

Loss Mitigation Plan

Purpose of Plan: To solicit and implement alternatives to foreclosures to all borrowers who are experiencing a financial hardship.

Overview

GSF Mortgage Corporation (“GSF”) utilizes a third-party servicer, Cenlar, for its servicing. This plan outlines Cenlar's loss mitigation program with oversight performed by GSF.

Cenlar’s Loss Mitigation Department is structured to manage all GSE (Fannie Mae, Freddie Mac, FHA, VA, USDA (RHS), Asset Treasury HAMP & GNMA) servicing and client /private investor-owned loans in an attempt to cure the delinquency prior to foreclosure.

Standard Process Details

Fannie Mae and Freddie Mac borrowers are solicited with a complete Loss Mitigation package between days 31-35 of delinquency and are solicited again between days 61-65 of delinquency with a second solicitation letter including a complete Loss Mitigation package. Outside of the scope of these two independent solicitations, all borrowers are referred to a HUD-approved financial counseling agency that can identify a borrower's financial hardship and explain the financial assistance programs (i.e. alternatives to foreclosure) that may be available to them. The borrower is also provided with state and local housing assistance programs (e.g. Hardest Hit) whenever that information is available. Once the loss mitigation process has been explained, a loss mitigation package is sent to the borrower for completion and returned to Cenlar for review. The combination of hardship, intent (retention or liquidation) and financial standing are used to determine the appropriate foreclosure alternative. Loss mitigation packages are received by Cenlar via mail, fax and email. Cenlar can also accept requests for loss mitigation via our customer facing websites. In addition, loans in an active foreclosure status are called to solicit loss mitigation options. How often these loans are called is dependent upon investor guidelines. The calls will continue until we make right party contact and the borrower states they no longer want/need assistance, we receive a completed package or 60 days prior to the foreclosure sale date in judicial states and 30 days prior to the sale date in non-judicial states.

Foreclosure Process

In all states except Nevada, we are restricted in dual tracking a loan in both foreclosure and loss mitigation. Once a complete package is received in the 49 states, we would stop the foreclosure action until a decision has been rendered in each case. In Nevada, the receipt of a single document asking for assistance stops the foreclosure action for a period not to exceed 30 days. If the borrower has not completed his package in that time frame, we will continue to review him for alternatives to foreclosure, but they lose all rights under the Nevada Home Owner Bill of Rights.

Foreclosure Alternatives

Retention Options

The following are the main foreclosure alternatives that can allow a borrower to retain ownership of the property:

- **Repayment Plan** - An informal or formal agreement that allows the borrower to repay the delinquent payments over a period of time, depending on investor guidelines. The borrower must show enough surplus to cure the delinquency including the regular monthly mortgage payment, in order to qualify. If the loan is in foreclosure, most investors/clients, do not allow a repayment plan.
- **Forbearance** - A formal agreement that allows the borrower to either suspend or pay reduced payments over a period of time, depending on investor guidelines. This type of workout is usually as a result of a temporary setback in income, i.e. unemployment, medical, natural disaster, etc.
- **Loan Modification** - A change to the terms of the mortgage for a variable or fixed period of time, which always includes a capitalization of delinquent interest, escrow advances and based on investor rules, some or all of default related costs incurred. There are various types of loan modification options that include, but are not limited to, the following:

Short Term Rate Reduction Modifications

Permanent Modifications (term or rate)

Payment Extension (bumping current due date and extend maturity date) Step Rate Modifications

- **Home Affordable Modification Program** - The United States Treasury's loan modification program that features a trial payment period before a final loan modification is affected. This pertains to loans that were originated before January 2009 and the investor must be registered with the US Treasury Department to consider this option.
- **Streamline Modification** - This is a new modification that became a requirement in July 2013 and affords borrowers, at least 90 days delinquent, an opportunity to modify their loan without the need for financial documentation. The borrower must pass a series of pre solicitation exclusions, but if they pass, we will send out an unsolicited letter offering them a three month trial modification under the same terms as the Standard Fannie Mae or Freddie Mac modification programs. If they make all payments timely, a permanent modification will be sent to the borrower for execution following the same timeline as the aforementioned standard GSE modifications.

On loan modifications, generally, the amount capitalized is delinquent principal and interest, escrow reserves and certain corporate advances related to foreclosure action fees.

Late charges are generally waived. Unless state specified, loan modifications are not recorded with the exception of client direction or loan is insured by FHA/VA/USDA (RHS).

Liquidation Options

The following are the foreclosure alternatives that allow the borrower to surrender ownership of the property:

- Pre-foreclosure (short) sale - Allows the borrower to sell the property without fully satisfying the total outstanding debt.
- Deed in Lieu of Foreclosure - Allows the borrower to vacate the property and voluntarily deed the property back to the lender/investor. Generally, the property should be listed for 90 days with no viable offers, title clear and property must be vacant and in broom-swept condition at the time the deed is sent for recording and/or recorded.

Functional Roles and Responsibilities

Openers

The Opener has responsibility for opening and reviewing the initial loss mitigation package received from the borrower. Loss Mitigation packages are received by a 3rd party mailroom and imaging facility. The Loss Mitigation Workstation is activated once the package is received based on the type of workout. All documentation is inventoried and logged into the MSP servicing system. The documents are indexed and imaged for future reference. An acknowledgement letter is sent to the borrower within two days of receipt of the package. Required documents that were not provided in the initial package are followed up on with a letter to the borrower within five business days allowing them 30 days (excluding GSE loans) or up to 14 days prior to a foreclosure sale date to send in the required information detailing the documents and/or information needed. In addition to the above, the Opener will assign the loan to the Call Center, so the borrower can be called for missing documents. This process continues until either the borrower completes the package, investor/client guidelines permit prior to declining or 14 days prior to a foreclosure sale date. If the package is complete, the Opener will assign the loan to an Underwriter. If the package is complete and the loan is in foreclosure, the foreclosure process will be placed on hold for 30 days to allow the decision to be made. If the decision is an approval, then further holds will be extended on the loan based on investor or insurer guidelines.

Underwriters

The Underwriter reviews all completed packages assigned to them, to ensure that all required documentation is present and up-to-date. Once the Underwriter identifies the investor/insurer/guarantor of the loan, as well as the borrower's hardship and intent, they will go through the appropriate workout hierarchy in determining the initial foreclosure alternative to be underwritten. Also, depending on investor/client guidelines, title is reviewed to ensure first lien status. If there are title impediments, those would have to be cleared prior to issuing an approval. If the financial status of the borrower does not qualify them for a retention option to be approved, a liquidation option will be recommended. The Underwriter has 30 days to complete this review from the receipt of a complete package. Upon completion of the review, the borrower will either receive a letter denying the requested foreclosure alternative with the reason(s) why or the final

approval of the workout terms. This notification will be sent via mail and telephone calls will be made for a period of up to 45 days or until the borrower is contacted or starts performing under the trial agreement. On denials, the borrowers would be solicited for liquidation options.

Repay Team

This team is responsible for the setup and monitoring of the terms of all trial modifications, forbearances or repayment plans in the MSP system. They also follow up with the borrower on late installments, and if not received by the grace date (which varies by repayment plan/investor) will send out a breach notice to the borrower and when applicable, ensure the foreclosure is resumed.

Closers

Closers have the responsibility for preparing, mailing and following up on the "closing" documents. Borrowers are generally given 30 days to return the executed documents. If the documents are not received within 30 days, the borrower will be disqualified from the program. Once fully executed documents are received, the Closer will file the applicable claim within the allotted timeframe pursuant to the investor requirements. The Closers also ensure that the appropriate system changes are made for loan modifications and that all balances are cleared via the claims process.

Short Sale Negotiator

These representatives are responsible for receiving offers to purchase the property from buyers and/or realtors with the primary goal of receiving net sale proceeds as close to market value, as possible. Before an offer can be approved, title is reviewed for second lien holders, who must agree to release their lien as a condition of the sale. Normally this requires the Short Sale Negotiator to negotiate a financial contribution or settlement from the proceeds of the sale. Also, if the loan has mortgage insurance (MI), the MI company must permit the short sale and could also require a contribution from the borrower as part of allowing the sale to be held. Certain investors and insurers allow borrowers to enter into a Short Sale Program giving the borrower time to list and sell the property; others allow borrowers to ask for List Price Guidance and are given a set amount of time to solicit viable offers on their property.

Default Reporting

All loss mitigation activity is reported monthly to the appropriate investor based on where the loan is in the loss mitigation process. Exception reports are produced monthly by the Default Reporting Department for review and correction. Reporting is completed within the appropriate investor web-based systems, e.g. HomeSaver Solutions Network, FHLMC Incentive, EDI Reporting, HUD's SFDMS, VA VALERI, etc. In addition, monthly HAMP reporting to Treasury, via Fannie Mae, in its role as HAMP program administrator, occurs on or after the 4th day of each month. There are no financial penalties associated with reporting after the prescribed deadline.

Technology

- Black Knight Loss Mitigation Workstation
 - o Cases are monitored through the loss mitigation workstation based on workout type and monitored based on milestone steps in the process.
- VA Valeri System
 - o Communicate directly with the VA regarding the loss mitigation process and decision making
- Fannie Mae HSSN
 - o Web based application for loss mitigation case submissions
- Freddie Mac WP2
 - o Web based application for loss mitigation approval process
- LPS Process Management
 - o Web-based solution providing a single point of access for all parties involved to manage the delivery of information
 - o The information is available in real time, streamlining the client/vendor communications and allowing for efficient management of multiple locations.
 - o Provides the ability to monitor every step in the foreclosure process through industry standard milestones and the evaluation of attorney performance
- MetaSource (Document Imaging Vendor)
 - o Automated Attorney Referral Process
 - o Referrals are scanned into Document Management, which stores documents related to the foreclosure process. Allows a "paperless" environment, which reduces security issues.
- LPS Invoice Management
 - o Web-based Invoicing Platform
 - o Attorneys load invoices into Invoice Management, the system checks the fee cap to the last completed event and reviews for duplicate or additional fee approvals. Also ensures billing is not over the allowable investor/insurer guidelines.

Department Standards

- Time to review initial package by Opener: three business days from receipt
- Number of follow up calls for missing documentation: every three business days
- Time to perform final decision: 30 business days from date of complete package

- Time to have final system updates made for loan modification: 60 business days from receipt of executed modification from borrower
- Various internal management and exception reports monitoring the loss mitigation process for timely completion/removal

FOR ALL CALIFORNIA RESIDENTS:

Additional Requirements by GSF

GSF shall not record and file unverified documents.

In the event GSF is the successful bidder at a sheriff's sale of a foreclosed property, GSF shall provide all tenants with at least 90 days before starting eviction proceedings. If the tenant has a fixed-term lease entered into before transfer of title at the foreclosure sale, GSF will honor the lease unless it is a fraudulent lease.