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Standard & Poor's Servicer Evaluation

June 2006

Taylor, Bean & Whitaker Mortgage Corp.

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New York 212 438-2513

STRONG Ranking
Residential Mortgage Loan Servicer

Opinion

The ranking for Taylor, Bean & Whitaker Mortgage Corp. (TBW) is raised to STRONG from ABOVE AVERAGE as a Residential Mortgage Loan Servicer. TBW is a privately owned company and its chairman, Lee B. Farkas, is the majority owner.

The ranking is based on the company's servicing portfolio composition, highly experienced management team, satisfactory internal audits, and efficient and effective use of technology in its well-automated mortgage loan servicing environment. Metrics provided by TBW through Standard & Poor's Ratings Services SEAM questionnaire reflect that the company compares favorably with similarly ranked residential mortgage industry participants. TBW continues to enhance and advance its electronic atmosphere, including further expansion of its image/paperless initiative. The company has solid loss mitigation techniques and an appropriate collection strategy, which is supported by its prudent risk management methodologies.

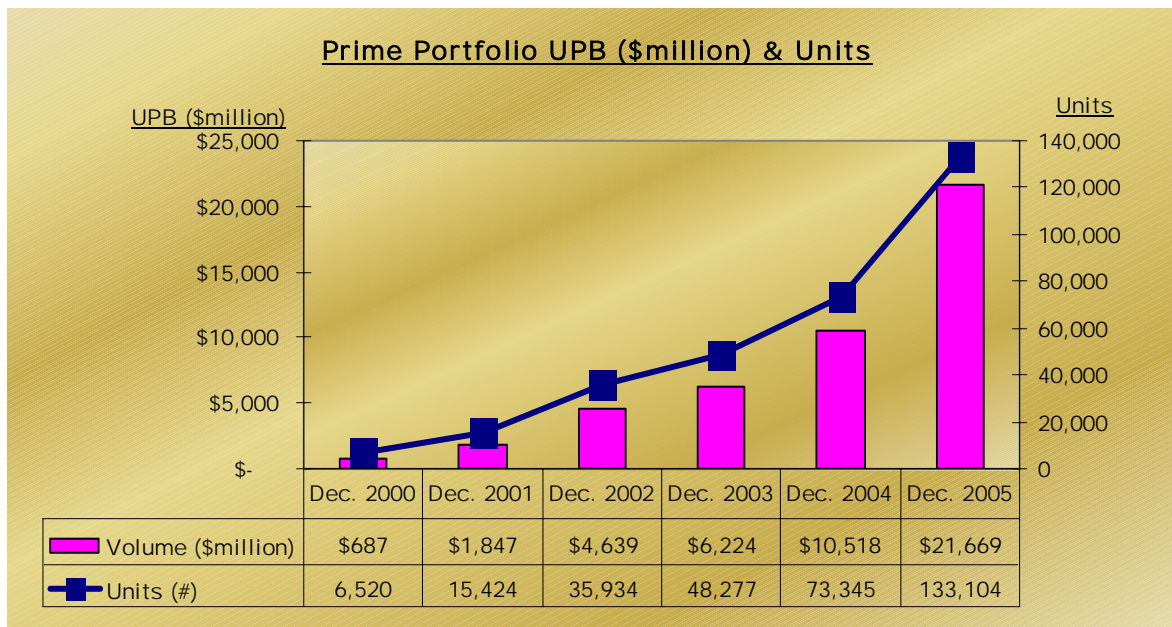
Outlook

Stable. Management is committed to improving TBW's performance and profits by continuing to expand its servicing capacities. Since 2000, the company has substantially increased its servicing portfolio, as reflected in chart 1. Management has represented that they expect TBW's servicing portfolio to increase to approximately 300,000 units with unpaid principal balances (UPBs) of approximately \$35 billion by year-end 2006. In the fourth quarter 2004, TBW doubled its servicing operations facility through the construction of a connecting building. The addition expanded TBW's technology operations quarters while relocating and realigning operational areas and allowing for continued servicing growth. A new 75,000-square-foot building adjacent to the servicing center is currently under construction and will

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serve as corporate headquarters. In consideration of TBW's growth history, seasoned management team, and continued focus on operational efficiencies and effectiveness, risk management controls, and default management proficiency, we believe the company is well positioned to achieve its business objectives and to continue to be a highly competent servicer of residential mortgage assets for a wide variety of investors.

Chart 1



Profile

TBW was incorporated in Florida in May 1981 and is primarily engaged in mortgage banking originating, purchasing, selling, and servicing mortgage loans. The company is headquartered in Ocala, Fla., and is a major employer in the area. TBW also maintains origination-processing centers in Atlanta, Ga., Oakbrook Terrace, Ill., Laguna Hills, Calif., Tampa, Fla., Ponte Vedra, Fla., Ocala, Fla., and Casselberry, Fla. In 1997, TBW began servicing mortgages at its loan-servicing center, which is also located in Ocala. At the end of December 2005, TBW serviced a mortgage portfolio approaching \$22 billion in UPBs, with over 133,000 loans. The company is an approved Government National Mortgage Association (GNMA) seller/servicer and an approved Federal Home Loan Mortgage Corp. (FHLMC) seller/servicer. TBW is one of the top 10 FHLMC servicers.

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Management And Organization

The ranking for Management and Organization is raised to STRONG from ABOVE AVERAGE.

Management and staff recruitment, development, and training

TBW has a well-seasoned management team with impressively low turnover rates that contributes to a very stable loan-servicing environment. As the company has grown, it has been building its management team with industry-experienced managers. Hiring industry managers with proven experience should enable the company to effectively manage its growth projections, engineer its servicing processes to meet these expectations, and develop its middle managers and supervisors. The management team maintains the following attributes:

- Senior managers average 22 years of industry experience and six years' tenure with TBW;
- Middle managers maintain 17 years of industry experience and three years of company tenure;
- The annualized turnover rates in loan servicing management and staff are excellent at 2% and 8%, respectively. The turnover rate includes internal company transfers; and
- Management focuses on employee retention initiatives that include career development, training, and coaching and counseling.

Employee training is administered by the human resources department, which provides a dedicated training coordinator. The training curriculum is designed for both new hires and existing staff. Training focuses on improved customer service and management skills through job knowledge, standard procedures, and time management. Aspects of the training process include the following:

- The employee orientation program includes a corporate overview and covers relevant application systems, departmental functions, and compliance;
- New hires receive up to 120 hours of training, including systems training, overviews of functional areas, and 40 hours of closely monitored on-the-job training. Each new employee is assigned a training coordinator/mentor for the first three weeks of employment;
- Relevant industry associations that include Web-based courses, which are sponsored by Mortgage Bankers Association of America (MBA) as well as other

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recognizable educational internal and external training seminars and conference providers;

- Employees are required to participate in 80 hours of training annually;
- Collection employees receive Web-based training in the Fair Debt Collection Practices Act (FDCPA) and are tested annually to ensure their understanding;
- Collection employees are certified by the American Collectors Association (ACA);
- Periodic management training is conducted by Central Florida Community College;
- Employees are encouraged to participate in the training and in other ancillary software-learning programs, which are based on job-specific requirements;
- Employees attend appropriate industry seminars and conferences.

Internal controls

Policy and procedure manuals are comprehensive, written in a structured format, and are available online (as well as in print form) to all employees. Online manuals are an excellent way to provide employees with instant access to the latest policy information, thereby ensuring that policy updates are communicated in a consistent manner to all staff. TBW has controls in place for developing and updating its procedure manuals, including the following:

- Policies and procedures are developed and updated by a committee that includes members from each operating area and the applicable risk management subcommittee member;
- Policies and procedures are reviewed quarterly, with recommended changes submitted for review;
- The executive committee and/or board of directors formally considers and approves key policies and procedures after a compliance group review;
- A standardized format employing harmonized software is used for policies and procedures to ensure consistency; and
- Access to AllRegs® is available online.

TBW maintains a risk management department responsible for risk management, quality control, compliance, audits, and policies and procedures. The executive management team governs the company's risk management committee. The committee comprises three subcommittees: interest rate risk, credit risk, and enterprise/operational risk. Service

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quality control audit mechanisms are designed to identify and resolve risk issues within the company that could result in future losses. Quality control audits are performed monthly, quarterly, or annually, and four-tier ratings are assigned to each exception associated with the audit sampling. The tiered ratings are as follows: satisfactory, minor deficiencies, improvement needed, and unsatisfactory. In addition to internal audits, compliance audits of selected areas and GSE audits are performed periodically. Audit program highlights include:

- Service quality control audits are regularly conducted on all loan servicing areas and are designed to comply with HUD and corporate requirements;
- Random sampling methods are employed to obtain knowledge on particular product types or to investigate possible misrepresentation or suspected fraud;
- Results of the audits are distributed to senior management;
- Audit scope identifies key areas of risk, including cash management, investor accounting, and reporting;
- All audit reports incorporate written feedback for management as well as a methodology for management's response;
- Database monitors annual audit schedule and response dates;
- HUD Tier 1 ranking received for loss mitigation; and
- Freddie Mac Tier 1 ranking received for investor reporting and loss mitigation.

Quality control audit reports are structured to ensure that prudent loan servicing practices are followed and to verify compliance with regulatory and investor guidelines.

Standard & Poor's reviewed the company's internal quality control audit reports for mortgage servicing and found the reports to be comprehensive and succinct. For the functional areas reviewed, the audits identified issues that require strengthening of controls and provided recommendations to correct or mitigate the weakness.

The compliance area reviews all alerts from federal and state agencies daily. Updates are communicated to department managers through the company's "Update Newsletter."

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TBW uses monthly management information reports to monitor its vendors, in accordance with contractually agreed-upon key performance indicators (KPIs). The company prepares vendor report cards quarterly and then presents and discusses them with the applicable vendor. TBW initiates timely communication with vendors during the course of each month if KPIs reflect negative outcomes.

Legal

Management has represented that there is no pending material litigation against TBW.

Technology

TBW operates in a highly efficient automated environment. The company utilizes the following systems architecture for business operations and recovery:

- Financial Industry Computer Systems Inc. (FICS) mortgage servicing application;
- Current systems architecture is sufficient to support projected portfolio growth;
- A variety of FICS' technology services are used;
- A voice response unit (VRU) provides automated customer information retrieval, and an automated call distribution system (ACD) routes call volume to appropriate queues;
- Document imaging technology is employed at the majority of employee workstations, and employees are instructed to image borrower documentation as received to facilitate access and expedite responses;
- Freddie Mac Early Indicator® credit scoring and behavior modeling software identifies and incorporates higher-risk loans into calling campaigns;
- PACER (Public Access to Court Electronic Records) technology is used to electronically access bankruptcy filings;
- The servicing system is mirrored on a server located at the disaster recovery site;
- The disaster recovery/business resumption (DR/BR) plan is tested annually and includes a calling tree, identification of critical servicing tasks, and a vendor-provided hot site facility; and
- Designated staff and managers participate in DR/BR testing by traveling to the disaster recovery site.

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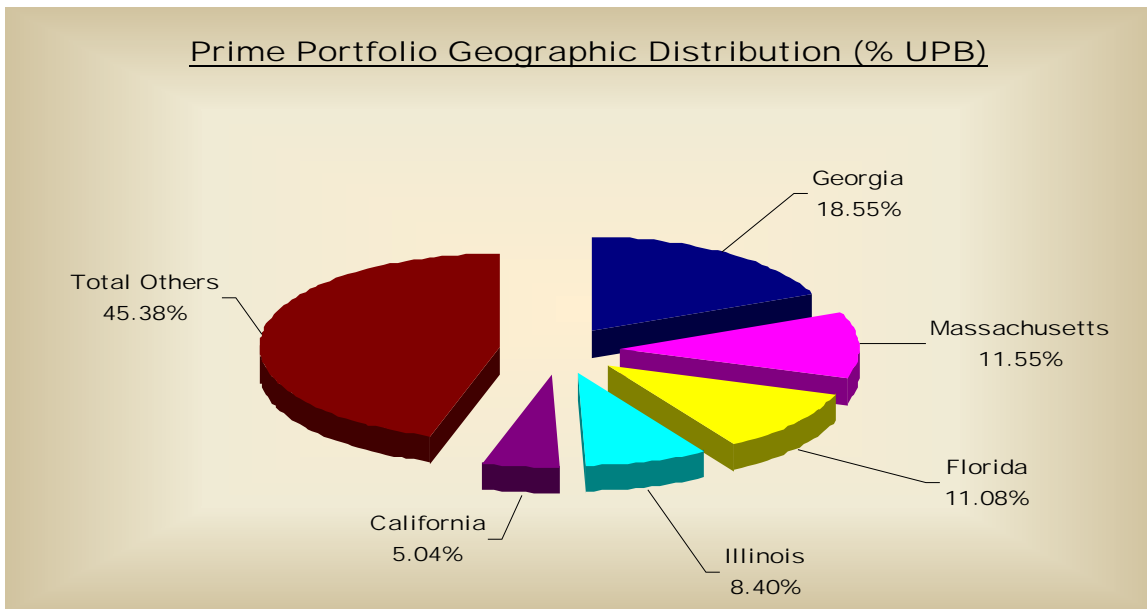
Loan Administration

The ranking for loan administration is raised to STRONG from ABOVE AVERAGE.

Overview

Erla Carter-Shaw, executive vice president, manages the company's post-closing and loan administration division, which employs approximately 272 people. As of December 2005, the company serviced a portfolio approaching \$22 billion in UPBs, with over 133,000 loans. The geographic diversity of the portfolio effectively increases insulation against delinquency spikes resulting from regional economic downturns (see chart 2).

Chart 2



Standard & Poor's reviewed all aspects of loan servicing, including the loan boarding function and the areas responsible for handling ARM products as well as conforming loan setups and editing activities. Overall, Standard & Poor's found these areas to be solid. Key risk areas are discussed in more detail below.

Cash management and investor accounting

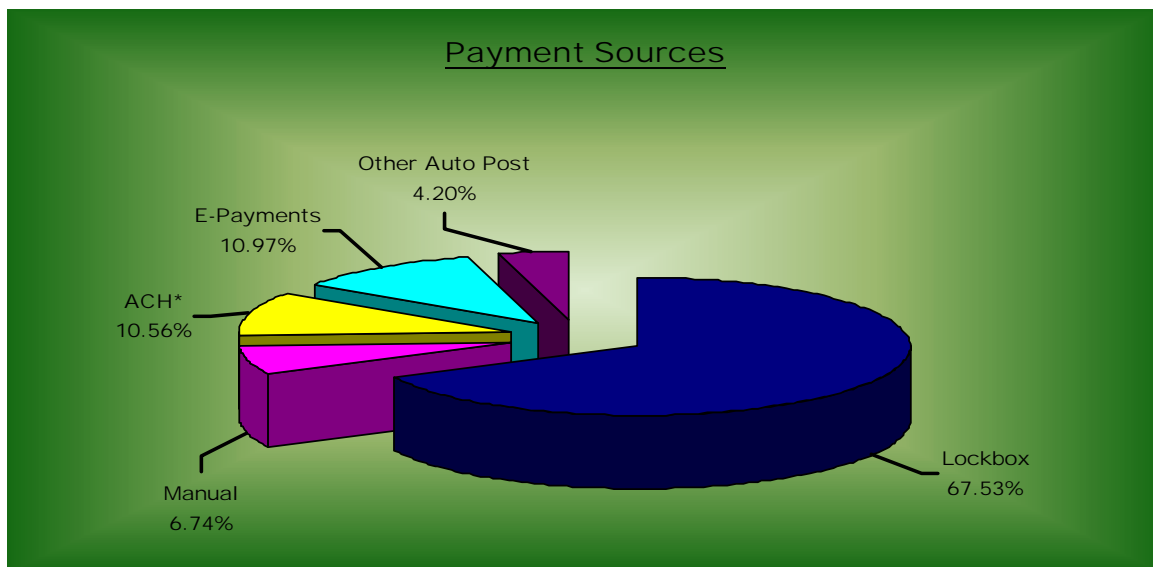
TBW has an effective cash management operation, incorporating good internal controls to minimize risk of loss from human error or fraud. These controls include the following:

- Segregated and secured mailroom and cashiering areas are restricted to assigned personnel;

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- Monthly billing statements are printed and mailed by the company, which enables TBW to immediately react to any printing and mailing issues;
- Rules-based in-house payment processing technology is used to process monthly mortgage payments;
- Stop codes are provided to the lockbox vendor and are also within the posting application to restrict payment processing and initiate appropriate investigation;
- Periodic desk investigations are performed to ensure same-day processing;
- Payments and returned payments retained overnight are secured in a fireproof cabinet;
- Payment checks requiring research or resolution outside of the cashiering area are electronically forwarded to the appropriate department;
- Unprocessed items require a one-business-day resolution, and unidentified payments and related checks are returned to the maker; and
- The payment-clearing account is reconciled daily by a dedicated individual disassociated from the payment posting function to ensure proper segregation of duties.

Chart 3



*includes "Taylor Made Payments," which enables borrowers to make payments at established banks/branches. Due to the one-business-day delay, effective date payment posting is administered.

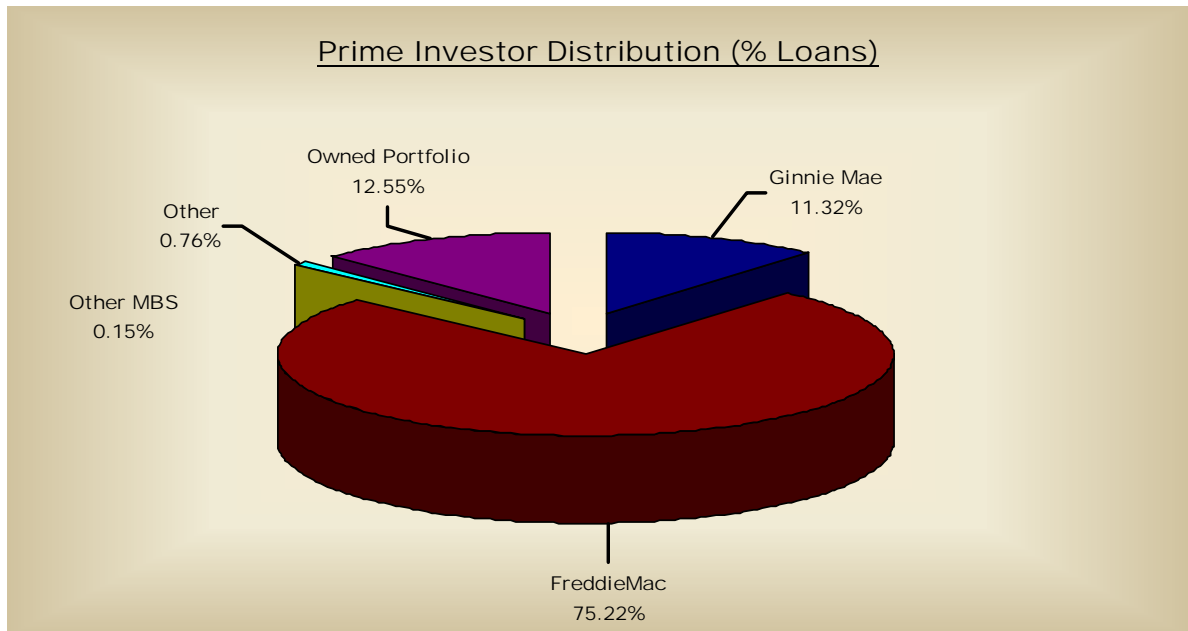
The investor services area is responsible for investor reporting and remittance, which ensures proper segregation of duties. TBW has controls in place to protect investors

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from risk of loss resulting from fraud or human error. The following risk management practices are in place:

- There is no manual manipulation of data, as all information originates from the loan system and is effectively transferred to FICS' accounting module;
- Duties among staff handling remitting, reporting, and bank account reconciliation functions are appropriately segregated;
- Custodial accounts are reconciled monthly by a dedicated staff disassociated from reporting and remitting functions. There are no outstanding items greater than 30 days;
- Online access to bank account statements facilitates the daily and monthly reconciliation process;
- Management reviews all bank account reconciliations and investor reports for accuracy;
- 100% electronic reporting and remitting to investor;
- No exceptions were reported in 2005 USAP; and
- Freddie Mac assigned TBW its Tier 1 rating.

Chart 4



Escrow administration

The 41-person escrow administration area is staffed with one manager, two supervisors, five team coordinators, 22 insurance specialists, eight tax specialists, two escrow analysis specialists, and one mortgage insurance specialist. TBW also performs effective oversight of its third-party real estate tax procurement vendor and its

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lender-placed hazard and flood insurance carrier. The company collects escrow funds for taxes and insurance on approximately 80% of the servicing portfolio. Lender-placed hazard and flood insurance statistics are highlighted in table 1.

Table 1

<u>Lender-placed</u>	<u>Hazard</u>	<u>Flood</u>
Units (%)	0.58	0.03
Cancellation (%)	80.50	84.70
Renewal (%)	6.10	5.20

While TBW's lender-placed insurance levels are low compared with the company's peer group, its cancellation rates are higher than those of its competitors. Despite TBW's letter and telephone campaigns to solicit evidence of insurance from borrowers, many borrowers will not react until they are notified that a lender-placed policy has been initiated, which is typically at 60 days after the policy expiration date. The escrow administration area has implemented the following controls:

- A national tax service is used for monitoring taxes on both escrowed and non-escrowed accounts;
- Vendors create letters, but TBW performs letter distribution and calling campaigns both before and after the expiration of hazard and flood insurance for escrowed and non-escrowed items;
- Nonreimbursable tax penalties in 2005 related to servicing were reported to be \$0.01 per loan;
- Reported delinquent taxes on non-escrowed accounts will be paid by TBW, and TBW will establish an escrow account and advise the borrower; and
- Cancellation of mortgage insurance is initiated in accordance with federal regulations.

Customer relations

A seasoned staff of 34 full-time employees and three part-time employees who average 13 years of customer service experience perform customer service activities. Two supervisors and four team coordinators are responsible for leadership and guidance of the department. The department is automated, utilizing a VRU to provide account-level data to customers and an ACD to route call volume to appropriate queues. The following indicators reflect TBW's level of customer service:

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- A VRU is available 24/7 with a capture rate of approximately 23%, and Web site utilization is approximately 75%;
- The first-call resolution rate is an outstanding 93%;
- Nearly 45% of borrowers are registered Web site users. The Web site enables borrowers to obtain static information, initiate payments, and establish monthly ACH action;
- Trending analysis is performed on VRU routing to identify problems and to measure overall efficiency;
- Customer service hours are 9:00 a.m.-8:00 p.m. Eastern Time, Monday through Friday;
- The average-speed-of-answer (ASA) and abandonment rates are acceptable. TBW is encouraged to explore ways to bring the ASA toward 30 seconds;
- All new borrowers receive welcome calls and letters upon loan boarding. The welcome call contact rate is very good at 74%;
- The VRU automatically transfers delinquent borrowers to collection representatives at 30 days past due;
- Efficient monitoring of call center staff ensures consistency and helps to identify training issues;
- Customer relations representatives review all returned mail to secure the proper address, update the servicing system, and resend the item;
- Written correspondence is tracked and monitored to ensure RESPA compliance;
- Representatives respond to e-mail communication within one day and to written correspondence within seven days, on average; and
- Quarterly surveys are sent randomly to a group of customers who have recently contacted the customer service center. This proactive means of measuring customer satisfaction is an excellent way to identify strengths, weaknesses, and opportunities for enhancing and strengthening the customer service experience.

Mortgage reconveyance processing is managed through the servicing application system, which allows the company to reduce risk of loss due to failure to comply with state reconveyance statutes. A third-party vendor assists in the timely production of satisfied loans. Reconveyances are prepared and forwarded to applicable county recorders within 30 days or in accordance with state guidelines.

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Management has represented that there have been no penalties arising from failure to timely reconvey.

Default management

The default servicing area comprises 44 employees responsible for collections (23 full-time), loss mitigation (seven full-time), bankruptcy and foreclosure (eight full-time), and REO (one full-time), as well as four supervisors and one director. Collection management is highly seasoned, averaging 26.5 years of industry experience, and collectors average 3.5 years of industry experience. All collectors are well versed in the FDCPA and are recertified annually. Freddie Mac and HUD rank TBW Tier 1 for default servicing and loss mitigation, respectively. The company maintains a conservative collection methodology intended to minimize default rates in the portfolio. The collection team is responsible for early-stage collections for accounts that are one to 45 days past due, after which delinquent loans become the responsibility of the loss mitigation team. TBW's collection and loss mitigation methodology enables the company to address many loss mitigation opportunities early in the delinquency cycle, which minimizes expenses associated with collections. In addition, customer service assists with collections by responding to basic collection inquiries from borrowers who are less than 30 days past due. Incoming calls greater than 29 days past due are immediately transferred to collections through the company's VRU. Customer service will "hot transfer" calls that are deemed to require loss mitigation.

Chart 5

Key Statistics (based on units)

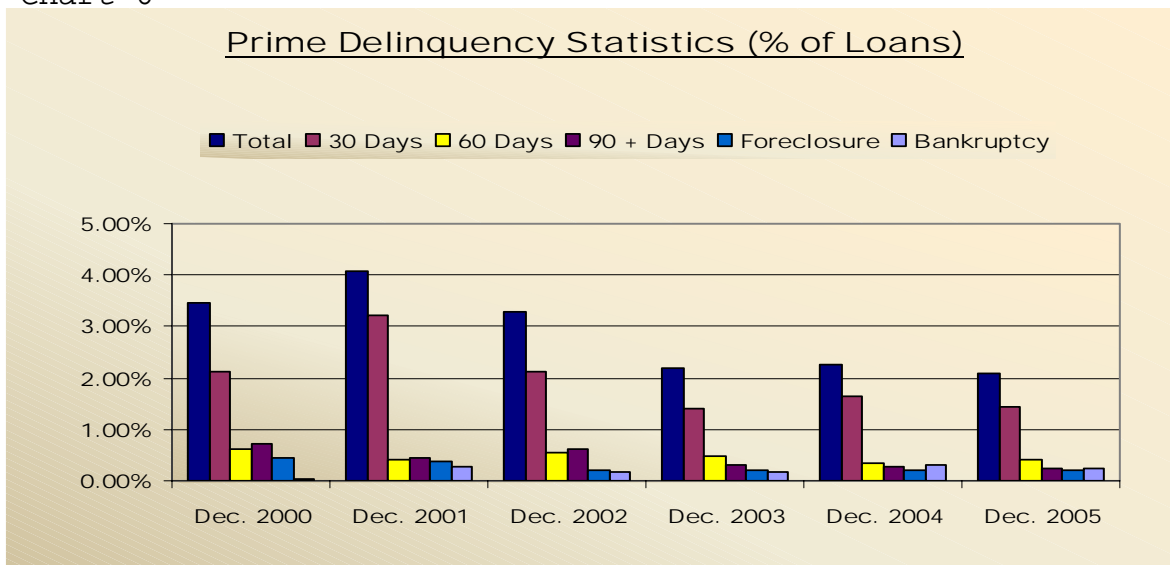
	<u>Dec. 2005</u>	<u>Dec. 2004</u>	<u>Dec. 2003</u>	<u>Dec. 2002</u>	<u>Dec. 2001</u>	<u>Dec. 2000</u>
Units (#)	133,104	73,345	48,277	35,934	15,424	6,520
Volume (\$million)	\$21,669	\$10,518	\$6,224	\$4,639	\$1,847	\$687
Total Delinquency	2.10%	2.27%	2.18%	3.28%	4.07%	3.47%
30 Days	1.43%	1.64%	1.40%	2.11%	3.23%	2.13%
60 Days	0.42%	0.35%	0.47%	0.56%	0.40%	0.63%
90 + Days	0.25%	0.28%	0.31%	0.61%	0.44%	0.71%
Foreclosure	0.21%	0.21%	0.20%	0.20%	0.36%	0.45%
Bankruptcy	0.23%	0.30%	0.18%	0.18%	0.28%	0.03%
REO Inventory (#)	129	78	54	54	35	-

Collection attributes include the following:

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- Collection call hours total nearly 70 hours per week;
- Collection activity is performed by collectors and loss mitigation employees;
- Collection calls can commence at five days past due;
- Collectors are monitored daily by a team leader, and a minimum of 20 calls are reviewed each month;
- Effective call monitoring by team leaders of collectors are graded based on productivity and quality of calls as well as maintaining updated notes on the system;
- Freddie Mac Early Indicator credit scoring and behavior modeling software are used;
- Effective automated letter campaigns begin at 10 days past due;
- Assertive collection timelines are based on investor requirements and prudent loan servicing practices;
- Delinquent borrowers are automatically routed to a collection representative from the VRU at 30 days past due;
- Reason-for-default codes are routinely entered on the account for use in the loss mitigation and foreclosure stages;
- Collector screens automatically pop up and display borrower information;
- The ASA and abandonment rates are good; however, they should be managed toward less than 20 seconds and less than 1%, respectively; and
- The manager reviews collector notes to determine that all collection efforts have been exhausted before referring a loan to loss mitigation.

Chart 6



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Loss mitigation efforts may begin at any time during the collection process, but at 45 days past due the account is assigned to a loss mitigation employee. These efforts appropriately emphasize early detection of high-risk loans and the prompt solicitation of loss mitigation candidates. Loss mitigation employees average nearly 12 years of industry experience. The most common form of loan workout at TBW is the forbearance plan. The following loss mitigation methodologies are in place:

- Initial workout solicitation efforts begin at the 30th day of default with letter and call campaigns placed to the borrower;
- Loss mitigation efforts continue while the account is in foreclosure in an attempt to resolve the delinquency before incurring additional legal expenses;
- An NOI letter is mailed using regular and certified mail in accordance with investor timelines, or between 45 and 90 days;
- Strategies used by TBW are approved by Freddie Mac, VA, and HUD;
- The borrower's financial status is obtained to determine ability to meet loan obligation and discuss resolutions alternatives;
- Freddie Mac loss mitigation option software is used to assist with recommending a workout plan;
- GSEs have delegated TBW the authority to employ approved loss mitigation strategies to bring loans current;
- All workout plans must be submitted to senior management for approval;
- A property inspection is initiated at the 45th day of delinquency and at 30-day intervals thereafter;
- Accounts are referred to foreclosure if a borrower is unresponsive, an effective plan cannot be attained, or a violation of the loss mitigation plan occurs; and
- Properties are secured if abandoned.

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Chart 7

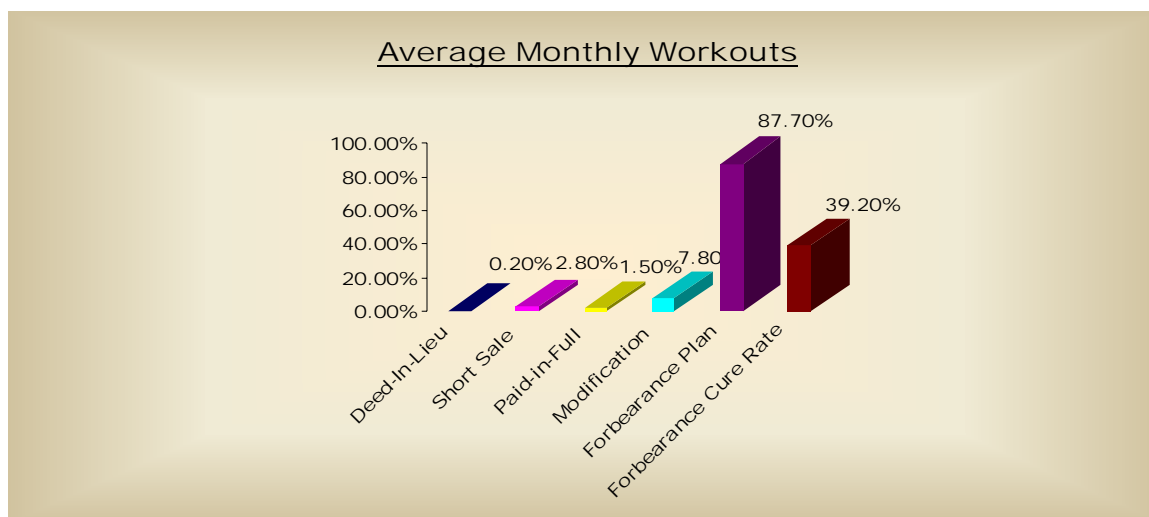
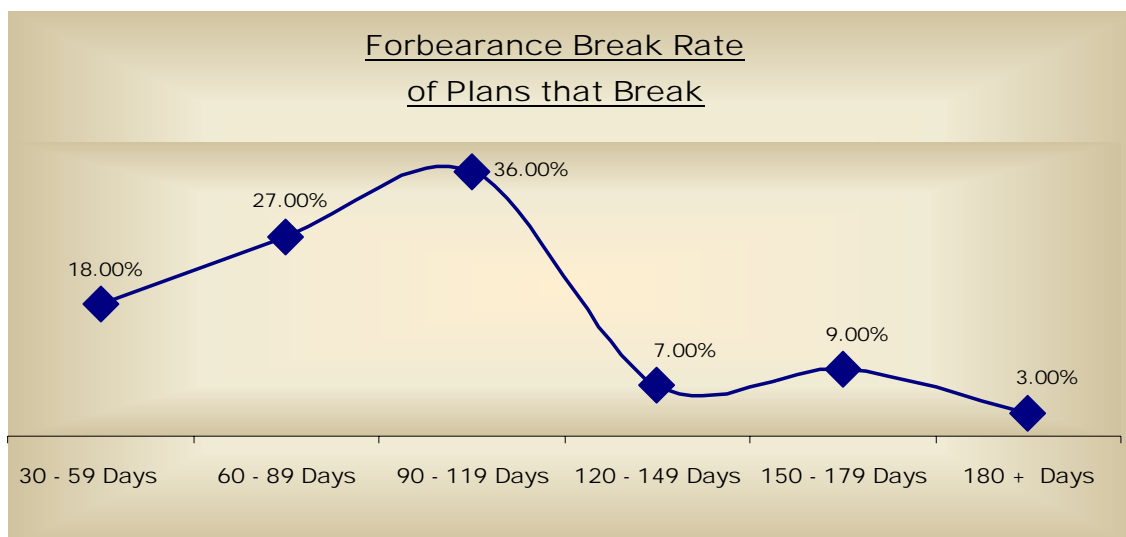


Chart 8



TBW's administration of its foreclosure and bankruptcy processes allows it to maintain optimal timeline management during legal proceedings. Controls and highlights of the foreclosure and bankruptcy processes are as follows:

- Loans are referred to foreclosure at 91 days past due;
- Management reviews each file to ensure that the appropriate collection attempts have been exhausted and to confirm that there are no outstanding compliance issues;
- Cases are monitored and tracked electronically through a FICS application;

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- A broker price opinion (BPO) is ordered electronically at the initiation of foreclosure;
- An investor-approved attorney network is used;
- An effective 100% of foreclosures are completed within a Freddie Mac timeline;
- Electronic communication with outside counsel;
- Attorneys are required to submit monthly status reports;
- The annualized foreclosure cure rate is solid at 32.5%;
- Claims are submitted after foreclosure sale, pre-foreclosure sale, and third-party sales according to specific guidelines established by Freddie Mac, VA, FHA, Rural Housing, and mortgage insurance companies;
- Escrow analysis is performed according to guidelines;
- Pre- and post-petition payments for bankruptcy plans are electronically monitored through FICS tracking and monitoring reports;
- PACER technology is used to electronically access bankruptcy filings;
- TBW manages pre- and post-petition payments and files for lift of stay as soon as a bankruptcy becomes delinquent; and
- Nearly 50% of Chapter 13 bankruptcy loans are current to plan.

The company evidences prudent supervision over its REOs. TBW uses financial incentives when applicable to encourage borrowers to vacate their properties to avoid incurring time-consuming and costly eviction actions. TBW uses its list of approved brokers to market its REO properties. REO inventory and properties are monitored on the REO workstation. The company has sound procedures in place for maximizing recovery of its REO portfolio, as evidenced by the following:

- An updated BPO and a new appraisal will be obtained if the foreclosure appraisal does not include an interior inspection;
- An individual marketing plan that requires management approval is developed for each asset;
- "Cash for keys" is used to avoid protracted eviction proceedings and to expedite REO marketing time;
- Cost/benefit analysis is done when considering repairs, and two bids are required if a property needs repairs;

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- The servicing operations manager will establish the initial list price for the property based on the prior values and the interior BPO;
- Brokers are selected from an approved list;
- The average number of days in inventory is 89;
- The gross sales-to-market-value ratio is 87.32%; and
- The net sales-to-market-value ratio is respectable at 80.72%.

Financial Position

TBW's financial position is deemed SUFFICIENT.

Standard & Poor's is of the opinion that there is sufficient financial strength to sustain TBW's servicing operations for the next 12 to 18 months.

Contact Information

TBW's loan administration operation is located in Ocala, Fla.

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