

Deutsche Bank



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## MEMORANDUM

TO: SECURITIZATION LOAN SERVICERS

FROM: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE  
DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE

DATE: July 28, 2008

RE: Advisory Concerning Servicing Issues Affecting Securitized Housing Assets

Each addressee of this Memorandum services mortgage loans on behalf of one or more securitization trusts (the "Trusts") for which Deutsche Bank National Trust Company or Deutsche Bank Trust Company Americas act as trustee (the "Trustee"). This memorandum focuses on certain issues relating to servicing practices that have come to the attention of the Trustee since the issuance of its Memorandum to Securitization Loan Servicers dated August 30, 2007 (the "First Servicer Memorandum"—copy enclosed). Because the issues addressed in the First Servicer Memorandum continue to be relevant in the current servicing environment, the Trustee respectfully requests that all servicers review the First Servicer Memorandum and adhere to the practices that it describes, as well as those described in this Memorandum.

The continued distressed state of residential real estate markets has placed increased burdens on all parties involved in the loss mitigation process, including servicing personnel, third-party contractors and professionals engaged by servicers, government agencies, and borrowers. In addition, the increased numbers of delinquencies and foreclosures, and resulting financial losses, have led to a climate in which the performance of securitization parties is being scrutinized carefully by various constituencies.

Against this background, the Trustee therefore asks that all servicers servicing loans on behalf of the Trusts remain particularly mindful of the following issues.

(1) **Foreclosure Procedures: Proof of "Ownership" of Loans.** As stated in the First Servicer Memorandum, servicers must exercise diligence to assure that they conduct *all* foreclosures and other actions with respect to REO properties (including actions affecting tenants of such properties) in compliance with all federal, state, and local laws, rules, regulations and court procedures. In recent months, it has been reported that the number of contested foreclosure proceedings has substantially increased nationwide. In the

context of these adversarial proceedings, some courts are demanding that the party seeking to foreclose prove "ownership" and other particulars of loans earlier in the proceedings, and with more exacting standards of proof, than has previously been customary. Other courts are evaluating the propriety of various other servicing, foreclosure, and workout practices. Because loan servicers have contractual obligations to handle workouts and foreclosures in compliance with law and in accordance with industry standards, they must make sure that all servicing personnel and professionals handling foreclosures on behalf of the Trusts, including legal counsel retained by servicers, fully understand and comply with these changing standards and legal requirements. Failure to do so may result in servicer liability to the Trusts for losses caused by delays or, in some situations, forfeiture of collateral.

In this regard, the Trustee is concerned that servicers make clear to their servicing personnel and other professionals, including legal counsel retained by servicers, that securitization trusts typically become the owners of, and take title to, mortgage loans at the time the securitization trusts are formed. While the use of powers of attorney to complete recorded chains of title may be appropriate in some circumstances, servicers must take care not to confuse the record regarding the time at which securitization trusts actually first obtain legally enforceable rights in the mortgage loans. Servicers must ensure that loss mitigation personnel and professionals engaged by servicers, including legal counsel retained by servicers, understand the mechanics of relevant securitization transactions, and related custodial practices, in sufficient detail to address such questions in a timely and accurate manner. In particular, servicing professionals must become sufficiently familiar with the terms of the relevant securitization documents for each Trust for which they act to explain and, where necessary, prove those terms and the resulting ownership interests to courts and government agencies.

**(2) Proper Description of the Servicer, the Trustee and their Roles in Proceedings.** Servicers act for the benefit of the Trusts, and in the name of the Trustee, but are not themselves the Trustee. Servicing professionals and other agents engaged by servicers have adopted widely varying approaches to identifying the source of their authority. Some say they represent "the servicer," others say they represent "the trustee" or "the trust," and some simply say they represent "the bank" or "the lender." These disparate practices have caused significant confusion regarding the roles of the parties to securitization transactions. The Trustee believes that all persons retained by the servicer should accurately identify the specific role or capacity in which they are acting. For example, an attorney for a servicer foreclosing on a property mortgaged to a securitization Trust would be less accurate in this respect if he or she claimed to be "[Name], Attorney for [Name of Trustee]." A more accurate statement would be "[Name], Attorney for [Servicer Name], Acting for [Name of Trustee] as Trustee of the [Name of Trust]". In no event should servicer-retained foreclosure professionals, including counsel, mislead third parties, including courts, into believing that the Trustee directly controls the foreclosure process or any related litigation process. In addition, the Trustee should never be described as the party who "made" or is in "in the business of

making/securitizing” loans. Such descriptions inaccurately reflect the role of a securitization trustee and may expose the Trusts and the Trustee to unwarranted legal liability and expense.

**(3) Maintenance of REO Properties.** The Trustee has received a number of inquiries and complaints from government officials and community groups about the physical condition of REO properties. Such inquiries and complaints also are receiving increasing attention from the media, law enforcement agencies, and courts. Under standard securitization documentation, loan servicers are expressly responsible for managing all aspects of the REO disposition process, including appropriate maintenance of REO properties. Failure to fulfill these responsibilities may expose the Trusts to financial losses, potentially depressing the value of Trust property and exposing the Trusts to legal and financial liability. Because title to REO properties typically includes the name of the Trustee institution, these failures also expose the Trustee to legal claims and reputational harm. To protect against such consequences, which are likely to give rise to indemnification claims against servicers, the Trustee urges servicers to exercise heightened diligence with respect to REO maintenance and disposition. In addition, we urge Servicers to engage property managers who will take proactive steps to protect REO properties, especially when they are vacant for extended periods of time.

**(4) Tracking and Engaging in Public-Private Initiatives.** The Trustee urges servicers to stay abreast of and, where appropriate, participate in, governmental policy discussions and rule-making processes that may affect servicing activities. Given the widespread misunderstanding of how securitization transactions work, servicers, trustees, and other financial institutions involved in the administration of securitization transactions should seek to educate others appropriately about the rights and responsibilities of the parties to these transactions. Without adequate understanding and sensitivity to these issues, officials may adopt rules or policies that adversely affect the interests of securitization investors. Active participation in government-industry discussions of these issues may help avert such outcomes. Shortly after the issuance of the First Servicer Memorandum, federal and state banking regulators issued their “Statement on Loss Mitigation Strategies for Servicers of Residential Mortgages.” In addition, in December 2007, the American Securitization Forum, in consultation with U.S. Treasury officials, promulgated the “Streamlined Foreclosure and Loss Avoidance Framework for Securitized Subprime Adjustable Rate Mortgage Loans.” Both of these documents reflect the kind of careful balancing of policy objectives and contract rights that can be achieved by engaging in responsible substantive discussions with affected constituencies. In addition, the Trustee urges servicers to exercise diligence and, where appropriate, involve or cooperate with law enforcement agencies regarding a variety of unethical and, in some cases, illegal real estate transaction schemes targeting distressed borrowers. In particular, servicers should be on the lookout for third parties who: (a) seek private data concerning borrowers, loans or loan portfolios without proper authorization or (b) purport to act based on an asserted affiliation or association with the servicer, the Trustee or the Trusts. Such practices may subject borrowers, servicers, the Trustee and the Trusts to financial and reputational harm.

**Securitization Servicers**  
**July 28, 2008**  
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The Trustee believes that adherence to the foregoing recommendations on a consistent basis will not only protect the interests of investors, but benefit all constituencies by minimizing misunderstandings that impede timely and fair resolution of foreclosure matters.

Thank you for your cooperation.

**DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee**  
**DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee**

**Deutsche Bank**



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**MEMORANDUM**

**TO: SECURITIZATION LOAN SERVICERS**

**FROM: DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE  
DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE**

**DATE: August 30, 2007**

**RE: Compliance With Laws, Rules and Regulations in Connection With  
Foreclosures On Securitized Assets; Attentiveness to Certain Community  
and Governmental Concerns; Proper Description Of Legal Capacities**

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Each of the addressees of this memorandum services mortgage loans on behalf of one or more securitization trusts (the "Trusts") for which Deutsche Bank National Trust Company ("DBNTC") or Deutsche Bank Trust Company Americas ("DBTCA") act as trustee (the "Trustee").

As you are no doubt aware, due to current real estate market conditions, the number of foreclosures and REO properties resulting from foreclosures on securitized mortgage loans is rising sharply. In the case of properties that contain rental units, foreclosure activities sometimes result in eviction of existing tenants, who may otherwise lawfully occupy some or all of the premises. Such evictions are drawing attention and policy responses from public officials and community organizations, who are expressing concerns about the significant hardship being imposed on tenants, including low-income families, who may be dislocated in the mortgage foreclosure process and about the potential deterioration of neighborhoods surrounding vacant properties.

In light of these developments, the Trustee respectfully requests that all servicers servicing loans on behalf of the Trusts:

- a) Exercise diligence to assure that all foreclosures and all actions with respect to REO properties (including actions affecting tenants on such properties) are conducted in compliance with all federal, state and local rules and regulations, particularly those relating to furnishing timely notices to affected parties;
- b) Consider developing working relationships with local housing officials and appropriate community organizations to address public concerns regarding foreclosure and eviction proceedings that might otherwise lead to public responses that might impede

the realization of value on the Trusts' mortgage loans and REO properties. Such relationships may result in creative solutions (including, where appropriate, consideration of sales of REO properties to non-profit or government sponsored organizations) that reduce the impact of foreclosures on neighborhoods, enhancing the value of Trust assets;

c) To the extent permitted by applicable securitization documents, exercise sound discretion in evaluating whether or not eviction of tenants otherwise lawfully occupying Trust REO properties will maximize the realization of value on Trust assets; if eviction will not enhance the marketability or resale value of Trust REO properties, maintaining occupancy may preserve affected neighborhoods and thereby support the value of REO property; and

d) At all times properly identify your representative capacity, as servicer, and DBNTC's or DBTCA's capacity "as Trustee of [insert name of relevant Trust]" in all notices, pleadings, correspondence or other documents relating to the mortgage loans, REO properties and other Trust assets. Title to properties should never be held, and notices concerning properties should never be issued, in DBNTC's or DBTCA's name without identification of our trustee capacity.

We believe that these "good housekeeping" principles can help create a "win-win" situation for investors and communities, and provide a model for harmonizing corporate responsibility with our legal duty to protect the interests of securities investors. Attentiveness to governmental and community concerns about the impacts of foreclosure and eviction activities on neighborhoods promotes healthy, stable communities and may maximize the value of Trust assets in those neighborhoods and reduce remedial costs. This approach is also consistent with the federal financial institutions regulatory agencies' April 18, 2007, Statement on Working with Mortgage Borrowers:<sup>1</sup>

The federal financial institutions regulatory agencies encourage financial institutions to work constructively with residential borrowers who are financially unable to make their contractual payment obligations on their home loans. Prudent workout arrangements that are consistent with safe and sound lending practices are generally in the long-term best interest of both the financial institution and the borrower.

In order to help facilitate implementation of this approach, the Trustee is prepared to participate with servicers in ongoing public dialogue with public officials and community groups in an effort to address the concerns that they have raised.

Thank you for your cooperation.

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee  
DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

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<sup>1</sup> The federal financial institutions regulatory agencies are the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

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**URGENT AND TIME-SENSITIVE  
MEMORANDUM**

**TO:** SECURITIZATION LOAN SERVICERS  
**FROM:** DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE  
DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE  
**DATE:** October 8, 2010  
**RE:** Allegations Regarding Certain Servicing Foreclosure Procedures

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Each addressee of this Memorandum (the "Servicers") services mortgage loans on behalf of one or more securitization trusts (the "Trusts") for which Deutsche Bank National Trust Company or Deutsche Bank Trust Company Americas (collectively, "Deutsche Bank") acts as trustee (in such capacity, the "Trustee"). This Memorandum concerns an urgent issue requiring your immediate attention. A copy of this Memorandum and all attachments should be forwarded immediately to your Legal Department or General Counsel's office.

We write to express the Trustee's serious concern regarding allegations of potential defects in foreclosure practices, procedures and/or documentation used by certain major loan servicers and their agents (collectively, the "Alleged Foreclosure Deficiencies") that have been the subject of recent media reports. This Memorandum reiterates to all Servicers the importance of their duties and obligations relating to such matters.

The pooling and servicing agreements or other governing documents for the Trusts (collectively, the "Governing Documents") provide that the Servicer is solely responsible for the performance of all loan-level remedial collection activity on behalf of the beneficiaries of the Trusts, including, without limitation, all foreclosure activity and all maintenance and sales of resulting REO properties. The Governing Documents typically require the Trustee to furnish the Servicer with powers of attorney that allow the Servicer to sign documents and institute legal actions, including foreclosure proceedings, in the name of the Trustee on behalf of the Trusts in connection with these servicing activities. The Governing Documents also provide that the Trustee shall not be responsible for the acts or omissions of the Servicer, including acts or omissions relating to the use or misuse of such powers of attorney.

As the Trustee has advised on more than one occasion, all Servicers and their agents (including any subservicers, subcontractors and professionals engaged by Servicers and/or by their agents) must

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TO: ALL HOLDERS OF RESIDENTIAL MORTGAGE BACKED SECURITIES FOR WHICH  
DEUTSCHE BANK NATIONAL TRUST COMPANY OR DEUTSCHE BANK TRUST  
COMPANY AMERICAS ACTS AS SECURITIZATION TRUSTEE

FROM: DEUTSCHE BANK TRUST NATIONAL TRUST COMPANY, AS TRUSTEE AND  
DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE (the "Trustee")

Date: October 25, 2010

Re: Certain Allegations Regarding Loan Servicer Foreclosure Practices

As widely reported in the news media, several major U.S. loan servicers reportedly have suspended certain foreclosures in some or all states due to allegations and investigations pertaining to alleged deficiencies in legal documents filed by them in certain foreclosure proceedings (the "Alleged Deficiencies").

The Trustee is aware of these reports and has communicated with loan servicers regarding the matter. Specifically, the Trustee issued, on October 8, 2010, the attached memorandum to all loan servicers for U.S. residential mortgage backed securities trusts for which it acts as Trustee, among other things, demanding that servicers comply with all applicable laws relating to foreclosures. The Trustee also has communicated with certain loan servicers that have announced suspensions of foreclosure activity to request additional information about the portfolios that they service on behalf of the trusts and the extent, if any, to which such suspensions and the Alleged Deficiencies may affect loans held by the trusts.

The Trustee reminds investors that the governing documents for securitization trusts typically allow holders of a requisite percentage in principal amount of securities to direct the time, place and manner of any remedial actions by the Trustee, subject to conditions stated in the governing documents. In that regard, any such instructions or other communications concerning these issues should be directed to the Trustee at the following address:

Deutsche Bank National Trust Company, as trustee  
Deutsche Bank Trust Company Americas, as trustee  
1761 East St. Andrew Place, Santa Ana, CA 92705-4934  
ATTN: David Co, Director

Telephone: (714) 247-6272  
email: [holder.inquiry@db.com](mailto:holder.inquiry@db.com)



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**URGENT AND TIME-SENSITIVE  
MEMORANDUM**

**TO:** SECURITIZATION LOAN SERVICERS  
**FROM:** DEUTSCHE BANK NATIONAL TRUST COMPANY, AS TRUSTEE  
DEUTSCHE BANK TRUST COMPANY AMERICAS, AS TRUSTEE  
**DATE:** October 8, 2010  
**RE:** Allegations Regarding Certain Servicing Foreclosure Procedures

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As the Trustee has advised on more than one occasion, all Servicers and their agents (including any subservicers, subcontractors and professionals engaged by Servicers and/or by their agents) must