



ALLY FINANCIAL INC.

GMAC Mortgage, LLC and Residential Capital, LLC

Mortgage Compliance Program

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

Revised on December 8, 2011



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Plan to Enhance the Mortgage Compliance Program

The plan to enhance the Mortgage Compliance Program (the "MCP") 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"), 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" 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.

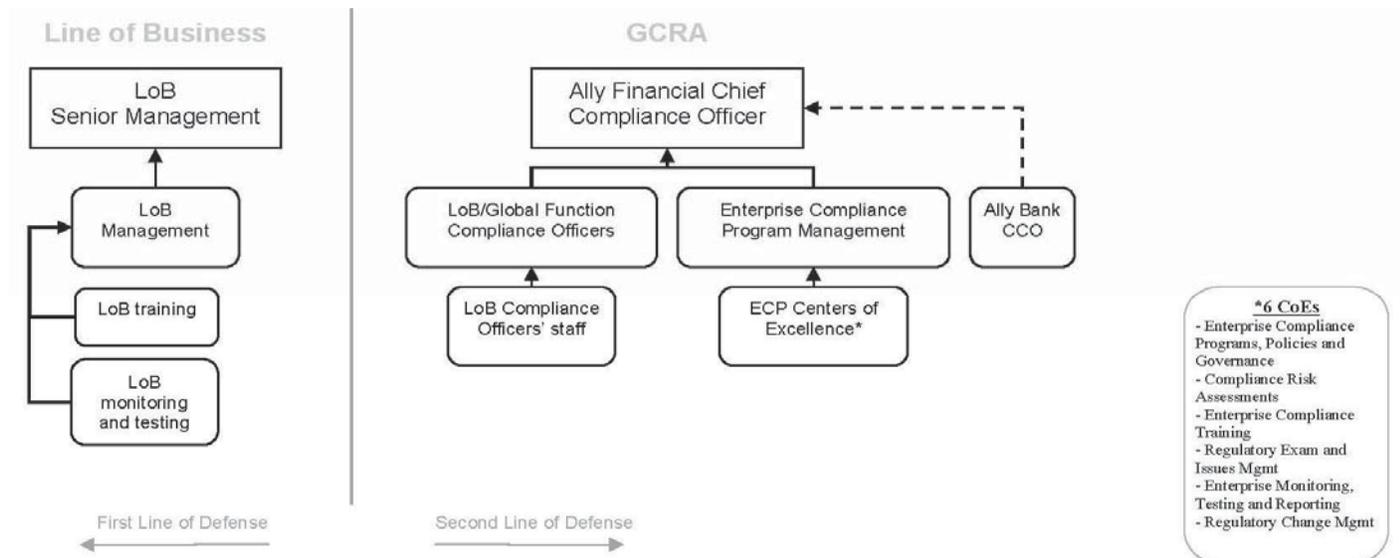
Within 60 days of this Order, GMAC Mortgage shall submit to the Reserve Bank an acceptable compliance program and timeline for implementation to ensure that the operations of the Mortgage Servicing Companies, including, but not limited to, residential mortgage loan servicing, Loss Mitigation, and foreclosure, comply with the Legal Requirements, as well as the Mortgage Servicing Companies' internal policies, procedures, and processes and are conducted in a safe and sound manner. The Program shall, at a minimum, address, consider, and include:

- (a) The duties and responsibilities of line of business staff, other staff, and Third Party Providers regarding compliance;*
- (b) policies for developing and communicating compliance-related roles and responsibilities across the Mortgage Servicing Companies' organization and to Third Party Providers;*
- (c) policies, procedures, and processes to ensure that the Mortgage Servicing Companies have the ability to locate and secure all documents, including original promissory notes, necessary to perform mortgage servicing, Loss Mitigation, and foreclosure functions and to comply with contractual obligations;*
- (d) compliance with supervisory guidance of the Board of Governors, including, but not limited to, the guidance entitled, "Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles," dated October 16, 2008 (SR 08-08/CA 08-11);*
- (e) compliance with Legal Requirements, including:
 - (i) processes to ensure that all factual assertions made in pleadings, declarations, affidavits, or other sworn statements filed by or on behalf of the Mortgage Servicing Companies are accurate, complete, and reliable; and that affidavits and declarations are based on personal knowledge or a review of the Mortgage Servicing Companies' books and records when the affidavit or declaration so states;*
 - (ii) processes to ensure that affidavits filed in foreclosure proceedings and other foreclosure-related documents are executed and notarized in accordance with applicable State legal requirements, including jurat requirements;**

- (iii) processes to ensure that the Mortgage Servicing Companies have properly documented ownership of the promissory note and mortgage (or deed of trust) under applicable State law, or are otherwise a proper party to the action (as a result of agency or other similar status) at all stages of foreclosure and bankruptcy litigation; and*
- (iv) processes to ensure that a clear and auditable trail exists for all factual information contained in each affidavit or declaration, in support of each of the charges that are listed, including whether the amount is chargeable to the borrower or claimable by the investor.*
- (f) policies and procedures to ensure that payments are credited in a prompt and timely manner that payments, including partial payments to the extent permissible under the terms of applicable legal instruments, are applied to scheduled principal, interest, and escrow before fees, and that any misapplication of borrower funds is corrected in a prompt and timely manner.*
- (g) compliance with contractual obligations to the owners of the mortgages in the Servicing Portfolio.*
- (h) compliance with the contractual limitations in the underlying mortgage note, mortgage, or other customer authorization with respect to the imposition of fees, charges and expenses, and compliance with Legal Requirements concerning the imposition of fees, charges, and expenses.*
- (i) processes to ensure that foreclosure sales (including the calculation of the default period, the amounts due, and compliance with notice requirements) and post-sale confirmation are in accordance with the terms of the mortgage loan and applicable State and Federal law requirements.*
- (j) procedures to ensure compliance with bankruptcy law requirements, including a prohibition on collection of fees in violation of bankruptcy's automatic stay (11 U.S.C. § 362), the discharge injunction (11 U.S.C. § 524), or any applicable court order.*
- (k) the scope and frequency of independent testing for compliance with the Legal Requirements, supervisory guidance of the Board of Governors, and the requirements of the Mortgage Servicing Companies' internal policies, procedures, and processes by qualified parties with requisite knowledge and ability (which may include internal audit) who are independent of the Mortgage Servicing Companies' business lines and compliance function.*
- (l) measures to ensure that policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate new or changes to Legal Requirements and supervisory guidance of the Board of Governors; and*
- (m) the findings and conclusions of the independent consultant(s) engaged by GMAC Mortgage under paragraph 3 to review the Mortgage Servicing Companies' foreclosure processes.*

Background Information

Global Compliance & Regulatory Affairs (“GCRA”), led by Ally Financial Inc.’s (“AFI’s”) Chief Compliance Officer (“CCO”), is a global function responsible for driving AFI’s enterprise-wide culture of compliance with laws, regulations, and compliance policies. GCRA is comprised of two groups of compliance professionals working together to achieve effective oversight and management of compliance risk across AFI: (1) Enterprise Compliance Program Management (“Enterprise Compliance” or “ECP”); and (2) Line-of-Business (“LoB”) & Global Function Compliance Officers and their staff (“LoB Compliance”).



Under AFI’s current compliance risk management structure, LoB Senior Management is accountable for all compliance risks in the LoB, including both existing and emerging compliance risks (First Line of Defense). The LoB/Global Function Compliance Officers, in partnership with Enterprise Compliance Program Management manage and oversee compliance risk within AFI’s LoB and Global Functions (Second Line of Defense).

The cornerstone of the ECP is grounded in the supervisory guidance entitled “Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles” dated October 16, 2008 (SR 08-08). Specifically, the four key areas included in the guidance are as follows:

- Firm-wide approach to compliance risk management/oversight
- Independence of compliance staff
- Sound practices for compliance monitoring and testing
- Responsibility of Board and senior management for risk management and oversight

As part of the ECP framework, the following Compliance Centers of Excellence (“CoEs”) provide oversight, direction and guidance with respect to the LoB Compliance Programs:

- Enterprise Compliance Programs, Policies and Governance
- Enterprise Compliance Training
- Regulatory Exam and Issues Management
- Compliance Risk Assessments
- Enterprise Monitoring Testing & Reporting (“EMTR”)
- Regulatory Change Management

Mortgage Compliance Program (“MCP”)

Prior to AFI becoming a bank holding company on December 24, 2008, GCRA’s Mortgage Compliance Officer (“Mortgage Compliance”) had a relatively mature MCP for its Mortgage Origination Businesses. Effective January 1, 2010, GCRA announced its organizational structure for LoB/Global Functions. Shortly afterwards, GCRA’s Mortgage Compliance Officer and staff began to expand its MCP to include the Mortgage Servicing Companies (“Mortgage Servicing”). The MCP Description was published on November 15, 2010, and revised on May 30, 2011 to update some of the department names and descriptions. (For a copy of the existing MCP, see the attached Appendix 2).

The MCP aligns with the ECP and includes a description of each of the following ECP principles.

- Commitment and Culture: Processes to describe the Mortgage LoB’s Compliance Commitment, including how compliance impacts/risks are considered at planning/strategy meetings, resources, compliance issue and risk reporting, employee accountability, and processes to identify compliance gaps and potential risks early in the new/product business development cycle.
- Controls: the MCP describes the following compliance control processes;
 - Controls and Supervision: Processes to determine if appropriate controls are in place when enhancements are required, and how risks and issues are tracked and escalated within the Mortgage LoB
 - Policies and Procedures: A description of the inventory, development, maintenance, approval and communication of Mortgage Compliance policies and procedures
 - Monitoring, Testing, and Reporting (“MTR”): Processes for mapping the laws, rules and regulations (“LRRs”) to MTR controls, evaluating the effectiveness of monitoring activities, determining the effectiveness of the Mortgage LoBs adherence to LRRs, maintaining plans for activities to be monitored, and reporting monitoring and testing results to Management

The MTR Plan is described in section C(4) of the MCP attached as Appendix 2. In general, the MTR Plan utilizes a risk based approach to determine the scope, frequency and testing strategy to oversee the Mortgage LoB's compliance with LRR's and compliance policies. Monitoring is conducted via surveillance and exception reports. Testing for completeness, accuracy and validity of compliance documentation, processes, controls and data accuracy may be conducted using standard periodic statistical and stratified reviews or targeted reviews. Compliance Assessments includes operational reviews of Mortgage policies, procedures and controls.

The MTR Plan requires the Mortgage LoB to develop and implement action plans to strengthen its control environment to ensure compliance. More specifically, as process or systemic issues are identified, remediation plans must be created to resolve current findings and/or prevent future findings through process or systems improvements.

- Training: Processes for how compliance competencies are integrated in the Mortgage processes, how training is tracked and measured, identifying new compliance training, and determining when employees have sufficient awareness of LRRs
- Management Reporting and Analysis: Inventory of Management reports that address compliance, processes to determine accuracy of Management reports, and how compliance risks and issues are reported
- Regulatory Oversight: Processes for maintaining and updating Federal, State, and Local LRRs, and processes for Management to respond to requests from Regulators

Throughout 2010, Mortgage Compliance took the following actions to enhance the MCP for Mortgage Servicing:

- Implemented a legislative reporting¹ and regulatory change management process
- Established compliance implementation strategy meetings with Mortgage Servicing business units and Legal to develop and review Mortgage Servicing's action plans in response to new or revised LRRs or compliance policies
- Performed AML, OFAC and Compliance risk assessments
- Established preventative control processes to review all new and revised Mortgage Servicing policies, procedures and training materials
- Reviewed and approved the Mortgage Servicing training materials regarding foreclosures, bankruptcy, document execution and notary requirements
- Expanded the Mortgage Compliance MTR Plan to incorporate Mortgage Servicing controls
- Developed and implemented compliance monitoring and testing controls for several Mortgage Servicing Legal Requirements
- Tracked and monitored compliance action plans developed in response to regulatory exams, new laws, MTR findings and internal audit findings
- Commenced the Mortgage Servicing compliance risk assessment

¹ The legislative reporting function was transitioned to Legal effective July 1, 2011.

In 2011, Mortgage Compliance;

- Completed the Mortgage Servicing compliance risk assessment in March, 2011; and
- Continues to expand its Mortgage Compliance MTR plan for Mortgage Servicing to add monitoring and testing controls for Federal and State laws and regulations, internal compliance policies and procedures, court orders, and contractual requirements-

In addition to the above actions, Mortgage Compliance continues to actively partner with Mortgage Servicing to strengthen its control environment. For example, Mortgage Compliance will oversee and track the action plans created in response to the Mortgage Servicing compliance risk assessment.

Consent Order Response

This Consent Order Response (“Response”) uses the existing MCP as the baseline compliance program and introduces program changes to strengthen the MCP with respect to this Order.

Detailed responses to each section of Article 8 of the Order are listed below:

Note: MCP deliverables are listed in Appendix 1 which lists all deliverables with their end dates and have been prioritized based on several factors, including the inherent risk and strength of existing controls within Mortgage Servicing.

a. Duties and Responsibilities – Article 8(a)

The Program shall, at a minimum, address, consider, and include: the duties and responsibilities of line of business staff, other staff, and Third Party Providers regarding compliance.

The existing MCP follows the Global Compliance Program Statement about Lines of Defense. As the first line of defense, Mortgage Servicing is responsible for identifying, assessing, taking and mitigating risks associated with their business. Responsibilities include the following:

- Ensuring that unit specific policies, processes procedures and staff are in place to manage compliance risk for all products, activities and processes; and
- Ensuring that compliance controls and practices within the business are functioning and consistent with Companywide policies and procedures.

As a second line of defense, Mortgage Compliance partners with Mortgage Servicing to identify, assess and mitigate all risks. Responsibilities include:

- Conducting appropriate compliance risk based monitoring, testing, reporting, process reviews and surveillance activities regarding business activities; and

- Conducting risk based compliance or other assessments and reviews and providing independent reports and opinions to Management.

In response to this Order, the MCP will be enhanced to incorporate the compliance-related duties and responsibilities of Third Party providers. More specifically, Mortgage Compliance will partner with the Mortgage Supplier Office team to implement contractual and other controls to monitor third party compliance activities.

In addition to the above, Mortgage Compliance will enhance the MCP to reference the following changes in duties and responsibilities:

- Mortgage Compliance will develop a complaint oversight role to monitor Mortgage Servicing's escalated complaint process, the Voice of the Customer ("VOC"), to ensure that regulatory compliance issues are identified and remediated in a timely manner; and that VOC is monitoring negative trends, performing root cause analysis, and implementing action plans to mitigate compliance risk issues.
- Legal will assume responsibility for the legislative tracking and reporting function for the Mortgage LoB by July 1, 2011.
- In 2010, Legal updated its inventory of Federal laws applicable to Mortgage Servicing and is in the process of building an inventory of State laws applicable to Mortgage Servicing. Legal will communicate and maintain the Inventory of Federal and State laws applicable to Mortgage Servicing, which Mortgage Compliance will leverage to enhance its compliance risk assessments and MTR plan.

b. Developing and Communicating Roles and Responsibilities – Article 8(b)

The Program shall, at a minimum, address, consider, and include: policies for developing and communicating compliance-related roles and responsibilities across the Mortgage Servicing Companies' organization and to Third Party Providers.

The current MCP describes policies for developing and communicating compliance related roles and responsibilities across the Mortgage LoB, which includes the Mortgage Servicing. Section III of the MCP describes the Four Principles of Compliance, including Commitment and Culture. More specifically, this section of the MCP describes how compliance roles and responsibilities are developed and communicated through job descriptions, goals and objectives, policies, procedures, training and meetings. The Policies and Procedures section of the MCP also describes Mortgage Compliance's process for developing and communicating compliance-related roles and responsibilities with respect to new and revised LRRs and compliance policies. New laws are tracked using a variety of third party resources including Houselaw Counselor, AllRegs and through alerts and notices from several law firms.

To enhance the MCP, Mortgage Compliance and Legal will communicate and publish the new legislative tracking and reporting procedures in connection with the transfer of this responsibility from Mortgage Compliance to Legal on/or before July 1, 2011.

Additionally, Mortgage Compliance will work with the Mortgage Supplier Office team to create a process to develop and communicate compliance related roles and responsibilities to non-attorney Third Party Providers and embed these responsibilities in our contractual agreements with Third Party Providers. (For more details regarding the Third Party Management, refer to the response to Section 6 of the Order: Third Party Management).

c. Policies and Procedures to Locate and Secure All Documents to Perform Mortgage Servicing Functions and Comply with Contractual Obligations – Article 8 (c)

The Program shall, at a minimum, address, consider, and include: policies, procedures, and processes to ensure that the Mortgage Servicing Companies have the ability to locate and secure all documents, including original promissory notes, necessary to perform mortgage servicing, Loss Mitigation, and foreclosure functions and to comply with contractual obligations.

Currently, AFI has a Global Records Management Policy, also known as Company Records and Information Management (“CRIM”). CRIM, administered by Legal, establishes an Enterprise-wide framework for managing AFI’s records from creation/acquisition to disposal and conforms to the Federal and State law record keeping requirements.

Furthermore, Mortgage Servicing has existing policies and procedures that govern the records management process with respect to Mortgage Servicing functions, including policies and procedures to comply with the contractual record retention obligations defined by the investor entities including the Government Sponsored Enterprises (“GSEs”) and other clients and sub-servicing contracts.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to include testing of Mortgage Servicing’s ability to locate and secure documents necessary to perform mortgage servicing, loss mitigation and foreclosure functions and to comply with contractual obligations. Mortgage Compliance will work with Legal and Mortgage Servicing to define monitoring and testing roles and responsibilities with respect to the receipt and/or retention of legal files and mortgage servicing documentation prepared by outside counsel.

d. Supervisory Guidance of the Board of Governors – Article 8(d)

The Program shall, at a minimum, address, consider, and include: compliance with supervisory guidance of the Board of Governors, including, but not limited to, the guidance entitled, “Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles,” dated October 16, 2008 (SR 08-08/CA 08-11).

As previously noted in the Background section of this Response, SR 08-08 is the foundation for AFI’s ECP and MCP.

To enhance its MCP, Mortgage Compliance will incorporate the six ECP CoEs in the MCP, since the CoEs were designed to comply with the Supervisory Guidance of the Board of Governors.

e. Factual Assertions are Accurate, Complete, and Reliable – Article 8(e)

i. Article 8(e)(i)

The Program shall, at a minimum, address, consider, and include: processes to ensure that all factual assertions made in pleadings, declarations, affidavits, or other sworn statements filed by or on behalf of the Mortgage Servicing Companies are accurate, complete, and reliable; and that affidavits and declarations are based on personal knowledge or a review of the Mortgage Servicing Companies' books and records when the affidavit or declaration so states.

Mortgage Servicing and Compliance worked with Legal and outside counsel to enhance its Foreclosure procedures in December, 2010 and its Bankruptcy procedures in February, 2011 to reference specific legal and compliance requirements and to explain how to confirm that the factual assertions made in pleadings, declarations affidavits or other sworn statements are accurate and complete and that the affidavits and declarations are based on personal knowledge or a review of the Mortgage Servicing Companies' books and records when the affidavit or declaration so states.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to include testing to confirm that the factual assertions made in foreclosure and bankruptcy pleadings, declarations, affidavits or other sworn statements are accurate and complete and that the affidavits and declarations were based on personal knowledge or a review of the Mortgage Servicing Companies' books and records when the affidavit or declaration so states. To effectively test for this requirement, Mortgage Compliance will conduct process assessments, visual observations and volume/capacity reviews.

i. Article 8(e)(ii)

The Program shall, at a minimum, address, consider, and include: processes to ensure that affidavits filed in foreclosure proceedings and other foreclosure-related documents are executed and notarized in accordance with applicable State legal requirements, including jurat requirements

In December, 2010, Mortgage Servicing and Compliance worked with Legal and outside counsel to enhance document execution and notarization processes as defined in the Mortgage Servicing Companies' Foreclosure Policies and Procedures. The Foreclosure Policies and Procedures are outlined according to State documentation requirements for foreclosure proceedings. Existing notarization procedures are based on having complete and accurate documents, verifying the identity of signers, complying with the notarial certificate, and assuring the notary seal contains the appropriate information.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to test Mortgage Servicing's compliance with its procedures guiding the review of affidavits filed in foreclosure proceedings to confirm that affidavits were executed and notarized in accordance

with applicable State legal requirements, including jurat requirements. To effectively test for these requirements, Mortgage Compliance staff will conduct process assessments, visual observations and volume/capacity reviews.

ii. Article 8(e)(iii)

Consent Order section 8eiii states: The Program shall, at a minimum, address, consider, and include: processes to ensure that the Mortgage Servicing Companies have properly documented ownership of the promissory note and mortgage (or deed of trust) under applicable State law, or are otherwise a proper party to the action (as a result of agency or other similar status) at all stages of foreclosure and bankruptcy litigation

Currently, Mortgage Servicing's Foreclosure and Bankruptcy departments have a database called the [REDACTED] that summarizes on whose behalf Mortgage Servicing may file a claim or action. The [REDACTED] information is obtained from the applicable Servicing Agreement and updated as necessary. Information from the [REDACTED] is used to populate the plaintiff field in the affidavit, proof of claim and/or any subsequent legal documentation generated as part of a legal proceeding.

Similarly, Mortgage Servicing's Master Servicing department utilizes a Default Management System to record the proper party to file a claim or action based on information in the applicable Pooling and Servicing Agreement.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to test for compliance to the effective reporting of the proper party to the action in connection with all stages of foreclosure and bankruptcy. Additionally, Mortgage Compliance will expand its MTR to include the review of chain of title transactions to ensure that ownership of the promissory note and mortgage (or deed of trust) is properly documented based on the inventory of State laws provided by Legal.

4.5.4 Article 8(e)(iv)

The Program shall, at a minimum, address, consider, and include: processes to ensure that a clear and auditable trail exists for all factual information contained in each affidavit or declaration, in support of each of the charges that are listed, including whether the amount is chargeable to the borrower or claimable by the investor

All factual information contained in affidavits or declarations is dependent on the original documents, internal data and data from Third Party Providers, including foreclosure and bankruptcy attorneys.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to test and document the affidavit review process by tracing the information contained in the affidavits or declarations and summaries of motion to information obtained from the original documents, internal data or data obtained from Third Party Providers. As part of its affidavit review process, Mortgage Compliance will also determine if fees are chargeable to the borrower or claimable by the investor.

f. Crediting of Payments – Article 8(f)

The Program shall, at a minimum, address, consider, and include: policies and procedures to ensure that payments are credited in a prompt and timely manner; that payments, including partial payments to the extent permissible under the terms of applicable legal instruments, are applied to scheduled principal, interest, and escrow before fees, and that any misapplication of borrower funds is corrected in a prompt and timely manner.

Currently, Mortgage Servicing has procedures guiding the accurate, prompt and timely crediting of payments as well as the steps required to detect and rectify any misapplication of borrower funds in a timely manner. As the system of record, [REDACTED] contains logic to monitor proper adherence to payment hierarchy requirements, including application of payments to interest, principal and escrows before fees. Internal controls in [REDACTED] help ensure the accuracy of calculations around the application of payments based on the loan unpaid principal balance, note rate, contractual payments and last paid installment status.

To enhance its MCP, Mortgage Compliance will expand its MTR plan to test loans to determine if payments were credited in a prompt and timely manner; that payments, including partial payments to the extent permissible under the terms of applicable legal instruments, are applied to scheduled principal, interest, and escrows before fees, and that any misapplication of borrower funds is corrected in a prompt and timely manner. To effectively test for this requirement, Mortgage Compliance will review Mortgage Servicing suspense accounts as well as payment histories.

g. Compliance with Contractual Obligations – Article 8(g)

The Program shall, at a minimum, address, consider, and include: compliance with contractual obligations to the owners of the mortgages in the Servicing Portfolio.

Currently, Mortgage Servicing is responsible, and will continue to be responsible and accountable, for ensuring compliance with contractual obligations to the owners of the mortgages in the Servicing portfolio.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to test for compliance with contractual obligations to the owners of mortgages in GMACM's Servicing portfolio.

h. Compliance with Contractual and Legal Fee limits – Article 8(h)

The Program shall, at a minimum, address, consider, and include: compliance with the contractual limitations in the underlying mortgage note, mortgage, or other customer authorization with respect to the imposition of fees, charges and expenses, and compliance with Legal Requirements concerning the imposition of fees, charges, and expenses

Currently, compliance with the contractual limitations in the underlying note, mortgage, and customer authorizations and compliance with Legal Requirements with respect to the imposition of fees, charges and expenses is initially managed through system controls in the servicing system, [REDACTED] Mortgage Servicing's Transfer Management and Cash Management teams also monitor fees, charges, and expenses to review for accuracy

throughout the loan boarding process and through exception reporting generated from [REDACTED]

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to include testing the design and operating effectiveness of the existing controls in the servicing system, as well as the output of any examination performed by the Transfer Management and Cash Management teams throughout the boarding process and through [REDACTED] exception reporting. Mortgage Compliance will also test for compliance with Federal and State LRRs concerning the imposition of fees, charges, and expenses.

i. Foreclosure Sales and Post-Sale Confirmation Compliance – Article 8(i)

The Program shall, at a minimum, address, consider, and include: processes to ensure that foreclosure sales (including the calculation of the default period, the amounts due, and compliance with notice requirements) and post-sale confirmation are in accordance with the terms of the mortgage loan and applicable State and Federal law requirements.

Currently, Mortgage Servicing has processes to govern foreclosure sale and post-sale procedures in judicial and non-judicial States, including the requirements concerning the calculation of the default period, the amounts due, compliance with notice requirements and post-sale confirmations. In addition, Mortgage Servicing has implemented foreclosure quality control reviews prior to foreclosure referral and prior to foreclosure sale.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to include testing of foreclosure sales (including the calculation of the default period, amounts due, and compliance with notice requirements) and post-sale confirmations for compliance with the terms of the mortgage loan and applicable State and Federal law requirements. As mentioned previously, the MTR Plan is described in more detail in Section C(4) of the MCP, which is attached as Appendix 2.

j. Compliance with Bankruptcy Law Requirements – Article 8(j)

The Program shall, at a minimum, address, consider, and include: procedures to ensure compliance with bankruptcy law requirements, including a prohibition on collection of fees in violation of bankruptcy's automatic stay (11 U.S.C. § 362), the discharge injunction (11 U.S.C. § 524), or any applicable court order.

To enhance its MCP, Mortgage Compliance will expand its MTR Plan to include testing to ensure compliance with bankruptcy law requirements, including the prohibition on collection of fees in violation of bankruptcy's automatic stay (11 U.S.C. § 362), the discharge injunction (11 U.S.C. § 524), or any applicable court order.

k. Scope and Frequency of Independent Compliance Testing – Article 8(k)

The Program shall, at a minimum, address, consider, and include: the scope and frequency of independent testing for compliance with the Legal Requirements, supervisory guidance of the Board of Governors, and the requirements of the Mortgage Servicing Companies' internal policies, procedures, and processes by qualified parties with requisite knowledge

and ability (which may include internal audit) who are independent of the Mortgage Servicing Companies' business lines and compliance function.

Currently, the MCP incorporates the independent compliance testing being performed by Mortgage Compliance in connection with its MTR Plan. The MTR Plan is described at a high level in Section III(C)(2) of the MCP. The MTR Plan leverages the EMTR testing framework as guidance and will incorporate related EMTR results provided by ECP management as an overlay or reasonableness check.

Mortgage Compliance will expand the scope of the MTR Plan in response to the Order, upon receipt of the inventory of State laws from Legal² and pursuant to new and/or updated Legal Requirements or risk issues.

Additionally, Mortgage Compliance will enhance its MCP and MTR Plan to:

- Include a quarterly reassessment of the current MCP staffing model to: (i) determine the need for additional personnel to manage and execute the testing, given the increased MTR scope discussed in this response and the potential for increased regulatory scrutiny; and (ii) confirm that existing staff have the requisite knowledge and abilities to perform their job duties. In May 2011, Mortgage Compliance obtained approval to add six additional positions to the MTR team. Mortgage Compliance will explore the level of effort required to address each of the enhancements discussed in this Response as well as the capabilities and bandwidth of existing personnel before headcount can be finalized. The MCP staffing and resource needs will be reported and escalated to GCRA and Mortgage Management and to the ResCap or Ally Board Committees as appropriate (and as required under plans to respond to Section 2 – Board Oversight).
- Partner with Global Technology Operations to deploy [REDACTED] (a sampling, testing and reporting tool) or another application to support Mortgage Compliance's MTR Plan for Mortgage Servicing.

I. New or Changes to Legal Requirements / Supervisory Guidance – Article 8(I)

The Program shall, at a minimum, address, consider, and include: measures to ensure that policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate new or changes to Legal Requirements and supervisory guidance of the Board of Governors

As mentioned earlier in this response, Mortgage Compliance has an established Legislative Tracking and Regulatory Change Management process to ensure that Mortgage Servicing policies, procedures and processes are updated to reflect new or revised Legal Requirements and supervisory guidance.

Legal assumed responsibility for the Mortgage legislative reporting process on July 1, 2011,

² Legal owns maintaining and communicating to Mortgage Compliance the inventory of Federal and State LRRs effective 7/15/11.

and will communicate new or revised Legal Requirements to Mortgage Compliance. Additionally, in 2010, Legal updated its inventory of Federal laws applicable to Mortgage Servicing and is in the process of purchasing an inventory of State laws applicable to Mortgage Servicing. Upon receipt of the communication of new or revised Legal Requirements or the inventory of State laws, Mortgage Compliance will follow its existing Regulatory Change Management process to; 1) communicate the Legal Requirements and supervisory guidance to Mortgage Servicing; and 2) monitor whether modifications were made to existing Mortgage Servicing policies, procedures, documents or compliance controls in a timely manner.

m. Findings / Conclusions from Review of Foreclosure Processes – Article 8(m)
The Program shall, at a minimum, address, consider, and include: the findings and conclusions of the independent consultant(s) engaged by GMAC Mortgage under paragraph 3 to review the Mortgage Servicing Companies' foreclosure processes.

The existing MCP and the program enhancements described in this response are subject to modification to address any compliance matters brought to AFI's attention by independent parties, including independent reviews commissioned under the Order and other regulatory and supervisory guidance.

Appendix I – Program Deliverables by Consent Order Section

Program Deliverable	CO Section	Task	Owner	Projected Start Date	Projected Finish Date
Improved Governance Structure – Roles and Responsibilities	8(a)	Develop and implement complaint oversight role and process within Mortgage Compliance		6/01/11	12/01/11
Improved Regulatory Oversight – Inventory of Laws	8(i)	Legal will provide Mortgage Compliance with a summary of the State laws applicable to Mortgage Servicing		1/31/11	7/15/11
Improved Governance Structure – Roles and Responsibilities	8(b)	Enhance the MCP to include policies to communicate and monitor compliance related duties and responsibilities of Third Party providers.		7/15/11	12/01/11
Regulatory Change Management	8(a) 8(b)	Clarify and communicate roles and responsibilities between Legal and Mortgage Compliance in connection with the transition of the Legislative Reporting function from Mortgage Compliance to Legal		1/31/11	7/01/11
Expanded MTR Plan	8(c)	Develop and implement a plan to ensure that Mortgage Servicing was able to locate and secure all documents necessary to perform the following activities:			
		Foreclosures		7/15/11	11/01/11
		Loss Mitigation			2/01/12
		Other Mortgage Servicing Activities			6/01/12

Program Deliverable	CO Section	Task	Owner	Projected Start Date	Projected Finish Date
Governance	8(d)	Revise the MCP to incorporate the CoEs.		7/15/11	12/01/11
Expanded MTR Plan	8(e)(i)	Develop and implement plan to ensure factual assertions in foreclosure and bankruptcy pleadings, declarations and affidavits are accurate Assess if there are any other pleadings, affidavits utilized in Mortgage Servicing that should be tested and if so, implement testing plans		1/31/11	11/01/11 6/01/12
Expanded MTR Plan	8(e)(ii)	Develop and implement a plan to ensure foreclosure affidavits were signed and notarized in accordance with LRRs		1/31/11	7/01/11
Expanded MTR Plan	8(e)(iii)	Develop and implement a plan to test for the proper party to the foreclosure and/or bankruptcy actions		1/31/11	11/01/11
Expanded MTR Plan	8(e)(iii)	Develop and implement a plan to include chain-of-title reviews for loans in bankruptcy and foreclosure		1/31/11	11/01/11
Expanded MTR Plan	8(e)(iv)	Develop and implement a testing plan to review affidavits against internal and external source data.		1/31/11	11/01/11
Expanded MTR Plan	8(f)	Develop and implement testing plans to ensure that borrower payments and borrower refunds were credited in a prompt and timely manner		7/15/11	12/01/11

Program Deliverable	CO Section	Task	Owner	Projected Start Date	Projected Finish Date
Expanded MTR Plan	8(g)	Develop and implement a plan to test for compliance with contractual obligations of the owner of the loan (investor requirements)		7/15/11	6/01/12
Expanded MTR Plan	8(h)	Develop and implement a plan to test fees based on the contractual limitations in the loan documents and to ensure compliance with LRRs. <i>*Note: Some fee tests have already been implemented and will continue to be implemented over the next 12 months.</i>		5/01/11	6/01/12
Expanded MTR Plan	8(i)	Develop and implement compliance testing for foreclosure sales requirements Develop and implement compliance testing for post-sale confirmations		1/31/11	11/01/11 2/01/12
Expanded MTR Plan	8(j)	Develop and implement a plan to test loans for compliance with Bankruptcy Legal Requirements		1/31/11	11/01/11
Expanded MTR Plan	8(k)	Deploy [REDACTED] or another tool to support the MTR Plan for Mortgage Servicing		7/15/11	6/01/12
Enhanced Resource/Staffing Model Note: applies to all deliverables	8(k)	Define required additional resources and job functions commensurate with the increase in Compliance plans/responsibilities described in this response		4/01/11	07/11/11 12/30/11

Ally Financial Inc.
Mortgage Line of Business
(“Mortgage”)
Compliance Program Description

May 30, 2011

Confidential – for Internal Use Only

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Revision History				
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No.	Date	By	Reason for Update	Section(s) Updated
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1	September 2010	Compliance Program Mgmt.	Template first published.	_____
2	November 15, 2010	Mortgage Global Compliance	Compliance program revised to follow new template.	All
3	May 30, 2011	Mortgage Compliance	Revised to remove imbedded documents, which were no longer current, and to update various committee and department names.	All

Section I – OVERVIEW AND SCOPE

	REQUIREMENT	DESCRIPTION
1.	Description of how the Line of Business (“LoB”) fits into the Ally organizational structure.	Mortgage (for the purposes of this Program) includes the mortgage activities conducted by the following entities: Residential Capital, LLC and its direct and indirect subsidiaries that are actively engaged in mortgage business in the domestic U.S., including GMAC Mortgage, LLC, Ditech, LLC, Executive Trustee Services, LLC, ETS of Virginia, LLC, and Residential Funding Company, LLC.
2.	High-level description of the LOB, including products, services, functions, processes, locations, markets, client types and other information helpful to an understanding of the LoB.	Mortgage activities include the brokering, origination, purchase, servicing, funding, sale and securitization of residential mortgage loans secured by property in the U.S.
3.	High-level description of the LoB Compliance Department and compliance risk management infrastructure (e.g., policies and procedures, monitoring & testing, and training).	Ally’s Global Compliance and Regulatory Affairs (Global Compliance) department is responsible for developing and managing compliance policies and procedures for mortgage loan origination and servicing compliance activities, state licensing and regulatory examination management, compliance training, and compliance monitoring, testing and reporting.

Section II - GOVERNANCE

	REQUIREMENT	DESCRIPTION
1.	LoB governance committees or oversight processes where compliance risks are considered.	Compliance risk issues are reported to Mortgage senior leaders, business unit sales, operations and risk leaders, and Legal. In addition, compliance risk issues are reported to the Mortgage Operational Risk and Compliance Committee, the ResCap Board or ResCap Audit Committee, the Ally Compliance Risk Committee or Risk Compliance Committee, Ally Bank’s CCO and Ally’s CCO.

2.	Description of compliance roles and responsibilities within the LoB.	Mortgage follows the Global Compliance Program Statement about Lines of Defense. More specifically, Mortgage is responsible to manage all compliance risks applicable to its business. With respect to new laws and compliance policies, Mortgage is responsible to implement compliance policies and controls in a timely and quality manner.
3.	Description of the overall planning process specifically describing how compliance risks and issues are incorporated into business and performance plans.	Global Compliance leaders participate in Mortgage business planning and new product and program development meetings to ensure that compliance risks and issues are incorporated into business controls and performance plans. Global Compliance leaders also participate in Mortgage leadership meetings and incentive compensation program meetings to ensure that compliance risk issues are incorporate in the performance plans.
4.	Description of how overall risk appetite is determined and specifically how compliance risk appetite is factored into the determination of overall risk tolerance.	Mortgage considers its risk appetite and tolerance with respect to new and existing products, programs, laws, and compliance policies. More specifically, Mortgage will work with Global Compliance to assess the risk environment, severity, probability, and to monitor and test risk controls.
5.	Description of the way in which compliance risks are reported to appropriate levels of management.	Compliance risks are reported verbally and in writing to Mortgage leaders at weekly and monthly leadership, operations, and compliance and risk meetings. In addition, some compliance risk issues are reported to the Mortgage Operational Risk and Compliance Committee, ResCap Board, ResCap Audit Committee, the Ally Compliance Risk Committee and the Ally Board Risk Compliance Risk Committee.
6.	Description of how compliance performance is measured.	Compliance performance is measured against Ally's Global Compliance Program Principles: 1) Commitment and Culture; 2) Controls; 3) Management Reporting and Analysis; and 4) Regulatory Oversight. In addition, compliance performance is monitored and tested through compliance assessments, practice reviews, loan file reviews, and exception reporting.

Section III – FOUR PRINCIPLES

1. Commitment and Culture

	REQUIREMENT	DESCRIPTION
1.	<p>Compliance Commitment</p> <p>Description of how senior management communicates their compliance commitment to employees, including whether this occurs on a regular basis.</p>	<p>Senior management regularly communicates their commitment to compliance by promoting a compliance culture, training, self-testing, and ensuring that Global Compliance has a prominent status in the company, appropriate authority, and independent access to resources.</p>
2.	<p>Executive/Senior Management Consideration of Compliance Risks</p> <p>Description of how compliance impacts/risks are considered at executive or senior management strategy or planning meetings.</p>	<p>Mortgage executives and senior leaders consider compliance risks during leadership, operations, strategy, and planning meetings.</p>
3.	<p>Resources</p> <p>Description of staffing levels, qualifications and roles and responsibilities in place to support compliance-related functions within the LoB. Description of the level of technology resources dedicated to supporting compliance and the processes for obtaining funding for projects/initiatives to manage current and emerging risks.</p>	<p>Global Compliance staffing levels are determined by Ally's CCO and senior leadership team in consultation with Mortgage leaders. Global Compliance leaders must meet the job qualifications established by Ally's Global Compliance Program and have sufficient compliance knowledge and experience to perform the job responsibilities.</p> <p>Global Compliance and Mortgage leaders work together to dedicate technology resources to support the Mortgage Compliance Program and to obtain funding for projects and initiatives to manage and control compliance risks.</p>
4.	<p>Reporting Compliance Issues and Risks</p> <p>Description of how compliance issues and risks are incorporated into risk reviews and LoB self-assessment processes and are otherwise reported to management.</p>	<p>Global Compliance publishes Regulatory Compliance Bulletins, Compliance Policies, Compliance Manual Updates, Compliance Alerts, Compliance Monitoring, Testing and Reporting ("MTR") results, and federal and state regulatory guidance and examination findings. Mortgage leaders utilize this information and its own risk identification processes to build and strengthen its risk controls, including risk reviews and self-assessments.</p>
5.	<p>Business Planning</p> <p>Description of how compliance risks</p>	<p>Compliance risks and topics are considered during the Mortgage business planning process and regular weekly and monthly Mortgage senior leadership</p>

	and topics are considered in business planning.	meetings. Reports describing new regulatory risks and Mortgage performance against existing compliance requirements are considered in the business planning process.
6.	Employee Accountability Description of how employees are held accountable for compliance performance, including how they are held accountable for violations of company standards.	Mortgage leaders hold employees accountable for compliance by establishing goals and objectives and by monitoring performance through periodic assessments and performance reviews.
7.	Employee Performance Description of how compliance roles, accountabilities, and performance expectations and results are documented. Description of whether they are included in job descriptions and performance evaluations. (Including how compliance roles, accountabilities, and performance expectations are communicated to employees.)	Compliance roles, accountabilities, and performance expectations are documented in job descriptions, goals and objectives and incentive compensation plans. Performance results are communicated to employees through periodic assessments and during performance reviews. Compliance roles and responsibilities are also communicated to employees through policies and procedures, training and meetings.
8.	Identification and Mitigation Process Processes in place to identify and address compliance gaps. Description of how the LoB evaluates new processes to determine if compliance requirements exist, identifies changes in legal or regulatory requirements relevant to the LoB, identifies current and emerging risks, and periodically reviews the compliance program. (Including the processes in place to address compliance gaps and risks that are identified.)	Global Compliance works with Mortgage to evaluate new products, programs, strategies and laws for compliance issues and risks. Global Compliance has established a process to identify compliance risk issues and gaps through its compliance monitoring and testing plans. Compliance gaps and risk issues are reported to Mortgage leaders to perform root cause analysis and corrective action. Corrective action is monitored by Global Compliance and reported to Mortgage leaders and Operations Risk for tracking and reporting on the ResCap Open Matters Control Report.
9.	Compliance Program Updates Description of the process in place to update the LoB compliance program.	Global Compliance has established a process to update the Compliance Program as needed and to conduct a comprehensive compliance program review each year.
10.	New Products Processes and activities that help	New Products and Programs within Mortgage are reviewed and approved by the Mortgage Credit Risk

	<p>the LoB to validate that key compliance risks are considered early in new product and process development. Including:</p> <ul style="list-style-type: none"> ▪ A description of how compliance risks are identified. ▪ A description of how appropriate stakeholders are identified. ▪ The role of LoB compliance in the development process. 	<p>Committee.</p> <p>Global Compliance representatives participate in new product and program development and implementation meetings to identify compliance risk issues in an effort to establish controls to mitigate compliance risks.</p>
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2. Controls

A. Controls and Supervision

	REQUIREMENT	DESCRIPTION
1.	<p>Control Processes</p> <p>Processes used to determine whether appropriate controls are in place to mitigate compliance risks. (Including processes that determine compliance program adequacy and where controls are needed.)</p>	<p>Working groups that consist of Global Compliance, Legal and Mortgage representatives meet on a regular basis to determine if appropriate controls are in place to mitigate compliance risk in connection with new products, programs, and laws and in connection with the review of surveillance, monitoring and testing results.</p>
2.	<p>Develop/Enhance Controls</p> <p>Processes to ensure that controls are developed or enhanced when weaknesses are identified. (Including information on how action plans are developed and the follow-up process for ensuring that corrective action occurs as needed.)</p>	<p>Controls are developed or enhanced when compliance performance results indicate a control weakness. Monitoring and testing results are shared with Mortgage staff on a regular basis throughout the testing cycle. Global Compliance provides constructive guidance and advice related to compliance risks and corrective actions necessary to resolve regulatory violations; however, it is the responsibility of Mortgage leaders to take immediate corrective action to address any out-of-compliance conditions.</p> <p>The compliance monitoring and testing plan requires Mortgage to perform root cause analysis and to provide Global Compliance with its remediation plans in response to compliance risk issues. The compliance risk issues and remediation plans are</p>

		reported to senior leadership and follow up occurs on a monthly basis. As needed, Mortgage will consult with the Legal Department and Global Compliance to discuss root cause analysis; possibilities of process or systemic issues; remediation plans; and resolution of current findings. Remediation plans are monitored and specific reviews executed after corrective action implementation to ensure the action effectiveness. Transactional remediation plans are monitored monthly by Global Compliance and resolved issues are retested monthly for compliance. Significant compliance risk issues and the corresponding action plans are reported to Mortgage and Global Compliance leaders and the appropriate councils and governance committees.
3.	Governance Description of any additional LoB business unit governance processes, not included in Section III above.	Within Mortgage, there are informal governance processes and/or networks, working groups, councils and project teams that meet on a regular basis to discuss compliance risk issues and to develop or enhance existing compliance controls.
4.	Supervisory Processes Description of the supervisory processes that are established to oversee high-risk activities.	Global Compliance performs targeted risk assessments, monitoring, and testing for high-risk activities. In addition, Internal Audit will serve as a third line of defense and perform routine audits of high-risk activities.
5.	Management Processes Description of the supervisory and management processes to oversee employee actions.	Managers and supervisors oversee employee actions through the normal course of business. With respect to compliance findings, Mortgage tracks some compliance findings at the employee level and provides employees with performance feedback and counseling as appropriate.
6.	External Risks Processes used to determine whether controls are in place to mitigate compliance risks arising from the external environment and events. Also, processes to ensure that controls are developed or enhanced whenever weaknesses are identified.	Processes and controls are in place to identify and mitigate compliance risks arising from the external environment. External risk issues will follow the same process as internal risk issues. More specifically, with the identification of an external risk issue, a compliance assessment or gap analysis will be performed, which may result in the implementation of new or enhanced compliance policies, surveillance, and/or controls.
7.	Tracking and Escalation Description of how compliance risks and issues are escalated in the LoB. (Including information on whether there are clear lines of authority, and	Compliance risks and issues are tracked using various risk reports and databases, including the new law log, new law past due implementation reports, risk issues reports, exam finding summaries and MTR summaries. Significant compliance risk issues are escalated to the Global Compliance CCO, Legal, and

<p>how escalation paths are established and communicated to employees.) Description of how issues are followed through to ensure that corrective action is completed as required.</p>	<p>Mortgage leaders for decision and resolution. Compliance risk issues are tracked through resolution and include remediation, corrective action, and post implementation testing.</p>
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B. Policies and Procedures

	REQUIREMENT	DESCRIPTION
1.	<p>Policies and Procedures Inventory</p> <p>Indicate whether the LoB maintains an inventory of policies, procedures and guidelines with which the LoB must comply and provide a list of policies and procedures manuals (or a hyperlink when possible). Also, describe how policies and procedures are accessed by employees and describe the retention history and records management processes that are in place.</p>	<p>Global Compliance maintains Global Compliance Policies and a Mortgage Compliance Policy Manual. Some Mortgage business units also maintain policies and procedures manuals that reference or summarize compliance policies, procedures and controls. The Global Compliance Policies and Mortgage Compliance Policy Manual is available to all Associates and can be accessed through the internal share point sites. The business unit specific policies, procedures and compliance alerts can be accessed through share point sites, shared folders and team room sites on [REDACTED]</p> <p>The Global Compliance Policies and Mortgage Compliance Policy Manual have version controls and history tracking for changes.</p>
2.	<p>Compliance Policies and Procedures</p> <p>Description of LoB’s compliance policies and procedures. (Including whether they are set forth in a manual or integrated into the LoB’s operating procedures.)</p>	<p>Compliance policies are set forth in Global Compliance Policies or the Mortgage Compliance Policy Manual. However, business unit specific compliance policies (that are more restrictive than the Global or Mortgage Compliance Policies) are set forth in business unit specific policies and procedural manuals.</p>
3.	<p>Integration of Compliance in Policies and Procedures</p> <p>Description of how LoB-specific policies and procedures are documented, including a description of how compliance requirements are embedded into policies, procedures and processes.</p>	<p>Mortgage Compliance Policies are published in the Mortgage Compliance Policy Manual and are communicated to Associates in the form of Compliance Manual Updates. Federal or state laws that are currently summarized in the Mortgage Compliance Manual are documented and communicated using Regulatory Compliance Bulletins.</p>

4.	<p>Update and Approval Process</p> <p>Processes in place for updating and approving policies and procedures. (Including information on how Compliance is involved in the process to ensure that regulatory requirements are met.)</p>	<p>Compliance Policy updates and revisions to the Mortgage Compliance Policy Manual are reviewed and approved by Global Compliance Associates and a regulatory attorney. New Compliance policies are tracked in the Regulatory Compliance Database to ensure that regulatory requirements are met in a timely manner.</p>
5.	<p>Communication of New/Revised Policies and Procedures</p> <p>Description of how employees are made aware of global and LoB-specific policies and procedures and the process in place to communicate new or updated policies and procedures.</p>	<p>Employees are made aware of Global Compliance and Mortgage Compliance policies through regular meetings, training and the following communications:</p> <ul style="list-style-type: none"> • Compliance Manual Updates and Regulatory Compliance Bulletins • Correspondent Funding Client Guide Bulletins and Compliance Alerts • Consumer Services Memos and policy and procedural updates • Servicing policies and procedures

C. Monitoring and Testing

	REQUIREMENT	DESCRIPTION
1.	<p>Mapping Process</p> <p>Processes for mapping laws, regulations, and compliance risks to appropriate policies, procedures, controls, and monitoring activities.</p>	<p>Global Compliance is responsible for mapping laws, regulations, compliance risks to corresponding policies, procedures, controls and monitoring activities and works with Legal to inventory the laws and regulations applicable to Mortgage and compliance risk assessments.</p> <p>Global Compliance tracks and identifies changes to federal and state laws and regulations affecting Mortgage. Sources used by the Legislative Reporting unit include but are not limited to AllRegs, HouseLaw, CompliSource, iComply and various federal and state agency websites. All applicable law changes are entered into an internal Regulatory Compliance database ("the database"). The following information is captured related to each entry: jurisdiction, bill number, effective date, reference source, status, bill classification, brief description, and web link to the text of the law. An alert is auto-generated from the database for each entry and is sent to representatives for each of the impacted Business Units within Mortgage and Global Compliance's MTR group. In addition to the alert,</p>

		<p>each entry is also discussed in the weekly Compliance Network Group forum, which includes representatives from Global Compliance, Legal and Mortgage.</p> <p>For significant law changes, Global Compliance will prepare Compliance Manual Updates, which are reviewed by Legal prior to distribution. These updates include required actions to be taken by impacted business units. Mortgage business units are responsible for documenting the status of compliance with each law change for their applicable business units in the database and providing links to the documentation supporting actions taken. Implementation progress and concerns, as well as best practices and other operational compliance issues are discussed during regular Compliance Operations meetings with Mortgage business units.</p>
2.	<p>Evaluation of Monitoring Activities</p> <p>Processes to identify and periodically evaluate activities to be monitored.</p>	<p>New monitoring and testing activities are developed as part of the implementation strategy for new laws, products, programs, business process changes and initiatives, examination reports and internal audits. Risk Assessment Matrices have been prepared to identify the compliance risk ratings and periodic risk assessments will be conducted to evaluate the activities being monitored. New laws and the overall regulatory environment may also dictate the need to evaluate the activities being monitored in order to prioritize monitoring activities.</p>
3.	<p>Monitoring/Testing Process</p> <p>Processes in place to identify compliance issues and risks and to ascertain the effectiveness of adhering to applicable laws, regulations, policies and procedures. (Including how global compliance issues such as AML, Privacy, Information Security, Conflicts, Ethics, Regulation W, Regulation K, etc. are integrated into these processes.)</p>	<p>The Monitoring, Testing and Reporting (MTR) Framework is conducted via multiple processes across a variety of stages including, but not limited to:</p> <ul style="list-style-type: none"> • Early, proactive involvement with Mortgage and Global Functional areas during product and service planning and scoping (to ensure compliance and to build Mortgage compliance strategies from inception); • Monitoring, testing and exception reporting activities to evaluate compliance performance; • Engagement with the legislative change management process (state and federal) with aspirations to expand to non-United States laws and regulations to ensure Mortgage Compliance MTR Framework testing is conducted with the latest laws and regulations; • Review and compliance oversight of marketing initiatives, including engagement with new product and new business development processes, advertising and marketing collateral review and approval and model build processes; • Transactional and targeted compliance reviews;

		<ul style="list-style-type: none"> • Sales, origination and servicing reporting and analysis; and • Origination and servicing compliance risk assessments. <p>The Mortgage Compliance MTR Framework approach is dynamic and is re-evaluated no less frequent than annually based on identified risks and changes to Ally and Mortgage strategies and Products.</p>
4.	<p>Monitoring and Testing Plan</p> <p>Processes to maintain a current monitoring and testing plan for activities to be monitored. (Including a high-level description of monitoring/testing processes, including scope, frequencies and accountabilities.)</p>	<p>The Monitoring, Testing and Reporting Team within Global Compliance monitors Mortgage business units for compliance through performing a variety of monitoring and testing strategies.</p> <p>Monitoring</p> <p>The Monitoring approach evaluates compliance performance with federal and state laws and regulations and is primarily targeted at specific operational areas or business processes established as preventative and detective controls. Monitoring is conducted via two (2) primary ways:</p> <ul style="list-style-type: none"> • Surveillance – Reports are comprised of information that looks for patterns, issues, identified gaps or areas needing further analysis; and • Exception Reports - Reports are comprised of information, which produces results that indicate non-compliance with applicable laws or regulations. <p>Testing</p> <p>Product Transactional Reviews include testing for completeness, accuracy, and validity of compliance documentation, processes, controls, and data accuracy relied upon throughout the Product transaction. Part of this process will conduct standard periodic statistical and stratified reviews and risk-based/targeted compliance reviews that include both risk-focused and process-oriented approaches to assess the quality of risk controls.</p> <p>Product Transactional Targeted Reviews can either be recurring on a periodic/rotating timeline or through a one-time evaluation. In addition to testing Products post funding (originated or acquired), the MTR Team tests non-funded actions to ensure compliance with applicable federal and state laws and regulations.</p>

		<p>Compliance Assessments:</p> <p>The compliance assessment approach is to assess and measure risk by identifying issues and patterns, evaluating the completeness, accuracy and validity of compliance documentation, processes, control, and data accuracy relied upon throughout the Product lifecycle. The MTR Team reviews Mortgage policies, procedures and operating systems; systemic controls (e.g., required fields in system of record); training on policies, procedures and services; and, process designs that incorporate and comply with applicable laws and regulations.</p> <p>Corrective Action:</p> <p>Global Compliance collaborates with Mortgage business unit staff to determine root cause and to provide constructive guidance and advice related to compliance risk and corrective actions necessary to resolve identified issues. Mortgage business unit’s staff are required to review MTR Framework re quality issues and required changes to ensure compliance. As process or systemic issues are identified, remediation plans are created to resolve current findings and/or prevent future findings through process or system improvements. It is the responsibility of Mortgage leaders to take prompt corrective action to address any out-of-compliance conditions. Subsequent reviews performed by MTR Team will be conducted as needed to ensure that corrective action by Mortgage is lasting and effective.</p>
5.	<p>Monitoring and Testing Results</p> <p>Processes for reporting monitoring and testing results to management. (Including information on frequency, distribution and trending.)</p>	<p>Reports are prepared by the MTR Team within Global Compliance. Working with other risk partners, as needed, the preliminary reports are distributed in draft format to Mortgage. Mortgage is provided one business week with the opportunity to respond to, dispute and/or clear any factual inaccuracies prior to the issuance of the final report. Global Compliance evaluates Mortgage Operation’s responses, modifies the preliminary draft report, as appropriate, and issues the final report. Following response review, the final report is provided to Mortgage leaders and various governance</p>
6.	<p>Customer Complaints</p> <p>Description of how customer complaints are investigated, analyzed and reported to management.</p>	<p>Customer complaints are investigated and resolved by Mortgage business units in the normal course of business. Escalated customer complaints are referred to the Voice of Customer department within Mortgage for investigation, root cause analysis, tracking, reporting and response preparation, tracking and reporting. Escalated complaints include, but are not limited to complaints from regulators, attorneys, customer advocacy groups and borrower complaints directed to Mortgage leaders. Some escalated</p>

		customer complaints are referred to Legal or Global Compliance for investigation and/or review and approval of the response and corrective action.
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D. Training

	REQUIREMENT	DESCRIPTION
1.	<p>Annual Learning Goals and Curriculum</p> <p>Description of how Compliance is integrated in this process for determining annual employee learning goals and curriculum.</p>	Global Compliance will determine the minimal compliance training requirements for new hires and existing compliance associates. Compliance training is monitored and performance reports are provided to Global Compliance and Mortgage leaders on a regular basis.
2.	<p>Compliance Competencies</p> <p>Description of how compliance competencies are integrated into LoB processes.</p>	Compliance competencies are integrated into Mortgage processes through training and education, policies and procedures.
3.	<p>Communication</p> <p>Description of the communication process (es) in place to enhance employees' awareness of compliance-related topics.</p>	<p>Employees are made aware of Global Compliance policies through regular meetings, training and the following communications.</p> <ul style="list-style-type: none"> • Global Compliance Manual Updates and Regulatory Compliance Bulletins • Correspondent Funding's Client Guide Bulletins and Compliance Alerts • Consumer Services memos and policy and procedural updates • Servicing Compliance Advisories and updates to Servicing's online policies and procedures.
4.	<p>Metrics</p> <p>Description of how training is tracked and measured.</p>	Compliance training is tracked and measured using Ally's learning management system. The following training metrics are utilized by Global Compliance and Mortgage to track compliance training: 90% completion rate and 80% pass rate.

5.	<p>Needs Assessment</p> <p>Processes in place for identifying compliance training and communication needs (e.g., monitoring results, new regulations, audit or examination findings, litigation).</p>	<p>Global Compliance conducts periodic needs assessments for compliance training for Mortgage requirements. Global Compliance personnel also meeting with Mortgage leaders to develop the compliance training framework and calendar.</p>
6.	<p>Employee Awareness</p> <p>Processes for determining whether employees have an adequate awareness of laws and regulations and apply it in the course of performing their job function and responsibilities.</p>	<p>Employee awareness is determined through training and self-testing results and through performance assessments and performance appraisals.</p>
7.	<p>Training Adequacy</p> <p>Processes for determining whether adequate training exists on the application of compliance policies and procedures. (Including information on how training programs and materials are developed, reviewed and approved.)</p>	<p>Compliance training is developed and/or reviewed and approved by Global Compliance and Legal.</p>

3. Management Reporting and Analysis

	REQUIREMENT	DESCRIPTION
1.	<p>Management reports</p> <p>Inventory/list of management reports that address compliance (e.g., summarize monitoring and testing results, key risks, risk assessments, emerging risks, compliance violations, resolution activities, exam and audit issues and significant business initiatives).</p>	<p>The following is a current list of some of the management reports that address compliance.</p> <ul style="list-style-type: none"> • New Law log • Compliance MTR transaction, summary, surveillance and rolling calendar reports • Month End Regulatory Compliance Past Due Implementation Report • Federal and State Regulatory Examination Findings Reports • Risk Issues Reports • Risk Assessments

2.	Reporting Description of how compliance issues and risks are reported. (Including information regarding the distribution and the frequency of the reports and how both are determined.)	The general framework of the Mortgage Compliance Program is to provide compliance risk guidance, assess compliance risk controls, communicate results, and generally, monitor business-based programs. See also the MTR program.
3.	Regulatory Reports Description of the process to determine whether regulatory reports contain accurate and complete information, and are filed as required.	Reports and information requested by regulators is collected and tracked by Global Compliance. For state licensing and examination reports, Global Compliance has implemented a quality control process to review regulatory reports for completeness and accuracy.
4.	Metrics Description of the metrics that are in place to measure compliance performance. (Including information on the frequency of the metrics and how results are reported to management.)	Global Compliance provides compliance risk guidance, assesses compliance risk controls, communicate results, and generally, monitor business-based programs. When a violation of a federal regulation, state law, investor requirement and/or internal policy is confirmed and reported, the error is reported as a compliance finding.
5.	Risk Level and Direction Processes used to analyze compliance risk results (including risk assessments) in order to report level and direction of compliance risk into the integrated planning process.	Global Compliance subscribes to several industry publications and utilizes those publications and feedback from peers, investors, regulators and clients to assess and monitor the external environment in order to integrate risk controls into Mortgage planning processes.

4. Regulatory Oversight

	REQUIREMENT	DESCRIPTION
1.	Inventory Process for maintaining and updating an inventory of applicable federal, state and country laws, regulations and guidelines, including risk ratings. (Including a description of processes for maintaining a	An Inventory of Laws and MTR Compass is maintained with respect to federal state regulations and guidelines. In addition, the Legislative Reporting Unit within Global Compliance is responsible for tracking and identifying all changes to federal and state laws and regulations affecting Mortgage. Sources used by the Legislative Reporting unit include but are not limited to AllRegs, HouseLaw, CompliSource, iComply and various federal and state agency websites. All applicable law

	business specific inventory and whether global compliance issues [AML, Privacy, Information Security, Conflicts, Ethics, Regulation W, Regulation K, etc.] are appropriately considered.)	changes are entered into an internal Regulatory Compliance database.
2.	Emerging Risks Processes that are in place to forecast emerging compliance issues and risks. (Considering sources of information and partners [Audit, Legal, etc.] who assist in determining potential risks.)	Emerging compliance risks and issues may be identified through formal risk assessments, regulatory examination guidance and findings, MTR results and through information received from internal partners (Audit, Legal) and external sources (clients, investors, regulators, peers, etc...).
3.	Regulatory Changes Description of how regulatory changes are identified and the process for providing feedback on proposed regulatory changes and final rules. (Considering who reviews the changes and determines potential impact and processes for addressing changes that impact the organization.)	The Legislative Reporting Unit within Global Compliance is responsible for tracking and identifying all changes to federal and state laws and regulations affecting the organization. Sources used by the Legislative Reporting unit include but are not limited to AllRegs, HouseLaw, CompliSource, iComply and various federal and state agency websites. All applicable law changes are entered into an internal Regulatory Compliance database. Updates include required actions to be taken by impacted business units. Mortgage business unit representatives are responsible for documenting the status of compliance with each law change for their applicable business units in the database and providing links to the documentation supporting actions taken. Implementation progress and concerns, as well as best practices and other operational compliance issues are discussed in the bi-weekly Compliance Operations meeting.
4.	Stakeholders Processes used to ensure that all impacted stakeholders participate in analyzing business impacts resulting from changes to laws and regulations.	Global Compliance enters applicable changes to existing laws and/or new laws into the internal Regulatory Compliance database. An alert is auto-generated from the database for each entry and is sent to the designees for the Business Units impacted by the change and to the MTR unit to determine the impact to its testing methodology and procedures. In addition to the alert, each entry is discussed in the weekly Compliance Network Group forum, which includes representatives from Global Compliance, Legal and Mortgage. For significant law changes, Global Compliance drafts Compliance Manual Updates, which are reviewed by Legal prior to distribution. These updates include required actions to be taken by impacted business units. Mortgage business units are responsible for documenting the status of compliance with each law change for their

		applicable business units in the database and providing links to the documentation supporting actions taken. If actions are not taken within an allotted timeframe an escalation report is generated and distributed monthly. Implementation progress and concerns, as well as best practices and other operational compliance issues are discussed in the bi-weekly Compliance Operations meeting.
5.	<p>Communicating Regulatory Changes</p> <p>Processes in place for communicating regulatory changes and new business requirements to employees within the LoB.</p>	Regulatory changes and new business requirements are communicated in the weekly Compliance Network Group and bi-weekly Compliance Operations meetings and by distributing and publishing Compliance Policies, Compliance Manual Updates, Regulatory Compliance Bulletins and Business unit Compliance policies and procedures.
6.	<p>Ongoing Meetings with Regulators</p> <p>Description of how LoB management meets with the regulators on a regular basis and appropriately reacts to the level of regulatory scrutiny.</p>	Global Compliance will facilitate meetings and communications with the federal and state regulators that oversee Mortgage in an effort to build processes to assess and understand the regulatory environment, to influence that environment and to build good faith and constructive relationships with regulators that are essential to the Mortgage Compliance Program.
7.	<p>Examinations</p> <p>Description of the process for LoB management to respond to requests from the regulators as part of regulatory examinations or investigations. (Including how examinations or investigations are managed by the LoB.)</p>	Global Compliance will work with Mortgage and Legal to coordinate the response to any inquiries, questions and/or information and document requests from the regulator as part of regulatory examinations and investigations. Global Compliance will work with Mortgage to establish processes to ensure that documents and information provided to regulators is accurate and provided in a timely manner.
8.	<p>Examination Findings</p> <p>Process for responding to regulatory findings resulting from examinations or investigations. (Including processes to ensure that corrective action is taken on regulatory findings as required.)</p>	The process for responding to regulatory findings resulting from examinations or investigations usually involves the creation of a working group or project team with business representatives from Global Compliance, Legal, and Mortgage. The team will meet to discuss response and corrective action strategies. In many instances, additional information may be required to respond to an examination or investigation findings, so the working group will continue to meet until the examination has been closed and the corrective action is complete.