Fair Lending Policy

Contents

Version 1.0 Approved 8/31/2020

Chapter 1 Introduction

Citadel Servicing Corporation (CSC) is committed to making high quality mortgage services available to diverse communities and customers on an equal opportunity basis. Our commitment is evident in our procedures and systems designed to assure compliance with all applicable Federal Fair Housing and Fair Lending laws and regulations. Our success at serving a wide range of customers is essential to the economic welfare of the communities we serve and to the continued growth and long-term vitality of our company.

- **Corporate Commitment to Compliance with Fair Lending Laws.** CSC makes a corporate commitment to compliance with all fair lending laws and regulations.
- **Corporate Commitment to Informed and Aware Associates.** CSC does not tolerate discrimination of any kind by any of its associates against any existing or potential customer. CSC ensures that its operations fully incorporate fair lending principles and that its staff is trained and kept aware of this commitment. Fair lending is integrated into policies, procedures, and practices in all areas of operations, including, without limitation, marketing, loan origination, underwriting and customer service.
- **Corporate Commitment to Individual Responsibility.** All CSC employees are responsible for preventing, identifying, reporting, and eliminating unlawful and discriminatory acts and practices in connection with all CSC business activities. To assist associates, CSC commits to provide training sufficient to maintain associate information and awareness. CSC expects each of its associates to do his or her best to accept fair lending as a basic responsibility.
- **Corporate Commitment to Oversight of Third-Party Service Providers.** CSC does not tolerate discrimination of any kind by any of its vendors against any potential or existing CSC customer. CSC requires all service providers to have and maintain a commitment to compliance with fair lending principles in the consumer services they provide on CSC's behalf. Through initial and ongoing due diligence and written contracts, CSC does its best to ensure their vendors perform their contracted services without regard to consumers' prohibited factors.

1.1 Required Review

CSC requires this policy be reviewed no less than annually. The review will include the compliance of this policy with current law, regulation or directive, the procedural implementation of this policy within the then-current scope of CSC's business lines and operations, internal or external audit results received during the previous year, and then-current industry trends or regulatory guidance.

1.2 Applicability

The purpose of this policy is to implement consumer protection mechanisms as required by the United States statutes and related regulations administered by the Consumer Financial Protection Bureau (CFPB) and other prudential regulators.

Wherever state and local regulations overlap and are stricter than the requirements set out in this policy, the more conservative approach will be applied. If any applicable laws or prudential regulatory requirements conflict with this policy, CSC shall consult with the appropriate legal counsel to resolve the conflict and to set forth CSC's policies and procedures for compliance.

Unfair, Deceptive, or Abusive Acts or Practices

CSC is aware and accepts the fact that any violation which may occur under the Fair Housing or Fair Lending regulations has the potential to also be a separate violation under Unfair, Deceptive, or Abusive Acts or Practices (UDAAP). See CSC's Unfair, Deceptive, or Abusive Acts Policy for complete requirements.

1.3 Roles and Responsibilities

CSC's commitment to its Fair Lending Program is reflected in its belief in the shared responsibility for compliance at every level of the organization. The Managing Members are responsible for approving, adopting, and implementing the Fair Lending Policy.

- Robert Diaz is designated as CSC's Compliance Officer
- Rodney Hixon is designated as CSC's Director of Credit Management

CSC's Management is responsible for ensuring that CSC's business practices comply with its Fair Lending Policy in the following ways:

- Communicating CSC's fair lending policies to the applicable business unit management.
- Allocating, on an ongoing basis, sufficient resources to ensure the successful implementation of this policy.
- Obtaining input and guidance from its Compliance Committee, which include key Executive Managers, on significant business decisions that have potential Fair Lending impact; and

- Monitoring results and recommending corrective action where necessary.
- CSC's Compliance Officer implements the policies outlined in this Fair Lending Policy in
- the following ways:
  - Monitoring implementation of and adherence to the fair lending policies and procedures.
  - Reviewing and addressing fair lending complaints.
  - Monitoring, as appropriate, CSC's loan application and underwriting process as well as its pricing policies.
  - Monitoring, as appropriate, CSC's marketing activities.
  - Reviewing, on a regular basis, the fair lending plan to determine that it still accurately reflects the procedures followed by CSC and conforms to Federal and State laws.
  - Maintaining training materials to keep current with changes in the law, regulation, and judicial interpretation.
  - Providing, at least semi-annually, updates on fair lending issues to all CSC's employees involved in the loan origination or servicing process.

Chapter 2 Training

2.1 Fair Lending Training for Employees

Staff training is an essential component in the Fair Lending Plan. Through the new hire orientation program, the Learning and Development Department conducts a mandatory Fair Lending Awareness class for all new hires, including management personnel. All customer service, sales and credit decision employees must take an annual Fair Lending refresher class. CSC maintains records of all training attendance and materials.

CSC's Learning and Development Department or the Compliance Department further offers Fair Lending Compliance Training through CSC's training program. Through such sessions, both production and operation staffs are kept informed of recent fair lending developments and trends, and are given the opportunity to raise concerns and ask questions. CSC's intranet and General Announcement protocols are used as an ongoing forum to post articles and other communications regarding fair lending developments to raise awareness for all employees.

The goal of CSC's training program is to assist employees to better understand the federal fair lending laws that govern financial institutions offering credit, including but not limited to, consumer and mortgage loans. The program will:

- Provide a basic understanding of these laws.
- Discuss how CSC incorporates these laws into specific practices.
- Define the role of each affected employee in the implementation of these practices.
- Provide ongoing awareness training to ensure that CSC's fair lending policy and procedures are being adhered to.

Chapter 3 Equal Credit Opportunity Act

3.1 Summary of Regulation

The Equal Credit Opportunity Act (ECOA) prohibits discrimination based on the following factors ("prohibited basis"):

- Race
- Color
- Religion
- National origin
- Sex
- Marital status
- Age (provided applicant has capacity to contract)
- Whether the applicant's receipt of income is derived from a public assistance program
- The applicant's good faith exercise of any rights under the Consumer Credit Protection Act

The Consumer Financial Protection Bureau (CFPB) and prudential regulators enforce ECOA and its implementing regulation, Regulation B. All federal agencies that regulate lending institutions have the authority to enforce Regulation B.

Regulation B covers creditor activities beginning with advertising, sales, and customer acquisition through the lending and loan servicing lifecycle, including default management. The regulation applies to all persons who, in the ordinary course of business, regularly participate in the credit decision, including setting the terms of the credit. The term "creditor" includes a creditor's assignee, transferee, or subrogee. The term "creditor" also includes a person who, in the ordinary course of business, regularly refers applicants or prospective applicants to creditors, or selects or offers to select creditors to whom requests for credit may be made.

Regulation B's prohibitions apply to every aspect of an applicant's dealings with a creditor regarding an application for credit or an existing extension of credit, including, but not limited to, the following:

- Providing information to applicants or prospective applicants

- Application investigation procedures
- Standards of creditworthiness
- Terms of credit, including loan pricing
- Furnishing of credit information; revocation, alteration, or termination of credit
- Default collection procedures and loss mitigation procedures

Chapter 4 Fair Housing Act

4.1 Summary of Regulation

The primary purpose of the Fair Housing Act (FHAct) is to protect a buyer's or renter's right to seek housing anywhere he chooses. The FHAct was enacted as Title VIII of the Civil Rights Act of 1968, and prohibits discrimination in the sale, rental, or financing of dwellings, in the provision of real estate brokerage services, or in the availability of residential real estate-related transactions based on any of the following characteristics or prohibited bases:

- Race
- Color
- National origin
- Religion
- Sex
- Familial Status (i.e., presence of children in the household)
- Disability The FHAct does not prohibit any religious organization, association, or society, or any nonprofit institution or organization operated, supervised or controlled by or in conjunction with a religious organization, association, or society, from limiting the sale, rental or occupancy of dwellings which it owns or operates for other than a commercial purpose to persons of the same religion, or from giving preference to such persons, unless membership in such religion is restricted on account of race, color, or national origin.

The FHAct does not prohibit a private club that is not open to the public, which as an incident to its primary purpose or purposes, provides lodgings which it owns or operates for other than a commercial purpose, from limiting the rental or occupancy of such lodgings to its members or from giving preference to its members.

The Secretary of the U.S. Department of Housing and Urban Development (HUD) is responsible for administering the FHAct and has mandatory enforcement powers.

The Secretary may cooperate with state and local agencies charged with the administration of state and local fair housing laws and utilize the services of the agencies and their employees.

Chapter 5 Home Mortgage Disclosure Act

5.1 Summary of Regulation

The purpose of the Home Mortgage Disclosure Act (HMDA) and its implementing regulation, Regulation C is to provide the public with loan data that can be used:

- to help determine whether financial institutions are serving the housing needs of the communities.
- to assist public offices in distributing investments to attract private investment to areas where it is needed; and
- to assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

CSC's is required to compile HMDA data quarterly and to submit an annual Loan Application Register (LAR) in compliance with HMDA.

Potential regulators will also use HMDA data reported by lenders to detect potential fair lending issues.

5.2 HMDA Final Rule Changes

The HMDA Final Rule published August 24, 2017 by the CFPB includes changes to Regulation C in four broad areas:

1. The types of institutions required to collect and report HMDA data.
2. The types of transactions and applications subject to collection and reporting requirements.
3. The data that must be collected and reported.
4. The method and frequency of reporting data and making data available to the public.

The Final Rule narrows the scope of depository institutions subject to Regulation C beginning in 2017. Most provisions of the HMDA Rule went into effect on January 1, 2018 and apply to data collected in 2018 and reported in 2019 or later years. Refer to CSC's Home Mortgage Disclosure Act Policy for specific changes to institutional and transactional requirements.

It is CSC's duty, as a for-profit mortgage lending entity, to assess whether it is subject to HMDA. The assessment should be performed annually using the Final Rule's institutional and transactional coverage tests. The Final Rule adds a two-year lookback test to the institutional coverage tests. In addition, there are ongoing revisions to MSA and census tract.

5.3 HMDA Indicators of Potential Discriminatory Redlining

Redlining refers to the illegal practice of refusing to make residential loans or imposing more onerous terms on any loans made because of the predominant race, national origin, etc., of the residents of the neighborhood in which the property is located. Redlining violates both the FHAct and ECOA.

HMDA data is frequently analyzed to identify redlining indicators such as:

- Significant differences in the number of applications received, withdrawn, approved not accepted, and closed for incompleteness or loans originated in those areas in the institution's market that have relatively high concentrations of minority group residents compared with areas with relatively low concentrations of minority residents.
- Significant differences between approval/denial rates for all applicants (minority and non-minority) in areas with relatively high concentrations of minority group residents compared with areas with relatively low concentrations of minority residents.
- Significant differences between denial rates based on insufficient collateral for applicants from areas with relatively high concentrations of minority residents and those areas with relatively low concentrations of minority residents.
- Significant differences in the number of originations of higher-priced loans or loans with potentially negative consequences for borrowers, (i.e., non-traditional mortgages, prepayment penalties, lack of escrow requirements) in areas with relatively high concentrations of minority residents compared with areas with relatively low concentrations of minority residents.
- Explicit demarcation of credit product markets that excludes MSAs, political subdivisions, census tracts, or other geographic areas within the institution's lending market; or
- Complaints or other allegations by consumers or community representatives that the institution excludes or restricts access to credit for areas with relatively high concentrations of minority residents.

Chapter 6 State Law

6.1 Summary of Regulation

Various state laws also govern Fair Lending, which further may make it an unlawful discriminatory practice for any creditor to discriminate based on:

- Race, creed, color, national origin, age, sex, marital status, disability, sexual orientation, or military status.
- To use any form of application for credit, or use or make any record or inquiry, which expresses, directly or indirectly, any limitation, specification, or discrimination as to a prohibited basis.
- To make any inquiry of an applicant concerning his or her capacity to reproduce, or his or her

use or advocacy of any form of birth control or family planning.

- To refuse to consider sources of an applicant's income or to subject an applicant's income to discounting, in whole or in part, because of a prohibited basis or childbearing potential.
- Or to discriminate against a married person because such person neither uses nor is known by the surname of his or her spouse.

Chapter 7 Types of Lending Discrimination

7.1 Recognized Types of Lending Discrimination

The courts have recognized three types of potential evidence of lending discrimination under ECOA and FHAct:

- Overt evidence of disparate treatment
- Comparative evidence of disparate treatment
- Evidence of disparate impact

7.2 Overt Evidence of Disparate Treatment

Overt evidence of disparate treatment exists when a lender openly discriminates on a prohibited basis.

Example

A lender offers second mortgages to applicants age 18-25 at a higher interest rate than applicants older than 25. The lender's policy of offering lower interest rates to borrowers over 25 violates ECOA's prohibition on discriminating based on age.

7.3 Comparative Evidence of Disparate Treatment

Comparative evidence of disparate treatment discrimination occurs when a lender treats one credit applicant differently based on one of the prohibited factors (i.e., race, color, national origin, sex, age, etc.) irrespective of the lender's intent.

Example

Two minority loan applicants were told that it would take several hours and require the payment of an application fee to determine whether they would qualify for a home mortgage loan. In contrast, a loan officer took financial information immediately from nonminority applicants and determined whether they qualified in minutes, without a fee being paid. The lender's differential treatment violated both ECOA and the FH Act.

Disparate treatment may more likely occur in the treatment of applicants who are neither clearly well-qualified nor clearly unqualified. Discrimination may more readily affect applicants in this middle group for two reasons. First, because the applications are all "close cases," there is more room and need for lender discretion. Second, whether an applicant qualifies may depend on the level of assistance the lender provides the applicant in preparing an application.

7.4 Evidence of Disparate Impact

Disparate impact occurs when a lender applies what appears to be a neutral policy or practice to all applicants, yet the policy or practice disproportionately excludes certain persons on a prohibited basis. Disparate impact is often referred to as unintentional discrimination, whereas disparate treatment is intentional.

Although the precise contours of the law on disparate impact as it applies to lending discrimination are under development, it has been clearly established that proof of lending discrimination using a disparate impact analysis encompasses several steps. The single fact that a policy or practice creates a disparity on a prohibited basis is not alone proof of a violation. Where the policy or practice is justified by "business necessity" and there is no less discriminatory alternative, a violation of the FH Act or ECOA will not exist.

The existence of a disparate impact may be established through review of how a practice, policy or standard operates with respect to those who are affected by it. The existence of disparate impact is not established by a mere assertion or general perception that a policy or practice disproportionately excludes or injures people on a prohibited basis. The existence of a disparate impact must be established by facts. Frequently this is done through a quantitative or statistical analysis. Sometimes the operation of the practice is reviewed by analyzing its effect on an applicant pool; sometimes it consists of an analysis of the practice's effect on possible applicants, or on the population in general. Not every member of the group must be adversely affected for the practice to have a disparate impact. Evidence of discriminatory intent is not necessary to establish that a policy or practice adopted or implemented by a lender that has a disparate impact is in violation of the FH Act or ECOA.

Identifying the existence of a disparate impact is only the first step in proving lending discrimination under this method of proof. When a regulator finds that a lender's policy or practice has a disparate impact, the next step is to seek to determine whether the policy or practice is justified by "business necessity." The justification must be manifest and may not be hypothetical or speculative. Factors that may be relevant to the justification could include cost and profitability.

Even if a policy or practice that has a disparate impact on a prohibited basis can be justified by business necessity, it still may be found to be discriminatory if an alternative policy or practice could serve the same purpose with less discriminatory effect.

Example

In the past, lenders primarily considered net income in making underwriting decisions. In recent years, the trend has been to consider gross income. A lender decided to switch its practices to consider gross income rather than net income. However, in calculating gross income, the lender did not distinguish between taxable and nontaxable income even though nontaxable income is of more value than the equivalent amount of taxable income. The lender's policy may have a disparate impact on individuals with disabilities and the elderly, both of whom are more likely than the general applicant pool to receive substantial nontaxable income. The lender's policy is likely to be proven discriminatory. First, the lender is unlikely to be able to show that the policy is compelled by business necessity. Second, even if the lender could show business necessity, the lender could achieve the same purpose with less discriminatory effect by "grossing up" nontaxable income (i.e., making it equivalent to gross taxable income by using formulas related to the applicant's tax bracket).

Chapter 8 Accountability and Monitoring

8.1 Home Mortgage Disclosure Act

CSC HMDA reports are prepared monthly by the combined efforts of CSC Quality Control Manager. To prepare the reports in compliance with Regulation C, CSC follows “A Guide to HMDA Reporting: Getting it Right,” and the FFIEC FAQs to HMDA reporting.

CSC’s Quality Control Department performs monthly audits on the HMDA data to ensure data integrity. Results are distributed to the managers of affected departments and senior management for corrective action. The Learning and Development conducts specialized HMDA training for associates, depending upon the training opportunities that are apparent from the audits. Additionally, the new hire orientation program includes a HMDA training session for those associates primarily responsible for HMDA data integrity.

8.2 Equal Credit Opportunity Act.

CSC’s Quality Control Department performs various audits, which assess compliance with ECOA. Audits are geared toward assessing compliance with the following areas of ECOA:

- Conditional loan approval action and notification timing
- Adverse action notice timing and accuracy
- Application taking requirements
- Timely delivery of appraisal disclosure

By policy, underwriting managers are required to review their pipelines monthly for aging of loans to ensure that ECOA timelines are followed. Managers are required to maintain evidence of their pipeline reviews for 90 days.

8.3 Fair Lending Monitoring.

CSC's Compliance Committee has been authorized to evaluate methods of compiling and analyzing meaningful data with respect to pricing and underwriting decisions associated with fair lending concerns. If at any time CSC's monitoring reveals any fair lending concerns, the Committee is authorized to launch a thorough investigation into the nature of the incident and to submit recommendations for curing the matter. These recommendations shall be submitted to the Executive Management for review, consideration, and possible implementation. The fair lending analytics data is reviewed on a quarterly basis to confirm any issues or concerns. The Quality Assurance Manager provides a narrative to Executive Management on any research completed or reviewed.

The Fair Lending analytics consist of the following report methodologies to best determine credit operations and representation of prohibited basis group residing within the markets where CSC conducts business:

- The review of the types and terms of credit products offered, differentiating among broad categories of credit such as residential, consumer, or commercial, as well as product variations within such categories (fixed vs. variable, etc.).
- Determining which CSC special purpose credit programs qualify as programs that can assist certain underserved populations.
- Determining volume of, or growth in, lending for each of the credit products offered.
- Monitor demographics (i.e., race, national origin, etc.) of the credit markets in which CSC is doing business.
- Analyze the credit decision making process, including identification of the delegation of separate lending authorities and the extent to which discretion in pricing or setting credit terms and conditions is delegated to various levels of managers, employees or independent brokers or dealers.
- Monitor CSC's loan officer or broker compensation program.
- Review the types of relevant documentation/data that are available for various loan products and what is the relative quantity, quality, and accessibility of such information (i.e., for which loan product(s) will the information available be most likely to support a sound and reliable fair lending analysis).

8.4 Marketing/Advertising/Websites

All advertising and public relations efforts are centralized in CSC's Marketing Department. The centralization of such efforts is essential to maintaining both regulatory compliance and consistency of message.

By policy, all advertising material, (including but not limited to, websites), are reviewed prior to distribution by the Compliance and Legal Departments. This review ensures that the advertisements comply with federal and state regulations including Fair Lending laws. Any changes to already approved marketing materials must go through another legal and compliance review prior to distribution or dissemination.

Additionally, criteria for pre-screening under the Fair Credit Reporting Act (FCRA) are reviewed prior to implementation by the Legal and Compliance Departments. This review ensures that discriminatory criteria are not used in marketing to potential customers.

Annual company website reviews are performed by the Compliance, Legal, and Marketing Departments to ensure authorized websites meet all federal and state requirements for licensing and advertising, along with reviewing all content for possible fair lending concerns. Through the Marketing Department, name web searches are also done to detect the existence of any unauthorized websites. These searches may identify complaints against CSC that were not discovered through established customer complaint processes.

CSC prohibits the use of any words, phrases, symbols, or forms that might convey discriminatory preferences or limits when advertising consumer or residential property loans. This includes overt or tacit discrimination based on race, color, religion, sex, handicap, family status, or national origin.

The following practices are considered discriminatory and may not be used in CSC's advertising:

- Limit marketing and advertising to a specific geographic area within CSC's field of customers.
- Use language selectivity (such as using only English in an area where many of the customers or potential customers are non-English-speaking).
- Marketing through brokers or other agents that the company knows (or has reason to know) would serve only one racial or ethnic group in the market.
- Use of marketing programs or procedures for residential loan products that exclude one or more regions or geographies within the institutions assessment or marketing area that have significantly higher percentages of minority group residents than does the remainder of the assessment or marketing area.
- Exclude specific types of human models in advertising for residential property loans.
- Using mailing or other distribution lists or other marketing techniques for pre-screened or other offerings of residential loan products that:

- Explicitly exclude groups of prospective borrowers on a prohibited basis; or
- Exclude geographies (e.g., census tracts, ZIP codes, etc.) within the institution's marketing area that have significantly higher percentages of minority group residents than does the remainder of the marketing area.

8.5 Loan Products.

CSC specializes in Non-Prime mortgage loan programs. Procedures exist to ensure that customers obtain the best programs to meet their mortgage needs and credit qualifications.

The Compliance Department is involved in CSC's discussions regarding new and /or changes to existing loan programs offered. Program availability and /or limitations are reviewed for possible disparate impact issues. A quarterly review of HMDA data is analyzed to monitor any discrepancies. Analytics reviewed include a look at loan program offerings across protected classes and multiple demographic breakdowns. Results of these reviews are discussed at the Compliance Committee meetings. Any policy changes or corrective actions are taken if necessary.

8.6 Loan Application Taking

The Compliance Department monitors CSC's application taking process on a statistically significant basis or as needed, especially when process changes are being considered. Since the time of application establishes a borrower's relationship with CSC and triggers numerous regulatory requirements, it is essential that the entire loan application process from first contact to formal application be reviewed for compliance. Results of this monitoring are discussed at Compliance Committee meetings. Any policy changes or corrective action are taken if necessary.

8.7 Pricing

CSC has a Pricing / Product Committee made up of representatives from the Compliance Department, Legal Department, Corporate Underwriting, Secondary Marketing Department and Sales that meets monthly to discuss proposed products, the performance of existing products, and pricing trends. Pricing guidelines are established through written policy and procedure to promote and ensure consistency between all classes of applicants.

Through development and deployment of CSC's proprietary underwriting automated pricing engine system, the Quality Control Department has the capability of pulling system pricing and underwriting exception reports on a quarterly basis. These reports will be reviewed to identify patterns of exceptions which could indicate individual, system or policy issues that may need to be addressed. The goal is to have pricing and underwriting standards that are applied consistently and limit the need for exceptions.

All aspects of loan pricing are reviewed for possible disparate impact issues. A semi-annual review of HMDA data is done to look at loan pricing across protected classes and multiple demographic breakdowns. Results of these reviews are discussed at the Compliance Committee meetings. Any policy changes or corrective action are taken if necessary.

8.8 Underwriting

Underwriting guidelines are established through written policy and procedure to promote and ensure consistency between all classes of applicants. The guidelines address all aspects of the underwriting process including collateral standards, credit, income, source of funds, debt ratios and other factors relevant to the underwriting decision. Underwriters use CSC provided guidelines in arriving at loan approval / denial decisions.

The work of the underwriters is reviewed in its entirety through CSC's Underwriting Second Look Policy ("Second Look"). Second Look ensures that all reasonable efforts have been exhausted in approving, and before denying, a loan. Under the Second Look policy, a senior level underwriter must review each loan submission before any notice is sent to an applicant or broker. The purpose of the review is to determine whether the original underwriter made the appropriate decision, whether there is a possibility of a counteroffer not recognized by the original underwriter and, if not, that the correct denial reasons were noted. If the decision is reversed or altered, the borrower or broker is presented with an approval or counteroffer. If the original decision is confirmed, the reasons for denial are noted and signed off in the loan file by a senior level underwriter and returned to the appropriate department for adverse action processing. Any indication of a possible fair lending issue is immediately brought to the attention of the Quality Control and Compliance departments for review.

In addition, all closed loans are also reviewed through third party service provider. The reviews may reveal deficiencies or possible fair lending issues. Third party reviews results are reviewed by both the Quality Control and the Compliance Department. Results of these reviews are discussed at the Compliance Committee meetings and any policy changes or other corrective action is taken if necessary.

A quarterly semiannual review of HMDA data is done to look at loan decisions across protected classes and multiple demographic breakdowns. Results of these reviews are discussed at the Compliance Committee meetings and any policy changes or other corrective action is taken if necessary.

8.9 Complaint Tracking and Resolution

CSC takes fair lending seriously and will take swift and immediate action when faced with a challenge to its fair lending policies, procedures, and practices. Formal policies and procedures are in place to give guidance to all employees relative to consumer complaints. All consumer complaints dealing with unfair / predatory lending, legal, State, or Federal regulatory ramifications are to be directed to the CSC's Compliance and Legal Departments. To ensure that the process is not unduly burdensome to the applicant, the complaints are then routed to Sub Compliance Committee members who are responsible for the required investigation and final response. The final response is reviewed by both the Legal and Compliance departments before the response is sent to the borrower. Each allegation is thoroughly reviewed by examining any related loan origination files and servicing records and by interviewing any associates potentially involved in the alleged violation. Complaints are monitored and trended monthly to assess the effectiveness of the system and make note of any ongoing issues. The results of this monitoring are used to make needed changes to the policy and procedures to improve compliance, as well as customer service and satisfaction. Results of these reviews are discussed at the Compliance Committee meetings and any policy changes or other corrective action is taken if necessary.

8.10 Record Retention

The following lending records will be retained in CSC for a period of 5 years:

- Loan applications along with processing details
- Real estate appraisals
- Adverse action notices
- Written statements alleging discrimination

For a comprehensive list see CSC's Data Retention Policy.9.11 Fair Servicing

CSC currently does not service mortgage loans that are subject to Fair Housing and Fair Lending laws. CSC currently acts as a Master Servicer, and may contract with subservicer(s) in the future. CSC understands the concepts of Fair Lending apply to the entire life of the loan and thus, must also be applied to all contact with the borrower and processes involved during mortgage loan servicing. If applicable, CSC will conduct an annual audit and recertification protocol of its subservicer yearly.