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AUG 04 2011

Superior Court of New Jersey
Chambers of the Honorable Walter R. Barisonek
Special Master Recall Judge

WALTER R. BARISONEK, A.J.S.C. Ret.
SPECIAL MASTER

Supplemental Affidavit of Ted Korzenski,
Senior Vice President of Litton Loan Servicing LP
provided in connection with Administrative Order 0-1-2010,
Docket #F-238-11, In the Matter of Residential Mortgage Foreclosure
Pleadings and Document Irregularities

State of North Carolina

County of Brunswick

Ted Korzenski, of full age and capacity to testify, being duly sworn according to law, upon his oath deposes and says:

1. As stated in my Initial Affidavit,¹ I am a Senior Vice President with Litton Loan Servicing LP ("Litton"), where I supervise the Foreclosure Department. The statements contained in this Supplemental Affidavit are based upon my personal knowledge and experience, my review of records created and maintained by Litton in the ordinary course of its business, or information obtained from managers and other Litton employees in various departments.

Pre-Referral Review

2. As described more fully in Paragraph 52 of my Initial Affidavit, Litton employs both automated and manual review processes to determine whether to refer a loan to foreclosure. Under the automated review process, the loan population is run through a series of filters that remove loans that are not eligible for referral to foreclosure based on loan information contained in Litton's Systems.² The remaining loans are then manually reviewed to determine eligibility. Among other things, these manual pre-referral reviews are intended to confirm that Litton has exhausted its Loss Mitigation efforts; that any state-specific pre-requisites to foreclosure have been completed; that the loan remains delinquent; and that the borrower is not subject to protections under the Servicemembers' Civil Relief Act ("SCRA"). The pre-referral review is conducted by specifically-trained employees within the Default Management Department, who are subject to the supervision of a Vice President within the department.
3. Once an individual loan has been through the pre-referral review, the pre-referral checklist for that loan is required to be signed by the employee who conducted the review. It is Litton's practice to image the signed checklist into its Systems together

¹ Though not a party to the above-captioned proceeding, Litton submitted an Affidavit to the court on June 21st, 2011, herein referred to as the "Initial Affidavit."

² All capitalized terms not defined herein shall have the meaning specified in my Initial Affidavit.

with images of any external records examined as part of the review, such as a screen print from the Department of Defense website evidencing the SCRA check.

Referral Process

4. After completion of the pre-referral review, if the Default Management Department determines that a defaulted loan should be referred to foreclosure counsel and, as described more fully in Paragraphs 53-54 of my Initial Affidavit, a "referral package" is automatically generated from the records and documents in Litton's Systems. The referral package is provided electronically to Litton's foreclosure counsel with instructions to proceed with foreclosure. A referral package consists of a foreclosure referral letter, together with electronic images of documents including the Original Loan Application, Mortgage, Assignment of Mortgage and Promissory Note. It is Litton's practice to preserve electronically an image of the referral package.³
5. Litton has instructed its foreclosure counsel that they must examine title to the property and confirm that they have all necessary documentation (e.g., the Note with any necessary endorsements, and the Mortgage with any necessary assignments) establishing Litton's right to foreclose before proceeding.

New Jersey Foreclosure Review – Pre-Filing

6. Once foreclosure counsel determines that it has all of the information and documents necessary to initiate a foreclosure action, foreclosure counsel will prepare a Complaint for Litton's review. In preparing the Complaint, Litton's foreclosure counsel may request additional documents as needed based on the specific facts and circumstances of a case.
7. As referenced in Paragraph 61 of my Initial Affidavit, and pursuant to Rule 4:64-1, Litton's foreclosure counsel will also prepare a Certification of Foreclosure Review (the "Certification"), then send the Certification along with the prepared Complaint (and all Litton business records and exhibits referenced in the Complaint) back to Litton for review (collectively the "Complaint Package").
8. A Litton employee in the Foreclosure Department is required to review the Complaint Package and complete the required steps on the Certification and then execute the document. It is Litton's practice to image, upon execution, the Certification of Foreclosure Review and all other documents comprising the Complaint Package, into Litton's Systems, after which the documents are forwarded in hardcopy form to foreclosure counsel.
9. The employee who conducts the review for the Certification described in Paragraph 62 of my Initial Affidavit and immediately above in Paragraph 8 is required to be the same person named in the Certification of Diligent Inquiry to be filed with the court by Litton's foreclosure counsel.

³ Attached as Exhibit "A" is a sample (redacted) referral package

Litton Sworn Document Execution

10. After foreclosure counsel files the Complaint, it is Litton's practice to review and execute a Certification of Proof of Amount Due. This document is filed with the court as part of the judgment package. Litton uses a three step process for the Certification: (1) pre-signing quality assurance (QA Stage #1), (2) a review by the authorized signer at the time of execution (QA Stage #2), and (3) post-execution quality assurance (QA Stage #3), as described in Paragraphs 44-48 of my Initial Affidavit. At the beginning of this process, the Foreclosure Department is required to compile and attach hard copies of all applicable business records into a "Document Package."
11. For pre-signing quality assurance (QA Stage #1), a quality assurance staff member is required to (i) review the Certification of Proof of Amount Due, (ii) verify the accuracy of all facts contained in the Certification by comparing them to the business records in the Document Package, and (iii) complete the pre-sign QA checklist, which requires, among other things, confirmation of whether the intended signatory for the document has authority to execute based on the POA Matrix.⁴ During the signer review process (QA Stage #2), the signer is required to (i) review the Certification of Proof of Amount Due, (ii) confirm the accuracy of all facts contained in the Certification by comparing them to the business records in the Document Package, (iii) complete the signer QA checklist, and (iv) execute the document in the presence of a notary public, who is required to (v) notarize the document in accordance with Texas notarization requirements.⁵ Finally, during post-execution quality assurance (QA Stage #3), a second quality assurance staff member is required to (i) review the Certification of Proof of Amount Due, (ii) re-confirm the accuracy of all facts contained in the Certification by comparing them to the business records in the Document Package, and (iii) complete the post-execution QA checklist, which requires, among other things, further confirmation based on review of the POA Matrix that the signer had authority to execute the document.
12. Once the various review processes are completed, the Certification of Proof of Amount Due, each completed checklist, and the complete Document Package is required to be imaged as one discrete document into Litton's Systems, providing an audit trail of the documents relied upon for execution of the sworn document. Next, the hardcopy of Certification of Proof of Amount Due (together with the corresponding Document Package) is sent to foreclosure counsel.
13. As referenced in Paragraphs 12 and 17-18 of my Initial Affidavit, it is Litton's practice that the execution of sworn documents is limited to employees of Litton who have (i) been approved by Litton's President and CEO as authorized signatories, and

⁴ As defined in Paragraph 21 in the Initial Affidavit, the "POA Matrix" is a document accessible to all departments in Litton that details Litton's ability to execute documents on behalf of the loan owner(s)

⁵ As referenced in Paragraph 13 of my Initial Affidavit, Litton executes sworn documents in Texas, pursuant to Texas notary laws

- (ii) completed the relevant training programs.⁶ An Assistant Vice President within the Human Resources Department is required to maintain official rosters of attendance, copies of training materials, and copies of the completed tests and certificates.
14. Regarding the number of authorized signers within the Foreclosure Department who routinely sign documents, I stated in Paragraph 17 of my Initial Affidavit that Litton has five (5) Assistant Secretaries, one Vice President and one Foreclosure Manager who are authorized to sign documents in connection with New Jersey foreclosures. In addition to these seven individuals, Litton has a Senior Vice President, two additional Vice Presidents, one Assistant Vice President, and six (6) additional Assistant Secretaries within the Foreclosure Department who are also authorized to sign sworn documents, but do not regularly execute documents as part of their day-to-day roles. Rather, as explained in Paragraph 15 below, these additional authorized signers are available to Litton in the event of illness or other absence of the primary seven (7) signers, or in the event that the volume of sworn documents necessitates additional personnel.
15. Each of the seven (7) primary authorized signers within the Foreclosure Department has historically executed approximately 10 to 15 affidavits of indebtedness (e.g., the New Jersey Certification of Amount Due) per day, nationwide. As Litton restarts its foreclosure process in New Jersey, I anticipate a temporary increase in the number of documents to be reviewed and executed by the Foreclosure Department as the backlog is cleared. Accordingly, I anticipate using some or all of the additional ten (10) authorized signers mentioned above to ensure that the primary seven (7) authorized signers are not pushed beyond their reasonable capacity, ensuring continued thorough review and quality assurance. Litton does not expect that the average number of foreclosure documents executed per day per authorized signer will materially increase once foreclosures in New Jersey have resumed.
16. Servicing agreements establish the obligations and duties for all parties to the servicing agreement, including Litton's obligations as servicer. The trustee or loan owner typically issues a Power of Attorney ("POA") to Litton, expressly delegating to Litton certain enumerated powers provided for in the servicing agreements.
17. A designated attorney within Litton's Contract Management Department is tasked with reviewing every POA to create the POA Matrix, which lists each of Litton's servicing POAs. The POA Matrix identifies both whether a given POA includes authority to execute assignments and whether the authority granted by the POA is limited to certain Litton employees or a particular class of employees (e.g., officers). The same attorney also manages and maintains the POA Matrix on an internal website where various departments can view the POA Matrix.

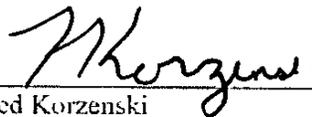
⁶ Authorized signatories who deal with judicial foreclosure states including New Jersey must complete Affidavit Training and Business Records Training, which are comprised of classroom course training, a Business Records Training interactive tour to various departments, and knowledge proficiency tests.

Post-Referral Events

18. After Litton has referred a defaulted loan to foreclosure, it is Litton's practice to suspend (i.e., place on hold) or terminate (i.e., dismiss) the pending foreclosure upon the occurrence of certain post-referral events. To identify such a post-referral event, it is Litton's practice for employees within the Foreclosure Department to compare daily reports for all loans currently in foreclosure with other reports from Litton's Systems, such as reports of new loans subject to on-going loss mitigation efforts (i.e., loans under modification review), loans with zero balance (i.e., full payment received), loans less than sixty days delinquent (i.e., recent payment received), and borrowers who have filed for bankruptcy, in order to determine whether any foreclosures need to be suspended or terminated.
19. When any such event occurs and Litton decides to suspend or terminate a pending foreclosure, Litton's Systems generate a message for the foreclosure attorney handling the file to suspend or terminate the foreclosure. Foreclosure counsel must acknowledge receipt of the message and take appropriate action on the file within five days after receiving instructions to do so. In the event that a directive to suspend or terminate a file is not acknowledged by foreclosure counsel by the third day, employees within the Foreclosure Department are required to follow-up to confirm that appropriate action is taken.
20. In situations where Litton receives a payment, including partial payments, from a borrower whose loan is already in foreclosure, Litton is under no obligation to accept any payment less than the current amount due. It is Litton's practice to compare the amount of the tendered payment to the total amount necessary to bring the loan current, and determine whether: (i) the payment will be accepted and applied to the outstanding amount on the loan, thereby terminating the foreclosure process; (ii) the payment will not be accepted and returned to the borrower with a letter explaining the reason(s) for returning the funds; or (iii) the payment will be held while Litton attempts to contact the borrower in an effort to achieve a workout.
21. It is Litton's policy actively to pursue loss mitigation options (e.g., loan modifications, short sales, deeds in lieu, or repayment plans), subject to investor-specific restrictions. It is Litton's practice to send, when the account becomes 60 days past due, a loss mitigation request package to borrowers, which requests financial and hardship information. It is also Litton's practice to send these packages upon request from a borrower. Once the borrower returns the complete loss mitigation package, it is Litton's practice to place the foreclosure on hold and notify the foreclosure attorney of the same. If a loss mitigation request package is incomplete, it is Litton's practice to follow up with the borrower while the foreclosure remains on hold. Litton then evaluates the information provided by the borrower to determine whether there are any feasible loss mitigation options. Litton, by policy, will continue to consider alternatives to foreclosure up to the date of foreclosure sale.

General Controls and Auditing

22. Over sixty percent of borrower payments are received electronically and posted through an automated process. As previously described in Paragraph 37 of my Initial Affidavit, Cash Management is the only department that can receive and apply physical payments from borrowers. Once a payment (whether electronic or physical) record has been made, it can never be deleted or altered, but, in limited situations, it can be "reversed" as explained in Paragraph 23 below.
23. For example, in the event that a borrower contacts Litton and provides evidence sufficient to prove that a payment was made on a date other than the date reflected in Litton's business records, it is Litton's practice for the Acquisition Reconciliation Team to "reverse" the incorrect payment and apply the correct payment. A reversal requires that the incorrect payment, along with all subsequent activity on the loan, be reversed in LSAMS. The incorrectly applied payment is then applied correctly, and all subsequent activity is re-entered. Like all payment related transactions that impact a borrower's account, records of any such reversal and application steps are preserved within LSAMS.
24. As referenced in Paragraph 27 of my Initial Affidavit, Litton's Internal Audit Department, which is independent of Litton's business units, engages in "risk-based" audits of Litton's key business processes coupled with continuous monitoring. Specifically, at least four times per year (or at any time that an event occurs warranting a new assessment) the Audit Team reviews Litton's business risk assessment using seven key risk factors: business size; business complexity and maturity, legal, regulatory and reputational factors; external environment; management and personnel, processes, policies and procedures; and business applications and technology infrastructure.



Ted Korzenski

STATE OF North Carolina §

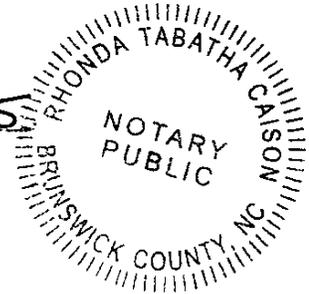
COUNTY OF Brunswick §

Rhonda Tabatha Coison, a Notary Public for said County and State, do hereby certify that Ted Korzenski personally appeared before me this day and acknowledged the due execution of the foregoing instrument

Witness my hand and official seal, this the 2nd day of August, 2011(Official Seal)

Rhonda Tabatha Coison
Notary Public

My commission expires 2-16, 20 15





INTEROFFICE MEMO

Superior Court of New Jersey
Union County Courthouse
CIVIL DIVISION

VIA LAWYER'S SERVICE

RECEIVED

AUG 29 2011

**SUPERIOR COURT
CLERK'S OFFICE**

MEMO TO: BethAnn Strom
Superior Court Clerk's Office

FROM: Dawn B. Bowers, Judge Barisonek's Chambers

DATE August 23, 2011

SUBJECT: Transmittal of Documents from Special Master Walter R. Barisonek

Hi BethAnn:

Enclosed please find supplemental affidavit from Litton Loan Servicing LP which was submitted to Judge Barisonek. Kindly have this affidavit entered into ACMS and scanned into JEFIS.

Thank you for your cooperation.

dbb