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June 1, 2011

(VIA HAND DELIVERY and Electronic Filing via JEFIS)
Honorable Walter R. Barisonek, Special Master
Union County Courthouse
Courtroom 101
2 Broad Street
Elizabeth, N.J. 07207

RE: Submission of MidFirst Bank in response to the Honorable Walter Barisonek's April 25, 2011 Letter

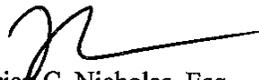
Docket No.: F-238-11

Dear Judge Barisonek:

Our firm represents MidFirst Bank in relation to the above captioned Administrative Order. Enclosed please find the Certification of Thad Burr in response to Your Honor's April 25, 2011 letter.

Should Your Honor have any questions or concerns, please do not hesitate to contact us.

Respectfully submitted,


Brian C. Nicholas, Esq.

Cc: MidFirst Bank
Jennifer Perez, Clerk of the Court (Electronically via JEFIS)

In the Matter of Residential Mortgage)
 Foreclosure Pleading and Document) Administrative Order 01-2010
 Irregularities) Docket # F-238-11

**CERTIFICATION OF THAD BURR ON BEHALF OF MIDFIRST BANK IN
 RESPONSE TO ADMINISTRATIVE ORDER 01-2010, DOCKET #F-238-11**

CERTIFICATION OF THAD BURR

THAD BURR, ("Burr") hereby certifies and says:

1. I am a First Vice President of MIDFIRST BANK ("MidFirst") and of MIDLAND MORTGAGE CO.¹ ("Midland"). In this capacity, I am the person responsible for managing the overall operations of the Foreclosure Department at Midland. As such, I have authority to make this Certification on behalf of MidFirst and Midland. I am the officer in the best position to provide this Certification and explain Midland's processes for referring a loan to foreclosure, providing the information necessary to initiate the foreclosure process, and executing the documents necessary to complete the foreclosure. I am fully familiar with the facts set forth in this Certification and make this Certification on behalf of MidFirst Bank in response to Administrative Order 01-2010, Docket #F-238-11, In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities and this Court's letter dated April 25, 2011.
2. I am responsible for managing the overall operations of the Foreclosure and Bankruptcy Departments at Midland. I have managed the overall operations of the Foreclosure Department for over ten (10) years and the Bankruptcy Department for over five (5) years. Prior to assuming my current position, I worked as a manager in

¹ As explained in the Certification of Thad Burr filed with the Court on February 11, 2011, MidFirst services loans through Midland, its wholly-owned operating subsidiary.

the foreclosure department for three years. I have over thirteen (13) years experience overall with the company. Given my experience in Midland's Foreclosure Department, I have extensive knowledge of the policies, procedures and processes that Midland follows as a loan becomes delinquent and is reviewed and referred for foreclosure up through and including the foreclosure sale. As such, I submit the information contained in this Certification upon personal knowledge as well as knowledge gained through a personal review of business records where necessary.

3. By letter dated April 25, 2011, the Court has requested responses to specific questions to show that MidFirst has processes and procedures in place to ensure that the information contained in certifications/affidavits submitted to New Jersey Courts under Rule 4:64-1 et seq. is accurate and reliable. For convenience of the Court, MidFirst is responding to the questions in the order presented in the Court's April 25th letter. Question Number 2 is not applicable to MidFirst as no other entity not already involved in this proceeding or the "Big Six" proceeding services loans on MidFirst's behalf.
4. While I am responsible for the overall operations of the Foreclosure and Bankruptcy Departments, Melissa Poage ("Poage"), a Vice President of MidFirst and Midland, manages the day-to-day operations of both departments. Poage reports directly to me and has had management responsibility for the Foreclosure Department for over ten (10) years and the Bankruptcy Department for over five (5) years. Before moving to the Foreclosure Department, Melissa was a supervisor in Midland's property preservation and default claims and conveyances departments. She also has over thirteen years experience overall with Midland.

5. In my position overseeing the Foreclosure Department, and in Poage's position of managing its day-to-day operations, we both are instrumental in developing, implementing, and managing the various processes involved in reviewing and referring loans for foreclosure and in completing the foreclosure process. These internal processes include, but are not limited to: (a) ensuring that a loan is delinquent and appropriate for foreclosure; (b) providing accurate loan information to outside counsel necessary to commence foreclosure as well as submit necessary proof to the courts; and (c) reviewing and/or validating documents executed by MidFirst or Midland in connection with the foreclosure action.
6. As will be explained in detail in response to the specific questions posed, Midland, on behalf of MidFirst, has extremely strong processes in place to ensure that loans are appropriately referred for foreclosure, that accurate, current information is provided to outside counsel to commence the foreclosure and prepare Certifications submitted to New Jersey courts and that signers of Certifications submitted to courts have personally reviewed business records to confirm the accuracy of the statements made therein.

RESPONSE TO 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.

7. MidFirst, through its servicer Midland, has extensive processes and procedures in place to ensure that Certifications² are based upon the signer's personal knowledge and review of Midland's business records as more specifically described herein.

² Midland uses Certifications in lieu of affidavits as allowed under New Jersey Court Rules.

Midland's Signers are Two Experienced Employees

8. Midland has designated and uses two (2) employees to review and sign all Certifications and/or Affidavits filed in support of New Jersey foreclosure proceedings. See Response to Question 1(b)(ii) (explaining designation of authority to execute Certifications). Burr is one of the signers; the other is Poage. On average, Burr and Poage execute approximately six Certifications in support of New Jersey foreclosures per week.
9. As more fully explained in the introductory paragraphs of this Certification, Burr and Poage are long-time MidFirst and Midland employees who are intimately familiar with the processes, procedures and dealings of the Foreclosure Department. In particular, Burr and Poage developed the process by which the loan information needed to complete a Certification is gathered, validated and provided to foreclosure counsel. Burr and Poage likewise developed the process by which signers of Certifications review a Certification to ensure that it is accurate and that when it is signed, the signers have personally reviewed the business records upon which the information in the Certification is based.
10. Through Burr and Poage's years of experience managing the Foreclosure Department, they have gained in-depth knowledge and understanding of Midland's servicing system, document custodial processes used to track and maintain original loan documents and other processes in place that are designed to ensure the information that goes into a Certification is current, accurate and based upon Midland's business records. Burr and Poage have knowledge of, and supervisory roles over, the process by which a loan is determined to be referred to foreclosure counsel, how the process works, and the

controls in place to ensure that a loan is not referred to foreclosure unless it is severely delinquent and all available loss mitigation efforts have been pursued.

11. Burr and Poage also developed and manage the Figures Team, a division within the Foreclosure Department, which computes and validates the judgment figures stated in the Certification. Burr and Poage have knowledge of, and supervisory roles over, the process by which the judgment figures are calculated and verified, such that we are confidently able to rely on the process to produce accurate numbers. However, Burr and Poage do not simply rely on other employees to verify the accuracy of information in the Certification, or any other documents reviewed in connection with the foreclosure. Before signing any Certifications or Affidavits, Burr and Poage conduct an independent review of Midland's business records to confirm the factual accuracy of the statements made therein.

**Certifications Are Only Executed After
a Personal Review of Business Records**

12. After foreclosure counsel finishes preparing a Certification, (See Response to Question 1(d) below (explaining in detail the steps involved in providing information to foreclosure counsel and the preparation of Certifications)), counsel returns it to Midland where it is assigned to either Burr or Poage (the "Signer") for verification and execution.
13. Foreclosure counsel sends the Certification back to Midland with detailed instructions and a checklist for the Signers to fill out as they verify and execute the Certification. See Response to Questions 1(d) and 1(g) below (explaining in detail the checklist). The Signer also has copies of Midland's business records that were provided to counsel to prepare the Certification. Using the printed business records, and cross-referencing

with Midland's electronic system of record, as necessary, the Signer checks each fact stated in the Certification to verify its accuracy against Midland's business records. The information that is verified, and how it is verified is explained in more detail below in response to Question 1(d).

14. Only after personally reviewing and confirming that the information and calculations appearing within the Certification match Midland's business records, does the Signer execute the Certification in accordance with New Jersey Court Rules and return it to foreclosure counsel.

RESPONSE TO 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.

15. Midland has authorized Burr and Poage, two (2) Vice President level employees, to execute the Certifications submitted in support of foreclosure actions in New Jersey. Midland submits Certifications in lieu of affidavits as allowed under New Jersey Court Rules. Under this rule, a notary is not required. The Certifications explicitly conform to New Jersey law with the statement 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."
16. Upon the Signer's review of Midland business records, as more fully described herein, to ensure the statements made in the Certification are factually accurate, the Signer personally signs the Certification. Burr and Poage have been signing Certifications in New Jersey for many years and would never allow other employees to sign their name (and doing so is also contrary to Midland's processes and policies). Additionally, the Signers do not use digital or mechanical stamps for their signatures.

RESPONSE TO 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 on behalf of the plaintiff/servicer.

17. MidFirst has procedures in place to ensure that the employee signing a Certification has the authority to act on behalf of the party plaintiff. Midland, on behalf of MidFirst, services loans and processes foreclosures for three distinct groups of investors, and has employees with appropriate signing authority for each group.

- a. MidFirst-owned loans - The majority of the loans Midland services on behalf of MidFirst are owned by MidFirst at the time foreclosure is commenced. MidFirst's and Midland's board of directors have designated Burr and Poage as Vice Presidents of MidFirst and Midland with full authority to take actions consistent with a Vice President position, including but not limited to signing certifications and affidavits in foreclosure actions instituted on behalf of MidFirst. At this time, Burr and Poage are the only two employees that execute Certifications in support of New Jersey foreclosure actions. In order for other employees to assume similar responsibilities, the Board of Directors would have to grant them such authority.
- b. Government-owned loans – Midland, on behalf of MidFirst, also services loans owned by one of the government-sponsored enterprises including Fannie Mae, Freddie Mac and Ginnie Mae. As an approved servicer of these entities, MidFirst is required to foreclose loans owned by these entities in MidFirst's name. As such, any Certifications or affidavits signed on these loans are executed by Burr or Poage who have authority to sign on behalf of MidFirst.
- c. Private-investor loans – Midland, on behalf of MidFirst, services a small percentage (less than 5%), of loans owned by private investors, primarily

securitized trusts. In the majority of instances, foreclosures on these loans are filed in the name of the trust who owns the loan.³ MidFirst is typically granted authority to act on behalf of the trust through a power of attorney or limited power of attorney which expressly grants MidFirst the right to pursue foreclosure actions on behalf of the trust and execute those documents necessary to do so. Because Burr and Poage have signing authority on behalf of MidFirst, as specifically delegated by the Board of Directors, they are authorized to sign for the trusts as a Vice President, MidFirst Bank, attorney-in-fact for the particular trust involved.

RESPONSE TO 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.

18. Midland has several systems in place that work together to act as its record keeping system of all servicing activity, loan documentation and other transactions involving the mortgage loans it services:

19. **LoanServ.** Midland uses one of the top loan servicing systems in the industry called Loanserv, which is licensed from Fiserv. Loanserv is Midland's primary system for maintaining and recording customer transactions, communications and account history. This system is used by Midland in the regular course of business to contemporaneously record loan level transactions such as the receipt of payments, posting of fees and disbursements of cash.

³ In some cases, MidFirst has contractually agreed to commence foreclosure in its name and has received the appropriate authorization to do so.

20. When Midland begins servicing a loan on behalf of MidFirst, Midland's technology department is responsible for boarding the loan level detail onto Loanserv. After the loan level data is boarded onto Loanserv, all servicing departments, including the Foreclosure Department, complete and document testing designed to ensure that the loan level data was accurately loaded onto Loanserv. Other departments responsible for testing of information include investor accounting, which handles posting of payments, and escrow administration, which manages escrow accounts. All servicing departments are required to document their testing procedures and results and formally report back to the technology department that the information boarded to Loanserv is accurate and complete.
21. All activity related to the servicing of the loan is input either electronically or by trained employees who are qualified to accurately input information into the system. All entries made by employees are notated on the system as being made by the particular employee that made the entry. Any changes, updates or modifications to entries in the system are noted on the system through a system log and the employee that made a change is identified. Once an entry is made on the system, it cannot be deleted or altered.
22. System access is controlled by the assignment of a unique ID and password to each employee who will access the system. It is company policy that password information cannot be shared with anyone. Loanserv includes programming designed to only allow employees to update servicing records related to the processes for which they are responsible. For example, employees in the Foreclosure Department cannot access that part of the system dealing with payment posting other than to see when a payment is

made; likewise, employees in the Investor Accounting Department, who post payments, cannot access that part of the system used for processing foreclosures other than to know that the loan is coded as being in foreclosure.

23. In addition to limiting who can access information, there are different levels of access depending on need and job function: Closed (user cannot view or access information); Read Only (user can view but not modify/change information); and Update Access (user can update information which is noted as being done by a particular employee). Finally, if an employee needs to change or have additional system access, Midland has an access request process that requires a Vice President or above to provide written justification as to the need for the employee to have changed or additional access. All employee's system access is reviewed periodically (approximately annually) by management to ensure access remains appropriate. For all employees with access to change system loan level data, justification for their access is formally documented at each review.

24. As described above, Loanserv is used to record customer payments. Midland has an extensive internal control system to ensure that borrower payments are posted timely and accurately. The majority of payments are posted through electronic files that are uploaded to Loanserv on the day they are received. Payments that are not posted electronically are posted by trained cashiers using access to Loanserv that is designed specifically for this posting process. Midland employs real-time quality control to review a sample of all cashier transactions on a monthly basis to ensure accurate posting of amount to the correct customer account. Additionally, Midland completes

daily cash balancing to ensure the completeness of cash deposits and accuracy of posted transactions.

25. Loanserv is also used to record activity related to a borrower's escrow account, including deposits from the borrower, tax and insurance refunds and disbursements for escrow transactions such as payment of taxes and insurance premiums. Midland has extensive internal controls to ensure that escrow transactions, including receipts and disbursements, are recorded timely and accurately. These controls are coupled with loan level controls to ensure that escrow items such as taxes and insurance are timely paid and appropriate in amount. All receipts and disbursements are subject to quality control review designed to verify that disbursements occur for the proper amount and to the proper party.

26. iClear. In addition to Loanserv, Midland uses in the regular course of business an invoice presentment system called iClear for processing substantially all fees and disbursements that are posted to borrower accounts. Both Loanserv and iClear include programmed limits related to allowable fees or other charges that can be posted to each loan. These limits are established based on state and federal laws and other published regulatory guidelines. Midland's processes to verify that only proper fees and disbursements are posted to each loan include program controls and trained processors that review and approve invoices to ensure services and fees billed to a loan relate to pre-defined expected services and charges and that invoices are received from the service providers that have performed services on the borrower's loan. Midland also conducts a monthly audit of service provider invoices. This audit includes reviewing all invoices posted to a loan selected for review. The invoices are reviewed to ensure

that proper documentation exists to support the amount billed to the borrower, that the service is authorized and permitted by applicable laws and regulations.

27. Original Documents Housed with a Document Custodian. In addition to Loanserv, all original loan documents, including the note, mortgage, title policy and assignments, are housed by an official Document Custodian that is responsible for maintaining original loan documents in a secure manner and in accordance with guidelines established by owners of the loans. The Document Custodian for the loans Midland services is either a third party custodian or MidFirst Bank acting as self-custodian. Midland has a Documentation Department that works with the official Document Custodians to manage loan files and ensure they are properly maintained.

28. Document Custodians Use a Tracking System to Track Original Loan Documents.

MidFirst, when acting as self-custodian, has an electronic system called Document Tracking (DocTrack) that is used to track possession of original loan documents, notate any document deficiencies and track corrective action taken regarding those deficiencies. Upon receipt of any custodial file, where all hard copy loan documents are stored, the Document Custodian audits the contents. The Custodian employs personnel that have been trained to recognize whether a document is an original or a copy. After the audit is completed, DocTrack is updated to identify if the documents are correct, incorrect, or missing. In addition, DocTrack is used to record the document format (original, copy, original recorded) for the note, mortgage, title policy and assignments. The Custodian completes a quality control review on a sample of loans whereby an individual who did not perform the file audit or data entry process

compares the information recorded in DocTrack to the contents of the file to ensure DocTrack's accuracy.

29. For loans Midland services on behalf of MidFirst that have a third party custodian, the files are audited by the third party custodian in the same manner described above. The third party custodian records the results of their document audit in their system and provides a custodial file report to Midland's Documentation Department. Midland receives an updated custodial file report from its third party custodians monthly.
30. For loans that MidFirst serves as the self-custodian, Burr, Poage and other Foreclosure Department employees have read-only access to DocTrack. This access allows employees to confirm the contents of the custodial file. If the custodial file is maintained at a third party custodian, the third party custodian verifies in writing the format of the Note and Mortgage or other documents as needed.
31. When a loan becomes approximately 90 days delinquent, the Foreclosure Department checks Midland's imaging system, FileMaster (discussed in more detail below), to determine if loan documents from the original loan file have been imaged and if not, they request the Document Custodian to scan copies of all original loan documents, including the note, mortgage, assignments, title policy, mortgage insurance certificate, and loan modification documents, into FileMaster. These documents are provided to foreclosure counsel via a secure electronic interface system used by Midland and its counsel.
32. **FileMaster.** For the documents that are scanned as described above, Midland uses a system called FileMaster, which is a secure interface to Midland's imaging system, and allows the scanned documents to be stored and organized as an electronic loan file.

33. **Vendorscape.** Vendorscape is the name of the secure electronic interface system that Midland uses in order to securely send copies of loan level documents to its outside counsel and communicate with outside counsel during the foreclosure process.

RESPONSE TO 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.

34. Midland, on behalf of MidFirst, has a detailed review process in place to ensure Certifications are accurate, based upon current information and that the person executing has personal knowledge of same.

**Midland's Processes Ensure
Foreclosure Counsel Receives Accurate Information**

35. Midland has extensive processes and procedures in place to ensure that the information provided to foreclosure counsel to prepare a Certification is accurate and reliable and is based upon information contained in its business records, including Loanserv, that would be admissible in a New Jersey Court. Once a delinquent loan is referred to the Foreclosure Department, several divisions within this department review the loan to make sure it is properly referred for foreclosure and that the information provided to foreclosure counsel is complete and accurate:

- the Foreclosure Review Division ensures proper notices are sent and undertakes an extensive quality control review to determine that foreclosure is appropriate;
- the Foreclosure Referral Division performs a multi-level review of the loan file to verify that the loan should proceed to foreclosure and then assembles and verifies all information to be sent to foreclosure counsel;
- the Figures Team calculates amounts due on each loan referred to foreclosure and provides that information to foreclosure counsel for use in processing the foreclosure; and

- management in the Foreclosure Department reviews the complaint and other court filings and executes any Certification filed with the court in support of each foreclosure.

These levels of review (with various steps within each level) are described in further detail below in Response to Question No. 1(f). Because each loan goes through such an extensive review by various levels and divisions within the foreclosure department, Midland is confident that the information 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.

**Foreclosure Counsel Prepares Certifications
Based on Midland's Business Records**

36. MidFirst's foreclosure counsel prepares the Certifications that will be submitted to the Court after receiving the pertinent loan level information from Midland. As we service loans in multiple states, foreclosure counsel is in the best position to compile the information provided by Midland from its business records into the format proper for submission to New Jersey courts as a Certification and to verify that any costs or fees included in the Certifications are recoverable under New Jersey law.

**Each Certification Is Personally and Thoroughly
Reviewed Before Execution**

37. Once the Certification is prepared, it is returned to Midland with comprehensive instructions and a detailed checklist that requires the person signing the Certification to review each data point stated in the Complaint and Certification for accuracy against Midland's business records, including information from Loanserv. Upon receipt from counsel, the Certification is assigned to one of the two Signers for review and execution, who do so based upon personal knowledge and a review of business records

(as detailed above in Response to Question 1(a)). The Signers compare the information in the Certification to Midland's business records to ensure its accuracy by taking the following steps:

38. The Signer: (1) verifies that the foreclosure action is being sought on behalf of the correct party by reviewing Loanserv; and (2) confirms that the named party is entitled to enforce the loan. For loans where MidFirst is the Document Custodian, the Signer looks at DocTrack, the system MidFirst uses to track original loan documents as more fully described above in response to Question 1(c), to verify that the document custodian has possession of the required original loan documents. For loans with a third party document custodian, the Signer verifies that the third party custodian has those same original loan documents; and (3) although the holder of the loan typically is also the owner, that is not always the case so if the Certification identifies the plaintiff as holder and owner, the Signer confirms the owner of the loan by reviewing Midland's business records to check the investor code and business matrix which tracks the actual owner of the loan.
39. Next, the Signer reviews the basic loan level information appearing on the Schedule attached to the Certification and validates its accuracy by comparing the information noted therein to what appears in Midland's servicing system, Loanserv, or on the loan documents themselves. This includes validation of borrower name, property address, loan origination date and original loan balance, interest rate, maturity date, recording information and default date.
40. The Signer further reviews the itemization of amounts due stated on the Schedule attached to the Certification and compares the numbers included in the Schedule to the

numbers appearing in Midland's business records gathered and prepared by the Figures Team, along with any changes noted by foreclosure counsel.

41. Only after confirming that the numbers appearing on the Schedule match Midland's business records does the Signer execute the Certification and return it to foreclosure counsel. This comprehensive review process, and the systematic use of a checklist to verify that each step of review is performed with respect to each loan that is the subject of a foreclosure Certification, ensures that the information and figures appearing in the Certifications are accurate, based upon current information and that the person executing the document relied upon personal knowledge and a review of business records.

**Checklists Ensure the Accuracy and Reliability
of Information Submitted to Court**

42. As the Signers perform their Certification review and execution processes, they have two different checklists to facilitate the review process; one is an internal Midland checklist and the other is provided by foreclosure counsel.
43. Midland's internal checklist identifies the documents that must be reviewed by the Signer as part of the document review and execution process. Each state has its own checklist depending on the information and documents that are needed to conduct the review. The Signers review the checklist, the Certification and business records in conducting their review. The standardized use of this checklist ensures that the Signers will have all necessary documentation in front of them to perform a personal review of the business records that support the information contained in the Certification.
44. In the process of verifying and executing each Certification, the Signer utilizes a checklist that is provided by foreclosure counsel. The checklist requires the Signer to

affirmatively demonstrate his capacity to sign and that he or she confirmed the accuracy of the information contained in the Certification. This checklist ensures clear communication between foreclosure counsel and the Signer as to what information needs to be verified and requires the Signer to affirmatively indicate by checkmark that he or she has reviewed all necessary pleadings, certifications, etc, and is authorized to execute the Certification and is doing so based upon personal knowledge. The Signer, who must verify on the checklist his or her capacity and authority to execute the Certification, completes this checklist before executing the documents that ultimately are filed with the Court. The checklist is signed by the Signer and returned to foreclosure counsel.

RESPONSE TO 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 based upon personal knowledge or business records which would be admissible in a New Jersey Court.

45. While Burr and Poage are the only employees who currently execute Certifications filed in New Jersey, should Midland determine it necessary to designate additional employees for this important task, Midland is in the process of finalizing a training program that will train other well-qualified employees to complete Certifications based upon their personal knowledge and review of business records. The overall training program includes but is not limited to: process overview, recognition of document types, identification of specific business records needed to verify factual information included in documents and where to find them, request process for back-up documentation and corrections from the foreclosure attorneys, notary process, signing, and responsibilities of being called as a witness. The training program will specifically train employees how to independently verify the factual information in the Certification

or affidavit against Midland's business records and confirm that their signature on these documents is appropriate only after they have conducted this independent verification.

46. As previously discussed, Burr and Poage developed the processes by which loans are reviewed and referred for foreclosure, as well as the process by which judgment figures are gathered, calculated and verified. Their years of experience and involvement in developing the process has enabled Burr and Poage to serve as well-trained employees who are well-qualified to execute certifications and affidavits used in pursuing foreclosure actions in New Jersey and other states. This experience, likewise, has permitted them to develop an extensive training program for other employees.
47. The training program in development includes on-the-job training conducted in coordination with Midland's Training Department. This training is performed by employees in the Foreclosure Department who actually perform the job functions, thus ensuring the training is conducted in 'real time.' Foreclosure Department management will monitor the on-the-job training to ensure that employees fully understand the process before training is deemed complete. In addition, employees will be required to successfully pass competency testing, which will be approved by the employee assisting in the training, foreclosure management and the Training Department.
48. Foreclosure Department management will also ensure that trained employees understand the entire process from foreclosure review to foreclosure completion, as well as understand the step-by-step review process involved in reviewing appropriate business records to verify the accuracy of any documents being signed.
49. The Training Department will independently monitor the training progress of the employee by coordinating with the Foreclosure Department management and the

trainee to ensure that all training checklists and appropriate management sign-offs are completed.

50. On-the-job training includes training in each division involved in the process – foreclosure review, foreclosure referral and the judgment figures team. The trainees will shadow the work being performed on actual files so that they understand exactly what occurs at each step in the process and what is required to advance to the next step. Foreclosure Department management will monitor the training to ensure that the trainee has a good understanding of each area before the employee begins training in the next area. Only after verification that the trainee understands each step in the process will training on actual document review and execution begin.
51. Detailed on-the-job training is also being developed on the document execution process. Before this training begins, the trainees must demonstrate an in-depth understanding of how the Judgment Figures Team prepares judgment figures. The trainees will also have to demonstrate that they understand how the figures are used by foreclosure counsel to create an appropriate Certification. Each trainee will work with individual employees on the Figures Team on actual files that are sent to outside counsel to ensure complete understanding of the process. Once a Certification is received back from counsel, they will work with Burr or Poage to walk through the review and execution of particular Certifications, again to ensure complete understanding of the process. Burr and Poage will have the trainees review multiple Certifications and personally observe their review and execution processes to ensure compliance with Midland's policies and procedures. Trainees will not be approved to sign documents until Burr and Poage are confident that they have the appropriate

training and experience to sign the documents in accordance with Midland's procedures. Even after a trainee has been approved, Burr and Poage will continue to monitor their work through ongoing quality control reviews.

52. Only after successful completion of Midland's training program and approval by Burr or Poage that the trainee is qualified to review and execute documents, all of which shall be documented in writing, will senior management have the ability to request board approval allowing these employees to sign foreclosure-related documents. No employee shall be authorized or permitted to sign documents submitted in foreclosure actions without appropriate board approval.

RESPONSE TO 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.

53. MidFirst, through its servicer Midland, has extensive processes in place to ensure that foreclosure counsel receives current accurate information to support preparation of all documents that will be submitted to the Court in connection with a New Jersey foreclosure action. Three separate divisions within the Foreclosure Department review each loan and compile and validate the information that is provided to foreclosure counsel throughout the entire foreclosure process.

**Foreclosure Review Division Ensures
that a Loan is Proper for Foreclosure**

54. When a loan becomes delinquent (and well before it is referred to foreclosure counsel), the Foreclosure Review Division performs an extensive three-level quality control review to ensure that all servicing procedures have been followed and that there is no reason not to refer the loan to foreclosure. Indeed, the goal is to avoid foreclosure if the borrower can make payments or qualify for a loss mitigation plan.

55. Initial Quality Control Review. The initial quality control: (a) reviews payment histories to confirm the loan is in default; (b) confirms that all required notices have been sent to appropriate parties; (c) confirms that adequate attempts to contact the debtor have occurred in attempt to resolve the delinquency and/or qualify the debtor for an appropriate loss mitigation plan; (d) if contact with the debtor has occurred, confirms that the debtor was evaluated for loss mitigation; (e) confirms that all other investor/insurer guidelines have been met prior to approving the loan for foreclosure; and (f) checks the Department of Defense website for the named borrowers to determine whether they are on active duty in the military.
56. Second Level Quality Control Review. Upon completion of the initial quality control review, a second quality control review is performed by a senior employee in the Foreclosure Review Division to verify that the loan has been serviced properly. This second review by a separate employee confirms each of the steps articulated above in order to determine if there is any reason not to refer the loan for foreclosure.
57. Supervisor Level Quality Control Review. A supervisor then confirms that both the initial and second level quality control reviews were properly completed before signing off on the loan being referred for foreclosure. Thus, before a loan is sent to the Foreclosure Referral Division (which ultimately will refer the loan to outside counsel for commencement of a foreclosure proceeding), the loan has gone through a three-level review within the Foreclosure Review Division, by three different employees of differing levels of responsibility. This three-level review is consistent for each loan, as a physical checklist follows the loan through the Foreclosure Review Division, where each step in the review process is documented, signed and dated.

58. This three-level review ensures that no loan is referred to Foreclosure Referral unless it is severely delinquent and either does not qualify for loss mitigation or loss mitigation efforts failed.

59. Management Review. In addition to the three-level review performed by the Foreclosure Review Division, Burr personally reviews each loan file to confirm that approval for foreclosure is appropriate. Burr's review confirms: (a) the status of the loan; (b) the payment history; (c) loss mitigation activity; and (d) collection attempts. The purpose of Burr's review is to ensure that proper servicing procedures, especially those related to loss mitigation, were followed and that, despite all loss mitigation attempts, the loan remains severely delinquent and foreclosure referral is warranted.

**Foreclosure Referral Division Prepares the Loan File
and all Supporting Documentation to Send to Foreclosure Counsel**

60. Upon completion of the foreclosure review process by the Foreclosure Review Division, the loan is sent to the Foreclosure Referral Division, a separate division within Midland's Foreclosure Department, where final preparatory steps are performed before a loan is referred to outside counsel.

61. Quality Control Review. The Foreclosure Referral Division conducts its own detailed review of the loan file and Loanserv notes to determine if any new reason has developed for not referring the loan to outside counsel. For instance, this review determines whether in the few days since the Foreclosure Review Division determined that referral of the loan for foreclosure is appropriate, further loss mitigation attempts were made or a payment was received. Review by the Referral Division is documented on Midland's servicing system.

62. Document Verification and Gathering. If no such activity occurred, the Foreclosure Referral Division moves forward with the remaining steps in the referral process, which is designed to ensure that foreclosure counsel receives current, accurate loan level data in which to commence and process the foreclosure action. These steps include:

- determining in whose name foreclosure is to be filed based upon the investor code referenced for the particular loan in Loanserv. The employee compares the referenced investor code to an investor code matrix in order to identify the proper party name in which to commence the foreclosure. This information is provided to outside counsel as part of Midland's referral instructions.
- verifying that relevant loan documents have been scanned to Midland's imaging system, FileMaster, including the note, mortgage, assignments, title policy, mortgage insurance certificate and loan modifications, and obtaining a copy of the notice of intent to foreclose that is required to be sent under New Jersey law, and providing the documents to foreclosure counsel via a secure electronic interface system.
- verifying that any necessary assignments of mortgage are available.
- verifying that the Department of Defense military search is included in the documents sent to outside counsel.

63. Referral Package to Outside Counsel. Once the documents are gathered and the referral instructions completed, the referral package is sent to foreclosure counsel electronically and includes a copy of all relevant loan documents, the name in which the foreclosure action is to be commenced, and the due date of the loan taken directly from Midland's servicing system. Upon receipt of the referral from Midland, Foreclosure Counsel can confidently rely on its accuracy for preparation of the complaint.

64. Quality Control Audit. All referrals are reviewed by a quality control team immediately following referral to outside counsel to ensure that information in the referral package is accurate.

**Foreclosure Complaint is Reviewed
Before it is Filed with Court**

65. Foreclosure counsel prepares the complaint based upon information received from Midland at referral, in conjunction with a title search. The complaint is provided to Midland for review along with a detailed checklist to assist in reviewing and verifying each factual statement made in complaint.
66. One of Midland's Signers reviews the complaint and verifies each factual statement in connection with a loan referred for foreclosure against Midland's business records as already described herein and upon confirmation of same, signs the checklist and returns to counsel.
67. Only after Midland's review and confirmation that the complaint is accurate does foreclosure counsel file the complaint.

**Midland's Figures Team Calculates
the Amounts Due on Loans in Foreclosure**

68. Midland's Figures Team, which is another separate division within the Foreclosure Department, is responsible for calculating amounts due on loans in foreclosure including reinstatement amounts, payoff requests and judgment figures for use in submitting Certifications on loans in foreclosure. This department consists of five employees who specialize in calculating amounts due on loans in foreclosure and ensuring that the judgment figures provided to foreclosure counsel are accurate. It was established to ensure that adequate resources and controls are in place to ensure accuracy of the judgment figures stated in Certifications, affidavits and other documents submitted to courts in foreclosure actions.
69. Judgment Figures Summary Sheet. Upon receipt of a request for judgment figures from foreclosure counsel, the Figures Team prepares a Judgment Figures Summary

Sheet ("Summary Sheet") on the specified loan using relevant information from Loanserv by taking the following steps:

- a. Counsel advises Midland what date should be used for purposes of calculating judgment figures, which is a date in the future that counsel estimates will be close to the time counsel submits the judgment package to the Foreclosure Unit.
- b. The relevant numbers that go into the judgment calculation (including principal balance, accrued interest, escrow advances, late charges and other fees) are pulled directly from Loanserv. While the interest is systemically calculated up to the future date counsel requests, all other numbers are taken directly from the system as of the date the judgment figures are calculated. In addition, Midland's Loanserv system calculates interest on a per diem basis and that calculation is also provided to counsel as part of the Summary Sheet.
- c. The Figures Team prints screens from Loanserv of the breakdown of amounts due for escrow expenditures and allowable fees charged to the loan as only total amounts due are included on the Summary Sheet.
- d. To avoid human error, the Figures Team copies the numbers used to prepare the Summary Sheet directly from Loanserv and pastes them onto the Summary Sheet (rather than transcribing by hand). The Summary Sheet automatically calculates the judgment total based on the information entered. As stated above in response to Question Number 1(c), Loanserv

and Midland's payment processing procedures are designed to ensure that data is entered promptly and accurately at or near the time the event occurs.

70. Midland has several automated data integrity safeguards in place to ensure the accuracy of the judgment figures. For example, an error message will appear if the entire screen is not copied so as to ensure that all data is included.
71. The Summary Sheet is derived exclusively from information taken directly from Loanserv and is prepared for every New Jersey loan that proceeds to judgment.
72. One Hundred Percent (100%) Quality Control Review. Upon completion of the Summary Sheet and detail pages, a second employee on the Figures Team reviews and validates all of the data and figures appearing on each Summary Sheet by conducting an individual separate comparison of the information in Loanserv and the Summary Sheet. If any errors are noted, the employee that created the Summary Sheet is notified and instructed to make corrections to the numbers, from which a revised Summary Sheet is prepared and a second review is conducted.
73. Figures Provided to Attorney - Upon verification that the numbers on Summary Sheet match those in Loanserv, the Summary Sheet and supporting screen shots are sent to foreclosure counsel for review and preparation of the Certification. Counsel will review to ensure compliance with New Jersey law. Counsel notifies Midland of any changes made via email or by separate word document provided back to Midland with the prepared Certification. The Signers then review the Certification as described in Response to Question 1(d).

RESPONSE TO 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.

74. MidFirst, through its servicer Midland, has extensive processes in place for final review of documents to be submitted to the Court. As explained in Response to Questions 1(a), 1(d), and 1(f), the loan level information contained in the Complaint and Certification is reviewed and verified on numerous levels throughout the delinquency-through-foreclosure process.
75. Upon verification by Midland that the numbers on the Summary Sheet match the Loan Servicing System, Midland sends the Summary Sheet and supporting documentation to foreclosure counsel. Foreclosure counsel uses the data on the Summary Sheet and supporting documentation to prepare the Certification, including the judgment figures portion of the Certification that is filed in support of the foreclosure action, removing any fees or costs that are not allowed under New Jersey law.
76. Upon completion of the Certification, foreclosure counsel returns the Certification and any foreclosure counsel comments to the Foreclosure Department for review and execution along with comprehensive instructions and a checklist that must be completed by the person signing the Certification. This Checklist ensures clear communication between foreclosure counsel and the Signer as to what information needs to be verified and requires the Signer to affirmatively indicate in the appropriate spots that he or she has reviewed all necessary pleadings, certifications, etc, and is authorized to execute the Certification and is doing so based upon personal knowledge. The Signer, who must verify on the checklist his or her capacity and authority to execute the Certification, completes this checklist before executing the documents that ultimately are filed with the Court. Midland's completion of this checklist and the

verification of the accuracy of all information contained in the Certification followed by foreclosure counsel's review of the checklist to make sure that Midland has properly verified all necessary information provides the final review to ensure the accuracy of information submitted to the Court.

RESPONSE TO 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.

77. Midland utilizes an independent internal audit team to audit its Foreclosure Documentation Processes. In addition, our primary New Jersey foreclosure counsel has conducted an in-person review of the workflow processes and procedures described herein.

78. Pursuant to N.J. Court Rules R.1:4-4(b), 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 this 5 day of June, 2011.

MidFirst Bank



By: Thad Burr
Its: First Vice President

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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

**CERTIFICATION OF FACSIMILE
SIGNATURE PURSUANT TO RULE 1:4-4(c)**

I, Brian C. Nicholas, Esq., hereby certify that:

1. I am an attorney licensed to practice in the State of New Jersey and an associate with the law firm of Zucker, Goldberg & Ackerman, L.L.C. I make this certification pursuant to Rule 1:4-4(c) in support of MidFirst Bank's submission in response to the Honorable Walter R. Barisonek's April 25, 2011 letter.
2. The Certification of Thad Burr contains a facsimile of the original signature of Mr. Burr. The signature is genuine and the original signature can be provided should the Court so request.
3. 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: June 1, 2011



Brian C. Nicholas, Esq.