

National Mortgage Foreclosure Settlement

Second Addendum to RFP for Settlement Administration Services¹

The Monitoring Committee is providing the following information in response to select questions it received from interested settlement administration companies. Candidates are encouraged to continue to visit the National Mortgage Foreclosure Settlement website for possible further Addenda. See <http://www.nationalmortgagesettlement.com/>

(See First Addendum for Questions #1-#16).

Question # 17: Will the Servicers provide relevant information on eligible borrowers in an electronic format? If so, what data fields will the Servicers likely be able to provide?

Answer: The Servicers will provide information on eligible borrowers in electronic format via a one-time data provision. The Monitoring Committee anticipates that the Servicers will work with the Monitoring Committee and the Settlement Administrator regarding the particular format of the data (e.g., encrypted excel or .csv file) and will establish a secure portal for transmission. The Monitoring Committee further anticipates that the Servicers would be able to provide the following data fields for eligible borrowers: a) full names, b) unique borrower identifier such as loan numbers, c) last known mailing address, d) address of foreclosed property, and e) date of the foreclosure. In addition, Servicers may also be able to provide the following data fields for some eligible borrowers when such information is available: f) last known telephone numbers, g) last known email address.

¹ This RFP is available online at <http://www.nationalmortgagesettlement.com/>

Question #18: Will the Settlement Administrator be required to do any tax reporting or provide information to claimants regarding the tax consequences of the payments?

Answer: The Monitoring Committee has retained tax counsel to advise it regarding the tax issues related to the Program and anticipates that basic tax information will be included with the distribution of checks. It is not yet known whether the Settlement Administrator will be required to also distribute 1099s to claimants.

Question #19: When does the Monitoring Committee anticipate that administration of the program will conclude?

Answer: The Monitoring Committee anticipates that administration of the Program will conclude in 2013, but that the bulk of the work of the Settlement Administrator will be complete following distribution of checks. The Monitoring Committee's goal is that checks will be distributed sometime during the first three months of 2013.

Question #20: Will there be more than one Settlement Administrator selected to administer the Program?

Answer: The Monitoring Committee will likely select only one Settlement Administrator, but will consider joint proposals from qualified companies.

Question #21: What reporting will the Monitoring Committee require? Will the Settlement Administrator be required to report to individual States and the District of Columbia?

Answer: The Monitoring Committee anticipates that it will require periodic written reports and conference calls regarding administration of the Program. The Settlement Administrator will not be required to report

separately to individual States or the District of Columbia, although state specific information will be required in the reporting.

Question #22: For purposes of facilitating an optional online claims process, would the Monitoring Committee allow the Settlement Administrator to accept a borrower's electronic signature or use other validation measures when accepting claim certification forms?

Answer: The Monitoring Committee would like the Settlement Administrator to facilitate an optional online claims process and would allow any reasonable procedures to accomplish such a process. Written proposals from settlement administration companies should include an initial Program design plan that includes options and recommendations on how best to facilitate an online claims process.

Question #23: If notices are sent on the letterhead of the Attorney General from the eligible borrower's state (and the District of Columbia), will such letterhead be provided to the Settlement Administrator in an electronic format?

Answer: Yes, the Monitoring Committee will provide letterhead from the Attorneys General in an electronic format and will assist the Settlement Administrator in drafting the content of the notices.

Question #24: Does the Monitoring Committee have any criteria regarding the appearance or format of the mailings and envelopes to be sent by the Settlement Administrator to eligible borrowers? Will the initial notice letters to borrowers from the Attorneys General vary from state to state?

Answer: Written proposals from settlement administration companies should include an initial Program design plan that includes options and recommendations regarding the appearance and format of mailings and

envelopes. Many Attorneys General will likely write cover letters to be included in mailings and may request that the official seal of their office be used on envelopes sent to borrowers in that state. The Monitoring Committee anticipates that it will provide each Attorney General with a template letter, but that there may be slight variations in the letters from state to state.

Question #25: Would the Monitoring Committee consider allowing the Settlement Administrator to establish multiple toll-free numbers; i.e., one number for each Servicer?

Answer: Yes, the Monitoring Committee would consider multiple toll-free numbers. Written proposals from settlement administration companies should include an initial Program design plan that includes options and recommendations on how best to facilitate calls from borrowers.

Question #26: Does the Monitoring Committee anticipate that there will be residual amounts remaining following distribution of the checks? If so, how will the amounts be handled?

Answer: The only residual funds that will remain following distribution of the checks will be the total amount of any checks that go uncashed. Such amounts are subject to State unclaimed property laws.

Question #27: Will the Monitoring Committee require all written and call center communications with eligible borrowers include both English and Spanish versions? Will the Monitoring Committee require use of a hearing impaired, TTY line for the call center?

Answer: Written proposals from settlement administration companies should include an initial Program design plan that includes options and recommendations regarding these questions.

Question #28: Will the Monitoring Committee allow the Settlement Administrator to “clean” borrower contact information received from the Servicers by using the Nationals Change of Address (NCOA) database prior to the initial mailing?

Answer: The Monitoring Committee is amenable to any reasonable measure to decrease the number of undeliverable mailings. Written proposals from settlement administration companies should include an initial Program design plan that includes options and recommendations regarding how best to ensure that mailings reach eligible borrowers.

Question #29: Will there be a public relations campaign related to the Program? If so, who will be primarily responsible for coordinating the campaign (e.g., writing press releases, coordinating AG interviews, etc.)?

Answer: Yes. The Monitoring Committee anticipates that it will be primarily responsible for coordinating the campaign and will work with the Settlement Administrator and the Attorneys General to carry out the campaign. We do not envision a public relations role for the Settlement Administrator.

Question #30: How will the amount of the flat payments be determined? Will the Settlement Administrator be required to determine the total number of eligible claimants prior to distribution of any payments?

Answer: Prior to distribution of any payments, the Settlement Administrator will be required to determine the total number of eligible claimants based upon criteria provided by the Monitoring Committee. Payment amounts will be determined by dividing the amount of funds available for payment by the number of eligible claims filed. As indicated in the RFP, any State may choose to use its own settlement funds to increase the payment amount received by borrowers in that State.

Question #31: Will the Monitoring Committee allow the Settlement Administrator to distribute payments to eligible claimants via Electronic Funds Transfer (ETF)?

Answer: Yes, the Monitoring Committee is amenable to distribution of payments via ETF. However, as indicated in the RFP, the Settlement Administrator will be expected to work with the bank serving as the QSF custodian and/or a retail financial institution with respect to actual distribution of payments, whether by check or ETF. See RFP page 5, item (3).

Question #32: Will the Settlement Administrator be required to comply with the U.S. Treasury's Office of Foreign Asset Control's (OFAC) initiative to prohibit transactions with certain "Specially Designated Nationals"?

Answer: The Settlement Administrator must comply with all applicable state and federal laws and regulations. However, the Monitoring Committee anticipates that the financial institution tasked with handling the actual distribution of payments will conduct the screening required to ensure compliance with the OFAC initiative and will already have an appropriate compliance program in place.

Question #33: If a borrower is deceased will the borrower's heirs be able to submit a claim certification form and receive a payment?

Answer: No, the heirs of deceased borrowers will not be permitted to submit claim certification forms or receive payments.

Question #34: Will the Settlement Administrator be required to adjudicate or otherwise resolve competing borrower claims related to the same foreclosure

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sale / mortgage loan (e.g. claims submitted by co-borrowers who have divorced since the foreclosure sale)?

Answer: The Monitoring Committee does not anticipate that the Settlement Administrator will be required to adjudicate or resolve competing borrower claims related to the same foreclosure sale / mortgage loan. However, the Settlement Administrator will likely be required to split the flat payment amount between eligible claimants related to the same foreclosure sale / mortgage loan (e.g. divorced borrowers who submit separate claim certification forms may each receive ½ of the flat payment amount). Interested settlement administration companies should include options and recommendations on how to address these issues in their written proposals.