

Request for Information

Prepared for



Submitted July 25, 2009 to:

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Contact: Wilbur Tate III
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Retail Collections – Recovery – Outsourcing
U.S. Bank



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I. Instructions to Vendor



July 16, 2007

Stephen Heggie
Franklin Credit
sheggie@franklincredit.com

In response to your recent inquiry, please provide us with the following information:

- Corporation name, Parent Company name, Tax ID number, Telephone number, Fax number, Website address, and Physical address of all collection locations
- Brief history of your organization, including number of years in business
- Identification of principal owners of business, including factors of ownership
- Last three years of Business Financial Statements
- Total Number of Employees
- Profiles of key management personnel, including names, titles, company industry background and terms
- Listing of top 5 clients and percentage of your total business
- List the type of portfolios you are servicing and placement stages
- Describe any documented training programs
- Electronic Funds Transfer capabilities
- Description of Collection strategy by segment, and any other detail which would distinguish your collection process as "best in class"
- Description of your Client Services structure (please include available hours)
- List any litigation (past or pending) that your company has been involved in that has to do with services or products similar to those services and products to be provided to US Bank
- Listing of life segments in which you have an interest in servicing (i.e. primary, secondary, and tertiary)

Please provide a list of references including contact names and phone numbers.

Please submit your completed proposal to:

Kimberly K. Clark, Auditor
US Bank
400 Walnut Street 15th Floor
Cincinnati, OH 45202
Mail Location: CNL-08F-W11
kimberly.clark@usbank.com

Sincerely,

William Tarr III
Assistant Vice President
US Bank
Role: Collections - Recovery - Outsourcing

Postal Collections-Recovery-Outsourcing
Request for Information

II. Corporate Information

- Corporate name, Parent Company name, Tax ID number, Telephone Number, Fax, Web Site Address and Physical Address of all Collections Facilities

Corporate Name: Franklin Credit Management Corporation
Parent Company Name: Franklin Credit Holding Corporation
Tax ID Number: 75-2243266
Telephone Number: 201-604-1800
Fax Number: 201-740-0889
Web Site Address: www.FranklinCredit.com
Physical Address: 25th floor
101 Hudson Street
Jersey City, NJ 07302

- Brief history of your organization, including number of years in business.

Franklin Credit Management Corporation ("FCMC" or "Company"), a subsidiary of Franklin Credit Holding Corporation, is a specialty consumer finance company primarily engaged in the servicing and resolution of performing, reperforming, and nonperforming residential mortgage loans and in the analysis, pricing, due diligence and acquisition of residential mortgage portfolios for third parties.

We have been in business for 20 years, our core activities initially focusing on originating and servicing prime, subprime, "scratch & dent", and distressed residential mortgage loans. During that time we have purchased and serviced more than 100,000 residential mortgage loans, representing an aggregate \$5 billion in principal. To pursue the specialty mortgage loans market, we invested heavily in developing a loan servicing operation that is more labor-intensive than traditional mortgage servicing operations. Our key to success with all mortgage loans has been to maintain close contact with borrowers and maximize the efficiencies of our Collections, Loss Mitigation, and Default Management departments and state-of-the-art technology. Our servicing staff employs a variety of collection and loan modification strategies to successfully manage serious delinquencies, bankruptcies and foreclosures. Additionally, we maintain a Real Estate-Owned (REO) department with experience in property management and the expedited sale of residential properties.

Aside from comprehensive servicing capabilities, Franklin Credit also offers mortgage investors Due Diligence (the company is an approved and registered FDIC provider), Fraud and Forensic Reviews, Portfolio Analytics, Pricing and Modeling, and Closing to Boarding advisory services.

Recent Developments

In March and April of 2009 our parent company, Franklin Credit Holding Corporation, and certain of its subsidiaries, including Franklin Credit Management Corporation, entered into a series of restructuring agreements with The Huntington National Bank and pledges and guarantees with the Bank and its participating banks were substantially restructured, with approximately 83% of the parent company's portfolio of subprime mortgage loans and foreclosure-acquired real estate transferring to Huntington Capital Financing, LLC. Franklin Credit entered into a market-rate servicing agreement with the bank at that time. In April, we undertook a number of cost-savings initiatives, including across-the-board salary cuts and selective reductions in staff, transitioning Franklin Credit into a highly competitive, fully integrated third-party mortgage servicing and advisory operation. Franklin Credit emerged from the proceedings with a positive net worth. More details may be obtained from the Franklin Credit Holding Corporation first-quarter 2009 10-Q filing.

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- Identification of principal owners of business, including ratios of ownership
 - Thomas J. Axon, FCMC's President and Chairman, is the only principal shareholder with an interest greater than 10%.
 - For additional information on FCMC's company history and other regulatory and financial statements please visit our website at www.franklincredit.com.

 - Last three years of Business Financial Statements
 - Please see attached.

 - Total Number of Employees
 - As of 4/20/09, FCMC had 178 full-time employees.

 - Profiles of key management personnel, including names, titles, company/industry background and tenure.
 - **Chairman - Thomas J. Axon**

Thomas Axon is the Chairman of the Board of Directors of FCMC. Mr. Axon served as the Company's President and Chief Executive Officer from 1994 until 2000. Since 1985, Mr. Axon has been the President and principal owner of RMTS Associates, LLC. Mr. Axon holds a BA in Economics from Franklin and Marshall College and attended the New York University Graduate School of Business.
 - **Chief Executive Officer - A. Gordon Jardin**

Gordon Jardin joined FCMC's management team as Chief Executive Officer in April 2006. Mr. Jardin, who is a member of the Company's Board of Directors, brings to FCMC a wealth of executive experience within the financial service industries. He has served in executive management positions for reinsurance companies active in the life and health reinsurance industry and since 2004 has acted as a consultant assisting the development of start-up life and health reinsurance companies. From 2000 through 2004, Mr. Jardin served as President and Chief Operating Officer of Generali USA Life Reassurance Company, and Senior Vice President, Reinsurance of Business Men's Assurance Company, both of which were wholly-owned subsidiaries of Assicurazioni Generali S.p.A., a leading global insurer headquartered in Italy. From 1993 to 2000, Mr. Jardin was President and CEO of Partner Re Life Insurance Company of the U.S. From 1986 to 1993, Mr. Jardin was Vice President and General Manager, Reinsurance for Sun Life Assurance Company of Canada. Mr. Jardin holds a BS from McGill University in Montreal and is an actuary by profession.
 - **Chief Financial Officer - Paul D. Colasono**

Paul D. Colasono joined the Company in April 2005 as Executive Vice President and Chief Financial Officer. Mr. Colasono has thirty years of management experience in a broad range of senior management positions in the retail banking and mortgage banking industries. He was Vice President and Controller at GE Capital Mortgage Services Corporation. Mr. Colasono served in various management capacities at the Dime Savings Bank of New York, where he was President and CEO of the Dime Savings Bank of New Jersey. Mr. Colasono served as Chief Administrative Officer and Chief Financial Officer of the mortgage banking division; Executive Vice President/Director of Strategic Planning; and was First Senior Vice President and Controller. Mr. Colasono began his career at the Chase Manhattan Bank, N.A. in 1969, and holds a BS and an MBA (Accounting) from St. John's University.

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- **Chief Operating Officer - William F. Sullivan**

William F. Sullivan has been our Chief Operating Officer since August 2006. Mr. Sullivan was elected a Director of the Company in 1996. Mr. Sullivan served as the Company's General Counsel from February 2006 until April 2006, and as the Company's Executive Vice President of Servicing from April 2006 until August 2006. From July 2004 until February 2006, Mr. Sullivan was the sole proprietor of the Law Office of William F. Sullivan. From 1985 until June 2004, Mr. Sullivan was a Partner at Marnik & Sullivan, a general practice law firm. Mr. Sullivan is admitted to both the New York State and Massachusetts Bar Associations. Mr. Sullivan graduated from Suffolk University School of Law and holds a BA in Political Science from the University of Massachusetts.
 - **Business Development - Stephen T. Hague**

Stephen T. Hague is the Executive Vice President of Business Development for FCMC. Mr. Hague brings a wealth of experience to FCMC with over 25 years of management, risk analysis, acquisitions, product development and sales in the mortgage banking, insurance and consumer lending industries. Prior to joining FCMC, Mr. Hague served as Chief Operating Officer for RMTS, a New York based stop loss medical reinsurance company, overseeing operations, sales, underwriting, financial reporting and systems. Prior to RMTS, Mr. Hague served as Vice President of Customer Relations for the Bohan Group, a leader in the mortgage analytics and due diligence field. This is his second tenure with FCMC, having previously served as our Director of Acquisitions from 1993 to 2002. Mr. Hague holds a BS in Accounting from Villanova University.
 - **Loan Servicing, COO - Michael Blair**

Michael Blair joined FCMC in August 2006 as Chief Operating Officer, Loan Servicing. From 2002 until August 2006, Mr. Blair was with KeyBank, where he first served as the Director of Default Operations and then as Senior Vice President and Director of National Collections and Recovery. From 1991 until 2002, Mr. Blair was employed with the Dime/North American Mortgage organization, where he held a series of senior management positions, including Vice President and Delinquency Manager since 1996. Mr. Blair holds a BS in Business from St. Joseph's College - New York.

III. Sales and Operations

- Listing of top 5 clients and percentage of your total business

The Huntington Bank	88%
Bosco	9%
Old Republic	1%
Cornerstone	1%
Residential Capital	1%

- List the type of portfolios you are servicing and placement stages.

- The Company services all mortgage loan performances types: performing, sub-performing, non-performing, bankruptcy, foreclosure, and REO, as well as the following loan types:

First Mortgages
Second Mortgages
HELOCs
Contingency/Recovery (majority are first and second placements)/Deficiencies & Judgments

- Describe any documented training programs.

- We maintain an in-house Training Department to ensure that client and borrower data remain confidential and secured, and that company account systems are used properly and to maximum efficiency.
- All borrower-interfacing professionals are required to attend and pass courses to ensure borrower-servicer interactions adhere to FDCPA requirements; they are also required to attend a refresher and recertify in FDCPA requirements annually.
- All borrower-interfacing professionals who prequalify (Customer Service) or qualify borrowers for loss mitigation programs are trained in both Franklin Credit Management Corporation and government-endorsed loan modification and restructuring programs.
- Attached is an exhibit displaying the curriculum all Collections and Customer Service Representatives must undergo (along with on-the-job training) before he or she may interface with borrowers. Other units, such as Bankruptcy, Foreclosure, and Loss Mitigation incorporate the majority of the Collections curriculum as a sub-curriculum in their own training programs.

- Electronic Funds Transfer capabilities.

- We provide a depository trust account, with automatic sweeps at intervals determined by the client.

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- Description of Collection strategy by segment and any other detail which would distinguish your collection process as “best in class”.

Servicing Overview: Our strategy places great emphasis on Agent experience. These Agents have an average of three-plus years’ experience with Franklin alone. Our annual turnover rate is 20 percent, approximately half the industry average. Accessibility is also extremely important—Franklin Credit Management Corporation has multilingual Collections Agents on call from 8:00AM to 10PM ET, seven days a week, to ensure borrowers in all states are provided with an ample time range in which to reach us.

- **Collections**— Our Customer Service Representatives provide “one-call resolution” to incoming borrower calls, whereby Representatives not only handle the spectrum of borrower inquiries, but can prequalify borrowers for settlement and loss mitigation options. This approach encourages borrower cooperation.
 - **Door Knocks** – Our Servicing Department may dispatch a door knock agent to visit a borrower who is delinquent and has not responded to attempts to contact him or her. The primary objectives of each visit are to promote borrower communication, determine intent, and, if possible, encourage the negotiation of a workout. Additionally, the agent takes pictures of the property and any vehicles present, and provides commentary on property and neighborhood conditions and occupancy.
 - **Recovery Contingency Servicing** – Our Recovery Servicing Unit is comprised of seasoned collectors with extensive negotiating skills. Assets collected include charged-off loans, deficiency balances, and severely delinquent loans. The Company services these loans on a contingency basis at between 25-50% (depending on age and placement) of cash collected, after reimbursable expenses.
- Description of your Client Services structure (please include available hours)
 - Client Servicing reports to the Chief Operating Officer of our Servicing Division.
 - The Client Servicing Manager assigns a dedicated Client Servicing Representative and backup to work directly with your project manager and other operations professionals.
 - The Client Servicing Representative can arrange for your people to speak directly with any Franklin Credit Management Corporation Servicing line manager.
 - Client Servicing works closely with the Servicing Division’s dedicated Management Information Systems unit to produce contractually-scheduled and *ad hoc* client reports.
 - Client Servicing professionals are available from 9AM to 6PM ET.
 - List any litigation (threatened, past or pending) that your company has been involved in that has to do with services or products similar to those services and products to be provided to US Bank.
 - We are involved in routine litigation matters generally incidental to our business, which primarily consist of legal actions related to the enforcement of our rights under mortgage loans we hold, held or service for others, none of which is individually or in the aggregate material.

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- Listing of file segments in which you have an interest in servicing (i.e., primary, secondary, and tertiary).
 - We are interested in any and all levels of distressed asset collections/recovery.

 - Please provide a list of references including contact names and phone numbers.
 - The Huntington National Bank, Alan Seitz – (614) 480-5355.
 - Cornerstone Capital Corporation, Peter Paras – (614) 761-3585. Cornerstone is a lender in the Bosco Credit LLC joint venture transaction that purchased HELOCs from the NCUA described in Section 8.
 - Robert Lingenfelter, Old Republic Insured Credit Services, Inc. – (336) 661-4252.
 - William Simeone, President, Quarry Capital – (617) 835-0331.

III. Exhibits

Exhibit A: Financial Statements from the Prior Three Years

Financial statements from the prior three years, as well as Franklin Credit Management Corporation financials from the first quarter of 2009, are attached.

Exhibit B: Collections Curriculum (80 hrs.)

Call Model, Part 1

- Identifying the borrower (right party contact).
- Identifying yourself.
- Stating the purpose of the call.
- Asking for full arrears.
- Obtaining reason for delayed payments.
- Negotiating solutions.
- Answering machines.
- Updating files.

Call Model, Part 2

Session includes 6 to 8 participants. Each participant gets the opportunity to role-play as both a collector and a borrower, drawing upon situations taken from our active file. Upon completion of the call, the quality (using Quality Control Attributes) of each collector's conversation is critiqued by the other participants.

Professional Telephone Collector's Techniques (audio/visual)

- Self image.
- Setting goals.
- Motivating customers to pay.
- Positive/negative approach to collections.
- Importance of payment in full.
- Communication.
- Elements of a collection call.
- Dealing with objections/skills.
- Negotiation.
- Summarization.
- FDCPA and company guidelines re: third party/answering machines.

Bankruptcy

Provides an overview of the Bankruptcy Department, Chapters 7 & 13, and departmental processes.

Foreclosure

Provides an overview of the Foreclosure Department and foreclosure process milestones.

Loss Mitigation Practices Review

Provides an overview of the various Loss Mitigation programs that Franklin Credit Management Corporation conducts for its clients' customers, including Temporary, Permanent, and Homeowner Relief.

ILS System

- Signing on.
- Viewing and editing the front/permanent note screen.
- Reviewing the main customer tracking screen.
- Viewing and adding note option.
- Locating property and mailing address.

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- Customer's personal information.
 - Locating general loan information.
 - Reading payment history.
 - Viewing a breakdown of the total amount due.
 - Loan search.
 - Inputting financial information.
 - Inputting repayment plans.

Phone Pay System

- Processing a payment over the phone, regular vs. special instructions.
- Editing non-processed payments.
- Inquiring as to past payments.

Credit Card Payments

- VISA, MasterCard, and Discover Card via the YourPay.com Web site.

NOBLE (Dialer) System

- Signing on.
- Breaking off the dialer and connecting back on.
- How to dial.
- Recalling an account.
- Transferring a call and canceling the transfer.
- Where the dialer is calling.
- Preview and no preview time on the screen.
- Taking inbound calls and making outbound calls.

Gain/Loss Database

- Accessing the Gain Loss Database.
- Navigating the database's interface.
- Updating tax amounts in the system.

Privacy Database

- Borrower's right of opting in or out.
- Logging on to the system.
- Using the customer privacy option maintenance application.
- Using the Noble dialer application.

Do Not Call Database