

Consumer Finance Group Statement of qualifications



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This proposal does not constitute a contract to perform services. Final acceptance of this engagement by PricewaterhouseCoopers is contingent upon successful completion of PricewaterhouseCoopers' acceptance procedures. Any engagement arising out of this proposal will be subject to the execution of our formal engagement contract, including our standard terms and conditions and fees and billing rates established therein.

Summary of qualifications and experience

A leader among professional services firms

PricewaterhouseCoopers Consumer Finance Group has 100 professionals across the country dedicated to solving business problems for global clients in the consumer finance sector. Our focus is on mortgage banking and other forms of consumer credit which means we are at the forefront of the industry working to anticipate, understand and resolve emerging issues.

Our clients consistently turn to us for help resolving complex business issues in areas such as: Loan Production, Servicing, Capital Markets, Management Reporting and Risk Management. More specifically, our detailed subject matter knowledge and regular communication with industry leaders allows us to remain at the forefront of industry issues and opportunities. Of late we have been working with our clients in the following areas.

Default Risk Management	Servicing Advance Management	Collections and Loss Mitigation Strategy Implementation
Loan Servicing Profitability	Customer Profitability and Segmentation	Shared Services and Cost Management
Regulatory Compliance	Asset Quality Management & Origination Controls	Management Reporting
Customer Retention/Customer Experience	MHA/Quality Assurance Program Analysis	Credit Risk Management
Accounting and Auditing	Mergers and Acquisitions	Pricing Strategies

To serve leading organizations, we have developed deep and meaningful knowledge in each of these areas. Our dedication to investing in our people, our industry relationships and our commitment to thought leadership provides us with the practice depth to sustain our position as the market leader. We serve clients in the mortgage banking, credit card, home equity, student loan, auto loan and manufactured housing industries. In addition to our core services, we also leverage specialized skills from broader PwC resources in key areas such as information technology, securitizations, regulatory matters and other areas that are critical to our clients.

Addressing contemporary problems with innovative solutions

In the current environment, requesting assistance from industry experts allows for risks to be mitigated through the use of focused professionals who are adept at isolating issues, benchmarking practices and developing innovative solutions to complex business problems.

Our team's collective knowledge is invaluable at a time when compliance with constantly changing market dynamics is imperative, profits are under pressure, monitoring of risks is more difficult and gaining an edge over the competition is more challenging than ever. In response to these and other challenges, we are discussing practical yet innovative approaches to several current areas of focus among our clients including:

- Strategies and approaches to manage and monitor compliance with recently announced government programs (e.g. HASP, MHAP, HAFA, UP, TALF, TARP)

- Developing and implementing collections, loss mitigation and REO strategies
- Analyzing and providing recommendations on risk management practices in an ever-changing industry
- Servicing profitability analysis
- Loan origination processes and controls to support agency and FHA production including more aggressive quality assurance monitoring
- Servicing advance management
- Enhanced production and servicing management reporting
- Strategy, process and technology peer benchmarking
- Forecasting repurchase demand and minimizing the operational and accounting impact
- Due diligence and post-merger integration assistance
- Loan pricing strategies and accounting solutions
- Customer profitability and segmentation analysis
- Project management oversight and execution
- Providing TDR Accounting and Loan Modification process analysis and support
- Increasing customer retention through improving cross-sell opportunities and understanding customer lifetime value
- Analyzing models to forecast credit risk and enhancing effective credit risk management
- Creating demand-based pricing models to maximize profit per loan
- Providing change management strategies for effective downsizing

- Defining new products while maximizing economies of scale

A sampling of recent engagements highlights the breadth of the services we provide to our clients:

- Defining a strategic vision and road map for a top 10 mortgage originator
- Analysis and benchmarking of default management for a top 10 servicer
- Assisting a large mortgage investor with the implementation of a loss mitigation program including; process design, management reporting and performance analysis
- Transformation of the default processes for a large global bank
- Multiple servicer reviews on behalf of investors with a focus on default management, cost reduction opportunities, and risk management
- Repurchase process review and exposure analysis on a target financial institution
- Developing a household segmentation strategy for a leading mortgage company
- Multiple due diligence and post acquisition integration projects
- Pricing optimization work for a top 10 mortgage originator
- Creating a change management strategy for a company in the midst of an M&A process
- Operational risk diagnostics in areas including loan repurchases and default management
- Design and testing of an advanced loan accounting solution
- FAS 166/167 implementation and impacts
- Implementation of FDIC loss share agreement operational requirements
- Development of acquisition accounting models to support FAS 141R and SOP 03-3

Breadth of services

Our focus is on the business and compliance issues that impact our clients, as well as anticipating industry trends, sharing best and emerging practices, benchmarking results, and solving complex business problems. We leverage our industry knowledge and broad experience to provide a wide variety of services to clients:

Controls <ul style="list-style-type: none"> • Sarbanes-Oxley <ul style="list-style-type: none"> - Assessments - Project management - Efficiency & effectiveness reviews - Enterprise Risk Management • Risk Assessment <ul style="list-style-type: none"> - Diagnostics - Basel II - FDICIA - G/L reconciliations 	Mergers and acquisitions <ul style="list-style-type: none"> • Due diligence • Acquisition • Integration • File Review • Post-merger integration • Change management
Accounting and systems <ul style="list-style-type: none"> • Loan accounting systems • FAS 91 • FAS 141R • FAS 159 • FAS 166/167 • SOP 03-3 • IFRS • Foreclosure database • Cash Accounting • Key performance metrics • Loan origination systems • Automated underwriting systems • System selection 	Strategy <ul style="list-style-type: none"> • Process optimization <ul style="list-style-type: none"> - Originations - Underwriting - Closing - Post closing - Repurchases - Default - Foreclosure - Pricing - Fraud - Servicing - QC review • Best practice reviews • Customer retention and cross-sell • Credit risk management
Reporting and management <ul style="list-style-type: none"> • Audit and attest services • Internal audit outsourcing co-sourcing • Model validation • Regulatory compliance • Tax 	Profit maximization <ul style="list-style-type: none"> • Process integration • Net economic value • Secondary attribution • Activity based costing • Product configurator • Best execution assessments • Price elasticity • Price optimization



Our clients

In addition to our US clients we also serve clients on a global basis in countries such as: Canada, United Kingdom, Greece, China and Australia. Our US clients include most major banks and financial services institutions, which we service in either an audit or advisory capacity. A summary of our US relationships includes:

Mortgage banking and home equity lending

- 7 of the top 10 residential mortgage originators
- 10 of the top 20 residential mortgage originators
- 10 of the top 10 residential mortgage servicers
- 15 of the top 20 residential mortgage servicers

Automotive finance

- 6 of the top 10 Automotive Finance Companies

Largest Visa & MasterCard credit card issuers

- 8 of the top 10 credit card issuers
- 12 of the top 20 credit card issuers

Student lending

- 8 of the top 10 largest educational lenders
- 11 of the top 20 largest educational lenders

Timeshare

- Relationships with 3 of the largest operators of vacation ownership resorts

GSE

- Relationships with the primary government sponsored agencies, guarantors and lenders

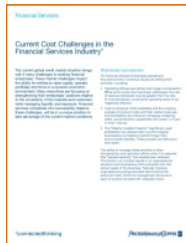


Thought Leadership

We play an important role in shaping the ideas that affect the consumer finance industry. In today's environment staying abreast of industry standards and trends is crucial, and staying aware of changes in the marketplace enables us to provide the most current and applicable advice to our clients. Our professionals consistently share insight through publications, technical whitepapers, and conference presentations.

Point of View

Change within the Consumer Finance industry is swift and with this change comes a need to understand its impacts. Our "Point of View" documents were launched in 2008 to summarize emerging issues and identify the expected impact of the specified topic.



Our **Cost Elimination** document describes the current cost challenges in the Financial Services industry.

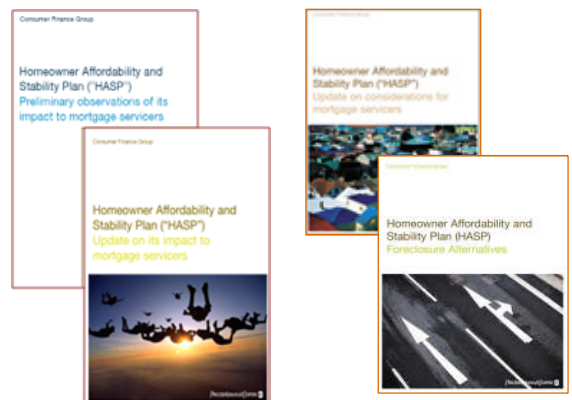
On February 18, 2009, President Obama unveiled the **Homeowner Affordability and Stability Plan (HASP)**.

The plan is a \$275 billion initiative designed to prevent home foreclosures and help people stay in their homes by stemming the rising tide of defaults and delinquencies, and providing opportunities for consumers who have been unable to benefit from declining mortgage rates because of high loan-to-value (LTV) ratios. The plan applies only to mortgages on owner-occupied primary residences. Our team has published four publications addressing the impact of HASP on the industry. The publications are tools we use to communicate with our clients as update to HASP are announced.

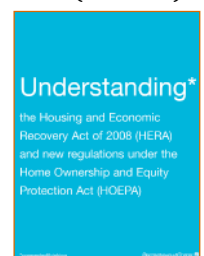
The most recent HASP/HAFAs whitepaper, Foreclosure alternatives, discusses the addition of the Home Affordable Foreclosure Alternatives Program (HAFA) to HAMP giving servicers and borrowers more attractive alternatives to foreclosure.

The program offers monetary incentives to servicers, investors, and borrowers to make short sale and deed-in-lieu agreements to avoid lengthy and expensive foreclosure proceedings.

By combining their HAFA and HAMP processes, servicers can leverage the competencies that they have established in implementing HAMP.



The Housing and Economic Recovery Act of 2008 (HERA) was signed into law and new regulations were issued under the Home Ownership and Equity Protection Act (HOEPA). HERA is a comprehensive legislative package that brings changes to the regulation of government sponsored entities (GSEs), modernizes the Federal Housing Administration (FHA), and authorizes a new refinance program for troubled mortgage loans (Hope for Homeowners). It creates a series of new requirements for mortgage lenders related to licensing, counseling and disclosures.



XBRL: Steps toward an implementation plan

This document summarizes hundreds of pages of legislation and regulation and presents a point of view on what steps mortgage executives need to consider as they start drafting a plan to comply with the new rules and potentially take advantage of the new FHA Hope for Homeowners program.

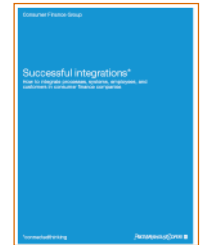


Advancing financial reporting beyond today's paper-based forms is a key project for the Securities and Exchange Commission (SEC). In working toward that goal, the SEC is proposing to mandate the use of extensible Business Reporting Language (XBRL). The language for electronic communication is a significant milestone that will enhance and improve the accessibility of information available to investors.

In May 2008, the SEC formally submitted its proposal that would require all companies applying U.S. Generally Accepted Accounting Principles (U.S. GAAP) or International Financial Reporting Standards (IFRS) to begin using XBRL within the next three years. As the deadline for implementation nears, it is apparent there is a need for a greater awareness and deeper understanding about the costs and benefits XBRL offers. This whitepaper expresses a point of view on what companies can do now to ensure they are prepared when the proposal takes effect.

Successful integrations: How to integrate processes, systems, employees, and customers in consumer finance companies

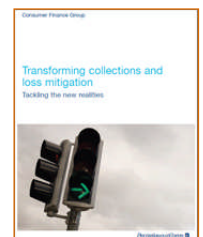
Reports of mergers and integrations dominate the headlines as the consumer finance industry experiences extraordinary turbulence. The current market conditions pose unprecedented challenges but also present opportunities for companies that identify attractive acquisition candidates for integration.



Successful integration provides numerous benefits to shareholders, customers, and employees. But many companies fail to achieve the synergies necessary to bring about these benefits. A well-executed integration requires effective planning and ruthless prioritization. Management often faces difficult decisions, including whether to pursue an accelerated transition at the cost of achieving longer-term efficiencies. The staggering complexity of integrating two lending businesses presents a unique set of challenges especially when integrating employees and combining different organizational cultures.

Transforming collections and loss mitigation

This whitepaper expresses a point of view on what companies can do to ensure a successful integration. Today's economic climate forces mortgage servicers to rethink their collections and loss mitigation strategies. The traditional approach to collections uses inconsistent practices and outdated policies. It is no longer effective in allowing servicers to recover debt.



It's time for a new strategy—one that meets the challenges of today's economic climate with proactive, innovative solutions for collections and loss mitigation. In this whitepaper we discuss steps servicers can take to transform their approach to collections and loss mitigation.

How to avoid the high cost of consumer credit

Consumer Credit losses have devastated businesses globally, costing hundreds of billions per year.

Because the slow economic recovery brings the threat of continued losses, companies should respond boldly.

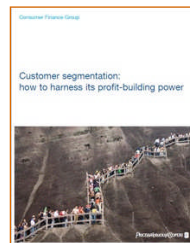
Having a flexible and dynamic collections program based on four critical cornerstones: segmentation, strategy, infrastructure and people, is key to minimizing future credit losses and optimizing recoveries on losses incurred to date.



Customer Segmentation

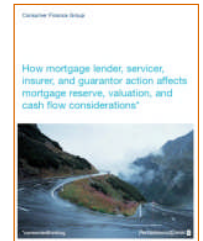
Financial institutions' customer acquisition strategies are taking a one-two punch as the economic turmoil shrinks both their customer base and marketing budgets. This changing economic outlook is testing the mettle of many banking industry professionals as they seek to attract and retain profitable customers and disengage with those that do not offer value under their operating model.

By building long-term relationships with the most valuable customer segments, companies can win over a loyal—and profitable—customer base. While each company's approach will be unique to their particular business needs, we have identified five steps that will help companies achieve the characteristics of a successful segmentation strategy.



How mortgage lender, servicer, insurer, and guarantor action affects mortgage reserve, valuation, and cash flow considerations

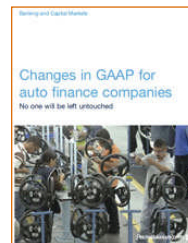
Past lending practices and market volatility are affecting mortgage industry service providers, including lenders, investors, servicers, insurers, guarantors, in dramatic and interrelated ways.



The summary outlines what these service providers are currently or should be considering.

Auto Finance: Changes in GAAP for auto finance companies and Non-prime auto underwriting: evolving for a changing market

The whitepaper, Changes in GAAP for auto finance companies, examines the recent modifications to Statement of Financial Accounting Standards 166 and 167, and how your organization can prepare to meet the challenges they bring.



Prepare now to manage REO (real estate owned) inventory growth

Now is the time to start strengthening your REO (real estate-owned) infrastructure to control costs and optimize returns. The predicted surge of REO properties will likely place financial institutions at risk for increased losses. These challenges not only can - but must - be overcome as the costs of maintaining and liquidating REOs will only increase as they continue to saturate the market.



Enhancing the customer experience in consumer lending

By enhancing the customer experience, lenders can open the door for increased customer loyalty and retention, more opportunities for cross-selling, and new customers - all of which can contribute to greater profitability and a better brand in the marketplace.



How to achieve tomorrow's winning mortgage servicing model: Place a ruthless focus on risk and quality

Servicers should adapt their operating model so quality and risk management permeate all aspects of their business. Risk management will become increasingly important not only for servicers to survive, but to thrive.



As the economy begins its slow recovery, consumer finance companies now face a new business landscape. To help navigate this challenging and sometimes unfamiliar road, PwC is publishing a series of papers that will explore important topics affecting the industry now and in the future.

Ready, Set, Change: How to Prepare for the Upcoming Transformations to Financial Instrument Accounting

In "Ready, Set, Change: How to Prepare for the Upcoming Transformations to Financial Instrument Accounting", we discuss the accounting changes currently under consideration by the FASB and IASB. Both Boards' models would essentially rewrite the entire financial instrument accounting framework, and would require many consumer finance companies to make significant changes to their accounting processes, systems, and reporting.



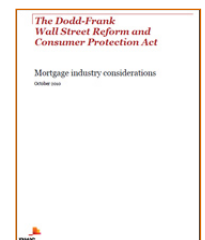
Reining in foreclosure timelines: Avoiding the high cost of delays

While mortgage servicers are reeling from expenses related to foreclosure affidavit defects, a more costly threat is poised to batter the industry: Extended foreclosure timelines. Millions of loans are currently stalled in loss mitigation and foreclosure. These delays could inflict a hefty price tag on the industry based on the expenses associated with a protracted foreclosure timeline.



The Dodd-Frank Wall Street Reform and Consumer Protection Act: Mortgage industry considerations

On July 21, 2010, when President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank" or the "Act"), the largest set of financial regulatory reforms since the Great Depression became law. The sweeping legislation will significantly impact every aspect of the financial services sector — and the mortgage industry is no exception. Indeed, perceived by many as the epicenter of the kinds



of practices and abuses that led the nation into the recent financial crisis, the origination and servicing businesses are lodged squarely in the cross-hairs of Dodd-Frank.

Publications

Consumer finance update

Our semi annual journal offers readers insightful articles on issues affecting the mortgage, student lending, credit card, Our semi annual journal offers readers insightful articles on issues affecting the mortgage, student lending, credit card, auto finance and retail banking industries. The most recent issue includes:



- Tomorrow's capital market environment: Private-label securitization when the dust settles
- Process considerations of successful integrations for consumer finance companies
- Servicing loans and managing default in the new business environment
- Managing servicing advances in the current environment
- Effective servicer oversight: A strategy for lowering credit costs
- The future of consumer finance loan accounting and economic analysis
- Rebuilding toward the future: A consumer finance view on managing risk
- Impairment and fair value model risk management
- Credit card reward programs: Understanding your model risk
- Warehouse lending: Moving forward
- Looking forward to a covered bond market

Update: Corporate sustainability edition

Does your company practice responsible leadership? Shareholders expect your company to generate profits. But, they also want your company to make a positive contribution to society while minimizing any negative effect it might have on the environment. This approach to business—balancing economic interests against social and environmental concerns—is commonly referred to as sustainability.



- Global perspectives on the greening of financial services
- Positioning mortgages for the green market
- Counting carbon: The consumer's carbon footprint
- Improving customer acceptance of offset programs
- Greening the nation's bank branches
- Commercial building: Is the industry doing enough?
- Do your vendor partners complement your brand?
- PwC and sustainability services

Trends and Perspectives

This semi-regular report takes a closer look at the business issues facing the consumer finance industry and shares observations on how to meet those challenges. The latest issue focuses on customer retention and highlights some of the traditional trends in customer retention and provides perspectives on alternative approaches.



Customer retention and the mortgage industry: 2008 executive roundtable highlights

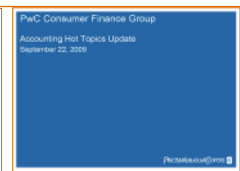
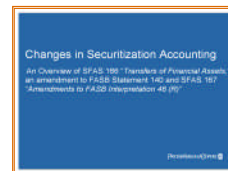
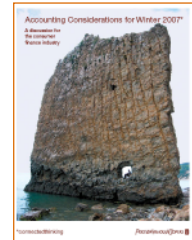
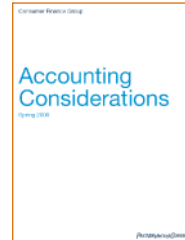
PricewaterhouseCoopers' 2008 Executive Roundtable on Customer Retention was attended by over 15 executives representing nine of the top mortgage lenders in the country. Some of the topics covered included the retention paradigm, customer lifetime value, and customer segmentation as a way to improve the success of a retention strategy. This document summarizes the highlights of the event.



- Becoming strategic: Moving from loan retention to customer retention
- Executing a retention strategy: Charting the stars in the customer constellation
- Supporting processes: Leveraging technology, leveraging loan officer involvement and the changing role of the retention group
- Measuring retention efforts
- Loan modifications and customer retention
- Legislation and retention

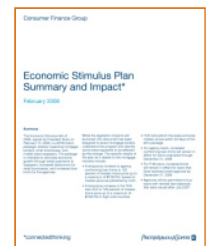
Technical whitepapers

Our whitepapers are produced to help our clients prepare for the requirements of new and proposed regulatory guidance, emerging GAAP and implementation strategies.



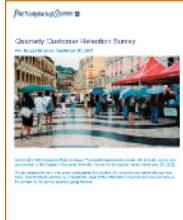
Surveys

Our experience and relationships with our clients means that we are able to provide current comparative information from the leading consumer finance companies. Many of our surveys are developed to provide companies insight into peer practices and performance metrics and understand how operations and risk practices might develop over the next few years. They are designed to highlight what some of the top tier companies are doing, providing best practices that their peers might consider in managing their own risk. A sampling of recent surveys includes:



Quarterly Customer Retention Survey

- Launched in 2001 and published quarterly
- Widely acknowledged as industry leading
- Nine to ten top mortgage companies participate
- Considers retention metrics, ways of measurement, peer results, channel analysis



Credit Card Survey

- Launched in 2006
- Six of the top 20 card issuers participated in the survey. Survey covers accounting and operational practices at both banks and retailers



Loan pricing practices for mortgage lenders

Gaining a competitive edge in today's market is challenging. As a result, in many cases companies have focused additional resources on becoming more "surgical" with their pricing strategies.



Our inaugural loan pricing survey focuses on pricing governance, emerging analytics, staffing, channel considerations and geographic impacts.

Survey of Loan Repurchase Practices

Launched in '04 due to high number of client inquiries on unexpected increases in loan repurchases from agencies and private investors.

- Our most recent survey, completed in October 2010 covers many of the top originators.
- Survey covers financial and operational aspects of repurchase process including organizational and accounting issues

Survey of industry loan loss and foreclosure reserves and practices in default operations

Launched in 2001 and published annually to participating peers.



- Ten participants who represent over 3.3 trillion of servicing and 25 million loans
- Survey covers financial and operational aspects of loan servicing and default management issues

Other surveys include:

Post Closing, Repurchase, Underwriting, Non Agency Loan Valuation, Initial Capitalization, Assumption, Broker and Correspondent

Conferences and events

As knowledgeable professionals, our advice is often solicited by consumer finance executives. One of our objectives in serving the consumer finance industry has always been to share our detailed knowledge of the issues. We frequently go on the road to discuss current industry hot topics and participate in numerous conferences and industry events as sponsors and/or speakers.

Recent examples of conference presentations given by PwC team members include

"Consumer Underwriting - Evolving For A Changing Market"

AFSA 2011 Vehicle Finance Conference and Exposition
February 2-4, 2011, San Francisco, CA

"Financial Instruments Project and Regulation AB Changes"

Accounting, Tax and Financial Management Conference
November 17-19, 2010, New Orleans, LA

"Annual Mortgage Banking Update"

AICPA Banking Conference
September 15, 2010, Washington, D.C.

Panel Discussion

MBA's National Fraud Issues Conference
April 24-28, 2010, Chicago, IL

"Loan Repurchases"

MBA's Loan Repurchases Workshop
March 9, 2010, Dallas, TX

"Loan Repurchases" and "XBRL"

MBA's Accounting, Tax and Financial Analysis Conference
November 11-13, 2009, Dallas, TX

"Loan Modification & Government Program in the Mortgage Industry" and "The Mortgage Industry Transformation Post Crisis"

A Discussion on the Future State of Industry"
FICG Forum
October 20, 2009, New York, NY

PwC Consumer Finance Group Chaired Event

2009 PICPA Financial Institutions Conference
September 14-15, 2009, Hershey, PA

"Accounting Standards Development in the Secondary Market"

MBA's National Secondary Marketing Conference & Expo
April 19-22, 2009, Chicago, IL

Visit pwc.com/consumer-finance for further details regarding the documents discussed in this publication.

"Fighting Fraud in Today's Highly Volatile Environment: What Lenders Should Know"

MBA's National Fraud Issues Conference 2009
March 16, 2009, Las Vegas, NV

"Top Lessons Learned for Mortgage Servicers from the Credit Crisis"

MBA's Servicing Conference 2009
February 18, 2009, Tampa, FL

Recent examples of round tables and other events include

- PwC Mortgage Bank Risk Management and Internal Audit Director Roundtable
 - June 16, 2010, New York, NY
 - Covered Areas: Hot Topics, MHA Update, Loss Mitigation Risks & Controls, FDIC, Changing Demands and Regulatory updates
- PwC Executive Forum on Multicultural and Emerging Markets Lending
- PwC Executive Round Table on Customer Retention
- PwC Consumer Finance Executive Round Table on Fraud
- PwC Mortgage Banking Internal Audit Roundtable

Recent examples of published articles

- Touhey, Martin. "Feeling the Pinch? Get Ahead of Advances." **Servicing Management** May 2009: 15-18
- Hernandez, Roberto. "Boosting Profitability Requires Long-Term Strategizing." **Servicing Management** June 2009: 9-12
- Kowalak, John. "When It Comes To Costs, Don't Forget the Here and Now." **Servicing Management** October 2009: 8-11

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