CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt Governor

State of New Jersey
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PAULA T DOW
Attorney General

ROBERT M. HANNA
Director

SUPERIOR COURT OF N.J.
REC'D
JUL 29 2011

July 28, 2011

(Via UPS Mail)
Hon. Walter R. Barisonek (Special Master)
Union County Courthouse
2 Broad Street
Elizabeth, NJ 07207

Re: In the Matter of Residential Mortgage Foreclosure Pleadings and Document Irregularities
Docket No. F-238-11

Dear Judge Barisonek:

This office represents the New Jersey Housing and Mortgage Finance Agency. Enclosed please find supplemental certifications from officers of Cenlar FSB and Aurora Financial Group, Inc.

Thanking you for your time and consideration.

Respectfully yours,

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Robert Purcell
Deputy Attorney General

RP/jak
Enclosures
cc: Superior Court Clerk
J. Keelen (NJHMFA)

FILED Jul 29, 2011

ZUCKER, GOLDBERG & ACKERMAN, L.L.C.
Attorneys for Cenlar FSB
200 Sheffield Street, Suite 101
Mountainside, N.J. 07092
908-233-8500

IN THE MATTER OF RESIDENTIAL MORTGAGE FORECLOSURE PLEADING AND DOCUMENT IRREGULARITIES	Superior Court of New Jersey Administrative Order 01-2010 Docket No.: F-238-11 **SUPPLEMENTAL CERTIFICATION OF STEVEN T. KRAVITZ**

I, Steven T. Kravitz, hereby certify that:

1. I am a Vice President of Cenlar FSB (hereinafter "Cenlar"). I have been employed by Cenlar since 2009. Up until May 2011, I was responsible for the entire Default Department of Cenlar, including foreclosure, bankruptcy, REO, collections, loss mitigation, default compliance and default auditing. In May 2011 a new Vice President was hired and the work has been split between the two of us.

2. I remain responsible for collections, loss mitigation, as well as two other default related support teams. As such, I have personal knowledge of, and am fully familiar with, Cenlar's foreclosure operations as they relate to the State of New

Jersey. Additionally, I have been employed in the mortgage servicing industry since 1994 and have almost seventeen years in this industry.

3. I submit this supplemental certification in response to the Honorable Walter R. Barisonek's April 25, 2011 letter and to clarify my May 26, 2011 Certification.

4. In Paragraph Two of my certification I indicated that Cenlar has conducted a thorough review of our foreclosure process and procedures.

5. This review was a multi-phased top to bottom review of our procedures relating to foreclosures, including pre-foreclosure attempts to avoid foreclosure, referral to local counsel, and preparation of certifications/affidavits. The review was conducted by our internal audit team in conjunction with our managers and supervisors. It involved our internal audit department going to each department in the company to review our entire foreclosure process.

6. In Paragraph 2 of my prior certification I indicated that we utilize a three level review of certifications. To clarify this process, the three level review is used for all documents that are submitted to the Court, including complaints and certifications. The three level review is also used for completion of checklists for compliance with the new certification of diligent inquiry requirements of the new Court Rules.

7. Our local counsel is responsible for preparing any documents that are to be submitted to the Court to ensure that they comply with State and local rules and procedures. Information needed for drafting a complaint or a certification is sent to our local counsel through a web portal that we utilize to communicate with our local counsel. The web portal is maintained by LPS.

8. For complaints, the referral package will include the loan information, including the principal balance, interest rate, date of default, and any other loan information needed for the complaint. We also forward copies of the loan documents.

9. Our local counsel will run a title search and draft the complaint based upon the information we sent in conjunction with the information obtained in the title search.

10. Each loan is assigned to a Foreclosure Technician (hereinafter "Technician"). The Technician will be responsible for the day-to-day monitoring of the loan the entire time it is in foreclosure.

11. Once the complaint is drafted, it is uploaded to us via LPS' secure web portal and retrieved by the Technician assigned to the loan.

12. For certifications of proof of amount due, the Technician will send copies of our business records in the form of screen shots from our system of record, LPS' Mortgage Servicing Platform (hereinafter "MSP"), to our local counsel. The screen shots include all of the financial information the attorney needs to prepare the certification of proof.

13. Once any document is prepared by our local counsel, it is uploaded to us via the LPS web portal. The Technician assigned to that particular loan will then retrieve the document and conduct the first level of review.

14. As part of that review the Technician is required to print the back-up documentation that supports the facts in the complaint or certification. This typically includes the mortgage, note and any assignments of mortgage.[1]

15. The Technician will also attach two checklists to the package, one for the Technician to utilize in reviewing the package and one for the signatory to whom the package moves next.

16. After the Technician completes the checklist and verifies that the data in the certification or complaint is accurate, the package is transferred to the person who will be executing the document.

17. For the Complaint and Certification of Proof of Amount Due, the Technician will also ensure that our local counsel's checklist is attached to the completed package.

18. The checklist from local counsel requires all of the data points in the complaint or certification to be reviewed against our business records to ensure it is factually accurate.

19. Currently, Cenlar has three officers who are also mangers that sign all certifications or affidavits. On average, the total number of certifications or affidavits that are signed between the three officers per week is fifty, of which, approximately three are for New Jersey Courts.

20. When the signatory receives the package, he/she conducts another independent and complete review of the factual accuracy of the data contained in the certification or complaint.[2]

[1] Loan level information like date of default or financial information is verified on the Technicians computer directly from our system of record, MSP, to ensure that the most current information is being used to verify accuracy of the certification

21. The signatory will complete the second checklist, again verifying the data in the complaint or certification against our business records to ensure accuracy.

22. For the complaint and certification of proof of amount due, pursuant to the new court rules in New Jersey, the signatory will also complete the checklist provided by our local counsel that requires us to verify the data in the complaint and certification. The checklist will reflect the name, title and responsibilities of the signatory as their name will be included in the Certification of Diligent Inquiry that will be submitted to the Court by our local counsel.

23. Only after this second complete review confirms that the facts in the complaint or certification match our business records does the signatory execute the document and checklist.[3]

24. Once the document is executed it is transferred to our default audit department. They will conduct the third complete review of the certification to ensure accuracy of the document. Our default audit department reviews 100% of certifications before the certification is allowed to leave our office.

25. If at any stage an error is found, even a typo in a name, the document is returned to local counsel to revise. Upon receipt of the revised copy, the entire three-level review starts again.

26. In regard to Your Honor's question regarding our handling of payments once foreclosure has been initiated, since the entire balance of the loan has been

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[2] The manager executing the certification will also look up any financial information in our system of record to ensure that they are verifying the data in the certification against the most current and accurate information.

[3] For New Jersey Cenlar executes certifications in lieu of affidavits, but if a notary was required, the signatory would take the package to a notary in our office and execute the document in the presence of the notary after receiving any applicable oath or affirmation.

accelerated, we will not accept partial payments unless they are sufficient to completely cure the default or are part of a negotiated loss mitigation plan with the borrower. Any payments made by the borrower that are not sufficient to fully reinstate the loan or are part of a loss mitigation plan are returned to the borrower.

27. In the event the borrower reinstates the loan, enters into a loss mitigation plan (or if there is any other status change on the loan) we update our electronic system of record, MSP. The loss mitigation negotiator who negotiated the loss mitigation plan and/or reinstatement with the borrower will update MSP accordingly and also send an e-mail to the Technician to ensure that they know there is a loss mitigation plan in place.

28. The loss mitigation negotiator will also send a message through LPS' secure web portal to our local attorney asking that the foreclosure file be placed on hold or closed entirely depending on the loss mitigation plan. Upon receipt of the message from the loss mitigation negotiator, the Technician will also verify that local counsel has been advised of the need to place the foreclosure on hold or close it entirely.

29. In regard to our computer systems, each of our employees are assigned unique login IDs for any computer or electronic system that they are granted access to. As such, we are able to restrict access to systems based upon the users need to access the system.

30. Employees are only given access to systems or areas of systems that their job function requires. For example, the Technician assigned to the loan has no ability to post or modify payments or other financial information on a loan.

31. We are also able to track any changes made to the system or a particular loan based upon who made the change and when the change was made. In particular, MSP is a running history of a loan and entries are not deleted: If there is a misapplication of money that has to be reversed, but the misapplication as well as the reversal will appear on the loan as well as the individual that entered both transactions into the system.

32. In regard to training, Cenlar has two typical types of training, corporate training and functional training.

33. Corporate training is conducted by our training department and is approximately 10.5 hours for new hires. In addition to general corporate policies and procedures the training also includes our computer systems. The corporate training concludes once the individual passes a computerized test on the required materials.

34. After completion of the corporate training, the individual is moved to the department that they will actually be working in and undergoes functional training with a manager and/or supervisor of the department. All new hires go through a training regimen of approximately 20 days.

35. The functional training includes hands on one-on-one training in the specific job functions that the person will be performing under the supervision of the manager and/or supervisor. Only after the manager and/or supervisor are comfortable that the new employee has demonstrated competency in the given job task, will the individual be allowed to work on their own.

36. Annual compliance training is also conducted on topics including but not limited to: notary requirements; security awareness; Cenlar's Code of Ethics; the Fair

Debt Collection Practices Act; and the Bank Secrecy Act and Anti-Money Laundering requirements.

37. Finally, Cenlar utilizes two audit departments, a default audit group, which is a part of the default group as well as the general corporate audit department.

38. The default audit group is responsible for conducting the third level of review in our three stage review process on 100% of certifications and affidavits.

39. The corporate audit department has a broader goal of sampling work-product and policies and procedures throughout the company to ensure that we are in compliance with any applicable federal, state, or investor requirements. They are also charged with assessing and identifying areas, processes or procedures that could serve as a source of potential risk for our company or our business partners.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

DATED: 7/28/2011

Steven T. Kravitz

POWERS KIRN, LLC
728 Marne Highway, Suite 200
Moorestown, NJ 08057
(856) 802-1000
Attorneys for Aurora Financial Group, Inc.

	: SUPERIOR COURT OF NEW JERSEY
	: CHANCERY DIVISION
IN THE MATTER OF RESIDENTIAL	: MERCER COUNTY
MORTGAGE FORECLOSURE	:
PLEADING AND DOCUMENT	: ADMINISTRATIVE ORDER 01-2010
IRREGULARITIES	: DOCKET NO: F-00238-11
	:
	: **SUPPLEMENTAL AFFIDAVIT OF**
	: **H. EUGENE BROWN, PRESIDENT OF**
	: **AURORA FINANCIAL GROUP, INC. IN**
	: **RESPONSE TO THE REQUEST FOR**
	: **INFORMATION DATED APRIL 25, 2011**
	: **FROM THE HONORABLE WALTER**
	: **R. BARISONEK**
	:
	:

STATE OF NEW JERSEY :
: SS
COUNTY OF BURLINGTON :

H. EUGENE BROWN, of full age, being duly sworn according to law, upon his oath deposes and says:

1 I am the President of Aurora Financial Group, Inc., (hereinafter, "Aurora"). In my capacity as President, I manage the overall, day to day, operation of Aurora. I make this affidavit based upon my personal knowledge and review of the business records and practices of Aurora, which records are maintained in the regular course of Aurora's business. I have personal knowledge of the facts contained in this Affidavit. I am authorized to make this Affidavit on

behalf of Aurora in order to supplement my previous Certification & Affidavit submitted in this matter.

2. As President of Aurora, I am responsible for the day to day operation of the entire organization, including the Default Servicing Department, which is comprised of the Foreclosure and Bankruptcy Departments. I have served as the President of Aurora for the past (11) eleven years and I have over (48) forty eight years of experience in the mortgage servicing industry. Based upon my position as President of Aurora and my extensive experience in the mortgage servicing industry, I have reviewed the policies and procedures that Aurora follows in managing a delinquent loan. Based upon this review, I submit this Affidavit which is based upon my personal knowledge of the business records, policies and procedures of Aurora.

3 Aurora is a licensed mortgage banker and servicer operating in the States of New Jersey and Pennsylvania Aurora maintains a portfolio of approximately 10,500 loans consisting of loans which were originated by Aurora, as well as loans owned by both Federal National Mortgage Association and New Jersey Housing and Mortgage Finance Agency, for which Aurora serves as the servicing agent.

4. We received a letter dated May 9, 2011 from Robert M. Purcell, Jr., Deputy Attorney General for the State of New Jersey, in his capacity as counsel for the New Jersey Housing and Mortgage Finance Agency. In his letter, Mr. Purcell requested that Aurora submit an Affidavit in response to Judge Walter R. Barisonek's letter of April 25, 2011, in Aurora's capacity as servicing agent for New Jersey Housing and Mortgage Finance Agency. The Affidavit will address the questions raised in Judge Barisonek's letter concerning the policies and procedures that Aurora has in place to ensure that it is in compliance with the New Jersey Rules of Court, R.4:64-1 in connection with the documents and pleadings filed with the Court to

prosecute foreclosure actions in the State of New Jersey on behalf of New Jersey Housing and Mortgage Finance Agency.

5. Donald Pfost is the Vice President and Servicing Manager of Aurora. He is responsible for the day to day operation of the entire Servicing Department which includes the Default Servicing Department comprised of the Foreclosure and Bankruptcy Departments. Mr. Pfost has held this position for the past (9) nine years and has worked in the mortgage servicing industry for the past (30) thirty years. Mr. Pfost reports directly to me concerning all Servicing Department issues.

6. Robert O'Shaughnessy, is the Assistant Vice President of Aurora and serves as the Default Manager. In this capacity, Mr. O'Shaughnessy is responsible for the day to day operations of the Foreclosure, Bankruptcy, Collections and Loss Mitigation Departments. Mr. O'Shaughnessy reports directly to Mr. Pfost, has held this position at Aurora for the past (9) nine years and has been in the mortgage servicing industry for the past (36) thirty six years

7. In my capacity as President of Aurora, with the assistance of Donald Pfost as Vice President and Servicing Manager, as well as Robert O'Shaughnessy, Assistant Vice President and Default Manager, we have developed, implemented and manage on an ongoing basis, certain policies, procedures and processes to manage defaulted mortgage loans. These policies, procedures and processes are used in both, reviewing and referring defaulted loans to foreclosure and to ensure that the information provided to the Court in the form of certifications and pleadings is accurate.

Question 1(a): State what processes and procedures you have to ensure that the certifications/affidavits submitted are based upon that person's personal knowledge or that person's review of business records which records would

be admissible in evidence in a New Jersey Court. Describe the processes and procedures in detail and attach a copy of any documents that establish the processes and procedures.

8. Aurora has detailed policies and procedures in place to ensure that the certifications and affidavits it submits to the Court in support of a foreclosure matter are accurate and are based upon the personal knowledge of the individual who has signed the certification or affidavit, and that the signor's personal knowledge is based upon their review of the business records maintained by Aurora in connection with the subject loan.

9. Pursuant to Aurora's written policies, it is the responsibility of the individual who will ultimately execute the certification or affidavit, to either, personally prepare the certification themselves, or personally verify the accuracy of the contents of the certification or affidavit based upon the individual's personal review of the business loan records maintained by Aurora in connection with each particular loan.

10. Two employees have been designated by Aurora to personally review and execute all certifications or affidavits submitted to the Court in support of any foreclosure action. Both of these individuals have extensive default mortgage servicing experience. Specifically, either Robert O'Shaughnessy, AVP and Default Manager or Beth Fritzsche, Default Administrator, review and execute the certifications and affidavits submitted. Robert O'Shaughnessy has been an employee of Aurora for nine (9) years and has thirty six (36) years of default servicing experience. Elizabeth Fritzsche has been an employee of Aurora for two (2) years and has been in the default servicing business for twenty seven (27) years.

11. Aurora has developed a system of policies and procedures to ensure that the employee executing a certification or affidavit in support of a foreclosure action has personally reviewed both, the business records maintained by Aurora in connection with the subject

mortgage, and the document prepared by outside foreclosure counsel, prior to executing the certification or affidavit.

(a). When outside foreclosure counsel requests information necessary to complete a certification or affidavit, the employee responsible for that particular matter reviews the business records maintained by Aurora in connection with the matter and prepares a payoff statement from the FICS good through a specific date. The amounts contained in the payoff statement, including the unpaid principal balance, accrued interest, late charges, escrow and corporate advances due are reviewed and compared to the amounts contained in the business records to ensure the amounts accuracy.

(b). The payoff statement prepared is then provided to outside foreclosure counsel so that counsel may prepare the certification or affidavit Once outside foreclosure counsel prepares the certification or affidavit, the same is forwarded to the individual at Aurora who is responsible for handling the matter for their individual receipt and review. Outside foreclosure counsel prepares the certification for signature by the individual who forwarded them the payoff statement.

(c) Once the individual receives the prepared certification or affidavit from outside foreclosure counsel, they review the certification and prepare a payoff statement from Aurora's business records in order to compare the information contained in the certification or affidavit with Aurora's business records. The individual compares the principal balance due and the due date of the loan, the accrued interest due, the interest rate, per diem amount and the number of days

interest has accrued to ensure accuracy. The individual also verifies the late charges and ensures that late charges are collected from the date of default to the date of the filing of the complaint only. The individual also reviews and verifies escrow and corporate advances by reviewing the loan history maintained by Aurora back to the last positive escrow or corporate balance and then identify all advances listed under the categories shown on the certification or affidavit that have been paid or will be paid prior to the end date on the certification or affidavit.

(d). Once the individual has verified that all of the information that contained in the certification or affidavit is accurate as compared with the individuals review of the business records maintained by Aurora, then the individual personally executes the certification or affidavit and returns the same to outside foreclosure counsel.

Question 1(b)i: State the processes and procedures you have in place to ensure that the individual who executes the certification/affidavit executed it according to law, and that the signature is a valid lawful signature.

12. Only two employees of Aurora, O'Shaughnessy and Fritzsche, have been authorized to execute certifications or affidivits in support of foreclosure actions in the State of New Jersey. Both individuals personally review the certifications that are prepared by outside foreclosure counsel and verify the accuracy of the information contained therein by personally reviewing the business records maintained by Aurora in connection with the subject mortgage loan.

13. Both O'Shaughnessy and Fritzsche, personally sign only the certifications or

affidavits that bear their name. Neither O'Shaughnessy or Fritzsche would ever allow another individual to sign a document on their behalf It is against Aurora policy to sign a document on behalf of another employee. Additionally, neither O'Shaughnessy or Fritzsche allow any other individual to affix their signature to a document through the use of an ink stamp.

Question 1(b)ii: State the processes and procedures in place to ensure that the person executing the certification/affidavit, pursuant to paragraph (a), has the authority to act in behalf of the plaintiff/servicer.

14. All certifications or affidavits executed and submitted to the Court in support of foreclosure matters by Aurora, are executed by only two individuals, O'Shaughnessy and/or Fritzsche, as previously stated. Both, O'Shaughnessy and Fritzsche, are employees of Aurora and both are authorized, by Corporate Resolution, to act and execute certifications and affidavits on behalf of Aurora.

Question 1(c): State in detail your record keeping system to ensure that there is accurate up to date entries of payments, loan history, assignments, or of any other transaction involving the mortgage. If you are currently making or anticipate making changes, state the changes to be made and when they will be implemented.

15. Aurora utilizes a fully automated software system entitled, Financial Industry Computer Systems, (hereinafter, "FICS"). FICS is a "real-time" computerized system used in maintaining loan level servicing functions for escrow administration, collections, investor reporting, payments processing and year end reporting

16 Payments are credited to each loan within 24 hours of receipt Of the 10,500 loans serviced by Aurora, approximately 85 percent of the payments received are made to our lock box facility maintained by First Trust Bank in Philadelphia, Pennsylvania. First Trust

creates a daily electronic file of all payments received and the electronic file is downloaded into Aurora's FICS system on a daily basis. Payments made directly to Aurora are uploaded to the system immediately upon receipt.

17. FICS is a "real-time" system, meaning that all payments made to a particular loan are reflected in Aurora's system as soon as the payment is received. For instance, if a customer walks a payment into Aurora at 11.00 am on any given business day, the payment will be accepted and immediately uploaded into the system. As a result, an employee accessing the FICS system regarding that customer's loan, will immediately see the payment being received and credited to their account. This ensures that the information in Aurora's business records is complete and accurate when the information is accessed by any employee.

18. Aurora's business records are all made at or near the time of the occurrence of the event recorded, such as a payments being made or an escrow advance being disbursed, and are made by individuals with personal knowledge of the information being placed in the business record or from information transmitted by individuals with personal knowledge. The records are kept in the course of Aurora's regularly conducted business activities and it is the regular practice of Aurora to make and rely upon such business records.

19. Just as payments are recorded in "real-time" so are escrow and corporate advances made on a particular loan. Reconciliations are completed each day on all loan level disbursements made relating to various everyday mortgage servicing functions.

20 Once a loan falls into default and is referred to outside foreclosure counsel to prosecute a foreclosure action, the FICS system is coded so that a Foreclosure Stop is placed on the loan. Once a Foreclosure Stop is placed upon a loan, no payment may be accepted and applied to the loan without the prior approval, authorization and knowledge of the Default

Manager, O'Shaughnessy and/or the Default Adminstrator, Fritzsche. This policy and procedure ensures that Aurora does not continue to prosecute a foreclosure action on a loan where payments sufficient to reinstate the loan have been tendered.

21. In addition, the FICS system is updated to ensure that Foreclosure fields on Default Reporting to Credit Bureaus is completed, the Foreclosure Tracking fields are completed and the HUD SFDMS fields are completed on all HUD loans. This activates the Foreclosure Tracking Report which is utilized and reviewed by both the Foreclosure/Bankruptcy Administrator and the Default Manager to monitor all cases in foreclosure on a regular basis to insure that the case is being processed in a timely manner and in accordance with all investor guidelines. Aurora also utilizes this system to insure proper updates are provided to the loan investor.

Question 1(d): State the review process you have in place to ensure that any certification/affidavit submitted to the Court is accurate, based upon current information and that the person executing the document relied upon personal knowledge and/or business records which would be admissible in a New Jersey Court. If you are currently making or anticipate making any changes, state the changes to be made and when they will be implemented.

22. As previously stated, only two employees of Aurora review and execute certifications or affidavits submitted to the Court in support of a foreclosure action, O'Shaughnessy and Fritzsche. Both, O'Shaughnessy and Fritzsche review only the certifications and affidavits that they, themselves, will be executing.

23 Depending upon which employee will be executing a particular certification or affidavit, that employee will provide the outside foreclosure counsel with the necessary information, from their own personal review of Aurora's business records, to enable the outside

foreclosure counsel to prepare the certification or affidavit.

24. Once the certification or affidavit is prepared by outside foreclosure counsel, it is then reviewed by the same employee who will be executing the documents, and the information contained in that particular certification is compared to the information contained in Aurora's business records. The employee will check to ensure that the unpaid principal balance, the loan due date, accrued interest, interest rate, per diem interest rate, the number of days interest has accrued, corporate and escrow advances contained in the certification or affidavit are accurate as compared to Aurora's business records.

25. It is the policy and practice of Aurora that only the employee executing the certification or affidavit may perform the review and verification of the information contained in the certification or affidavit. The review and verification may not be performed by a different employee than the one executing the document.

Question 1(e): State in detail any training programs you have in place for individuals completing certifications/affidavits to ensure that their knowledge of the contents of the certification/affidavit is be based upon personal knowledge or business records which would be admissible in a New Jersey Court.

26. As previously stated, only two employees of Aurora review and execute certifications or affidavits submitted to the Court in support of a foreclosure action, O'Shaughnessy and Fritzsche Both, O'Shaughnessy and Fritzsche have been employed by Aurora for several years and both have been employed in the default servicing industry for more than 25 years. Despite the extensive mortgage servicing background of these two employees, Aurora does utilize procedures and policies, and individual training, which contain line item outlines of the processes to be used by the employee in preparing and verifying the information

contained in a certification or affidavit in order to ensure that the information presented to the Court is accurate

27. Additionally, given the strong mortgage servicing background of Aurora's employees, Aurora utilizes an apprenticeship/mentoring training program to ensure that new employees are properly trained on Aurora's policies and procedures Training and review of Aurora's policies and procedures is done on an individual basis by the Default Manager or other senior member of the Department. The Default Manager or senior staff member responsible for training a particular new employee will oversee that new employee's work and work product to ensure that the work is done properly and that the new employee fully understands and adheres to Aurora's policies and procedures. The new employee is not permitted to work independent of the Default Manager or senior staff member's review until the Default Manager or senior staff member are confident that the new employee is capable of working in accordance with Aurora's policies and procedures.

Question 1(f): Describe in detail the process you have in place to ensure that foreclosure counsel is provided with current accurate information to support the preparation of any documentation counsel will be submitting to the Court pursuant to Court Rule.

28. Initially, when a foreclosure matter is first referred to outside foreclosure counsel to prosecute a foreclosure action, a referral package is prepared and forwarded to outside foreclosure counsel with a written letter with instructions. The employee of Aurora preparing the referral package, will review the original note and mortgage, and any assignments of mortgage, which documents are kept by Aurora on site. The employee will provide outside foreclosure counsel with a copy of the original loan documents, a payoff statement prepared off of the FICS

system. The employee verifies all of the financial information contained in the payoff by comparing the payoff statement to Aurora's business records The package to outside foreclosure counsel also contains several "screen shots" printed off of our FICS system to provide counsel with the mortgagor's address or addresses for service of process, general loan information, such as origination dates, recording dates, payments amount information and due dates. The package also contains a copy of the Notice of Intent to Foreclose that Aurora forwarded to the mortgagor at least 30 days prior to referral.

29. Once the complaint is drafted by outside foreclosure counsel, a copy of the complaint is forwarded to the employee in the Foreclosure Department responsible for that particular matter. The information contained in the complaint is verified by Aurora's employee by comparing the information in the complaint to Aurora's business records. Once it is determined that the information contained in the complaint is accurate, the complaint is forwarded back to outside foreclosure counsel with a completed review checklist so that outside foreclosure counsel may file the complaint.

30. Likewise, when outside foreclosure counsel requests the information necessary to prepare the Certification of Proof of Amount Due in support of final judgment in a foreclosure action. The Foreclosure Department employee responsible for handling the matter prepares a current payoff statement off of Aurora's FICS system. The information contained in the payoff statement is verified and compared with Aurora's business records to ensure that the information contained in the payoff statement is accurate. The payoff statement and information is then transmitted to outside foreclosure counsel.

31. As previously stated, once the certification or affidavit is prepared by outside foreclosure counsel, it is then reviewed by the same employee who will be executing the

documents, and the information contained in that particular certification is compared to the information contained in Aurora's business records. The employee will check to ensure that the unpaid principal balance, the loan due date, accrued interest, interest rate, per diem interest rate, the number of days interest has accrued, corporate and escrow advances contained in the certification or affidavit are accurate as compared to Aurora's business records.

Question 1(g): State the review process you and foreclosure counsel have in place for the final review of documents to be submitted to the Court pursuant to Rule 4:64-1 et. seq..

32 Aurora and its outside foreclosure counsel have developed policies and procedures to ensure that it, and outside foreclosure counsel, fully comply with the requirements of amended New Jersey Court Rule, R. 4:64-1.

33. Prior to a foreclosure complaint being filed, outside foreclosure counsel provides Aurora with a copy of the prepared complaint and a checklist of all of the information that Aurora's employee needs to check and verify with Aurora's business records. The Foreclosure Department employee responsible for the administration of the matter reviews the complaint, completes the checklist and compares the information contained and averred in the complaint to Aurora's business records.

34. Once the review is completed, the prepared complaint and completed checklist are communicated directly to outside foreclosure counsel. In the event any changes are necessary, outside foreclosure counsel corrects the prepared complaint as needed. Once Aurora's employee and outside foreclosure counsel are satisfied that all of the information contained in the prepared complaint is accurate and in accordance with Aurora's business records, outside foreclosure counsel files the complaint with the Superior Court along with a completed Certification of

Diligent Inquiry which recites the steps taken to ensure compliance. A copy of the checklist is attached hereto.

35. This process is repeated with outside foreclosure counsel when the Certification of Proof of Amount Due is prepared. Initially, outside foreclosure counsel is provided with a current payoff statement based upon the information contained in Aurora's business records. Outside foreclosure counsel prepares a Certification of Proof of Amount Due and transmits the prepared certification to Aurora's employee responsible for that particular matter, either O'Shaughnessy or Fritzsche, along with a checklist of all the information contained in the certification which must be verified by either O'Shaughnessy or Fritzsche. Depending upon which of these two employees will be executing the certification, that employee then personally conducts a review of the information contained in the certification and compares the information and facts contained therein with Aurora's business records. Once all of the information contained in the certification and checklist is compared to Aurora's business records, and the employee verifies that the information contained in the certification is accurate, the employee returns the certification and completed checklist and communicates with and transmits the documents to outside foreclosure counsel.

36. Once the review is completed and prior to the Certification of Proof of Amount Due being submitted to the Court, the employee and outside foreclosure counsel communicate directly concerning the accuracy of the documents. In the event any changes are necessary, outside foreclosure counsel makes the corrections immediately. Once Aurora's employee and outside foreclosure counsel are satisfied that all of the information contained in the prepared certification is accurate and in accordance with Aurora's business records, Aurora's employee executes the certification and outside foreclosure counsel files the documents with the Superior

Court, along with a completed Certification of Diligent Inquiry which recites the steps taken to ensure compliance. A copy of the checklist utilized by Aurora is attached hereto.

Question 1(h): State whether you utilized or intend on utilizing any independent auditor to review the process and procedures mentioned in the above answers to ensure that you are in compliance with the mandates of Court Rule 4:64-1 et. seq..

37. Aurora currently utilizes the services of ICS Compliance, as an independent auditor for purposes of insuring that Aurora services all HUD insured loans in compliance with the Department of Housing and Urban Development Servicing Guidelines. A copy of ICS Compliance's review and report for the 3rd Quarter of 2010 is attached hereto. Some of the criteria currently being audited by ICS Compliance, are as follows:

(a). Determine whether effective collection activities are pursued in a timely fashion and whether contact is attempted with all co-mortgagors, co-signors adn former mortgagors, as appropriate.

(b). Determine whether accurate documentation of collection efforts is maintained to include referral fo the mortgagor to HUD-approved counseling agencies and mailing of the HUD pamphlet, HUD 426, to mortgagors no later than the second month of delinquency.

(c). Determine whether accurate and timely submission of required reports is made to Single Family Default Monitoring System.

(d). Determine whether mortgagor information is reported to credit reporting agencies when appropriate.

(e). Determine whether foreclosure proceedings are initiated and completed in a

timely manner and in accordance and compliance with HUD requirements.

38. While Aurora does not have ICS Compliance audit its foreclosure policies and procedures to ensure that it is in compliance with Court Rule R.4:64-1, Aurora does intend to utilize ICS Compliance in the future to conduct such an audit. This review and audit procedure will be added to our current mortgage servicing quarterly review process which is completed by ICS Compliance.

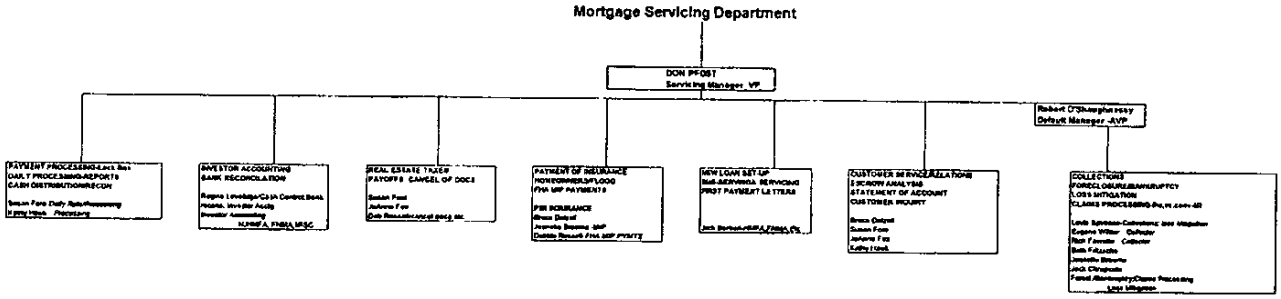
Question 2: If you are a plaintiff in uncontested residential foreclosure matters and any other entity, not a part of these proceedings or part of the "Big Six", acts as a servicer on those mortgages, secure the information requested in Question #1 from the entity that provides that servicing.

39. Aurora does not currently utilize the services of a sub-servicing agent, and services all of its own mortgages in-house. Therefore, this question does not apply to Aurora.

I certify that the foregoing statements made by me are true I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

H. Eugene Brown, President
Aurora Financial Group, Inc.

Dated: 7-21-11


Mortgage Servicing Department
DON PFOST
Servicing Manager, VP
Robert O'Shaughnessy
Default Manager -AVP
PAYMENT PROCESSING-Lock Box
DAILY PROCESSING-REPORTS
CASH DISTRIBUTION/RECON
Susan Fore Daily Rate/Processing
Henry Hawk Processing
INVESTOR ACCOUNTING
BANK RECONCILIATION
Regina Lovelage/Cash Control Bank
Hearne, Investor Acctg
Investor Accounting
N.FMFA, FNMA, MISC
REAL ESTATE TAXES
PAYOFFS CANCEL OF DOCS
Susan Fore
Johnnie Fox
Deb Rosenbrand/Cancel docs, etc
PAYMENT OF INSURANCE
HOMEOWNERS/FLOOD
FHA MIP PAYMENTS
PIR INSURANCE
Bruce Dalzell
Jeanette Browne -MIP
Debbie Russell FHA MIP PYMTS
NEW LOAN SET-UP
Bud-SERVICING SERVICING
FIRST PAYMENT LETTERS
Jack Barbour/NMFA, FNMA, Etc
CUSTOMER SERVICE/RELATIONS
ESCROW ANALYSIS
STATEMENT OF ACCOUNT
CUSTOMER INQUIRY
Bruce Dalzell
Susan Fore
Johnnie Fox
Kathy Hawk
COLLECTIONS
FORECLOSURE/BANKRUPTCY
LOSS MITIGATION
CLAIMS PROCESSING-Pu,vi,com-MI
Lewis Spencer-Collections, Loss Mitigation
Eugene Wilber Collector
Rick Fannette Collector
Beth Fitzsimmons
Jeanette Browne
Jack Chrapusta
Forest Abandonment/Claims Processing
Loss Mitigation

Internal Mortgage Servicing Procedures

Accounting

Payment Processing:

All payments received internally are processed and deposited to appropriate investors Bank account within twenty-four (24) hours. This includes both internal and Lockbox.

Remittances:

Each investor has different requirements concerning remittances, but our two (2) primary investors; FNMA and NJ HMFA have the following requirements:

- FNMA - Every time daily collections reaches $2,500 or greater.
- NJHMFA - Remittances are made daily

Payoffs

Remittances are:

- FNMA - Within twenty-four (24) hours of processing.
- NJHMFA - Within forty-eight (48) hours of posting, along with a fax giving a breakdown of proceeds being wired along with remittance wire form # HMFA 112.

Payoffs - Processing and Satisfactions:

Remittances for payoffs have been explained above. Our requirements concerning Mortgage Satisfaction are.

- FNMA - Title is in name of Lender; therefore, Aurora can execute the Satisfaction Endorsement in their name. We also retain the original documents.
- NJHMFA - Several years ago the Agency recorded in every county in New Jersey a document that permits all Servicers the ability to execute the Mortgage Satisfaction on their own and simply refer to the filing Book, Page and Date in the Satisfaction based on the appropriate County.

Original Documents:

Effective February 1998, the State no longer wished to retain original documents. All loans prior to that date were sent by the Agency to their Custodian. The documents are mailed directly to Aurora from the Custodian based on the Agency's receipt of the forms mentioned under payoff remittance

Reconciliation's:

Both FNMA and NJHMFA expect Aurora to ensure all monies due each investor has been remitted in its entirety based on our report and those provided by investor.

- FNMA - They provide us with a Turn-Around Report that shows the amount of cash they were expecting versus the amount they received. Thereby providing either a shortage of surplus. They want all they are entitled to and no more. We must reconcile their records against ours, each and every month, to ensure all appropriate changes are made and all cash shortages and surpluses are addressed

- NJHMFA - The Agency does basically the same thing as FNMA only FNMA's is based on individual loan reconciliation's; whereas NJHMFA is based on separate accounting groups tied to each bond issue. Once again, the State provides us with each Bond Issue expected collections with delinquents, prepaids and curtailments factored in. They also provide by Bond Issue a shortage/ surplus that must be reconciled each month and appropriate corrections made.

Bank Reconciliation's:

Each investor has a separate P&I and T&I account that must be reconciled each month. This being done is another aide with reconciling the shortage/surplus mentioned above as it relates to the P&I account. The reconciliation to the T&I account will permit us to make monthly adjustments in order that we can cover corporately escrow advances. Taxes and Insurance

Hazard and Flood Insurance

Hazard:

To ensure all premiums are paid in a timely manner the computer system provides a list of expiring policies by loan number, month and day Based on this report we will contact either Insurance Company, Agent or Customer to obtain the Renewal Policy and bill. We make every effort to pay the renewal premiums thirty (30) days prior to expiration At time of payment, we check the billing to see that the Loss Payee Clause is correct and if not, we attach a letter to our check. Should we receive a cancellation on a policy, we send a letter to the borrowers requesting proof of coverage, should we not receive this information by the cancellation date, we setup the property on Lee & Mason (force place

coverage) in which a letter is send advising the borrower that we have secured coverage and please provide us with a new HO policy If not, their account will be charged for the premium and advised them that the policy does not include liability coverage. After a 60 day period, a policy gets issued and charged to the borrowers escrow account. If we receive a new policy within that time period, the borrower is not charged and the force coverage is cancelled. If the 60 day period passes and we receive proof of coverage after that period, the premium will be refunded. The refund amount will determined by the effective date of the new policy and the refund should be as much as 100%.

Condos:

FNMA does not require Homeowners be escrowed in with the payments as the policy covering the Condo is sufficient. NJHMFA now requires each Mortgagor carry an HO-3 Policy for at least $50,000 dwelling coverage and this must be escrowed. If a NJHMFA loan does not have coverage (which happens quit often on new loans received from outside companies), a Condo Requirement letter is sent to the borrower. If no response, a letter indicating force placement will occur. We have a blanket Condo Policy through Lee & Mason Insurance which covers these properties. This procedure and insurance coverage has been approved by NJHMFA.

Flood Insurance:

The same procedures followed for Homeowners are used for Flood Insurance. As far as a Condo is concerned it's either required because it's in a Flood Zone or not applicable.

Loss Payee:

- FNMA - Loss Payee clause in name and address of Aurora.
- NJHMFA - Loss Payee NJHMFA c/o Aurora and our address.

Insurance Loses:

Both Investors require notification of an insurance loss that exceeds $5,000. FNMA is reported thru Mornet and NJ HMFA by completing Form #178. If the loan is delinquent or in foreclosure closer follow-up is required to ensure all repairs are made and any money remaining is applied to the remaining debt. Once we receive approval to complete repairs, 1 3rd of the funds are disbursed to begin repairs. Inspections are made before any further funds are released to insure the proper repairs are being made.

PMI/MIP:

This is done in the same manner as other escrowed items are handled. The computer system provides an Open Items Report we match it up to the individual billings we

receive from HUD on the individual PMI Companies and make disbursements from each Mortgagor's Escrow Account.

Cancellation of PMI:

- **FNMA** – Will approve based on new appraisal provided the LTV is 80% or less and a good 24 month payment history. PMI can also be cancelled by Lender if LTV reaches 78% based on original balance.

- **NJHMFA** – The state will not use a new appraisal. 80% must be achieved from original Sales Price or appraised value (lessor of either) and then must be approved by the Agency. There are some earlier Bond Issues where PMI coverage is required until LTV reaches 65% and some regardless of Sales Price or Value of property, PMI coverage is for the life of the loan. When remitting a request to NJH, form #180 must be used and sent along with a 24 month pay history.

Property must be Owner Occupied:

Agency requires Borrower remain in property for the life of the mortgage or sell or refinance if they want to continue ownership. They have a letter that they want the Lender to mail advising of their options. It is unclear if the Agency wishes the Lender to stop accepting payments, accelerate the Mortgage and began foreclosure. This would present a major problem with FHA and VA insured loans

Cancellation of FHA Insurance:

FHA has come up with some ideas for canceling MIP for existing mortgages, but many questions remain at this time concerning procedures for Lender to follow. NJHMFA does not allow MIP to be cancelled regardless of LTV or appraised value.

Real Estate Taxes:

Tax amounts are received from First American Tax Service and disbursed within the due date. Checks are made payable to the Taxing Authority and forwarded to First American for payment. An Open Items Report provides a listing of those taxes which still need to be paid. A tax search is completed by First American each year for those non escrow accounts to assure taxes are current. If any are past due , the amounts are reported to us. A letter is mailed to the borrower advising them to pay these taxes ASAP. Failure will result in changing them from a non escrow account to an escrowing account and the payments will be adjusted. If a loan is in foreclosure, we may be required to pay delinquent water and sewer bills to protect the Investors lien.

Escrow Analysis:

Analysis is completed at least once a year. Shortages are spread over a twelve (12) month period and surpluses exceeding $50 are refunded to the borrower. Less the $50 are divided by 12 and deducted from the payments. In certain cases we will spread a shortage over more than twelve (12) months depending on the circumstances.

Collections and Foreclosures

Collections:

Regardless of Investor, see below:

30-Day Accounts - Late notices are mailed on the 17th of each month (See Attached) and this is also the same time telephone calls begin. During this period an additional two (2) notices are mailed and telephone calls continue throughout the month.

60-Day Accounts - Telephone calls continue and a minimum of (2) more letters are mailed. If no contact has been achieved by the 45th day a property inspection/interview may be ordered. If loan is a chronic delinquent an inspection will only be ordered at this point if we suspect the property is vacant. On or about the 86th. day, FHA loans are sent How to Avoid Foreclosure letter explaining the HUD's Loss Mitigation program along with HUD Pamphlet 426 and a list of approved counseling agencies.

90 Day Accounts - Telephone calls continue, more serious delinquency letters are mailed indication foreclosure is imminent. A property inspection is now ordered regardless of past experience. A Notice of Intention to Accelerate and Foreclose is sent on all Conventional loans See Attached) If insured a Notice of Delinquency is sent to the MI company and NJHMFA Forms & 173A are sent to the Agency. A copy of the 173 & 173A are given to the Default Manager for monitoring of timeframe.

120-Day Accounts - Collection activity continues on any loan not recommended for foreclosure. Notice of Intention to Accelerate and Foreclose is sent to all FHA loans and the NJHMFA Forms 173 and 173A are sent to the Agency A copy of the 173 & 173A are given to the Default Manager for monitoring of timeframe.

A monthly log is maintained on all NJHMFA 173's .This lists the loans referred by account number, type, due date, date NOI sent, date referral sent, date approval received and date case sent to the attorney This is to insure that cases are referred to the attorney within acceptable foreclosure timelines.

Loss Mitigation:

Throughout the delinquency various forms of Loss Mitigation available are discussed with the borrower. Since NJHMFA does not participate in the national HAMP program their non FHA loans are not solicited. If it appears that one of these cases warrant consideration then a Financial Statement is sent and when the completed documentation is received it is reviewed by one of our Default Administrators and forwarded to the Agency for their decision. On all other cases solicitation begins once the account becomes 30 days past due and continues until either reinstated, a successful loss mitigation finalizes or the case is referred to foreclosure. Lists of these accounts are distributed for telephone and mail solicitation each month. Once contact is made a brief interview is performed with the borrower(s)and the appropriate Financial Statement is sent.When the completed package is received it is distributed to one of our Default Administrators for determination as to which form of relief the borrower(s) might qualify for under the HAMP guidelines If approved for a loss mitigation program notification is sent to the borrower(s) along with the corresponding documentation.Payment plans less than three months are usually verbal, those greater than three months will be put in writing and are handled by the collector. Any repayment agreement greater than six months must be approved by the Default Manager and investor. The Default Administrator is responsible for monitoring the account until the approved Loss Mitigation option has been finalized. If not approved for any program notification is sent to borrower(s) stating the reason(s) why any loss mitigation could not be be done and instructing them to contact us for possible recommendations.

Bankruptcies - Chapter 7 & 13

Once we receive notice that an account has filed bankruptcy the following updates are done on the system:

Bankruptcy Stop
Bankruptcy fields on Default Reporting to Credit Bureau
Bankruptcy Tracking fields completed
HUD SFDMS fields completed (FHA loans)

Chapter 7 - Normally Proof of Claim no longer required unless requested by Trustee. Payments must be current and remain so otherwise we will proceed with foreclosure as soon as the Trustee discharges the debtor.

Chapter 13 - An escrow analysis is performed and forwarded to our attorney along with a Payoff Statement and a status sheet with instructions to file a Proof of Claim on behalf of the Investor . In case of FNMA they have one law firm that handles all Bankruptcies from Proof of Claim to completion or dismissal. Monthly reviews are performed by the Bankruptcy/ Foreclosure Administrator and the Default Manager to ensure payments

outside (Post Petition) are paid each month and follow-up with the Trustee once confirmation has been held to receive Pre Petition funds are being received. If mortgagor becomes three (3) months behind, Post Petition a request is sent to the attorney to file a Motion for Relief with the Bankruptcy Court to allow us to begin or continue foreclosure. If the individual mortgagors file Bankruptcy more than three (3) times a motion is filed with the Court requesting we be removed as a creditor against future filings

The Bankruptcy Tracking Report is used by both the Bankruptcy / Foreclosure Administrator and the Default Manager to monitor all cases in bankruptcy.

NJHMFA Form 175 is completed monthly providing current status of each case. FNMA reporting is done via a file download on FNMA's website.

Foreclosure:

Once the foreclosure package has been referred to the attorney the following updates are done on the system:

Foreclosure Stop
Foreclosure fields on Default Reporting to Credit Bureau
Foreclosure Tracking fields completed
HUD SFDMS fields completed (FHA loans)

The Foreclosure Tracking Report is used by both the Bankruptcy / Foreclosure Administrator and the Default Manager to monitor all cases in foreclosure on a monthly basis. This is to insure the case is being processed within acceptable timeframes and that reasonable delays are documented. Also to insure proper updates are provided to the Investor and HUD or MI.

Completion of the Certification of Proof of Amount Due

It is the responsibility of the individual who will execute this Certification to either personally prepare the document or verify the accuracy of the contents according to the loan records, prior to executing. The following is an outline of the process to be used.

Prepare a payoff statement off of *FICS* good through the "to date" listed on the "Amount Due Schedule" that is provided by our attorney and verify the principal balance and due date on the "Schedule" with our records

Use the total interest due amount, interest rate, per diem amount and number of days from the payoff statement.

The late charges due are calculated from the due date of the loan to the Complaint date as shown on the "Schedule"

To complete the "Advances" you must review the loan history back to the last positive escrow or corporate balance and identify all advances listed under the categories shown on the "Schedule" that we have either paid or anticipate will be paid before the ending date on the "Schedule"

Each of these amounts are then totaled and that figure is placed in the "Total Due" at the bottom of the "Schedule" and in item 2 of the "Certification"

Bidding Instructions:

We ask the Agency for bidding instructions for Conventional loans. The VA gives us bidding instructions, which we pass on to the Agency for their approval. Generally for FHA loans, we ask the Agency, but most bids are for total debt.

Sheriff Sale:

After Judgment is entered we will receive notice of the scheduled Sheriff's sale date. Notice of this date is provided to the Agency along with subsequent notice of the successful sale. New Jersey has a ten (10) day redemption period, meaning the mortgagor still has time to payoff the mortgage or attempt to have the Sheriff Sale set aside. Once the ten (10) day period is up, we instruct our attorney in whose name to put the Deed and file a claim on behalf of the Investor.

Post - Sale

If the property is known to be occupied we will instruct the attorney to begin eviction proceedings. Prior to the eventual eviction date property inspections are ordered to determine if still occupied. After we have obtained possession of the property and marketable title the file is ready for either conveyance (if FHA loan) or marketing by the Agency if REO.

FHA - Within 30 days from obtaining marketable title / possession and securing the property, it must be conveyed to HUD. This is done by filing Part A HUD - 27011 via HUD's EDI website. Afterwards follow up is done to make sure the claim was not suspended due to an error. After conveyance is accepted we are required to have the title package approved by HUD within 45 days. Follow up is done with the foreclosing attorney to insure we comply with this timeframe. Once title approval is received we have 15 days to file Part B - HUD 27011. This consists of all escrow and corporate advances made in the completion of the foreclosure .

REO - Once possession of the property has been obtained claim will be filed on any loans carrying MI. The Agency will handle all Post-Sale marketing and maintenance on these accounts.

After the aforementioned activities are completed we will file our request for reimbursement for advances made from the time of default through the completion of the foreclosure action. Fannie Mae Form 571 is filed via the Fannie Mae website Reimbursement for loans serviced for the Agency are done by completing NJHMFA Form 108 .This form is completed in triplicate and is accompanied by a copy of the loan history and documentation for all expenses claimed.

Follow up is done to insure we receive reimbursement for all allowable expenses.

Loss Mitigation:

ICS Compliance
The confidence of more

From: Christian Maier, ICS Compliance Manager
RE: Quarterly HUD Compliance Reviews

Scope:

ICS Compliance conducts a quarterly validation of the following FHA Servicing related areas which are monitored internally by Aurora Financial Group·

- Single Family Default Monitoring System (SFDMS) - To determine whether accurate and timely submission of required reports are being made to the Single Family Default Monitoring System.

- Mortgage Insurance Billing- To verify that HUD/FHA Mortgage Insurance premiums (MIPs) that are due upfront (prior to insurance) are remitted within the time period established by FHA, or if not, that the remittance includes late charges and interest penalties. Also reviewed to determine if mortgagees address any pattern of late submissions and promptly take corrective measures.

- Escrow Administration- To determine whether escrow account functions are being performed properly. This includes ensuring that·
  - Funds are maintained in an account separate from the mortgagees general operating account;
  - Mortgagors are billed the proper amounts;
  - Disbursements are made promptly as the items for which the escrow was established become due and payable.
  - Bills are requested and obtained when not automatically received;
  - Excessive balances are promptly refunded to the mortgagor or applied to the unpaid principal balance if the mortgagor so requests;
  - Escrow shortages are promptly reported to the mortgagor and the mortgagor is informed of all options to remedy the shortage

- Paid in Full Mortgages- To determine whether interest charges in prepayments are accurate, note and security instrument are promptly satisfied, the termination of FHA mortgage insurance is properly reported to FHA, escrow balances are promptly refunded, and whether security instruments are promptly released

Additional Reviews

A review of Aurora's collection and foreclosure policies and practices is completed on an annual basis in order to ascertain compliance with HUD's Quality Control.

Scope

The following procedures are discussed with management to ascertain compliance with the guidelines found in the HUD Handbook 4060.1 Rev 1 Chapter 7 items 6-12 (L through AA):

- Review of Aurora's collection and foreclosure policies and procedures,
- Review of 10 (ten) files selected from the Foreclosure Tracking Report
- Determine whether effective collection activities are pursued in a timely fashion.
- Determine whether accurate documentation of collection efforts is maintained, including:
    - o referral of the mortgagor to a HUD-approved counseling agency; and
    - o Mailing of HUD pamphlet HUD 426 to mortgagors no later than the second month of delinquency
- Determine whether a personalized interview (face-to-face or telephone) with the mortgagor is attempted before three full mortgage installments become delinquent. If the interview was not conducted, documentation must be provided of an exception allowed by HUD.
- Determine whether accurate and timely submission of required reports is being made to the Single Family Default Monitoring System.
- Determine whether mortgagor information is reported to credit reporting bureaus when appropriate.
- Determine whether property inspections to protect and preserve the property are performed in accordance with HUD requirements.
- Determine whether all appropriate Loss Mitigation tools (i.e. special forbearance, loan modification, partial claim, pre-foreclosure sale, and deed-in-lieu) have been considered and documented, and that mortgagors are provided every reasonable opportunity to remedy a delinquency or default prior to the decision to foreclose.
- Determine whether additional assistance to remedy the delinquency (e.g oral and written forbearance agreements and refinances) is reasonable given the financial data submitted by the mortgagor Determine whether reasonable partial payments are accepted in accordance with requirements.
- Determine whether foreclosure proceedings are initiated and completed in a timely manner, and in compliance with HUD requirements (e.g , decision to foreclose had concurrence of management).

Presented for review are. Sample copies of delinquent notices, required HUD notices, foreclosure notices, and the HUD Single-Family Default Monitoring System report

ICS Compliance
The confidence of more

To: **H. Gene Brown, President, Aurora Financial Group, Inc.**

From: **Christian Maier, Compliance Manager**

Date: **November 9, 2010**

RE: **3rd Quarter 2010 HUD Compliance Review**

Executive Summary

ICS Compliance conducts a quarterly validation of the following FHA Servicing related areas which are monitored internally by Aurora Financial Group:

- Single Family Default Monitoring System (SFDMS) - To determine whether accurate and timely submission of required reports are being made to the Single Family Default Monitoring System.

- Mortgage Insurance Billing- To verify that HUD/FHA Mortgage Insurance premiums (MIPs) that are due upfront (prior to insurance) are remitted within the time period established by FHA, or if not, that the remittance includes late charges and interest penalties. Also reviewed to determine if mortgagees address any pattern of late submissions and promptly take corrective measures.

- Escrow Administration- To determine whether escrow account functions are being performed properly This includes ensuring that:
  - Funds are maintained in an account separate from the mortgagees general operating account,
  - Mortgagors are billed the proper amounts;
  - Disbursements are made promptly as the items for which the escrow was established become due and payable.
  - Bills are requested and obtained when not automatically received;
  - Excessive balances are promptly refunded to the mortgagor or applied to the unpaid principal balance if the mortgagor so requests;
  - Escrow shortages are promptly reported to the mortgagor and the mortgagor is informed of all options to remedy the shortage.

- Paid in Full Mortgages- To determine whether interest charges in prepayments are accurate, note and security instrument are promptly satisfied, the termination of FHA mortgage insurance is properly reported to FHA, escrow balances are promptly refunded, and whether security instruments are promptly released.

Findings

No findings were noted during this review.

Additional Reviews

A review of Aurora's collection and foreclosure policies and practices in order to ascertain compliance with HUD's Quality Control Guidelines was conducted on September 21, 2010. Two exceptions were noted during this review. It was found on loan # 58177 and #56883 that HUD's "How to Avoid Foreclosure" letter was not given to the mortgagor's. In accordance with HUD, the Mortgagee must provide the Mortgagor with a copy of the HUD publication "How to Avoid Foreclosure", no later than the end of the second month of delinquency (24 CFR 203 602).

Scope

The following procedures were used to ascertain compliance with the guidelines found in the HUD Handbook 4060.1 Rev 1 Chapter 6 items 6-12 (L through AA):

- Review of Aurora's collection and foreclosure policies and procedures;
- Review of 10 (ten) files were selected from the Foreclosure Tracking Report as of September 21, 2010;
- Discussion with Mr. O'Shaughnessy.

Also presented for review were: Sample copies of delinquent notices, required HUD notices, and foreclosure notices; the HUD Single-Family Default Monitoring System report as of September 21, 2010

Thank you for the courtesies extended by you and your staff during this review

Aurora Financial
Loss Mitigation Review – Sept 21, 2010

Per Discussion with Bob O'Shaughnessy, Default Manager:

Servicing Portfolio – There are (approximately) 10,500 loans in Aurora's servicing portfolio. The majority of these loans are NJHMFA and FNMA .

Modifications/Repayments – In 2010 to date, there were approximately 35 modifications 240 accounts with payment plan stops on FICS, and 34 HUD partial claims

30-days – Late notices mailed. Telephone calls begin. Two additional notices are mailed (see workpapers). Telephone calls continue.

30 day HUD SFDMS reporting begins.

45-50 days, FHA loans are sent HUD's "How to Avoid Foreclosure" letter, pamphlet, and list of approved counseling agencies.

60 days – Telephone calls continue Minimum of 2 more letters are mailed. A property inspection/interview may be conducted if no contact with mortgagor is made.

90-days – Serious delinquent letters and telephone calls are made. Property inspection mandatory. Notice of Delinquency sent on insured loans. NJHMFA Forms 173 & 173A are sent to the agency.

120-days – Notice of Acceleration and Foreclose sent via regular and certified mail on FHA loans NJHMFA Forms 173 & 173A sent to agency.

Loss mitigation strategies are discussed with the borrower throughout delinquency

HUD-SFDMS Report – Program created by in-house IT. Reported on a monthly basis through HUD's website FHA loans are added/deleted.

Mortgagor information is reported to all three major credit bureaus (report full file)

Aurora receives a Tier 1 rating from HUD in loss mitigation efforts

A review of Loss Mit letters from system indicated that several HUD Counseling letters were not given within the 45-50 day timeframe.

Certification of Complaint Review

File No.: 2010- 4874
Loan No.: .
Property Address: Hamilton, New Jersey 08610
Case Name: New Jersey Housing and Mortgage Finance Agency v.
Docket No.:

I, Robert O'Shaughnessy, am an employee of Plaintiff or Servicing Agent of Plaintiff and have personally reviewed the Plaintiff's business records and documents with regard to this foreclosure. I have also reviewed the pleadings and documents filed with the Court in this proceeding and have confirmed the factual accuracy of the information and allegations contained therein.

Specifically, I have reviewed the following documents: (check all that apply and initial each document/pleading to confirm your review)

- ☑ Note and any/all endorsements or allonges
- ☑ Mortgage and any/all assignments of mortgage
- ☐ Modification any/all
- ☑ Complaint or Amended Complaint & CIS Form

Complaint or Amended Complaint & CIS reviewed for accuracy (check all that apply)

- ☑ Reviewed names of obligor(s), mortgagor(s), obligee and mortgagee,
- ☑ Reviewed amount of debt secured by the mortgage
- ☑ Reviewed the Plaintiff is the holder of the Note
- ☑ Reviewed dates of the note and mortgage and recording information
- ☑ Reviewed dates of all assignments (if any) and recording information
- ☐ Reviewed dates of any modifications and recording information
- ☑ Reviewed interest rate of the note and whether adjustable or fixed
- ☑ Reviewed due date of the obligation
- ☑ Reviewed the stated payment amount in the note
- ☑ Reviewed monthly late charges
- ☑ Reviewed pre-payment penalties in the note (if any)
- ☑ Reviewed date of default (Date next installment is due)
- ☑ Reviewed whether the mortgage is a purchase money mortgage
- ☑ Reviewed property address and tax block and lot references
- ☑ Reviewed Notice of Intention to Foreclose was mailed at least 30 days prior to filing of Complaint to all obligors at the property and any mailing address
- ☑ Reviewed content of Notice of Intention to Foreclose to confirm the default date, Lender Contact Information and Reinstatement and/or Payoff Amount (as applicable).
- ☑ Reviewed Possession Date (30 days after the due date of the 1st missed payment)
- ☑ Reviewed Third Count (if any), accurately provides the information for a second mortgage on this property also held by Plaintiff which is being foreclosed with the first mortgage or recites need for a reformation of Legal Description in Complaint (if necessary).
- ☑ Reviewed whether this is a residential or commercial mortgage foreclosure
- ☑ Reviewed whether this is a "High Risk Loan" or not.

☐ _____ Other document or court pleading _____

I hereby acknowledge that I have personally reviewed this matter with the understanding that the law firm of Powers Kirn, LLC will rely upon the information contained herein in its submissions to the Court.

By: _____ Dated: June 16, 2011

Name: Robert O'Shaughnessy

Title: Default Manager

Responsibilities: Manage ongoing operation of Default Area

2010-4874

STATE OF NEW JERSEY

ss

COUNTY OF BURLINGTON

On May June 16, 2011 before me, the undersigned, a Notary Public in and for the said County and State, personally appeared Robert O'Shaughnessy, to me personally known, who being duly sworn by me, did say that he/she is the Default Manager of the Corporation named above which executed the within Certification of Judgment Review.

Susan A. Ford
Notary Public

Commission Expires

SUSAN A. FORD
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires December 28, 2012

Certification of Judgment Review

File No.: 2009-4683
Loan No.
Property Address: Plainfield, New Jersey 07062
Case Name: New Jersey Housing and Mortgage Finance Agency v. et al
Docket No.:

I, Robert O'Shaughnessy, am an employee of Plaintiff or Servicing Agent of Plaintiff and have personally reviewed the Plaintiff's business records and documents with regard to this foreclosure I have also reviewed the pleadings and documents filed with the Court in this proceeding and have confirmed the factual accuracy of the information and allegations contained therein.

Specifically, I have reviewed the following documents. (check all that apply and initial each document/pleading to confirm your review)

☑ Note and any/all endorsements or allonges
☑ Mortgage and any/all assignments of mortgage
☐ Modification any/all
☑ Certification of Proof of Amount Due in Support of Entry of Final Judgment
Certification reviewed for accuracy (check all that apply)
- ☑ Reviewed the signatures of the affiant and notary (if any) are the true signatures of those individuals and such individuals had the authority to execute the certification
- ☑ Reviewed the amount due Plaintiff, as set forth in paragraph 2, is consistent with the business records
- ☑ Reviewed the Plaintiff is still the holder of the Note, as set forth in paragraph 5
- ☑ Reviewed the mortgage and property information set forth in Schedule
- ☑ Reviewed itemization provided of the account, as set forth in the Statement of Amount Due is consistent with the business records
- ☑ Reviewed itemization provided of the account is consistent with the business records for a second mortgage held on the same property joined in this foreclosure action. (Applies only if Complaint has a Third Count).

☐ _____ Certification in Support of Application for Order Directing Payment of Additional Funds to Plaintiff (filed or to be filed subsequent to entry of judgment but prior to sale in the event of additional advances after execution of the Certification of Proof of Amount Due)
Certification reviewed for accuracy (check all that apply)
- ☐ Reviewed the signatures of the affiant and notary (if any) are the true signatures of those individuals and such individuals had the authority to execute certification(s) dated:_____.

☐ Reviewed additional funds advanced by Plaintiff for this account, as set forth in paragraph 3, are consistent with the business records

☐ _____ Other document or court pleading _____

I hereby acknowledge that I have personally reviewed this matter with the understanding that the law firm of Powers Kirn, LLC will rely upon the information contained herein in its submissions to the Court.

By. _____ Dated: July 14, 2011

Name: Robert O'Shaughnessy

Title: Default Manager

Responsibilities: Manage ongoing operation of Default Area

2009-4683

STATE OF NEW JERSEY

ss

COUNTY OF BURLINGTON

On May July 14, 2011 before me, the undersigned, a Notary Public in and for the said County and State, personally appeared Robert O'Shaughnessy, to me personally known, who being duly sworn by me, did say that he/she is the Default Manager of the Corporation named above which executed the within Certification of Judgment Review

Susan A. Ford
Notary Public

Commission Expires

SUSAN A. FORD
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires December 28, 2012