



## **GMAC Mortgage, LLC**

### **Third Party Management**

Prepared for the Board of Governors of the Federal Reserve System & the Federal Deposit Insurance Corporation

**Revised on December 8, 2011**



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## **Plan Overview for Third Party Management**

This Program for Third Party Management (the “Program”) is established in response to the Consent Order dated April 13, 2011 (the “Order”) among the Board of Governors of the Federal Reserve System (the “FRB”) and the Federal Deposit Insurance Corporation (the “FDIC”), Ally Bank (the “Bank”), Ally Financial Inc. (“Ally Financial” or “AFI”), and certain of Ally Financial’s direct and indirect subsidiaries including Residential Capital, LLC (“ResCap”) and GMAC Mortgage, LLC (“GMACM” or “GMAC Mortgage” and together with ResCap, the “Mortgage Servicing Companies”). Capitalized terms not defined in the Program shall have the meanings assigned to them in the Order.

The purpose of this Program is to set forth the actions and responsibilities necessary for GMACM to comply fully with its obligations under Section 6 of the Order (see Appendix I). Section 6 of the Order requires that:

*Within 60 days of this Order, GMAC Mortgage shall submit to the Reserve Bank acceptable policies and procedures for the outsourcing of any residential mortgage loan servicing, Loss Mitigation, or foreclosure functions, by the Mortgage Servicing Companies to any independent contractor, consulting firm, Legal Supplier, property manager, or other third party (including any subsidiary or affiliate of Ally Financial) (collectively, “Third-Party Providers”). Third-Party Providers include local counsel in foreclosure or bankruptcy proceedings retained to represent the interests of owners of mortgages in the Servicing Portfolio (“Foreclosure Counsel”). The policies and procedures shall, at a minimum, address, consider, and include:*

- 6(a) Appropriate oversight of Third-Party Providers to ensure that they comply with the Legal Requirements, supervisory guidance of the Board of Governors, and GMAC Mortgage’s policies and procedures;*
- 6(b) Processes to prepare contingency and business continuity plans that ensure the continuing availability of critical third-party services and business continuity of the Mortgage Servicing Companies, consistent with supervisory guidance of the Board of Governors, both to address short-term and long-term service disruptions and to ensure an orderly transition to new service providers should that become necessary;*
- 6(c) Measures to ensure that all original records transferred by the Mortgage Servicing Companies to Third-Party Providers (including the originals of promissory notes and mortgage documents) remain within the custody and control of the Third-Party Provider (unless filed with the appropriate court or the loan is otherwise transferred to another party), and are returned to the Mortgage Servicing Companies or designated custodians at the conclusion of the performed service, along with all other documents necessary for the Mortgage Servicing Companies’ files;*
- 6(d) Measures to ensure the accuracy of all documents filed or otherwise utilized on behalf of the Mortgage Servicing Companies or the owners of mortgages in the Servicing Portfolio in any judicial or non-judicial foreclosure proceeding,*

*related bankruptcy proceeding, or in other foreclosure-related litigation, including, but not limited to, documentation sufficient to establish ownership of the note and right to foreclose at the time the foreclosure action is commenced;*

- 6(e) Processes to perform appropriate due diligence on potential and current Third-Party Provider qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability; and measures to ensure the adequacy of Third-Party Provider staffing levels, training, work quality, and workload balance;*
- 6(f) Processes to ensure that contracts provide for adequate oversight, including requiring Third-Party Provider adherence to GMAC Mortgage foreclosure processing standards, measures to enforce Third-Party Provider contractual obligations, and processes to ensure timely action with respect to Third-Party Provider performance failures;*
- 6(g) Processes to ensure periodic reviews of Third-Party Provider work for timeliness, competence, completeness, and compliance with all applicable Legal Requirements, and GMAC Mortgage's contractual obligations to GSEs and investors, and to ensure that foreclosures are conducted in a safe and sound manner;*
- 6(h) Processes to review customer complaints about Third-Party Provider services;*
- 6(i) A review of fee structures for Third-Party Providers to ensure that the method of compensation considers the accuracy, completeness, and legal compliance of foreclosure filings and is not based solely on increased foreclosure volume or meeting processing timelines; and*
- 6(j) A periodic certification process for Legal Suppliers (and recertification of existing Legal Supplier providers) that provide residential mortgage foreclosure and bankruptcy services for the Mortgage Servicing Companies as qualified to serve as Third-Party Providers to the Mortgage Servicing Companies, including that attorneys are licensed to practice in the relevant jurisdiction and have the experience and competence necessary to perform the services requested.*

In response to the Order, GMACM has prepared this Program for the Mortgage Servicing Companies as a response to Item 6 of the Order and the requirements therein.

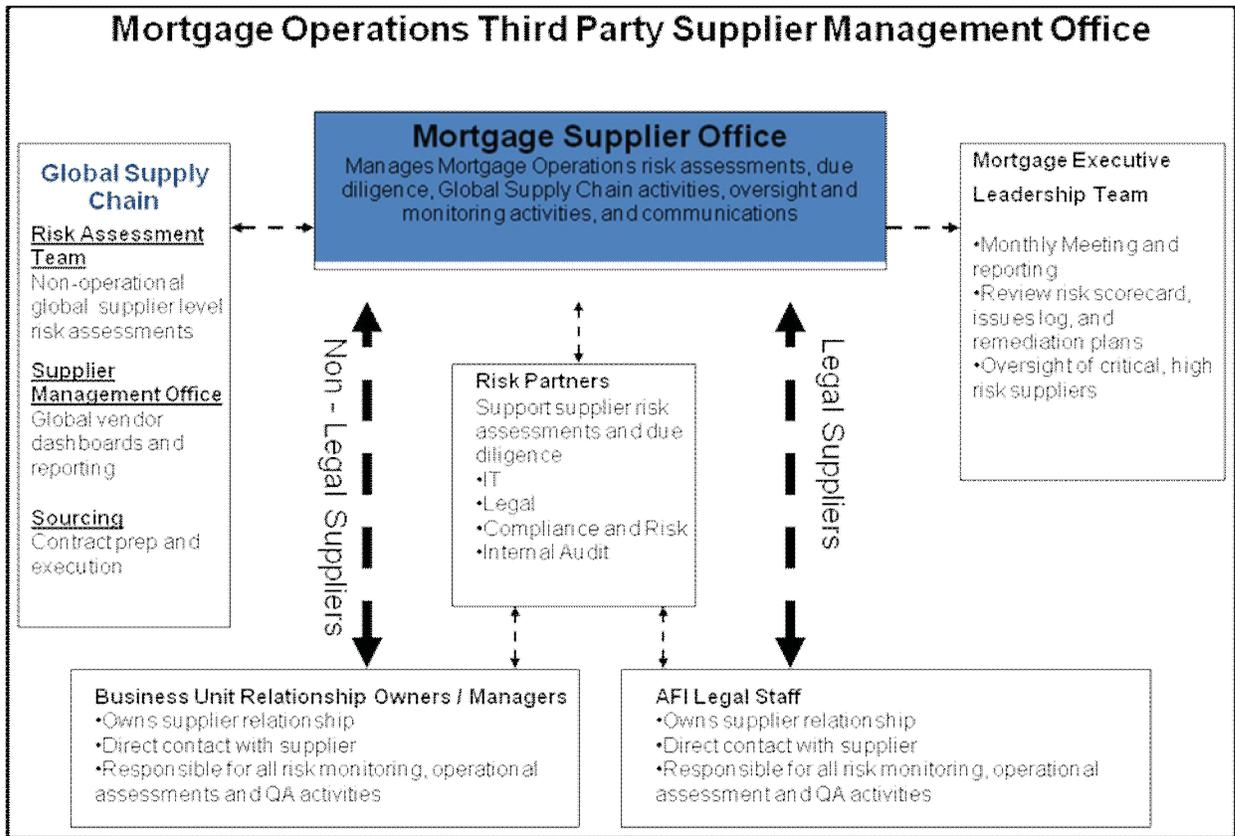
### **Description and Use of Third Party Suppliers**

GMACM's servicing operation uses third party service providers ("Suppliers") to enhance its performance, capacity, profitability, and focus on strategic objectives. Drawing expertise from Suppliers often leads to attaining efficiencies and scale, accelerating knowledge transfer, offering a champion-challenge opportunity, allowing for a more targeted focus on strategic imperatives and enabling clearer and more consistent focus on GMACM's core competencies. In essence, Suppliers represent a value-add extension of the GMACM servicing operation business model.

Specific to law firms and foreclosure trustee firms providing default-related legal services to GMACM's servicing operation ("Legal Suppliers"), GMACM's servicing operation must use a large number of external Legal Suppliers to pursue foreclosure and bankruptcy proceedings on its behalf and on behalf of the owners of the mortgages in the Servicing Portfolio. This external use of Legal Suppliers is necessary due to the local nature of foreclosure and bankruptcy proceedings and the ethical and bar rules governing the practice of law which restricts the use of internal company counsel for these activities. The roster of Legal Suppliers used by GMACM largely has been drawn from the "approved counsel" listings published by Fannie Mae and Freddie Mac (the "GSEs") and, in line with common industry practice, the Legal Suppliers had been managed by GMACM's servicing default operations group. [REDACTED]

the AFI Legal staff is in process of: i) redirecting Legal Supplier management and oversight from default operations to the AFI Legal staff, ii) conducting diligence on existing Legal Suppliers to identify issues and, where needed implement remediation plans, (iii) drafting and implementing emergency file removal procedures for use when moving case loads between Legal Suppliers; and iv) coordinating with the GSEs in an expansion to their approved counsel listings as a measure to remediate Legal Supplier concentration risks.

To enhance the management of Supplier risks, GMACM is evaluating its Supplier management model and will introduce a mortgage supplier office to coordinate Supplier activities ("Mortgage Supplier Office") associated with non Legal Suppliers and, as part of that initiative, will have the AFI Legal staff continue to and document its efforts described above and maintain overall responsibility for the selection, management, oversight and off-boarding of Legal Suppliers. They will better leverage servicing operations and global business partner expertise while coordinating due diligence, contracting and oversight activities. GMACM's Supplier management model will result in redefining mortgage operation and global support function roles relating to Supplier management while re-emphasizing the importance of risk, compliance, legal, and information technology involvement in higher risk Supplier relationships. The Mortgage Supplier Office (with input from AFI Legal Staff for Legal Suppliers) will reinforce the necessary risk analysis measures while reporting risks to executives through the Mortgage Executive Leadership Team. The figure on the following page highlights the Supplier governance structure.



### Principles Guiding the Program

The cornerstone of the Program is a comprehensive review of compliance with the terms of the FDIC Financial Institution Letter (FIL-44-2008 dated June 6, 2008), the Comptroller of the Currency OCC Bulletin (OCC 2001-47 dated November 1, 2001) and Federal Financial Institutions Examination Council guidance (collectively, “Supervisory Guidance”) to facilitate the development of the Program. This comprehensive review remains underway and focuses on an assessment of: i) existing Supplier policies, procedures and risk monitoring tools which will conclude by December 2011, ii) existing Legal Suppliers, which will conclude by 6/30/12; and iii) other existing Suppliers, which will conclude by December 2013. In support of the Program, GMACM is conducting a detailed review of its Supplier process, which will better enable monitoring activities and resulting risk mitigation. GMACM is proposing, and in some cases implementing, the following actions relating to its ongoing use of Suppliers for its servicing operation:

- (1) Establishment of a Mortgage Supplier Office on July 15, 2011
- (2) Establishment of a mortgage Supplier discussion segment with the Mortgage Executive Leadership Team by January 31, 2012
- (3) Global Supply Chain (GSC), in partnership with the GMACM Supplier Office, developed and published Ally Global Supplier management policy and procedures on September 30, 2011. GMACM reevaluated their initial draft policy and procedures submitted on 6/13/11 and made a decision to adopt the Global policy and procedures as they covered areas

previously addressed by the draft Mortgage policy and procedures as well as provided additional governance and standards related to:

- a) Responsibility of business owners and global partners
- b) Due diligence and monitoring activities
- c) Contracting and Sourcing activities

The following Ally Global Supplier management policy and procedures will be implemented within Mortgage Servicing by February 1, 2012.

- (a) Global Third Party Supplier Management Policy
  - (b) GSC Exception Procedure
  - (c) GSC Risk Assessment Procedure
  - (d) GSC Supplier Issue Escalation Procedure
  - (e) GSC Managing-Monitoring-Reporting Procedure
  - (f) GSC SMO Oversight Procedure
  - (g) GSC Contracting Procedures
  - (h) GSC Offboarding Procedure
  - (i) GSC Sourcing Procedures
- (4) Drafting of Legal Supplier Management policy and procedures targeting the GMACM servicing operation and implementing them by February 1, 2012. The Legal Supplier Management policy and procedures align with the GSC policy and procedures. Based on the unique nature of Legal suppliers and services performed, Ally Legal will manage and monitor all Legal Servicing suppliers to ensure adherence to the documented policy and procedure and the changing regulatory environment.
- (a) Mortgage Legal Supplier Management Policy
  - (b) Mortgage Legal Supplier Management Procedure
- (5) Drafting of a mortgage Supplier quality assurance workplan and implementing it by May 1, 2012
- (6) Business Continuity is addressed by the Global Business Continuity Policy (Appendix L). This policy has an annual review cycle and was initially implemented in March 2010. GMACM will also utilize GSC's existing Supplier Contingency Plan template to address the potential need to dissolve and backfill a supplier relationship. In addition, Operational Competency, Technology and Business Continuity Assessments which are published and being implemented on 2/1/12 are part of the inherent product/service risk assessment that address a supplier's ability to deal with service disruptions, onboarding and offboarding. The GSC Risk Assessment Procedure (Appendix C) documents this Risk Assessment process.
- (7) Enhancing the Supplier risk framework:
- (a) Completed the Legal Supplier framework on July 1, 2011, which is currently with AFI Audit staff for review. AFI Legal will complete the assessment of existing Legal Suppliers by 6/30/12

- (b) Currently drafting enhanced Supplier risk monitoring tools which will be implemented by February 1, 2012 and will be used to complete an assessment of existing non-Legal Suppliers by December 1, 2013

GMACM is in the process of performing reviews of remedial actions and Appendix III provides a summary of the nature of GMACM's review and the remedial actions.

## **Consent Order Response**

### **A. Consent Order Response to Section 6a**

*Consent Order section 6a requires:*

- a) *Appropriate oversight of Third-Party Providers to ensure that they comply with the Legal Requirements, supervisory guidance of the Board of Governors, and GMAC Mortgage's policies and procedures;*

GMACM is utilizing the GSC Supplier Management Policy, Mortgage Legal Supplier Management Policy and related procedures to ensure compliance with Legal Requirements, Investor Requirements, Supervisory Guidance, and AFI's applicable policies and procedures. Global Supply Chain, in partnership with the GMACM Supplier Office, developed and published Ally Global Supplier management policy and procedures on September 30, 2011. GMACM reevaluated their initial draft policy and procedures submitted on 6/13/11 and made a decision to adopt the Global policy and procedures as they covered areas previously addressed by the draft Mortgage policy and procedures as well as provided additional governance and standards related to:

- a) Responsibility of business owners and global partners
- b) Due diligence and monitoring activities
- c) Contracting and Sourcing activities

These procedures further detail how GMACM will conduct its due diligence, contracting and oversight. All policy, procedure and related documents will be implemented by February 2012 and result in a strengthened Supplier management process. Attached to this Program are copies of the following documents:

- Appendix A: Global Third Party Supplier Management Policy
- Appendix B: GSC Exception Procedure
- Appendix C: GSC Risk Assessment Procedure
- Appendix D: GSC Supplier Issue Escalation Procedure
- Appendix E: GSC Managing-Monitoring-Reporting Procedure
- Appendix F: GSC SMO Oversight Procedure
- Appendix G: GSC Contracting Procedures
- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure

- Appendix J: GSC Offboarding Procedure
- Appendix K: GSC Sourcing Procedures

The following global policies were implemented in March and April 2010 respectively. Although they were not specifically developed as a response to the Consent Order these policies will be utilized in conjunction with the documentation identified above to support management and oversight of third party providers:

- Appendix L: Global Business Continuity Policy
- Appendix M: Global Records Management Policy

GMACM is also in the process of enhancing its risk monitoring tools for its Suppliers to better identify risks and ensure compliance with AFI's policies and procedures. These risk-monitoring tools will be implemented by February 2012 and include items such as an inherent product/service risk assessment analysis, a series of Supplier questionnaires and oversight/risk scorecards. The risk monitoring tools will consider Legal Requirements, Investor Requirements, Supervisory Guidance, and AFI's applicable requirements and the review process will better inform Legal, Compliance, Risk and IT staff providing for a more comprehensive understanding of how their area of expertise influences the mortgage business model. To determine the level of inherent product/service risk, the risk monitoring tools will focus on six key triggers:

- Operational Competency;
- Legal/Compliance;
- Technology;
- Financials;
- Reputation; and
- Control Assessment (such as security, business continuity and privacy).

The introduction of a Mortgage Supplier Office in July 2011 facilitates governance and monitoring of the inherent and residual risks and focuses mostly on Significant Supplier Relationships (defined below) while enhancing the timely identification and remediation of Supplier risks and/or performance failures. The Mortgage Supplier Office (with input from AFI Legal staff for Legal Suppliers) will report and escalate Significant Supplier Relationship performance issues and failures to the Mortgage Executive Leadership Team and the appropriate Board(s). A Significant Supplier Relationship is one in which the Supplier delivers an inherently high or medium-high risk service to AFI ("Significant Supplier Relationship").

The Supplier policies and applicable procedures will result in a standardized approach for rating the inherent and residual risk of Significant Supplier Relationships and will establish the review requirements based on the inherent and residual risk level. Review standard minimums were established by Global Supply Chain for Medium High and High risk suppliers and established by the Mortgage Supplier Office (and AFI Legal for Legal Suppliers) for Low and Medium Low risk suppliers.

Non Legal Supplier review standard minimums:

|                                 | <b>Inherently Low Risk</b> | <b>Inherently Medium-Low Risk</b> | <b>Inherently Medium-High Risk</b> | <b>Inherently High Risk</b> |
|---------------------------------|----------------------------|-----------------------------------|------------------------------------|-----------------------------|
| <b>Oversight Scorecard</b>      | At least annually          | At least annually                 | At least monthly                   | At least monthly            |
| <b>Detailed Supplier Review</b> | At least every 18 months   | At least annually                 | At least annually                  | At least every 6 months     |

Legal Supplier review standard minimums:

|                                 | <b>Inherently Low Risk</b> | <b>Inherently Medium-Low Risk</b> | <b>Inherently Medium-High Risk</b> | <b>Inherently High Risk</b> |
|---------------------------------|----------------------------|-----------------------------------|------------------------------------|-----------------------------|
| <b>Oversight Scorecard</b>      | At least annually          | At least annually                 | At least monthly                   | At least monthly            |
| <b>Detailed Supplier Review</b> | At least every 9-18 months | At least every 9-18 months        | At least every 6-18 months         | At least every 6 -12 months |

Review standards are based on demonstrated risk management controls by the supplier. An inherently high or medium-high risk reflects a product or service that, by its nature and without consideration of controls and their effectiveness, exposes AFI to a significant level of risk that requires active risk management. An inherently medium-low or low risk reflects a product or service that, by its nature, exposes AFI to a lower level of risk that does not require active risk management activities to address. GMACM and AFI are continuing to coordinate with AFI’s Enterprise Risk Management group, amongst other groups, to enhance the risk monitoring tools.

AFI’s Legal staff will govern risk management with regard to Legal Suppliers and the Mortgage Supplier Office will govern risk management relating to other GMACM Supplier relationships. They will accomplish Supplier risk management, performance management and relationship management by:

- Adhering to Supplier policies and procedures (including Legal Supplier policies and procedures) that incorporate Supervisory Guidance;
- Engaging operations, compliance, risk, legal and technology subject matter experts having the requisite mortgage banking knowledge and alignment with the GMACM and AFI strategic objectives;
- Leveraging those global functions to manage risk assessments affiliated with areas such as reputation, financial/credit, privacy, information security, physical security and business continuity/disaster recovery; and
- Communicating risks and affiliated mitigation strategies associated with Significant Supplier Relationships to the Mortgage Executive Leadership Team, AFI’s Global Supply Chain and the ResCap/AFI boards of directors.

The Mortgage Supplier Office with input from AFI Legal staff will better leverage the Mortgage Executive Leadership Team to evaluate and communicate Significant Supplier Relationship risks. The establishment of a mortgage Supplier discussion segment with the Mortgage Executive Leadership Team by January 31, 2012 will provide the Mortgage Supplier Office (with input from AFI Legal for Legal Suppliers) a forum for communicating Supplier-related risks and initiatives. The Mortgage Supplier Office (or AFI Legal staff with regard to Legal Suppliers) will also coordinate activities with independent risk advisors whose responsibilities include, but are not limited to, ensuring ongoing compliance with policies and procedures and recommending changes to adapt to the changing environment. This quality assurance function will highlight and report on non-compliant activities and suggest policy and procedure changes allowing for continuous process improvements. GMACM is working with the quality assurance staff to complete the drafting of a quality assurance workplan structure that will be implemented by May 2012.

The enhanced oversight process remains under review and activities will be coordinated by the AFI Legal staff for Legal Suppliers and the Mortgage Supplier Office for other Suppliers. The enhanced oversight process will be implemented by February 2012 and include representation from mortgage operations, risk, technology, compliance, legal and various areas of the company as appropriate. The frequency of oversight will vary based on the inherent risk and will evaluate/assess/review (as appropriate):

- Performance;
- Overall effectiveness of the Supplier relationship and the consistency of the relationship with AFI's strategic goals;
- Compliance;
- Licensing or registration status;
- Financial condition;
- Insurance coverage;
- Business continuity and disaster recovery plans and testing;
- Employee matters and training;
- Customer complaints and resolution;
- File management;
- Accuracy of documents; and
- Re-certification of Legal Suppliers.

AFI's Legal staff began a process of developing and documenting a risk assessment framework with respect to Legal Suppliers in February 2011. They completed the framework on July 1, 2011, which is currently with AFI Audit staff for review, and by 6/30/12, the Legal staff will complete a review of all Legal Suppliers. This process serves as an expansion of the Supplier assessment process and has considered applicable Supervisory Guidance, recent experience with and issues faced by Legal Suppliers, the current foreclosure environment and other factors, resulting in AFI Legal staff's development of:

- Desktop procedures (pertaining to areas such as file review and Legal Supplier file removal desktop procedure);
- Due diligence materials (such as a Legal Supplier questionnaire, engagement documents, and certification letter);
- Oversight materials (such as interview/site visit guide, risk scorecard, recertification letter and remediation letter); and
- Change management materials (such as the Legal Supplier file removal desktop procedure and deficiency notice).

## B. Consent Order Response to Section 6b

*Consent Order section 6b requires:*

- b) *Processes to prepare contingency and business continuity plans that ensure the continuing availability of critical third-party services and business continuity of the Mortgage Servicing Companies, consistent with supervisory guidance of the Board of Governors, both to address short-term and long-term service disruptions and to ensure an orderly transition to new service providers should that become necessary;*

Business Continuity is addressed by the Global Business Continuity Policy (Appendix L). This policy has an annual review cycle and was initially approved and implemented in March 2010. This policy establishes an ongoing process to identify the impact of business disruptions, maintain viable recovery strategies and recovery plans, and optimize continuity of services for Ally Financial Inc. and its direct and indirect subsidiaries, including Lines of Business (LoBs) and Global Functions (collectively, “Ally”). This Policy outlines minimum standards regarding the protection of critical business processes, technology, facilities, data, and safety throughout Ally, including all employees, contractors, third parties, and other parties representing Ally.

This Policy applies to all Ally entities, including all LoBs, Global Functions, and third-party service providers. This Policy covers minimum Business Continuity Planning (BCP) requirements and standards for: Business Impact Analysis / Assessment (BIA); Business Resumption Plans (BRPs); IT Disaster Recovery / Service Continuity Plans (IT DR/SC); Crisis Management Plans (CMPs)/Incident Response Plans (IRP); Plan Exercising/Testing; and BCP reporting.

This Policy and the supporting standards are designed to establish minimum BCP practices for Ally. While this Policy incorporates many minimum practices required by certain regulatory agencies, LoBs must adopt local practices as necessary to comply with regulatory requirements applicable to their business that may go beyond this Policy.

The scope of this Policy is to establish:

- Enterprise-wide requirements and minimum standards addressing BCP practices
- Standard definitions and terminology for BCP activities
- Clear ownership of BCP programs at both the enterprise and LoB levels

GMACM will also utilize GSC’s existing Supplier Contingency Plan template to address the potential need to dissolve and backfill a supplier relationship. In addition,

Operational Competency, Technology and Business Continuity Assessments which are published and being implemented on 2/1/12 are part of the inherent product/service risk assessment that address a supplier's ability to deal with service disruptions, onboarding and offboarding. The GSC Risk Assessment Procedure (Appendix C) documents this Risk Assessment process.

### C. Consent Order Response to Section 6c

*Consent Order section 6c requires:*

- c) *Measures to ensure that all original records transferred by the Mortgage Servicing Companies to Third-Party Providers (including the originals of promissory notes and mortgage documents) remain within the custody and control of the Third-Party Provider (unless filed with the appropriate court or the loan is otherwise transferred to another party), and are returned to the Mortgage Servicing Companies or designated custodians at the conclusion of the performed service, along with all other documents necessary for the Mortgage Servicing Companies' files;*

Records Management is addressed by the Global Records Management Policy (Appendix M). This policy has an annual review cycle and was initially approved and implemented in April 2008. This policy establishes the framework for managing all company Records throughout their lifecycle, including creation, access, use, storage, retention, and disposal. Compliance with this Policy will ensure satisfaction of legal and regulatory records requirements, operational obligations, and establishes consistent and accountable company recordkeeping practices.

This Policy applies to any and all recorded information created or received by Ally Financial Inc. and its direct and indirect subsidiaries (collectively, Ally) in the transaction of business or in the fulfillment of legal obligations, but excludes publicly available generic material not unique to Ally, such as trade journals, reference and other professional association materials. This Policy applies to recorded information regardless of the forms, characteristics or media (e.g. electronic, paper, audio, video, flash drives, voicemail, databases, PDAs, etc.), that are used and owned or possessed by Ally and any subsidiaries and affiliates controlled by Ally, and all of their employees, officers, directors, agents, contractors, and vendors.

- Require records to be accessible and retrievable by designated individuals to support operations and to meet legal obligations;
- Require the Supplier to maintain documentation in the control and custody of the Supplier, unless filed with the appropriate court, and to make documentation available to GMACM upon request;
- Require all documents to be returned to AFI at the conclusion of the performed service or at the termination of the Supplier's services; and
- Require compliance with the Legal Supplier file removal desktop procedure when transitioning/off-boarding Legal Suppliers.

Attached to this Program are copies of the above mentioned documents:

- Appendix M: Global Records Management Policy

- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure

#### **D. Consent Order Response to Section 6d**

*Consent Order section 6d requires:*

- d) Measures to ensure the accuracy of all documents filed or otherwise utilized on behalf of the Mortgage Servicing Companies or the owners of mortgages in the Servicing Portfolio in any judicial or non-judicial foreclosure proceeding, related bankruptcy proceeding, or in other foreclosure-related litigation, including, but not limited to, documentation sufficient to establish ownership of the note and right to foreclose at the time the foreclosure action is commenced;*

GMACM is designing a Mortgage Legal Supplier Management Policy and related Mortgage Legal Supplier Management Procedure to address items such as the accuracy of documentation. These procedures will be implemented by February 2012 and further detail how GMACM will conduct reviews with respect to document accuracy as part of the due diligence, oversight and governance process. The due diligence and oversight process will include sampling a portion of the Supplier's documents filed, or otherwise utilized on behalf of GMACM or the owners of mortgages, in any judicial or non-judicial foreclosure proceeding, related bankruptcy proceeding, or in other foreclosure-related litigation. The sampling methodology is under review, but will take into account industry practices and will adjust based on factors such as caseload and scrutiny particular to a given jurisdiction due either to its volume of foreclosures or the complexity of its legal requirements. Accuracy of documentation will be a component of the Legal Supplier oversight scorecard, currently under development, which will ensure timely action with respect to Supplier performance failures. Furthermore, the quality assurance function will be implemented by May 2012 and provide an additional level of review by verifying the accuracy of the figures and the information contained in the filed documents.

Attached to this Program are copies of the above mentioned draft documents:

- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure

#### **E. Consent Order Response to Section 6e**

*Consent Order Section 6e requires:*

- e) Processes to perform appropriate due diligence on potential and current Third-Party Provider qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability; and measures to ensure the adequacy of Third-Party Provider staffing levels, training, work quality, and workload balance;*

As mentioned in section 6A of the Program, GMACM is utilizing the GSC Supplier Management policy and procedures to ensure compliance with Legal Requirements,

Investor Requirements, Supervisory Guidance, and AFI's applicable policies and procedures. Global Supply Chain, in partnership with the GMACM Supplier Office, developed and published Ally Global Supplier management policy and procedures on September 30, 2011. GMACM reevaluated their initial draft policy and procedures submitted on 6/13/11 and made a decision to adopt the Global policy and procedures as they covered areas previously addressed by the draft Mortgage policy and procedures as well as provided additional governance and standards related to:

- a) Responsibility of business owners and global partners
- b) Due diligence and monitoring activities
- c) Contracting and Sourcing activities

These documents will include the appropriate requirements necessary to evaluate Supplier capabilities, align the product/service with AFI's strategic objectives, identify inherent risks, assess and monitor Supplier's governance and risk management practices/performance specific to criteria such as those specified in our response to section 6A of the Order. These policies and procedures will be implemented by February 1, 2012, with GMACM addressing its Supplier due diligence by identifying, analyzing and quantifying:

- Strategic risk;
- Reputation risk;
- Operational risk;
- Transaction risk;
- Credit risk; and
- Compliance risk.

The enhanced due diligence process will also involve a review of relevant information about a potential Supplier with focus on items such as:

- Audited financial statements, annual reports, SEC filings, and other available financial indicators;
- Significance of the proposed contract on the Supplier's financial condition;
- Experience and ability in implementing and monitoring the proposed activity;
- Business reputation;
- Certification of Legal Suppliers;
- Qualifications and experience of the Supplier's principals;
- Strategies and goals, including service philosophies, quality initiatives, efficiency improvements, and employment policies;
- Existence of any significant complaints or litigation, or regulatory actions against the Supplier;
- Ability to perform the proposed functions using current systems or the need to make additional investment;
- Use of other parties or subcontractors by the Supplier;
- Scope of internal controls, systems and data security, privacy protections, and audit coverage;
- Business resumption strategy and contingency plans;

- Knowledge of relevant consumer protection and civil rights laws and regulations;
- Adequacy of management information systems;
- Insurance coverage;
- Foreign based services;
- Capacity, staffing levels, work quality, and training programs;
- Customer complaint handling; and
- Document custody practices.

Also, as mentioned in section 6A of this Program, GMACM is in the process of enhancing its Supplier risk assessment tools to better identify risks and ensure compliance with AFI's policies and procedures. These risk assessment tools will be implemented by February 2012 and include items such as an inherent product/service risk assessment analysis, a series of Supplier questionnaires, and scorecards. The risk monitoring tools will consider Legal Requirements, Investor Requirements, Supervisory Guidance, and AFI's applicable requirements and the review process will better inform Legal, Compliance, Risk and IT staff providing for a more comprehensive understanding of how their area of expertise influences the mortgage business model.

Based on the output of the due diligence assessment, GMACM will decide if it will proceed with the Supplier relationship based on the risk score and alignment with the AFI strategic objectives. As mentioned in section 6A of this Program, the risk monitoring tools will consider Legal Requirements, Investor Requirements, Supervisory Guidance, and AFI's applicable requirements and the review process will better inform Legal, Compliance, Risk and IT staff providing for a more comprehensive understanding of how their area of expertise influences the mortgage business model. To determine the level of inherent product/service risk, the risk monitoring tools will focus on six key triggers:

- Operational Competency;
- Legal/Compliance;
- Technology;
- Financials;
- Reputation; and
- Control Assessment (such as security, business continuity and privacy).

An inherently high or medium-high risk score reflects a product or service that, by its nature and without consideration of controls and their effectiveness, exposes AFI to a significant level of risk that requires active risk management. An inherently medium-low or low risk score reflects a product or service that, by its nature, exposes AFI to a lower level of risk that does not require active risk management activities to address. GMACM is continuing to coordinate with AFI's Enterprise Risk Management group, amongst other groups, to enhance its risk monitoring tools.

Also mentioned in section 6A, AFI's Legal staff began a process of developing and documenting a risk assessment framework with respect to Legal Suppliers in February 2011. They completed the framework on July 1, 2011, which is currently with AFI Audit staff for review, and by 6/30/12, the Legal staff will complete a review of all Legal Suppliers. This process serves as an expansion of the Supplier assessment process and has

considered applicable Supervisory Guidance, recent experience with and issues faced by Legal Suppliers, and the current foreclosure environment and other factors, resulting in AFI Legal staff's development of:

- Desktop procedures (pertaining to areas such as file review and Legal Supplier file removal desktop procedure);
- Due diligence materials (such as a Legal Supplier questionnaire, engagement documents, and certification letter);
- Oversight materials (such as interview/site visit guide, risk scorecard, recertification letter and remediation letter); and
- Change management materials (such as Legal Supplier file removal desktop procedure and deficiency notice).

Attached to this Program are copies of the documents referred to in this section of the Program:

- Appendix A: Global Third Party Supplier Management Policy
- Appendix K: GSC Sourcing Procedures
- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure

#### **F. Consent Order Response to Section 6f**

*Consent Order Section 6f requires:*

- f) Processes to ensure that contracts provide for adequate oversight, including requiring Third-Party Provider adherence to GMAC Mortgage foreclosure processing standards, measures to enforce Third-Party Provider contractual obligations, and processes to ensure timely action with respect to Third-Party Provider performance failures;*

As outlined in prior sections of this Program, such as section 6A, the Supplier policies and applicable procedures that GSC has developed will be implemented by February 2012 and will contemplate the identification and management of the inherent and residual risk of Significant Supplier Relationships and detail how GMACM will conduct contracting. Global Supply Chain, in partnership with the GMACM Supplier Office, developed and published Ally Global Supplier management policy and procedures on September 30, 2011. GMACM reevaluated their initial draft policy and procedures submitted on 6/13/11 and made a decision to adopt the Global policy and procedures as they covered areas previously addressed by the draft Mortgage policy and procedures as well as provided additional governance and standards related to:

- a) Responsibility of business owners and global partners
- b) Due diligence and monitoring activities
- c) Contracting and Sourcing activities

The GSC Contracting Procedure (Appendix G) aligns with Legal Requirements, Investor Requirements, Supervisory Guidance and AFI's applicable requirements. At a high level, the contract addresses items such as:

- Terms and termination;
- Representations and warranties;
- Indemnification;
- Insurance;
- Data protection and security;
- Access and audit procedures;
- Disputes;
- Force majeure;
- Subcontracts and assignments;
- Business continuity and disaster recovery;
- Governing law;
- Compliance;
- Ownership and license;
- License agreements; and
- Statement of work including:
  - Description of services;
  - Service level agreement;
  - Oversight/scorecard reporting;
  - Payment and invoicing / fee schedule;
  - Policies and procedures;
  - Customer complaint/issue escalation process;
  - Change management plan/form;
  - Pre-implementation remediation plan;
  - Transfer/implementation plan; and
  - Off-boarding plan.

The contract will also include details such as the:

- Timeframe covered by the contract;
- Frequency, format, and specifications of the service or product to be provided;
- Other services to be provided by the Supplier, such as software support and maintenance;
- Training of employees, and customer service;
- Requirement that the Supplier must comply with all applicable laws, regulations, and regulatory guidance;
- Authorization for AFI and the appropriate federal and state regulatory agencies to have access to records of the Supplier as are necessary or appropriate to evaluate compliance with laws, rules, and regulations;
- Identification of which party is responsible for delivering any required customer disclosures;
- Terms related to any use of AFI's premises, equipment, or employees;

- Permissibility/prohibition of the Supplier to subcontract or use another party to meet its obligations with respect to the contract, and any notice/approval requirements;
- Authorization for GMACM to monitor and periodically review the Supplier for compliance with its agreement;
- Fees structure;
- Accuracy of documentation requirements; and
- Use of foreign-based Suppliers.

Should supplier gaps and/or performance failures occur, it is expected that GMACM will work with the Supplier to develop a remediation plan to resolve the issue. In the event that timely resolution of an issue cannot be reached GMACM will utilize the GSC Supplier Issue Escalation Procedure (Appendix D).

As mentioned in section 6A of this Program, the Mortgage Supplier Office (with input from AFI Legal staff for Legal Suppliers) will inform the Mortgage Executive Leadership Team of Significant Supplier Relationships prior to engaging in or renewing Supplier contracts as a measure to improve the governance process. An analysis/review of a proposed or existing Significant Supplier Relationship will accompany such notification to the Mortgage Executive Leadership Team and, as appropriate, information will be shared with the appropriate Board(s).

Attached to this Program are copies of the documents referred to in this section of the Program:

- Appendix A: Global Third Party Supplier Management Policy
- Appendix G: GSC Contracting Procedures
- Appendix D: GSC Supplier Issue Escalation Procedure
- Appendix F: GSC SMO Oversight Procedure
- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure

#### **G. Consent Order Response to Section 6g**

*Consent Order Section 6g requires:*

- g) Processes to ensure periodic reviews of Third-Party Provider work for timeliness, competence, completeness, and compliance with all applicable Legal Requirements, and GMAC Mortgage's contractual obligations to GSEs and investors, and to ensure that foreclosures are conducted in a safe and sound manner;*

As discussed in previous sections of this Program, such as section 6A, GMACM is utilizing the GSC Supplier policy and procedures, risk monitoring tools, a quality assurance function and administrative features to improve the Supplier management process. The procedures will detail how GMACM will conduct its oversight, due diligence and contracting, as well as the quality assurance workplan. The GSC Supplier Management Office Oversight (SMO) Procedure (Appendix F) will further enable an effective end-to-end Supplier management process. The February 2012 implementation

plan includes the policy, procedures and risk monitoring tools. The Supplier quality assurance process will follow when implemented by May 2012.

GSC's Supplier management process will evaluate the Program's effectiveness and coordinate with quality assurance to execute a quality assurance workplan. Mortgage Operations will execute the quality assurance workplan against GSC's Supplier management process and associated policy and procedures. The GSC Supplier management process will consider responsibilities such as:

- Maintaining business continuity and contingency plans to ensure continuing availability of critical Supplier services and business continuity of GMACM operations to include both short-term and long-term service disruptions as well as orderly transition to new service providers;
- Confirming that all original records transferred to a Supplier remains within the custody and control of the Supplier and that all original records are returned to GMACM or its designated custodians at the conclusion of the performed service;
- Ensuring the accuracy of all documents filed or utilized on behalf of GMACM as related to the servicing portfolio is sufficient to establish ownership of the note and the right to foreclosure at the time the foreclosure action is commenced and filing of proof of claim for bankruptcy;
- Ensuring appropriate level of due diligence is performed on potential and current Supplier(s);
- Assessing the adequacy of Supplier's staffing levels, training, work quality and workload balance;
- Assessing that Supplier is in compliance with contractual obligations and supervisory guidance of the Board of Governors;
- Assessing processes to confirm that timely action is taken with respect to Supplier performance failures;
- Assessing Supplier's process for reporting and resolving customer complaints related to Supplier services;
- Maintaining fee structures for Suppliers to ensure that the method of compensation considers accuracy, completeness, and compliance; and
- Ensuring Legal Suppliers maintain the appropriate certifications and recertification.

Also mentioned in sections 6A and 6E of this Program, AFI's Legal staff began a process of developing and documenting a risk assessment framework with respect to Legal Suppliers in February 2011. They completed the framework on July 1, 2011, which is currently with AFI Audit staff for review, and by 6/30/12, the Legal staff will complete a review of all Legal Suppliers. This process serves as an expansion of the Supplier assessment process and has considered applicable Supervisory Guidance, recent experience with and issues faced by Legal Suppliers, the current foreclosure environment and other factors, resulting in AFI Legal staff's development of:

- Desktop procedures (pertaining to areas such as file review and Legal Supplier file removal desktop procedure);

- Due diligence materials (such as a Legal Supplier questionnaire, engagement documents, and certification letter);
- Oversight materials (such as interview/site visit guide, risk scorecard, recertification letter and remediation letter); and
- Change management materials (such as Legal Supplier file removal desktop procedure and deficiency notice).

The GSC Supplier Management Office (SMO) Oversight Procedure (Appendix F) defines the SMO Oversight function that will perform oversight of key stake holders within the Lines of Business and Global Supply Chain to ensure high risk suppliers are managed to Global Supply Chain programs, policies and procedures. The SMO Oversight function will monitor that all stakeholders critical to the risk management of High Risk Suppliers are acting in accordance with risk management standards and procedures for High Risk Suppliers. The SMO Oversight will specifically liaison with ORM Quality Assurance, GSC Operations, GSC Sourcing, Compliance, and Audit Services to support inquiry and risk management effectiveness programs. The objectives of the Oversight will be to:

- Ensure the Operational Effectiveness of the enterprise Supplier Risk Management Program
- Ensure key stakeholders are in compliance with the standards and procedure, including subsequent changes, for High Risk Suppliers
- Support the simplification of the supplier risk management process to help its adoption, regular use, and sustainability across the global enterprise.

The Mortgage Supplier Office is working with GMACM lines of business to complete drafting of the quality assurance workplan for Suppliers and will implement the workplan by May 2012. They will perform ongoing quality assurance reviews of the Supplier management process and its alignment with required policies and associated procedures. GSC will also ensure that effective controls are in place to identify, document, and mitigate the risks arising from sourcing to and ongoing monitoring of Suppliers. The quality assurance findings will be shared with GMACM and executive management and will include action plans, as appropriate, to document issues for immediate response. The Mortgage Supplier Office (and AFI's Legal staff for Legal Suppliers) will coordinate all responses to the action plans (inclusive of remediation plans). AFI's Audit team will perform an additional level of review as part of its audit responsibilities.

#### **H. Consent Order Response to Section 6h**

*Consent Order Section 6h requires:*

*h) Processes to review customer complaints about Third-Party Provider services;*

GMACM is utilizing the GSC policy and procedures for Supplier management that will further detail Supplier complaint management and resolution as part of the due diligence, contracting, oversight and governance processes. Global Supply Chain, in partnership with the GMACM Supplier Office, developed and published Ally Global Supplier management policy and procedures on September 30, 2011. GMACM reevaluated their initial draft policy and procedures submitted on 6/13/11 and made a decision to adopt the

Global policy and procedures as they covered areas previously addressed by the draft Mortgage policy and procedures as well as provided additional governance and standards related to:

- a) Responsibility of business owners and global partners
- b) Due diligence and monitoring activities
- c) Contracting and Sourcing activities

The GSC Supplier Issue Escalation Procedure (Appendix D) will be implemented by February 2012 and include requirements such as having the contract's statement of work detail proper management of customer complaint/issue escalation process requirements. The requirements will address how customer complaints against the Supplier will be evaluated by GMACM and then escalated up to the AFI organization, when appropriate, to ensure timely action to remediate the complaint. Not all Suppliers interact with GMACM's customers, so customer complaint-related matters will only apply to Suppliers interacting with GMACM's customers.

#### **I. Consent Order Response to Section 6i**

*Consent Order Section 6i requires:*

- i) A review of fee structures for Third-Party Providers to ensure that the method of compensation considers the accuracy, completeness, and legal compliance of foreclosure filings and is not based solely on increased foreclosure volume or meeting processing timelines;*

GMACM is currently drafting policies and procedures related to Supplier management and they will contemplate Supplier fee structure as part of the contracting and oversight processes. The policy and procedures associated with the fee management process will be implemented by February 2012 and will take into account requirements such as ensuring that the contract addresses a fee structure promoting accuracy, completeness, and meeting GMACM's performance expectations, and is not based solely on increased volume of service and/or meeting processing timelines. The fee structure will consider the quality of services provided and/or the unusual nature or level of sophistication required in the product/service provided by the Supplier. The nature of the fee structures will be contingent upon investor and regulatory/legal requirements.

#### **J. Consent Order Response to Section 6j**

*Consent Order Section 6j requires:*

- j) A periodic certification process for Legal Suppliers (and recertification of existing Legal Supplier providers) that provide residential mortgage foreclosure and bankruptcy services for the Mortgage Servicing Companies as qualified to serve as Third-Party Providers to the Mortgage Servicing Companies, including that attorneys are licensed to practice in the relevant jurisdiction and have the experience and competence necessary to perform the services requested.*

The Legal Supplier policy and procedures currently being drafted by the AFI Legal staff will detail how GMACM will conduct its Legal Supplier certification and recertification process during due diligence and oversight activities. The initial certification process will occur after the due diligence process, while the re-certification process will coincide with oversight responsibilities on an annual basis, or more frequently based on the inherent risk of the Legal Supplier. The certification and re-certification processes will evaluate results associated with licensure, competence, completeness, and compliance (such as with applicable Legal Requirements and AFI's contractual obligations to Government Sponsored Entities and investors, and AFI's performance expectations of its Legal Suppliers). The Legal Supplier certification and recertification requirements will be implemented by February 2012 with the rollout of the Legal Supplier policy and procedures. Copies of the draft Legal Supplier policy and procedure documents are attached to this Program as Appendix H and I.

### **Summary / Conclusion**

GMACM is performing a Supplier management review and is developing remedial actions to improve the due diligence, contracting, governance, and oversight of Suppliers throughout GMACM's servicing operation. GMACM is utilizing the GSC Supplier policy, procedures, a quality assurance workplan, and risk monitoring tools and framework, all of which will further improve internal controls and enhance and standardize the identification and mitigation of risks specific to GMACM's Suppliers. GMACM, consistent with practices for other established policies and procedures, will periodically review and revise its Supplier management documents as appropriate based upon changes to the operational execution of certain Supplier-related tasks.

Unless noted otherwise, the timelines expressed throughout this Program relate to new Supplier relationships. GMACM will need to conduct a review of the existing Supplier relationships to risk rank each Supplier, identify which Supplier relationships to terminate and/or consolidate and, with the remaining Supplier relationships, begin actions such as:

- Renegotiating the existing contracts to reflect new contractual obligations (which may require that the Supplier participates in the new due diligence process);
- Expanding the oversight and change management capabilities; and
- Instituting the newly developed quality assurance process with Significant Supplier Relationships.

GMACM is in the process of prioritizing its Supplier management actions and timelines to allow for:

- Evaluating the Supplier strategy;
- Developing and documenting a Legal Supplier risk assessment and quality control framework;
- Implementing the Mortgage Supplier Office;
- Developing an appropriate Supplier management staffing plan;
- Developing and implementing Supplier risk assessment tools;
- Drafting and implementing Supplier policies, procedures, quality assurance workplan and business contingency and continuity plan;

- Completing the evaluation of existing Supplier relationships;
- Implementing off-boarding and/or transitioning of non performing/non strategic Suppliers; and
- Negotiating the Supplier contracts existing prior to the roll-out of the new Supplier strategy.

Given the above prioritization, GMACM will implement its new Supplier management process by February 2012. GMACM will work with Suppliers to address any gaps required as part of the policy, procedures and adherence to the risk monitoring tools. As a last resort, GMACM will initiate the process of re-negotiating the current Supplier contract. Some Suppliers may be unwilling to negotiate their contracts or accept all of the material changes we request. In these cases, GMACM either will terminate the relationship or add the new requirements as these contracts expire or come up for renewal.

## **Appendix I – Project Summaries**

Below is a summary of the projects that support the Program:

### **Action Plans:**

- 1. Implement a risk framework**
- 2. Implement the policies and procedures**
- 3. Complete an Assessment of the Legal Suppliers**
- 4. Complete an Assessment of Non-Legal Suppliers**

### **Supplier Policy, Procedure and Contingency Plan Documents:**

- Appendix A: Global Third Party Supplier Management Policy
- Appendix B: GSC Exception Procedure
- Appendix C: GSC Risk Assessment Procedure
- Appendix D: GSC Supplier Issue Escalation Procedure
- Appendix E: GSC Managing-Monitoring-Reporting Procedure
- Appendix F: GSC SMO Oversight Procedure
- Appendix G: GSC Contracting Procedures
- Appendix H: Draft Mortgage Legal Supplier Management Policy
- Appendix I: Draft Mortgage Legal Supplier Management Procedure
- Appendix J: GSC Offboarding Procedure
- Appendix K: GSC Sourcing Procedures

### **Global Policy Documents**

- Appendix L: Global Business Continuity Policy
- Appendix M: Global Records Management Policy

## **Appendix II - Board Level Deliverables and Due Dates**

NA

## **Appendix III - First Level Project Details**

| <b>Deliverable</b>                       | <b>CO Section</b> | <b>Task</b>  | <b>Owner</b>                         | <b>Projected Start Date</b> | <b>Projected Finish Date</b> |
|--|-------------------|--|--------------------------------------|-----------------------------|------------------------------|
| Legal Supplier Quality Control Framework | Multiple          | Fully develop and document a risk assessment and quality control framework in respect of Legal Suppliers | Legal                                | 2/01/11                     | 7/01/11                      |
| Mortgage Supplier Office                 | Multiple          | Establish the Mortgage Supplier Office   | Mortgage Supplier Office             | 5/01/11                     | 7/15/11                      |
| Supplier Process Review                  | Multiple          | Review appropriate Supplier management requirements and associated staffing                              | Mortgage Supplier Office             | 5/01/11                     | 11/01/11                     |
| Process Review                           | Multiple          | Conduct a review of servicing's oversight process and associated staffing plan                           | Mortgage Supplier Office             | 5/01/11                     | 11/01/11                     |
| Mortgage Operations Council              | Multiple          | Implement the review of Supplier relationships with the Mortgage Executive Leadership Team               | Mortgage Supplier Office and Legal   | 7/01/11                     | 1/31/12                      |
| Risk Monitoring Tools                    | Multiple          | Develop enhanced risk monitoring tools   | Mortgage Supplier Office, Legal, GSC | 6/01/11                     | 12/01/11                     |
| Training                                 | Multiple          | Develop Supplier management training materials   | Training, GSC                        | 7/01/11                     | 12/01/11                     |
| Staffing Plan                            | Multiple          | Implement staffing plans for sourcing, contracting and oversight initiatives                             | GSC, Legal                           | 6/01/11                     | 2/01/12                      |
| Risk Monitoring Tools                    | Multiple          | Implement enhanced risk monitoring tools   | GSC, Mortgage Supplier Office, Legal | 12/01/11                    | 2/01/12                      |
| Risk Staffing Plan                       | Multiple          | Implement risk-related staffing plan and associated training for quality assurance functions             | Mortgage Supplier Office             | 7/01/11                     | 2/01/12                      |
| Training                                 | Multiple          | Implement training program associated with GSC Supplier Management policy and procedures                 | GSC                                  | 12/01/11                    | 2/01/12                      |
| Supplier Contract                        | 6f                | Implement the new Supplier contract(s) for future use  | Global Supply Chain, Legal           | 7/01/11                     | 2/01/12                      |
| Policy                                   | Multiple          | Finish drafting and implement the Global Third Party Supplier Management Policy                          | GSC                                  | 4/15/11                     | 2/01/12                      |
| Procedures                               | Multiple          | Finish drafting and implement the GSC Supplier Management procedures                                     | GSC                                  | 4/15/11                     | 2/01/12                      |

| <b>Deliverable</b>                        | <b>CO Section</b> | <b>Task</b>  | <b>Owner</b>                       | <b>Projected Start Date</b> | <b>Projected Finish Date</b> |
|---|-------------------|--|------------------------------------|-----------------------------|------------------------------|
| Legal Supplier Policy/ Procedure          | Multiple          | Finish drafting and implement the Mortgage Legal Supplier Management Policy and related Mortgage Legal Supplier Management Procedure   | Legal                              | 5/01/11                     | 2/01/12                      |
| Communicate Policy & Procedure Changes    | Multiple          | Implement the process for communicating AFI policy and procedure changes to Suppliers  | Mortgage Supplier Office and Legal | 8/01/11                     | 2/01/12                      |
| Quality Assurance Training                | Multiple          | Implement the quality assurance training program   | Mortgage Supplier Office, LoB      | 7/15/11                     | 5/01/12                      |
| Quality Assurance Workplan                | Multiple          | Finish drafting and implement the quality assurance workplan   | Mortgage Supplier Office           | 5/01/11                     | 5/01/12                      |
| Legal Supplier Assessment                 | Multiple          | Complete an assessment of existing Legal Suppliers   | Legal                              | 4/01/11                     | 6/30/12                      |
| Existing non-Legal Supplier Relationships |                   | Begin enhanced review of existing non-Legal Supplier relationships to determine the newly defined risk level, Supplier relationships to terminate/consolidate and begin renegotiating existing contracts and enacting revised policies, procedures and plans against these existing Supplier relationships | Mortgage Supplier Office and Legal | 8/1/11                      | 12/1/13                      |