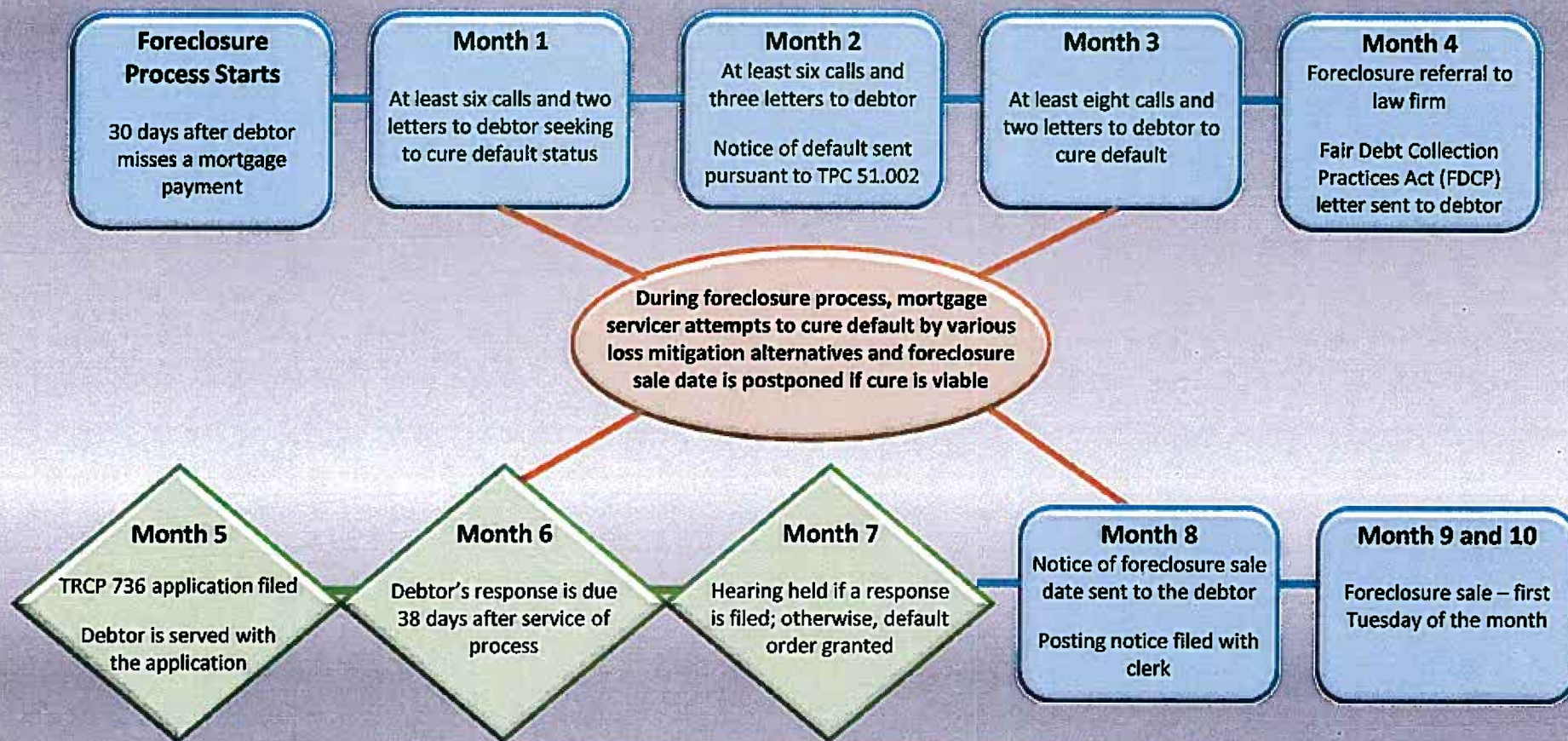


FORECLOSURE TIMELINE



Texas Office of Court Administration:
625,961 cases pending as of December 31, 2008

| | Texas Loans Serviced | Texas Loans in Foreclosure |
|----------------------|----------------------|----------------------------|
| Total | 3,105,746 | 140,069 |
| Texas Prime Loans | 2,017,919 | 42,981 |
| Texas Subprime Loans | 369,560 | 51,701 |

Source: MBA National Delinquency Report 3/31/2009

Most mortgages are 5 months delinquent before file is referred for foreclosure

69 % of all borrowers fail to contact the mortgage servicer prior to the foreclosure sale

Most mortgages are 10 months delinquent before the foreclosure sale

Investor Collection and Default Curative Requirements

| Fannie Mae | Freddie Mac | HUD |
|---|---|--|
| <u>Phone Calls</u> Begin telephone contact with debtor between the 17 th and 20 th day of delinquency (earlier contact for habitual delinquents between 2 nd and 10 th day of delinquency) | <u>Phone Calls</u> Begin telephone contact with debtor between the 5 th and 15 th day of delinquency (earlier contact may be required if alternative arrangements have been made) | <u>Phone Calls</u> Begin telephone contact with debtor between the 7 th and 10 th day of delinquency (earlier contact may be required if alternative arrangements have been made) |
| <u>Late Payment Notices</u> Sent by the 16 th day after it is due (some niche products require earlier notification) | <u>Late Payment Notices</u> Sent by the 16 th day after it is due (some niche products require earlier notification) | <u>Late Payment Notices</u> Sent by the 16 th day after it is due |
| <u>Letters</u> Loss mitigation solicitation letter sent no later than the 50 th day of delinquency | <u>Letters</u> Must offer counseling no later than the 30 th day of delinquency and continue to offer loss mitigation alternatives | <u>Letters</u> Must offer counseling no later than the 30 th day of delinquency and continue to offer loss mitigation alternatives |
| <u>Initiation of Foreclosure</u> Must be at least three monthly installments delinquent; must send debtor a demand letter at least 30 days before foreclosure proceedings begin; refer loan to attorney to begin foreclosure proceedings by the 45 th day after demand letter is sent; foreclosure proceedings begin by the 120 th day of delinquency, unless actively engaged in loss mitigation | <u>Initiation of Foreclosure</u> Must be at least three monthly installments delinquent; must send debtor a demand letter no earlier than the 90 th day of delinquency; refer loan to attorney to begin foreclosure proceedings by the 120 th day after demand letter is sent, unless actively engaged in loss mitigation | <u>Initiation of Foreclosure</u> Must be at least three monthly installments delinquent; must send debtor a demand letter no earlier than the 90 th day of delinquency; refer loan to attorney to begin foreclosure proceedings within six month from the date of default, unless actively engaged in loss mitigation |
| <u>Loss Mitigation</u> Must be conducted at all stages of delinquency and until a foreclosure is completed | <u>Loss Mitigation</u> Must be conducted at all stages of delinquency and until a foreclosure is completed | <u>Loss Mitigation</u> Must be conducted at all stages of delinquency and until a foreclosure is completed |