



**Goldman Sachs  
Residential Mortgage Servicing  
Vendor Management Policy Addendum  
U.S.-Based Program**

**Effective Date: January 27, 2014**

**Residential Mortgage Servicing  
Vendor Management Policy Addendum**

---

**TABLE OF CONTENTS**

---

1. <b>INTRODUCTION</b> .....	1
A. General Overview.....	1
B. Purpose.....	1
C. GS Residential Mortgage Business Model.....	1
2. <b>ROLES AND RESPONSIBILITIES</b> .....	2
A. Vendor Management Operating Committee.....	2
B. Residential Mortgage Servicing Vendor Management Committee.....	2
C. Vendor Management Office .....	3
D. Vendor Relationship Owners .....	3
E. Business Units .....	3
F. Vendor Risk Management Partners.....	3
3. <b>GS MORTGAGE SERVICING TPP RISK MANAGEMENT PROCESS</b> .....	5
A. Risk Assessment (Initial and Periodic).....	5
B. Due Diligence .....	5
C. Contract Structuring and Review .....	5
D. Oversight.....	6

## 1. INTRODUCTION

---

### A. General Overview

The Goldman Sachs Group, Inc. (“GS Group Inc.”) is a Delaware corporation and a bank holding company regulated by the Board of Governors of the Federal Reserve. The GS Group Inc. and its subsidiaries are collectively referred to herein as “GS” or the “Firm.”

This policy applies with respect to loans to which GS owns the mortgage servicing rights. Nothing contained herein shall obligate GS to exercise any oversight of, or make inquiry with respect to, any activities related to loans that GS does not own the mortgage servicing rights.

Any changes or amendments to the residential mortgage servicing addenda or to the Firm’s policies and procedures that specifically relate to Mortgage Servicing TPPs require prior written approval by the Federal Reserve.

### B. Purpose

Sound vendor risk management is critical to the effective oversight of Mortgage Servicing TPPs<sup>1</sup> that act on behalf of GS. Consistent with the GS Vendor Management Policy<sup>2</sup>, this Residential Mortgage Servicing Addendum (“Addendum”) is designed to expand on the existing Firm governance framework by identifying *additional* requirements with respect to Mortgage Servicing TPP vendor management, so that GS may:

- Maintain its commitment to effective Mortgage Servicing TPP standards;
- Affirm and communicate the expectation that the Firm will adhere to all applicable legal and regulatory requirements; and
- Enhance the framework for managing Mortgage Servicing TPPs.

The purpose of this Addendum and the Residential Mortgage Servicing Vendor Management Procedures (“Procedures Addendum”)<sup>3</sup> is to ensure that the Firm effectively monitors the activities of its Mortgage Servicing TPPs.

### C. GS Residential Mortgage Business Model

As of September 2011, the Firm no longer engages in the business of residential mortgage loan servicing and thus does not directly engage in loss mitigation, foreclosure, debt recovery or document custody functions. GS does, however, contract with a limited number of Mortgage Servicing TPPs that perform services for GS in connection with the Firm’s residential mortgage portfolio.

---

<sup>1</sup> Program defines “Mortgage Servicing TPP” to mean residential mortgage loan servicers, post charge-off recovery firms, and document custodians to which GS directly outsources activities related to the routine servicing of individual residential mortgage loans located in the United States (e.g., foreclosure functions).

<sup>2</sup> Link to [Vendor Management Policy](#)

<sup>3</sup> Link to [Procedures Addendum](#)

## 2. ROLES AND RESPONSIBILITIES

---

Key committees serve to provide oversight and direction to the Firm's vendor management program, including the Vendor Management Operating Committee (the "VMOC") and the Residential Mortgage Servicing Vendor Management Committee (the "RMSVMC").

Other key groups involved in the firm's Mortgage Servicing TPP vendor management program include the Vendor Management Office ("VMO"), individual Vendor Relationship Owners ("VROs"), business management, Legal, Global Compliance, Technology Risk, and the Office of Global Security.

### A. Vendor Management Operating Committee

The VMOC reviews and approves business practices recommended by the VMO and its risk partners. The VMOC also serves as an escalation point for vendor issues, including approval of termination recommendations. The VMOC's key vendor oversight responsibilities include:

- Supporting the VMO and Firmwide business;
- Understanding the consolidated vendor risk profile of the Firm;
- Evaluating and approving policy guidelines and procedures for vendor management and oversight; and
- Reviewing escalated issues and providing additional guidance for divisional risk/incident remediation plans.

The VMOC also is accountable for business standards and practices, including reputational risk management, within the scope of its mission.

### B. Residential Mortgage Servicing Vendor Management Committee

The RMSVMC serves as a critical part of the Mortgage Servicing TPP management process. The RMSVMC establishes the framework for monitoring, testing and reporting of Mortgage Servicing TPP's activities to GS management, the VMOC and the GS Bank Client and Business Standards Committee. The RMSVMC is responsible for:

- Setting strategy for use of Mortgage Servicing TPPs;
- Approving mortgage servicing and foreclosure standards;
- Approving parameters for Mortgage Servicing TPP due diligence and risk and control assessments as developed by the VMO;
- Approving parameters for control assessments of Mortgage Servicing TPP oversight of foreclosure attorneys, assessing reputational risk events related to foreclosure attorney performance and approving remediation and/or termination recommendations;
- Approving Mortgage Servicing TPP relationships;
- Coordinating and allocating resources relating to Mortgage Servicing TPP oversight, based on recommendations from the VMO;

## Residential Mortgage Servicing Vendor Management Policy Addendum

---

- Evaluating and addressing emerging trends, risks and incidents; and
- Escalating issues as appropriate to senior management and appropriate committees.

The RMSVMC consists of representatives from Legal, Global Compliance, Vendor Management, Operations and the business. The VMO and VROs, as appropriate, will be responsible for implementing the RMSVMC's framework.

### C. Vendor Management Office

The VMO is responsible for overseeing the GS Mortgage Servicing TPP management program. The VMO establishes and maintains policies and standards on how to onboard and manage Mortgage Servicing TPPs, consistent with Firmwide policies and regulatory guidance. The VMO is also responsible for consolidating management reporting and vendor performance information and coordinating training and support for VROs.

### D. Vendor Relationship Owners

VROs are responsible for managing relationships with particular Mortgage Servicing TPPs. A VRO is responsible for monitoring a Mortgage Servicing TPP's performance against service-level contract requirements and Key Performance Indicators ("KPIs"), managing and escalating performance or other related issues, and updating and maintaining service-level contract requirements and KPIs as business processes or services provided change.

A VRO must have relevant industry experience and appropriate qualifications to effectively oversee the activities of Mortgage Servicing TPPs. Notwithstanding this expertise, VROs are expected to monitor risks associated with the Mortgage Servicing TPP relationship through diligence and coordination with other Vendor Risk Management Partners ("VRMPs") and subject matter experts.

### E. Business Units

Certain businesses within the Firm buy and sell residential mortgage loans. Business units, in consultation with appropriate control functions (e.g., Global Compliance), perform due diligence on potential loans for purchase and manage the ongoing risk associated with those purchases. Business units are also primarily responsible for identifying Mortgage Servicing TPPs to assist with the conduct of the business and participate with the VRMPs and the VROs with respect to the evaluation of those Mortgage Servicing TPPs.

### F. Vendor Risk Management Partners

Responsibilities of VRMPs include, but are not limited to, the following:

- **Legal** assists in the management of legal and regulatory risk. Legal reviews contracts and non-disclosure agreements prior to execution. In particular, the Technology, Intellectual Property and Contracts Group provides technology and contracting

## **Residential Mortgage Servicing Vendor Management Policy Addendum**

---

expertise. Other groups in Legal also assist in this process, including groups with subject matter expertise;

- **Global Compliance** assists in the management of compliance risk. Global Compliance reviews the Firmwide Vendor Management Policy and Program to ensure adherence with applicable legal and regulatory requirements and helps the VMO evaluate regulatory compliance matters related to vendor management;
- **Technology Risk** manages information security and business continuity risk. Technology Risk conducts Mortgage Servicing TPP assessments in connection with data security, business continuity, and other technical systems issues; and
- **Office of Global Security**, in consultation with the Business Intelligence Group in Legal, manages reputational and country risk. It conducts Vendor Background Reviews and country risk assessments, where required, as part of the vendor selection and due diligence processes, and maintains related documentation.

### **3. GS MORTGAGE SERVICING TPP RISK MANAGEMENT PROCESS**

---

The following is an overview of the 4 primary elements of the GS Mortgage Servicing TPP risk management process, which include (1) risk assessments; (2) due diligence; (3) contract structuring and review; and (4) oversight. Please refer to the Procedures Addendum for more detailed information.

#### **A. Risk Assessment (Initial and Periodic)**

As for all of GS's vendor relationships, Mortgage Servicing TPP engagements must be risk rated to determine the extent of oversight required. Risk assessments are completed as a part of the initial onboarding process, periodically as required by the initial risk tier determination, or upon notice of a material change in the scope of Mortgage Servicing TPP duties. Mortgage Servicing TPP relationships must be assessed to determine the level of inherent risk in the relationship. Mortgage Servicing TPPs are assigned a risk tier ranging from 2 (lowest risk) to 4 (highest risk), based on the scope of services, loan characteristics, and volume of activity. Other vendors may be assigned a risk tier of 1, but Mortgage Servicing TPPs are always placed in at least the second risk tier because of the nature of the services they perform.

#### **B. Due Diligence**

There are a series of process steps required to complete Mortgage Servicing TPP onboarding, including, but not limited to, performing an initial risk assessment; documenting a business case for the new relationship; conducting background, information security and business continuity reviews; and completing a Mortgage Servicing TPP Review Questionnaire. The onboarding process requires input from the VRO, with guidance from representatives in Legal, Global Compliance, Technology Risk, Office of Global Security, Business Intelligence Group, and business management.

The Mortgage Servicing TPP Review Questionnaire guides the Firm's review of Mortgage Servicing TPP qualifications, expertise, capacity, reputation, complaints management, consumer compliance and fair servicing practices, document custody practices, financial viability, staffing levels, training, work quality, workload balance, compensation structure, change management, and vendor management.

#### **C. Contract Structuring and Review**

GS enters into a written contract with a Mortgage Servicing TPP prior to entering into the relationship. The contract specifies particular expectations and obligations for the Mortgage Servicing TPP and GS. The type of contract and level of detail required varies according to the scope of the services and the inherent risks in the Mortgage Servicing TPP relationship. Contracts for Mortgage Servicing TPPs should include obligations and expectations with respect to compliance with legal and regulatory requirements, supervisory guidance, and GS policies and procedures, and with respect to fee structures, consumer complaints, original document management, and business continuity planning, as appropriate.

## Residential Mortgage Servicing Vendor Management Policy Addendum

---

### D. Oversight

The degree of oversight necessary with respect to a particular Mortgage Servicing TPP is based on risk tiering. VROs meet with Mortgage Servicing TPPs in the highest risk tier no less frequently than quarterly in order to assess performance against service-level contract requirements and KPIs tailored to the specific relationship with the Mortgage Servicing TPP, foreclosure standards, contract terms, remediation plans and other agreed-upon performance measures. The approach to oversight is consistent with the approach outlined in the Firm's Vendor Management Program, which includes both performance monitoring and overall program management.

Ongoing performance monitoring oversight by VROs focuses on ensuring that a Mortgage Servicing TPP provides services effectively and in accordance with agreed upon standards, as detailed in the applicable contract.

The VMO evaluates adherence to the Firm's Mortgage Servicing TPP Policy and Procedures Addenda. It ensures that relationships are effectively managed and reporting is timely and robust. The VMO performs a critical oversight role in providing an integrated perspective on risk and ensuring that appropriate program management practices are in place.





**Goldman Sachs  
Residential Mortgage Servicing  
Vendor Management Procedures Addendum  
U.S.-Based Program**

**Effective Date: January 27, 2014**

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

**Table of Contents**

1. OVERVIEW .....	4
A. The Vendor Risk Management Framework.....	4
B. Key Roles in Governance and Management of Mortgage Servicing TPPs .....	6
<b>Vendor Management Operating Committee (“VMOC”) .....</b>	<b>6</b>
<b>Business Units .....</b>	<b>8</b>
<b>Vendor Risk Management Partners .....</b>	<b>8</b>
2. <b>SYSTEMS / APPLICATIONS USED TO FACILITATE MORTGAGE SERVICING TPP MANAGEMENT.....</b>	<b>9</b>
A. SharePoint .....	9
1. Content Management .....	9
2. Vendor Performance Review Tool (“VPRT”) .....	9
B. [REDACTED] .....	9
C. [REDACTED] .....	9
D. Vendor Information Security Review (“VISR”) Application .....	9
E. [REDACTED] .....	9
3. <b>PROCESS STEPS- DUE DILIGENCE.....</b>	<b>10</b>
A. Initiating New Third-Party Provider in the [REDACTED] .....	10
B. Initiating a Risk Assessment.....	10
C. Sourcing Strategy Approval Memo (“SAM”) .....	10
D. Non-Disclosure Agreement .....	10
E. Vendor Background Review .....	11
F. Vendor Information Security Review .....	11
G. Vendor Business Continuity Plan Review .....	12
H. Mortgage Servicing TPP Review Questionnaire .....	12
I. Foreclosure Attorney Management .....	13
J. Consumer Complaints Process Management .....	13
K. Original Records Management.....	14
L. Contract Negotiation and Execution .....	14
M. Residential Mortgage Servicing Vendor Management Committee Approval .....	14
4. <b>PROCESS STEPS- RISK ASSESSMENT (INITIAL AND PERIODIC) .....</b>	<b>15</b>
A. Background and Instructions .....	15
B. Risk Tier.....	15
C. Material Changes to Mortgage Servicing TPP Relationships.....	15
5. <b>PROCESS STEPS – CONTRACTS .....</b>	<b>17</b>
A. Contract Development .....	17
B. Provisions .....	17
1. Compliance with Laws and Regulations .....	18
2. Fee Guidelines.....	18
3. Consumer Complaints .....	19
4. Original Document Management .....	19
5. Business Continuity Planning .....	19
6. Periodic Contract Amendments .....	19

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

7. Key Performance Indicators .....	20
6. <b>PROCESS STEPS – OVERSIGHT</b> .....	21
A. Vendor Performance Reviews.....	21
B. Quality Control of Trust Receipt .....	22
C. Document Tracking .....	22
D. Validation of Records Management .....	23
E. Consumer Complaint Review .....	23
1. Monthly Consumer Complaint Review .....	23
2. Accelerated Complaint Review .....	23
3. Tracking and Investigation .....	24
F. Negative Media Monitoring .....	24
G. Mortgage Servicing TPP Issue Remediation Plan .....	24
H. Compensation Practices.....	25
I. Foreclosure Practices .....	25
1. Foreclosure Practices Quality Control Program .....	25
J. Transition Plans .....	26
K. Regulatory Updates.....	27
L. Management Reporting .....	27
M. Inactivating a Third-Party Provider .....	27
7. <b>ACRONYMS</b> .....	28
8. <b>APPENDICES</b> .....	29
Appendix A: Third-Party Provider Risk Management Framework.....	29

## Residential Mortgage Servicing Vendor Management Procedures Addendum

### 1. OVERVIEW

---

The Goldman Sachs Group, Inc. (“GS Group Inc.”) is a Delaware corporation and a bank holding company regulated by the Board of Governors of the Federal Reserve. The GS Group Inc. and its subsidiaries are collectively referred to herein as “GS” or the “Firm.”

This Residential Mortgage Servicing Vendor Management Procedure Addendum (“Procedure Addendum”) is an addendum to the Firmwide Vendor Management Program and the Goldman Sachs Bank USA (“GS Bank”) Vendor Management Office (“VMO”) Procedures.

In developing the Program, we have employed appropriate internal and external resources and subject matter specialists (as described below in the “Approach” section) to review the Firm’s business activities and existing vendor management program in order to strengthen the Firm’s policies, procedures, and business practices specifically with respect to the management of the Firm’s outsourcing relationships with U.S.-based mortgage servicing third-party providers (“Mortgage Servicing TPPs”). The Program defines “Mortgage Servicing TPP” to mean residential mortgage loan servicers, post charge-off recovery firms, and document custodians, to which GS directly outsources activities related to the routine servicing of individual residential mortgage loans located in the United States (*e.g.*, foreclosure functions).

The procedures outlined in this document incorporate regulatory guidance on managing Mortgage Servicing TPP risks, including:

- Risk assessments;
- Due diligence;
- Contract structuring and review; and
- Oversight.

This policy applies with respect to loans to which GS owns the mortgage servicing rights. Nothing contained herein shall obligate GS to exercise any oversight of, or make inquiry with respect to, any activities related to loans that GS does not own the mortgage servicing rights.

Any changes or amendments to the residential mortgage servicing addenda or to the Firm’s policies and procedures that specifically relate to Mortgage Servicing TPPs require prior written approval by the Federal Reserve.

Refer to Appendix A: Third Party Provider Risk Management Framework

#### A. The Vendor Risk Management Framework

Regulatory guidance with respect to the management of third-party risks indicate that an effective vendor risk management process consists of 4 main elements: (1) risk assessment, (2) due diligence with respect to vendor selection, (3) contract structuring and review, and (4) oversight. This section expands on the GS framework for assessing, measuring, monitoring and mitigating third-party risk to specifically address Mortgage Servicing TPP risk management procedures and consists of the following, to the extent applicable:

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- **Risk Assessment**
  - Initial risk assessment of a new or potential Mortgage Servicing TPP
  - Ongoing risk assessment of Mortgage Servicing TPP updated to account for changes in the relationship
- **Due Diligence**
  - Vendor Background Review (“VBR”)
    - Assesses Mortgage Servicing TPP regulatory and reputational risks;
  - Vendor Information Security Review (“VISR”)
    - Assesses the adequacy of the Mortgage Servicing TPP’s control environment with respect to access to non-public personal information (“NPI”) and Firm proprietary information
  - Vendor Business Continuity Planning (“BCP”) Review
    - Review to evaluate Mortgage Servicing TPP business continuity plans and BCP testing practices
  - Mortgage Servicing TPP Review Questionnaire
    - Questionnaire specific to services provided by the Mortgage Servicing TPP (*e.g.*, loan servicing, post charge-off recovery activity, and/or document custody functions)
    - Allows for review of qualifications, expertise, capacity, reputation, document custody practices, financial viability and adequacy of Mortgage Servicing TPP staffing levels, training, work quality and workload balance, among other considerations
    - Allows for review of applicable processes, such as compensation structure, change management, complaint resolution, and foreclosure attorney engagement/management practices
- **Contract Structuring and Review**
  - Ensures appropriate language is included in Mortgage Servicing TPP contracts, including service-level contract requirements and Key Performance Indicators (“KPIs”)
- **Oversight**
  - Vendor performance reviews
  - Remediation plans
  - Review of compensation structures and practices
  - Contingency and transition plan reviews
  - Evaluation of legal and regulatory update tracking and implementation procedures;
  - Negative media and judicial action monitoring
  - Other process and control reviews
    - Includes reviews of the payment processing, complaints, document custody, customer care, change management, loss mitigation, and foreclosure processes, as applicable

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **B. Key Roles in Governance and Management of Mortgage Servicing TPPs**

Implementation and management of the Mortgage Servicing TPP management framework are the responsibility of the following stakeholder groups:

#### **Vendor Management Operating Committee (“VMOC”)**

The VMOC reviews and approves business practices recommended by the Vendor Management Office (“VMO”) and its risk partners. The VMOC also serves as an escalation point for vendor issues, including approval of termination recommendations. The VMOC’s key vendor oversight responsibilities include:

- Supporting the VMO and Firmwide businesses;
- Understanding the consolidated vendor risk profile of the Firm;
- Evaluating and approving policy guidelines and procedures for vendor management and oversight; and
- Reviewing escalated issues and providing additional guidance for divisional risk/incident remediation plans.

The VMOC also is accountable for business standards and practices, including reputational risk management, within the scope of its mission.

#### **Residential Mortgage Servicing Vendor Management Committee (“RMSVMC”)**

The RMSVMC serves as a critical part of the Mortgage Servicing TPP management process. The RMSVMC establishes the framework for the monitoring, testing and reporting of Mortgage Servicing TPP’s activities to GS management, the VMOC and the GS Bank Client and Business Standards Committee. The RMSVMC consists of representatives from Legal, Global Compliance, Vendor Management and the business.

The VMO and Vendor Relationship Owners, as appropriate, will be responsible for implementing the RMSVMC’s framework.

#### *Key Responsibilities:*

- Setting strategy for use of Mortgage Servicing TPPs;
- Approving mortgage servicing and foreclosure standards;
- Approving parameters for Mortgage Servicing TPP due diligence and risk and control assessments as developed by the VMO;
- Approving parameters for control assessments of Mortgage Servicing TPP oversight of foreclosure attorneys, assessing reputational risk events related to foreclosure attorney performance and approving remediation and/or termination recommendations;
- Approving Mortgage Servicing TPP relationships;
- Coordinating and allocating resources relating to Mortgage Servicing TPP oversight, based on recommendations from the VMO;
- Evaluating and addressing emerging trends, risks and incidents; and
- Escalating issues as appropriate to senior management and appropriate committees.

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **Vendor Management Office**

The VMO oversees Mortgage Servicing TPP vendor management. In particular, the VMO is responsible for:

- Establishing and maintaining policies and standards relating to vendor management, including escalation procedures;
- Overseeing the risk assessment and vendor management process; assisting in the maintenance of the vendor repository;
- Overseeing vendor selection criteria, standards and methodologies to be used and ensuring consistent application thereof;
- Overseeing vendor monitoring processes, including quality assurance reviews; managing the issue escalation process;
- Monitoring and tracking vendor issues to full remediation;
- Coordinating activities with Vendor Risk Management Partners (“VRMPs”);
- Coordinating with Internal Audit, the Compliance Testing Group, and/or other appropriate groups to assure that GS vendor management processes are appropriately audited/tested in a manner and on a schedule set by those auditing/testing groups;
- Collecting, analyzing and aggregating vendor performance metrics to identify trends and develop service-level contract requirements and KPIs;
- Developing vendor management guidance, tools, and best practices;
- Confirming adequacy of vendor management resource allocation and, when applicable, working with Global Compliance, Legal and business units to allocate additional resources to vendor management.
- Assessing and confirming the skills and appropriateness of Vendor Relationship Owners in conjunction with the business, Legal, and Global Compliance; and
- Consulting with Global Compliance, Legal and business units to assess training requirements and resources; working with these groups and others to develop, coordinate, and facilitate training opportunities.

### **Vendor Relationship Owners**

Vendor Relationship Owners (“VROs”) are responsible for managing relationships with particular Mortgage Servicing TPPs. The VRO is responsible for monitoring a Mortgage Servicing TPP’s performance against service-level contract requirements and KPIs, managing and escalating performance or other issues, and updating and maintaining contracts, service-level contract requirements, and KPIs as business processes change. Additional duties include:

- Participating in the due diligence process, including contract development and execution;
- Initiating risk assessments periodically and as needed;
- Performing appropriate oversight of Mortgage Servicing TPPs (utilizing third parties with subject matter expertise, where appropriate) by:
  - Working with Global Compliance and business units, conducting process and control reviews, and validating mortgage servicing functions;
  - Ensuring compliance with service-level contract requirements and KPIs;
  - Reviewing and escalating for appropriate action any material adverse negative media monitoring results;
  - Working with VRMPs to remediate identified risks and incidents; and
  - Reviewing consumer complaints and performing loan-level validation.

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **Business Units**

Certain businesses within the Firm buy and sell residential loans. Business units, in consultation with appropriate control functions (e.g., Global Compliance), perform due diligence on potential loans for purchase and manage the ongoing risk associated with those purchases. Business units are also primarily responsible for identifying Mortgage Servicing TPPs to assist with the conduct of the business and participate with the VRMPs and the VROs with respect to the evaluation of those Mortgage Servicing TPPs.

### **Vendor Risk Management Partners**

VRMP responsibilities include, but are not limited to, the following:

- **Legal** assists in the management of legal and regulatory risk. Legal reviews contracts and non-disclosure agreements prior to execution. In particular, the Technology, Intellectual Property and Contracts Group provides technology and contracting expertise. Other groups in Legal also assist in this process, including groups with subject matter expertise;
- **Global Compliance** assists in the management of compliance risk. Global Compliance reviews the Firmwide Vendor Management Policy and Program to ensure adherence with applicable legal and regulatory requirements and helps the VMO evaluate regulatory compliance matters related to vendor management;
- **Technology Risk** manages information security and business continuity risk. Technology Risk conducts Mortgage Servicing TPP assessments in connection with data security, business continuity, and other technical systems issues; and
- **Office of Global Security**, in consultation with the Business Intelligence Group in Legal, manages reputational and country risk. It conducts Vendor Background Reviews and country risk assessments, where required, as part of the vendor selection and due diligence processes, and maintains related documentation.



**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

## 2. SYSTEMS / APPLICATIONS USED TO FACILITATE MORTGAGE SERVICING TPP MANAGEMENT

---

### A. SharePoint

SharePoint is a content management system with integrated search functionality developed by Microsoft that allows users to work in a web-based collaborative environment.

#### 1. Content Management

The VMO and VROs use SharePoint as a main repository for residential mortgage servicing documents, including contracts, performance and status reports, procedures and due diligence materials.

#### 2. [REDACTED]

The [REDACTED] is a SharePoint tool used by VROs to track Mortgage Servicing TPP performance against service-level contract requirements and KPIs.

### B. [REDACTED]

The [REDACTED] is a web-based application used as the primary repository for Mortgage Servicing TPP relationships. New Mortgage Servicing TPP set-up requests are submitted in the [REDACTED] to initiate a risk assessment, VBR and/or VISR (if applicable). Subsequently, VROs are responsible for ensuring that Mortgage Servicing TPP data entered into the [REDACTED] is accurate and complete.

### C. [REDACTED]

The [REDACTED] system is managed by Global Compliance and Legal and provides business users (through the [REDACTED]) the ability to initiate a request for the Legal Department to track the status of and to upload the final scanned version of contracts and matters relating to contracts.

### D. Vendor Information Security Review (“VISR”) Application

When a vendor transmits or stores non-public personal information or Firm proprietary information, the Technology Risk team will determine if a VISR needs to be performed to evaluate the adequacy of the vendor’s internal controls, systems and infrastructure to protect sensitive information. Once the VISR is completed by the vendor, a system feed from the VISR application will update the Mortgage Servicer TPP’s status in the [REDACTED].

### E. [REDACTED]

Information security controls, systems and infrastructure that are deemed to be inadequate as a result of a VISR or BCP Review are logged as issues in [REDACTED]. The Technology Risk team logs a VISR issue in [REDACTED] and assigns the issue to the appropriate VRO for resolution. The VRO is responsible for actively managing the issue with the Mortgage Servicing TPP until closed. Mortgage Servicing TPP performance issues are also maintained in [REDACTED] until remediated.

## Residential Mortgage Servicing Vendor Management Procedures Addendum

### 3. PROCESS STEPS- DUE DILIGENCE

---

All Mortgage Servicing TPP engagements must pass a series of process steps in order to complete initial due diligence. The following process steps should be completed before a Mortgage Servicing TPP relationship can be approved.

#### A. Initiating New Third-Party Provider in the [REDACTED]

The [REDACTED] is the central repository for Mortgage Servicing TPP relationship information. VROs are responsible for completing and maintaining vendor information in the [REDACTED] in connection with their respective relationships. The [REDACTED] also facilitates an automated approval workflow incorporating the following onboarding steps, to the extent required:

- Risk assessment
- VBR
- VISR

#### B. Initiating a Risk Assessment

The VRO should complete the risk assessment questions in the [REDACTED] for each new Mortgage Servicing TPP relationship to provide an evaluation of the risks inherent to that engagement (please refer to Section 4 for additional information regarding risk assessments). VROs should ensure that all information is accurate, because responses to the questions significantly influence the risk tier determination and related oversight requirements.

After the VRO completes the initial risk assessment, the vendor request will pass through numerous workflow steps. The risk tier is assigned to the Mortgage Servicing TPP in [REDACTED] after the Office of Global Security and Technology Risk report the results of their respective reviews.

#### C. Sourcing Strategy Approval Memo (“SAM”)

A SAM is a template used to document the business case, rationale, research results and risks considered for an outsourcing strategy. VROs should complete a SAM for each new Mortgage Servicing TPP as part of the onboarding process. A copy should be provided to the VMO by the VRO and retained.

#### D. Non-Disclosure Agreement

A NDA is a contract that establishes a confidential relationship between two or more parties to protect any type of confidential and proprietary information or trade secrets.

VROs should consult with Legal to determine if a NDA is required for new Mortgage Servicing TPPs. Situations involving sensitive data will generally require a NDA. However, general conversations about topics such as generic product pricing or product information do not require a NDA. Where a NDA is already in place with a Mortgage Servicing TPP, the VRO is responsible for ensuring that it is active and applicable to current discussions.

## Residential Mortgage Servicing Vendor Management Procedures Addendum

The Legal Department can determine if a valid NDA exists with a Mortgage Servicing TPP or negotiate a new NDA if required. Executed NDAs can be stored in [REDACTED].

### E. Vendor Background Review

The VBR process is managed by the Office of Global Security and is designed to identify and manage potential reputational risks assumed in conducting business with vendors. The VBR entails an inquiry into legal, regulatory and reputational public and non-public records for indications of direct or peripheral links to organized crime, fraud, corruption, illegal or questionable business activities, regulatory and law-enforcement actions, and adverse environmental or employment practices. All new Mortgage Servicing TPPs must complete a VBR. Depending on the findings of the VBR, additional action may be required.

Each Mortgage Servicing TPP that achieves active status by successfully passing a VBR and completing the remaining steps of the onboarding process will be subject to continuous negative media monitoring for as long as it remains an active vendor.

### F. Vendor Information Security Review

The VISR is designed to assess information security related risks that may arise from outsourcing business activities to Mortgage Servicing TPPs because such risks can reflect on the Firm's reputation and subject it to regulatory, franchise or litigation risk if private or confidential information is compromised.

As part of the vendor onboarding process within the [REDACTED], VROs will identify the type of sensitive data that will be provided to the Mortgage Servicing TPP, including information such as:

- **Privacy Data**, which is broadly defined to include any information from which a living individual can be identified or with respect to which an individual might reasonably expect confidentiality. Examples of privacy data include: name; e-mail and residence address; marital status; photographs; social security, passport, driver's license, or other identification numbers; medical history; job performance records; and educational background. It also includes account information such as account numbers, financial statements, account activity, and positions.
- **Proprietary data**, which includes such things as client lists, new products, intellectual property including the means by which the Firm protects such property (*i.e.* patents, copyrights, and trademarks), software systems and code, trading algorithms, Web-based applications, investment strategies, financial structures, trading activity and positions, etc. It also includes the Firm's financial information, staffing plans, significant changes in business, management, and offerings of securities before such information is disclosed to the public.
- **Information that has not been made public**, which includes information provided to the Firm under confidentiality agreements, engagement letters, NDAs and similar agreements, implied agreements of confidentiality based on past conduct, or where there is a reasonable expectation that the information will be kept confidential or used only for a particular purpose. It includes such client information as financial information, significant changes in

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

business, management, offerings of securities, etc. before such information is disclosed to the public. It also includes account or position information, trading plans, etc.

To initiate a VISR, a VRO must enter the Mortgage Servicing TPP into the [REDACTED]. The VRO can initiate the process by accessing a link from the [REDACTED] record and completing the required information.

### **G. Vendor Business Continuity Plan Review**

Technology Risk performs an assessment of the viability of Mortgage Servicing TPPs' BCP plans. The BCP Review includes a questionnaire that assesses the Mortgage Servicing TPP's key business continuity controls. The purpose of the BCP Review is to determine whether the appropriate business continuity measures are in place in order to assure the resilience and continuity of services provided.

The initial BCP Review will be performed as part of onboarding due diligence and periodically thereafter. A BCP plan addressing the implications of short and long-term service disruptions should be evaluated. The evaluation should consider the following criteria:

- Existence of a BCP plan;
- Consideration of pandemic planning;
- Process for and frequency of testing;
- Resources performing testing (independent vs. in-house); and
- Support of remote access environments.

As part of the BCP Review process, the VRO and Technology Risk will also assess the policies, procedures and practices maintained by a Mortgage Servicing TPP for evaluating the BCP plans of their critical service providers. Process deficiencies will be identified and reviewed with the Mortgage Servicing TPP. The BCP Review evaluates the Mortgage Servicing TPP's process for identifying critical service providers as well as its risk assessment, recovery time, failover plans, documentation and risk acceptance processes.

### **H. Mortgage Servicing TPP Review Questionnaire**

The Mortgage Servicing TPP Review Questionnaire is used in conjunction with other due diligence/oversight tools, including site visits and detailed discussions, as appropriate. The Mortgage Servicing TPP Review Questionnaire facilitates the review of key Mortgage Servicing TPP qualifications, including:

- Expertise;
- Capacity;
- Reputation;
- Complaint management process;
- Consumer compliance and fair servicing practices;
- Document custody practices;
- Financial viability;
- Staffing levels;

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- Training;
- Workload balance;
- Compensation structure;
- Change management; and
- Vendor management practices.

Separate questionnaires exist for the following types of Mortgage Servicing TPP:

- Loan servicers;
- Post charge-off recovery firms; and
- Document custodians.

The VRO must review the Mortgage Servicing TPP Review Questionnaire when determining whether to engage the Mortgage Servicing TPP for a given function. The Mortgage Servicing TPP Review Questionnaire is used when obtaining final vendor approval from the RMSVMC.

### **I. Foreclosure Attorney Management**

VROs will review Mortgage Servicing TPPs' processes for overseeing and evaluating foreclosure attorneys, including with respect to qualifications, governance, internal controls, and compliance with legal and regulatory requirements, supervisory guidance, and GS standards. The following key items should also be considered, to the extent possible:

- Criteria for selecting new foreclosure attorneys;
- Performance management process, including assessment and remediation;
- Quality control programs;
- Negative media monitoring;
- Complaints regarding attorney conduct;
- Notary and affidavit practices; and
- Fee assessments.

### **J. Consumer Complaints Process Management**

The following key items should be assessed when reviewing a Mortgage Servicing TPP's consumer complaints management processes:

- Complaints are clearly defined and timely identified;
- Severity levels are clearly defined:
  - Process for accelerated remediation for higher severity complaints exists;
  - Process exists for identification and remediation of complaints that are regulatory in nature;
  - Process exists for escalating complaints to the VRO and Mortgage Servicing TPP senior management;
- Complaints are logged and the status of complaints is tracked through resolution;
- Procedures in place to document interactions with government authorities;

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- Process in place for imaging, storing and linking correspondence;
- Root cause analysis is established; and
- Complaints from or about key vendors are identified, tracked and remediated.

### **K. Original Records Management**

VROs must assess Mortgage Servicing TPPs' policies and procedures for monitoring the custody and transfer of original records, including the following key items:

- Handling and imaging of original loan documents (including, but not limited to, promissory notes and security instruments);
- Document security;
- Processes to track original document movement and correction, with the ability to identify the status and location of original documents; and
- Policies and procedures for transfer and return of original documents.

### **L. Contract Negotiation and Execution**

VROs work with Global Compliance, Legal and business unit representatives to ensure that contracts contain the appropriate service-level contract requirements and KPIs. The contract must be signed by an appropriately authorized individual. A Mortgage Servicing TPP should not begin providing services to GS until the Mortgage Servicing TPP is approved by the RMSVMC and the contract is executed.

### **M. Residential Mortgage Servicing Vendor Management Committee Approval**

Once the TPP onboarding steps are complete, the business unit will submit a due diligence summary report to the RMSVMC for their review and approval. After review and approval of the Mortgage servicing TPP request, the VMO will pass it through for final system approval.

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

## 4. PROCESS STEPS- RISK ASSESSMENT (INITIAL AND PERIODIC)

---

### A. Background and Instructions

Mortgage Servicing TPP engagements must be risk rated to determine the extent of oversight required. Risk assessments are completed as a part of the initial onboarding process, periodically as required by the initial risk tier determination, or upon notice of a material change in the scope of the Mortgage Servicing TPP relationship. Mortgage Servicing TPP relationships must be assessed to determine the level of inherent risk in the relationship.

The risk assessment considers the following factors:

- Regulatory risk of the function provided by the Mortgage Servicing TPP;
- Reputation risk;
- Financial condition;
- Information security risk;
- Criticality of the business function supported by the Mortgage Servicing TPP;
- Domicile of headquarters;
- Risk of outsourcing to subcontractors; and
- Potential direct client interaction.

The VRO inputs the required information into the [REDACTED]. Those inputs, along with information from the VBR and VISR determine initial risk tier ranking.

### B. Risk Tier

All Mortgage Servicing TPPs are assigned to a risk tier. The frequency of the ongoing due diligence/oversight review is based on the outcome of the analysis. Oversight is tailored to the inherent risk associated with the services performed by the Mortgage Servicing TPP. The risk-based methodology for oversight assigns the Mortgage Servicing TPP into one of four risk tiers:

- **Tier 4:** Represents **significant** risk to the firm, requires extensive and continuous oversight;
- **Tier 3:** Represents **high** risk to the firm, requires moderate oversight;
- **Tier 2:** Represents **medium** risk to the firm, requires low oversight; and
- **Tier 1:** Represents **low** risk to the firm, require minimal oversight (not applicable to Mortgage Servicing TPPs).

Additional factors specific to Mortgage Servicing TPPs are also considered when assigning risk tiers, including the scope of services, loan characteristics, and loan volume.

### C. Material Changes to Mortgage Servicing TPP Relationships

The risk tier rating should also be reviewed when a material change to the Mortgage Servicing TPP relationship is identified or if the Mortgage Servicing TPP's ability to provide services to GS is impacted by an internal or external event. Material changes that may affect the Mortgage Servicing TPP relationship include changes with respect to:

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- Qualifications;
- Expertise;
- Capacity;
- Reputation;
- Material litigation and formal actions filed by regulatory authorities;
- Information security control deficiencies;
- Document custody practices;
- Business continuity planning;
- Financial viability;
- Adequacy of staffing levels;
- Adequacy of training;
- Adequacy of work quality;
- Adequacy of workload balance;
- Compensation structures; and
- Significant modifications to change management practices.

The VRO is responsible for updating risk assessment data in the [REDACTED]. A recalculation of the risk tier will be automatically generated. If the recalculation results in a change in the Risk Tier, a communication will be sent to the VRO notifying the VRO of the change in frequency with which they must manage the Mortgage Servicing TPP.



**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

## 5. PROCESS STEPS – CONTRACTS

---

Specific expectations and obligations between GS and Mortgage Servicing TPPs are outlined in a written contract prior to entering into a relationship. The type of contract and level of detail varies according to the scope and inherent risks associated with the Mortgage Servicing TPP relationship. Contracts for mortgage servicers should include additional obligations and expectations concerning compliance with laws and regulations, fee structures, consumer complaints, original document management and business continuity planning.

### A. Contract Development

The structure and content of a contract is determined by the scope and nature of the vendor relationship. With support from the Legal Department and other VRMPs as applicable, the VRO, in conjunction with the business unit, is responsible for ensuring that there are adequate provisions established in the contract, including service-level contract requirements and KPIs.

### B. Provisions

GS should require Mortgage Servicing TPPs to enter into contracts that contain provisions that allow for review and evaluation, remotely or onsite, of the Mortgage Servicing TPP's compliance with:

- Policies, procedures and standards through the loan term, from servicing to default management, bankruptcy, foreclosure and asset recovery;
- Performance obligations established in the contracts;
- Legal and commercial obligations established in the contracts;
- Internal control environment as it related to service or product being provided; and
- Quality control program related to foreclosure and bankruptcy processes, including foreclosure attorney management.

Provisions may include the following (depending on the nature of the relationship and/or regulatory requirements):

- Scope of service;
- Service-level contract requirements and KPIs;
- Security and confidentiality;
- Controls and reporting;
- Audit rights;
- Business resumption and contingency plans;
- Compliance with loan documents, GS and insurer requirements, and generally accepted servicing practices;
- Foreclosure and loss mitigation alternatives;
- Ancillary fees and income;
- Subcontracting;

## Residential Mortgage Servicing Vendor Management Procedures Addendum

- Dispute resolution, choice of law and venue;
- Indemnification, limitation of liability, and insurance coverage;
- Assignment;
- Compliance with laws and regulations;
- Cooperation with regulatory examinations and reviews; and
- Appropriate authorizations as required by law.

### 1. Compliance with Laws and Regulations

Contracts with Mortgage Servicing TPPs should formally address legal requirements affecting mortgage servicing, including but not limited to, a subset of regulations recommended within the Federal Reserve Board's Consumer Compliance Handbook or the Bureau of Consumer Financial Protection, such as:

- Truth in Lending Act ("TILA");
- Real Estate Settlement Procedures Act ("RESPA");
- Equal Credit Opportunity Act ("ECOA");
- Fair Housing Act ("FHA")
- Unfair, Deceptive or Abusive Acts and Practices ("UDAAP");
- Homeowners Protection Act ("HPA");
- National Flood Insurance Reform Act;
- Servicemembers Civil Relief Act ("SCRA");
- Fair Credit Reporting Act ("FCRA");
- Fair Debt Collection Practices Act ("FDCPA");
- Gramm-Leach-Bliley Act ("GLBA"); and
- Protecting Tenants at Foreclosure Act ("PTFA").

Additionally, contracts will address state and local legal requirements, inclusive of Part 418 of the New York Superintendent's Regulations and New York's Executive Law §296-a, as applicable to the TPP.

### 2. Fee Guidelines

The fee guidelines described below should be considered when developing new or renegotiating existing Mortgage Servicing TPP contracts. The following fees shall be considered, as appropriate:

- **Monthly servicing fees:** Compensation for standard servicing activities;
- **Recovery fees:** Compensation for recovery of charged-off lien proceeds;
- **Incentive fees:** Performance fees, including in connection with loan modifications, short sales, and other loss mitigation activities;
- **Foreclosure fees:** Foreclosure fees will be paid only in connection with a proper and legal foreclosure; and
- **Termination fees:** Conditional compensation to the Mortgage Servicing TPP resulting from the termination of the agreement.

## Residential Mortgage Servicing Vendor Management Procedures Addendum

### 3. Consumer Complaints

Contracts with Mortgage Servicing TPPs should include responsibilities to report consumer complaint information to GS. This reporting should also include consumer complaints regarding foreclosure attorney conduct that are received by the Mortgage Servicing TPP. Requirements should include, as applicable:

- Monthly consumer complaint log reporting; and
- Accelerated consumer complaint reporting of high risk complaints.

### 4. Original Document Management

Contracts should include, when applicable, requirements pertaining to the custody, control and transfer of original loan documents and related materials by the Mortgage Servicing TPP.

### 5. Business Continuity Planning

The contract should include a requirement to maintain a BCP plan that is kept current and is tested in accordance with accepted industry practices, including terms and provisions for Mortgage Servicing TPP assistance in effecting an orderly transfer to a new Mortgage Servicing TPP should that become necessary.

Items should include, but not be limited to:

- **Data Protection:** Standards for data security and storage;
- **Ownership:** Outlines the rights to the data and/or documentation, as well as the responsibility for the integrity of the data and/or documentation; and
- **Migration:** Outlines the timelines, including accelerated timelines, when necessary, by which the TPP will perform the actions required to transfer data.

### 6. Periodic Contract Amendments

The VMO and VROs will periodically consider and review Mortgage Servicing TPPs in the highest risk tier no less than annually to determine whether any contract amendments are necessary. This will take into account various considerations, including but not limited to changes at the Mortgage Servicing TPP (*e.g.*, business model, financial condition, etc.), industry-wide changes (*e.g.*, regulatory, legal, or other industry-wide changes impacting the Mortgage Servicing TPP), or changes within GS' vendor management program (*e.g.*, information security, business continuity planning, KPI changes, etc.).

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **7. Key Performance Indicators**

KPIs establish specific expectations of Mortgage Servicing TPPs in their contracts and form the basis for VROs to regularly assess the performance and identify concerns with regard to the Mortgage Servicing TPPs. KPIs stipulated within a Mortgage Servicing TPP contract will be differentiated by the type of vendor (*e.g.*, residential mortgage servicers, post charge-off recovery firms, and mortgage document custodians) and will incorporate qualitative and quantitative elements. Please refer to Section 6.A for additional information regarding particular KPIs.

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

## 6. PROCESS STEPS – OVERSIGHT

---

Mortgage Servicing TPP oversight is performed by the VRO. Vendor oversight activities and the frequency of performance assessment are based on risk tier. The VMO, in conjunction with the RMSVMC, may allow variances to the scheduled frequency of oversight activities as appropriate or needed. In conducting standards assessments, VROs may utilize third parties to provide specific expertise in the area being reviewed and tested. When engaged, the third party will only work in consultation with the VRO, who remains fully responsible for conducting all aspects of the assessment and direct engagement with the TPP. The VRO will be present at any site visit that may involve the third party.

### A. Vendor Performance Reviews

KPIs are used to assess performance and can be both quantitative and qualitative. They are usually incorporated directly into contracts with the Mortgage Servicing TPP. KPIs are assessed on a periodic basis according to the risk tier (tier 4 and 3 vendors are assessed for performance against KPIs on a monthly basis and tier 2 vendors are assessed for performance against KPIs on a quarterly basis). Performance of the Mortgage Servicing TPP against agreed upon KPIs is reported to senior management monthly or quarterly depending on the risk tier. KPIs include:

- Quantitative KPIs: Measurable, objective and quantifiable KPIs that help to assess operational criteria such as timeliness and accuracy; and
- Qualitative KPIs: KPIs that help to assess the reputational risk, but also consider quality of services provided and overall GS satisfaction.

Mortgage Servicing TPP performance against KPIs is reported by VROs using the following rating scale:

- Green - Vendor is performing at expected levels;
- Amber - VRO is working with the vendor to address service issues;
- Red - Service issue has been escalated;
- No KPI Activity - No activity for the specific KPI occurred during the evaluation period; and
- KPI Off Cycle - The KPI occurs less frequently than the frequency of evaluation based on the vendor's risk tier.

Following are the primary factors and measures to be considered with respect to KPIs:

- All Mortgage Servicing TPPs:
  - Responsiveness to queries and requests;
  - Regular, timely, and accurate reporting as needed to oversee and manage the Mortgage Servicing TPP;
  - Conduct of business consistent with prudent and accepted industry standards and practices; and
  - Management of events impacting reputation risk;
- Residential mortgage servicers:

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- Accurate and timely submission of remittances;
  - Following HUD guidelines (as applicable), including default and claim filing processes;
  - Compliance with federal and state laws; and
  - Following standard loss mitigation industry practices.
- 
- Post charge-off recovery firms:
    - Meeting established collection, penetration rate, and recovery rate goals; and compliance with federal and state laws; and
    - Compliance with federal and state laws governing debt collection following standard loss mitigation industry practices.
- 
- Document custodians:
    - Timely and accurate reporting to evidence receipt (including trust receipt) and proper accounting for new loans;
    - Releasing loans promptly and only upon proper direction from GS or its representative (e.g., the mortgage servicer);
    - Physical security of files; and
    - Making custodial facility, files, and personnel available for GS inspection.

The VRO should track Mortgage Servicing TPP performance against KPIs in the [REDACTED]

### **B. Quality Control of Trust Receipt**

As new loans are acquired and sent to the document custodian, a quality control audit of the loan documentation needs to be performed to verify the accuracy of the trust receipt. In connection with this audit:

- The VRO will initiate a validation for a statistically significant subset of newly acquired loans to verify documentation integrity;
- The VRO will work with the Mortgage Servicing TPP to remediate issues with those loans that do not pass the validation. The results of the validation process and subsequent remediation will be reviewed with the RMSVMC.

### **C. Document Tracking**

Collateral management reporting from Mortgage Servicing TPPs is to be reviewed monthly by the VRO to maintain awareness of the status of the original documents in the GS loan portfolio. These include:

- Monthly inventory reports from all document custodians that reflect files released from their control and release information;
- Monthly exception reports from document custodians listing all collateral document exceptions; and
- Monthly audit reports from servicer(s) reflecting status of documents in their control.

The VRO will identify performance trends related to failure by a Mortgage Servicing TPP to return the documents in the same condition as they were sent. Analysis will be performed to understand the cause and the VRO will work with the Mortgage Servicing TPP on a remediation plan.

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **D. Validation of Records Management**

Validation of records management practices will be initiated by VROs on a periodic basis. Ad-hoc validations of critical Mortgage Servicing TPPs' records management procedures should be performed on-site. With respect to the validation process:

- The validation test may include, but is not limited to, the following items, based upon a statistically significant sample of loans handled by the Mortgage Servicing TPP:
  - Availability of the original documents (*e.g.*, promissory notes, security instruments, allonges, assignments, endorsements, title commitments and title policies);
  - Condition of the original documents;
  - Auditable trail of document update processes and the status and location of documents if not in the possession of the Mortgage Servicing TPP;
  - Compliance with stated procedures for storage, retrieval and tracking of the documents; and
- The results of the validation test will be reviewed by the VRO, remediation plans will be undertaken if required, and test results and remediation status will be reviewed with the RMSVMC as appropriate.

### **E. Consumer Complaint Review**

#### **1. Monthly Consumer Complaint Review**

- The Mortgage Servicing TPP provides monthly logs of consumer complaints;
- VRO reviews complaint data to understand the types and severity of consumer complaints and identify trends;
- VRO to review the monthly log, specific complaints and/or trend analysis with Global Compliance and take action as directed by Global Compliance;
- Global Compliance or VRO may escalate to the RMSVMC; and
- Periodic reporting of consumer complaint trends to the RMSVMC.

#### **2. Accelerated Complaint Review**

Within five business days of identification, the Mortgage Servicing TPP should notify GS of matters related to allegations of statutory violations or discriminatory practices. These high priority complaints may include complaints related to wrongful foreclosure or eviction. Other consumer complaints requiring accelerated review may include, but not be limited to, material allegations pertaining to:

- The Equal Credit Opportunity Act ("ECOA");
- The Fair Housing Act ("FHA");
- Unfair, Deceptive, or Abusive acts and Practices ("UDAAP");
- Fair Debt Collections Practices Act ("FDCPA");
- Gramm-Leach-Bliley Act ("GLBA");
- Servicemembers Civil Relief Act ("SCRA"); or
- Other types of complaints as agreed upon by GS and the Mortgage Servicing TPP.

The VRO will escalate high-risk consumer complaints to Global Compliance.

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **3. Tracking and Investigation**

GS rarely receives complaints directly from consumers, as it is no longer engaged in the mortgage servicing business. Such complaints as GS may receive directly will be processed in accordance with existing GS procedures, including validation, logging, tracking and escalation.

### **F. Negative Media Monitoring**

The VMO uses a risk database product that provides access to adverse media and/or judicial actions involving GS vendors. In the event that a Mortgage Servicing TPP has been the subject of a negative media event or judicial action, the VMO will make the details of the event available to the VRO. If the VRO determines there is a heightened risk, the VRO will notify the VMO and Global Compliance to determine an appropriate action plan, as necessary. Negative media monitoring will also include monitoring of foreclosure attorneys contracted by the Mortgage Servicing TPP.

### **G. Mortgage Servicing TPP Issue Remediation Plan**

Mortgage Servicing TPP performance issues may be identified throughout the term of an engagement. Issues are classified as either Risks or Incidents. Risks are defined as events that may occur in the future and should be mitigated to reduce the likelihood of occurrence. Incidents are defined as events that have occurred and must be remediated. Mortgage Servicing TPP risks/incidents should be prioritized as critical, high, medium or low by the VRO or Technology Risk (for VISR or BCP issues). The VMO is responsible for reviewing and confirming the issue classification for all non-VISR or non-BCP related issues. Information is maintained in the [REDACTED] tool.

The VMO will escalate any outstanding issues to senior management based on the following criteria:

- High priority risks and incidents that are more than 14 days past the committed resolution date; and
- Medium priority risks and incidents that are more than 60 days past the committed resolution date.

For non-VISR or non-BCP related issues, the VMO reviews the resolution before closing the issue. For VISR and BCP issues, Technology Risk reviews the resolution before closing the issue.

GS will subject the Mortgage Servicing TPP to structured remediation provisions in the event of underperformance or non-compliance:

- If the underperformance is not corrected by the Mortgage Servicing TPP within the required timeframe, GS will structure a management action plan in appropriate circumstances; and
- If the underperformance remains uncorrected, GS may escalate the issue to senior management to determine whether to impose contractually authorized penalties.



## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **H. Compensation Practices**

Residential mortgage servicing foreclosure processing compensation should be appropriately focused on quality, which may include, but is not limited to, accuracy, completeness and compliance, and is not based solely on increased foreclosure volumes or meeting processing timelines. With respect to compensation practices:

- GS's standard and practice is to structure its contracts with Mortgage Servicing TPPs to prioritize compensation based on loss mitigation alternatives;
- GS validates, as part of a review of a sample of foreclosure files, that proper loss mitigation actions were taken by the servicer prior to the initiation of foreclosure; and
- GS validates as part of the review that foreclosure fees charged by the foreclosure attorneys are appropriate, reasonable, and in compliance with legal and regulatory requirements. Appropriate and reasonable compensation will not be solely based on increased foreclosure volumes or meeting processing timelines.

### **I. Foreclosure Practices**

The VRO, in conjunction with Legal and Global Compliance, will review Residential Mortgage TPPs' foreclosure policies and procedures to assess compliance with GS standards and regulatory requirements. The frequency of the review will be based on loan characteristics and foreclosure volume.

For the accuracy of documentation used in foreclosure actions, GS will assess the quality of Mortgage Servicing TPP policies and procedures. Such policies and procedures may include, but are not limited to checklists, detailed reviews, management reporting or sampling.

The VRO will review the Mortgage Servicing TPP staffing model to assess if the vendor is appropriately staffed and trained to perform default management, prepare foreclosure documentation, and manage and oversee such functions, as appropriate. The Mortgage Servicing TPP is responsible for the management and oversight of its foreclosure attorneys, and the VRO will review and validate the process by which the Mortgage Servicing TPP performs that oversight including with respect to issue identification, remediation and termination of foreclosure attorneys.

#### **1. Foreclosure Practices Quality Control Program**

Mortgage Servicing TPPs' foreclosure quality control programs will be periodically assessed for scope, methodology and adequacy of quality control audits to determine if the programs are being used effectively to mitigate risk.

GS assesses Mortgage Servicing TPP programs for compliance with applicable legal requirements, GS foreclosure standards, and the Mortgage Servicing TPP's own policies and procedures, for areas such as:

- **Breach:** Adherence to relevant laws, regulations and requirements for breach and default notices;
- **Foreclosure Referral:** Completeness of referral packages and proper SCRA controls are in place;

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

- **Judicial and Non-Judicial State Regulations:** Proper calculation of amounts due, proper affidavit and Power of Attorney execution and notarization, as well as imaging of all relevant documents;
- **Document Execution:** Assumption of Mortgage (“AOM”) and Substitution of Trustee (“SOT”) documents contain the correct information and are executed and notarized in accordance with applicable laws and regulations;
- **Foreclosure Sale Review:** Proper chain of title, notice of the right to cure;
- **Fee and Penalty Assessment:** Fees/penalties charged in accordance with applicable state law, federal law and loan documents; and
- **Loss Mitigation Alternatives to Foreclosure:** Loss mitigation foreclosure alternatives have been offered prior to foreclosure.

### **J. Transition Plans**

The VRO, in conjunction with the business and other parties, as appropriate, should develop and then periodically review a transition plan that would be used should it become necessary to terminate the Mortgage Servicing TPP relationship. The transition plan should include the identification of key contacts and roles and responsibilities for the parties involved in executing the transition. The VRO will review the transition plans with the RMSVMC.

Considerations in the development of transition plans include:

- **Identification of Alternate Service Providers:** Identification of alternate service providers based on the qualifications and experiences needed to service the GS portfolio, taking into account loan characteristics and risk exposure. Suggested criteria to be used when identifying alternate Mortgage Servicing TPPs include, but are not limited to:
  - Where possible, identifying an alternate provider from the set of service providers already under contract with GS;
  - Available capacity;
  - Expertise in servicing specific loan products; and
  - Reputation and consumer service standards.
- **Review of Servicing Transfer Procedures:** Procedures and guidelines to be reviewed include, but are not limited to:
  - Timelines of transfer activities;
  - Data transfer and retrieval requirements;
  - Document retrieval and transfer; and
  - Communications to key stakeholders.
- **Review of Transition Plan:** Periodic review and validation of the transition plan is needed to confirm that it is still viable. The review should include, but is not limited to:
  - Identifying material changes at GS, the existing, or contingent Mortgage Servicing TPP that would prevent the contingency plan from being executed; and
  - Confirming that the appropriate contractual arrangements are still valid.

## **Residential Mortgage Servicing Vendor Management Procedures Addendum**

### **K. Regulatory Updates**

Global Compliance will work with the VRO to establish expectations for Mortgage Servicing TPP compliance with supervisory guidance and regulatory changes. GS will review the Mortgage Servicing TPP's policies, procedures and practices for integration and validation of regulatory changes and supervisory guidance. Deficiencies will be identified and GS will work with the Mortgage Servicing TPP to develop appropriate remediation plans to enhance procedures and processes related to supervisory guidance and regulatory changes.

### **L. Management Reporting**

The VMO produces detailed reporting to senior management on a monthly and quarterly basis including:

- KPI ratings;
- Key performance trends across vendor service categories;
- Detailed issue review including impact, risk and remediation efforts;
- Complaint trends and analysis; and
- Overall performance rating.

Summary reporting will be provided quarterly to the GS Bank CBSC and monthly to the RMSVMC.

### **M. Inactivating a Third-Party Provider**

The VMO will inactivate a Mortgage Servicing TPP when the VRO has indicated that the services provided by the vendor are no longer required. The inactivation process begins directly after a VRO has notified the VMO of the intent to inactivate a Mortgage Servicing TPP relationship, with reporting required to the RMSVMC.

Inactivation may be the result of inactivity or early termination of a contract. In cases where the early termination of a contract is being considered, the VRO should contact the appropriate Legal Representative or other VRMPs to understand any potential impact to GS. Termination decisions must be discussed and approved by the RMSVMC.

The following activities are completed when inactivating a Mortgage Servicing TPP:

- Updating the [REDACTED] status to "Inactive" to prevent further invoice processing;
- Updating Mortgage Servicing TPP status in VMO SharePoint site to "Inactive" (or "Terminated" if contract was terminated);
- Notifying Technology Risk to close any open VISR issues;
- Obtaining termination letter or other evidence; and
- Monitoring the transfer of data and documents to an identified alternate Mortgage Servicing TPP.

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

**7. ACRONYMS**

---

**BCP – Business Continuity Plan**

**BIG – Business Intelligence Group**

**CBSC – Client and Business Standards Committee**

**KPI – Key Performance Indicator**

**NDA – Non-Disclosure Agreement**

**OGS – Office of Global Security**

**RMSVMC - Residential Mortgage Servicing Vendor Management Committee**

**SAM – Sourcing Strategy Approval Memo**

**TPP – Third-Party Provider**

**VBR – Vendor Background Review**

**VISR – Vendor Information Security Review**

**VMO – Vendor Management Office**

**VRMP- Vendor Risk Management Partner**

**VRO – Vendor Relationship Owner**

**Residential Mortgage Servicing  
Vendor Management Procedures Addendum**

**8. APPENDICES**

---

Appendix A: Third-Party Provider Risk Management Framework

