

[Company Name]

Quality Control Plan

Loan Servicing

[Company Name] Loan Servicing Quality Control Policy

POLICY STATEMENT

[Company Name] has adopted and put into effect this Quality Control program in order to monitor the overall quality of loan servicing and to assure that our employees and independent contractors are in compliance with company policies and investor mortgage insurer requirements including the requirements of HUD, VA, Fannie Mae, Freddie Mac, and Ginnie Mae (“Agencies”). Implementation of this Quality Control program by {XXX} and [XXX] has been delegated to (XXX), the sub-servicer and master servicer for {XXX} and {XXX}. References to the Quality Control and Compliance Division Manager, QC Manager and QC Department refer to such Managers and Department at {XXX}. References to Senior Management are to {XXX’s} Senior Management, several of which are also [XXX] officers.

PURPOSE

1. The purpose of the Loan Servicing Quality Control Plan is to determine on an ongoing basis that each servicing department is functioning to meet all corporate and industry standards for performance and customer service; and to identify areas of operating deficiency, errors and omissions, unfavorable patterns or trends, intentional misconduct or fraudulent activity.
2. To assure that all processes in loan servicing:
 - a) Comply with insurer and guarantor requirements
 - b) Are acceptable to private institutional investors
 - c) Conform to company policies and procedures
 - d) Comply with HUD, FHA, and VA requirements
 - e) Meet FNMA, FHLMC, Ginnie Mae and specific investor requirements
 - f) Comply with applicable state and federal laws
3. To identify inadequacies, errors, or abuses related to particular employees or procedures so that prompt, corrective action can be taken.
4. To evaluate, document and monitor the general quality of all serviced loans and expand the scope of review if necessary.

SYSTEM INTEGRITY AND REPORTING

Review, investigation, analysis, and reporting will be performed monthly, quarterly, and annually. This process will be supervised by Senior Management and remain totally independent of loan servicing functions. An outside firm, approved by Legal and Senior Management, may be used periodically to efficiently manage volumes.

Servicing policies and procedures will be made available to all employees. In addition, employees will be informed of changes in guarantor, investor, governmental and [XXX] requirements in a timely manner to assure compliance.

It is the responsibility of the Quality Control Manager to ensure the completion of the reviews of servicing activities. The QC Manager's responsibilities do not include any servicing functions. The QC Manager has complete access to all departments and records for use in Quality Control Reviews. Each employee must cooperate fully with the QC Department in performance of the reviews. Any employee who has knowledge that any of the policies and procedures of this company or the requirements of any of our investors or mortgage insurers or governmental agencies or any provision of the law has been violated, should notify management of this information immediately.

SELECTION

Reviews of all loan administration departments are based, where possible, on a statistical sampling chosen at random, as well as targeted and discretionary samples of the mortgage loans. In the case of HUD loans, sampling will be done in compliance with HUD requirements and specified in HUD Handbook 4060.1 REV-1. To accomplish this, HUD loans will be isolated in their own universe and, a random statistical sampling that provides 95% confidence level with a 2% precision will be the basis for all of the audit selections. The program will be available for agency review.

Transfers of servicing will be selected based on a statistical calculation of 95% confidence with a 5% precision.

Monthly selections will include:

- A. Cashiering:
- B. MIP/RBP/PMI
- C. Collections
- D. Loss Mitigation
- E. Bankruptcy
- F. Foreclosure
- G. Claims

All other department selections for review will be performed quarterly including Insurance, Taxes, Escrow Analysis, Special Loans, Customer Service, Payoffs, Releases and Loan Transfers.

FIRST PAYMENT AND EARLY PAYMENT DEFAULT LOAN REVIEWS

Early default payments are monitored, reviewed and selected for underwriting decision, value, fraud/misrepresentation and potential servicing errors.

REPORTING

Monthly reports are provided to management for each review completed during the audit period. The report identifies discrepancies found and any indications of problems, trends, and recommendations of corrective actions. The report is distributed by functional area to the managers and/or supervisors directly concerned with those sections. A request for response to any findings within fifteen (10) days is sent with the report. The manager of each functional area is responsible for ensuring that deficiencies are reviewed with employees and that the necessary steps are taken to rectify any areas of exception. At the end of the 10-day period, the report and responses are sent to a member of the Servicing Quality Control Committee for review. A committee member meets with the business unit every two week to review reports and to make adjustments to the audit requirements. The Servicing Quality Control Committee will determine if responses are complete and appropriate or if additional action is required. The QC Manager is then responsible for ensuring that any additional action items are completed and must report the status of each item at subsequent committee meetings.

[XXX] is required to report any violations of law or regulations, false statements or other program abuses by the borrower, employees, or any other party to HUD, the Secretary of the Department of Veterans Affairs and to any other appropriate agencies or investors.