

# Protecting Your Mortgage Investments



**Introducing  
Franklin  
Servicing**



**FRANKLIN CREDIT**  
MANAGEMENT CORPORATION®

## *About Franklin Credit Management Corporation*

Franklin Credit Management Corporation is a national loan management company that currently services more than 32,000 borrower accounts representing an aggregate principal balance of more than \$1.6 billion.

Founded in 1989 and a pioneer in subprime origination and servicing since 1992, Franklin Credit Management provides unmatched range and depth in servicing clients' performing and distressed assets, with proven proficiency in most loan types (simple interest, interest only and conventional, performing and nonperforming, firsts and seconds, ARMS, balloons) and most portfolio types (bankruptcy- or **foreclosure-only, multiple-strata**) as well.

Franklin Credit also provides a full complement of portfolio investment management capabilities, including portfolio- and loan-level valuation, pricing and cash flow models, appraisal due diligence, and closing-to-service expertise.

Now a leader in mortgage portfolio analysis and servicing, Franklin nonetheless remains true to its subprime origins, prizing flexibility and borrower focus as keystones to maximizing client return on loan investment. Franklin Credit Management Corporation's unparalleled success with even the hardest to service loans and portfolios makes it the perfect partner for today's tumultuous mortgage investment environment.

## *Servicing Division Overview*

The Servicing Division is responsible for maximizing client return on investment through:

- The administration of borrower accounts, e.g., payment notification and processing.
- State-of-the-art borrower account information systems.
- Responsive escrow funding for insurance, taxes, and legal costs, where required.
- One-call resolution customer service.
- The creative use of dialer-driven "high touch" collections campaigns and effective loss mitigation tools.
- The expert management of defaulted accounts, e.g., accounts in foreclosure, bankruptcy.
- Expertise in recovering difficult-to-collect debt, backed by in-house skip tracing and door-knock units.
- Hands-on management and vendor oversight in REO.
- Economies of scale, such as may be achieved through our Automated Broker Price Opinion ordering system.
- Comprehensive reporting tools via a dedicated Management Information Systems unit.
- Flexible servicing systems that can quickly adjust to clients' changing portfolio objectives.
- Careful adherence to federal and state laws and regulations governing credit and mortgage activities.

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# WELCOME TO THE SERVICING DIVISION OF FRANKLIN CREDIT MANAGEMENT CORPORATION

Thank you for taking the time to find out more about Franklin's Servicing Division. This brochure should give you a good idea as to who we are, what we do, and how we approach our work—in short, what you can expect from us.

That said, I must note that should you decide to retain Franklin for the servicing of your portfolio, we will have some expectations of you as well:

- We expect your organization will be forthcoming in providing sufficient, *accurate* loan information.
- We expect your current servicer will cooperate in expediting the transfer of your loans and will be able to provide your data in one of the many industry-standard, secure data import formats that we accept.
- We expect your management or its assigns will work with us to establish a Client Approval Matrix that clearly stipulates those issues on which your management should be consulted and when. That will enable us to process your business as efficiently as possible from the start, while preserving your right to rule on exceptional circumstances.

Experience has taught us these criteria must be met if Franklin Credit Management Corporation is to successfully satisfy your expectations while meeting those of the thousands of borrowers and the dozens of banks, hedge funds, and other investors whom we endeavor to serve as well.

Thank you again for your interest. If I can provide you with any further information regarding the servicing component of your mortgage investment, please do not hesitate to call.



**Michael Blair**  
Chief Operating Officer  
Servicing Division  
201.604.201.604.4504

## WHEN YOU SIGN WITH FRANKLIN, YOU SIGN ON FOR...

- High-quality work that's in tune with your requirements.
- Uncompromising yet flexible customer service for you and your borrowers.
- Responsive servicing systems that can quickly configure to changes in your cash flow or investment objectives.
- A sub-prime cure rate of 66 percent.
- Borrower workout rates that are twice the industry average.

## MORTGAGE INVESTMENTS CAN PAY-OFF FOR THE CAREFUL

### IN ANY ENVIRONMENT...

- **Stress tests, which can help you estimate defaults, extensions, and losses—and ultimately, provision loan loss reserves—are advised.**
- **The same goes for aging reports, which can profile where delinquent loan build-ups are occurring in your portfolio (e.g., concentration in second mortgages that are 60+ days past due).**
- **Vintage reports can help predict what percentage of loans from a certain vintage will become “losses” (120 days past due), and also predict what percentage of their underlying properties’ value will likely be recoverable at sale.**
- **Franklin Servicing does not conduct these sophisticated investment management analyses, but the Franklin Portfolio Analytics Unit can. When you’re ready, ask your Client Servicing Liaison for more details.**

Loan servicing can be highly demanding, difficult economic environment or not.

First, there is the need to keep your borrowers’ information secure and confidential, whether you entrust it to your own people or a vendor.

Then there are the regulations. For instance, while most states require that notices of intent to foreclose be sent to the mortgagor thirty days in advance, almost a dozen require it to be sent 45 days in advance. One state requires notice be sent *90 days* in advance.

Borrowers who emerge from a Chapter 13 bankruptcy filing often fail to realize that the plan they have agreed to only addresses past payments due and does not address the need to make current payments, too.

Mortgagors who seek to protect their credit record by securing a short sale of their property often fail to realize that while the lien has been wiped clean, they yet may remain liable for the debt.

Collectors who visit mortgagors at their residences may only discuss the loan with the mortgagor and his/her spouse. Anyone else is a third-party—collectors may only discuss a loan with a third party once the borrower authorizes that third party to act on his or her behalf. Failure to observe any of these Fair Debt Collection Privacy Act requirements results in a very large fine.

These are just a few examples of why loans need to be managed carefully. Investors who want to reap the potentially steady income of prime mortgage loans or the promise of larger reward with subprime investments will do well to find a partner who can negotiate the industry’s risk-intensive, potentially debilitating, intricacies. A partner who not only can encourage borrowers to observe their covenants and keep track of account activities, but who can anticipate and prepare for any number of potential default eventualities and represent the investor’s best interests should regulatory or legal issues arise.

Someone like Franklin Credit Management Corporation’s Servicing Division.

## THERE ARE MANY BENEFITS TO HIRING A SUBSERVICER

Franklin's Servicing Division stands ready to help mortgage investors—be they banks, mortgage insurance companies, hedge funds, credit unions, or private entrepreneurs—maximize the return on their portfolios.

Through technologically advanced systems, expert, experienced staff, and key relationships with national vendors, Franklin Servicing is able to quickly scale its operations up or down as befits your portfolio's needs.

What that means to you as an investor is...

- You could develop your own loan servicing unit, but why not save on the lead time and hiring, training, physical plant, and storage expenses? Franklin's ready to roll—use the savings to invest in more portfolios.
- Operational risks become our responsibility. Was that ARM interest rate reset on time and by the correct amount applied to the proper index? Was that loan satisfaction recording applied for on time? Did those IRS 1098 and 1099 forms get out to borrowers? Those are our worries, not yours.
- We're all about fair, predictable operating costs. We give at least three months' advance notice on our pricing increases.
- We are expert at facilitating borrower cooperation. Borrowers appreciate our one-call resolution policy and the loss mitigation solutions we offer, as well as our many payments options, such as ACH drafts, Western Union or MoneyGram, and most major credit cards. Or, if you're a bank, even through counter deposits at your branch offices.
- We provide a level of "high touch" that others can't... touch. We use the latest technology to quickly devise collections and loss mitigations campaigns that are targeted with a high degree of granularity.
- We are an established industry presence. With more than 20 years' experience in servicing hard-to-collect loans, even in the most difficult of economic climes, we're here to stay.

### FRANKLIN CAN HANDLE MOST LOAN TYPES...

- Principal & Interest
- Simple Interest
- Interest Only
- Residential Firsts, ARMs, and Balloons
- Seconds, HELOCs
- Prime and Subprime
- Performing and Nonperforming

### AND A VARIETY OF SERVICING SCENARIOS...

- Securitized portfolios
- Catch-all portfolios
- Sole Servicer
- Multiple servicer
- Interim Servicer

# SERVICE STARTS WITH OUR EMPLOYEES

## TRAINING

If the 80-hour Collections agent curriculum described below sounds rigorous, consider that agents in Customer Service, Loss Mitigation, Foreclosure, and other areas also must take it—in addition to more in-depth courses for their own areas.

- Professional telephone techniques.
- Negotiation.
- QC review of mock borrower phone interview.
- Call Model, Part 1.
- Call Model, Part 2.
- FDCPA and FCMC guidelines re: third parties and answering machines.
- Bankruptcy
- Foreclosure
- Loss Mitigation Practices
- ILS System
- Phone Pay System
- Credit Card Payments
- NOBLE (Dialer) System
- Gain/Loss Database
- Customer Privacy

Before we outline the many units and capabilities that we bring to bear, you should know a few things about our people.

## ***KNOWLEDGEABLE AND EXPERIENCE-RICH***

To begin with, they are among the best and the brightest in the business. They understand their mission as it relates to both the mortgagors whose obligations they service and the mortgagees whose assets they represent.

They bring tremendous experience. For instance, our borrower-interfacing Agents, be they in Collections proper, Customer Service, Loss Mitigation, or Recovery, have an average of three-plus years' experience with Franklin alone. Our annual turnover rate is 20 percent, approximately half the industry average.

## ***SUPPORTED BY IN-HOUSE TRAINING***

Newcomers who will interface with borrowers are phased in slowly. Depending upon the assignment, a new hire may spend 40 to 80 hours in formal classroom and computer-based instruction, augmented by on-the-job training. And before an Agent may speak with borrowers, he or she must pass role-play and quality-control testing.

Experienced employees must recertify annually in both Fair Debt Collection Practices Act requirements and the company's Information Security Program, which safeguards borrower confidentiality, by attending refresher courses.

## ***A PROFESSIONAL ESPRIT***

Most of all, our professionals care to do things right as they do the right thing.

"I just wanted to say how great it was to work with you all and help people stay in their homes," wrote one former Collections Agent. And a mortgage counselor recently wrote us to say that, "Not only is (Agent name)'s professionalism superb, but his ability to facilitate a smooth and successful transaction for my clients has been beyond extraordinary.... I have worked with many banking and lending institutions in my lengthy career as a realtor and I can honestly say this experience blows them all away..."

## CUSTOMER SERVICE ENCOURAGES BORROWERS AT EVERY TURN

Customer Service aims to meet not only your servicing expectations, but those of your borrowers as well.

Our Representatives are well aware that any failure to listen to or follow through on a borrower requirement can translate into resistance. They also know that borrower confidentiality must not be compromised, and seek to confirm “Right party contact” before exchanging any information by phone, mail, e-mail or fax.

We have designed our Customer Service Experience to resolve borrower inquiries directly. The Call Center endeavors to route customers to a Representative within 30 seconds of dial-in, and to answer 80% of our incoming call volume, at any point in time, within 30 seconds. While metrics will vary by customer tolerance, we seek an abandonment rate of 5% or less.

### ONE CALL CAN DO IT ALL

Franklin embraces a “one-call resolution” philosophy. We believe your borrowers should need to call us only once to get the information they require. So we train our people to handle a multitude of borrower issues, including those listed at right.

Better yet, our Customer Service Representatives are trained to qualify requests for loss mitigation assistance and can directly process requests for lower-level, temporary relief programs such as repayment plans and deferments.

### CONTACT BY MAIL AIMS TO MAINTAIN BORROWER FOCUS

Requests requiring written correspondence are assigned to administrative assistants for follow-up. Speaking of which, our regular correspondence with borrowers is frequent, but not overbearing. We typically send each account:

- *A Hello Letter* within seven days of the account's boarding.
- *Billing Statements* 20 days prior to each monthly payment due date.
- *Past Due Notices* upon grace period expiration.
- *30-Day and 60-Day Notices* when the account is 30 and 60 days past due.
- *ARM Letters, Balloon Notices, and Maturity Notices* per Note terms.

### OUR CUSTOMER SERVICE AGENTS ARE TRAINED IN HOW TO...

- **Make late payments.**
- **Obtain payoff information.**
- **Qualify borrowers for loss mitigation, offer Temporary Relief programs.**
- **Obtain copies of loan docs, payment history, and tax and insurance information.**
- **Process property damage claims.**
- **Explain Non-Sufficient Funds (NSF) stops.**
- **Request a change in eOscar credit reporting.**
- **Obtain a release of lien.**
- **Secure a subordination.**
- **Handle hazard insurance loss-draft checks.**
- **Apply for “Soldiers and Sailors Act” adjustments.**
- **Enroll in ACH payments.**
- **Obtain a loan satisfaction payoff figure.**
- **Authorize third-party representation.**
- **Process borrower “Do not call” requests.**
- **Handle and escalate complaints.**



## CUSTOMER SERVICE

(continued)

### AS OF THIS PUBLICATION, BORROWER SERVICE FEES ARE AS FOLLOWS:

- NSF (non-sufficient funds) checks—\$30.00.
- Past years' Internal Revenue Service 1098 Forms—\$15.00.
- Verifications of Mortgage (VOMs) —\$20.00.
- Subordinations—\$300.00.
- Duplicate Release of Liens—\$50.00.
- Payment histories for third parties—\$20.00.
- Subordinations—\$300.00.

### PHONE OUTREACH WHEN IT REALLY MATTERS

When it comes to contacting borrowers by phone, we use our automated dialer system to make a Welcome Call to every new account we board. Customer Service will make three attempts within a 10-day period to effect a Welcome Call. When the call connects, our Representatives use the opportunity to obtain and/or verify other borrower phone numbers, the borrower's mailing addresses, and the borrower's Social Security number. Our Representatives also confirm the loan payment amount and monthly due date.

When fielding calls from borrowers who are in the early stages of delinquency, Customer Service Representatives often serve as Collections Agents:

- Asking the borrower for full payment.
- Seeking a partial payment if a full payment is not possible.
- Ending the call only after attempting to establish a repayment arrangement and a firm borrower commitment.

### A WORD ABOUT OUR LATE CHARGES AND SERVICE FEES

Our service fees schedule is thoughtfully applied. Our overriding philosophy with regard to fees is that they should be used to incent borrower action or confirm borrower intent, but never to punish.

Our late charges are based on dates established in the underlying loan documents, and like other fees, are clearly noted on borrower billing statements.

### IN-PERSON BORROWER CONFERENCE

Call us old-fashioned, but borrowers can schedule an appointment to discuss their account in person with a Customer Service Representative at Franklin Credit Management Corporation headquarters in Jersey City, NJ.





# CUSTOMER SERVICE

(continued)

## DOCUMENTS WE SAFEKEEP INCLUDE...

### Servicing

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*Correspondence*  
*Credit Report*  
*Property Valuations*  
*Application*  
*Income Documentation*  
*Assignments*

### Modifications

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*Credit Report*  
*Property Valuations*  
*Application*  
*Income Documentation*  
*Note*

### Legal

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*Bankruptcy Documents*  
*Bankruptcy Correspondence*  
*Foreclosure Documents*  
*Foreclosure Correspondence*  
*Property Valuations*  
*Application*  
*Income Documentation*

### Bankruptcy

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*Misc. Docs*  
*Order/Notice*  
*Petitions*  
*Reliefs from Stay*

### REO Properties

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*Property Valuations*  
*Title*  
*Deed*  
*Closing Documents*

### Escrow

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*Tax Receipts*  
*Dec Pages*

## ESCROW

Borrower accounts that lack property hazard insurance or lag in paying property taxes can pose considerable risk to your investments. That's why Franklin Customer Service's Escrow unit retains two large-scale, national vendors to help track and manage property insurance and tax liabilities.

Our national insurance vendor monitors policy lapses in each of the 50 states, alerting us to the need to force-place hazard insurance. Escrow then accounts for the additional cost and pro-rates it across the borrower's future monthly payments

Similarly, our national tax vendor monitors property tax delinquencies and facilitates payments for those borrower accounts that are failing to meet their obligations to county and other taxing authorities.

## DOCUMENT MANAGEMENT

Our Document Management and File Management departments combine to ensure that all required loan documentation is obtained from your custodian and servicer, secured, and accessible to all Franklin servicing departments.

The Document Management Unit oversees the transfer of "collateral documents"—the original mortgage note, Deed of Trust, title, assignments, etc.—to the appropriate custodian, and for seeing to it that those documents are scanned into our account information system for ready consultation by our Agents. It is also responsible for obtaining those files from the custodian when a department or its agents (e.g., external attorneys representing the company in bankruptcy proceedings) so require.

The File Management Unit is responsible for ensuring that supporting loan documents—referred to as "servicing documents" and including borrower credit reports, loan applications, HUD documents, and perhaps photocopies of collateral documents—are archived, and for fulfilling requests for copies of these documents. The File Room is fireproofed and is secured with a card access system that controls and records all access.

## DEFAULT MANAGEMENT

If borrower payments aren't arriving in the promised amount and/or by the required deadlines, your investment projections can be at significant risk.

Default Management seeks to mitigate the potential risk to portfolio income by installing loss mitigation plans, which are then monitored for borrower compliance.

As you read about each of our default-related units, please keep in mind that our Agents can walk the walk of either "soft touch" or "hard line" and remain well within regulatory boundaries.

### COLLECTIONS

The Collections Department employs written correspondence, phone calls, property inspections, and home visits in working with delinquent borrowers. Agents are modestly incentivized to promote both loss mitigation programs and recovery, all incentives well within the scope of federal and state regulations.

Our Collections unit deploys an "early warning" approach to loan default—as soon an account is five days past due, Collections agents are instructed to call the borrower to advise them of the missed deadline and negotiate a payment.

The Quality Control department periodically monitors Collections Agent phone calls, both outgoing and incoming. The calls may be live, or taped and later reviewed, and the agent's regulatory compliance and interview effectiveness are ranked on an *Agent Scorecard*. Quality Control also conducts an Account Review to confirm that an Agent is complying with company and regulatory account information and problem resolution requirements.

Depending upon a mortgagee's instructions, Collections may request that our Face to Face Home Solutions unit pay a "door knock" visit to a borrower's home (see our *Face to Face Home Solutions* section for more information).

### LOSS MITIGATION

The Loss Mitigation Department is charged with developing a mix of programs to assist borrowers in meeting their payment obligations. More importantly, it acts to ensure programs are appropriately placed.

While some loss mitigation programs may require the borrower to provide

# DEFAULT MANAGEMENT

*(continued)*

## TURNAROUND

- **AVMs 1-day normal**
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documentation and written authorization, each program is streamlined as much as possible in order to encourage borrower follow-through. Programs offered include Rate Reductions, Repayment Plans, Deferments, Modifications, and Pay & Accrues.

Lower-level—temporary—loss mitigation is offered by Customer Service Representatives and Collections Agents. More serious loss mitigation—such as our permanent relief programs and innovative Homeowner Relief (where we incent the borrower to sell the property on our terms to forego a long, and possibly value-draining, foreclosure)—is administered by the Loss Mitigation Department proper.

Our aggressive promotion of loss mitigation programs pays off: Borrower workout rates are twice the industry average and our cure rate for subprimes is a very successful 66 percent.

## **FORECLOSURE**


Working closely with the Loss Mitigation Department are our Foreclosure professionals, who extend home retention solutions to borrowers right up until the day of sale.

The twists and turns of foreclosure make active management essential. To keep costs low and fixed as it strives to ensure that all properties scheduled for foreclosure remain on track and are devoid of other liens, Foreclosure works with a leading national vendor. The arrangement not only enables Foreclosure to track important milestones for accounts in every state, but enables the quick exchange of sensitive data with our local attorney networks. The benefits of this economy of scale are passed back to our clients.

Foreclosure employs a systematic approach in calculating property and loan values, and follows Client Approval Matrix guidelines regarding bidding, short sales, back taxes, and legal fees.

## **BANKRUPTCY**

Drawing on the National Banko database system, our Bankruptcy Department tracks every Chapter 7 and Chapter 13 bankruptcy case in which your properties



may be involved, tracking events to ensure all of your lien-holder opportunities, e.g., filings of Statements of Intention, Reaffirmation Agreements, Proofs of Claim, Transfer Proofs of Claim, and Motions for Relief, remain open.

The Bankruptcy Department retains a vendor to centralize communications with its bankruptcy attorney networks nationwide. To keep costs down, Bankruptcy reconciles loans internally, managing all borrower pre-petition and post-petition payments, agreed-order defaults, consent orders, and loss mitigation agreements.

### ***REAL-ESTATE OWNED (REO)***

REO works closely with the Foreclosure and Bankruptcy departments to anticipate property acquisitions, secure and insure newly claimed property, and provide property maintenance through to eventual sale.

Foreclosure's national vendor enables REO to communicate with the Foreclosure Department attorney network to ensure all title issues are identified and cleared prior to contract.

REO consults the Client Approval Matrix to determine when and under what conditions it should consult the client on preservation and marketing allowances, offer negotiations, and list price reductions.

### ***RECOVERY***

The Recovery Department is responsible for managing the collection of all deficiency debts incurred by our clients' portfolios, including the referral of accounts requiring judgment to local attorneys.

The department's resources include the company's automated phone campaign dialer program, a nationwide attorney network, and Franklin Credit Management Corporation's Skip Trace and Face to Face Home Solutions units.

The Recovery Department most often works on a contingency fee basis.

### ***SKIP TRACE***

The Skip Trace Unit seeks out valid phone numbers and other contact data for borrowers who no longer communicate with the company or otherwise may

## DEFAULT MANAGEMENT

*(continued)*

have abandoned their property or debt obligations.

Leveraging Internet data and external vendor data as efficiently as possible to minimize research time and expense, Skip Trace assists the Collections, Foreclosure, Bankruptcy, Real Estate-owned, and Recovery departments in locating and retrieving funds owed our clients.

### ***FACE TO FACE HOME SOLUTIONS***

Face to Face Home Solutions is Franklin's "door knock" unit, its agents sent into the field to personally meet with recalcitrant borrowers, note property and neighborhood conditions, take pictures of property frontage, and determine occupancy.

Agents then advise the borrower of the need to contact their loan servicer immediately. If the borrower is not at home, the Agent may inquire of other occupants or neighbors as to when is the best time to revisit the borrower and then will do so, even if it means returning in the evening or on the weekend.

Face to Face Home Solutions agents are *not* collectors. If you would like to learn more about this very affordable and effective, FDCPA-compliant, field tool, please call Face to Face Home Solutions directly at 201-604-4403 or 201-604-4419.

### ***PROPERTY VALUATION GROUP***

When our Foreclosure and REO units need to act on a property, a good deal of their intelligence comes from Automated Valuation Models (AVMs), Broker Price Opinions (BPOs), and Appraisals. The Property Valuation Group's BPO Ordering System enables management to ensure a current and appropriate property evaluation is either on file or readily orderable—and helps rein in an otherwise potentially runaway cost.

The Property Valuation Group staff includes licensed appraisers, who conduct expedited valuation reconciliations whenever needed.

## QUALITY CONTROLS

“Quality control” encompasses not just our Quality Control (QC) unit, but our Management Information Systems unit and Legal and Compliance units as well.

### QUALITY CONTROL

The Quality Control Department is an independent internal unit responsible for monitoring and validating the company’s operating controls.

#### Testing and Retesting Call Quality

One of QC’s most important roles is monitoring the performance of borrower-interfacing personnel, such as Customer Service Representatives and Collections Agents. Each such professional is spot-audited by QC at least six times per month via call reviews—three taped calls and three live calls. A scorecard is compiled to measure the agent’s performance against company standards. A score of at least 80 percent is required to qualify for incentives.

Quality Control does much more than keep score. In monitoring a live call, a QC professional will let the Agent know how he or she did and offer constructive criticism. For all call audits, the QC professional notifies the manager of the Agent’s performance and identifies retraining opportunities.

The manager then meets with the Agent and an action plan is produced. Managers who fail to meet with their Agent are marked down in their performance review. QC reviews the action plan to confirm it can achieve quality goals. It then follows up to confirm the Agent has completed the plan. And of course, it watches closely when the Agent is next audited.

#### Account Reviews Complete the Picture

Account Reviews audit the way our professionals work with sensitive account information. Does the Agent update only fields for which he or she is authorized, and in a timely manner? Have they documented the reason for the change? Do they annotate an account correctly—in the case of borrower-interfacing Agents, do they make accurate, coherent notes regarding their phone calls?



# QUALITY CONTROLS

(continued)

## **Process Reviews**

QC conducts process reviews to ensure existing departmental processes and controls continue to achieve their goals and are not creating unanticipated risks.

Quality Control strives to keep its process review methodologies flexible, able to accommodate changing business needs and expectations. The department draws on different tools and methodologies in creating and conducting process reviews, along with up-to-date guidance from such sources as the Mortgage Bankers Association (MBA), MBA's Service Roundtable, and the Institute of Internal Auditors' *International Professional Practices Framework*.

## **Walk-throughs**

The Quality Control Department oversees and provides best-practices guidance for maintaining the confidentiality and privacy of both investor and borrower information, as set forth in the Gramm-Leach-Bliley Privacy Act and various state privacy acts,

Quality Control conducts spot screen and desktop audits in this regard. Screen audits are Quality Control walk-throughs conducted during the work day. Quality Control agents range the servicing operations floor, noting whether employees who have left their desks have logged out of their computers rather than leave borrower privacy-sensitive information displayed and/or accessible to others.

Desktop audits are after-hours walk-throughs wherein Quality Control inspects Agents' desks and cubicles to ensure no borrower privacy-sensitive documents have been left in the open overnight.

The goal is for employees to habitually secure their workstations whenever they step away, lock up any borrower account files and/or documents that they are not currently using, promptly dispose of no-longer-useful photocopied documents in Document Destruction Bins, and return account files and their original documents to Files Management at each day's end.

## **MANAGEMENT INFORMATION SYSTEMS**

Franklin Servicing maintains a dedicated Management Information Systems

(MIS) unit that taps into various company databases to produce data extractions, analyses, and compilations that assist all levels of management—line through senior—in the strategic and day-to-day operations of the firm.

That power is available to you: Your contract with us will specify the type and number of monthly, quarterly and annual reports that you may expect to receive. MIS also can generate all manner of ad hoc reports that can help you manage your mortgage investment portfolio better. It can even design and build new databases. For details as to scheduling and pricing, please consult your Client Servicing Liaison.

### **AUTOMATED ORDERING SYSTEM**

- **Automatically initiates valuation orders**
- **Automatically resubmits orders to refresh**
- **Permits manual orders**

#### Sampling of Monthly MIS Servicing Division Reports

Month-end Report  
 Custodian Monthly Reports  
 Total Payoff  
 Payoff Trend  
 Month-end Report  
 Flow Projection  
 Consecutive Payments  
 Gain/Loss Request  
 Gain/Loss Summary  
 Payoffs  
 Last Paid  
 Contractual 90+ & not in Foreclosure

#### Sampling of Monthly MIS Collections Reports

Cash Flow Projection  
 Skip Trace Report  
 Skip Trace Results  
 Top 10 Delinquency States  
 Top 10 Reason for Delinquency  
 Trend Report  
 WMC Analysis  
 Accredited Analysis  
 Second Lien Analysis  
 Critical Call Warning  
 Paid Current  
 Payment Received Analysis  
 Delinquency by Investor  
 Delinquency by Stage  
 New Delinquency

### **LEGAL AND COMPLIANCE**

Drawing on national databases and attorney networks, our Legal and Compliance departments;

- Ensure operating units conform to all local, state, and national laws and regulations



## QUALITY CONTROLS

*(continued)*

- Prompt, accurate bankruptcy judgment filings
- 

### **SERVING MANY REGULATORY MASTERS**

-

## INFORMATION TECHNOLOGY

### ***STATE-OF-THE-ART, MAXIMUM SCALABILITY***

- Industry leading automated servicing software systems.
- Scalable infrastructure. Scalable hardware and network infrastructure.
- Flexible reporting tools that can deliver standard and ad hoc analyses expeditiously.
- 

### ***THE SECURITY OF CUSTOMER INFORMATION***

- In the process of --- secure infrastructure. Outside services that monitor or network to ensure integrity of environment. Contracting with world class security providers to ensure the integrity and safety of the company's digital and computing assets.
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### ***DISASTER RECOVERY***

Redundant hot site to ensure operational disaster recovery location, where all the firm's critical data is replicated in a real-time manner.

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## WHEN YOU PARTNER WITH FRANKLIN

### **WHEN YOU BOARD, YOU BENEFIT FROM THE FRANKLIN ADVANTAGE...**

Your loans are as important to us as ours are. That's why we...

- **Work out a Client Approval Matrix that lets you indicate which issues we can expedite on our own and which will require your hands-on approval.**
- **Assign you a dedicated Client Servicing Liaison**
- **Put our Boarding SWAT team to work, setting up accounting conduits, confirming requirements for data transfer, and providing you with goodbye and hello borrower letters.**
- **Collateral/loan servicing files exchange.**
- **Escrow boarding.**
- **Make our staff available through your new Client Servicing Liaison.**
- **Provide you with ad hoc reporting.**

We hope this brochure has given you some idea as to how your mortgage investment portfolio, whether it's prime or, and especially if, it's non-prime, can benefit from Franklin's touch.

## Client approval Matrix

You indicate when your approval must be sought matters such as :

- Escrow waivers and tax contracts
- Repayment plans, loan modifications, subordinations, Short Sales, deeds-in-lieu, assumptions.
- Foreclosure bidding.
- Foreclosure and judgment charge-offs.
- Litigation settlements.
- Ordering REO valuations, preservation/marketing allowances, offer negotiation strategies, list price reductions.

## Full-service Reporting

- Trial Balance
- Principal and Interest Collections
- Prepaid Loans
- Delinquent Loans
- Curtailments
- Payoff/Foreclosure Collections
- Remittances
- Loan Transfers
- Cut-off Summary
- REO
- Liquidation
- Foreclosures and Abandonment

## COMMITMENT SOUGHT

- **Dedicated representative**
- **Backup in place**
- **Fully disclosed, evenly applied price list**
- **Accessible and communicative**
- **Direct access to line managers**

## Portfolio Management

Portfolio and individual loan valuations

Portfolio risk stratification

Cash flow models for all lien/performance types

Liquidation models for non-performing assets and REOs

Sale vs. hold analysis

- Investor Payment/Rate Changes

### ***AD HOC REPORTING***

- Multi-dimensional MIS flash reports
- Direct Access to account data
- Direct access to appropriate manager

### ***PORTFOLIO MANAGEMENT***

- Portfolio and individual loan valuations
- Portfolio risk stratification
- Cash flow models for all lien/performance types
- Liquidation models for non-performing assets and REOs
- Sale vs. hold analyses





