
Consumer *Finance Group*

Statement of qualifications

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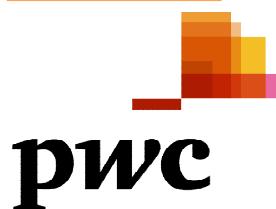


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Summary of qualifications and experience

A leader among professional services firms

PwC's Consumer Finance Group (CFG) has over 170 professionals across the country dedicated to assisting clients in the consumer finance sector. Our focus is on mortgage banking, auto finance, credit cards, and other forms of consumer credit. We are at the forefront of the industry, working to anticipate, understand and resolve emerging industry opportunities and issues.

Our clients consistently turn to us for help in areas such as: Strategy, Loan Production, Servicing, Capital Markets, Management Reporting, Customer Experience and Risk Management. Our detailed subject matter knowledge and regular communication with industry leaders (including regulators) allows us to pioneer solutions to current industry issues and harvest opportunities to optimize process efficiency. We work 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

Mortgage Foreclosure Strategies	Auto Finance Dealer Process Reviews	Creation & analysis of client-specific modeling
Accounting and Auditing	Mergers and Acquisitions	Pricing Strategies

To serve leading organizations, we have developed deep and meaningful knowledge in each of these areas. By investing in our people, our industry relationships, and our commitment to thought leadership, we have developed a specialty competence that allows us to lead market innovation and quickly adapt to changing market trends. 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' needs.

Recognizing PwC's position in the industry, regulators, industry associations and accounting rule-makers often seek advice from the professionals of the CFG practice. This not only allows PwC to anticipate issues and trends, but to help shape them as well, and offer clients a unique perspective that others may lack.

We are in an unprecedented time of change

No industry better exemplifies this than the consumer finance industry. Given the continuing regulatory changes, and the significant changes in customer and competitor dynamics, our clients need a partner who can make sense of all this information, stay abreast of developments, develop a plan to take advantage of emerging opportunities, and identify ways to address significant issues.

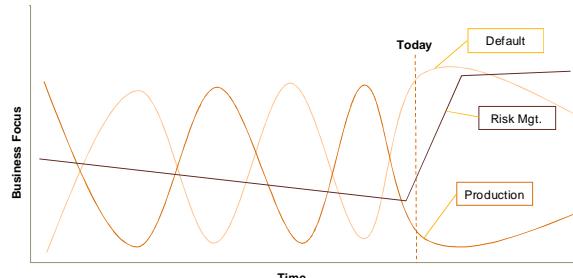
PwC has become that group. With our team of subject matter specialists, we have represented

our clients in strategizing and navigating some of the most high-profile economic events of our day. Using mortgage foreclosures as an example, PwC advised 10 of the 14 recent Consent Orders sent out by regulators in April 2011. So when you hire the PwC Consumer Finance Group, you're hiring more than a person or a team. You're hiring decades of experience in industry best-practice. As an industry leader, PwC will keep you updated on the latest news and trends, empowering you to make informed decisions..

We are at a unique point in the traditional cycle where core servicing, default and production needs are driving mortgage company strategies and investments. Interest rates are at extreme lows with the Fed not likely increasing rates for at least the next two years. With investment returns low on fixed income loans, auto financing, refinancing, and credit card expenditure is becoming more important in the day-to-day survival of the consumer. We are also witnessing the emergence of a "new normal" market where innovation and risk management matter more than ever.

growth strategies. In short, volume based strategies will not survive.

PwC's Consumer Finance Group focuses on all these asset classes, with a commitment, dedication, and persistence of being leaders of our industry.



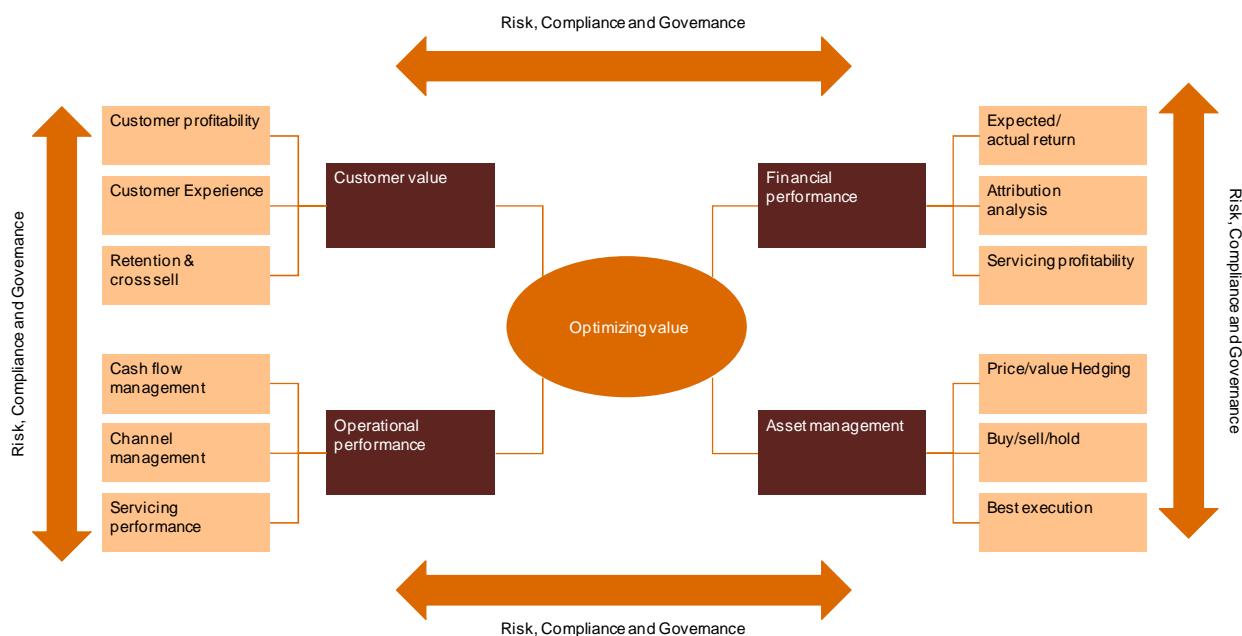
As a result, we see the next several months as an important transition period for the industry where:

- Focus will remain on managing losses and responding to regulator pressure
- New operational standards will penetrate large and small lenders
- Information and ability to react quickly will separate peers, and
- Industry participants will refocus on ways to grow – increasing competition, separating themselves from peers and beginning to rebuild their businesses toward profitable and sustainable

Meeting the industry's ongoing challenges by harvesting opportunities and developing innovative solutions

In the current environment, PwC is expertly and efficiently moving to stay abreast of market issues, facilitate client discussions, and streamline processes to mitigate risks. Experienced, focused professionals can help you: improve your operations by benchmarking your practices, develop innovative, strategic solutions to your business opportunities, optimize your profitability, enhance your risk management, and help you create a sustainable competitive advantage.

While the future is uncertain, there are key elements of the business strategy that will drive success regardless of how the future looks. Some of these are illustrated in the diagram below.



Below are examples of how the four quadrants of strategic change, illustrated above, help optimize value:-

▼ Opportunities / Issues	▼ How PwC adds value	▼ Impact	▼ Examples of work done
Operational Performance			
Operational Excellence Battered by a weak economy, consumer finance companies are increasingly focused on efficiency and quality in anticipation of a fundamentally altered financial landscape requiring	To improve efficiency and quality of operations, PwC works collaboratively with clients in the following areas: <ul style="list-style-type: none"> Performance diagnostics and benchmarking Process analysis and re-design Process and technology alignment Key performance 	<ul style="list-style-type: none"> Sustainable cost reduction in loan origination and servicing operations Reduction in process defects and re-work Improved agility in responding to changes More comprehensive 	<ul style="list-style-type: none"> Fulfillment operating model design Servicing and default operations review Risk-based change control program design Third-party vendor management program design Sub-servicer selection and transfer Operations capability

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leaner operations.	<ul style="list-style-type: none"> metrics development Shared services design and implementation 	view of operations performance	<ul style="list-style-type: none"> model development Performance dashboard development
<p>Regulatory Compliance Faced with rapidly escalating regulatory pressures, organizations need to strengthen their regulatory compliance functions and remain ready to respond to evolving supervisory expectations.</p> <p>Compliance programs have taken on new prominence in light of the banking regulator horizontal reviews, foreclosure consent orders and rollout of the Consumer Financial Protection Bureau ("CFPB").</p>	<p>PwC has assisted organizations in comprehensively evaluating their regulatory compliance functions to meet the new paradigm.</p> <p>We have advised clients on the optimal organizational structure for regulatory compliance, the adequacy of resources, and how to transform compliance into a business-critical function. We have worked with clients to enhance their policy & procedures, controls, change management, risk assessment, compliance testing, key risk indicator reporting and training programs.</p> <p>We regularly help organizations respond to and remediate exceptions and Matters Requiring Attention ("MRA") arising from internal and external examinations.</p> <p>Our team also specializes in conducting servicing compliance attestations for servicers subject to Regulation AB, USAP, and HUD requirements for all asset classes including residential mortgage, commercial mortgage, reverse mortgage, auto, and credit card.</p>	<ul style="list-style-type: none"> Improved exam preparedness Sustainable processes to maintain compliance with evolving regulatory requirements Enhanced compliance monitoring to prevent and/or detect control breakdowns Embedding a strong compliance and controls culture throughout the organization Improved servicing policies, procedures and controls Enhanced people through development of training programs and capacity analysis Timely and transparent communication of servicing compliance attestation testing results 	<ul style="list-style-type: none"> Development and implementation of a comprehensive compliance program Foreclosure consent order advisory projects addressing compliance, operational control, change management, third party management, management information systems and foreclosure practices Assessment and remediation projects to support improvement of servicing, foreclosure, management reporting, and other operational areas Readiness reviews for upcoming regulatory examination, including the Making Home Affordable Program Regulation AB, USAP, HUD servicing compliance attestations Strategies and approaches to manage and monitor compliance with recently announced government programs (e.g. HASP, MHAP, HAFA, UP, TALF, TARP, HUD)
<p>Risk Management Processes within the Consumer</p>	With the recent identification of high-profile process weaknesses within Consumer Finance	<ul style="list-style-type: none"> More robust risk assessment and mitigation practices reducing, and more 	<ul style="list-style-type: none"> Enterprise Risk Management Assessment Evaluation and

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<p>Finance industry are typically complex with a large volume of regulatory, guarantor, and investor requirements. This complex operating environment generates a wide range of risks which, when inappropriately managed, can result in significant reputational and financial harm to industry participants.</p>	<p>operations, we are focused on assisting industry participants by:</p> <ul style="list-style-type: none"> • Executing more robust risk assessments • Benchmarking existing risk management activities to leading industry practice • Performing analysis for inclusion and compliance with Regulatory requirements • Developing Quality Assurance and Quality Control testing programs that ensure coverage of all key risks in the product lifecycle 	<p>clearly defining, the residual risk to the organization.</p> <ul style="list-style-type: none"> • Improved transparency and clarity of Management Reporting to empower senior managers to optimize the timing and quality of their actions • More effective and efficient testing strategies focused upon the key drivers of risk within organizations 	<p>Implementation of Quality Assurance and/or Quality Control functions</p> <ul style="list-style-type: none"> • Management Reporting analysis including dashboard and KRI development • Peer Benchmarking, Gap Analysis, and Recommendation • Issuance of Existing Risk Management Practices
<p>Strategy Development Develop corporate and business unit strategy that incorporates best practices, industry knowledge, current affairs, and management direction.</p>	<p>PwC can accelerate business strategy development by using proven methodologies, tools, and specialist resources who have strategy backgrounds with significant experience in the consumer finance industry.</p> <p>This support could range from focused strategic advice and insight in a particular area to running a strategy program for the business as a whole. Linking the strategy to a framework to deliver actionable change is a key differentiator for PwC in this area.</p> <p>Our deep knowledge of the consumer finance industry enables us to provide additional perspective on the implications of regulatory and industry changes such as Dodd</p>	<ul style="list-style-type: none"> • Clearer articulation of strategy for consumer finance with a prioritized transformation plan which provides the roadmap to make the strategy actionable • Not only will this help ensure that there is agreement on the longer-term vision for the business across all key stakeholders, but it will also provide improved direction for staff in a period of unprecedented change. 	<ul style="list-style-type: none"> • Assessment of strategic positioning including market and competitor assessment • Value management assessment • Future environmental change impact analysis • Scenario modeling and strategy playbook • Defining strategic vision and the case for change • Development of future business design and target operating model • Business case development • Development of transformation governance and change portfolio management capabilities • Development of the transformation plan with structured prioritization of

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	Frank and Servicer Compensation Reform.		<ul style="list-style-type: none"> change initiatives Cost transformation strategies for effective downsizing M&A strategy Strategic planning process design and support with execution Balance scorecard and value driver design
Servicer Surveillance With the increased scrutiny surrounding the ever-evolving industry practices of servicing assets, servicers are constantly looking for ways to improve data & process integrity through the effective monitoring of all aspects of the business.	<p>Leveraging our expertise in the mortgage industry, PwC can assist in developing servicing monitoring procedures as well as perform deep dive reviews in specific areas. These areas include, but are not limited to:</p> <ul style="list-style-type: none"> Vendor Monitoring Loss Mitigation, including Loan Modifications, Bankruptcy, Collections, Short Sales, Deed in Lieu Foreclosures Investor Reporting Advances Custodial Documents Government programs, such as HAMP, HAFA, UP, 2MP, TALF. 	<ul style="list-style-type: none"> Improved monitoring of key areas of focus within servicing Enhanced monitoring to prevent and/or detect control failures Improved vendor monitoring capabilities to allow servicers to manage the relationship and workflows with the vendor more effectively Respond to regulatory, investor, and other third-party requests on the quality of the servicing of their respect assets 	<ul style="list-style-type: none"> Development of vendor scorecards that address various aspects of the relationship including the specific requirements in the Servicing Level Agreements, laws and regulations Detail review of loan files for compliance with foreclosure laws Analysis of the corporate advance policies and procedures to determine the collectability of advances as well as cash management Analysis of current servicer practices to program requirements to identify gaps
Customer Value			
Core Servicing With the unprecedented nature of the mortgage markets, and continuing review of regulations, servicers need to stay abreast of how these issues affect them. Industry changes continue to put significant	<p>Utilizing strong industry knowledge and experience, PwC:</p> <ul style="list-style-type: none"> Provides a unique perspective on the issues servicers face in today's climate Couples that experience with analytical, process and project management solutions tailored to 	<p>PwC uses our unique perspective to deliver practical solutions to today's challenges. PwC's solutions:</p> <ul style="list-style-type: none"> Improve efficiencies Leverage economies of scale to develop and implement leading industry practices Provide structured approaches to 	<ul style="list-style-type: none"> Development of policies & procedures Identification of key performance metrics, risks, and controls Enhanced production and servicing management reporting Servicing profitability analysis Project management over strategic

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pressure on people, process, and technology. A reactive approach is just not sustainable over the long-term.	the needs of the servicer	<ul style="list-style-type: none"> servicer's challenges Strike a balance between responding to current needs and building for the future. 	initiatives.
Customer Experience With an increasing focus on organizations being more customer-centric, how we manage their requirements and feedback is becoming more paramount.	PwC has helped consumer lending organizations in the development and implementation of their customer experience strategy. We offer solutions that help companies gain greater insight into customers' wants and needs, helping them to improve customer loyalty and increase customer revenue.	<p>Enhancing the customer experience can translate into:</p> <ul style="list-style-type: none"> Incremental revenues coming from retention rate improvements, Greater receptiveness to additional product and services offerings, and new customers that are attracted based on positive experiences that existing customers are sharing through social media applications. 	<ul style="list-style-type: none"> Complaint handling process improvement Implementation of a voice of the customer (VOC) program Development of customer experience dashboard Development of customer segmentation and lifetime value analytics Analysis of customer retention and cross-selling efforts Customer journey map development
Financial Performance			
Pricing Analytics and Strategies There is a growing concern that as competition increases, margins will begin to deteriorate. There will be less tolerance for pricing inefficiencies. These pressures will force many institutions to continue to lower margins, rather than apply a more tactical and responsive strategy.	With the recent emphasis on capacity management, we encourage lenders to focus their efforts on developing a sustainable pricing strategy through: <ul style="list-style-type: none"> Benchmarking pricing strategies against market peers Governance definition Developing & implementing pricing models and analytics design Management reporting Revenue optimization strategies 	<ul style="list-style-type: none"> Our intention is to better align to the market forces to increase profitability and prioritize revenue development efforts. Provide guidance on more effective governance over a revenue generating process. Provide insight into ascertaining the effectiveness of a price strategy. Reduce revenue leakage. 	<ul style="list-style-type: none"> Cost transformation projects Creating demand-based pricing models to maximize profit per loan Price model business requirements documentation Design and develop key performance indicator metrics Secondary marketing performance diagnostics Price and hedge model validation

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Accounting Advisory New accounting standards or changes to existing ones consistently alter the reporting environment for organizations. This, coupled with new transactions or suddenly increasing volumes of transactions, requires robust accounting policies and processes.	PwC offers: <ul style="list-style-type: none"> • A broad perspective across consumer finance accounting practices; • A deep understanding of consumer finance business issues; and • A thorough understanding of the latest developments and areas of focus of standard-setters and regulators. 	<ul style="list-style-type: none"> • Clients gain confidence that accounting policies and practices will withstand regulatory and investor scrutiny. 	<ul style="list-style-type: none"> • Performed post-merger due diligence and integration analysis of accounting policies and operations • Implemented accounting for FDIC Indemnification Agreements • Developed accounting policies and processes for acquired impaired loans • Analyzed the accounting for losses on repurchased loans, troubled debt restructures, and credit impairment
Cost Transformation Lenders have experienced an escalation in costs resulting from regulatory demands and also reduced management focus on this area as they respond to the significant changes facing the industry.	<ul style="list-style-type: none"> • A structured approach to cost transformation that leverages tried and tested cost methodologies combined with an in-depth knowledge of the mortgage business • Detailed understanding of where broader value leakage occurs within mortgage banks. • Rapid identification of opportunities and approaches to immediately dampen cost base increases. • Collaborative identification of cost improvement opportunities balanced with independent challenge by industry SMEs. 	<ul style="list-style-type: none"> • Improved efficiencies and reduced cost base • Reduced organizational complexity • Improved effectiveness • Capacity release for potential reinvestment within the business 	<ul style="list-style-type: none"> • Business case development and program design • Structured approach to strategic cost management to deliver sustainable change in the cost base • Opportunity assessment and prioritization • Functional cost benchmarking • Independent benefit tracking • Delivery of process performance improvement • Development of cost focused culture to deliver ongoing benefits
Modeling & Analytics Models need actual and perceived integrity to provide value to an	We do independent third-party validation of models, ensuring regulatory compliance and risk mitigation. We bring industry perspective and	<ul style="list-style-type: none"> • Models are increasingly driving decisions and institutions do not typically have well-established model 	<ul style="list-style-type: none"> • NPV Model Validation • Model creation and validation of models such as: <ul style="list-style-type: none"> – Loan Modification – NPV models,

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<p>organization. As the use of them increases, so does the regulatory scrutiny of these models, making it more important than ever to validate and build sound models.</p>	<p>knowledge of industry trends.</p> <p>PwC implements industry leading practice techniques to streamline what would take in-house teams a lot longer to develop.</p>	<ul style="list-style-type: none"> validation teams. We can help bridge this gap immediately. At clients where PwC has built models (eg: NPV loan modification models), we help drive business decisions based on analytics rather than intuition. This helps control risk both from a compliance and credit risk perspective. 	<ul style="list-style-type: none"> Loan Loss Reserve models, TDR reserve models, Distressed Asset Valuation models, Repurchase Reserve models Risk analysis
<p>Technology Solutions</p> <p>Technology is constantly changing, providing opportunities for competitors to become more competitive by increasing efficiencies, decreasing costs, and increasing earnings. We have adapted new requirements, advancements in technology, to Loan Origination Systems, Servicing Systems, Proprietary Servicing Profitability Engines, Accounting Systems, and Financial models.</p>	<p>With a unique combination of mortgage expertise paired with technology skills, PwC delivers value across a range of services/ solutions:-</p> <ul style="list-style-type: none"> Writing business and technical requirements Managing small-to-large system implementations or releases (from development to testing to production) Implementing custom data warehouses and reporting solutions Building complex analytics & financial models 	<ul style="list-style-type: none"> Clearer ROI metrics with value-added reporting to better manage risk, pricing, and profits/ revenue optimization opportunities Potential for significant improvements in the quality of technology implementations Cost-saving initiatives Reporting and challenging data issues overcome Streamlined processes 	<ul style="list-style-type: none"> ALIAS - FDIC reporting tool Loan origination system implementation, including more aggressive quality assurance monitoring Servicing profitability assessment tool: maximizing profitability on MSR's Mortgage servicing P&L analysis Serving system and data warehouse implementations and subsequent releases Default management reporting Accounting models (e.g. allowance, repurchase reserves, FDIC reporting, etc).

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Asset Management			
Default Management The current economic environment has put upward pressure on delinquency and losses. We have navigated these difficult times with our clients to design solutions to mitigate against portfolio performance downturns while becoming more efficient.	Analyze processes, design actionable change propositions, and implement approved changes in all areas of the default management life-cycle. Key competencies include: Pre-collection risk analytics, differential treatments, early and late collections, home retention liquidations and recovery. Clients realize value from our ability to compare their operations against our understanding of leading industry practices, identifying compliance gaps, opportunities for improvements, and key areas of risk.	<ul style="list-style-type: none"> Improved portfolio performance results Improved borrow experiences Reduced servicing costs Remediation of compliance gaps Process improvement and re-engineering Improved risk management and decision making Strengthening of overall default operations 	<ul style="list-style-type: none"> Liquidation Model Analysis and Development Loss Mitigation Risk Assessment Loss Mitigation Process Analysis Default Management Strategy Capacity Model Analysis and Development Consent Order Implementation Support Change Control Analysis and Development Foreclosure Process Analysis and Risk Assessment Risk Scoring and differential treatments Dialer optimizations Recovery strategies
Loan Origination & Fulfillment Clients need a way to optimize loan origination processes from an operational and compliance perspective.	PwC can assess loan origination and fulfillment operations, define a future state and implement strategies to enhance operations and profitability. From marketing and new client acquisition, to credit application and fulfillment, we assess each stage and ensure compliance with state, federal, and local laws. PwC also evaluates vendor management for third-party service providers from credit, appraisal, title/closing, etc.	<ul style="list-style-type: none"> Reduced repurchase risk for loans purchased by outside investors. Potential reduction in compliance issues and headline reputation risk. Reduced credit losses by implementing the proper controls and lines of defense. Enhanced competitiveness by optimizing throughput and improving cycle times 	<ul style="list-style-type: none"> Strategic initiatives Business process improvement Structural realignment Process Automation Potential fraud detection and prevention

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, Ireland, 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

- 8 of the top 10 residential mortgage originators
- 10 of the top 20 residential mortgage originators
- 9 of the top 10 residential mortgage servicers
- 13 of the top 20 residential mortgage servicers
- Working with multiple GSE's.

Automotive finance

- 6 of the top 20 Automotive Finance Companies

Timeshare

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



Thought leadership

Our Consumer Finance Group plays 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

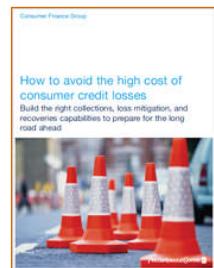
Change within the consumer finance industry is swift and with this change comes a need to understand its impacts. Our "Point of View" documents were launched in 2008 to summarize emerging issues and identify the expected impact of the specified topic.

Asset Management



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

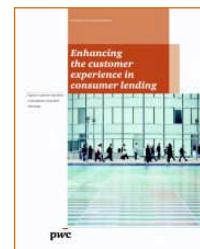
Now is the time to start strengthening your REO infrastructure to control costs and optimize returns against a predicted surge in REO properties.



How to avoid the high cost of consumer credit

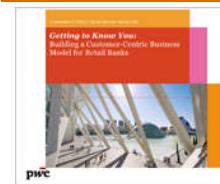
Consumer Credit losses have devastated businesses globally, costing hundreds of billions per year. Because the slow economic recovery brings the threat of continued losses, companies should respond boldly with a flexible and dynamic collections program.

Customer Experience



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.



Getting to Know You: Building a Customer-Centric Business Model for Retail Banks

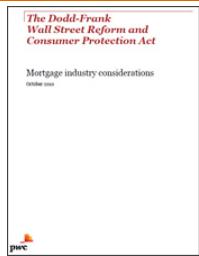
Insights into how leading banks are improving their competitiveness and profitability by shifting to a more customer-centric model.

Risk Management



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.



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.



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.



Too Good to Fail: Defining the New Gold Standard for Risk Management in Financial Services

The rapid changes taking place in the financial services industry have significant implications for how financial services organizations govern and manage risk. There is a need and an opportunity to re-examine and enhance most organizations' strategies, processes, and infrastructures for measuring performance and analyzing risk.



Risky Business: Why Managing the Risks of Evolving Business Models Is the Key to Avoiding the Next Financial Crisis

As we remain highly focused on the key issues and opportunities that our clients are facing in the post-financial crisis world, PwC shares its involvement. We have done numerous post-crisis reviews of risk management at some of the world's best known financial institutions.



Cure for the Common Culture: Building Effective Risk Cultures at Financial Institutions

In its recently released final report, the National Commission on the Causes of the Financial and Economic Crisis concluded that the crisis of 2007-09 was caused partly by a failure of risk management, with ignored warnings, unasked questions, and mismanaged risk. In response to this failure, the Dodd-Frank Act and other legislative and regulatory initiatives imposed new risk management and oversight requirements. Meeting the new regulatory expectations means not only applying accepted notions of risk mitigation, compliance, and control but also instilling a corporate culture in which the right people do the right thing at the right time.

Financial Performance



Cost Elimination

Our Cost Elimination document describes the current cost challenges in the Financial Services industry and approaches to deliver a sustainable improvement in your organizations costs base. Based on tried and tested approaches this document highlights the key lessons learned based on our support in cost reduction exercises in US and European banks and lenders.



Breaking the Ice: Using Transparency to Thaw the Securitization Market

Market conditions and demand, legislative reform, and innovation allowed the securitization industry to evolve from its infancy into a mainstay of the financial markets in less than three decades. With growth and innovation, however, came decreased transparency, perceived declines in quality, and increased risk. The result: a dramatic decrease in new securitization transactions. Although continuing to play a key role in global markets, the securitization market continues to face challenges as it recovers.



New supervisory guidance on model risk management: Overview, analysis, and next steps

It has been over ten years since federal regulators issued the first guidance to the banking industry on

managing model risk through independent validation. In those intervening years, new thinking has emerged both in the industry and the regulatory agencies around model risk management, and the regulators have observed wide variations in how banks have been interpreting and implementing their original guidance. On April 4, 2011, the Office of the Comptroller of the Currency and the Federal Reserve jointly released new supervisory guidance on model risk management that, for many in the industry, will represent a significantly higher set of expectations to meet.

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.



Auto Finance



When Service Trumps Price: How To Realize Greater Returns By Ramping Up Dealer Service

The publication is directed at automotive finance lenders and explores how they can develop a service-oriented originations infrastructure to deliver value-added service to their dealers without competing on rate.



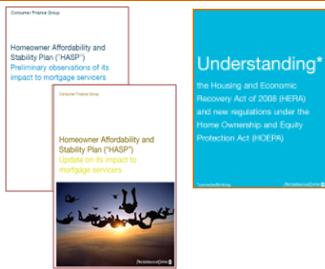
A lease on the future: Securing a competitive edge with automotive leasing options.

Automotive leasing has become popular again. Approximately 1.7 million vehicles were leased by consumers in 2010, and that number is expected to exceed 2.3 million by the end of 2011 and approach 2.5 million in 2012.¹ Leasing favors manufacturers and auto dealers because of the reduced cycle time to get a customer back into the dealership. It favors consumers since it allows them to get more car for their money. As a result, lenders are weighing the pros and cons of leasing programs and whether a leasing platform is right for them.



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.



Other regulatory papers

PwC continually publishes its view of changes in the regulation and governance of the industry including HASP, HERA, XBRL.

These and more publications are available on our website:
<http://www.pwc.com/consumerfinance>.

Regular Publications

Consumer finance update

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

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.



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 to 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:

Mortgage Servicing Rights Survey

The suite of PwC Mortgage Servicing Rights ("MSRs") Surveys have been widely utilized by the mortgage industry for nearly 10 years. Targeted to large/mid-sized servicers of residential mortgage loans, the surveys cover various aspects of MSR valuation including key assumptions, initial capitalization, and MSR multiples.

The surveys are performed on a quarterly basis.

Survey of Loan Repurchase Practices

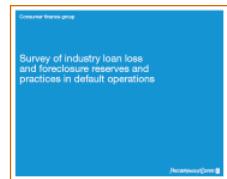
Launched in '04 due to high number of client inquiries on unexpected increases in loan repurchases from agencies and private investors.



- Our most recent survey, completed in September 2011, covers more than six of the top ten originators.
- The survey covers financial and operational aspects of the 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, Underwriting, Non-prime default, Non Agency Loan Valuation, Initial Capitalization, Broker and Correspondent, and Home Equity Delinquency Survey.

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:

"QA/QC Overview: Latest policies and regulations"

September 13-15, 2011, MBA's Quality Assurance and Residential Underwriting Conference, New Orleans, LA

"Mortgage Banking Update"

AICPA National Conference on Banks & Savings Institutions

September 12, 2011, Washington, D.C.

Panel Discussion

MBAs National Fraud Issues Conference

March 27-30, 2011, Hollywood - Ft. Lauderdale, FL

"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

" Mortgage Banking Update"

AICPA National Conference on Banks & Savings Institutions

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

Recent examples of round tables and other events include:

- PwC Mortgage Bank Risk Management and Internal Audit Director Roundtable
- 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

- Brunet, Carlos & Beyer, John. " REO by the Numbers: Improving Disposition Strategies in a Challenging Market Environment" **Servicing Management** November 2011

- Ramsey, Greg. "Key Moment Nears for 'Single Point of Contact'" **National Mortgage News**, September 22, 2011
- Pollini, Peter. " Banks' Best Customer May Be the Stranger Who Just Walked Out the Door, Says PwC US" **PRNewswire** NEW YORK, July 13, 2011
- 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

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

Consumer Finance Group Partners

Consumer Finance Lead Partner

Sam May

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Sam May has over 15 years of experience in the financial services industry, and has had extensive experience in providing both auditing and consulting advice on current accounting issues, regulatory developments and actions. This includes such areas as structured finance securitization, derivative and guarantee accounting, as well as mortgage operations and regulatory reform.

Recently Sam has had significant involvement in the finance and operational integration of several troubled banking institutions. Sam is currently assisting several banks and private equity firms with pre and post-bid FDIC- assisted bank transactions.

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Tom Kelly

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Tom is the lead engagement partner for the FHLB Chicago and Des Moines engagements as well as an engagement partner on the FHLB system. Tom is based in Chicago, Illinois. Tom has approximately 14 years of diversified experience and has managed numerous audit examinations at global financial institutions, mortgage banking companies, and specialty finance companies. Tom primarily focuses on the accounting and auditing for derivatives, hedge accounting, mortgage loans and complex capital markets transactions. More recently, Tom has been working closely with his clients in helping them implement new fair value standard accounting standards.

Group Partners

Fred Kelso

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Fred has focused his 16 years of experience on addressing the accounting, finance and operational issues facing leading consumer, commercial and investment banking companies. During this time he has provided extensive advice on accounting and operational issues relating to commercial and consumer loan accounting and valuation, structured finance products and derivatives.

Most recently Fred has concentrated on advising on the operational and accounting challenges resulting from the default management issues faced by national residential mortgage servicers and issues faced by entities that have completed large banking acquisitions.

John Kowalak

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John has 15 years of experience managing audit examinations and advisory projects at financial institutions, mortgage banking enterprises and finance companies. He has significant experience with accounting, valuation, and risk management activities surrounding credit risk, mortgage servicing rights, loan servicing and secondary marketing activities. He has recently worked with companies to help them navigate through the challenges of the credit crises, including regulatory examination responses, acquisitions of failed bank, risk management of loan portfolios, strategies to manage repurchase exposures and implementation of loss mitigation programs.

Alan Lee

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Alan has over 20 years experience providing business advisory and accounting-related services to banks, mortgage banks, housing finance enterprises and the government. Alan is a member of the Firm's consulting practice that provides housing finance strategy and financial analysis-related consulting services helping companies assess the impact of housing reform initiatives such as GSE future state, QRM, Basel III mortgage implications, servicing compensation reform and national servicing standards. Alan also specializes in mortgage servicing asset valuation, risk management, and evaluating economic returns of the servicing, origination and asset management functions. Alan regularly interacts with clients, regulators and the Firm's National Office on matters relating to housing finance, fair value measurement, valuation of illiquid assets, derivatives and hedging activities, and mortgage securitization and trading activities.

Jonathan Odom

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Jonathan has over 15 years experience providing business advisory and assurance services to banks, mortgage banks, government sponsored housing finance enterprises and the government. Jonathan is part of PwC's consulting practice focused on advising on the implications of the numerous housing finance reform initiatives to originators, servicers, guarantors, public policy, investors and consumers. Jonathan has significant experience in capital markets trading/hedging activities, mortgage servicing rights, credit risk, complex valuations, mortgage related securitization activities, risk management, loan

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	<p>servicing and loss mitigation/foreclosure activities. Jonathan has an MBA from the University of Chicago and worked in investment banking for over 3 years prior to rejoining PwC.</p>
Keith Olson	<p>617-530-7986 keith.e.olson@us.pwc.com</p> <p>Keith is a partner in the Consumer Finance Group Practice and has over 20 years of mortgage banking and other consumer financial services experience. He has developed a diversified range of financial services experience, including business advisory, audit and risk management services to various banks, thrifts, bank affiliated mortgage companies and the GSE's. Keith has managed projects and specialized in providing operational risk and performance assessments, risk management and valuation modeling as well as interest rate and credit risk management around consumer asset classes including residential mortgage and credit cards. His experience also includes internal control assessments, FDICIA assistance, policy and procedure development, internal audit assistance, credit loss forecasting, and risk management of secondary marketing, capital markets activities and mortgage servicing rights.</p>
Peter Pollini	<p>617-530-7408 peter.e.pollini@us.pwc.com</p> <p>Peter has nearly 20 years of banking and financial services experience managing projects and providing specialized strategic and operational advisory services. These have related to servicing operations, loan origination, customer retention, loan pricing, operational efficiency and controls, capital markets and financial operations in the mortgage, student, card, home equity and auto industries.</p>
Michael Stork	<p>612-963-7467 michael.stork@us.pwc.com</p> <p>Michael is a partner with over 20 years experience in providing audit and advisory services to consumer finance, mortgage banking and commercial/retail banking enterprises.</p> <p>Michael has been responsible for providing external audit, attest (e.g., SAS 70 engagements, agreed-upon procedures, etc.), internal audit, financial advisory and risk management solutions to his clients. In addition, Michael has provided his clients with controls-focused reviews with all aspects of key governance within the banking industry including the review of the risk management and governance - both internally and externally - around all types of lending activities (origination, funding, servicing, etc.), securities/investment transaction activities, and the related accounting implications.</p> <p>Michael has also been involved with various advisory projects across multiple banking institutions that have recently completed FDIC-assisted bank acquisition transactions and/or are responding to various regulatory matters surrounding mortgage banking activities.</p>

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Martin has worked in Canada, the United States, Australia, Ireland and Greece. His 15 years of experience in the financial services industry includes business strategy assessment, financial modeling, process improvement (including analysis and re-design), activity based costing, risk analysis and risk management, customer and product profitability analysis and management reporting design. Martin has worked with clients on all aspects of the lending process including Originations, Underwriting, Risk Management, Fulfillment and Servicing. He has worked across origination channels including retail, broker, correspondent and direct channels.

He has extensive experience in consumer loan servicing with a focus on Default Management. He is also a recognized subject matter specialist in the area of Economic Value Analysis and its related concepts and has worked with several large retail loan servicers to help them optimize cash flows from their servicing assets.

Brian Williamson

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Brian is a partner in the Consumer Finance Group Practice and has over 20 years of diverse experience providing audit and consulting services to global financial institutions and mortgage banking companies. Brian has a diversified range of financial services experience, including audit and business advisory services in the areas of mortgage servicing rights, loan servicing, and internal control assessments. Brian has served as an audit engagement partner for some of PwC's top tier clients. Brian is based in Boston, Massachusetts.

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