

This issue of Momentum is the last one that will be mailed. Beginning with the next issue (first quarter of 2008), Momentum will be e-mailed to you each quarter. This new format will enable us to provide a more interactive and useful newsletter. We hope you enjoy it.

Significant Regulatory Enhancements to MSP in 2007



FIDELITY NATIONAL
INFORMATION SERVICES

FIS is committed to ensuring that the Mortgage Servicing Package (MSP) is compliant with the appropriate federal laws and regulations, and believes this is a competitive advantage it offers to clients. As federal agencies continually update their rules, FIS' dedicated resources will proactively ensure MSP maintains compliance. FIS has established strong relationships with each of the federal agencies and continues to enhance those relationships to support its clients.

Each day, FIS reviews federal agency Web sites and the *Federal Register* for changes to regulations and requests for comments. FIS submits feedback regarding any concerns about new regulations to the agencies when appropriate. While FIS does not provide a legal opinion on regulations, it does review the requested timeline for the regulation to determine feasibility and delivery options. If adequate time is not afforded for delivering the solution, FIS immediately notifies the agency of the concerns. FIS also communicates regularly with the Regulatory/Compliance Functional Advisory Committee (FAC) on these proposed changes, so that the members are aware and can also provide comments regarding the time frame or if they see other issues with the proposed changes. In addition to the Regulatory/Compliance FAC, FIS also communicates with other FACs whose areas may be impacted by a proposed regulatory change.

Industry Trends

Recently, regulatory agencies have begun making changes that are within their authority, to help borrowers and limit the number of lender failures, rather than waiting for legislation from Congress.

"Given the turmoil we are currently seeing in the mortgage industry, FIS expects to see a significant increase in regulatory requirements over the next several months," said Dan Knight, software compliance attorney for FIS. "FIS has committed to MSP users to always have the system compliant with all appropriate federal regulations."

To that end, FIS is spending more hours in developing, testing and implementing regulatory enhancements to MSP than ever before.

Regulatory Enhancements Installed in 2007

FIS has already dedicated more than 15,000 development hours on regulatory enhancements in 2007, and nearly 6,000 additional hours are planned for the remainder of the year. FIS has implemented eight regulatory enhancements in 2007.

Effective APR for HELOC: MSP's billing file contains the annual APR, but did not have the effective APR. MSP did have the elements required to calculate the effective APR, and users were typically having their

Regulatory Enhancements continued pg 10

IN THIS ISSUE

- 2** President's Message
- 3** New Applications for MAGNIFIDE Web Services
- 4** PHH Mortgage Leverages MSP
- 5** Improve Efficiencies with Director Scripting
- 6** MSP Enhancement Reviews
- 8** Scheuble's Third Quarter Meeting
- 9** Speeding Up the Escrow Exception Process
- 11** Preparing for Year-End
- 12** FIS Recognizes Client Achievements
2008 IE

PRESIDENT'S MESSAGE

Dan Scheuble, President, Fidelity National Information Services, Mortgage Servicing division



As the mortgage industry continues to struggle, we are witnessing unprecedented times for lenders and borrowers. A recent study showed that one-third of mortgage applications are not making it to closing. While the current situation seems bleak, I would like to encourage you to engage in what the industry has dubbed a "flight to quality:"

Take this time to improve your process and your systems, so when the industry emerges from this struggle, your mortgage servicing organization is one of the top players.

There is a strategic opportunity today for strong servicers to purchase loans from those that are closing their doors. There is an opportunity for growth and increased volume with the refinancing boom we are sure to witness. Now is the time to scale up your operations and make technology improvements to be prepared for this. I encourage you to look to FIS to partner with you as you determine your company's strategic position in the months to come.

Risk Management Solution Suite

A few weeks ago, at MBA Annual, we introduced our risk management solution suite for mortgage originators and servicers. This is an exciting new offering for us, and we have committed numerous risk management experts to this effort.

As fraud continues to rise, it is critical to detect and pinpoint suspicious activity immediately, and address it. Our solution enables you to scan every single loan for potential collateral risk, including identity, occupancy, valuation, and sales transactions and flips, and to analyze those flagged for additional investigation. We also provide powerful analytics through our industry-dominant prepayment and default models.

We are very excited about how our risk management solution will enable you to manage your risk and will be sharing more information early next year. In the meantime, I encourage you to contact your Account Director to learn more about this solution.

FIS Named Top Financial Services Technology Provider

On the recently released FinTech 100 report, FIS was ranked as the world's number one technology provider to the financial services industry. We continue to be committed to delivering a comprehensive range of integrated products to help you better serve your customers, and this award recognizes those successes.

LPS Spinoff

As you have probably heard, FIS announced it will spin off its Lender Processing Services Division in mid-2008. This includes MSP and most of FIS' other mortgage offerings. I want to ensure you that you will continue to work with the same management team and MSP experts you do today, and I do not expect to see any changes to our day-to-day operations. This spinoff enables us to be even more committed to delivering powerful, integrated mortgage solutions.

Momentum®: News about Mortgage Servicing in Motion is a quarterly publication designed to inform, educate and communicate with clients, prospects and business partners of Fidelity National Information Services' (FIS) Mortgage Servicing division. The goal of the publication is to provide useful information about FIS clients, solutions, products, enhancements and business partners, as well as industry issues and developments.

We encourage feedback from our readers. Please send comments to:

Rachel Watkins
Fidelity National Information Services, Inc.
601 Riverside Ave.
Jacksonville, FL 32204
e-mail: rachel.watkins@fnis.com
Tel: 904.854.5518
Fax: 904.854.4124

If you are an FIS client and would like to receive *Momentum®* or add a co-worker to the distribution list, please contact Rachel Watkins.

This issue of *Momentum®* is the last one that will be mailed. Beginning with the next issue (first quarter of 2008), *Momentum®* will be e-mailed to you each quarter. This new format will enable us to provide a more interactive and useful newsletter. We hope you enjoy it.

New Applications for MAGNIFIDE Web Services

Adoption of Web services to meet a wide variety of mortgage banking needs has increased substantially since FIS introduced MAGNIFIDE Web Services to its servicing clients. Currently, 27 servicers and 13 business partners have integrated MAGNIFIDE Web Services for a variety of uses, with as many as 25 million read and write transactions logged each month.

With the Web services infrastructure firmly in place featuring secure, just-in-time access to more than 2,500 Mortgage Servicing Package (MSP) data fields, FIS' efforts are now focused on developing new applications for MAGNIFIDE Web Services. FIS offers Web Services Plus to address some of the burdensome processing requirements identified by MSP clients and business partners.

Payoff Express

Initially launched to give title agents real-time access to payoff statements for expedited loan closings, Payoff Express now also supports loans in default. For authorized agents and default service providers, Payoff Express provides a centralized channel for obtaining payoff quotes from servicers – in real-time and in standard format.

Payoff Express is accessible using the MAGNIFIDE Web Services Web site, where the user can verify information from the payoff statement. The service provider simply logs on to the Web site, launches a request for a payoff quote and prints off the payoff letter.

Alternatively, third parties can now launch requests for loan-level information by means of a direct system-to-system interface and integrate responses back into their applications without manual intervention. For example, Payoff Express has been integrated into FIS Desktop™, an enterprise workflow management application, to facilitate the preparation of foreclosure bidding instructions on loans in default.

Credit Bureau Direct

As providers of credit information, mortgage servicers have an obligation to furnish account data on a regular basis to credit bureaus, as mandated by the Fair Credit Reporting Act (FCRA). To assist data processors in the transmission of secure and accurate account information, the credit reporting industry has adopted a standard electronic data reporting format known as Metro 2. Bulk files containing information about all active loans on MSP are routinely transmitted by each servicer to the credit bureaus in Metro 2 format, typically on a monthly basis.

Often, though, requests are made for updated data. For example, as a borrower is applying for credit or employment, Credit Bureau Direct supplements the monthly reports, allowing servicers to respond to credit bureau requests. With Credit Bureau Direct, updates to borrowers' mortgage loan activity are provided to credit bureaus on demand in the Metro 2 standard format using MSP Web services.

Credit bureaus launch requests for loan-level information from MSP via Credit Bureau Direct and integrate responses back into their applications without manual intervention. A record of the data exchange is stored in MSP, providing an audit trail on when and to whom loan-level, trade-line information was provided.

There is no cost to the servicer to make trade-line information available to credit bureaus using this Web service.

Dynamic Loan View

Dynamic Loan View provides an automated channel for servicers to make standard mortgage views available to third parties on demand via the Internet. Using FIS' user interface and Web services to supply loan-level, read-only data, Dynamic Loan View

MAGNIFIDE Web Services continued pg 8

PHH Mortgage Leverages MSP for Its Clients

A little more than a year ago, PHH Mortgage and FIS collaborated to offer PHH Mortgage's regional bank clients better servicing capabilities and an increased ability to offer additional products to borrowers.

PHH Mortgage's Success

PHH Mortgage services more than 1.1 million mortgages and attributes its success to a unique business plan. PHH Mortgage is a leading outsource provider of mortgage services to banks and other financial institutions. The company's unique value proposition is that it performs origination outsourcing services and is the loan servicer for all the loans that its clients sell into the secondary market. Through its relationships with FIS, PHH Mortgage is able to service these loans under the brand of its client banks. All communication sent to a borrower is co-branded with PHH Mortgage and the client brand.

Regional banks have long been faced with the challenge that when they sell mortgage loans for servicing, they lose the customer. As a result, the mortgage becomes merely a transaction, not a relationship. The success of PHH Mortgage's business model is based on the regional bank maintaining the customer relationship, even though the bank may not own the loan. The bank benefits from the increased overall retention rate of the customer, as well as earning the income presented by refinance opportunities with these customers. PHH Mortgage clients have seen an increase in their ability to cross-sell additional bank products as a result of maintaining their brand on the loan-servicing communication.

PHH Mortgage is a strong supporter of local charities in New Jersey. Recently, the company donated more than \$72,000 to the Food Bank of South Jersey. The proceeds were from PHH Mortgage's annual golf tournament and will go toward the organization's fight against hunger and malnutrition in South Jersey.

In order to provide access to the data housed in MSP, PHH Mortgage builds Web sites for its clients. PHH Mortgage takes nightly files from MSP and presents that data on the customer's Web site for their employees and borrowers. FIS ensures expeditious completion of the processing cycle and generation of the data files each night.

"What it comes down to is that FIS has made it its business to help us be successful in achieving our organization's objectives," said Marty Foster, senior vice president of Servicing, PHH Mortgage. "Since the inception of this relationship, FIS has been accurate, reliable and timely in delivering the data to us."

How PHH's Clients Benefit

Regional banks that collaborate with PHH Mortgage have the advantage of leveraging a great servicing system in MSP without incurring the operational risk or technology costs. PHH Mortgage conducts all the testing and setup, ensuring that the functionality is proven, decreasing the risk and providing

a faster return on investment for the client. Furthermore, PHH Mortgage provides all the upfront investment for MSP, keeping startup costs minimal for its clients.

"By strategically partnering with PHH, regional banks have big-bank ability while maintaining local agility," said Paul McCarthy, vice president, Private Label Solutions, PHH Mortgage.

PHH Mortgage has built branch payment capability with various regional bank clients through the FIS platform. This allows the bank to continue to provide its "high-touch service" while leveraging a state-of-the-art servicing platform.

How MSP Supports PHH Mortgage

MSP supports a variety of mortgages and loans, all on a single system. MSP can be used to service home equity lines of credit (HELOCs), nonprime loans, adjustable-rate mortgages, balloon loans, interest-only loans, biweekly loans and more as well as provide investor reporting and reporting on all loans.

With more than 100,000 HELOCs, equating to \$3.96 billion in outstanding balances, HELOCs are one type of loan that is critical to PHH Mortgage's strategy in the coming years.

Home Equity Lines of Credit

The HELOC functionality within MSP is one of the key advantages for PHH Mortgage and its bank clients. HELOCs, a popular product

with most of PHH Mortgage's clients, provide regional banks with one more access point to their borrowers and an additional cross-sell opportunity. By servicing the HELOCs on MSP, clients are able to offer several enhanced features to borrowers, provide better customer service and experience reduced costs.

Overdraft protection – PHH Mortgage can set up the servicing to enable the client to have funds advanced from the HELOC to cover checks that would cause the checking account to be overdrawn if the checking account is at the same institution as the HELOC. This encourages the borrower to maintain multiple accounts (e.g., mortgage, HELOC and checking accounts) with the same institution.

Card Access – PHH Mortgage's clients are able to offer HELOC borrowers access to their lines of credit via card. The functionality embedded in MSP updates the loan in real time to reflect the draws.

“One of our largest clients previously offered real-time card access for its HELOCs,” said McCarthy. “In order for this client to continue to provide this to its borrowers, we needed a fast solution. This prompted us to collaborate with FIS to beta test its real-time card access solution, and after a successful beta period, we fully implemented the functionality in July.”



Investor Reporting

As a result of the loans being serviced on MSP, PHH Mortgage's clients benefit from close collaboration with Fannie Mae, Freddie Mac and Ginnie Mae. Additionally, MSP users consistently have superior tier ratings.

Reporting

MSP offers more than 2,000 standard reports, and ad hoc extracts and inquiries can be set up by the user.

Improve Efficiencies with Director Scripting

With current market conditions, mortgage servicers must look for new ways to perform the same operations at a lower cost and with more efficiency. Director scripting is an easy solution that automates workflow, providing repeatable, consistent results. Scripting uses technology to help Director users tailor processes to meet their company's unique business needs and objectives. This has been proven to be an effective way to reduce errors, maintain integrity of processes and procedures, reduce time spent on manual processes and repetitive tasks, and decrease the cost per loan for servicing.

“We have used Director scripting for six years, and the main benefit we see from utilizing scripts in Director is the consistency,” said Darin Spurgeon, Director programmer for Aurora Loan Services. “When representatives do a process manually, they may perform the same task a little differently than someone else. With scripts, we know it will be performed the same each time, improving our processes and reporting capabilities, and at a glance enables us to determine what was done.”

Aurora Loan Services designs scripts for all areas of servicing, including customer service, collections, default, payoffs, escrow and cashing.

By utilizing workflow automation tools, scripting enables clients to complete simple tasks in MSP through Director. The scripts are easy to install and run, and once installed, users can perform tasks without an in-depth understanding of MSP or Director. In fact, departments that use scripting have been able to hire personnel without mortgage experience and at a lower compensation rate than personnel with experience in the mortgage banking industry. In addition, because less time is spent on loan processing activities, full-time employees have more time to finish supplemental processes and more complicated tasks.

“Cenlar FSB has more than 150 scripts in production today,” said Jo Ann Lasso, Director administrator – servicing systems and second vice president

of Cenlar FSB. “Scripting offers so much flexibility that if you are creative, the possibilities for time savings and process efficiencies are endless.”

Cenlar FSB has used Director scripting since 2001 for such processes as year-end, call center and data capture of day-to-day activities for tracking.

The client controls how the scripts are run and can customize scripts to fit their specific needs. If a script needs to be customized, FIS can also perform the customization on the client's behalf or build the script.

Bundled Scripts

FIS has created five prewritten scripts that are available as a bundled package or individually. These scripts serve as a starter kit for clients that have not utilized scripts before or do not have a large technical staff to create scripts.

These scripts include:

- Borrower changes – name, address and telephone number
- Customer service requests – amortization schedules, loan histories and billing statements
- Short-form payment reversals
- Payoff quotes
- Waive late charges



Because the scripts are prewritten, they can be implemented very quickly. FIS sends the client a CD with the script(s), installation instructions and support information. Within 24 hours, employees can be using scripts.

FIS plans to continue creating prewritten scripts based on client feedback and requests from the Director Product User Group.

mSP

ENHANCEMENT REVIEWS

The following enhancements were installed in August, September and October 2007:

FASB91—ELOC Net Fee Amortization (EN3032, IP 1967, MSP 07-26)

This standard elective enhancement enables you to use additional amortization calculation options by adding straight-line amortization functionality to MSP based on the HELOC loan being in an open or closed draw period on the FASB cutoff date. The system uses active and inactive HELOC loans with a principal balance equal to zero to determine if the amortization of the loan is straight line or yield-based.

FASB91—Additional FASB Buckets (EN3032, IP 1922, MSP 07-27)

This standard elective enhancement increases the number of FASB91 buckets within MSP screens, headers, reports, and transactions from four to eight, regardless of loan type.

Fannie Mae Effective Date (EN3047, IP 2006, MSP 07-28)

This standard enhancement enables you to report to Fannie Mae the effective date on the following delinquency status codes: 09, 12, 17, 24, 26, 27, 28, 29, 30, 31, 32, 42, 43, 44, 49, 59, 61, 62, 63, 64, 65, 66 and 67.

PLS—Header Expansion and Conversion (EN3016, IP 1936, MSP 07-29)

This standard elective enhancement provides increased functionality to facilitate private label servicing, sub-servicing and business process outsourcing with the new Private Label Servicing Workstation.

PLS—Report Management (EN3020, IP 1936, MSP 07-30)

This standard elective enhancement modifies FM to enable MSP application programs to issue segment marker requests, which are indexes within an FM file indicating where logical segments in a particular report or external output file begin and end.

PLS—Application Re-architecture (EN3021, IP 1936, MSP 07-31)

This standard elective enhancement expands the private label servicing client ID to accept alphanumeric values AAA through 999, with the following exceptions: 000, 998, 999, ZZZ, and I or O in any position.

PLS—Cash & Fee Management/Outbound Billing (EN3022, IP 1936, MSP 07-32)

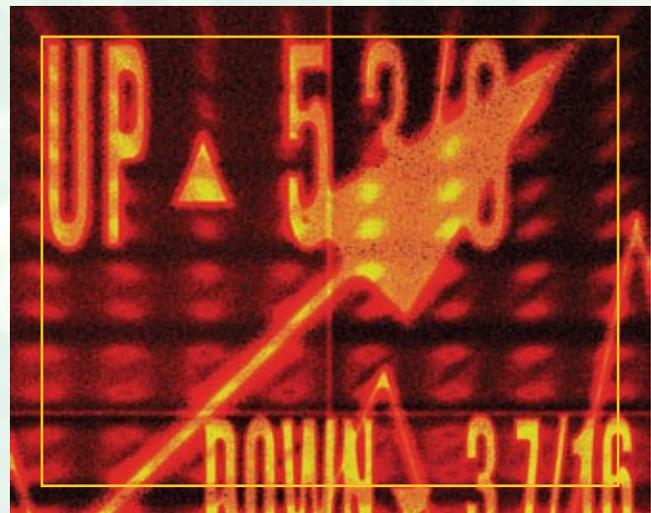
This standard elective enhancement enables you to bill private label servicing clients for costs incurred for servicing loans.

PLS—Cash & Fee Management/Inbound Cash (EN3027, IP 1936, MSP 07-33)

This standard elective enhancement modifies processes that support private label servicing to enable you to manage cash and bill borrowers while protecting the client brand.

Puerto Rico Year End Phase 2 (EN3045, IP 1966, MSP 07-34)

This standard elective enhancement allows for dual year-end reporting to both the IRS and the Department of the Treasury for the Commonwealth of Puerto Rico (Hacienda).





Automatic Funding of Escrow Advance (FP5172, IP 1977, MSP 07-35)

This fast-path enhancement enables the MSP system to automatically fund the payment clearing account for escrow advances created by disbursements, payments and reversals. The system debits the refund payee and credits the payment clearing payee for the amount of the escrow advances in the same processing cycle in which the escrow advances occur.

DSI Leap Year Interest Calculation (EN3046, IP 2022, MSP 07-36)

This standard enhancement modifies the MSP system so that interest accrual for payments and payoffs computes using 366 days for any part of the calculation period that falls within a leap year.

Investor IRS 2007 (EN3055, IP 2025, MSP 07-37)

This standard enhancement enables issuers of Ginnie Mae and private pools to report at year end detailed trust information such

as interest distribution, investment expenses, and non pro-rata partial payments to investors, security holders and the IRS via forms 1099-INT and 1099-B.

ELOC Card Access–Soft Post (EN3017, IP 1931, MSP 07-39)

This standard elective enhancement increases the functionality of the ELOC Held Funds (IP 1865) process by enabling your company or a third-party vendor to send a card authorization or soft-post transaction whenever a merchant authorizes a purchase made on a HELOC card. It matches the soft-post authorization with the actual advance and adjusts the remaining funds available. It also adds functionality to prepare the ELOC workstation for card processing.

ELOC Card Access (EN2963, IP 1857, MSP 07-40)

This standard elective enhancement enables cards to be issued for HELOC loans.

MAGNIFIDE Web Services continued from page 3

delivers only as much MSP data as the third party needs, based on business function. The servicer indicates the view(s) to make available to authorized third parties, which could include a payment view, escrow view, default view, etc., or a combination of available views. Then, authorized third parties and affiliated banks log on to the Internet from their desktops to access FIS' user interface and locate the loan to view pertinent MSP data in real time.

Dynamic Loan View can be utilized by a broad range of people to perform a variety of tasks. Master servicers and investors can retrieve relevant loan-level mortgage information that servicers are contractually obligated to provide. Payment aggregators can view payment-related information to determine the payment amount due and decide whether they should accept a payment from the borrower. Servicers can give tellers the ability to provide mortgage information to customers and accept mortgage payments at the branch.

The power of Dynamic Loan View will grow exponentially as FIS creates additional views. In addition, when filters are developed, planned for 2008, servicers will be able to narrow the loans eligible for viewing by third parties, based on select criteria such as investor number, branch number and private label servicing ID.

Ideas for Web Services Plus?

In what other ways can FIS develop solutions around Web services to remove burdensome processes? We welcome your suggestions. Please send your ideas for Web Services Plus to mortgage.marketing@fnis.com.

Consistent, accurate data ...
AT YOUR FINGERTIPS.



Made possible with
FIS MAGNIFIDE Web Services.™

FIS – The leader in data access.

Partner with the leader.

888.323.0310
www.fidelityinfoservices.com

FIS Makes It Possible.

FIS»
FIDELITY NATIONAL
INFORMATION SERVICES

Dan Scheuble's Third Quarter Townhall Meeting

In September, Dan Scheuble, president of FIS' Mortgage Servicing division, held a townhall meeting for Mortgage Servicing Package (MSP) clients. If you were not able to participate, a recording of this call has been placed on the PowerCell Web site under "In the Spotlight" for your listening convenience.

During this meeting, Scheuble provided an update on the state of the industry and FIS. Jeff Mouhalis, executive vice president of Product and Delivery and chief information officer, then provided a status report on key FIS products. Cynthia FitzGerald, executive vice president of Customer Support and Services, concluded the meeting with an update on professional services offerings and the benefits they can provide during these unprecedented times the industry is facing.



Speeding Up the Escrow Exception Process

Annually, servicers are required to do a reconciliation of borrowers' escrow accounts. To complete this, the servicing staff reviews a comprehensive MSP report that lists each and every exception in loan number order.

Those exceptions then need to be worked, which becomes very labor- and time-intensive to check and update. In fact, this is the most labor- and time-intensive piece of escrow analysis. Understanding this, FIS has made automating this process a priority as it develops MAGNIFIDE MSP.

MAGNIFIDE MSP: Escrow Analysis Exception Processing enables escrow exceptions from MSP reports to be automated into MAGNIFIDE MSP, where users can queue, sort, route, manage and track resolution of escrow analysis exception items online. MSP will continue to perform the escrow analysis and determine the escrow exceptions. Then, MAGNIFIDE MSP will accept the exceptions, turning a manual process into an automated process. With this component, users can better manage and resolve the analysis exceptions prior to executing the final analysis.

Improved Workflow

Escrow Analysis Exception Processing helps improve workflow by segmenting, performing and managing the work.

Segmenting Work

This component of MAGNIFIDE MSP enables you to define criteria to route work to selected resources, based on your business objectives.

The Escrow Analysis Exception Processes component provides numerous ways to slice and dice data for prioritizing work. For example, if you wanted to prioritize the exceptions with the highest dollar amounts, you can sort the work within those parameters and then place those exceptions in work lists for your resources to complete first.

A mass update feature enables a manager to disposition analysis exceptions across several work lists if a recurring problem is identified. For example, if there are numerous exceptions in a certain county, it might indicate a tax increase in that county. In these cases, a manager can use the mass update feature to resolve and remove those items from various work lists.

Performing Work

Based on conditions set by the manager, Escrow Analysis Exception Processing presents work to your staff in priority order. Employees can simply click "Next," and the system brings up the next item in the prioritized work list(s) that you have assigned to that employee.

Employees are able to pend exceptions if assistance is needed from other areas, and the system will re-present those items at an assigned follow-up date.

Managing Work

A manager works from a dashboard that provides an all-encompassing view of the escrow analysis exception work and the resources assigned and available. This enables the manager to manage the workload. The manager can also view work lists by employee. Redistribution of work or reassignment of resources can be easily performed from the dashboard.

Escrow Analysis Exception Processing also provides statistical reporting. From the dashboard, the manager can preview the work and details of it, as well as see high-level statistics on the outstanding work, the work in progress and the work completed.

The Benefits

Escrow Analysis Exception Processing provides the following benefits:

- Automated manual processes
- Increased speed and accuracy of error resolution
- Elimination of paper reports
- Improved management oversight and reporting

The Status

Business and system use cases, as well as client review sessions and development for Escrow Analysis Exception Processing have been completed. This component has been transitioned from development to quality assurance. Alpha testing will begin this quarter, and beta testing is expected to begin soon after, with a completion date of first quarter 2008.

The Future

This component provides the foundational architecture for work management. Future components that need the basic fundamentals of work management will leverage this architecture, speeding up the development and delivery timelines.



Escrow Analysis Exception Processing is flexible and configurable, based on how that company does business. It is available as part of MAGNIFIDE MSP: Loss Mitigation or as a stand-alone functionality of MAGNIFIDE MSP. If you are interested in this functionality, contact your Account Director.

Regulatory continued from page 1

print vendors perform this calculation for periodic billing statements. This enhancement added an effective APR field to MSP, which facilitates compliance with Regulation Z, based upon the Truth in Lending Act (TILA).

Ginnie Mae LIBOR ARMs: Ginnie Mae now allows issuers to pool London Interbank Offered Rate (LIBOR)-Indexed ARM loans into their securities. As a result, they will use new ARM suffixes. Screens in MSP have been updated, allowing clients to set up new pools. Phase II is coming soon, which will update the system, so when reset dates for ARM loans occur, the system will update the pool reporting properly.

Fannie Mae Servicing Guide Changes to New Single-Family Trust Agreement (Default): MSP has been updated, enabling servicers to report the effective date of the delinquency status being reported.

Fannie Mae Servicing Guide Changes to New Single-Family Trust Agreement (Investor): FIS added functionality to MSP to consistently process payoffs for all scheduled/scheduled remittance-type Fannie Mae mortgage loans.

FFIEC Call Report Changes: The Federal Financial Institutions Examination Council (FFIEC) made changes to its Call Reports that required changes to the S-51Z – FDIC 2001 Revisions report, used by servicers to complete their Call Reporting.

HELOC FASB: This enhancement changed accounting calculations for HELOCs processed on MSP, per the Financial Accounting Standards Board (FASB) 91 guidelines. The calculations were changed to provide both straight-line and interest-method amortization under the appropriate circumstances.

HUD Single Family Default Reporting Changes: HUD revised the regulations to require lenders to report the status of all single-family mortgages insured by HUD that are in default after 30 days or that are 90 or more days delinquent. FIS worked extensively with HUD to ensure the compliance dates were reasonable for FIS and MSP clients. New default status codes were added to MSP to maintain an ongoing history of the status changes.

OTS TFR Changes: The Office of Thrift Supervision (OTS) required new line items for the Thrift Financial Report (TFR) to provide information on loans that have or could negatively amortize, specifically ARM loans. FIS worked with the OTS to extend the timeline to allow time for programming and testing before a successful implementation.

Regulatory Enhancement for the Remainder of 2007

FIS will complete development of and implement several more enhancements in 2007.

VA Loan Electronic Reporting Interface Implementation: The VA has developed a new electronic reporting system. Phase 1 development is complete and beta testing is near completion. The first planned implementation is scheduled for January 2008 with additional implementation dates available on the VA Web site at <http://homeloans.va.gov/valeri.htm>.

Fannie Mae MBS Pool Number Field Format Change: The Fannie Mae MBS Pool Number field is currently defined as a six-position numeric field. The Pool Number field will be modified to be alphanumeric. MSP will be enhanced so that the first two positions will contain upper-case letters, and the remaining four positions will contain numbers.

IRS Rule Concerning Widely Held Fixed Investment Trusts (WHFIT): The IRS has released new rules for what trustees must report for WHFIT. Servicers of Ginnie Mae pools are also the trustees of those pools they service, and not all the information the IRS requested is easily obtainable. FIS worked with the Mortgage Bankers Association and MSP clients to get more specific information and definitions from the IRS, and the enhancement is currently in development.

Mortgage Insurance Tax Deduction: A new law makes mortgage insurance paid a tax deduction for certain income brackets. Because MSP already stores data on mortgage insurance paid by borrowers, providing this information will be a simple enhancement. FIS has met with the IRS, the Mortgage Bankers Association and clients to understand what is required.

WHFIT 1099 Changes: New WHFIT regulations require changes to 1099 reporting. MSP will be updated to eliminate the IRS 1041/K1 extract, add a 1099B record, change other 1099s and alter screens to handle these changes, primarily for Ginnie Mae I pool loans.



Planned Regulatory Enhancements for 2008

FIS expects to complete a significant amount of regulatory enhancements in 2008, as well, including several enhancements that are currently underway.

ARM Payment Options for Delinquent Loans: The FFIEC has set guidelines on how financial institutions should provide borrowers with clear and balanced information before they make a product or payment choice. In order to be in compliance with the recommended practices, monthly statements that are provided to borrowers on payment option ARMs should provide information that enables borrowers to make informed payment choices, including an explanation of each payment option available and the impact of that choice on loan balances. These criteria apply to both the billing and the drafting process.

Ginnie Mae (RFS): Ginnie Mae has undertaken a major effort to improve its business processes, including GinnieNet submissions, the investor reporting cycle and loan-level reporting. Requirements gathering is complete, and FIS is committed to having these changes completed by the 2008 compliance date.

Regulatory FAC

FIS works very closely with the Regulatory FAC regarding regulatory changes and enhancements. If you are interested in joining this FAC, please send an e-mail to Dan Knight at dan.knight@fnis.com.



Preparing for Year-End Processing

2007 is quickly coming to an end, and FIS would like to remind you to complete your year-end processing checklist. Please also be aware of the year-end schedule for your planning purposes.

Monday, December 31, 2007

Business as usual with all systems and support available. Online availability will end at 11:00 p.m. Eastern time for all processing clients. By this time, all end-of-day and GoBooks must be submitted to FIS.

Tuesday, January 1, 2008

There will be no scheduled online availability as year-end processing will occur.

Wednesday, January 2, 2008

Business as usual.

VRU and Internet Applications

Please note that during the year-end processing window, VRU and Internet applications will remain available for clients that have 24/7 VRU and Internet applications.

Passport Files

Clients wishing to execute Passport file formats against loans that will be purged in year-end processing must submit their file format request prior to the purge. For more information, contact your PowerCell Passport consultant by Wednesday, December 26, 2007.

Contact your PowerCell Special Loans consultant or Operations/Technical consultants with any year-end processing questions.

