Commission without the aforementioned approval.

[REDACTED]

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- 6. Background Checks.** Allonhill agrees to conduct background checks of its employees, Independent Contractors and Subcontractors who will be participating in the Foreclosure Review or otherwise have access to Confidential Information. These background checks will comport with the requirements outlined in Schedule 1. In the event that Allonhill does not comply with the terms of this Section 3.i.vii.6, Aurora Bank will have the right, in its sole and absolute discretion, to terminate this Agreement immediately.
- 7. Security Breach.** In the event of any actual or suspected security breach Allonhill either suffers or learns of that either compromises or could compromise Aurora Bank's Confidential Information, including Customer/Consumer Information (e.g., physical trespass on a secure facility, computing systems intrusion/hacking, loss/theft of an unencrypted PC (laptop or desktop), loss/theft of printed materials, etc.) (collectively, a "IT Security Breach"), Allonhill will notify Aurora Bank as soon as practicable, but within a period not to exceed twenty-four (24) hours of its discovery of such Security Breach, and will immediately coordinate with Aurora Bank security personnel to investigate and remedy the Security Breach, as directed by such Aurora Bank security personnel. Except as may be required by applicable law, Allonhill agrees that it will not inform any third party of any such Security Breach without Aurora Bank's prior written consent, which consent will not be unreasonably withheld or delayed; provided, however, if such disclosure is required by applicable law, then to the extent practicable and legally permissible, Allonhill will maintain records of any known or suspected security breaches in accordance with its information security practices, and will make such records reasonably available to Aurora Bank upon request.
- 8. Disclosure to Regulators.** Notwithstanding anything herein to the contrary, upon prior written notice to Allonhill and subject to the Parties' right to assert that the applicable Confidential Information is privileged, Aurora Bank may disclose to any federal or state bank examiner, or other regulatory officials having jurisdiction over Aurora Bank, the Confidential Information of Allonhill (excepting the source code and/or object code for the [REDACTED]), at the advice of Aurora Bank counsel. Aurora Bank will request that any such Confidential Information be treated confidentially by such regulatory official(s).

viii. Warranties

- 1. Compliance.** Allonhill represents and warrants to Aurora Bank that: (i) the entering into and carrying out of the terms and conditions of this Agreement will not violate or constitute a breach of any obligation legally binding upon Allonhill; and (ii) Allonhill will comply with all applicable federal, state and local laws (and all corresponding regulations/directives) in connection with its performance under this Agreement. Aurora Bank represents and



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warrants to Allonhill that the entering into and carrying out of the terms and conditions of this Agreement will not violate or constitute a breach of any obligation legally binding upon Aurora Bank.

- 2. Performance.** Allonhill represents and warrants that it will provide competent Allonhill Personnel with sufficient skill, knowledge, and training to perform the Services for Aurora Bank that are set forth in this Agreement, and that such Allonhill Personnel will perform such Services in a diligent and professional manner, and the Services and any Deliverables will comply in all material respects with the performance specifications set forth in this Agreement, as the same may be modified by mutual agreement of the Parties from time to time in writing. Except as may be authorized by the terms of this Agreement, Allonhill warrants that the performance of the Services will take place solely within the United States.
- 3. Relationship.** Allonhill will monitor, supervise and direct Allonhill Personnel in the performance of the Foreclosure Review. Allonhill represents and warrants that: (i) Allonhill is an independent contractor and Allonhill Personnel assigned to provide Services under this Agreement will not be, nor be deemed to be for any purpose, an employee or agent of Aurora Bank; (ii) each Allonhill Personnel assigned to provide Services to Aurora Bank under this Agreement will be and remain an employee, independent contractor or subcontractor of Allonhill for the entire period such person is providing Services to Aurora Bank hereunder; (iii) that Aurora Bank has no obligation whatsoever to provide Allonhill Personnel with liability or health insurance, or any other benefits provided to Aurora Bank employees; (iv) Allonhill is solely responsible, at its own expense, for complying with all laws, rules and regulations or any governmental authority having appropriate jurisdiction relating to Allonhill Personnel, including immigration, payroll and income taxation, workers compensation, disability and unemployment insurance, certification, documentation, and maintenance; and (v) it will use commercially reasonable efforts to ensure that Allonhill Personnel will not claim benefits from Aurora Bank under Aurora Bank's employee benefit plans, or under applicable unemployment or workers' compensation laws for any injuries sustained by Allonhill Personnel while performing Services. Allonhill acknowledges that it is solely responsible for the payment of compensation to Allonhill Personnel, including the payment, withholding and transmittal of all applicable taxes and insurance, unemployment contributions and workers' compensation contributions. Additionally, Allonhill represents that it assumes full responsibility for processing unemployment and workers' compensation claims involving Allonhill Personnel.



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- 4. Authority.** Allonhill represents and warrants to Aurora Bank that (i) it has full power and authority to grant the rights granted by this Agreement to Aurora Bank with respect to the Services and any Deliverables without the consent of any other person or entity; (ii) its execution and delivery of this Agreement and Allonhill's performance or compliance with the terms of this Agreement will not conflict with, result in a breach of, constitute a default under, or require the consent of any third party under any license, sublicense, lease, contract, agreement or instrument to which Allonhill is bound or to which Allonhill's properties are subject; and (iii) there are no pending or threatened lawsuits, actions or any other legal or administrative proceedings against Allonhill which, if adversely determined against Allonhill, would have a material adverse affect on Allonhill's ability to perform its obligations under this Agreement. Aurora Bank represents and warrants to Allonhill that (i) its execution and delivery of this Agreement and Aurora Bank's performance or compliance with the terms of this Agreement will not conflict with, result in a breach of, constitute a default under, or require the consent of any third party under any license; sublicense, lease, contract, agreement or instrument to which Aurora Bank is bound or to which Aurora Bank's properties are subject; and (ii) there are no pending or threatened lawsuits, actions or any other legal or administrative proceedings against Aurora Bank which, if adversely determined against Aurora Bank, would have a material adverse affect on Aurora Bank's ability to perform its obligations under this Agreement. Each of Aurora Bank and Allonhill represent and warrant to the other that: (x) this Agreement has been validly executed and delivered, (y) this Agreement constitutes the legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and, with regard to equitable remedies, to the discretion of the court before which proceedings to obtain those remedies may be pending; (z) such Party has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement, and that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate action on the part of such Party.
- 5. Intellectual Property Warranty.** Allonhill represents and warrants to Aurora Bank that: (i) all Deliverables and Services performed by Allonhill will be the original work of Allonhill (or duly licensed by Allonhill for the purposes for which they are delivered) such that ownership may be granted as set forth in this Agreement; (ii) Allonhill is the lawful owner or licensee of all technology used by it in the performance of the Services and creation of the Deliverables (except that technology provided by Aurora Bank); and (iii) if access to such technology is granted hereby, Allonhill has the right to permit Aurora Bank access to or use of such



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technology. Allonhill further warrants to Aurora Bank that to the best of Allonhill's actual knowledge: (x) there is no claim, litigation or proceeding pending or threatened against Allonhill with respect to the Services or Deliverables, or any component thereof, alleging infringement of any Intellectual Property Rights of any person or entity; and (y) neither the performance of the Services by Allonhill nor the furnishing of the Deliverables, will in any way constitute a knowing infringement or other violation of any Intellectual Property Rights, non-disclosure agreement, or other rights of any third party. Aurora Bank warrants to Allonhill that to the best of Aurora Bank's actual knowledge: (i) there is no claim, litigation or proceeding pending or threatened against Aurora Bank with respect to the Aurora Bank Technology, or any component thereof, alleging infringement of any Intellectual Property Rights of any person or entity; and (ii) the furnishing of Allonhill with access to the Aurora Bank Technology in connection with the Services, will not in any way constitute an infringement or other violation of any Intellectual Property Rights, non-disclosure agreement, or other rights of any third party. Without prejudice to any other rights of Aurora Bank against the Allonhill, including any indemnification obligations, if any Deliverable, or any part thereof, under this Agreement becomes, the subject of any claim, suit or proceeding for infringement of any Intellectual Property Rights or if any Deliverable, or any part thereof, is held or otherwise determined to infringe any Intellectual Property Rights, Allonhill will at its expense achieve the following results in the listed order of preference: (A) secure for Aurora Bank the right to continue using the affected product; or (B) replace or modify the product to make it non-infringing without materially degrading its performance or utility.

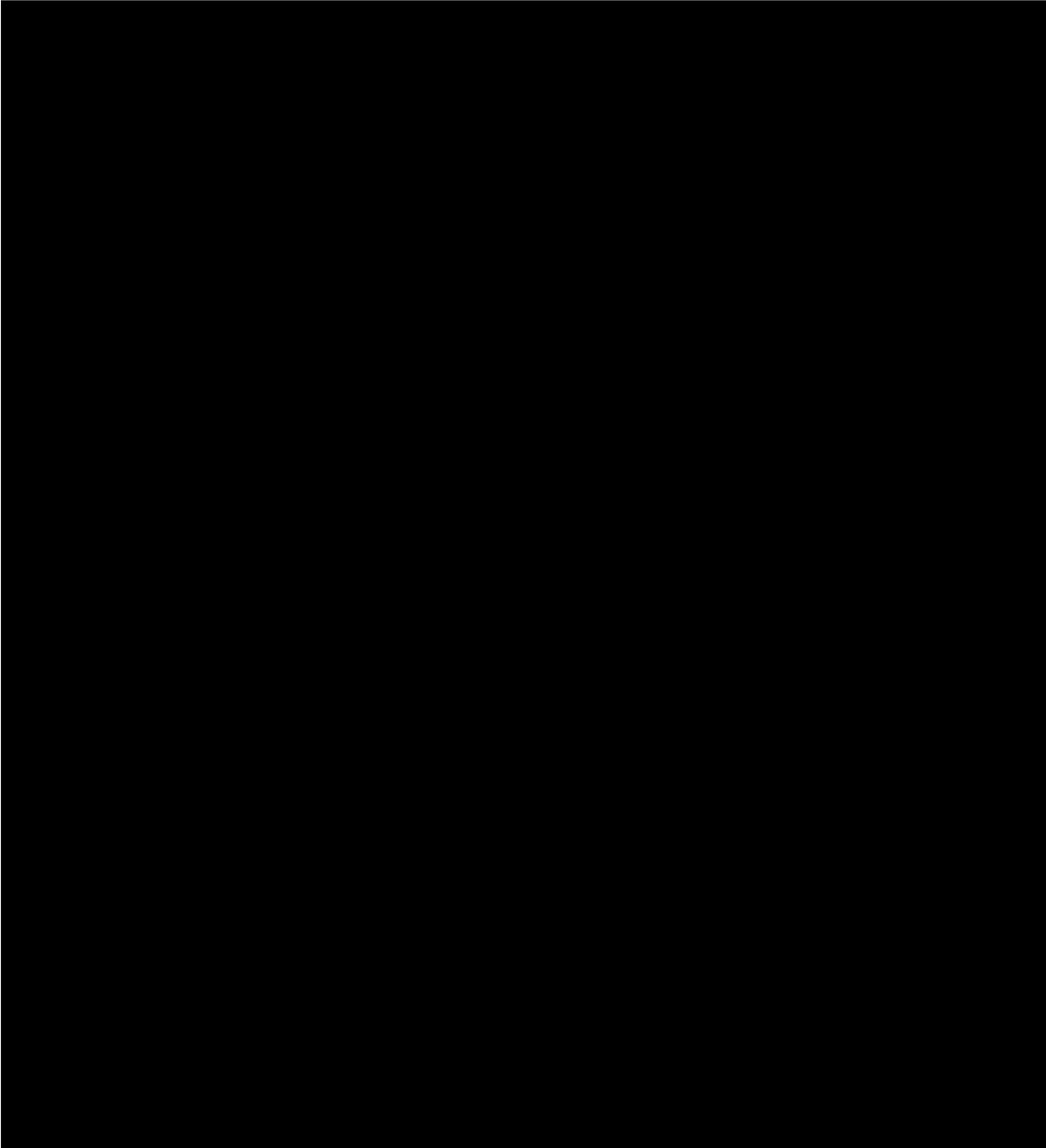
6. **Virus.** Allonhill represents and warrants that any software code written by Allonhill Personnel or materials furnished by Allonhill to Aurora Bank will not knowingly contain: (a) any computer code or instructions that may disrupt, damage, or interfere with Aurora Bank's use of its computer and/or telecommunication facilities, *e.g.* malicious code, viruses, etc., and (b) devices capable of automatically or remotely stopping the code from operating (*e.g.*, passwords, fuses, time bombs, etc.).
7. Each of the foregoing warranties is continuous in nature and will be deemed provided by Allonhill on the Effective Date hereof and throughout the term of this Agreement.
8. **Disclaimers.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALLONHILL DISCLAIMS ALL WARRANTIES EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND ALL IMPLIED OR STATUTORY WARRANTIES, INCLUDING ANY IMPLIED OR STATUTORY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, QUIET ENJOYMENT, OR SYSTEMS INTEGRATION. EXCEPT FOR ALLONHILL'S EXPRESS OBLIGATIONS IN THIS



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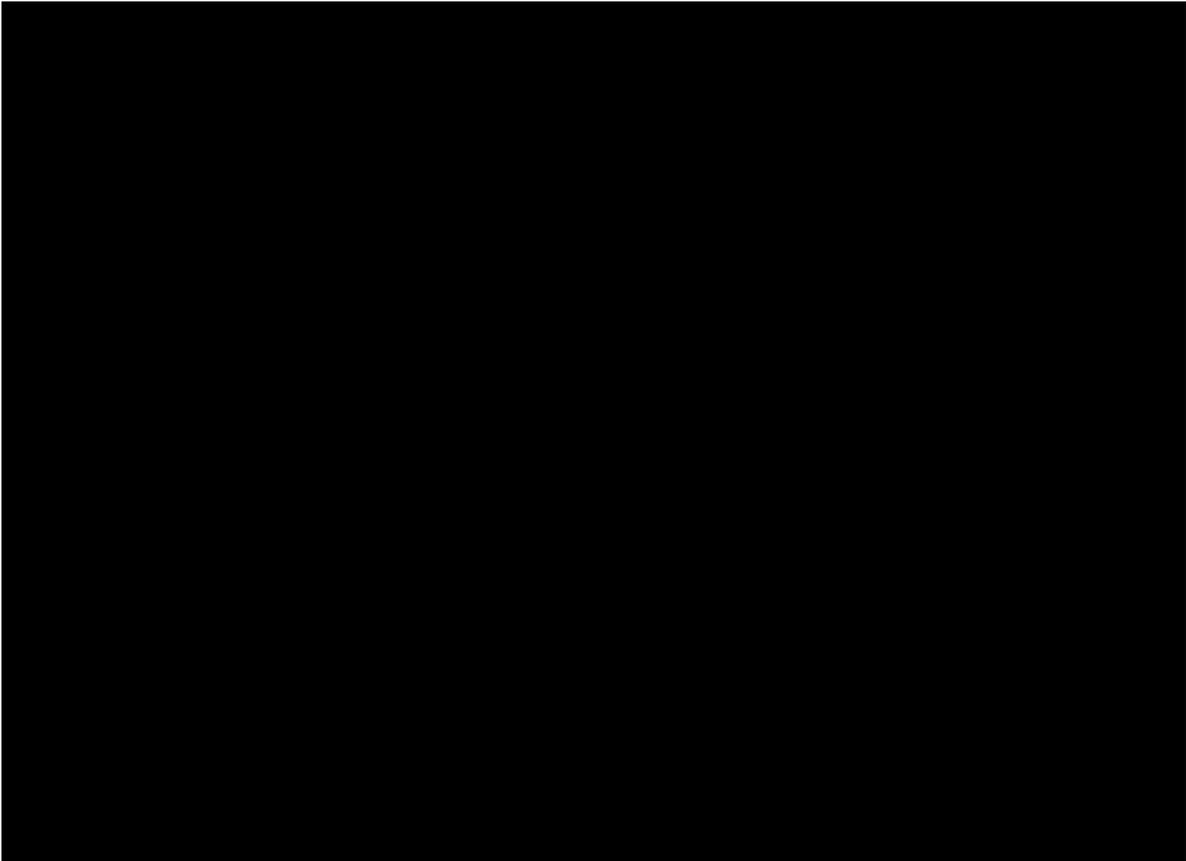
AGREEMENT, THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY, AND EFFORT OF ANY SOFTWARE AND ANY OTHER PRODUCT OR SERVICE THAT MAYBE PROVIDED SHALL BE WITH AURORA BANK.

ix. Indemnification

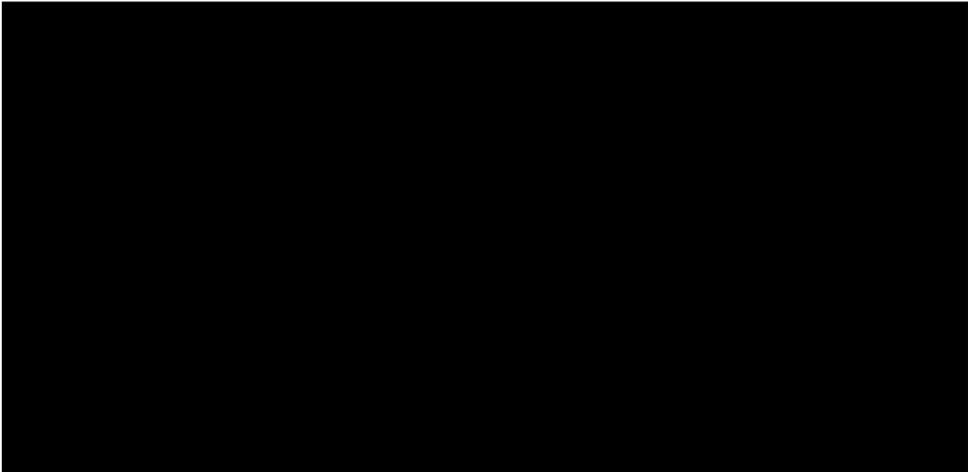
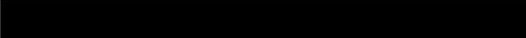




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x. **LIMITATION OF LIABILITY.**

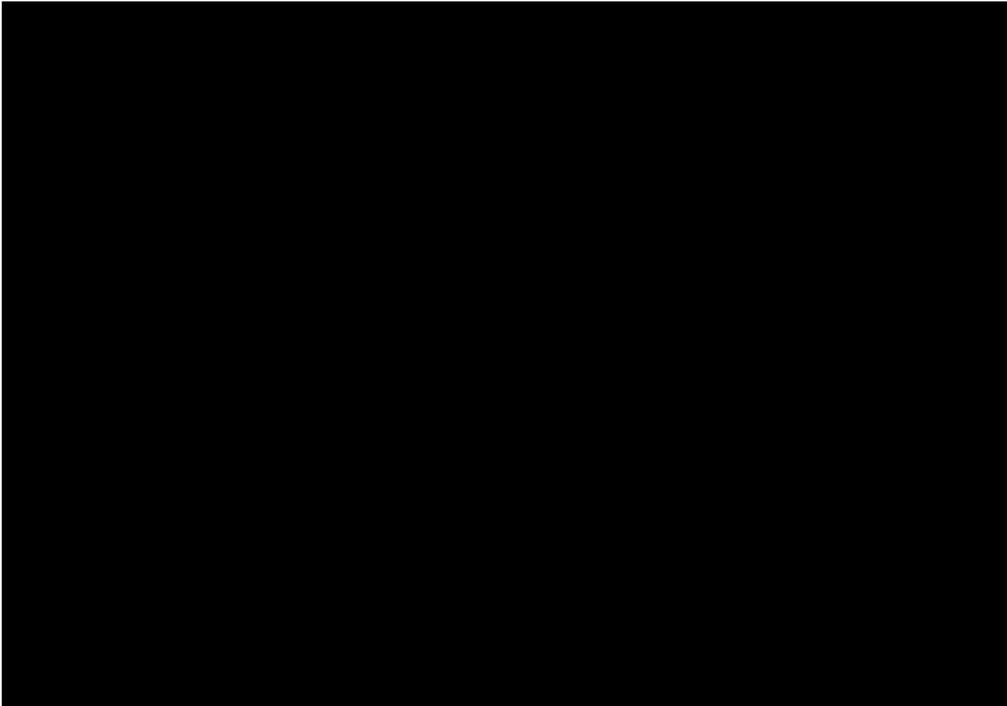


xi. **INSURANCE.**





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xii. TERM AND TERMINATION

- 1. General.** This Agreement commences on the Effective Date, and continues in full force and effect until terminated by either Party under the termination rights set forth in this Agreement.
- 2. Termination for Cause**
 - a. Aurora Bank may terminate, in whole or in part, this Agreement for cause if: (i) Allonhill breaches any material provision of this Agreement or repeatedly breaches any such provision and does not cure such breach within ten (10) days of receiving notice thereof (or within such other time frame as may be agreed upon in writing by the Parties); (ii) Allonhill generally fails to pay its debts as they become due, admits in writing its inability to pay its debts generally, makes a general assignment for the benefit of creditors or any proceedings are instituted by or against Allonhill or Allonhill takes any corporate action to authorize any of the actions set forth in this Section 3.i.xii.2; (iii) Allonhill breaches any of its obligations under Section 3.i.vii (Confidentiality) or Section 3.i.viii.5 (Intellectual Property Warranty); or (iv) Allonhill fails to



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comply with its reporting and remedy obligations related to Security Breaches, in accordance with the provisions of Section 3.i.vii.7 (Security Breach), and then fails to cure or remedy any of the aforementioned breaches within thirty (30) calendar days (but in the case of Security Breaches, within ten (10) calendar days) of receiving written notice from Aurora Bank specifying in reasonable detail the nature of such breach(es). Any termination pursuant to subsections (i) through (iv) above will be effective as of the date specified in such termination notice, upon Aurora Bank providing Allonhill with written notice of such termination pursuant to the terms of Section 3.i.xiii.3 (Notice).

- b. Allonhill may terminate, in whole or in part, this Agreement for cause if Aurora Bank (i) breaches a material provision of this Agreement or repeatedly breaches any such provision; (ii) breaches any of its obligations under Section 3.i.vii (Confidentiality) or Section 3.i.viii.5 (Intellectual Property Warranty); and fails to remedy or any of the aforementioned breaches within thirty (30) calendar days following written notice to Aurora Bank stating, with particularity and in reasonable detail, the nature of the claimed breach. Any termination pursuant to Section 3.i.xii.2.b, subsections (i) and (ii) above will be effective as of the date specified in such termination notice, upon Allonhill providing Aurora Bank with written notice of such termination pursuant to the terms of Section 3.i.xiii.3 (Notice).
- c. Each Party acknowledges that any notice and cure period permitted will not operate or be construed as a waiver of any subsequent, similar or other breach.
- d. Notwithstanding termination, Aurora Bank shall timely pay Allonhill's accrued and unpaid fees and reimbursable expenses through the effective date of termination. Aurora Bank will pay the undisputed amounts in any final Allonhill invoice no later than thirty (30) days after Aurora Bank's receipt of such invoice, and any additional amounts in respect of disputed amounts fifteen (15) days after the dispute has been settled to the Parties' mutual satisfaction.

3. No Fault Termination. If a court of competent jurisdiction or other administrative body empowered to issue such orders issues a final order or judgment holding that this



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Agreement or the Services offered hereunder, or some portion of the Services offered hereunder, are in violation of the law, or if a Party is required to terminate the Services of this Agreement by law, regulation or bank regulatory authority due to objections regarding the third party relationship formed hereby (“Judgment”), then either Party may terminate those portions of this Agreement that contravene such Judgment by providing the other Party with written notice of its intent to do so, which termination will be effective as of the date specified in such notice.

- 4. Termination Without Cause.** Aurora Bank may terminate this Agreement without cause upon thirty (30) days’ prior written notice to Allonhill (or payment in lieu thereof). Notwithstanding termination, Aurora Bank shall timely pay Allonhill’s accrued and unpaid fees and reimbursable expenses through the effective date of termination. Aurora Bank will pay the undisputed amounts in any final Allonhill invoice no later than thirty (30) days after Aurora Bank’s receipt of such invoice, and any additional amounts in respect of disputed amounts fifteen (15) days after the dispute has been settled to the Parties’ mutual satisfaction.
- 5. Effect of Termination.** Subject to each Party’s obligation to maintain certain records in accordance with applicable law (and then only for the time period required by law) or internal policies, and further subject to applicable law or judicial or administrative order regarding the return or destruction of documents, materials and other information, in the event this Agreement is terminated by either Party, each Party will return or irretrievably destroy all Confidential Information of the other Party that it (or its subcontractors, including, in the case of Allonhill, its Dependent Providers) has in its possession, including any information stored on computing equipment, and will provide the other Party with an officer’s certificate attesting to such return or destruction, subject in all respects to data backup and recovery requirements in the ordinary course of business. In the event that the Confidential Information of a Party has been commingled by the receiving Party with its own Confidential Information such that it cannot feasibly be separated for return or destruction, such commingled data will be protected by the Receiving Party as the Disclosing Party’s Confidential Information. Further, the Parties will work to ensure the termination of Services or transfer of Services to another service provider selected by Aurora Bank (which may include Aurora Bank) is orderly and is non-disruptive to the business continuation of each Party, such cooperation to include, subject to applicable law or judicial or administrative order, the transfer of all records, files (including computer tapes and diskettes), and the latest versions of any Deliverables in progress upon the effective date of termination, in the format mutually agreed by the Parties as applicable; provided, however, that in no event will Allonhill be required to provide copies of, or access to, any Allonhill Technology,



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Confidential Information of Allonhill, or information that Allonhill reasonably believes is privileged. Assistance provided by Allonhill in transitioning the Services will be billed to Aurora Bank at Allonhill's then-current rates for the Allonhill Personnel involved. However, if this transition has not been completed by the estimated termination date, Allonhill will, at the request of Aurora Bank, continue to perform the Services on a month-to-month basis and be compensated for such Services at the then-current rates for applicable Allonhill Personnel on the condition that Allonhill has no obligation to provide the Services for longer than three (3) months from the date of termination of this Agreement. In the event this Agreement is terminated by any Party for any reason whatsoever, Allonhill will return to Aurora Bank any fees prepaid by Aurora Bank for which Services have not been rendered. Notwithstanding the foregoing, in the event Aurora Bank terminates this Agreement without cause, Aurora Bank will remain obligated to pay for all undisputed fees and expenses incurred prior to the effective date of termination. The Parties understand and agree that no termination of this Agreement will discharge or excuse completion of or performance of any liability or Services obligation herein undertaken or occurring prior to the effective date of such termination. In addition, the termination of this Agreement will not limit any other rights or remedies available to the terminating Party.

- 6. User Access Termination.** Upon the effective date of termination of this Agreement for any reason, Aurora Bank will immediately terminate both Allonhill's physical access to Aurora Bank facilities and access to all Aurora Bank computer systems or networks. In the case of a specific Allonhill Personnel who is being removed or replaced, Aurora Bank will terminate such access to all Aurora Bank computer systems or networks within 24 hours of written notice to Allonhill regarding the event giving rise to the need for termination. In the event that Aurora Bank has permitted Allonhill to control any aspect of Allonhill Personnel's access to Aurora Bank facilities, computer systems or networks, then Allonhill will terminate such access as of the effective date of termination of this Agreement. To the extent Allonhill has any Allonhill owned property or equipment at an Aurora location, Allonhill will be permitted reasonable access during normal business hours to retrieve such property or equipment.
- 7. Survival of Certain Provisions.** In the event this Agreement is terminated, the provisions of Sections 3.i.iii (INTELLECTUAL PROPERTY RIGHTS), 3.i.vii (CONFIDENTIALITY), 3.i.ix (INDEMNIFICATION), 3.i.x (LIMITATION OF LIABILITY), and 3.i.xiii (GENERAL PROVISIONS) and Sections 3.i.v.3 (Taxes), 3.i.xii.5 (Effect of Termination), and 3.i.xii.6 (User Access Termination) of this Agreement will survive such termination.

xiii. GENERAL PROVISIONS



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1. **Not Law Firm or Lobbyist.** Aurora Bank acknowledges and Agrees that Allonhill is neither a law firm nor a lobbyist and that no part of the services to be performed pursuant to this Agreement shall constitute or is intended to constitute legal advice, the rendering of legal services, or lobbying activities.
2. **Acknowledgement.** Allonhill provides services to multiple clients within the financial services industry. Aurora Bank acknowledges that these clients may be direct or indirect competitors of Aurora Bank (including major residential mortgage servicers subject to interagency horizontal examination) and that the services Allonhill provides to such clients may be similar to the services provided to Aurora Bank hereunder (including assistance with enforcement actions based upon the findings of interagency horizontal examinations and/or consent orders). Allonhill anticipates that other similarly-situated mortgage servicers may retain it to assist with enforcement actions based upon the findings of the interagency horizontal examination and/or consent orders. In such event, this Agreement envisions the creation of a central team, which will provide support to each engagement, including quality assurance, share information regarding regulatory expectations, methodologies, project planning, reporting formats, etc., and, where appropriate, may communicate with regulators on behalf of these clients. However, Allonhill will not share Confidential Information of Aurora Bank with its other similarly-situated mortgage servicer clients, nor will Allonhill share confidential information of its other similarly-situated mortgage servicer clients with Aurora Bank. Notwithstanding anything to the contrary in the Agreement and solely for purposes of this Acknowledgement, "Confidential Information" shall not include information obtained from regulators that does not uniquely apply to Aurora Bank or its affiliates.
3. **Notice.** All notices, consents and other communications hereunder must be in writing and will be deemed to have been duly given when delivered personally, or one (1) business day after being sent by a nationally recognized overnight courier with package tracking capabilities. Notice that is delivered via facsimile or electronic mail is sufficient to meet the notice requirement, provided it is: (i) confirmed as received by the other Party, or (ii) an original copy follows it, as set forth above. All notices should be sent to the following addresses and indicated contacts:

AURORA BANK:

Aurora Bank

[REDACTED]
September 9, 2011

[REDACTED]
New York, NY 10020
[REDACTED]

With a copy to the Aurora Bank Engagement Manager.

ALLONHILL:

Allonhill, LLC
[REDACTED]

Denver, CO 80202
[REDACTED]

With a copy to the Allonhill Engagement Manager.

4. **Assignment.** Allonhill will not assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of Aurora Bank, which consent will not be unreasonably withheld; any unauthorized Allonhill assignment or delegation will be null and void. Allonhill will not be relieved of any of its obligations hereunder as a result of any assignment of this Agreement. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties' successors and assigns.
5. **Change of Control.** Any change of control of Allonhill shall entitle Aurora Bank to terminate this Agreement immediately upon written notice to Allonhill. For purposes of this Section, a "Change of Control" shall mean the (i) consolidation or merger of Allonhill with or into any entity or (ii) acquisition by any entity, or group of entities acting in concert, of all or substantially all of Allonhill's assets, or of beneficial ownership of 50% or more (or such lesser percentage that constitutes Control) of the outstanding voting securities or other ownership interests of such Party; "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Party, whether through the ownership of voting securities, by contract or otherwise.



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- 6. No Third-Party Beneficiaries.** Allonhill and Aurora Bank intend that this Agreement will not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties.
- 7. Modification and Waiver.** No modification of this Agreement and no waiver of any breach of this Agreement will be effective unless in writing and signed by an authorized representative of each Party. No waiver of any breach of this Agreement, and no course of dealing between the Parties, will be construed as a waiver of any other or subsequent breach of this Agreement.
- 8. Severability.** The provisions of this Agreement are severable. If a court or arbitrator holds any provision of this Agreement invalid, illegal or unenforceable, then the validity, legality or enforceability of the remaining provisions will in no way be affected or impaired thereby. If a court or arbitrator holds any such provision to be invalid or unenforceable, the adjudicating entity will replace that provision with a provision that is valid and enforceable, and most nearly reflects the intent of the original provision.
- 9. Interpretation.** Each Party acknowledges that it has had the opportunity to read and review this Agreement with counsel, and that this Agreement has been the subject of active and complete negotiations, and that this Agreement may not be interpreted or construed in favor of or against any Party. Article and Section headings are provided for convenience only and are not to be used to construe or interpret this Agreement. However, if the terms “article(s)” and/or “section(s)” are used in reference to any legislation, statute or regulation, then the reference is deemed to include all related articles or sections within the same legislation, statute or regulation (as such articles and/or sections may be amended from time to time). Whenever the words “include” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation.”
- 10. Contrary, Inconsistent, or Additional Terms.** Any pre-printed terms and conditions on any materials that Allonhill regularly uses with its other customers (e.g., order forms, invoices, browse-wrap or click-wrap terms and conditions) will be null and void and of no consequence whatsoever in interpreting the Parties’ legal rights and responsibilities as they pertain to any of the contemplated Services provided hereunder.
- 11. Consents.** Except as expressly agreed by the Parties, or as provided in Section 3.i.vii (CONFIDENTIALITY), wherever this Agreement requires either Party’s approval, consent or satisfaction, such approval, consent or satisfaction may not be unreasonably or arbitrarily withheld or delayed.



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- 12. Governing Law.** This Agreement will be construed as having been made in, and will be governed in accordance with the laws of, the State of Delaware, excluding any applicable conflict of law provisions. The Parties consent to jurisdiction in New York or Colorado.
- 13. Remedies upon Default.** Unless specifically set forth in this Agreement, in the event of breach by either Party, the non-breaching Party will be entitled to exercise any and all rights and remedies available to it at law or in equity, whether concurrently or separately, and the exercise of one remedy will not be deemed either an election of such remedy or a preclusion of the right to exercise any other remedy. Without limiting the generality of the foregoing, either Party may offset any fees it owes to the other Party against amounts it is otherwise owed.
- 14. Dispute Resolution.** Subject to the terms of Section 3.i.vii.4 (Injunctive Relief) and Section 3.i.xiii.13 (Remedies upon Default) set forth above, any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to, this Agreement (each, a “Dispute”) will be resolved expeditiously, amicably, and at the level within each Party’s organization that is most knowledgeable about the disputed issue.
- 15. Audit.** Allonhill Personnel will cooperate in providing to Aurora Bank or its auditors (including any federal or regulatory auditors with jurisdiction over Aurora Bank’s operations, specifically, the OCC any information reasonably requested by Aurora Bank or its auditors that is necessary or required for the verification of performance of Services by Allonhill Personnel under this Agreement in accordance with applicable law and the terms and conditions of this Agreement, provided that (i) such audits by Aurora Bank may only occur during normal business hours at the locations where Allonhill Personnel perform Services or retain records, and only after providing reasonable notice to Allonhill (not less than five (5) business days’ notice), (ii) such inspections shall be conducted in a manner that is designed to minimize any adverse impact on normal business operations, (iii) Aurora Bank will comply with all standard safety and security procedures of Allonhill in conducting any such audits, (iv) any information accessed by Aurora Bank or its auditors in the performance of any such audit will be deemed to be the Confidential Information of Allonhill. Notwithstanding the foregoing, Allonhill reserves the right to withhold information it reasonably believes is privileged, and in no event will Allonhill be required to provide access to or otherwise disclose the source code or object code for the . If Aurora Bank identifies a critical control weakness or risk that could adversely impact Allonhill’s ability to perform under the terms and conditions of this Agreement, including a risk to Customer/Consumer Information or Aurora Bank’s ability to comply with applicable law,



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Aurora Bank will promptly inform Allonhill in writing of such control weakness. Upon receipt of written notice from Aurora Bank of such control weakness, Allonhill shall have fifteen (15) business days in which to review such notice and if Allonhill cannot remediate such weakness within a reasonable time and in accordance with a mutually agreed upon remediation plan, then Allonhill may notify Aurora Bank in writing and may terminate this Agreement. In the event that Allonhill does not elect to terminate this Agreement and the Parties mutually agree upon a remediation plan and schedule, then Aurora Bank shall have the right to independently verify such remediation.

16. Records

- a. **Services.** Subject to the terms of this Agreement and/or any other written agreement between the Parties, Allonhill will retain all information obtained or created in the course of performance hereunder for the term of this agreement, a reasonable amount of time thereafter at the request of Aurora Bank, and as required by law. The Parties agree that any such records maintained and produced by Allonhill under this Agreement, to the extent not constituting privileged information or information that Allonhill or Aurora Bank reasonably believes to be privileged, will be available, in English, during reasonable business hours, for examination or audit by governmental agencies having jurisdiction over Aurora Bank. Allonhill will notify Aurora Bank of any formal request by an authorized governmental agency to examine Aurora Bank's records maintained by Allonhill, if Allonhill is permitted to make such a disclosure to Aurora Bank under applicable law or regulation. Aurora Bank agrees that Allonhill is authorized to provide all such described records, upon advance written notice to Aurora Bank if allowed by law, when formally required to do so by an authorized governmental agency. Any time spent by Allonhill retrieving data or information related to this engagement upon request of Aurora, the OCC, or any third party will be billed to Aurora at Allonhill's then-current rates for the Allonhill personnel involved in responding to any such request.
- b. **Personnel.** With regard to: (a) the hire, tenure and conditions of employment of employees, their hours of work, the rates of and the payment of their wages; (b) the keeping of records and the making of reports; and (c) the payment, collection or deduction of federal, state

[REDACTED]

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and local taxes and contributions, Allonhill will keep and have available all necessary records and make all payments, reports, collections and deductions, and otherwise do any and all things as may be required to fully comply with applicable federal, state and local laws, ordinances and regulations in regard to said matters so as to fully relieve Aurora Bank from and protect it against responsibility or liability therefore. Allonhill will file a FORM 1099-MISC and all other reports required by law with respect to each Subcontractor assigned to Aurora Bank.

17. Execution. To facilitate execution, this Agreement may be executed (i) pursuant to the process set forth in the Electronic Signatures in Global and National Commerce Act (15 USC §7001 et seq.), or (ii) in as many counterparts as may be required to reflect all Parties' assent; all counterparts shall collectively constitute a single agreement. A legible facsimile signature that can be authenticated will constitute an original and binding signature of a Party.

18. Entire Understanding This Agreement, including its Attachments, constitutes the exclusive and entire agreement between the Parties with respect to its subject matter, and as of the Effective Date, supersedes all prior or contemporaneous agreements, negotiations, representations and proposals of any kind, whether written or oral, either express or implied, relating to this subject matter. This Agreement includes and integrates any properly executed attachments, including the exhibits and addenda.

IN WITNESS WHEREOF, Allonhill and Aurora Bank, by the signatures of their duly-authorized representatives below, intending to be legally bound, agree to all the provisions of this Agreement.

Very truly yours,

[REDACTED]

[REDACTED]

Allonhill, LLC

[REDACTED]

Attachments



September 9, 2011

Accepted for Aurora Bank, FSB

By: _____

Title: _____

Date: _____



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SCHEDULE 1

INFORMATION SECURITY PROCEDURES

A. Personnel Security Procedures

1. Allonhill (or "Vendor") shall appoint at least one contact who is knowledgeable about information security matters to respond to Aurora Bank ("Customer") inquiries regarding computer security. This individual(s) must be responsible to notify Customer designated contacts if a confirmed breach or incident occurs as soon as practicable, but within a period not to exceed twenty-four (24) hours of Vendor's discovery of such breach or incident.
2. Security awareness training must be completed for all new Vendor personnel or contractors within one week of hire or being appointed to work on Customer Sensitive Data and re-certified on an annual basis. There must be a testing component included. Security awareness training must cover at minimum the following topics: (i) the nature of sensitive material, (ii) Vendor personnel and contractor responsibilities in handling sensitive information including review of employee nondisclosure obligations, (iii) requirements for proper handling of sensitive material in physical form including transmission, storage and destruction, (iv) proper methods for protecting sensitive information on computer systems including password policy, (v) other computer security concerns, (vi) workplace security including building access, wearing of security badges, reporting of incidents and similar issues, and (vii) consequences of failure to properly protect information including potential loss of employment, damage to individuals whose private records are divulged and possible civil, financial and criminal penalties. Documentation must be kept to certify that this has been completed and such documentation must be available for review by Customer.

B. Network and Communications Security

1. Vendor warrants, represents and covenants that: (i) all Vendor connectivity to Customer computing systems and/or networks and all attempts at same shall be only through Customer's security gateways/firewalls and only through Customer approved security procedures; (ii) it will not access, and will not permit unauthorized persons or entities to access, Customer computing systems and/or networks without Customer's express written authorization and any such actual or attempted access shall be consistent with any such authorization; and (iii) it will use the a commercially reasonable, comprehensive virus detection/scanning program. Upon detecting a virus, the virus shall be automatically quarantined and/or eliminated and IT shall be notified of the detection. Vendor shall notify



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Customer immediately if it suspects, reasonably believes or becomes aware of the existence of any viruses (other than those routinely detected and deleted by Vendor's anti-virus programs) that impact the Services, disabling devices or trap doors in any related software, computing systems and/or networks. Vendor shall also notify Customer immediately if it identifies any elements of the deliverables/services that would make the Services or Deliverables susceptible to known viruses or viruses known to Vendor.

C. Data Procedures

1. The printing of all Customer/Consumer Information received, used or stored by Vendor (including its employees and/or subcontractors) in connection with the Services shall be restricted to a space dedicated by Vendor to handle and access such information (the "Customer Work Area") or to a management personnel's printer that is not available to Allonhill Personnel generally.
2. Disposal of Customer Sensitive Data on paper or other media must take place with shredders placed within the Customer Work Area or be performed, under Vendor's supervision, by a disposal company specializing in handling information of the same type as Customer Sensitive Data. If disposal is performed by Vendor employees, shredding must take place within the Customer Work Area before disposal or transit outside of the Customer Work Area.
3. Erasure of Information and Destruction of Storage Media
 - a. All electronic storage media, containing confidential or restricted information, must be wiped or degaussed for physical destruction or disposal prior to departing Customer Work Areas.
 - b. Wiping - At a minimum, erasure procedures must meet the DOD 5220.22-M standard (7-times overwrite). If local regulations require a more stringent procedure, then that should be followed.

D. Physical Security

1. All backup and archival media containing Customer Sensitive Data, or other information used to provide services under the Agreement, must be contained in secure, environmentally-controlled storage areas owned, operated, or contracted for by Vendor, and electronic backup and archival media must be encrypted.



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E. Application

1. Notwithstanding any other provision of the Agreement, Customer, in its discretion, shall have the right to subject any Vendor software developed for use by Customer to a security audit any time within sixty (60) days after delivery to Customer of the software or any time after delivering written notice to Vendor (with supporting documentation and/or analysis) that it has a reasonable basis for believing the software is non-secure. If such software in source code form is not delivered to Customer, then the complete results of a security audit conducted by Customer security staff or third parties shall be delivered to Vendor. The security audit may include, but not be limited to, the use of third party commercially available software security testing tools.
2. If after a security audit Vendor-developed software developed for use by Customer is reasonably determined to be non-secure by Customer, then upon written notice of such non-secure status, Vendor, at its cost and expense, shall use commercially reasonable efforts to remedy the security flaws by modifying or replacing the software within ninety (90) days of receipt of such written notice (the "Remedy Period"). Upon receipt of revised software and notice from Vendor that the security flaws have been remedied prior to the end of the Remedy Period, Customer may again subject the software to a security audit. If the software is determined to be non-secure with specific steps provided to demonstrate such determination and remains non-secure at the end of the Remedy Period, Customer shall be deemed to have not accepted the software under the terms of the Agreement unless Customer in its sole discretion otherwise expressly agrees in writing to accept the software.
3. Vendor shall engage, at its own expense and at least one time per year, a third party vendor possessing industry standard qualifications ("Testing Company") to perform penetration and vulnerability testing ("Penetration Tests") with respect to Vendor's systems containing or storing Customer Sensitive Data. The objective of such Penetration Tests is to identify design and/or functionality issues in applications or infrastructure of Vendor's systems containing or storing Customer Sensitive Data which could expose Customer's assets to risks from malicious activities. Penetration Tests shall probe for weaknesses in applications, network perimeters or other infrastructure elements as well as weaknesses in process or technical countermeasures relating to Vendor's systems containing or storing Customer Sensitive Data that could be exploited by a malicious party. Penetration Tests to be performed hereunder shall identify, at a minimum, the following security vulnerabilities: invalidated or unsanitized input; broken access control; broken authentication and session management; cross-site scripting (XSS) flaws; buffer overflows; injection flaws; improper error handling;



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insecure storage; denial of service; insecure configuration management; proper use of SSL/TLS; proper use of encryption; and anti-virus reliability and testing. Upon request of Customer after the annual Penetration Test has been performed, Vendor shall provide Customer with a summary of any high level and medium level security issues that were revealed during such Penetration Test and Vendor's plan for addressing such items.

F. Background Checks

1. Without limiting any rights or obligations contained in the Agreement, to the extent not previously performed by Vendor with respect to the applicable individual, background checks shall be performed by Vendor on all Vendor personnel and contractors (including temporary and non-employee personnel) prior to such individuals receiving access to Customer Sensitive Data. Background checks will consist of screened checks for educational history, employment history verification (prior three (3) employers, criminal checks dating back seven (7) years, and an OFAC prohibited persons check. If a Vendor facility does not permit any of the listed background check requirements, Vendor must secure Customer's written consent before any Vendor personnel and contractors may access Customer Sensitive Data at such facility.

**Attachment A
Methodology for File Review**

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0. Scope of review

a. Proceedings

As required by Paragraph 14 of the Order, the Foreclosure Review will encompass certain “residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans



serviced by [Aurora Bank, FSB], whether brought in the name of [Aurora Bank, FSB], 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” (hereafter, “In-Scope Proceedings”). In-Scope Proceedings relate to liens secured by owner-occupied, one-four family dwellings serviced by divisions of Aurora that process first lien mortgage foreclosures.

b. Total Population

The combined total of 110,385 records represents the total population of foreclosure proceedings completed or in process in calendar 2009 and 2010.

c. Information Systems and Documents

Aurora, at Allonhill, LLC’s (“Allonhill”) direction, has drawn data extracts for Allonhill’s use in designing and executing the Foreclosure Review from the following information systems: [REDACTED]

At Allonhill’s direction, Aurora provided multiple tables covering extracted data fields from these systems, which Allonhill has combined into a single table for analysis. Table A-1 details the data fields in the resulting table.

Table A-1

EXTRACTED DATA FIELDS

Field Name	Field Description
[REDACTED]	Whether the borrower was in bankruptcy at initiation of foreclosure (Y) or not (N)
[REDACTED]	The snapshot date or "data as of date" of any bankruptcy related information in the file.
[REDACTED]	Bankruptcy filing date
[REDACTED]	Reason code for BK Removal
[REDACTED]	Date of BK removal (MM/DD/YYYY)
[REDACTED]	Reason for BK removal
[REDACTED]	Date of BK Initiation (MM/DD/YYYY)
[REDACTED]	Bankruptcy status (active, completed, etc)
[REDACTED]	Identifies whether or not bonafide complaint (Y/N)
[REDACTED]	Property city
[REDACTED]	Complaint filed (Y) or not (N) after referral to foreclosure
[REDACTED]	Complaint filed (Y) or not (N) at any time
[REDACTED]	Date complaint received

Field Name	Field Description
[REDACTED]	Type of complaint (OCC or other regulator, executive office, etc)
[REDACTED]	Whether borrower requested and was denied a short sale (Y) or not (N)
[REDACTED]	Delay or suspension of foreclosure for FEMA-like reasons (Y/N)
[REDACTED]	Amount due at foreclosure initiation
[REDACTED]	The earliest date at which the loan was active in the Bankruptcy Workstation (post Foreclosure)
[REDACTED]	The earliest date at which the loan was active in the Foreclosure Workstation on [REDACTED]
[REDACTED]	Name of firm handling the foreclosure
[REDACTED]	Foreclosure completed (Y) or not (N)
[REDACTED]	Foreclosure data "as of" date - when '12/31/9999', this is current data
[REDACTED]	Date account was referred to foreclosure (MM/DD/YYYY)
[REDACTED]	Date of foreclosure sale
[REDACTED]	The date the loan was activated in the Foreclosure Workstation on [REDACTED]
[REDACTED]	Address of firm handling the foreclosure
[REDACTED]	Additional address line of firm handling foreclosure
[REDACTED]	City of firm handling the foreclosure
[REDACTED]	State (2 character US Postal code) for firm handling the foreclosure
[REDACTED]	ZIP code of firm handling the foreclosure
[REDACTED]	Identifies the loan number of the matching first or subordinate lien for the same property
[REDACTED]	Name of portfolio
[REDACTED]	Judicial vs non-judicial state (Y=Judicial, N=non-judicial)
[REDACTED]	The latest date at which the loan was active in the Bankruptcy Workstation (post foreclosure)
[REDACTED]	The latest date at which the loan was active in the Foreclosure Workstation
[REDACTED]	Loan type (first lien, second lien, etc)
[REDACTED]	Whether the borrower contested the foreclosure through litigation (Y) or (N)
[REDACTED]	Whether the foreclosure was reviewed for loss mitigation (Y) or not (N)

Field Name	Field Description
[REDACTED]	Loss mitigation type
[REDACTED]	Unique loan number
[REDACTED]	The as of date for the four loss mitigation fields above. If fields are populated, the value in this field will be 12/31/2010.
[REDACTED]	Loan modification denial reason codes
[REDACTED]	Loan modification denial reason descriptions
[REDACTED]	Date loss mitigation began (MM/DD/YYYY)
[REDACTED]	Loss mitigation status
[REDACTED]	A = Active (currently in loss mit)
[REDACTED]	C = Completed
[REDACTED]	R = Removed/Denied
[REDACTED]	D = Deleted (set up in error)
[REDACTED]	S = Suspended
[REDACTED]	Assigned to MERS (Y) or not (N)
[REDACTED]	The date the loan was registered with MERS
[REDACTED]	Registered with MERS (Y) or not (N)
[REDACTED]	Mortgage insurance (Y, N, FHA, etc.)
[REDACTED]	Whether the borrower was denied a modification (Y) or (N)
[REDACTED]	The Loss Mitigation Workstation template ID associated with the MODIFIED_DENIED_FLAG field.
[REDACTED]	Whether debt cancellation or other optional insurance is on the account (Y) or not (N)
[REDACTED]	FICO score at origination
[REDACTED]	Loan to value at origination
[REDACTED]	Foreclosures for which other issues have been identified by credible sources (Y) or not (N)
[REDACTED]	Payment made immediately before or after foreclosure sale (Y) or not (N)
[REDACTED]	Penalties and fees due at conclusion of foreclosure
[REDACTED]	Penalties and fees due at initiation of foreclosure
[REDACTED]	ARM, Option-ARM, or Fixed
[REDACTED]	Property state (2 character US Postal code)
[REDACTED]	Property ZIP code
[REDACTED]	Date rescission entered (MM/DD/YYYY)
[REDACTED]	Whether the foreclosure was rescinded (Y) or not (N)
[REDACTED]	Foreclosure is SCRA (Y) or not (N)

Field Name	Field Description
[REDACTED]	Name of servicing center
[REDACTED]	Investor category (Aurora, FHA, FHLMC, FNMA, VA, etc)

In addition to these data fields, Allonhill will obtain electronic images of the relevant documents from each file sampled. Table A-2 details the documents to be obtained. The stacking order below maybe updated as required throughout the review.

Table A-2

ADDITIONAL FILE DOCUMENTS

Document Stacking Order	Document
1	Note and any Riders
2	Allonge, if applicable
3	Copy of recorded Mortgage-Deed of trust-security instrument
4	All recorded Assignments
5	Origination appraisal
6	Copy of BPO (during foreclosure)
7	Copy of DOD website data (SCRA)
8	1003 / Loan application
9	Military documents and DOD Data
10	Breach/acceleration/demand letter
11	State required pre-foreclosure notices
12	Foreclosure title report
13	Filed complaint/First Legal filing documentation (NOD, NOS, Petition, etc.)
14	Affidavit/Evidence of service completion
15	Entered Judgment (document)
16	Foreclosure sale results (letter from attorney office)
17	Recorded foreclosure deed
18	Post foreclosure sale redemption/confirmation/ratification information (Certificate of Title, Order Ratifying Sale, etc)
19	Executed Affidavit of Indebtedness/Judgment figures
20	Bankruptcy PACER report
21	Bankruptcy 341 notice
22	Bankruptcy discharge documentation
23	Bankruptcy trustee abandonment documentation

Document Stacking Order	Document
24	Bankruptcy order granting motion for relief
25	Bankruptcy order closing case
26	Bankruptcy dismissal notice
27	Bankruptcy cram down, lien strip or lien avoidance documentation
28	Invoices to support all corporate advance transactions, including a breakdown of Attorney fees/invoices
29	Loss mitigation letters (solicitation, follow up, approval and denials) inbound and outbound
30	Borrowers financial package (hardship letter, financial information, 4506T, tax returns etc)
31	Trial modification agreements
32	Permanent modification agreements
33	Modification/Loss Mitigation underwriting worksheet
34	Freddie/Fannie Loan Mod transmittal worksheet
35	Loss mitigation appraisal or BPO
36	NPV data/analysis (HAMP and Servicer Loss Mit decisions)
37	Borrower Disputes (QWR, escalations, documents, notes, etc)
38	1008 Form
39	Foreclosure referral documentation
40	Copies/Affidavits of Publication
41	Scheduled foreclosure sale notice
42	Foreclosure bid instructions
43	Foreclosure Pleadings
44	Bankruptcy proof of claims
45	Bankruptcy Borrower Intent
46	Bankruptcy Schedules
47	Bankruptcy Plans
48	Recorded substitution of trustee
49	Short sale/deed in lieu documentation
50	Evidence of required State Notification on pre-foreclosure notices (certified mail receipts, notarized copies, proof recorded with county per state-specific laws etc)
51	Litigation, contested, adverse matter documentation/correspondence
52	Non-Military Affidavit
53	Other Forbearance/Repay plans (non-mod related)
54	prop pres documents from vendor system (including photos)

Document Stacking Order	Document
55	BPO history/images to support data file

Finally, screenshots from the servicing system platforms will be systematically gathered into.pdf files for review. Table A-3 details these screenshots in the order in which they will be indexed. The stacking order below maybe updated as required throughout the review.

Table A-3

SERVICING SYSTEM SCREENSHOTS

Screen Stacking Order	Screen	Description
1		Fee Details and history
2		Property inspection details
3		Letter log archive report/screen shot
4		Foreclosure milestones and activities
5		Add/Edit Foreclosure workstation
6		BK setup
7		BK milestones
8		Interest Rate Change/Payment Screen
9		Loan status summary
10		Payment change, payment breakdown (PITI), year-end data
11		Payment/transaction history
12		Purged payment/transaction history
13		Fee activity Ledger
14		Corporate advance history
15		Loss Mitigation Setup
16		Loss Mitigation terms, milestones, notes
17		Servicing comment history
18		Purged Consolidated Servicing notes
19		Investor history to identify loans transferring investors, thus loss mitigation rules
20		STLN –Interest rate changes/history/payment adjustment amounts
21		Appraisal at origination and recent valuation history
22		Hazard Insurance and forced placed insurance (including wind/flood)

Screen Stacking Order	Screen	Description
23		Hazard Maintenance History
24		Taxes
25		Taxes
26		Foreclosure Notes
27		Hazard insurance Notes
28		Tax Notes
29		Loss mitigation notes
30		Bankruptcy notes
31		Active repayment plan detail
32		Property Inspection Information
33		Recent value information

Where necessary to resolve preliminary unvalidated exceptions and preliminary validated exceptions, Allonhill will supplement information obtained from these sources with additional information obtained from Aurora or its foreclosure attorneys.

d. Data Validation & Integrity

Allonhill will rely on Aurora data to: (1) determine the in-scope population, segment the population, and select samples from within the segments; and (2) review sampled files, including data regarding the sampled files drawn from Aurora's systems. Accordingly, Allonhill will take steps to validate that the data on which it relies is accurate and reliable, including the following:

- Interview Aurora business personnel who are custodians of the data and the systems in which it resides for any known issues in the accuracy and reliability of the data;
- Interview Aurora audit and risk personnel who are responsible for performing audits and compliance testing of the data and the systems in which it resides for any known issues in the accuracy and reliability of the data if such audits are conducted;
- Identify and review relevant Aurora audit reports for any known issues in the accuracy and reliability of the data;
- Conduct quality assurance tests of all files received from Aurora for the purpose of population identification and segmentation, checking for duplicates and illogical values; and
- Test a sample of loan files to ensure that information in the files reconciles to the data in the system.

Validation of the identified foreclosures is being implemented. Validation of the identified foreclosures will include working with Aurora Subject Matter Experts (SMEs) to calculate independently the subpopulation counts provided by Aurora. These counts will then be compared to the original estimated population counts provided by Aurora, as well as a secondary verification against the

populations that have previously been reported to the OTS or OCC. Any material discrepancies and the associated reconciliation will be documented.

Additionally, in cases where reliance must be placed on data maintained by Aurora or third parties, alternative methods of verifying the validity of the data will be employed where feasible. This may include, but will not be limited to, reconciling the information contained in Aurora or third party to its original source data Allonhill will report the results of this data validation through both interim reporting and final reporting upon the conclusion of the review, along with any steps taken to account for any identified issues with the data relied upon.

1. File Review Selection Approach

a. Summary

To ensure that the foreclosure review effectively and efficiently identifies errors, misrepresentations, and deficiencies within the scope of Paragraph 16 of the Order (“foreclosure exceptions” or “exceptions”), Allonhill will conduct the Foreclosure Review in three stages:

Stage 1: Segment the population for initial file review and conduct initial sample testing;

Stage 2: Re-segment the remaining un-reviewed population for further sampling based on Stage 1 results, conduct further testing, analyze results; and

Stage 3: Further file review (sampling or 100%, to be determined in consultation with the OCC) in segments failing Stage 3 statistical tests.¹ We describe our sampling approach and the statistical tests we will apply in evaluating their results below.

Allonhill will provide progress reports to the OCC on those stages and receive OCC approval before moving from one stage to another.

b. Stage 1: Initial Sampling

i. Segmentation

The initial segmentation by Promontory, Allonhill’s subcontractor allocates the review population into segments based on common characteristics. The proposed initial segmentation includes 21 segments: 13 based on criteria of known interest to the regulators or otherwise deemed of interest by Allonhill and Promontory (“judgmental segments”) and 8 more based on origination factors or other characteristics potentially affecting the complexity of the file or the manner of its servicing.

¹ Our review will identify a **foreclosure exception** when it becomes clear through file review that Aurora serviced a mortgage loan in a manner impermissible under state or federal law, impermissible under the terms of the note, or in a manner that was not reasonable and customary. Our review will identify a **harmful foreclosure exception** (also referred to as “harmful exceptions”) when file review indicates the existence of one or more foreclosure exceptions AND secondary file review establishes that the exception(s) caused the borrower financial injury.

The current specification of judgmental segments reflects Promontory’s efforts to date to identify groups of files that are candidates for focused file review in light of Promontory’s expert judgment and concerns expressed by representatives of the OCC in a variety of formal and informal communications. Promontory is continuing analytical work intended to further refine its specification of judgmental segments. Further changes in the segmentation proposed here are likely as Allonhill and Promontory receive further information from Aurora, receive and analyze new data, and respond to further examiner guidance.

The segmentation proposed here endeavors to address recent OCC guidance relating to segmentation of files featuring bankruptcy actions and loan modifications, but efforts to address other topics of interest to the OCC are continuing. Promontory efforts to confirm correct identification of files that have been the subject of complaints referred to Aurora by state or federal governmental agencies are ongoing. This draft reflects Promontory’s and Allonhill’s understanding that Aurora has not used debt cancellation contracts.

Promontory has considered whether available data would enable it to identify a segment that would feature the risk of pyramiding of fees. Promontory has found no feasible way to do so, and believes, accordingly, that this phenomenon, if it occurred, is best identified in the course of file review. Similarly, we have concluded that the behaviors of third parties (“other third party vendors” and “document execution service providers”) can be captured in the course of file review according to the thorough and granular proposed segmentation. If warranted, any of those characteristics or behaviors can serve as the basis for re-segmentation in Stage 2. Table A-4 lists the current proposed configuration of 13 judgmental segments and their descriptions, the proposed Stage 1 review mode (100% file review or statistical sampling) and the number of files in the segment.²

Table A-4

JUDGMENTAL SEGMENTS

Segment	Proposed Stage 1 Review Mode	Proposed Scope of Stage 1 Review	File Count	Files Reviewed
1. SCRA related cases	100% file review	Reviewed for SCRA issues only	56	56
2. Complaints referred by governmental agencies filed between January 1, 2009 and December 31, 2010	100% file review	Reviewed for complaints issues only	816	816

² In the proposed segmentation scheme, the entire population of 110,385 will be sampled. In addition, 46,048 of those records will also be subject to sampling through the judgmental segments.

Segment	Proposed Stage 1 Review Mode	Proposed Scope of Stage 1 Review	File Count	Files Reviewed
3. Bankruptcy cases in which foreclosure sale happened during an open bankruptcy, or the foreclosure referral was opened during an open bankruptcy	100% file review	Reviewed for bankruptcy issues only	754	754
4. Other Complaints filed between January 1, 2009 and December 31, 2010. Complaints include those to executives, from law firms, via managerial escalation or online feedback, and a small number of other sources.	Statistical sampling and analysis	Reviewed under (a) through (h)	3,220	124
5. Foreclosures handled by laws firms delisted by GSEs or Aurora for deficiencies identified by the GSEs, Aurora, the OTS, or the OCC. ³	Statistical sampling and analysis	Reviewed under (a) through (h)	15,177	124

³ The law firms in the following table are included this segment. The largest of these firms are well-represented in the sample.

Table A-4-i: Distribution of Law Firms in the Population and Sample

Firm	Population		Sample	
	Count	Percent	Count	Percent
[REDACTED]	5	0.03%	-	0.00%
[REDACTED]	10	0.07%	-	0.00%
[REDACTED]	5,965	39.30%	39	31.45%
[REDACTED]	393	2.59%	3	2.42%
[REDACTED]	49	0.32%	1	0.81%
[REDACTED]	126	0.83%	-	0.00%
[REDACTED]	658	4.34%	3	2.42%
[REDACTED]	6,752	44.49%	64	51.61%
[REDACTED]	1,219	8.03%	14	11.29%
Total	15,177	100.00%	124	100.00%

Segment	Proposed Stage 1 Review Mode	Proposed Scope of Stage 1 Review	File Count	Files Reviewed
6. Foreclosure referrals handled in Q2 2008, which displayed an 91.72% increase over the previous quarter	Statistical sampling and analysis	Reviewed under (a) through (h)	7,105	124
7. Rescinded foreclosures occurring between January 1, 2009 and December 31, 2010	Statistical sampling and analysis	Reviewed under (a) through (h)	1,341	124
8. "Contested" foreclosures	Statistical sampling and analysis	Reviewed under (a) through (h)	6,661	124
9. HAMP loan modifications denied due to excessive DTI/negative NPV.	Statistical sampling and analysis	Reviewed under (g) and (h) only	3,056	124
10. HAMP loan modifications denied for reasons other than excessive DTI/negative NPV, or at the behest of the investor, or lack of completion of the process by the borrower.	Statistical sampling and analysis	Reviewed under (g) and (h) only	9,887	124
11. Proprietary loan modifications denied due to excessive DTI/negative NPV.	Statistical sampling and analysis	Reviewed under (g) and (h) only	5,225	124
12. Proprietary loan modifications denied for reasons other than excessive DTI/negative NPV, or at the behest of the investor, or lack of completion of the process by the borrower.	Statistical sampling and analysis	Reviewed under (g) and (h) only	11,085	124

Segment	Proposed Stage 1 Review Mode	Proposed Scope of Stage 1 Review	File Count	Files Reviewed
13. Bankruptcy cases in which the bankruptcy process was opened during an open foreclosure proceeding and closed before a foreclosure sale, but it is not known from the data whether the foreclosure process was suspended during the bankruptcy proceeding.	Statistical sampling and analysis	Reviewed for bankruptcy issues only	6,762	124
TOTAL			71,145	2,866

The remaining 8 segments result from application of the following waterfall of criteria:

- Whether the foreclosure was completed between January 1, 2009 and December 31, 2010, or was in process but not completed during that period (2 classes);
- Whether the investor type is public (Fannie, Freddie, or FHA), other (including private securitizations) (2 classes); and
- Whether the property is located in the top four states by foreclosure activity (California [31.4%], Florida [18.06%], Arizona [7.42%], or Nevada [4.72%]), or another state (2 classes).

Table A-5 details the resulting proposed division of the Aurora portfolio into 8 segments with the population count for each segment.

Table A-5

PROPOSED AURORA GENERAL POPULATION SEGMENTATION

Foreclosure Complete?	Investors	Region	N	Files Reviewed
No	Government	CA/FL/AZ/NV	15,086	124
		Other	10,829	124
	Others	CA/FL/AZ/NV	31,034	124
		Other	20,030	124
Yes	Government	CA/FL/AZ/NV	8,436	124
		Other	4,417	124
	Others	CA/FL/AZ/NV	13,430	124
		Other	7,123	124
TOTAL			110,385	992

Table A-6 details the areas in which we have deviated from the May 20, 2011 joint agency foreclosure review guidance on population segmentation for file review.

Table A-6

HANDLING OF MAY 20, 2011 SEGMENTATION SUGGESTIONS

Categories	Specific Characteristics	Proposed handling	Explanation
Geography⁴	Top states where institution conducted foreclosure (FC) activity	We are segmenting the population using a number of characteristics designed to achieved granularity and complete coverage of the population. One of the splitting characteristics is whether the property is located in one of the top 5 states by foreclosure activity or in the other states.	No deviation
	Ensure sample is representative and included case files for every state in which foreclosures were conducted. ⁱ	Using a very granular segmentation technique that achieves the objective.	No deviation. We have tested our preliminary segmentation scheme and confirmed that it achieves coverage of all of the states where Aurora had foreclosure activity.
Third parties	Identify law firms known to have significant deficiencies related to foreclosure activities, were delisted by any of the GSEs, or discontinued by the institution.	Allonhill identified law firms de-listed by the GSEs and law firms identified by the OTS and the OCC. That list was supplemented by firms that have been disqualified by Aurora for inadequate performance.	No deviation

⁴ Allonhill will constrain its random sample to ensure that at least five records are drawn from each political entity (state, territory, and the District of Columbia). If the state or territory has less than five records, all records will be drawn. Preliminary analysis using the proposed segmentation and sampling scheme shows that almost all states and territories are likely to be represented in the initial sample at the minimum coverage rate. The endnote to this Attachment contains a table showing an example under the proposed segmentation and sampling scheme. Approximately 30 additional files would be needed to meet the state coverage criterion.

Categories	Specific Characteristics	Proposed handling	Explanation
	Large volume foreclosure firms	Some of the delisted firms, such as the [REDACTED] from [REDACTED] were large volume firms. Foreclosure activity handled by such firms will be included in the review.	No deviation
	Other-third party vendors	We will gather data in Stage 1 in order to determine through statistical analysis whether this population warrants more extensive file review in subsequent stages, then proceed accordingly.	No deviation
	Document execution service providers	We will gather data in Stage 1 in order to determine through statistical analysis whether this population warrants more extensive file review in subsequent stages, then proceed accordingly.	No deviation
Behaviors	Rescinded foreclosures	Rescinded foreclosures have been identified and will constitute a segment for random sampling. Depending on the results of that analysis, we may perform more extensive file review in subsequent stages. See Table A-4.	No deviation

Categories	Specific Characteristics	Proposed handling	Explanation
	Modifications that were foreclosed, application pending for loan modification or loss mitigation, or loan not in default for sufficient period of time to authorize foreclosure	Identify the HAMP and proprietary loan modification denials resulting in foreclosure sales for either excessive DTI or negative NPV, and review a random sample. Review a random sample of remaining HAMP rejections and a separate random sample of denied proprietary loan modifications resulting in foreclosure sales.	No deviation
	Borrower had a debt cancellation contract	No separate treatment in initial segmentation, as we understand that Aurora did not use debt cancellation contracts.	No deviation
	Fees assessed prior to the delinquency precipitating foreclosure	No separate treatment in initial segmentation as the initial data pull did not allow us to identify this circumstance.	No deviation
Claims and Complaints	100% of review of claims and complaints submitted to process required by the Consent Order	See Table A-4 and discussion in Section 3	No deviation
	Appropriate samples of claims and complaints previously submitted to the institution	All complaints previously submitted to the institution other than the OTS or OCC complaints will comprise a judgmental segment for random sampling. See Table A-4.	No deviation

Categories	Specific Characteristics	Proposed handling	Explanation
“Additional Segments”	100% review of Bankruptcy (BK) cases in process of foreclosure or foreclosed in 2009-2010	Identify the files in which foreclosure sales took place with active BKs and review 100% of those files. Identify files where foreclosure actions were commenced with an open BK, and review 100% of those files. Identify the remaining files where a foreclosure sale took place after an open BK, and review a random sample of those files.	No deviation
	100% of foreclosure cases referred by state or federal agencies	Review 100% of the files referred to Aurora by the OTS or OCC, and review a random sample of all other complaints received by Aurora.	No deviation
	100% of SCRA cases	Review 100% of all files identified with an SCRA flag.	No deviation
	Appropriate sample of HAMP cases and the institution's proprietary loss mitigation program	Identify the HAMP rejections preceding foreclosure sales for either excessive DTI or negative NPV, and review a random sample. Review a random sample of remaining HAMP rejections. Identify the proprietary loan modification denials resulting in foreclosure sales for excessive DTI or negative NPV and review a random sample. Review of random sample of files identified as denied loan modifications resulting in foreclosure sales.	No deviation

Categories	Specific Characteristics	Proposed handling	Explanation
	Appropriate samples of cases from processing centers, units where substantial numbers of documentation errors have been found through testimony, interviews, or other means of disclosure	Identify and review a random sample of files referred to foreclosure in the second quarter of 2008, when the number of foreclosures increased by 91.72% over the previous quarter.	We focused on the time period during which resources are most likely to have been overwhelmed due to a dramatic increase in case load.

ii. Statistical Methodology

Interval hypothesis testing is a statistical technique appropriate to the task of estimating the rate of harmful exceptions in each of the population segments proposed for testing in Stage 1. Accordingly, in Stage 1, Promontory proposes to apply interval hypothesis testing using the following parameters:

- Confidence level = 95%
- Error rate = 3%
- Confidence interval = +/- 3%

iii. Sample Size

Using the selected testing parameters, we calculate the required sample size necessary to perform statistical testing in accordance with the parameters indicated above as 124 files per segment.⁵ The total size of the Stage 1 sample is, thus, the sum of the product of 124 multiplied by the number of segments we propose to sample and test statistically, plus the number of files in the segments in which Allonhill proposes to conduct 100% review in Stage 1, or $(124 \times 18) + 56$ (SCRA files) + 816 (Government complaint files) + 754 (bankruptcy cases) = 3,858 files. Allonhill expects to make two adjustments to the sample size. First, Allonhill has identified 10 records that fall into more than one 100% review segment,

⁵ The confidence interval for the normal approximation used to construct the symmetric +/- 3% interval is actually inaccurate when the sample size "n" and the error rate "p" are small (i.e., if $n \times p < 5$). In such circumstances, a better approximation to the asymmetric confidence interval is given by an approximation based upon Wilson's (1927) score test; for implementation see Agresti and Coull (1998) "Approximate is Better than "Exact" for Interval Estimation of Binomial Proportions" *The American Statistician*, Vol 52, No, 2, pp 119-126. Note that the selection of an appropriate sample size is not significantly impacted by the approximation issue, since we are not testing a hypothesis in the first stage of our review – we are only attempting to get a sufficiently large sample to facilitate.

reducing the sample to 3,848. As the sample must not contain duplicates, each of these 10 records will be sampled once and assigned to the first segment for which they qualify, in the following order: (1) SCRA-related cases; (2) complaints referred by governmental agencies; and (3) foreclosure actions initiated during bankruptcy. Second, to ensure that every state has a minimum of 5 records in the sample, Allonhill expects to pull approximately 30 additional records, as discussed in the endnote. As a result of these two adjustments to the sample, Allonhill expects the final sample to be approximately 3,878. Allonhill expects discovery of out-of-scope files during the Foreclosure Review and will replace them in the sample when identified. Files will be replaced with the next file in the segment in the list sorted by random numbers.

iv. Statistical Analysis

Upon completion of the review of the initial sample, Allonhill and Promontory will use statistical techniques (including risk scoring and CHAID decision tree analysis) along with expert judgment, to identify which analyst-recorded indicators are associated or correlated with the propensity for a foreclosure exception or harmful foreclosure exception.

c. Stage 2: Additional Sampling in Light of Analysis

i. Re-Segmentation

Our initial segmentation reflects only minimal a priori understanding of where in the review population we might find borrowers who have suffered financial injury. As we conduct our Stage 1 testing, however, and complete our statistical analysis of Stage 1 results, we expect to identify numerous such borrowers and to gain substantially greater ability to specify file characteristics associated with higher and lower probabilities of harmful exceptions. For this reason, we propose to use the statistical results of Stage 1 to prepare a new segmentation of files not sampled in Stage 1. This Stage 2 segmentation will seek to isolate foreclosures with harmful exceptions into well-defined segments. We will review our proposed re-segmentation with the OCC for its concurrence.

Upon the OCC's concurrence, we will sample files in each of the Stage 2 segments. Generally, we believe that further statistical testing is appropriate to test the hypothesis that the Stage 2 segments contain unacceptable rates of harmful exceptions. For some Stage 2 segments, however, the results of Stage 1 testing could be sufficiently clear and concerning that we will propose to proceed immediately to a 100% file review. If, for example, the Stage 1 statistical analysis identifies a segment with a harmful exception rate well above 3%, a Stage 2 random sample will not be necessary to confirm that the rate is below 3%.

As a general matter, we believe segments should be targeted for 100% review based on statistical analysis clearly indicating that those segments contain unacceptable rates of specific types of errors. Accordingly, when conducting census review of such segments in Stages 2 or 3 of the Foreclosure Review, we expect to focus narrowly on the types of exception(s) known to occur in those segments.

ii. Statistical Methodology

While the purpose of Stage 1 testing is to estimate the rate of harmful exceptions in specific population segment, the purpose of sampling and testing in Stage 2 is to test the hypothesis that Aurora's foreclosure processing reliably avoided exceptions in specific population segments. Consistent with testing procedures set forth in the OCC Comptroller's Handbook on Sampling Methodologies (August 1998), achieving this purpose requires the use of a power test, rather than the interval hypothesis test used in Stage 1.

Because we are particularly concerned, in Stage 2 testing, to minimize the risk of Type II error (concluding that a given population segment is free of harmful exceptions when in fact it is not) we will use statistical parameters intended to provide a high level of statistical power (the OCC Sampling Methodology calls this "reliability") in testing that harmful exceptions in particular segments do not exceed a specified level of tolerance (the OCC Sampling Methodology calls this "precision.") More specifically, assuming the most efficient sample size (see below), we can frame our testing rule at this stage of the process as a binomial sampling problem: accept the null hypothesis (that the harmful exception rate is 0) if the total number of harmful exceptions found (X) in "n" sampled files is equal to zero; reject the null hypothesis if we find at least 1 harmful exception ($X \geq 1$).

In particular, in evaluating the results of sampling in all Stage 2 segments in which we do not review 100% of the files, we will use the following statistical testing parameters:

- Reliability/Power = 95%
- Precision/Tolerance = 3%

The absence of harmful foreclosure exceptions in a given Stage 2 segment sample will tell us, with a high (95%) level of reliability, that the incidence of harmful foreclosure exceptions in the underlying population segment does not exceed the indicated level of precision (3%).

iii. Sample Sizes

Based on our choice of test and the statistical parameters described above, we calculate the size of Stage 2 sample segment such that the reliability (statistical power) of the test is 95% when the precision (the alternative hypothesized value of the harmful exception rate) is 3%. Specifically, to compute the required sample size, "n," we search for the smallest "n" for which this upper tail of the Binomial distribution, evaluated under the alternative, is at least equal to .95. For a Power Test with a precision rate of 3% and 95% reliability, $n = 99$.⁶

⁶ The sample size was derived by solving the binomial expression in Excel for 1 minus the probability of 0 exceptions in n draws, with $p = .03$, varying levels of n, and selecting the level of n yielding a value of at least 95%. We confirmed this result in the statistical programming language R with the expression `1-dbinom(0,99,.03)`, which yielded the result 0.9509768. An alternative approach to Stage 2 testing might test the hypothesis that the rate of harmful exceptions is consistent with some hypothesized value (as opposed to looking for evidence to reject the

We will review 100% of the files in any Stage 2 segment the underlying population of which comprises less than 99 files.

d. Stage 3: Further Review of Segments Failing Stage 2 Testing

We will conduct further file review based on the results of Stage 2 testing. Generally, in Stage 3 we would expect to review all of the files in segments specified as likely to have significant rates of harmful exceptions on the basis of Stage 1 results and confirmed to have such exceptions by Stage 2 testing.

Table A-7 below summarizes the decision rule we expect will apply in determining whether to conduct additional file review activity based on the outcome of testing in each Stage 3 segment sample.

Table A-7

**Expected Decision Rule for Stage 3 File Review
Based on Stage 2 Sampling Results in Each Segment Sample**

Stage 2 Testing Outcome	Implication for Stage 3 Review
No harmful exceptions identified in tested segment sample	No further review of population segment
Harmful exceptions identified in tested segment sample	All files in population segment reviewed for presence of harmful exceptions identified in segment sample

In specific circumstances, analytical or logistical concerns could militate for still further testing and analysis in Stage 3 before proceeding to 100% file review. All decisions about transitions from one stage to another will be cleared with the OCC and Aurora prior to determining the appropriate course of action.

2. File Review Process

a. Review Process Overview

Allonhill will use a multi-level review process to ensure accurate and consistent review of foreclosure files. Each level of the process will incorporate strong quality control procedures. In addition, a separate, dedicated Quality Assurance Team will audit every level of the review. A dedicated Aurora

hypothesis of zero harmful exceptions.) Under this alternative approach, the testing rule would be specified in terms of the realized value of the estimated binomial proportion (\hat{p}); such an implementation is likely to require approximations to the sampling distribution for \hat{p} and could require different Stage 2 sample sizes than those described above.

team will be available to assist in finding missing information or explanation as needs arise. Allonhill, in its sole discretion, will determine whether an error, misrepresentation or other deficiency within the scope of Paragraphs 14-16 of the Order occurred, and, if so, whether it resulted in financial harm to the borrower.

Allonhill, in its sole discretion, may consider any non-privileged work product of Aurora relating to reviews of in-scope foreclosure files performed by Aurora or a third party on behalf of Aurora, including but not limited to work Aurora has performed in the time period following OCC examination leading to the Consent Order. Prior to leveraging any Aurora work product, Allonhill will complete an independent review of the work.⁷ Any information provided to Allonhill by Aurora will be deemed non-privileged. Diagram A-7 below depicts the process flow Allonhill will employ during the course of researching and identifying errors, misrepresentations and deficiencies in the population.

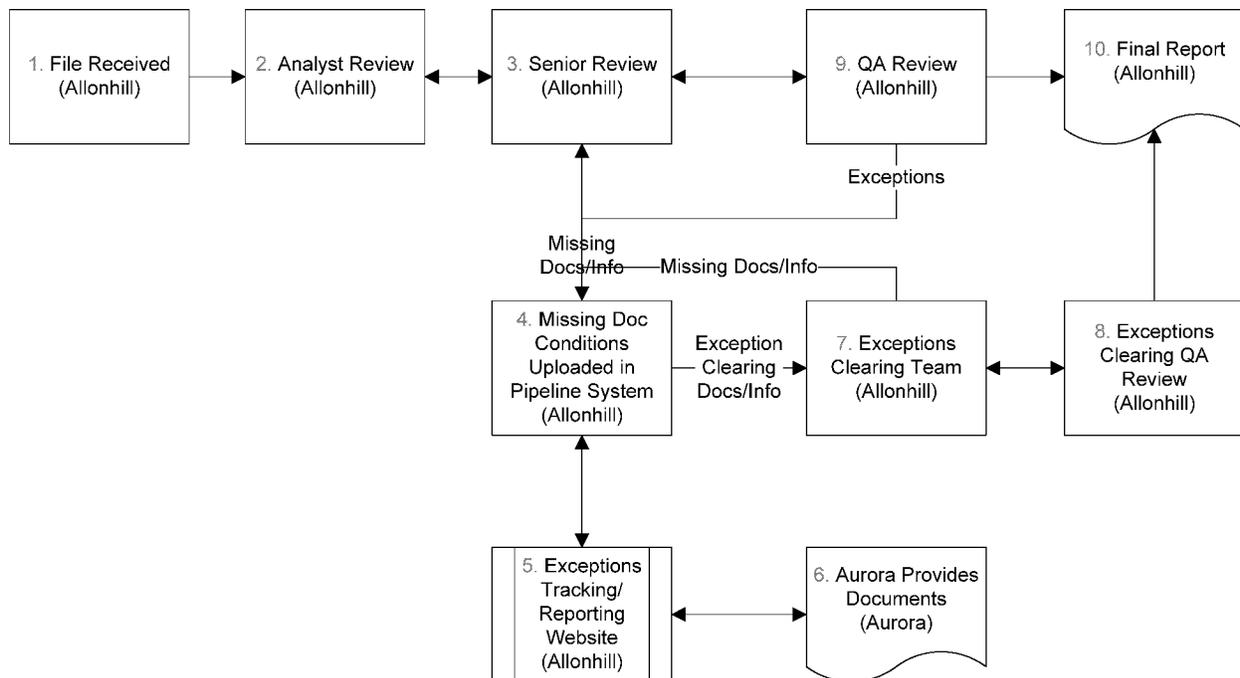
As discussed in detail below, Allonhill's system will apply encoded decision rules to reach preliminary conclusions as to the presence or absence of errors, misrepresentations or deficiencies in each file. These business rules are driven by data that is either captured by the analysts from documents provided by Aurora or from data extracted from Aurora's system of record. Prior to loading any extracted data into Allonhill's system, to verify the integrity of the data, Allonhill is exploring employing an Attribute Discovery Sampling technique to determine the appropriate sample size. This technique is designed to establish the minimum sample required to determine if there is any error in a sample. The resulting sample size will be smaller than other sampling techniques because the only goal of Attribute Discovery Sampling is to determine if any defect exists, not the rate of defect. An error is determined via a blind review, where data captured via a source document is compared to data from the extracted data file. If all of the manually collected data match the data loaded electronically, the electronically loaded data can be used with confidence. If any loan has a data discrepancy, the validity of the servicer's data file must be questioned and will likely need to be recreated or the data will need to be collected manually from the source documents.

b. Review Process Overview

Allonhill will use a multi-step review process to ensure accurate and consistent review of foreclosure files. Each step of the process will incorporate strong quality control procedures. In addition, a separate, dedicated Quality Assurance team will perform quality assurance of every step of the review. A dedicated Aurora team will be available to assist in finding missing information or explanation as needs arise. Allonhill, in its sole discretion, will determine whether an error, misrepresentation or other deficiency within the scope of Paragraphs 14-16 of the Order occurred, and, if so, whether it resulted in financial injury to the borrower.

Diagram A-8 below depicts the Allonhill Foreclosure Review Process.

⁷ This independent review will include one or more of the following, as appropriate: review of the work product and any written report, review of any workpapers underlying the work, interviews of the authors of the work, and re-testing of a sample of files on which the work is based.

Diagram A-8**Foreclosure Review Process**

As shown, the Foreclosure Review Process consists of ten steps:

Step 1. In this step, Allonhill will receive files from Aurora. Allonhill will select the files to be received according to the File Review Selection Approach described in Section 2. Allonhill will inform Aurora of the files to be reviewed by loan number.⁸ Aurora will then compile information relating to the file from its systems and records according to a set of requirements provided by Allonhill, known as the “Document Stacking Order”. This Document Stacking Order defines not only the information that is required for each file, but the order in which it should be provided to facilitate expeditious review. The Document Stacking Order includes the system screen shots and documents described in Tables A-5 and A-6 above. Once Aurora compiles the information for each file, Aurora will transmit the information using a secure document transmission protocol. Once Allonhill receives the files, Allonhill will reconcile the received files against the requested files and upload the files into the [REDACTED]. Allonhill will also receive files with data extracted from Aurora’s system of record. This data will also be transmitted to Allonhill using a secure transmission protocol. Once Allonhill receives the data extract,

⁸ Allonhill has already requested sample files from Aurora for the purpose of (1) testing aspects of the Foreclosure Review Process; (2) generating data to inform staffing assumptions; and (3) preparing an initial set of files for review. Allonhill has selected the files from the segments requiring a 100% review so that they will likely be able to be included in the sample selected upon approval of the Methodology. Allonhill recognizes that there could be changes requested by the OCC to its methodology that could require Allonhill to select different files for the Review, in which case the benefits of compiling the initial sample files will be limited to points (1) and (2) above. Allonhill received approval from the OCC to begin compiling a set of files.

we will perform a reconciliation process to ensure we received the requested data. The Quality Assurance Team will perform a double check of this reconciliation process.

- **Step 2.** In this step, Analysts will perform a review of the documents provided in each file and record key information about core documents in the [REDACTED]. The [REDACTED] will generate reports of missing core documents and other necessary non-core documents for the review. The reports will be transmitted through the Pipeline System (Step 4) to the Exceptions Tracking/Reporting Website (Step 5). In addition, analysts will extract essential analytical loan-level data from servicer-provided documents and input this information into the [REDACTED]. If available, Allonhill will leverage information extracted from Aurora's systems of record to automatically populate certain fields in the [REDACTED], to reduce the amount of manual entry. Where Allonhill does so, it will validate the accuracy of the data extracted from the systems of record.

The [REDACTED] will direct analysts in Step 2 to collect data appropriate to the essential characteristics of the files under their review (e.g., for a file relating to a foreclosure filing in Florida, the [REDACTED] will direct the analyst to capture data essential to the analysis of compliance with applicable requirements, including Florida law). As analysts populate the [REDACTED] with required data, the system will apply encoded decision rules to reach preliminary conclusions as to the presence or absence of errors, misrepresentations or deficiencies in each file. Each time the System identifies such a potential exception, it will prompt the analyst to confirm or otherwise clear the exception with an explanation as system rules and permission levels permit.

During this stage of the review, the [REDACTED] will generate "unvalidated preliminary exceptions," some of which may subsequently be determined to be harmful exceptions. Where a judgmental determination is required to evaluate whether an exception resulted in financial injury to a borrower, Senior Analysts will make a preliminary determination of harm based on Allonhill guidance (Step 4). All unvalidated preliminary exceptions, whether harmful or not, will then flow through the review process detailed below.

Once core documents are collected and key information input into the [REDACTED], it will apply encoded test standards⁹ to generate preliminary determinations of potential exceptions which will flow to Senior Analysts (Step 3) and Quality Assurance (Step 9) for further review.

- **Step 3.** In this step, Senior Analysts execute quality control procedures, by reviewing exceptions to confirm the accuracy of data entry and any identify needs for further analyst training. Seniors

⁹ The encoded test standards are based on legal and other research by Promontory, Hudson Cook, LLP ("Hudson Cook"), and Allonhill. Allonhill and Promontory created business rules that are then reviewed by the Quality Assurance Team and Hudson Cook to ensure they accurately capture test standards.

will also confirm missing documents and will communicate the missing document request to Aurora via the missing document and exceptions tracking website (Step 5). Allonhill will consider errors, misrepresentations, or deficiencies evidenced by the files and confirmed by Senior Analyst review as “unvalidated preliminary exceptions.”

- **Step 4.** In this step, the request for missing documents is uploaded into the Pipeline System for tracking purposes. Upon receipt of the missing documentation from Aurora, the Analyst/Senior Analyst will review the information provided by Aurora. Aging reports and response SLAs will ensure documents are provided in a timely manner.
- **Step 5.** In this step, the Exceptions Tracking/Reporting Website receives system-generated exceptions generated by Steps 2, 3, and 9 relating to missing documents, requested information, or unvalidated preliminary exceptions.
- **Step 6.** In this step, Aurora receives information relating to missing documents, requested information, or unvalidated preliminary exceptions and, where possible, provides documents or information in response. Aurora will review each unvalidated exception in order, as appropriate, to supply missing information or documents that may resolve the exception or bring flaws in Allonhill’s preliminary analysis to Allonhill’s attention. Aurora will conduct an initial review and a senior level review including, where appropriate, Aurora foreclosure counsel to provide additional information/documents prior to final disposition by Allonhill. Allonhill will make any and all final determinations. Aurora’s review of initial exceptions is intended to ensure accurate information has been provided to Allonhill and to provide any additional information/documents as necessary.
- **Step 7.** In this step, Allonhill’s Exception Clearing Team Information reviews information provided by Aurora in response to unvalidated exceptions identified by Step 3 (and subject to Quality Assurance as described in Steps 8 and 9). The Exceptions Clearing Team will be composed of dedicated personnel who will review files to determine whether:
 - The exception can be closed;
 - Additional information is needed;
 - Additional exceptions resulted from the provided documents/information; or
 - The exception remains valid.

The Exceptions Clearing Team will also assess whether there are lessons learned from the additional information that may have more general applicability to other identified exceptions or to files that are still to be reviewed.



- **Step 8.** Once all exceptions have been reviewed by Aurora or a pre-determined time has elapsed without response by Aurora, the file will be forwarded to a unit of the Quality Assurance Team responsible for reviewing the work of the Exceptions Clearing Team.
- **Step 9.** In this step, Quality Assurance will provide validation of the findings of the Senior Analysts. In general, for files with unvalidated exceptions, the Quality Assurance team will perform a second level of review to validate their accuracy, provide feedback to analysts and senior analysts, or identify opportunities or needs for process improvement. The Quality Assurance Team will inspect 100% of all unvalidated exceptions at least until it determines that preliminary exceptions identified by analysts are consistently accurate.

Additionally, the Quality Assurance Team will independently review a random sample of files preliminarily determined to show no indication of error, misrepresentation, or deficiency using both manual review and system-based methods (as more fully described below in Section 2.e). The Quality Assurance team will rely on the system-based review approach as the review process seasons and as Quality Assurance is able to validate the system design in the initial phase of the project.

In order to assure consistent quality, Quality Assurance will review 50% of all files completed by new analysts. We believe that Quality Assurance will primarily employ this review method in the second and third months of the Foreclosure Review when we anticipate a ramp-up of the analysts and senior analysts.

The Quality Assurance Team will increase its sampling rate or re-deploy manual review whenever it determines that changes in the resource levels or system functionality may lead to higher error rates. Section 2.e (Quality Assurance), below, provides further detail concerning the role of the Quality Assurance Team.

- **Step 10.** In this step, Allonhill project leadership will review and validate each preliminary exception. If, upon consideration of Aurora’s supplemental information or analysis, Allonhill continues to believe that file analysis correctly indicates the occurrence of an error, misrepresentation or other deficiency within the scope of Paragraph 16 (a)-(h) of the Consent Order, Allonhill will deem the exception determination validated, final, and appropriate for inclusion in Allonhill’s final report.

Table A-9 depicts the four levels of review Allonhill will employ the course of researching and identifying errors, misrepresentations and deficiencies in the population.

Table A-9

File Review Process Overview

Level	Reviewer	Review Type	Purpose
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Level	Reviewer	Review Type	Purpose
1	Analyst, Senior Analyst	System/Manual	Identify Preliminary Unvalidated Exceptions
2	Independent Quality Assurance Team	System/Manual	Conduct random sample testing of files, including Preliminary Exceptions
3	Aurora	System/Manual	For Preliminary Exceptions, provide supplemental information or analysis
4	Allonhill	System/Manual	Final Exception Determination

c. Test Standards

At all levels of review, Allonhill will rely on test standards drawn from a variety of sources. These standards will be encoded into the [REDACTED] and available in paper and/or soft copy formats to manual reviewers at all levels of the process.

Table A-10 summarizes the sources of the test standards that Allonhill will apply in performing the Foreclosure Review:

Table A-10

Sources of Foreclosure Review Test Standards

Standard Type	Source
State Law	State law research performed by Hudson Cook
Federal law	Allonhill and Promontory research subject to Hudson Cook validation
Mortgage terms	Allonhill review of relevant loan documents
Reasonableness, customariness, excessiveness	(1) FNMA, FHLMC, FHA, VA or private investor guidelines, as applicable for each mortgage loan, that the servicer was contractually obligated to follow (2) the "OCC and FRB Guidance – Financial Injury or Other Remediation," dated August 29, 2011 or (3) as otherwise established by law ¹⁰

d. Testing for Potential Errors, Misrepresentations or Other Deficiencies

The Consent Order requires Aurora to contract with an independent consultant to conduct an independent review of certain residential foreclosure actions. Allonhill will perform such review and

¹⁰ Defined tolerance levels associated with one GSE standard will be applied to accommodate various investor guidelines.

make specific determinations for each file it reviews, whether in the course of sampling or in the course of reviewing 100% of specific file populations. This section details how Allonhill proposes to make those determinations.

i. Consent Order Paragraph 16(a) – Determining Proper Documentation of Ownership

Paragraph 16(a) of the Consent Order requires the independent consultant to determine:

“whether at the time the foreclosure action was initiated or the pleading or affidavit or declaration 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.”

Although the Consent Order does not expressly define “properly documented ownership of the promissory note and mortgage (or deed of trust),” the Consent Order does suggest that the Foreclosure Review should include both the chain of title for the promissory note and the mortgage (or deed of trust) as well as the state-law legal analysis. With respect to the promissory note, Article 3 of the Uniform Commercial Code governing negotiable instruments provides guidance for determining whether the foreclosing party or agent was a proper party to the action with the right to enforce the promissory note. Section 3-301 of the Uniform Commercial Code states that a “person entitled to enforce” the instrument means:

(i) the holder of the instrument, (ii) a nonholder in possession of the instrument who has the rights of a holder, or (iii) a person not in possession of the instrument who is entitled to enforce the instrument pursuant to Section 3-309 or 3-418(d). A person may be a person entitled to enforce the instrument even though the person is not the owner of the instrument or is in wrongful possession of the instrument.

Thus, pursuant to Paragraph 16(a) of the Consent Order, a proper party to the action may be determined in part with reference to the state law provisions of the Uniform Commercial Code, which has been adopted in various forms in all states. State law will also govern the legal requirement, if any, that the mortgage (or deed of trust) be assigned to the foreclosing party or its agent. This determination also requires an analysis of the sufficiency of any required endorsement of the promissory note and any required assignment of mortgage (or deed of trust).

To make this determination, Allonhill will test the documentation of ownership against the standards of applicable state law. For assistance in identifying applicable state law standards, Allonhill has obtained from Hudson Cook, a reputable law firm with extensive expertise in state and federal consumer financial

regulation, a description of applicable state law in each of the 50 states, the District of Columbia, Puerto Rico, Guam, and the US Virgin Islands for the period 2007 to 2010.¹¹

Allonhill will review each in-scope proceeding to identify “red flags” that may indicate that a particular foreclosure action is more likely to have an exception relating to the identification of the proper party to the action. Allonhill will identify potential red flags based on information external and internal to the in-scope proceeding. External sources of potential red flags include:

- Interviews with Aurora personnel responsible for providing foreclosure counsel (or attorneys defending bankruptcy proceedings) with information concerning:
- ownership of the promissory note and mortgage (or deed of trust); or
- agency or similar status sufficient to make Aurora or the named plaintiff a proper party to foreclosure proceedings.
- Aurora will provide non-privileged work product for weaknesses in the process of establishing ownership or agency or similar status sufficient to make Aurora a proper party to foreclosure proceedings; and
- Independent research into public allegations that particular units, employees, agents, or law firms failed to follow applicable state law when submitting pleadings or affidavits documenting ownership or agency or similar status sufficient to make Aurora a proper party to the proceeding.

Analysts will also seek to identify red flags within the contents of each file. In particular, analysts will review each file for:

- Indications that the borrower asserted or complained that the foreclosing party had not properly documented ownership of the promissory note and mortgage (or deed of trust) or its standing to foreclose or was otherwise a proper party to the action;
- Any indication that ownership of the promissory note and/or mortgage (or deed of trust), including any allegation of standing related to a holder or agent entitled to enforce the promissory note and/or mortgage (or deed of trust), is or was inconsistent with the ownership, including the holder status, asserted in the pleading or affidavit; and
- The foreclosure title report.

¹¹ We have gone back to 2007 because some in-scope proceedings may have been initiated prior to 2009. If our sample includes in-scope proceedings that were initiated prior to 2007, we will determine whether there were relevant changes in the applicable state law that apply to that particular in-scope proceeding.

In proceedings presenting no red flags, Allonhill will determine whether the pleading or affidavit on its face complies with applicable state requirements for properly documenting ownership of the promissory note and mortgage (or deed of trust).

In proceedings presenting one or more red flags, Allonhill will determine both (a) whether the pleading or affidavit on its face complies with applicable state requirements, and (b) whether the available documentation and other information (including the information obtained from interviews, non-privileged work product, and public allegations described above) together indicate that the foreclosing party or agent of the party had properly documented ownership of the promissory note and mortgage (or deed of trust), its right to foreclose under relevant state law, or was otherwise a proper party to the action as a result of agency or similar status. In making this determination, Allonhill will, among other steps, compare the pleading or affidavit to the foreclosure title report, the copy of the recorded mortgage, all intervening assignments of mortgage, the copy of the promissory note, any allonges thereto (if applicable), and all endorsements of the promissory note.

Allonhill will classify exceptions as either causing financial injury in accordance with 2.d.vii or not causing such injury. For example, Allonhill may find an instance in which Aurora had instituted foreclosure proceedings and in its affidavit asserted that it was both the owner and holder of the note and/or the owner and holder of the mortgage, although it was only the holder of the note. If, under applicable state law, Aurora was permitted to institute foreclosure proceedings notwithstanding that it was the holder of the note only, in such case no financial injury would be found. Although precise components of this review will vary with the state law at issue, the review will generally consist of the following analysis:

1. Judicial foreclosures: In making this determination, the analyst will consider information contained in court pleadings, the note and any endorsements, and the mortgage and any assignments.
 - a. An analyst will review the proceedings to determine if the plaintiff was a proper party to commence the action based upon the allegation that it was a:
 - i. current endorsee or payee to the note which may be special to the Plaintiff, or to the owner, or to "blank"; and/or
 - ii. Current assignee or beneficiary of the mortgage, when applicable state law requires the plaintiff to be the assignee/beneficiary; and/or
 - iii. that the plaintiff is the servicer of the loan or was otherwise a proper party to bring the action as agent for the owner of the note.

Where the analyst finds that the plaintiff was not the proper party to bring the action based upon the specific requirements of the applicable state law, the reviewer will flag the file for escalation for determination by a senior analyst whether there is an applicable exception.

- Such exception could include where, for example, the plaintiff is the servicing agent of the holder of the note and mortgage or where there is indication of intent to affix an endorsement to a note.
- b. The analyst will next review the pleadings to determine whether the plaintiff complied with applicable state law regarding the authentication of the note and the mortgage at the time the proceedings were initiated.
 - c. Where one or more red flags are present, the analyst will determine whether the red flag can be resolved. For example, where the defendant contests foreclosure on the ground that the plaintiff is not a proper party to the action, the analyst will review the file for evidence that readily rebuts the claim. A senior analyst will review the analyst's determinations and, if necessary, send a request to Aurora for additional documentation/ explanation.
2. Non-judicial foreclosures: In making this determination, the analyst will consider information contained in the note and any endorsements, and the mortgage and any assignments, the applicable substitution of trustee and/or notice of sale.
- a. An analyst will review the file to determine if the party initiating the foreclosure is the proper party under applicable state law based on a review of the:
 - i. Current endorsee to the note which may be special to the Plaintiff, to the owner, or to "blank"; and/or
 - ii. Current assignee or beneficiary of the mortgage, when applicable state law requires the plaintiff to be the assignee/beneficiary; and/or
 - iii. Current trustee or substitute/subsequent trustee.

Where the analyst finds that the foreclosure was not initiated by a proper party to bring the action under the specific requirements of the applicable state law, the reviewer will flag the file for escalation for determination by a senior analyst whether there is an applicable exception.

- b. Where one or more red flags are present, the analyst will determine whether the red flag can be resolved. For example, where the borrower contests foreclosure on the ground that the party initiating the foreclosure is not entitled to do so, the analyst will review the file to determine if there is evidence that readily rebuts the claim. A senior analyst will review the analyst's determinations and, if necessary, send a request to Aurora for additional documentation/explanation.

ii. Consent Order Paragraph 16(b) and (d) – Determining whether Foreclosure Complied with Applicable Law and Mortgage Terms

Paragraph 16(b) of the Order requires the independent consultant to determine:

“whether the foreclosure was in accordance with applicable federal and state laws, including but not limited to, the U.S. Bankruptcy Code and the SCRA”;

and Paragraph 16(d) requires the independent consultant to determine:

“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 confirmations were in accordance with the terms of the mortgage loan and state law requirements.”

In making these determinations, Allonhill will apply test standards from a compilation of state foreclosure laws identified and warranted by Hudson Cook to describe applicable state law as that term is used in Paragraphs 14-19 of the Consent Order (the “Foreclosure Survey”). The Foreclosure Survey includes state law applicable to both judicial and non-judicial foreclosures, including with respect to the latter, “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 confirmations.” With respect to non-judicial foreclosures, Allonhill will also consider the terms of the mortgage loan. Applicable law is governed by the terms of the mortgage loan.

Allonhill will consider US Bankruptcy Code and SCRA as applicable federal law. With respect to the SCRA, Allonhill understands that Aurora has undertaken an internal review of its compliance with SCRA requirements. Upon request by Allonhill, Aurora will provide a summary of this review and will make available personnel who conducted the review to answer questions pertaining to the review process and results. If Allonhill determines it will leverage Aurora’s results during the Foreclosure Review, Allonhill and/or its independent counsel will independently verify the results of the Aurora review.

Using the [REDACTED] analysts will review each in-scope proceeding against applicable state and federal standards. The System will prompt analysts to capture a range of specific information, including the originating lender, the experience of the borrower, such as interest rate reductions, bankruptcy stays, and fees assessed to or paid by the borrower. The System will also prompt analysts with a number of questions depending on the state in which the foreclosure action was initiated, whether the foreclosure action was judicial or non-judicial, the time at which the foreclosure action was initiated, and other attributes.

Precise components of this review will vary with the state or federal law at issue. Generally, the review will consist of the following analysis:

1. State Law

a. Judicial foreclosures:

- i. Analysts will review files to determine whether the plaintiff complied with applicable state law provisions governing the amount of time between default and the initiation of foreclosure proceedings.
- ii. Analysts will review files to determine whether the plaintiff complied with pre-complaint requirements including:
 - Notice of default; and
 - Notice of loss mitigation options, when permitted in accordance with owner/investor rules.
- iii. Analysts will review files to determine whether the plaintiff complied with judicial complaint requirements including content and service requirements. In so doing, analysts will rely on their review of whether the note and mortgage were attached to the pleadings or affidavits as required by state law, whether they were appropriately authenticated, and whether they were properly endorsed and/or assigned in accordance with applicable state law.
- iv. Analysts will review files to determine whether the plaintiff complied with post-complaint requirements, such as requirements to participate in mandatory settlement proceedings.
- v. Analysts will review files to determine whether the plaintiff complied with conditions on seeking a judgment of foreclosure, including timing requirements, evidentiary requirements, and notice requirements, and violation of any applicable stay (e.g., SCRA or bankruptcy).
- vi. Analysts will review files to determine whether the plaintiff complied with state law requirements applicable to the sale, such as notice requirements. Analysts will not review whether parties other than the plaintiff or the plaintiff's agents complied with such requirements. For example, where state law imposes requirements on county officers (e.g., clerks or sheriffs), analysts will not review compliance with those requirements.
- vii. Analysts will review files to determine whether the plaintiff complied with applicable post-sale state law requirements, such as requirements to file report of sale or affidavits specifying the redemption amount and time period, where a right to redemption exists.

b. Non-judicial foreclosures:

- i. Analysts will review files to determine whether the party initiating a foreclosure complied with applicable notice of default requirements, including requirements to contact the

borrower via telephone and mail, and requirements to publicize notice of sale and intention to foreclose as required by state law.

- ii. Analysts will review files to determine whether the party initiating the foreclosure complied with applicable notice of sale requirements.
3. Analysts will review files to determine whether the party initiating the foreclosure complied with applicable post-sale requirements, including report of sale requirements and obligations on the party initiating the foreclosure arising from any applicable redemption rights.
4. Federal Law
- a. **US bankruptcy laws.** Analysts will review files to determine whether, when the borrower filed for bankruptcy, Aurora complied with the stay of foreclosure proceedings pending a successful petition for relief from the stay.
 - b. **SCRA.** To the extent that Allonhill determines it cannot rely on the internal review of SCRA compliance conducted by Aurora, analysts will review files to determine whether Aurora complied with:
 - i. provisions applicable to the interest rate that can be charged borrowers on active military service for obligations entered into prior to the date of their active military service (50 U.S.C app. § 527);
 - ii. stays of foreclosure sales against borrowers who defaulted on obligations entered into prior to the date of their active military service during the borrower's active military service or for 9 months following the termination of the borrower's active military service(50 U.S.C app. § 533); and
 - iii. provisions relating to remediation/redress for borrowers on active military service who may have been charged interest in excess of the prescribed rate (50 USC § app. 527(a)(2) and (3)).

iii. Consent Order Paragraph 16(c) – Determining Appropriateness of the Timing of Foreclosure

Paragraph 16(c) of the Consent Order requires the independent consultant to determine

“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 of time to authorize foreclosure pursuant to the terms of the mortgage loan documents and related agreements.”

An application for loan modification or other loss mitigation is deemed to be “under consideration” when all documents required for such review have been received and the application package is complete, provided that Aurora has complied with all applicable laws or program guidelines for notifying a borrower that the borrower has not submitted all required documentation for the application package.

Allonhill will make these determinations through analyst review of the contents of each in-scope proceeding; Allonhill is also evaluating the utility of data extracted from Aurora’s systems to supplement data collection. Allonhill’s review will incorporate imaged data extracted from Aurora’s servicing systems covering loan performance, modification or mitigation status, and other relevant data. Finally, the System will incorporate relevant terms from mortgage loan documents and related agreements.

Analysts will record any exceptions in the [REDACTED] for review by a Senior Analyst and Quality Assurance. Where an analyst cannot answer a particular question because file information is missing or insufficient, the analyst will flag the file and, if confirmed by the senior analyst, the missing document request will be sent to Aurora.

Allonhill will test each file in which a foreclosure sale occurred for the following:

- Whether the foreclosure sale occurred when Aurora was reviewing financial information submitted by the borrower for consideration of a loan modification or other retention-based loss mitigation opportunities, which completed application was received by Aurora at least 30 days prior to the scheduled sale date;
- Whether trial plan payments were made in accordance with trial plans and the borrower qualified for the permanent modification; and
- Whether permanent modification payments were made in accordance with the modified terms, including any allowable grace period before the declaration of a default and the commencement of a foreclosure proceeding

iv. Consent Order Paragraph 16(e) – Determining whether Fees and Penalties Assessed were Permissible, Reasonable and Customary

Paragraph 16(e) of the Consent Order requires the independent consultant to determine

“whether a delinquent borrower’s account was only charged fees and/or penalties that were permissible under the terms of the borrower’s loan documents, applicable Legal Requirements, and were otherwise reasonable and customary.”

Allonhill will make these determinations by testing files against defined exceptions, deeming an exception to have occurred when the file indicates that Aurora charged one or more fees or penalties

that failed one or more test conditions. Because Allonhill will test each loan file against all conditions, a single file could include multiple exceptions.

The reference to fees includes both servicing fees and corporate advances, (for items such as attorney fees, property preservation and forced place insurance), within the [REDACTED]. The document will provide an overview of the fee related tests that determine whether fees assessed were Permissible, Reasonable, Customary or Excessive.

1. Permissibility

The review will determine whether the fees assessed on the loan are permissible by checking to see if the assessment of the fee or the amount of the fee assessed is allowed under federal law, state law, or in accordance with the terms of the mortgage instrument.

Permissibility – Federal Law - The permissibility of fees and charges on the loan will be determined using the prohibitions and limitations under federal bankruptcy law and under the terms of the Servicemembers Civil Relief Act (SCRA) as applicable based on the business rules within the [REDACTED]

Permissibility - State Fee Guidelines- Fee Permissibility will be evaluated by testing the fees charged on the loan against the appropriate state law in which the subject property is located. The 51 State jurisdictions were reviewed by outside counsel to determine the state fee limitations or prohibitions. Based on the state fee summaries from outside counsel, the business rules for fee permissibility are detailed into requirements for implementation into the system by the IT department. (Some jurisdictions base fee permissibility on whether the fee amounts are reasonable and customary. The evaluation method for Reasonable and Customary will be addressed later in this document.)

In jurisdictions in which the fees are permitted subject to being agreed upon between the borrower and the lender, the loan documents will be checked to determine whether the terms therein allow for the assessment of such fees by category, but not requiring the presence of the fee by name. If the jurisdiction requires the fee to be expressly agreed to, or explicitly agreed to, then the presence of the specific fee name within the loan documents is required if the fee was assessed on the loan.

The specific fees/charges to be reviewed under the state permissibility evaluation are limited to the fees referenced in Table – 1 State Fee Types.

Table 1 – State Fee Types

Fee Category	Fee Type
General Servicing Fees	Late Payment (full or partial)

Fee Category	Fee Type
General Servicing Fees	Insufficient Funds
General Servicing Fees	Expedited Payments (pay-by-phone / online payment)
General Servicing Fees	Account Documentation (e.g., copy of account history, note)
General Servicing Fees	Payoff Statement
General Servicing Fees	Postage and mailing, including certified and express mail
General Servicing Fees	Fax (sending or receiving)
General Servicing Fees	Loan Subordination
Third Party Servicing Fees	Hazard Insurance (administration fee for the placement of)
Third Party Servicing Fees	Flood Insurance (administration fee for the placement of)
Third Party Servicing Fees	Property Inspection
Third Party Servicing Fees	Property Preservation
Third Party Servicing Fees	Broker's Price Opinion
Third Party Servicing Fees	Property Appraisal
Third Party Servicing Fees	Title Search / Title Report
Third Party Servicing Fees	Document Courier / Delivery Fees
Loan Modification Fees	Loan Extension (to extend term)
Loan Modification Fees	Loan Modification
Loan Modification Fees	Loan Assumption
Loan Modification Fees	Deed In Lieu
Loan Modification Fees	Loan Reinstatement
Loan Foreclosure Fees	Trustee Sale Guarantees
Loan Foreclosure Fees	Litigation Guarantees
Loan Foreclosure Fees	Foreclosure Trustee Service
Loan Foreclosure Fees	Default Notices
Loan Foreclosure Fees	Sale Notice Publication
Loan Foreclosure Fees	Legal and Attorney Services
Loan Foreclosure Fees	Court Costs

The initial Foreclosure Review will be based on the individual state fee limitations in evaluating permissibility; understanding that some variance to certain state specific fee limitations are afforded to federally chartered institutions based on federal preemption. (The primary exception types impacted by preemption would be related to late charge fees and fees for insufficient funds.)

Permissibility – Mortgage Instruments - The late charge terms will be captured from the note as well as any indication of the prohibition or limitation of other fees or charges. Business rules in the system will alert the analyst in the event the late charge limits are exceeded or whether other fees were charged on a loan containing fee restrictions or limitations.

2. Customariness

Allonhill will evaluate the customariness of fees and penalties by comparing the fee amounts assessed on the loan to the published fee reimbursement limits for the GSEs, VA, FHA, and USDA . The evaluation will use the limits for the jurisdiction in which the property is located. To be considered customary, the assessed fees cannot exceed the published fee reimbursement limits from the GSEs, VA, FHA, and USDA on loans in which they are the investor or insurer. For non-conforming (jumbo) loans in which the investor guidelines establish fee reimbursement limits, the applicable limit from such investor guidelines will be used. In the event a loan does not fall into one of those categories, the published Fannie Mae limits, increased by 10%, will be used for the loan being reviewed.

- Insurer Guidelines – FHA – applicable on FHA insured loans
- Insurer Guidelines – USDA Rural – applicable on USDA guaranteed loans
- Insurer Guidelines – VA – applicable on VA guaranteed loans
- Investor Specific Guidelines – Fannie Mae – applicable if the investor is Fannie Mae
- Investor Specific Guidelines – Freddie Mac – applicable if the investor is Freddie Mac
- Investor Specific Guidelines – Other – applicable if investor is not one of the above
- Other Reasonable – Fannie +10% – applicable if the investor is not a GSE, and the loan is not insured by FHA, VA or USDA

Certain fee types are not addressed by the GSEs, VA, FHA, or USDA. These fees would not have a defined limit or associated business rules relating to meeting a customary threshold within the [REDACTED]. Some loans will have fees that are not limited or prohibited by the aforementioned published fee reimbursement limits.

The available VA fee standards are effective as of May 13, 2010, lacking versions of prior fee standards the review will use the May 13, 2010, published standards to evaluate VA loans with fees assessed prior to May 13, 2010.

3. Reasonableness

Allonhill will evaluate each fee or penalty for reasonableness after determining permissibility and customariness. Allonhill will deem unreasonableness of any fee or penalty assessed to the borrower by utilizing the data captured within the [REDACTED] to determine whether the fees assessed on the loan were reasonable. The analyst will capture required data elements into the system to enable the processing of business rules to render system validations requiring deeper review to clear the validation or create an exception on the loan in the event an assessed fee is not reasonable.

Whether or not a fee is considered reasonable will be based on the following:

- If a fee was assessed for a service and there is not an invoice to substantiate the service or the invoice does not match the amount of the fee assessed, the fee will be deemed not reasonable (except for property taxes for which there are no invoices available).
- If the borrower was assessed a fee for the processing of a loan modification request, if the fee is prohibited as in the case of HAMP or GSE loans.

- If the borrower is performing in accordance with the terms of the security instrument, a trial loan modification, or the terms of a permanent loan modification and the servicer assessed fees for foreclosure services or late charges the fees are not reasonable; provided, however, that if the applicable GSE or investor guidelines required the servicer to pursue a dual-track process that included the initiation or continuance of a foreclosure proceeding while the borrower was performing in accordance with the terms of a trial loan modification, that fact shall be noted in the Foreclosure Review.
- If insurance coverage existed on the property and the forced placement of insurance occurred, the fee assessed for the duplicative coverage is not reasonable. If the forced placement of insurance coverage amount exceeded the greater of the loan balance, property value or the prior cancelled policy coverage amount, the fee is not reasonable.

v. Consent Order Paragraph 16(f) – Determining whether Fees and Penalties Assessed were Assessed with Excessive Frequency

Paragraph 16(f) of the Order requires the independent consultant to determine

“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, applicable Legal Requirement[s], or were otherwise unreasonable.”

Allonhill will determine whether the frequency of the fees assessed on the loans being reviewed were excessive under federal law, state law, the mortgage instrument or under the aforementioned customary limits as defined by the GSEs, FHA, VA, or USDA.

Fee Evaluation

To ensure a consistent application of the business rules pertaining to fees within the [REDACTED] [REDACTED] it will use a standardized fee list. The specified fee options from the servicing platform(s) will be mapped to the standardized list of baseline fees to enable the system to apply the business rules across multiple servicing platforms.

Baseline Fees - The baseline fees to be used as evaluation points to enable a consistent application of the fee rules across all business channel types includes the complete population of possible fees and advances. (This population is a superset of the defined fees and charges identified as possibilities within the servicing portfolios as well as additional options identified by the default servicing subject matter experts.)

Servicer Platform Specific Fees and Charges - For each servicer, the specific fees and charges within their servicing portfolio are reviewed to ensure they correlate to the existing baseline fees. The collection of the servicing data relating to fees in the client’s native format minimizes analyst conversion of loan fees to system fee values by using the client’s unique transaction type identifiers. The analyst will confirm

the charges loaded into the system correspond to the itemized charges reflected on the invoice(s) within the loan documents to validate the servicing system data is correct.

Servicer to Baseline Fee Mapping - Each of the unique fees in the servicing platform will be mapped to the corresponding fee within the system's baseline fees. If any gaps are identified during the mapping, the baseline fees will be modified to support the unique fee and eliminate the gap.

Fee Aggregation Types - Although some fee limitations are based on individual fee types, there are many instances in which the published limitation is against an aggregation of various individual fee types. (e.g. foreclosure attorney fee limits) The unique aggregation types will need to be created to support each definition of a fee limitation under state law as well as under the servicer guidance being used to measure conformance with the "Customary" requirement.

The business rules created in the [REDACTED] will be written against either individual baseline fees or the aggregation of multiple fees into a group with the threshold limit applied to the sum of all the fees within the group.

Fee Data - To minimize the risk of data entry errors in capturing the fee details, we are looking to extract the loan level data, for both the servicing fees and corporate advances, from the loan servicing system to upload into the [REDACTED] (The accuracy of the data will be verified prior to loading it into the system.) In addition to the uploaded data, the analyst reviewing the loan file may need to supplement the fee information that was uploaded with manual entry data for any historical information that was previously archived from the servicing platform to perform a complete review.

For each corporate advance, the analyst will be required to review the documents within the loan file to locate the service date and invoice date. The service provider's invoice will be used to confirm the advances were for services actually performed. In the event the analyst is unable to locate the invoice for services provided, an exception will be created as the assessed fee would be deemed unreasonable. (The invoices for each advance will be used to verify the services were performed.)

Fee Evaluation - The fee data captured on the loan will be processed against the business rules within the [REDACTED] to flag any fees, or aggregation of fees, that exceed the thresholds within the system. The business rules will identify issues or concerns that require further investigation by the analyst to check the specific scope of the service that was performed. The analyst will be charged with reviewing each fee that is flagged to determine whether to create an exception on the loan file or clear the fee validation based on additional document review.

- Due to the complexity of reviewing the fees assessed on the loan file, the analyst will be required to take care in documenting the methods used when confirming exceptions and the rationale to justify the clearing of any fee related validations.

Specifically, the [REDACTED] will prompt Analysts for detail concerning the types of fees and penalties assessed and the frequency of their assessment. If available, Allonhill will leverage fee

information extracted from the Aurora's system of record. As discussed in 2.a above, Allonhill will verify the accuracy of the data prior to loading into the System. The System will then apply encoded test standards to reach a preliminary determination. Preliminary determinations of potential exceptions will flow to Senior Analysts and Quality Assurance for further review.

vi. Consent Order Paragraph 16(g) – Determining whether Loss Mitigation Activities were Properly Conducted

Paragraph 16(g) of the Order requires the independent consultant to determine

“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 [Aurora'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 reasonable basis, and was communicated to the borrower before the foreclosure sale.”

For all foreclosed loans, Allonhill will review the appropriateness of loss mitigation activities. The Foreclosure Review System will incorporate test standards related to state law requirements on loan modification or other forms of Loss Mitigation contained in the Hudson Cook Foreclosure Survey as well as relevant Federal law requirements on the same topic. The objective of the reviews will be to determine whether borrowers were afforded the opportunity to be considered for a loan modification, and that the decisions reached were consistent with HAMP and proprietary program criteria and requirements. Accordingly, the review population will include customers approved and denied for modification supplemented by a targeted review of customers who did not submit modification applications, in order to assess the sufficiency of outreach initiatives. The File Review and Complaint processes used will be similar, and will follow the HAMP and/or proprietary loan modification processes from application through decision and required follow-up (customer notification and the establishment of a trial or modification). What will vary is that loans selected for File Review will be worked by Allonhill, whereas Complaints will initially be worked by experienced Aurora complaint staff but 100% reviewed by Allonhill prior to final decision. Quality Assurance staff will review a representative sample of both File Review and Complaint cases.

Loan modifications will be reviewed using the information available at the time of the decision using then-applicable program guidelines.

In assessing the accuracy of the most recent denied loan modification decision for each foreclosed loan, Allonhill will review and recalculate the customer's monthly gross income using the income verification documentation specified in the then-applicable program guidelines as well as customer-specific inputs to the NPV model and any tools used to determine modification terms. Allonhill intends to use HAMP and MHA-C Treasury error tolerances for income calculation and modified payment amount broadly across the loss mitigation review. If the information considered is deemed accurate, the decision will be

accepted. However, if Allonhill detects a substantive input error, Allonhill is considering re-performing all calculations, as well as an assessment of potential financial harm if the borrower was denied a modification in contravention of the terms of the governing modification program or the servicer's stated policy covering modifications

Allonhill, or its designee, will also perform an audit of Aurora's processes and controls of the Base NPV Model updates from the Department of the Treasury and of any applicable NPV models for proprietary loan modifications to verify Aurora's internal version control and the application of the proper model to each foreclosed loan. It is important to note that Allonhill will rely on HAMP NPV models without further validation work. For proprietary modifications, Allonhill will review the validation work performed by independent groups to determine whether further work is necessary to accept model and assumption integrity. In addition we note that we are still developing our approach to testing in this area, and will of course adjust our testing to incorporate any regulatory guidance received.

vii. Consent Order Paragraph 16(h) – Determining whether Errors, Misrepresentations or Other Deficiencies Resulted in Financial Injury to the Borrower

Paragraph 16(h) of the Consent Order requires the independent consultant to determine

“whether any errors, misrepresentations, or other deficiencies identified in the Foreclosure Review resulted in financial injury to the borrower or the mortgagee.”

The “OCC and FRB Guidance – Financial Injury or Other Remediation,” dated August 29, 2011 defines the term “financial injury” to the borrower as “monetary harm directly caused by errors, misrepresentations or other deficiencies identified in the Foreclosure Review.” The guidelines define “errors, misrepresentations, or other deficiencies” with respect to the Consent Order and further provide that “errors” includes “miscalculation of fees or other charges, where the total aggregate miscalculated fees or charges applied to the borrower exceeds \$99.00. The guidance clarifies that monetary harm does not include physical injury, pain and suffering, emotional distress or other non-financial harm or financial injury that did not result as a direct consequence of errors, misrepresentations or other deficiencies identified in the Foreclosure Review. There are a wide variety of circumstances in which financial injury could occur as a result of errors, misrepresentations or other deficiencies in the foreclosure process. Accordingly, Allonhill will evaluate whether financial injury was caused by the Bank to a borrower, as applicable, on a case-by-case basis. The OCC has provided draft examples of various scenarios in which financial injury could be present and is continuing to refine and revise this guidance. In conducting its evaluation, Allonhill will be guided by these definitional examples of financial injury provided by the OCC, to the extent applicable.

In conducting this evaluation, Allonhill will consider whether investor servicing agreements and/or investor servicing guidance, including those of the GSEs, required the Bank to proceed in a certain manner with respect to a loan.

Allonhill anticipates that it may identify categories of situations where financial injury might arise over the course of the Foreclosure Review that are not included in the guidance provided by the OCC. If it

does so, Allonhill will inform the OCC of these additional categories and determine whether any modifications to its review methodology are necessary to ensure systematic detection of categories of situations where financial injury might arise not previously recognized.

In addition, in consultation with the OCC, Allonhill will consider and implement, as appropriate, further guidance on the definition of financial injury to the extent applicable and as circumstances may require.

e. Quality Assurance

i. Quality Assurance Overview

Aurora confirmed it will be readily accessible to Allonhill foreclosure review staff to provide information upon request and as needed to conduct the Quality Assurance review and Foreclosure Review. As further detailed in this section, Allonhill's Quality Assurance Team will perform quality reviews of key work products of the Foreclosure Review, including:

- File review:
 - 100% of preliminary exception files following Level 1 analyst review at least until Level 1 preliminary exceptions are consistently correct;
 - An ongoing, random and statistically valid sample of files preliminarily found by Level 1 analyst review to evidence no exceptions; and
- Key inputs into the [REDACTED]

ii. Quality Assurance File Review

Quality Assurance file review will seek to provide:

- (1) Objective assurance of the quality of work performed by the Level 1 file review team, particularly with respect to Type II errors or false negatives; and
- (2) Feedback on the performance of individual review personnel and identification of additional training opportunities based on Quality Assurance results.

1. Quality Assurance File Review Sampling and Review Methodology:

Allonhill will base its Quality Assurance sampling methodology on sampling guidance published by the OCC, using tolerances and reliability thresholds established by the primary sampling method.

Assignment to Quality Assurance Segments based on Level 1 results: Following Level 1 review, the Quality Assurance Team will assign each reviewed file to one of three segments ("Quality Assurance Segments"):

- *Unvalidated preliminary exception segment.* The Quality Assurance Team will review 100% of files in this category until the Quality Assurance Team determines that preliminary exceptions identified by Level 1 are reliably correct.
- *High risk no preliminary exception segment.* The Quality Assurance Team will separate files determined by Level 1 review to be exception free into high risk and low risk segments.¹² The high risk segment will include files reviewed by new analysts and analysts with high past error rates. The Quality Assurance Team will review 15% of files in this segment. If the Quality Assurance Team finds Type II errors or false negatives in this category, it will supplement its review with judgmental sampling of other files reviewed by the same analyst or with similar file characteristics. The Quality Assurance Team will independently recommend re-performance of file reviews by the foreclosure analyst team where it determines the work quality of an individual analyst does not support high confidence in the absence of Type II errors.
- *Low risk no preliminary exception segment.* The low risk segment will include files reviewed at Level 1 by experienced analysts with low past error rates. The Quality Assurance Team will review 10% of files in this segment and later adjust as appropriate based on our actual experience. If the Quality Assurance Team finds Type II errors or false negatives in this category, it will supplement its review with judgmental sampling of other files reviewed by the same analyst or with similar file characteristics.

Sampling rate adjustments. In order to reduce likely errors in the early days of the Review, the Quality Assurance team will use a combination of system and manual review methods to inspect 100% of the files reviewed in the first three days of the Review.

Likewise, the Quality Assurance team will adjust its sampling rate for the “low risk no preliminary exception segment” as appropriate based on our experience with the review. The Quality Assurance Team will maintain its sampling rate for the “high risk no preliminary exception segment” to 15% throughout the Review period.

The Quality Assurance Team will increase its sampling rate or re-deploy manual review whenever it determines that changes in the resource levels or system functionality may lead to higher error rates.

2. Quality Assurance File Review Reporting

The Quality Assurance Leads will review and report on key weekly Quality Assurance metrics during the Foreclosure Review. Weekly reports will contain:

- Total number and type of files reviewed by the Quality Assurance Team during the reporting period and to date;

¹² The Foreclosure Review System assigns scores to analysts based on the number and types of errors corrected by Senior Analysts. We propose to use the scoring system to inform the Quality Assurance sample.

- Total number of files with exceptions validated by the Quality Assurance Team during the reporting period and to date;
- Description of exceptions validated by Quality Assurance Team;
- Number and types of exceptions found by Quality Assurance in files determined by Level 1 review to be exception free;
- Quality Assurance metrics by Level 1 analyst. The Quality Assurance metrics will represent the quality of review conducted by individual analysts and derive from the number and types of corrections made on their respective files during the Quality Assurance process;
- Common errors or issues requiring team-wide communication;
- Recommendations for System changes based on Quality Assurance results; and
- Recommendations for additional analyst training and for re-performance of file reviews based on Quality Assurance results.

In addition, the Quality Assurance Team will provide feedback to individual analysts on an ongoing basis and will maintain Quality Assurance documentation regarding Quality Assurance history and results in the Foreclosure Review System.

iii. Key Data Input Quality Assurance

Allonhill will conduct quality reviews of state legal workflow diagrams, which are critical inputs to the [REDACTED] State workflow diagrams convert individual state legal requirements into a decision-logic format compatible with the coding requirements of the [REDACTED]. Given the criticality of this input, Allonhill and Promontory will conduct secondary reviews of all diagrams to ensure that they match the legal standards as researched and summarized by the external law firm retained by Allonhill.

3. Preparation and Submission of Report

Consistent with the requirements of Paragraph 17 of the Consent Order, Allonhill will provide Aurora and the OCC with a final report (the "Foreclosure Report"). The Foreclosure Report will include a summary and analysis of the file exceptions found during the Foreclosure Review, together with detail appropriate to support the development of a remediation plan, including the identity of each borrower determined by Allonhill to have suffered financial injury the nature and amount of the harm incurred to the extent of Allonhill's ability to determine that amount based on the information available to Allonhill.

ⁱ NUMBER OF IN-SCOPE FILES AND SAMPLED FILES PER STATE

State	Number of Files	Estimated Sample
AK	67	2
AL	258	15
AR	170	8
AZ	8,189	278
CA	34,660	1,149
CO	2,776	95
CT	749	41
DC	215	8
DE	161	5
FL	19,931	603
GA	1,991	83
HI	376	15
IA	119	8
ID	469	18
IL	3,697	110
IN	645	25
KS	175	5
KY	175	10
LA	224	7
MA	1,167	51
MD	2,318	94
ME	123	6
MI	1,570	70
MN	2,021	71
MO	658	32
MS	132	5
MT	95	2

State	Number of Files	Estimated Sample
NC	930	41
ND	13	0
NE	110	3
NH	234	14
NJ	2,780	83
NM	349	11
NV	5,206	209
NY	2,557	107
OH	1,167	62
OK	182	5
OR	1,363	51
PA	969	40
PR	5	0
RI	258	7
SC	624	16
SD	28	1
TN	531	19
TX	2,376	87
UT	1,807	59
VA	2,286	103
VI	1	0
VT	34	3
WA	2,725	95
WI	576	22
WV	85	2
WY	58	2
Total	110,385	3,858

Note

1 - The estimated sample is based on simple random sampling from each segment. As a result, 10 states and territories are estimated to have fewer than five records sampled. Approximately 30 additional records will be drawn from these states and territories to ensure adequate representation.



**Attachment B
Methodology for Complaints**

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0. Prompting and Reviewing Customer Complaints

a. Overview

Close review of borrower complaints is essential to accomplishing the goals of the Foreclosure Review. Accordingly, the Foreclosure Review will include both careful analysis of files associated with complaints during the review period and a process to prompt and resolve additional borrower complaints while the Foreclosure Review is underway. In particular, as further described below, Aurora will solicit, review and resolve complaints from the relevant borrower population. Allonhill will independently review and validate Aurora's conduct of this process ("Foreclosure Complaint Process"), evaluating both the underlying borrower complaint and the appropriateness of Aurora's disposition of it. Where appropriate and practicable, Allonhill will leverage Aurora's existing complaint processes in order to preserve clarity about ownership of the customer complaint relationship and avoid customer confusion.

b. Goals

The goals of the Foreclosure Complaint Process are to:

- Find and remediate financial injury to borrowers within the scope of the Foreclosure Review; and
- Enhance the effectiveness and credibility of the Foreclosure Review effort by supplementing statistical and judgmental sampling with a process by which customers who claim they suffered financial injury will be afforded an opportunity to have their claims evaluated by an independent third party.

The success of the Foreclosure Complaint Process is critical to the overall credibility of the Foreclosure Review. Making the process successful involves difficult process engineering choices and, especially, a carefully calibrated approach to promoting the complaint opportunity to in-scope borrowers. The credibility of the process is at risk both to insufficient or ineffective efforts to promote the complaint opportunity and to efforts that have the effect of overwhelming the complaint process with the sheer volume of irrelevant, frivolous, or fraudulent complaints.

As further described below and shown in Table B-1 and Table B-2, Aurora will solicit complaints from in-scope borrowers through a combination of direct mail and advertising; receive complaints; review and evaluate those complaints; and propose complaint resolutions to Allonhill. Subject to Allonhill's independent decision regarding Aurora's proposed resolution, Aurora will administer any necessary remediation or other follow-up activity. Aurora will provide both Allonhill and the OCC with comprehensive reporting on its administration of this complaint process, sufficient to support Allonhill's efforts to validate that Aurora is properly executing every element of the process.

Allonhill, in consultation with the OCC, will review and approve Aurora's outreach plan and process design; validate Aurora's list of in-scope borrowers for reliability; develop the outreach and complaint intake processes; review and approve program elements relating to borrower follow up; validate

Aurora’s exclusions of complaints from the Foreclosure Complaint Process; independently review Aurora’s proposed resolutions and accept or reject them; and perform thorough quality control testing and other process oversight.

Diagram B-1

COMPLAINT REVIEW PROCESS-IN SCOPE

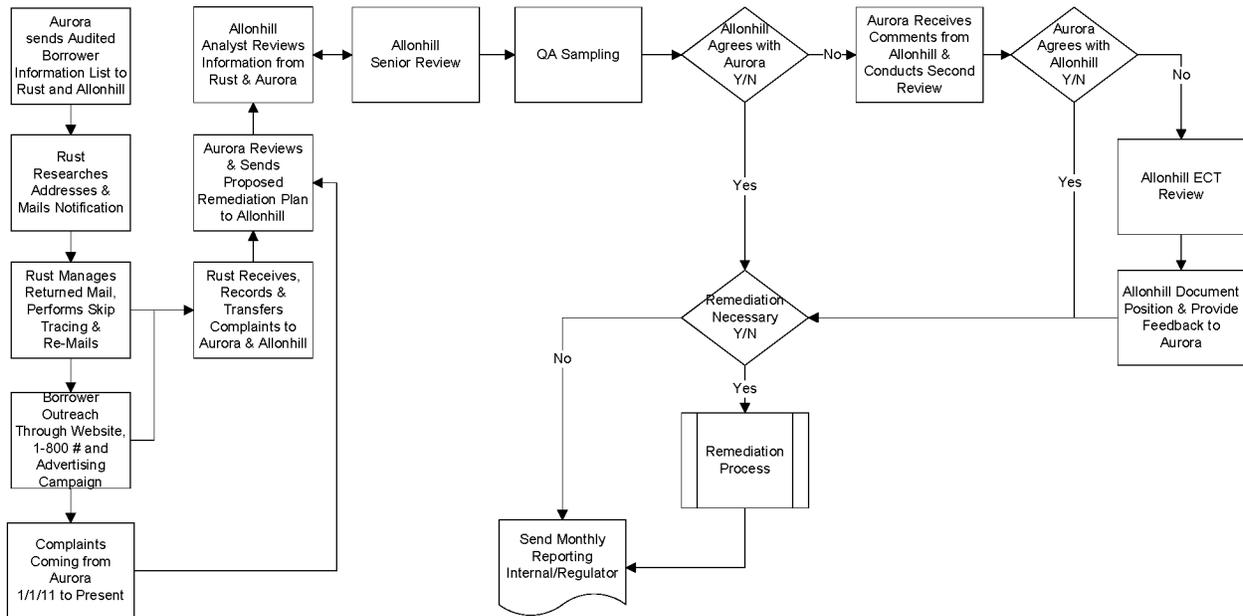
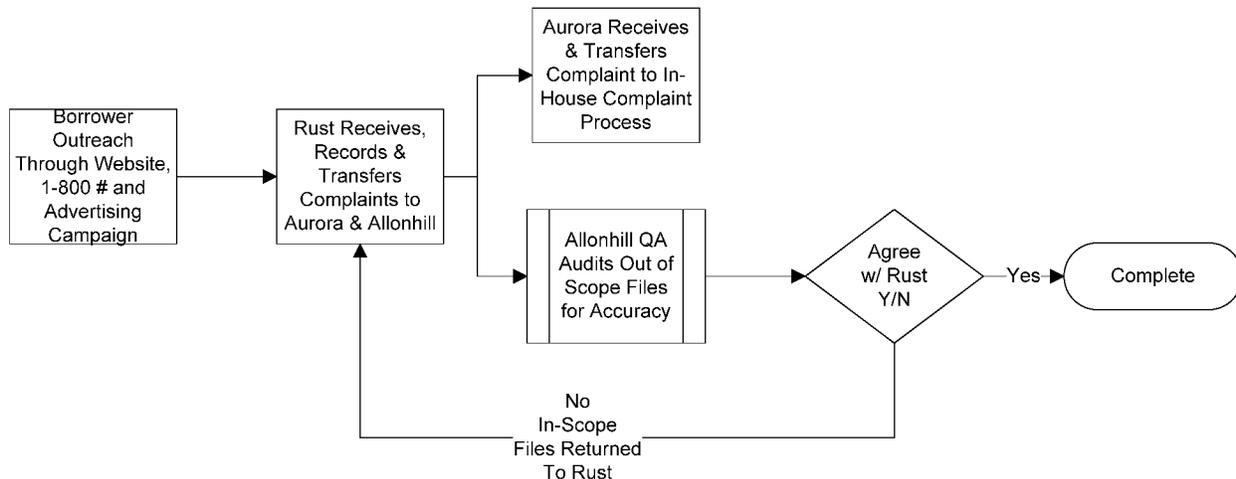


Diagram B-2

COMPLAINT REVIEW PROCESS-OUT OF SCOPE



c. Scope

The scope will include borrowers in the foreclosure process or with a foreclosure sale who believe they have been financially injured as a result of errors, misrepresentations or other deficiencies associated with foreclosures initiated or completed during 2009 and 2010, and who make a complaint during the “Complaint Period.” The Complaint Period will commence on 10/1/2011 and remain open for 120 days.

In addition, the Foreclosure Complaint Process will encompass a 100% independent review of in-scope complaints received through other Aurora channels from January 1, 2011 to the end of the Foreclosure Review including in-scope complaints forwarded from Attorneys General, the Department of Justice and other Federal regulatory agencies. In-scope complaints received that are insufficiently specific for processing by the Foreclosure Complaint Process will be placed in the Foreclosure Review process subject to its generalized standards of review. The process scope will exclude complaints that do not relate to the subject matter of the Foreclosure Review or are outside the time period of the Foreclosure Review.

Allonhill, either directly or through its subcontractor, will administer all process exclusions after subjecting exclusion standards to review and approval by the OCC.

d. Coordination

Allonhill is participating in meetings of the independent consultants in an effort to coordinate elements of the Foreclosure Complaint Process. These discussions have centered on the coordination of outreach activities, including direct mail communications, advertising, and coordination on the intake of borrower complaints. Allonhill views the visible lack of coordination that would result as a risk to the credibility of the Foreclosure Review process as a whole, and to all of its participants, including independent consultants, servicers, and regulators alike.

e. Complaint Review Timeline

The Foreclosure Complaint Process will adhere to the following timeline:

- No later than 30 days following Foreclosure Review commencement or September 30, 2011:
 - Special complaint function launches; and
 - Promotion of Foreclosure Complaint Process begins.
- 60 days following Foreclosure Review commencement:
 - Promotion of Foreclosure Complaint process ends.
- Upon conclusion of the Foreclosure Review:
 - Special complaint function intake ceases (further incoming complaints diverted to routine channels).
- 60 days after completion of the Foreclosure Review:
 - Special function complaint handling ceases (in process complaints diverted to routine channels); and
 - Allonhill complaint review is complete.

f. Borrower Communication Plan

i. Status

At Allonhill's request, Aurora is participating in the collective servicer's coordinated development of an outreach plan intended to reach as many members of the in-scope population as practicable, both to let them know about the Foreclosure Complaint Process, and to encourage them to submit any complaints they may have about errors in Aurora's foreclosure process that may have caused them financial injury. Aurora has devoted considerable effort to participating in the collective servicer's coordinated development plan, and Allonhill and Aurora have had numerous exchanges regarding its contents. Nevertheless, the plan remains under development, subject to Allonhill final review and approval, which Allonhill expects to provide only in consultation with the OTS and the OCC. As part of the coordinated outreach plan, Aurora may consider, and Allonhill will evaluate, a variety of potential communication channels, including one or more of the following:

- First class mail to foreclosed borrowers;
- Email to foreclosed borrowers if valid addresses are available, if necessary;
- Key word searches, if necessary;
- Hotlink on Aurora's website and MyAuroraLoans.com site to information on how to submit a complaint online or by mail; and/or

- Newspaper notices in the major media markets of the states comprising a significant percentage of the company's foreclosures including Parade, People and TV Guide.

Aurora's outreach plan will be subject to Allonhill's review and approval. Allonhill will target at least an 80% penetration rate and will require Aurora, or its subcontracted third party vendor, to provide reporting and metrics tracking its contact rates. Allonhill, in its sole discretion, may require Aurora to adjust the plan in order to better achieve the objectives of the Foreclosure Review.

g. Complaint Intake Process

Aurora's complaint intake process is subject to Allonhill's review and approval. Aurora's outreach will indicate the reason for outreach, how eligibility is determined, explain the process of submitting complaints to Aurora, and provide contact channels including a dedicated P.O. Box mail response channel and telephone and internet contacts to segregate Foreclosure Review complaints from other complaints. Aurora will use a standardized form, approved by Allonhill, to promote relevant scope and uniform capture of essential data to investigate complaints effectively.

Aurora, either itself or through its subcontractor, Rust Consulting, Inc. (the "Complaint Intake Subcontractor"), will support a dedicated phone line to assist borrowers in obtaining a claim form and answering questions pertaining to the form fields. In addition, Aurora will support a dedicated website for the in-scope population to submit the form and receive instructions on its completion.

Aurora (or the Complaint Intake Subcontractor) will, if necessary, send a "Deficiency Letter" for all incomplete submissions to request additional information from borrowers within seven days of complaint receipt. For borrowers who do not respond 30 days after the date of the "Deficiency Letter," Aurora (or the Complaint Intake Subcontractor) will send a resolution letter based on an incomplete complaint.

Aurora (or the Complaint Intake Subcontractor) will exclude received complaints that do not relate to the subject matter of the Foreclosure Review or are outside the time period of the Review. For complaints deemed to be out of scope, Aurora (or the Complaint Intake Subcontractor) will send a written notification. Aurora will address, through its established complaint processes, complaints that it deems out of scope of the Foreclosure Review.

Returned mail from outreach communications will be directed to a dedicated P.O. Box. Aurora (or the Complaint Intake Subcontractor) will conduct skip tracing or other actions to identify a current address or email for former borrowers whose mail have been returned and will make subsequent efforts to alert them to the Foreclosure Complaint Process.

h. Case Management

Aurora (or the Complaint Intake Subcontractor) will image each incoming complaint or claim and any supporting documentation provided by a borrower and upload the electronic image into its independent case management system. Within seven days of initial receipt, Aurora (or the Complaint Intake Subcontractor) will send an acknowledgment letter to the complainant. Records of all complaints,

information received from borrowers, records of Aurora's investigation of in-scope claims and complaints, Allonhill's review notes, and the final claim or complaint disposition letter sent to the borrower will be maintained by Allonhill, Aurora, and/or the Complaint Intake Subcontractor.

i. Complaint Review Process

Review of complaints received will take place in two stages.

First, for actionable complaints that are within scope and for which there is sufficient account and other information, Aurora will determine whether the complaint was resolved previously and:

- If the borrower's same complaint was resolved previously, Aurora will transmit original complaint, second complaint and all supporting resolution documentation to Allonhill; or
- If not resolved previously, or still in the process of resolution, Aurora will process the complaint and provide the complaint and all supporting resolution documentation to Allonhill.

Borrowers who provide updated information indicating a change in circumstances will be routed to a designated Loss Mitigation unit at Aurora for follow-up as a new application in accordance with guidelines applicable to such loan, provided that a foreclosure sale has not already occurred. Aurora will maintain and share Foreclosure Review complaint management information systems with Allonhill.

Second, Allonhill will review 100% of in-scope borrower complaints and claims, together with supporting Aurora resolution documentation. If Allonhill's review requires additional information, Allonhill will request such information from Aurora. There are four logical outcomes to a completed initial complaint review:

- If Allonhill concurs with borrower and Aurora resolution, Allonhill logs complaint and resolution for inclusion in Report;
- If Allonhill disagrees with borrower, concurs with Aurora resolution, Allonhill logs complaint and resolution for inclusion in the Foreclosure Review Report;
- If Allonhill concurs with borrower but not with Aurora resolution, Allonhill notifies Aurora and requests re-review by Aurora; or
- If Allonhill disagrees with the borrower and also disagrees with Aurora's resolution (e.g., file review indicates Aurora responded inappropriately because borrower was unclear or mistaken in describing the issue), Allonhill will notify Aurora and request re-review by Aurora.

If Aurora revises its resolution on reconsideration, it will pass the complaint, the final resolution and the supporting documentation to Allonhill and, if Allonhill agrees, then it will log the resolution for inclusion in the Foreclosure Review Report. If a disagreement remains, Allonhill will make the final determination and log the complaint and borrower injury for inclusion in the Foreclosure Review Report.

g. Reporting

Throughout the Foreclosure Complaint Process, Allonhill will make available to the OCC monthly reports covering:

- Total complaints received;
- Type and nature of complaints received;
- Number of complaints in-scope and out of scope;
- Number of complaints acknowledged;
- Number of in-scope complaints in review process;
- Number of in-scope complaints pending Allonhill review;
- Number of complaints not yet analyzed;
- Number of in-scope complaints responded to;
- Disposition of in-scope complaints responded to;
- Complaints disposition;
- Number of in-scope complaints requiring remediation;
- Number of in-scope complaints remediated;
- Number of follow-up requests of in-scope complaints;
- Aging reports as Warranted; and
- Comments section to provide other pertinent information.

j. Validation

In addition to Allonhill's 100% review of in-scope complaints received by Aurora, Allonhill will conduct statistical sampling to test and validate Aurora's exclusions from the Foreclosure Complaint Process and Aurora's closure of out-of-scope complaints.

Attachment C

RESOURCES AND EXPERTISE

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Attachment C

RESOURCES AND EXPERTISE

This attachment describes the resources and expertise Allonhill will rely on to complete the Foreclosure Review, including personnel and information systems. It further describes Allonhill's plans for enlisting additional resources necessary to complete the Foreclosure Review in the event that initial sampling is expanded and additional resources are necessary to complete the reviews in the agreed-upon timeline.

1. About Allonhill, LLC

Allonhill's core business lines are mortgage due diligence and credit risk management. The company's services are designed to help clients reduce risk by supporting them in meeting their goals related to quality, accuracy, and transparency. Allonhill provides services on securitizations and whole loans, and its offerings include mortgage due diligence for both buyers and sellers, credit risk management on performing and non-performing loans, quality assurance and re-verification reviews, servicer evaluations, and consulting.

Allonhill is based in Denver, Colorado and is led by Sue Allon, who in 1997 founded The Murrayhill Company, which pioneered the concept of independent third-party oversight of loans and servicers.

Allonhill's clients include the most prestigious banks in the country, institutional investors, private hedge funds, government entities, and large national servicers.

Allonhill's mission is to bring credibility to the mortgage industry through enhanced transparency and independence. Allonhill delivers customized solutions that improve efficiency, provide insight into risk, and offer actionable recommendations designed to improve portfolio performance. Each project receives a tailored team of trained staff to meet client needs.

Allonhill is well known and broadly recognized in the mortgage industry. Investors trust Allonhill to help them make better buying decisions and reduce risk. Servicers look to Allonhill to bring expertise to each review and use Allonhill's findings to improve their operations and processes. Major mortgage industry entities depend on Allonhill to provide customized solutions to meet their goals in connection with federal loan origination and modification programs.

Allonhill has technology, infrastructure, and processes designed to meet the requirements of large-scale projects involving confidential, non-public information for both public- and private-sector clients. Allonhill has invested millions of dollars to bring the industry's finest technology and a powerful team of experts to every engagement. Allonhill's greatest strength is its combination of technology and people; one without the other cannot provide the solutions that clients demand. Allonhill prides itself on its proven ability to deliver high-quality results on time-sensitive projects involving tens of thousands of loans. Allonhill strives to deliver consistently, on-time, every time.

2. About Promontory Financial Group

Allonhill has retained Promontory Financial Group (“Promontory”) as a subcontractor to facilitate certain components of the Foreclosure Review. Promontory was founded in 2001 by former Comptroller of the Currency Eugene Ludwig. Its senior professional team has deep experience in the management, direction and leadership of major financial institutions, financial regulatory agencies, and policymaking bodies. In the U.S., members of its firm have served as senior executives or directors of numerous leading financial institutions and financial regulatory agencies, including, Citigroup, Bank of America, Visa, Wells Fargo, Goldman Sachs, American Express, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the U.S Department of the Treasury, and the Office of the Comptroller of the Currency.

Promontory provides financial institutions throughout the world a wide range of services, including evaluation and assistance in strengthening risk management units and practices including compliance, corporate governance, and risk reporting; forensic reviews and reports; due diligence reviews; policy development; and strategic advice relating to the establishment or acquisition of new financial services businesses.

Promontory is headquartered in Washington, D.C. and maintains additional U.S. offices in New York, Atlanta, and San Francisco. Promontory also has a substantial international practice, with affiliate offices in Dubai, London, Paris, Milan, Singapore, Sydney, Tokyo and Toronto.

Promontory has significant experience and expertise working with mortgage lenders and servicers to meet the requirements of regulatory enforcement actions, strengthen risk management or compliance, and enhance corporate governance. The firm has successfully concluded several engagements related to mortgage origination and servicing and is deeply experienced in forensic and look-back reviews and statistical analysis. Several members of Promontory’s leadership and numerous members of its professional staff have spent portions of their careers in the mortgage sector, in regulatory supervision and examination of mortgage lenders, or both.

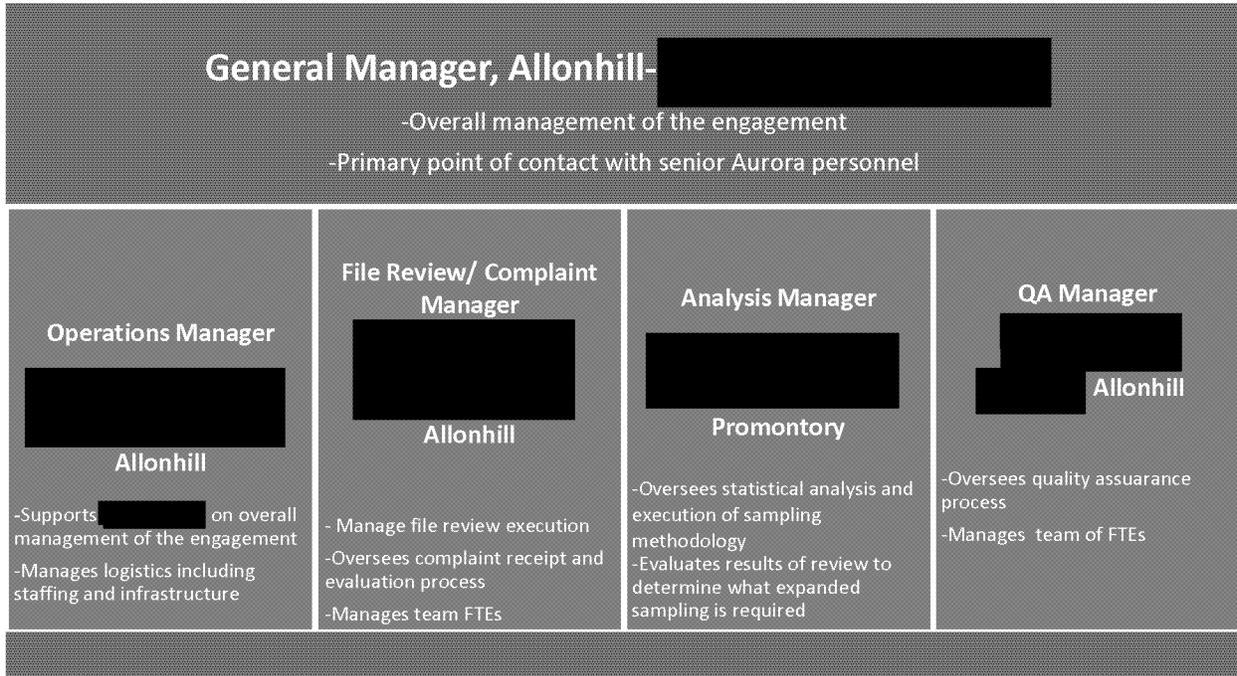
3. Organizational Structure

a. Overview

Diagram C-1 shows the general structure of Allonhill’s project leadership for the Foreclosure Review.

Diagram C-1

General Structure of Allonhill’s Aurora Bank Foreclosure Review Team



b. Project Leadership

Allonhill’s project leadership will provide the project team with strategic direction, supervise project management and quality assurance, liaise with the OCC and Aurora senior executives and directors, and oversee the quality control function for the Foreclosure Review. [Redacted]

under the direction of [Redacted] will lead the project, dedicating the majority of [Redacted] time to its oversight. [Redacted]

[Redacted] will serve as Analysis Manager. [Redacted]

c. File Review

[Redacted] will be responsible for day-to-day management of the file review effort. [Redacted]

Table C-2 shows the key working assumptions underlying Allonhill’s resource planning for the Foreclosure Review. In an effort to substantiate these assumptions, Allonhill has received sample files from Aurora. Allonhill is completing time trials where actual review times are being tracked and will be used to improve our resource planning estimates.

Table C-2

File Review Resource Planning: Key Working Assumptions

Item	Assumption
Average analyst file review time	9 hours
Average senior analyst review time	1.8 hours
Number of files to be reviewed in Stage 1	3,878
Calendar days to complete Stage 1 file review	160
Work days	5/week
Production hours/day	6.5
Manager/senior analyst/analyst	1:5:20
Additional files to be reviewed in Stages 2-3	1,939 (50% of Stage 1 sample)
Days to complete Stage 2-3 review	Estimated 100

i. Foreclosure Analysts

Allonhill will engage experienced employees to supplement its own resources as necessary in reviewing foreclosure files, and for technical and administrative services as necessary to accomplish the Foreclosure Review. The primary responsibilities of analysts will include ensuring the receipt of documentation, reviewing documentation and extracting critical data, entering necessary data into the [REDACTED] and identifying potential errors, misrepresentations or other deficiencies. Allonhill will assemble a team of analysts with extensive mortgage experience as well as more junior analysts that have the critical thinking skills necessary to complete the review successfully.

Based on the assumptions set forth in Table C-2 and its staffing model, Allonhill expects to assemble a team of approximately 85 full-time equivalent (“FTE”) analysts to complete the review. Allonhill will review these assumptions and adjust analyst staffing levels appropriately as it gains actual experience conducting the review of Aurora files.

ii. Senior Analysts and Team Leads

Allonhill will also utilize senior analysts to supplement its existing resources, provide quality control of analyst file reviews, and further investigate foreclosure files as needed. Senior analysts may have college degrees and approximately 3 years of servicing experience in loss mitigation and/or foreclosure. Based on estimated senior analyst review times and its staffing model, Allonhill expects to need approximately 22 FTE senior analysts to complete the Foreclosure Review. The analysts and senior analysts will report to Due Diligence Managers (“DDMs”) having, in most cases, at least 5 years servicing and 3 years supervisory experience. DDMs will perform frontline supervision of senior analysts and foreclosure analysts, and prepare daily exception and production reports. Based on a planned staffing ratio of one DDM for every 30 analysts and senior analysts, Allonhill expects to need 5 DDMs to complete the Foreclosure Review.

d. Complaint Review

Allonhill will utilize a separate unit to review foreclosure-related borrower complaints. Complaint reviewers will have qualifications similar to foreclosure analysts and senior analysts, sourced through similar channels.

Table C-3 shows the key working assumptions underlying Allonhill’s resource planning in connection with complaint review.

Table C-3

Complaint Review Resource Planning: Key Working Assumptions

Item	Assumption
Average incomplete validation review time	10 minutes
Average out of scope validation review time	15 minutes
Average in-scope complaint review time	60 minutes
Total complaint volume	22,077
In-scope complaints	11,039
% of in-scope/out of scope/incomplete complaints	50/40/10
Foreclosure Complaint Process start date	September 30, 2011
Production hours/day	6.5
Days to complete complaint review	270 (193 work days)
Work days per week	5
Senior analysts/complaint analyst	1:6

Based on these assumptions and its staffing model, Allonhill expects to implement a complaint review team of 48 FTE reviewers, 8 FTE Senior Analyst and 2 complaint DDMs.

e. Quality Assurance and Validation

[REDACTED] will provide management of the quality assurance effort as the Quality Assurance Lead.

[REDACTED] The Quality Assurance team will operate separately from the primary file and complaint review teams in order to enhance objectivity and independence.

Quality Assurance Reviewers (“QA Reviewers”) will be responsible for day-to-day independent review of sample files and for executing the Quality Assurance program. In addition, the Quality Assurance team

will have subject matter experts for certain topics, including financial injury, state laws, and loan modification programs, to serve as resources for the Quality Assurance team.

Table B-4 shows the key working assumptions underlying Allonhill's resource planning in connection with quality assurance and validation of the file review.

In an effort to substantiate these assumptions, Allonhill has received sample files from Aurora. Allonhill is completing time trials where actual review times are being tracked and will be used to improve our resource planning estimates.

Table C-4

Quality Assurance Resource Planning for File Review: Key Working Assumptions

Item	Assumption
Average file review time (manual review)	8 hours
Average file review time (system-based review)	3 hour
QA coverage of files with Level 1 exceptions	
• System break-in period (Level 1 review accuracy below 90%)	100%
• Thereafter	10-15%
QA coverage of files from new analysts who start after system break-in period	50%
QA coverage of files without preliminary exceptions (all periods)	10-15%
Days to complete stage 1 file review	160
Work days per week	5
Production hours per day	6.5
QA Lead/staff QA Reviewer ratio	1:10

Based on these assumptions and its staffing model, Allonhill estimates that the Quality Assurance team for the file review will consist initially of an average of 10 FTE QA Reviewers to provide effective oversight of Level 1 analysts during the initial part of the review. Allonhill will adjust Quality Assurance staffing levels appropriately based on actual experience. For example, as the review process matures,

fewer Quality Assurance resources may be required; however, this may not occur as the Quality Assurance Team may need to increase sampling or re-deploy the manual review method on a targeted basis when and if new system functionality or Level 1 resources are added. In the beginning of the review, Allonhill expects to staff 28 QA Reviewers; however, as Quality Assurance reduces its review from 100% review of files with exceptions to 10-15%, Allonhill will reduce the File Review Quality Assurance staff to approximately six.

The Quality Assurance Team will also perform random sampling of the complaint review process, including both out-of-scope or incomplete complaints as well as in-scope complaints deemed to have been processed and resolved appropriately, or “cleanly.” Table C-5 shows the key working assumptions underlying Allonhill’s resource planning in connection with quality assurance and validation of the complaint review.

Table C-5

Quality Assurance Resource Planning for Complaint Review: Key Working Assumptions

Item	Assumption
Number of excluded/incomplete complaints	11,038
Review time per excluded/incomplete complaint	20 minutes
Number of in-scope complaints deemed “closed”	8,831
Review time per in-scope complaints deemed “closed”	60 minutes
QA coverage of complaints	10-15 %
Work days per week	5
Production hours per day	6.5

Based on these assumptions, Allonhill estimates that the Quality Assurance team for the complaint review will consist initially of 2 to 3 FTE reviewers.

The Quality Assurance Manager will review and make hiring decisions for the candidates for the QA Reviewer positions. Key qualifications for the QA Reviewer position will include at least three years of experience in foreclosure operations, quality control, mortgage servicing, or legal experience in foreclosure law. All Quality Assurance team members will receive one week of training and orientation focused on: (i) types of loan documents reviewed; (ii) the organization and indexing of those documents created by Promontory/Allonhill, and the use of the document organization in the Quality Assurance

process; (iii) the functionality and analytical capability of the [REDACTED] and (iv) Quality Assurance objectives and protocols, including Quality Assurance documentation, reporting, and feedback requirements. The training will also encompass case studies and practice Quality Assurance sessions.

Some aspects of the Quality Assurance are already operational (e.g., certain state flowchart reviews); the remaining Quality Assurance functions will be operational in September 2011. As the complaint review process evolves, Allonhill expects to revise the above assumptions and resulting staffing estimates.

f. Training

Allonhill will provide comprehensive and formalized training to all Allonhill Personnel performing foreclosure file review services in the course of this project. Required training topics covered during the five day training course will include foreclosure timelines, loss mitigation, loan modification, servicers' responsibilities, fees/penalties, investor rules, and state-specific foreclosure rules. The training sessions will include several interactive actual foreclosure case studies. The initial training will also include a company and project overview in addition to the specific systems and process content. In addition to this pre-deployment training, Allonhill Personnel performing the Foreclosure Review will receive ongoing training and feedback as issues or other needs arise in the course of the review. Allonhill will provide comparable training for Allonhill Personnel performing services in the quality assurance, exception clearing, and complaints areas. All training will emphasize the role of Allonhill as an independent consultant pursuant to the requirements of the Consent Order and provide guidance to Allonhill Personnel on ensuring independence during the Foreclosure Review.

The [REDACTED] has a customizable quality score that is automatically generated following the senior analyst review of an analyst's work. Daily reporting to track analysts' scores provides DDMs insight into additional training areas. This allows Allonhill to provide meaningful long-term training.

4. Information Systems

Allonhill has developed the [REDACTED] a proprietary, semi-automated case management platform for the performance of the Foreclosure Review consistent with the requirements of Paragraph 16 the Consent Order. Based on a proprietary system developed by Allonhill for use in mortgage file review, the [REDACTED] has the ability to: capture data from multiple sources; apply encoded test rules drawn from legal and other research to file data input by analysts; support file analysis by multiple parties including analysts, senior analysts, and quality assurance personnel; and provide flexible, customizable reports.

For the performance of the Foreclosure Review, Allonhill will operate and maintain a secure office suite and appropriate technical infrastructure. Borrower data will be housed in a secure co-location facility in

██████████ that is backed up at a redundant site in ██████████. Allonhill has deployed in-depth, multi-layered security at its offices and in its technical environment. Office security will be managed through a combination of surveillance, keycards, and other controls designed to ensure the security and integrity of the Foreclosure Review. The computer and network monitoring systems are both rule- and heuristic-based to ensure maximum efficiency. Data at rest or in transit is encrypted by a variety of Allonhill approved methods that are aligned with industry best practices. A ██████████ product is used to logically separate the data at the virtualization layer; this, along with the ██████████ ██████████ for data protection, lends additional security to the data in transit and at rest.

5. Contingency Plans for Analyst Recruitment

Allonhill can meet the staffing needs of this assignment from resources available in ██████████ where Allonhill is headquartered. Allonhill recognizes that various circumstances could make it difficult for Allonhill to achieve its staffing objectives. For example, the OCC could require a substantial increase in the proposed initial sample, results of initial sampling could indicate needs for more extensive file review than currently contemplated, or the volume of complaint responses to the Foreclosure Complaint Process could prove unexpectedly large.

If Allonhill is for any reason unable to recruit the resources necessary to perform the Foreclosure Review in the ██████████ market, Allonhill expects to follow either or both of two contingency plans:

- Bring in additional resources as necessary from one or more staffing firms Allonhill with which has established agreements.
- Open an additional temporary file review facility in another metropolitan area with concentrated and available servicing talent and source additional resources from that labor market.

6. External Resources and Sourcing

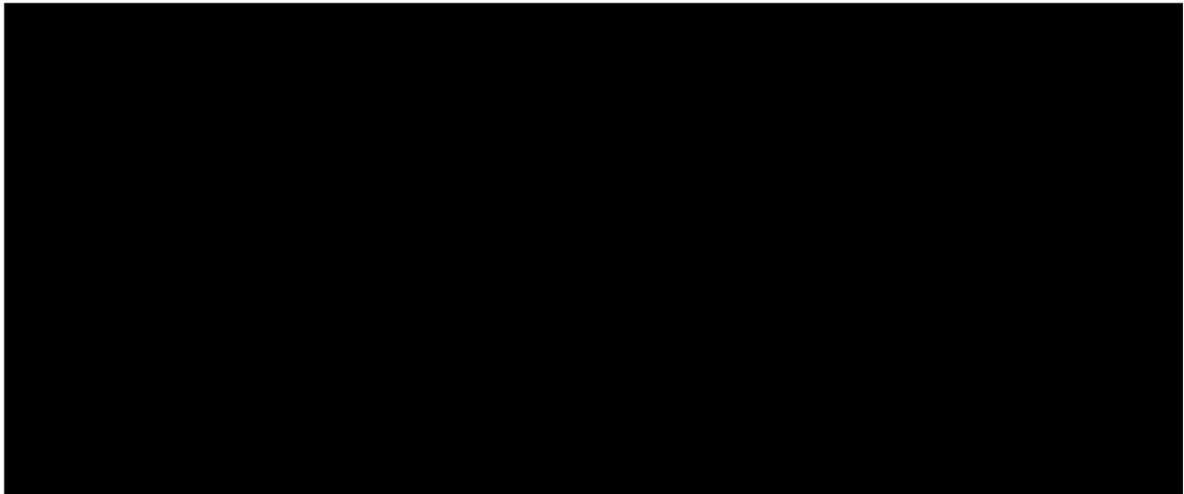
Allonhill maintains substantial in-house mortgage servicing expertise and currently performs monthly servicing audits on more than \$65 billion in residential mortgages and performs over five thousand loan file reviews per month; however, the timing, scope, and specific needs of the Foreclosure Review could require Allonhill to supplement its resources with additional subject-matter experts. Allonhill has engaged SNR Denton US, LLP as its independent outside counsel in connection with the Foreclosure Review. SNR Denton will provide legal advice on state-by-state application of mortgage law, relevant independence and conflict of interest issues, and Foreclosure Review strategy. Allonhill expects that the Foreclosure Review may require it to supplement its own resources with legal expertise specifically knowledgeable about applicable law in particular jurisdictions from time to time in the course of conducting this review. Allonhill will require any attorney or firm who may be retained for the provision of such advice to advise Allonhill of any actual or potential conflicts of interest, and Allonhill may also consult with Aurora counsel to further investigate any actual or potential conflicts of interest,

although Allonhill will make the final decision on any such matters. Allonhill will consult with the OCC regarding any such actual or potential conflicts prior to engaging any additional attorneys or law firms.

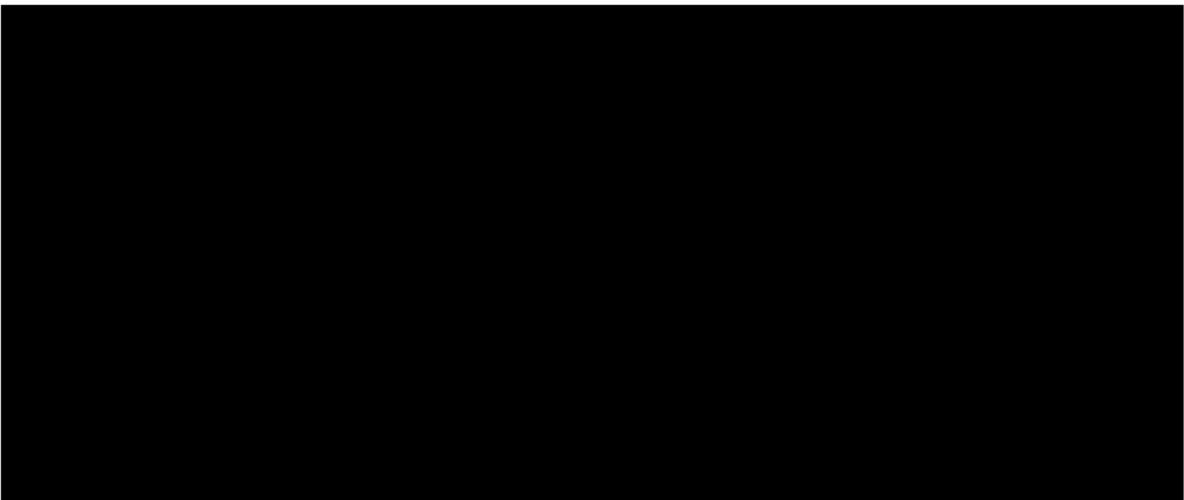
Allonhill expects to complete on-boarding of its initial analyst, quality assurance and complaint teams by the end of September 2011. Based on preliminary recruiting efforts, Allonhill will be able to recruit appropriately experienced analysts in the Denver metropolitan area for deployment. Allonhill has entered into an agreement with several staffing firms, and expects to rely on these staffing firms for assistance in sourcing the DDM, quality assurance and exceptions clearing analyst roles. Allonhill is also leveraging its in-house recruiter to source all roles, focusing on analyst and senior analyst roles. Allonhill is also sourcing talent with significant servicing experience from locations outside of the Denver area and temporally relocating the talent to Denver for the duration of the Foreclosure Review.

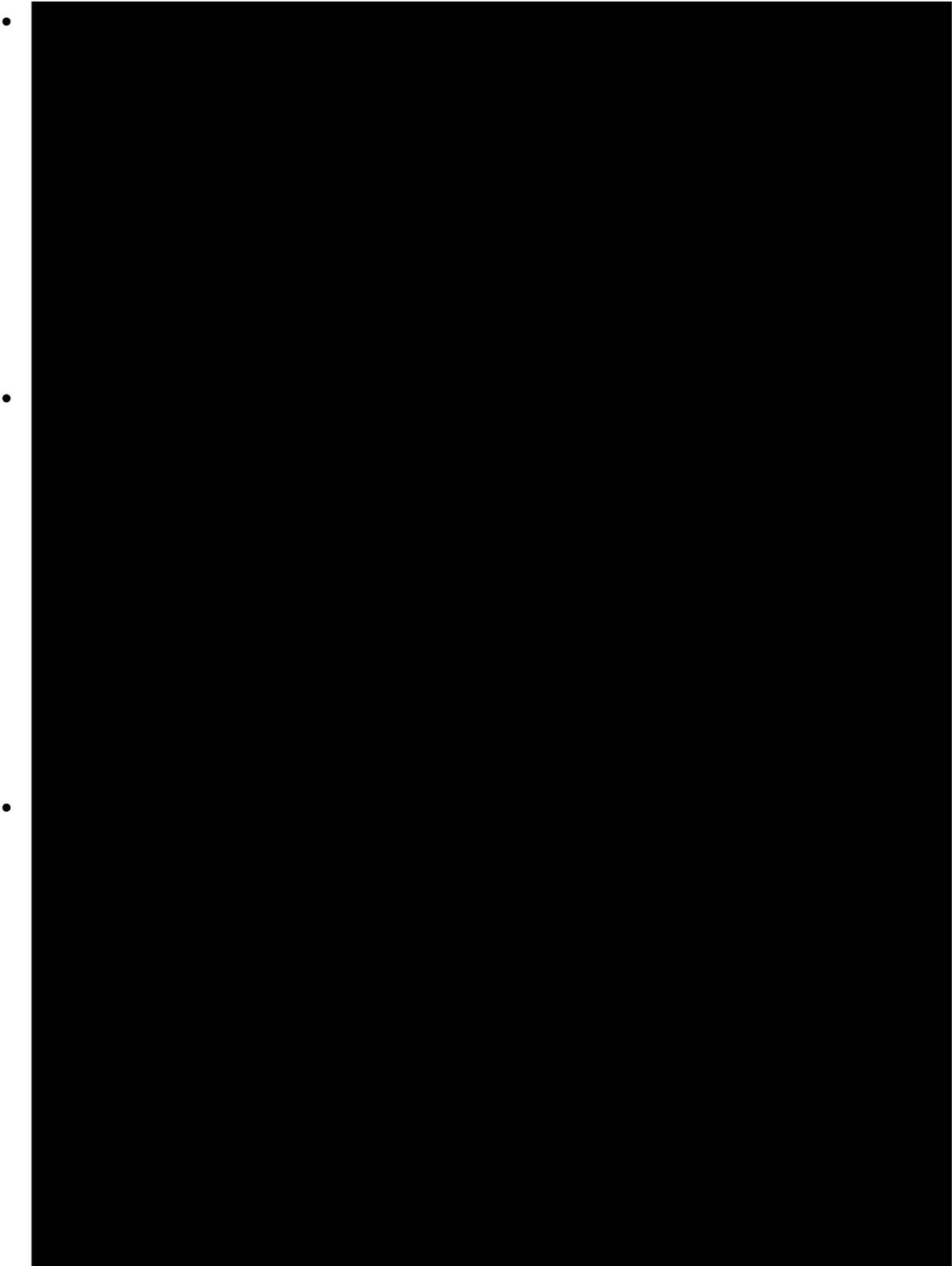
7. Project Leadership and Management Biographical Detail

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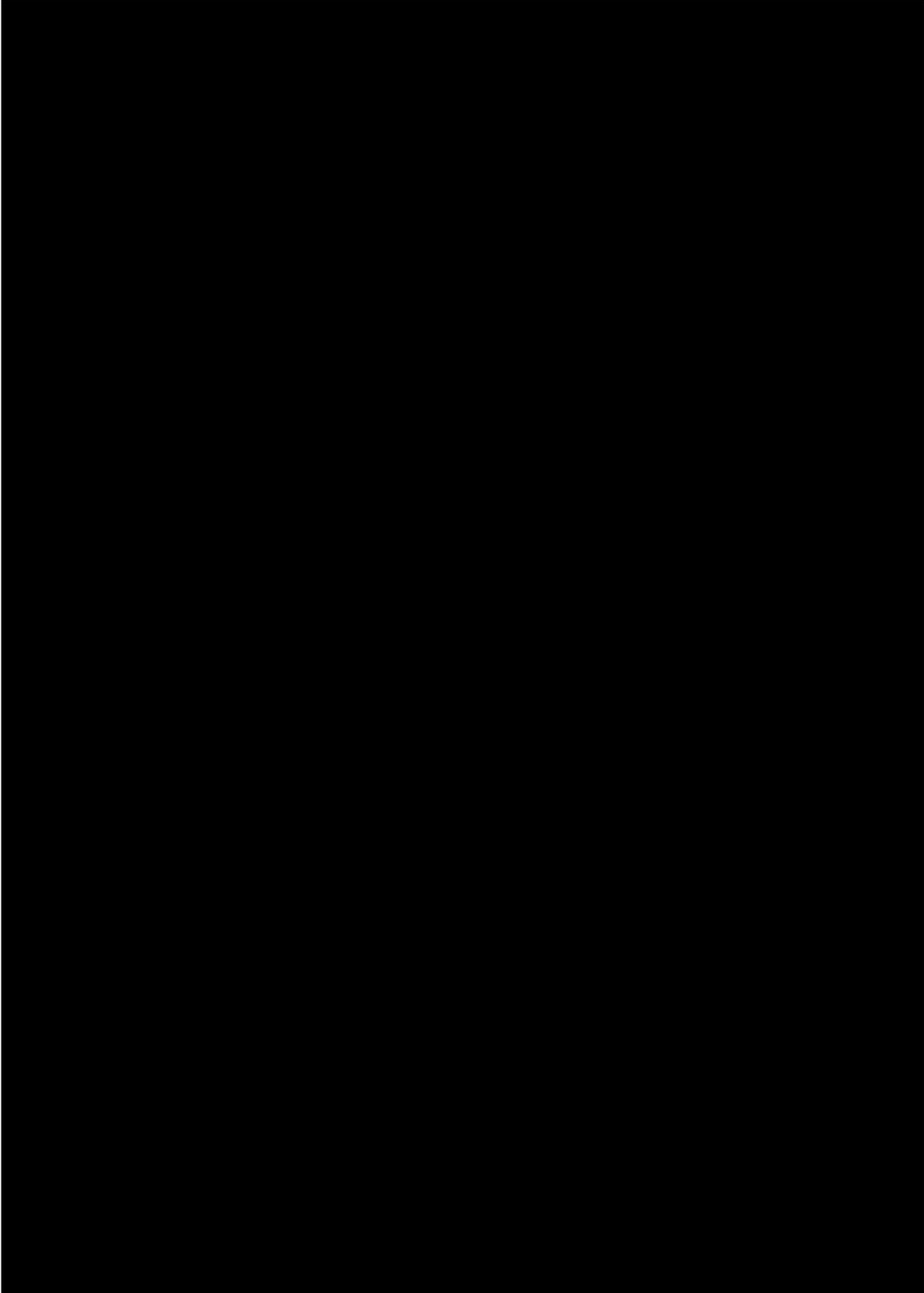


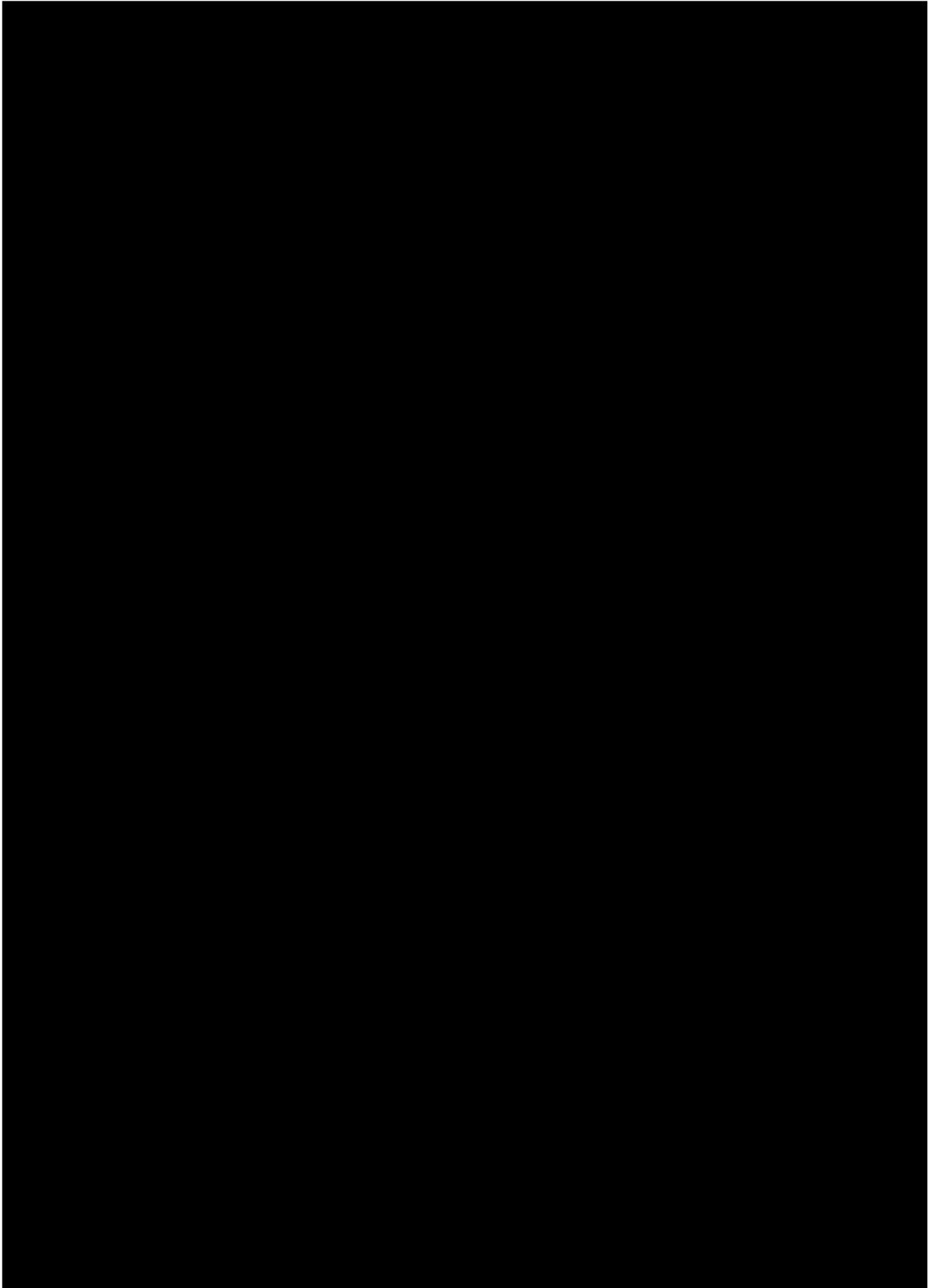
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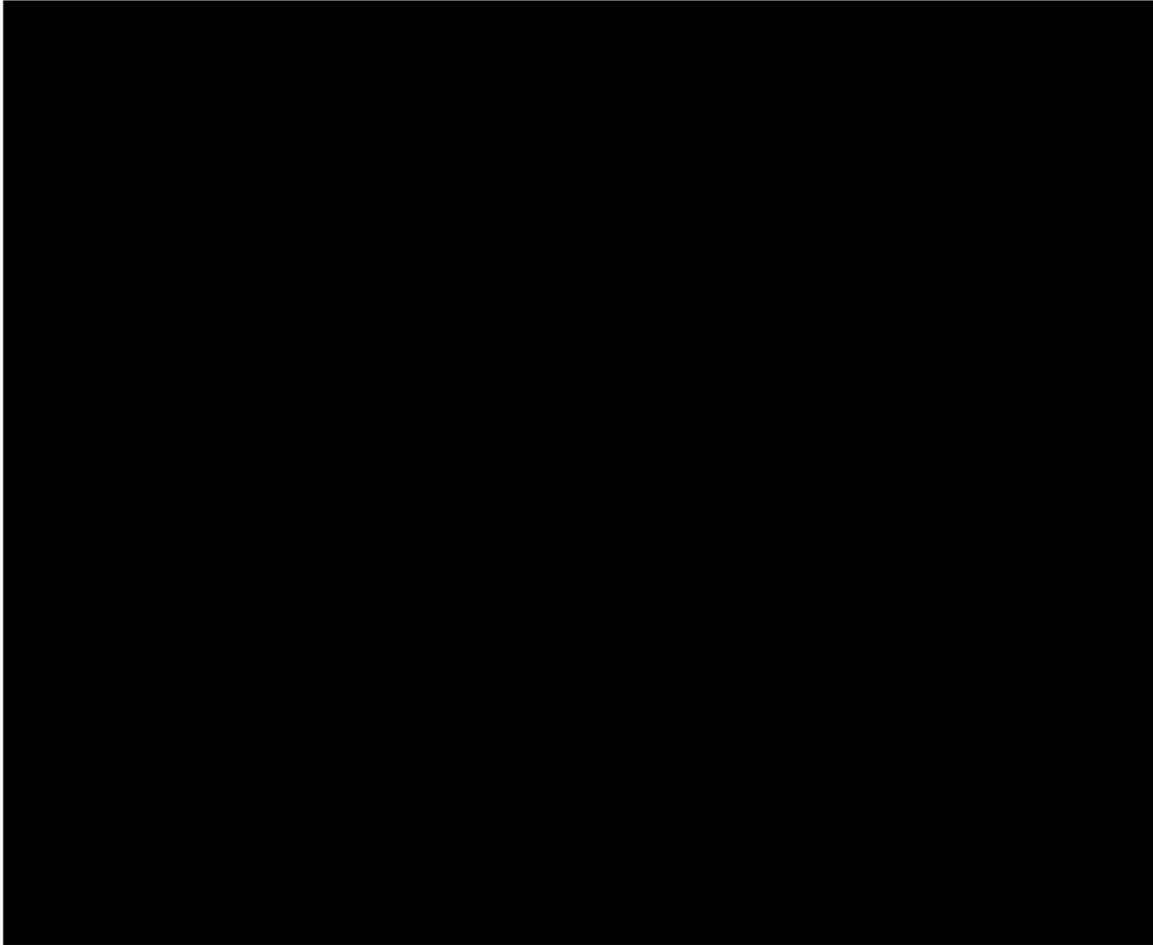
Should needs for additional technical or subject matter expertise or resources arise in the course of this engagement, Allonhill envisions drawing on the following additional personnel:

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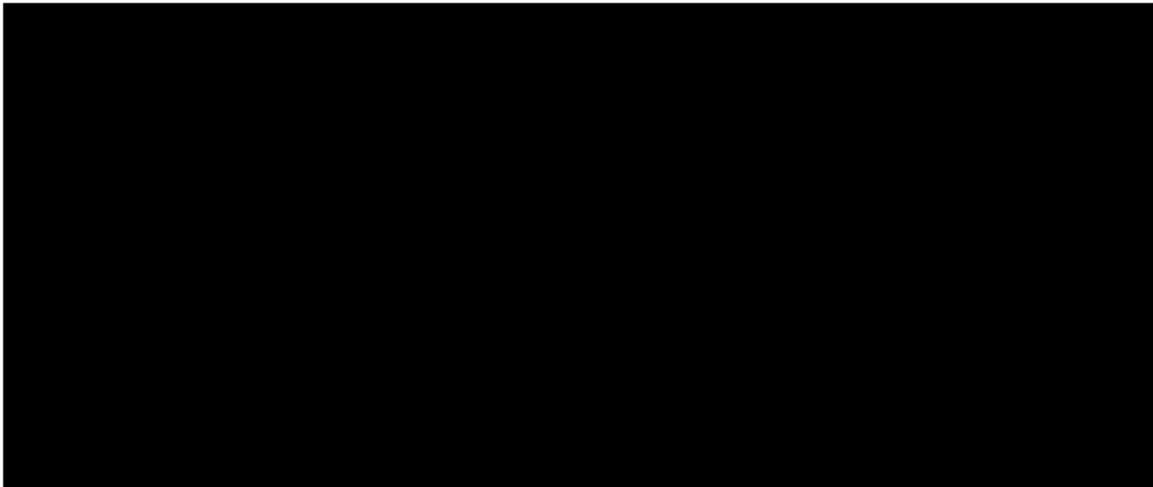
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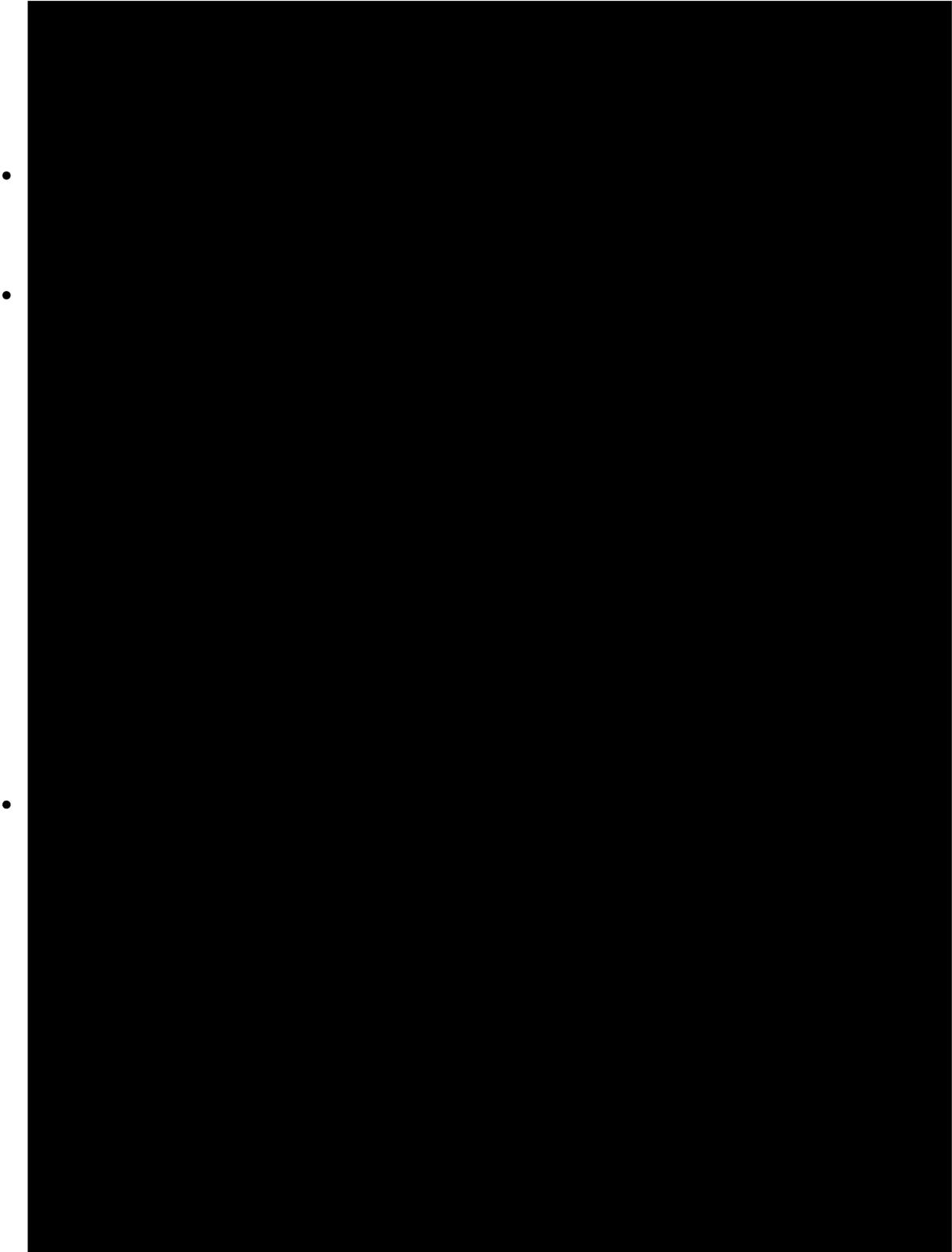
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The following additional senior Allonhill and Promontory professionals will be available as sources of technical and strategic advice both Aurora and to Allonhill and Promontory's dedicated team on reasonable notice:

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Allonhill may adjust the composition of its teams from time to time in response to client needs and logistical considerations.

Attachment D

PROJECT PLAN

This Attachment provides a project plan for preparation for the Foreclosure Review. The parties intend these Plans to be working documents, subject to periodic revision upon mutual agreement of the Parties throughout the performance of services pursuant to this Agreement.

Aurora Foreclosure Review Program Planning -- DRAFT September 8, 2011		Responsibility			
Confidential		Aurora	PFG	AH	Status
"Not Started"	➔ Activity not begun				
"In Process"	➔ Activity begun and not Completed				
"Completed"	➔ Activity is Completed				
"On Going"	➔ Activity has been vetted in the "In Process" and is now				
"Behind Sch."	➔ Activity is in ISSUE status				
Activity					
1	Establish Foreclosure Review Planning Phase	[REDACTED]			Completed
	1.1 Establish core team				Completed
	1.2 Set meeting schedules				Completed
	1.3 Establish management oversight structure				Completed
	1.4 Establish reporting on progress/issues to workstream leads				Completed
	1.5 Draft project plan for the Planning Phase				Completed
	1.6 Review project plan for the Planning Phase				Completed
	1.7 Finalize project plan for the Planning Phase				Completed
2	Develop and Draft Sampling/Review Methodology	[REDACTED]			On Going
	2.1 Develop sampling criteria				Completed
	2.2 Determine acceptable error rate				Completed
	(a) Conduct informal research (industry best practices & OCC/Fed guidance)				Completed
	(b) Develop options for error tolerance rate				Completed
	(c) Present options to management and obtain input				Completed
	2.3 Design sample selections				On Going
	(a) Initiate initial sampling				Completed
	(b) Analyze stage one results and provide stage two sampling				Not Started
	(c) Data validation				In Process
	2.4 Develop Review Methodology consistent with Article VII, Section 3 of the Order				On Going
	(a) Determine information systems and documents to be reviewed				Completed
	(b) Develop selection criteria for cases (mortgage files) to be reviewed				Completed
	(c) Develop File Review procedure				On Going
	(d) Develop Complaint Review procedure				On Going
	(e) Develop QA Review procedure				On Going
	2.5 Draft File Review methodology and submit as attachment to required OCC Engagement Letter for conditional approval				Completed
	2.6 Draft End to End File Review methodology and submit as attachment to required OCC Engagement Letter for final approval				In Process

3		Develop Federal and State Legal Foreclosure Standards	Hudson Cook		In Process
3.1	Identify and retain state counsel in all 50 states				Completed
3.2	Obtain 54-jurisdiction survey from state counsel				Completed
3.3	Obtain 54-jurisdiction survey for look back period				Completed
3.4	Assess sufficiency of 54-jurisdiction surveys against Order requirements				Completed
3.5	Compile federal survey				Completed
(a)	Identify and obtain legal resources				Completed
(b)	Identify federal standards				Completed
3.6	Develop inventory for legal documents				Completed
3.7	Prioritize states and respective legal standards for coding Foreclosure Review process				Completed
3.8	Assemble all legal standards for business rule writers				Completed
3.9	Deliver federal and state legal business rules to IT development team				In Process
4		Prepare Electronic Files and Data			On Going
4.1	Identify relevant electronic information and servicing platforms				Completed
4.2	Develop methodology for receiving electronic files from Aurora in respective portfolio				Completed
4.4	Review electronic files to determine data elements & format				Completed
4.5	Upload initial batch of electronic Review Files				Completed
5		Develop Methodology for Penalties and Fees			In Process
5.1	Review electronic file formats for capture of penalty and fee data				Completed
(a)	Identify gaps/data issues and determine if supplemental electronic or hard copy information is required				Completed
(b)	Request supplemental information in necessary format				Completed
5.2	Determine permissible penalties/fees and penalty/fee frequency for each State for each product inclusive of any changes during the timeframe as identified in the Order				In Process
(a)	Identify and obtain legal counsel for determining State permissible penalties/fees and frequency of penalties/fees				Completed
(b)	Develop state fee matrices				Completed
(c)	Develop business rules to convert permissible penalties/fees and penalty/fee frequency for each State into system coding				In Process
(d)	Validate business rules				In Process

5	Develop Methodology for Penalties and Fees				In Process
5.3	Determine permissible penalties/fees and penalty/fee				Completed
(a)	Research applicable Federal law limits				Completed
(b)	Develop business rules to convert permissible penalties/fees and penalty/fee frequency for Federal law limits into system coding				Completed
(c)	Validate business rules				Completed
5.4	Determine permissible penalties/fees and penalty/fee				Completed
(a)	Develop business rules to test for permissibility of				Completed
(b)	Validate business rules				Completed
5.5	Determine all customary penalties/fees and penalty/fee frequency including those for GSEs, FHA, VA, and USDA for each product inclusive of any changes during the timeframe as identified in the Order				In Process
(a)	Research applicable investor guide fee standards				Completed
(b)	Develop customary fee matrices				Completed
(c)	Develop business rules to convert customary GSEs, FHA, VA, USDA for each product penalties/fees and penalty/fee frequency into system coding				In Process
(d)	Validate business rules				Not started
5.6	Determine actions that impact reasonableness of fees and penalties and develop criteria for system coding				In Process
(a)	Synthesize and deliver all additional actions that impact reasonableness criteria for system coding				Completed
(b)	Develop business rules to convert the impact of reasonableness into system coding				In Process
(c)	Validate business rules				Not started

6	Develop Methodology for Financial Injury				In Process
6.1	Incorporate final guidance into methodology				In Process
(a)	Determine and record Loan Modification actions that impact fees and penalty assessment				In Process
(b)	Determine and record other bank actions that impact fee and penalty assessment				In Process
6.2	Determine additional actions that may result in financial harm				On Going
(a)	Identify and record errors resulting in financial harm				On Going
(b)	Identify and record misrepresentation resulting in financial harm				On Going
(c)	Identify and record other deficiencies resulting in harm				On Going
(d)	Synthesize and deliver all additional actions criteria for system coding				On Going
(e)	Develop protocol to convert financial injury criteria into system coding.				In Process

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7	Develop Methodology for Loss Mitigation			In Process
7.1	Define loss mitigation review process			
(a)	Define Manual versus System Components of loss mitigation review			In Process
(b)	Develop loss mitigation review policies			In Process
(c)	Develop loss mitigation review process flow			In Process
(d)	Procure all tools, models, and calculators for loss mitigation review			In Process
(e)	Develop loss mitigation desktop procedures and desktop aids for loss mitigation review			In Process
7.2	Develop P&P loss/mitigation work flow			In Process
7.3	Develop HAMP Business Rules			In Process
(a)	Define Current HAMP Business Rules			Completed
(b)	Define Historical HAMP Business Rules with Dates			Completed
(c)	Insert Date Ranges into Business Rules			Completed
(e)	Internally Validate HAMP business rules and deliver to IT			Not Started
7.4	Develop Proprietary and Non-HAMP Program Business Rules			In Process
(a)	Define Current Proprietary and Non-HAMP Business Rules			In Process
(b)	Define Historical Business Rules with Dates			In Process
(c)	Insert Date Ranges into Business Rules			Not Started
(e)	Internally Validate Proprietary & Non-HAMP Business Rules & Deliver to IT			Not Started

8	Develop QA Protocols			On Going
8.1	Define QA scope			Completed
8.2	Develop QA methodology			In Process
(a)	Develop and draft sampling protocol utilizing guidance as provided by the OCC			Completed
(b)	Develop QA methodology for system-based review			Completed
(c)	Develop QA process for manual review in testing phase			In Process
(d)	Implement interim QA tools (QA Screen - Access)			In Process
(e)	Finalize QA process for manual review			In Process
(f)	Develop and draft QA process flows for exception QA			In Process
8.3	Identify additional QA location			In Process
8.4	Recruit QA resources and train across all locations			In Process
8.5	Establish Reporting Requirements			Completed
8.6	Implement interim QA reporting requirements (Access)			In Process

9	Resources, Logistics & Training				On Going
9.1	Identify resources necessary to execute File Review				Completed
(a)	Develop hardware and software requirements for logistics and resources.				Completed
(b)	Estimate staffing resource needs for File Review, Complaints & QA processes				Completed
9.2	Acquire Property				In Process
9.3	Acquire Personnel				In Process
9.4	Acquire Hardware and Software				In Process

10	Configure Foreclosure Review System				In Process
10.1	Identify and make changes to configuration that are necessary to address client specific characteristics of electronic and hard copy data				Completed
10.2	Identify, prioritize and make changes to configuration that are necessary to address identified legal standards.				On going
10.3	Identify, prioritize and make changes to configuration that are necessary to address the financial injury and reasonable of fees and penalties issue				On going
10.4	Develop business logic				On going
10.5	Develop Code				On going
10.6	System Test				On going
10.7	UAT Test				On going
10.8	Revise Code as required				On going
10.9	Sign Off on System Configuration				On going

11	Prepare Engagement Letter				Completed
11.1	Determine form and content of engagement letter				Completed
11.2	Determine form and content of key attachments				Completed
(a)	Description of information systems and documents to be reviewed				Completed
(b)	Selection criteria for cases				Completed
(c)	Criteria for evaluating reasonableness of fees and penalties				Completed
(d)	Other procedures necessary to make required determinations				Completed
(e)	Sampling techniques (initial and additional sampling)				Completed
(f)	Restitution criteria and process				Completed
(g)	Expertise and resources				Completed
(h)	Other provisions mandated by Article VII (see Order provisions 2(c) & 2(d))				Completed
11.3	Prepare initial draft letter and attachments				Completed
11.4	Obtain Aurora feedback				Completed
11.5	Prepare revised draft engagement letter and attachments				Completed
11.6	Obtain Aurora feedback on revised documents				Completed
11.7	Prepare final draft engagement letter and attachments				Completed
11.8	Submit final engagement letter for OCC review				Completed