

1 STATE OF INDIANA MARION COUNTY SUPERIOR COURT
2 COUNTY OF MARION CAUSE NO.: 49D06-0703-MF-013045
3 consolidated with: 49D10-0609-PL-40167

4 U.S. Bank, NA as Trustee,
5 Plaintiff(s),
6 vs.

COPY

7 Mamie Robinson, Individually
8 and as Personal Representative
of Jessie Robinson,
9 Defendant.

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DEPOSITION TRANSCRIPT OF
PEGGI JEANNE MATASOVSKY FOSSELL
August 13, 2009
9:05 A.M.
at
GMAC RFC, LLC
One Meridian Crossings
Minneapolis, Minnesota 55423

REPORTED BY: Janet D. Winberg, RPR

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 Phone (612) 986-5960 ** Fax (952) 226-1784 ** chaserreporting@aol.com

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Kathy Priore
 Christine Buen

NOTE: Pursuant to Minnesota Rule of Civil Procedure 30.06, the original transcript will be delivered to the noticing party.

NOTE: Exhibits 1 - 7 were marked.

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PROCEEDINGS

(Witness sworn.)

PEGGI JEANNE MATASOVSKY FOSSELL,

called as a witness, being first duly sworn,

was examined and testified as follows:

* * *

EXAMINATION

BY MS. JACKSON:

Q. And if you please, I am Chris Jackson and I am representing the Robinsons, whose loan documents we're going to be looking at a little bit later today.

Can you please state and spell your name for the court reporter?

A. Sure.

It's Pegg, P-E-G-G-I. Jeanne, J-E-A-N-N-E. Matasovsky, M-A-T-A-S-O-V-S-K-Y. Fossell, F-O-S-S-E-L-L.

Q. Can you I call you Pegg?

A. Yes.

Q. I think that will be the one I can pronounce the best.

So have you ever -- have you ever given a deposition before?

A. No, this is the first time.

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1 Q. Okay. I'll be asking a series of questions. At
2 various points in time Mr. Boyers and/or -- I
3 don't know if Christine, may be objecting to
4 that. And a lot of times it's just something
5 we're noting for the record and you may be
6 instructed to go ahead and still answer the
7 question.

8 If I say anything that's unclear, or you
9 don't understand, please ask me to go ahead and
10 rephrase the question. Some of it is because,
11 you know, we're going to be talking about how
12 you process loans and I have absolutely no idea
13 how that is done. So if I ask something a
14 little bit awkward, just say, "Wait a second, I
15 don't understand" and I'll rephrase the
16 question.

17 If at any time you need a break--water
18 break, restroom break, anything like that, you
19 want to get a snack, just go ahead and let us
20 know. I'd like you -- if I've asked a question,
21 I'd like you to finish answering that question,
22 but we'll take a break any time that you need
23 to.

24 Okay. Do you have any questions about just
25 the process?

1 A. No.

2 Q. All right. Well, I'm just going to start out
3 with asking you some just background questions
4 of, you know, your education and your job
5 history. So your employer right now is?

6 A. **GMAC ResCap.**

7 Q. Okay. And ResCap, does that -- is that like the
8 actual name or is it an acronym that...

9 A. **It's R-E-S capital C-A-P.**

10 Q. Okay. And how long have you been working for
11 GMAC ResCap?

12 A. **I've been at the organization for over 27 years.**

13 Q. Okay. I notice you said *organization*; is it
14 because it's changed names several times?

15 A. **Different parents and --**

16 Q. Right.

17 A. **Yes.**

18 Q. Okay.

19 A. **Mergers and things like that.**

20 Q. Okay. And so 27 years ago is a long time. How
21 long -- what is your job position right now?

22 A. **My current title is a senior business advisor.**

23 Q. And how long have you been in that position?

24 A. **I've been a manager or a senior business advisor
25 since 2003.**

1 Q. Okay. And as the -- in this -- during 2003
2 through today were you in this position under
3 GMAC ResCap or did the company's name change
4 during that time?

5 A. **It might have changed during that time.**

6 Q. Okay.

7 A. **It was always GMAC during that period of time.
8 It was always an entity of GMAC.**

9 Q. Okay. And did your job duties change any when
10 the company's name changed during 2003 to 2009?

11 A. **Just to the extent that the company has shrunk.
12 I managed a group of people that were in charge
13 of the credit risk functions that I'm currently
14 responsible for.**

15 Q. Right.

16 A. **Now I'm an individual contributor.**

17 Q. Okay. Sounds like downsizing --

18 A. **Yes.**

19 Q. -- for everyone?

20 A. **Yes. Unfortunately.**

21 Q. Yeah, that's going on quite a bit.

22 Okay. So can you just give me just a
23 general overview of what your job duties consist
24 of now?

25 A. **I work in a department that is responsible for**

1 **the operational and credit risk management --**

2 Q. Uh-huh.

3 A. **-- for the organization.**

4 My role is, as I said, an individual
5 contributor and I oversee the acquisition
6 diligence processes that are occurring out in
7 the channel, from a standpoint that I help
8 assist in facilitating the change management of
9 those processes as policy decisions change.

10 Q. Okay. So right now are you responsible for
11 supervising any employees?

12 A. **Not currently.**

13 Q. Okay. And then are you supervised by someone?

14 A. **Yes.**

15 Q. Okay. And how many people, I guess, are in your
16 group under one supervisor?

17 A. **Within -- I'm in a team called *Credit Policy* --**

18 Q. Okay.

19 A. **-- *Administration* --**

20 Q. Uh-huh.

21 A. **-- and our group, I'm going to guess, is roughly
22 a dozen --**

23 Q. Okay.

24 A. **-- or less.**

25 Q. And then going back to the time frame of let's

- 1 just say 2005 to 2006, --
- 2 **A. Uh-huh.**
- 3 **Q.** -- it seems like you were still a senior
business advisor.
- 4 **A. (Nodding.)**
- 5 **Q.** Were there any differences in your job duties
6 during 2005 and 2006, as compared to what you
7 just told me now?
- 8 **A. No. Other than I did it for the entity
9 Residential Funding. Now my responsibilities
10 include overseeing it for the integrated
11 organization.**
- 12 **Q.** Okay. So let me just take you back to
13 2005 - 2006. And you were talking about the
14 Residential Funding.
- 15 **A. (Nodding.)**
- 16 **Q.** Can you explain the relationship to -- I mean
17 what -- is this a subsidiary of a bigger
18 company? Or do you know? Or --
- 19 **MR. BOYERS:** Object to the form of the
20 question. You're calling for a legal
21 conclusion.
- 22 She can answer to the extent of her personal
23 knowledge.
- 24 **MS. JACKSON:** Okay.

- 1 **BY MS. JACKSON:**
- 2 **Q.** Was it called something else before *Residential
3 Funding Company* before 2005?
- 4 **A. Residential Funding Corporation.**
- 5 **Q.** Corporation, okay.
- 6 And then what were your job duties during
7 that time, --
- 8 **A. Um...**
- 9 **Q.** -- 2005 to 2006?
- 10 **A. I was a Senior Business Advisor then, as well.**
- 11 **Q.** Right.
- 12 **A. And I managed the same type of thing, the --
13 overseeing the processes and the diligence
14 processes of acquisition of loans that are RFC
15 acquired.**
- 16 **Q.** Okay. Did you have supervisory responsibility
17 during that time, 2005 - 2006?
- 18 **A. I may have. I don't remember the exact dates.
19 My manager, who was in charge, I had informal
20 responsibility because she was -- had cancer and
21 passed away, so --**
- 22 **Q.** Sorry.
- 23 **A. -- that's a period of time that I, as -- on a
24 temporary basis. I might not have had the
25 official title, --**

- 1 **Q.** Right.
- 2 **A. -- but I helped manage the group --**
- 3 **Q.** Okay.
- 4 **A. -- unofficially part of that time.**
- 5 **Q.** Yeah. So this group that you were working in,
6 in 2005 - 2006, what were their
7 responsibilities?
- 8 **A. The group was responsible for helping facilitate
9 change management when policies changed.
10 Interfacing between the Capital Markets Groups
11 and the decision makers and the actual
12 operational staff that did the process to help
13 manage and make sure that the diligence steps
14 were followed, so you kind of oversee it. You
15 help with the framework.**
- 16 **Q.** Okay. Was this group responsible for doing any
17 of the paperwork to look at loans to see if they
18 met these standards you were talking about?
- 19 **A. The procedures.**
- 20 **Q.** The procedures?
- 21 **A. To oversee the procedures that were followed.**
- 22 **Q.** Okay. So -- but this group didn't do any of the
23 actual reviewing of the loan documents?
- 24 **A. No.**
- 25 **Q.** Okay. That's what I needed.

- 1 Okay. So can you -- first of all, have the
2 procedures with regard to Residential Funding
3 changed, in the proc- -- in the due diligence
4 processing, have they changed from like 2005 -
5 2006 to present?
- 6 **A. Residential Funding Acquisitions doesn't exist
7 anymore.**
- 8 **Q.** And when did they cease to exist?
- 9 **A. It was phased and closed out 2000 -- starting
10 probably in 2007.**
- 11 **Q.** 2007. Okay. Are you familiar with the -- the
12 review policies that were in place during
13 2005 - 2006?
- 14 **A. (Nodding.)**
- 15 **Q.** Okay.
- 16 **A. Yes.**
- 17 **Q.** So we're just going to focus on those then; --
- 18 **A. Okay.**
- 19 **Q.** -- all righty?
- 20 **A. Okay.**
- 21 **Q.** So during the time 2005 - 2006, can you give me
22 an example of -- you said you were in charge of
23 making sure the review policies were
24 implemented?
- 25 **A. Uh-huh.**

- 1 Q. Is that a --
- 2 MR. BOYERS: You have to --
- 3 BY MS. JACKSON:
- 4 Q. Can you explain what you would do on a
- 5 day-to-day basis? Just give me an example of
- 6 going through one of your days.
- 7 A. **An example?**
- 8 Q. Uh-huh.
- 9 A. **Ah, if a product would change parameters --**
- 10 Q. *Product* meaning?
- 11 A. **Okay. See, that's part of the problem. I don't**
- 12 **work in this industry and there's a lot of buzz**
- 13 **words that...**
- 14 People were -- they were talking about
- 15 something else yesterday that I learned was a
- 16 loan, but they used a totally different word.
- 17 Okay. So you said of a product.
- 18 MR. BOYERS: I'd just note for the
- 19 record that I move to strike the comments about
- 20 what was discussed or stated in testimony
- 21 yesterday.
- 22 MS. JACKSON: That's fine.
- 23 BY MS. JACKSON:
- 24 Q. You can go on.
- 25 A. **If mortgage products, parameters or criteria**

- 1 **changed we would -- or being proposed change,**
- 2 **would be a better way to state it. If there's**
- 3 **proposals to change a product we would help**
- 4 **evaluate the impacts of that on the operational**
- 5 **group.**
- 6 Q. Okay. And when you're talking about to change a
- 7 product, what type of changes are you talking
- 8 about?
- 9 A. **They changed the LTV, you know, the loan amounts**
- 10 **as it relates to an LTV.**
- 11 Q. Okay. What is an LTV?
- 12 A. **Loan-to-value.**
- 13 Q. Loan-to-value?
- 14 A. **(Nodding.)**
- 15 Q. Okay. And so... And so they -- so that's the
- 16 next thing that would be a change in the
- 17 product. What are some other examples?
- 18 A. **Whether they would, you know, allow gift -- gift**
- 19 **letters. Could parents give gift letters for**
- 20 **down payment.**
- 21 Q. Okay. And do you know where these changes were
- 22 initiated?
- 23 A. **Through the Product Development Group of Capital**
- 24 **Markets.**
- 25 Q. So that was not your responsibility?

- 1 A. **No.**
- 2 Q. Okay.
- 3 Okay. And so once the Product Development
- 4 Group came down with a list of changes, --
- 5 A. **Proposed changes.**
- 6 Q. -- proposed changes, what did you guys do with
- 7 those proposed changes?
- 8 A. **We would help evaluate the impact to the**
- 9 **systems, people and processes.**
- 10 Q. Okay. And can you describe to me what that
- 11 would entail?
- 12 A. **Working with the managers of the actual**
- 13 **acquisition teams. Working with the people that**
- 14 **were responsible for the systems.**
- 15 Q. Okay.
- 16 A. **And seeing if there were -- evaluating and**
- 17 **determining what systems needed to be changed**
- 18 **and/or education or training needed to be done**
- 19 **or...**
- 20 Q. Okay. When you would work with the Acquisitions
- 21 Department in helping evaluate these proposed
- 22 processes, what type of functions would you
- 23 perform for them?
- 24 A. **Gap analysis.**
- 25 Q. And what's *Gap*?

- 1 A. **Just "What is it now?" "What's it proposed to**
- 2 **be?" "What's the difference?"**
- 3 Q. Are we talking about a policy or are we talking
- 4 about how policy affects the monetary number? I
- 5 am not quite sure --
- 6 A. **Re- --**
- 7 Q. -- when you say *Gap*.
- 8 A. **-- evaluate --**
- 9 MR. BOYERS: Objection, compound
- 10 question.
- 11 MS. JACKSON: I'm not...
- 12 BY MS. JACKSON:
- 13 Q. I don't understand what you mean by *Gap*
- 14 *Analysis*. Could you explain that to me a little
- 15 different? What would help me understand?
- 16 A. **Um...**
- 17 MR. BOYERS: Objection, vague.
- 18 THE WITNESS: It's how --
- 19 BY MS. JACKSON:
- 20 Q. You were saying that the Product Development
- 21 Group would bring -- have proposals and they
- 22 would send them to your group to help evaluate
- 23 the process.
- 24 A. **All right. I can -- I can think of an example.**
- 25 Q. Better example. Thank you.

- 1 **A. They change an LTV.**
 2 **Q.** Okay.
 3 **A. The maximum LTV -- loan-to-value that could be used on a certain mortgage product, --**
 4 **Q.** Okay.
 5 **A. -- they're proposing to change it.**
 6 You would look to see was that something
 7 that a person manually checked or was that
 8 something that the system checked. And the
 9 system checked that, by the way. So you would
 10 check to see can you get -- what day do they
 11 want to implement the change? Can you get the
 12 system changed in time? Or do you have to
 13 change processes to manually watch for it until
 14 they can get the system to change for it.
 15 **Q.** Okay. When you're talking about the system,
 16 we're talking about a computer system?
 17 **A. Uh-huh.**
 18 **Q.** Okay.
 19 MR. BOYERS: Say Yes or No.
 20 THE WITNESS: Yes.
 21 Sorry.
 22 I'm a *Uh-huh*...
 23 Sorry.
 24 MR. BOYERS: That's all right.

- 1 BY MS. JACKSON:
 2 **Q.** So were your responsibilities in this department
 3 to see...
 4 If the Product Development Group came up
 5 with something they wanted to change, your
 6 evaluation is whether this was something that we
 7 could just change our computer program and the
 8 computer program could handle it? Or somebody
 9 would have to manually review the document?
 10 **A. Yes.**
 11 **Q.** Is that a correct characterization?
 12 **A. Yes.**
 13 **Q.** He hates when I do this.
 14 MR. BOYERS: I object because it's a
 15 compound question. You asked an *Or* question and
 16 when she says *Yes* it's unclear on the record, so
 17 if you could ask one part and get a *Yes* or *No*
 18 answer, --
 19 MS. JACKSON: Right.
 20 MR. BOYERS: -- otherwise I don't think
 21 the record will be clear.
 22 MS. JACKSON: Yes, I do think it's
 23 probably a compound answer.
 24 BY MS. JACKSON:
 25 **Q.** Did you --

- 1 MR. BOYERS: Because it's a compound
 2 question, it leads to compound answers.
 3 Could you restate her question, please? Or
 4 read back her question?
 5 (Record read.)
 6 MR. BOYERS: Having heard that again, do
 7 you understand the question?
 8 THE WITNESS: I'm a little unclear with
 9 the *Or*, but...
 10 MS. JACKSON: Let me just restate it
 11 without the *Or*.
 12 BY MS. JACKSON:
 13 **Q.** You had stated that part of what you were trying
 14 to check in your department was if the computer
 15 could do an analysis or if the -- it would have
 16 to be done manually.
 17 So can you explain to me...
 18 When you say that the computer do the
 19 process or it's done manually, could you explain
 20 to me what both of those process- -- the
 21 difference between those two processes?
 22 MR. BOYERS: If you understand the
 23 question --
 24 MS. JACKSON: Just say --
 25 THE WITNESS: Yeah.

- 1 The -- we receive data on a loan, --
 2 BY MS. JACKSON:
 3 **Q.** Okay.
 4 **A. -- such as loan-to-value.**
 5 **Q.** And that's electronic data?
 6 **A. Yes. Electronic data.**
 7 **Q.** Okay.
 8 **A. That our system would evaluate to make sure it**
 9 **met the product parameters. If they changed**
 10 **those product parameters our job was to make**
 11 **sure that the system could either be changed in**
 12 **time or we had a process in place to check it**
 13 **until such time as the system could be changed.**
 14 **Q.** Okay. So were you ever involved in the physical
 15 analysis of loan documents when they came in?
 16 **A. Ever? Or just in that time frame?**
 17 **Q.** In that time frame first, 2005 to 2006.
 18 **A. No, --**
 19 **Q.** Okay.
 20 **A. -- I did not review loans.**
 21 **Q.** Prior to 2005 did part of your job duties
 22 involve looking at an actual loan file for
 23 physical...
 24 **A. Yes.**
 25 **Q.** Okay. So what I would like to do is show you

1 some loan documents from Ms. Robinson's file and
 2 see if you can kind of just explain to me.
 3 There's like certain checklists and certain
 4 things that are in there that we just want to
 5 see how the process works for when a loan came
 6 in.

7 **A. Okay.**

8 **Q.** Okay. So the first thing I have --

9 MS. JACKSON: And I'll have to mark this
 10 exhibit.

11 (Discussion had off the record.)

12 BY MS. JACKSON:

13 **Q.** These are documents that were provided in
 14 discovery by U.S. Bank as trustee and they were
 15 provided through Mr. Boyer (sic), your counsel,
 16 so --

17 MR. BOYERS: Boyers.

18 MS. JACKSON: Do you have an S on your
 19 name?

20 MR. BOYERS: Boyers.

21 MS. JACKSON: I've been saying it wrong
 22 for five years, so sorry, sir.

23 Okay. The first is going to be Exhibit A.

24 (Discussion had off the record.)

25 (Exhibit 1 marked.)

1 BY MS. JACKSON:

2 **Q.** Have you seen a document similar to this when
 3 you were reviewing?

4 **A. Yes.**

5 **Q.** Okay. And can you just tell me what it is?

6 **A. It's a *Purchase Advice Cover Letter*.**

7 **Q.** Okay. And a *Purchase Advice Cover*
 8 *Order* (sic) --

9 **A. Cover --**

10 **Q.** -- is something you would receive from who?

11 **A. Residential Funding created it to send to the**
 12 **client, and in this case Mercantile, to show**
 13 **them the *Purchase Advice* as to what we were**
 14 **going to pay for the loan.**

15 **Q.** Okay. And do you know who was responsible for
 16 designing that form? I mean did a certain
 17 department do that or --

18 **A. The Acquisition Group did.**

19 **Q.** Okay. And then I believe if you flip the
 20 page, --

21 **A. (Complying.)**

22 **Q.** -- it should be -- it should be the same letter,
 23 but easier to read.

24 **A. Uh-huh.**

25 **Q.** Because we had some micro copies here.

1 Okay. Do you know, were -- in addition to
 2 this cover letter were there any other documents
 3 that went out with this?

4 **A. I'm not sure. Out to who? Or...**

5 **Q.** Let me see here.

6 **A. Or when...**

7 **Q.** Sorry.

8 MS. JACKSON: Let me give you this.

9 We'll mark that Exhibit 2.

10 (Exhibit 2 marked.)

11 BY MS. JACKSON:

12 **Q.** And it actually has the documents. I think if
 13 you look on Exhibit 2, the very first page, --

14 **A. Uh-huh.**

15 **Q.** -- they were produced in order in discovery.

16 Is that the document that went along with
 17 that cover sheet? Can you tell?

18 **A. The *Purchase Advice*?**

19 **Q.** Yes.

20 **A. Yes.**

21 MR. BOYERS: And you're -- which one are
 22 you referring to?

23 MS. JACKSON: She's on 2 now.

24 MR. BOYERS: Exhibit 2, but what page
 25 are you on?

1 MS. JACKSON: Exhibit 2 contains 1.

2 THE WITNESS: What you gave me in 2
 3 contains 1.

4 MS. JACKSON: Right.

5 So Exhibit 2, Page 1.

6 THE WITNESS: Okay.

7 MS. JACKSON: Okay.

8 BY MS. JACKSON:

9 **Q.** And have you seen, this is a computer printout,
 10 it's the first page of Exhibit 2.

11 **A. (Nodding.)**

12 **Q.** Okay. And at the top of it, it says *Residential*
 13 *Funding Purchase Advice*?

14 **A. Uh-huh. Yes.**

15 **Q.** Okay. So this -- this is the document that
 16 would have been sent with the cover letter;
 17 correct?

18 **A. Correct.**

19 **Q.** So what I'd like to do is just go over, since
 20 it's a computer printout, it has some coding on
 21 it, if we could just go over some of the entries
 22 on it to see what this actually means.

23 **A. Can I look at the larger print of it?**

24 **Q.** Yes. If you flip back to page...

25 MS. JACKSON: I think it should be 5;

1 right?

2 MR. BOYERS: It's not on my copy.

3 THE WITNESS: It is 5.

4 MR. BOYERS: I only have -- I only have

5 5 pages.

6 THE WITNESS: (Sotto voce conversation.)

7 MS. JACKSON: Can we go off the record

8 just a second to get our exhibits straight?

9 (Discussion had off the record.)

10 BY MS. JACKSON:

11 Q. Okay. Peggi, we handed you a package of

12 documents marked Exhibit 2. And could you tell

13 me what the first page of this Exhibit 2 is?

14 A. **It's a *Purchase Advice* on a loan.**

15 Q. Okay. What would the -- a *Purchase Advice* be

16 used for?

17 A. **To document the price that Residential Funding**

18 **was going to pay, in this case, Mercantile, --**

19 Q. Okay.

20 A. **-- for the loan in question.**

21 Q. And we're finding that it's Mercantile because

22 it's up there at the top line, I guess it says

23 *S/S NUMBER*?

24 A. Yes.

25 Q. Is that where you're getting *MERCANTILE*?

1 A. (Nodding.)

2 Q. Okay.

3 And then the line right below that, it

4 says... Can you read that for me and explain

5 what that second entry is right below

6 *MERCANTILE*?

7 A. **The field is called *WAREHOUSE/TITLE NUMBER*.**

8 Q. Uh-huh.

9 A. **And it says *JP MORGAN CHASE BANK N A*.**

10 Q. Do you know what that refers to?

11 A. **That would refer to who Mercantile told us was**

12 **their warehouse lender.**

13 Q. Okay. And then what is a warehouse lender?

14 A. **A mortgage originator typically engages a bank**

15 **to finance the closing of their loans when they**

16 **originate them and --**

17 Q. Okay.

18 A. **-- hold them until they find a permanent**

19 **investor.**

20 Q. Okay. And when you say, "*Hold them until they*

21 *find a permanent investor,*" what do you mean by

22 *hold them*?

23 A. **Finance them.**

24 Q. Finance them?

25 A. (Nodding.)

1 Q. Do the -- does ownership change, do you know,

2 or...

3 A. **I don't know the legalities of that, --**

4 Q. Sure.

5 A. **-- but typically you don't. They just hold them**

6 **in blank.**

7 Q. Okay.

8 A. **Hold the Note in blank.**

9 Q. And that would be JPMorgan Chase?

10 A. Yes.

11 Q. Okay. And then going down the *Purchase Advice*,

12 can you just -- give us just a brief overview

13 kind of line-by-line what these entries are?

14 A. ***S/S Number* is -- and the -- and the number that**

15 **follows it is the -- the *T76*, would be**

16 **Mercantile's number that reflected that they are**

17 **an approved seller --**

18 Q. Okay.

19 A. **-- to RFC.**

20 Q. Uh-huh.

21 A. ***Warehouse* would be who Mercantile told us is**

22 **financing this particular loan --**

23 Q. Okay.

24 A. **-- for them or who they have their line of**

25 **credit through.**

1 Q. Got you.

2 A. **The funding date of November 8, '05 --**

3 Q. Uh-huh.

4 A. **-- is the date that the funding of the wire from**

5 **Residential Funding to JPMorgan Chase or**

6 **whomever were instructed.**

7 **The *RFC Loan Number*.**

8 Q. Okay.

9 A. **The borrower name.**

10 Q. Right.

11 A. ***Commitment Number*.**

12 Mercantile would have taken down a

13 commitment for us to purchase this loan, so

14 that's the commitment number that they...

15 Q. Is that a specific document? A commitment

16 number document or --

17 A. **Um... It's probably electronic.**

18 Q. Okay.

19 A. **In 2005 I'm not a hundred percent sure --**

20 Q. Yeah.

21 A. **-- if it was still paper or it was an electronic**

22 **transfer of information. A client would**

23 **register a commitment --**

24 Q. Uh-huh.

25 A. **-- to sell us a certain mortgage product --**

- 1 Q. Got you.
- 2 A. -- with certain parameters, --
- 3 Q. Okay.
- 4 A. -- that then in turn would equate to a price we would pay for it --
- 5 Q. Okay.
- 6 A. -- if it met those parameters.
- 7 Q. Okay. And then what would happen if it didn't meet the parameters?
- 8 A. Either it would be denied, --
- 9 Q. Uh-huh.
- 10 A. -- because it didn't meet the commitment that they said, --
- 11 Q. Right.
- 12 A. -- or we may adjust the price, --
- 13 Q. Okay.
- 14 A. -- depending on what part of it it didn't meet.
- 15 Q. Got you. All right. So that's commitment.
- 16 And then the next --
- 17 A. **Loan Program.**
- 18 Q. Uh-huh.
- 19 A. **What program that commitment was for. What the Loan Purpose was for. What the Purchase Principal Balance...**
- 20 Q. Let me just stop you just a second.

- 1 Like the *Loan Program*--can you give me an example of what a *Loan Program* would be?
- 2 A. **A home equity loan --**
- 3 Q. Okay.
- 4 A. -- versus a first mortgage product, versus a -- you know, fixed rate, --
- 5 Q. Right.
- 6 A. -- 15-year, 30-year, --
- 7 Q. Right. Okay.
- 8 And then you said there was a *Loan Purpose*. And what type of purposes were in that field?
- 9 A. **Purchase or refinance.**
- 10 Q. Purchase/refinance. Okay.
- 11 Good. Okay. And the next one I think I can figure out, but I'll let you explain it to me.
- 12 A. **Purchase Principal Balance.**
- 13 Q. Okay. And then going across...
- 14 A. **Next is the Note or the Initial Interest Rate, --**
- 15 Q. Uh-huh.
- 16 A. -- would be the interest rate on the Note.
- 17 Q. Okay.
- 18 A. **The Accrual Yield.**
- 19 Q. Do you know if there's a difference between that and the *Note Interest Rate*, or --

- 1 A. **I'm not a pricing person.**
- 2 Q. Yeah. That's okay. If you don't know, just say you don't know.
- 3 And then the next column?
- 4 A. **The Price Percent is the price that we're paying.**
- 5 Q. Okay.
- 6 A. **And the next line is the Price.**
- 7 Q. Do you know if that's your price you're paying or...
- 8 A. **Well, if you take the Purchase Principal Balance of 65,963.87, --**
- 9 Q. Uh-huh.
- 10 A. -- by the 101.3450, --
- 11 Q. Uh-huh.
- 12 A. -- the math works to 66,851.08.
- 13 Q. Okay. Got you.
- 14 And then we have *Accrued Interest*?
- 15 A. **Depending on the day of the month that you're purchasing it, you've got the odd day's interest that is owed.**
- 16 Q. Okay. And then the final one?
- 17 A. **Is that price, plus the Accrued Interest, equals the Total.**
- 18 Q. All right. Then the lines below, you know, they

- 1 repeat, it looks like *Price of Loan* underneath that again.
- 2 And then there's like a *Price of Servicing*; do you know what -- can you explain what that means?
- 3 A. **Some loans we bought, we just bought the beneficial interest in.**
- 4 Q. Okay.
- 5 A. **And some loans we bought the beneficial interest and the right -- we bought the servicing rights.**
- 6 Q. Okay.
- 7 A. **So this is differentiating between the price that they're paying for beneficial interest and the price they're paying for the servicing.**
- 8 Q. Okay. So this would indicate that they purchased the servicing rights with this loan?
- 9 A. Uh-huh.
- 10 Q. Okay. And then if we drop down to the line that starts -- that says *Rate/Price Adjustment*, can you explain those figures along there?
- 11 A. **That would reflect the area where you would start to have some price adjustments due to the type of loan it was.**
- 12 Q. Okay.
- 13 A. **For example, the first one says Owner Occupy.**

- 1 Q. Uh-huh.
 2 A. **And the N tells me it's a non-owner occupied.**
 3 Q. Okay.
 A. **So there was a price adjustment for that.**
 Q. Okay. And then --
 6 A. **Doc Feature Code.**
 7 Q. Uh-huh.
 8 A. **Didn't have a price adjustment.**
 9 Q. What would a *Doc Feature Code* be?
 10 A. **If it was a reduced documentation --**
 11 Q. Okay.
 12 A. **-- of income or something, we would have**
 13 **risk-priced that.**
 14 Q. Okay. Cool.
 15 And then the last one?
 16 A. **Prepayment Penalty --**
 17 Q. Okay.
 18 A. **-- Term.**
 19 So there would have been -- whether -- I
 20 don't -- that would have been whether or not it
 21 had one or not and how long it was. There may
 22 or may not be a price for it -- that it had or
 23 didn't have it.
 24 Q. Okay. And then moving down it says the *Servicer*
 25 is *Homecomings Financial Network*.

- 1 A. **That is who will be the servicer.**
 2 Q. Okay.
 3 A. **That's who RFC was designating the new servicer**
 4 **would be.**
 5 Q. Servicer would be?
 6 A. **(Nodding.)**
 7 Q. Okay. And then can you just -- for me just
 8 explain those lines right underneath that?
 9 A. **That would be Homecomings Financial's servicer**
 10 **number.**
 11 Q. Okay.
 12 A. **The Effective Date of Servicing Transfer would**
 13 **be 12/1/05. That would be the first payment due**
 14 **to Homecomings Financial.**
 15 Q. Okay.
 16 A. **And the Servicing Transfer Balance, which is the**
 17 **Purchase Balance.**
 18 Q. Okay. And that's the one that would be given to
 19 Homecomings as their --
 20 A. **Their starting point.**
 Q. Okay. And then there's this *Service Fee* again
 22 down here.
 23 A. **Uh-huh.**
 24 Q. And what does that relate to?
 25 A. **That the servicing fee is going to be a half a**

- 1 **percentage point, it appears.**
 2 Q. Do you know what that's applied -- half a
 3 percent of what? Do you know or no?
 4 A. **I believe it's half a percent of interest off**
 5 **the 8.99 --**
 6 Q. Okay.
 7 A. **-- is what the servicer will get for doing the**
 8 **work.**
 9 Q. Got you. Okay.
 10 And then over to the right of that it looks
 11 like there's some escrow-type categories. And
 12 on this particular loan, on the third entry down
 13 it says *Tax Service Fee*. Can you tell from this
 14 printout what this is or...
 15 A. **To make sure you monitor that all taxes are**
 16 **paid --**
 17 Q. Uh-huh.
 18 A. **-- in servicing, you have a Tax Service Fee that**
 19 **helps engage -- I think it's a vendor even --**
 20 Q. Okay.
 21 A. **-- that helps monitor the jurisdictions that**
 22 **could apply taxes to the...**
 23 Q. Okay. And is that a fee paid by Residential
 24 Funding or is that...
 25 A. **It -- we charge the client for that, --**

- 1 Q. And the client --
 2 A. **-- Mercantile.**
 3 Q. **-- would be?**
 4 A. **Mercantile.**
 5 Q. Mercantile?
 6 A. **(Nodding.)**
 7 Q. Okay.
 8 And then at the very bottom of the line it
 9 says *Totals* for and I can't read those letters.
 10 I don't know if you know -- if that's a common
 11 field and you can...
 12 A. **Where are you seeing that?**
 13 Q. It's right at the end where they do the *Tax*
 14 *Service Fee* and they come down to some total
 15 for --
 16 A. **It's total for the loan number of this loan.**
 17 Q. Okay.
 18 Okay. And it looks like that's a different
 19 price than what the transfer balance was to
 20 Homecomings?
 21 A. **Correct. Because Homecomings wasn't purchasing**
 22 **the loan, Residential Funding was.**
 23 Q. Okay.
 24 A. **But we were going to transfer the outstanding**
 25 **principal balance to Homecomings so they could**

- 1 **start servicing it.**
- 2 Q. Okay. Cool.
- 3 And then we went down to the last and this
- 4 is one of the things that I -- the next thing
- 5 down on the left-hand side says *Warehouse Title*
- 6 *Number 1*. Does... Does that have a meaning
- 7 or...
- 8 A. **It ties to -- if you look up top, --**
- 9 Q. Uh-huh.
- 10 A. **-- where it says, *Title Number 1* was *JPMorgan***
- 11 ***Chase*.**
- 12 Q. Uh-huh.
- 13 A. **We were advising them that they had initially**
- 14 **informed us that that's where they wanted the**
- 15 **wire to go to, because they instruct us who they**
- 16 **funded the loan through.**
- 17 Q. Okay.
- 18 A. **So that's just -- we're showing them.**
- 19 Q. Okay. And when it says *Title Number 1*, does
- 20 that coding mean --
- 21 A. **That just is the coding that goes for --**
- 22 Q. For JP?
- 23 A. **-- Mercantile for their --**
- 24 Q. Mercantile.
- 25 A. **Mercantile could have had several warehouse**

- 1 **lenders that they did their funding through.**
- 2 Q. Uh-huh.
- 3 A. **They had to tell us which one --**
- 4 Q. To wire to.
- 5 A. **-- to send the money to, to pay off the...**
- 6 Q. Okay. Let's see. And so it looks like in the
- 7 entry below it has a principal balance and then
- 8 minus \$78 in escrow fees. And then it has a
- 9 *Price* amount there. Do you see the *Price*
- 10 column?
- 11 A. Uh-huh.
- 12 Q. It looks like it's 6,000...
- 13 And what does that column represent?
- 14 A. **The 66,851?**
- 15 Q. Yes.
- 16 A. **The same prices up on the top line, the 66,851.**
- 17 Q. Oh, that's a 6, not a dollar sign. So is that
- 18 66,851, --
- 19 A. **851.08.**
- 20 Q. Oh, okay. I'm going to change that. It looks
- 21 like a dollar sign to me, so... I thought it was
- 22 6,000.
- 23 Okay. And then the *Wire Amount*.
- 24 And then there's another entry right below
- 25 that which says *Seller/Service T16*, but it

- 1 looks like it's -- the same information was
- 2 sent.
- 3 A. **It's just -- the top is a subtotal, but there**
- 4 **happens to only be one warehouse lender.**
- 5 Q. Okay.
- 6 A. **The bottom is a total.**
- 7 Q. Okay.
- 8 So this document is sent out to the -- In
- 9 this case it would have been sent out to
- 10 Mercantile?
- 11 A. Uh-huh.
- 12 Q. And --
- 13 MR. BOYERS: Is that a Yes?
- 14 THE WITNESS: Yes.
- 15 MR. BOYERS: Okay.
- 16 THE WITNESS: Kick me under the table.
- 17 BY MS. JACKSON:
- 18 Q. And then if you turn in your documents, like I
- 19 said, the second page is, like I said, the
- 20 smaller copy of what we were just talking about.
- 21 And the document next -- you should have a
- 22 larger copy and it is document number --
- 23 U.S. Bank Document Number 76 on the back.
- 24 You have one more page.
- 25 MR. BOYERS: I think hers may be in

- 1 reverse.
- 2 MS. JACKSON: Yeah.
- 3 THE WITNESS: 76.
- 4 MS. JACKSON: Right.
- 5 BY MS. JACKSON:
- 6 Q. And if you flip to the page before 76, --
- 7 A. **Yeah.**
- 8 Q. -- that's the one that's big.
- 9 A. **Bigger copy.**
- 10 Q. Right. And that's this one; right?
- 11 A. **Appears to be the same. Tiny one.**
- 12 Q. Yeah. Can you just kind of look at it really
- 13 quick and...
- 14 A. **(Reviewing exhibit.)**
- 15 Yes, it is.
- 16 Q. Okay. And I notice that, you know, this one is
- 17 not signed, so at what point in time would the
- 18 signature have been made?
- 19 A. **When we were done reviewing it we would have**
- 20 **sent the unsigned one with the cover letter --**
- 21 Q. Uh-huh.
- 22 A. **-- to Mercantile --**
- 23 Q. Okay.
- 24 A. **-- to have them sign off on that we had the**
- 25 **warehouse right, we had the -- the terms right.**

- 1 Q. Right.
- 2 A. **And they then in turn would sign it and send**
- 3 **back.**
- 4 Q. Okay.
- 5 A. **The client would send back and let us know or**
- 6 **correct us or dispute it.**
- 7 Q. Okay. Yea.
- 8 Okay. If you page back into your
- 9 Document 2, --
- 10 A. **Uh-huh.**
- 11 Q. -- it should be -- that's the bigger copy of the
- 12 page.
- 13 If you flip up one more it will say
- 14 *US Bank 77.*
- 15 A. **Uh-huh.**
- 16 Q. So we're going to be talking about this
- 17 document.
- 18 And can you just look at that document and
- 19 kind of explain to me what it is?
- 20 A. **That was the response that we got from**
- 21 **Mercantile it appears.**
- 22 Q. Do you see a date on it anywhere?
- 23 A. **(Reviewing exhibit.)**
- 24 I don't.
- 25 Q. Okay.

- 1 Can you tell me what this letter was in
- 2 reference to? I think it says up there at the
- 3 top.
- 4 A. **Acknowledgment of Intended Purchase of Mortgage**
- 5 **Loans.**
- 6 Q. Okay. And would this have been a document that
- 7 would be related to the one that we just
- 8 discussed, the *Purchase* --
- 9 A. Yes.
- 10 Q. -- *Advice*?
- 11 And in the process would this type of
- 12 document come back after the seller, the loan in
- 13 this case, Mercantile, would have gotten your
- 14 purchase advice and then they sent this to you?
- 15 Or would they send this to you before you send
- 16 out the purchase advice?
- 17 A. **It could have happened either way, --**
- 18 Q. Okay.
- 19 A. **-- but most commonly this would have come after.**
- 20 Q. After?
- 21 A. **(Nodding.)**
- 22 Q. Okay. And if you look down -- so this letter
- 23 was not drafted by Residential Funding
- 24 Corporation?
- 25 A. **No.**

- 1 Q. Okay. So if you look down in the main body of
- 2 the letter, second-to-last paragraph, it starts
- 3 with, "*We understand that you are relying upon*
- 4 *this letter...*"
- 5 A. **(Reviewing exhibit.)**
- 6 Q. Have you found that paragraph?
- 7 A. **Uh-huh. Yes.**
- 8 Q. Okay. If you look at the second -- I'd like you
- 9 to please read the second sentence of that
- 10 paragraph and then the third paragraph right
- 11 below it. And then I'm just going to ask you a
- 12 little -- some questions about the process
- 13 there.
- 14 A. **The sentence, "*If funding will be...*" Is**
- 15 **that...**
- 16 Q. Yeah.
- 17 A. **I will try.**
- 18 Q. Okay. It's...
- 19 A. **"*If funding will be before receipt of notes and***
- 20 ***receipt of wire is by...*"**
- 21 It appears to be stating a time --
- 22 Q. Right.
- 23 A. **-- I can't read.**
- 24 "*...we will deliver the loan documents in*
- 25 *our possession to you via overnight mail.*"

- 1 Q. Okay. And then the paragraph below it says?
- 2 A. **Are you asking me to read it?**
- 3 Q. Please.
- 4 MR. BOYERS: Why don't -- let's have her
- 5 read it to herself.
- 6 MS. JACKSON: Okay.
- 7 MR. BOYERS: And then you can ask her
- 8 questions when she has.
- 9 MS. JACKSON: I'll paraphrase it, if
- 10 you'll let me.
- 11 THE WITNESS: (Reviewing exhibit.)
- 12 BY MS. JACKSON:
- 13 Q. Okay. So it looks like there are two different
- 14 options here depending upon when receipt occurs.
- 15 Can you explain to me the processes
- 16 reflected in these two sentences?
- 17 A. **It appears to be a form letter of Mercantile's**
- 18 **that they use with their investors to notify**
- 19 **them that if -- if wiring happens before they**
- 20 **deliver the original Note, they are -- they**
- 21 **appear to be referring to their Algoma, I'm not**
- 22 **sure I'm pronouncing it right, the wire funds.**
- 23 They're notifying -- the document appears to
- 24 be notifying us that this is the wire -- person
- 25 to wire funds to, not JPMorgan, as we had put on

1 the *Purchase Advice*.

2 And they're also notifying us in a general

3 form letter that says that if we're -- if we

4 don't wire -- if we don't have the Note and --

5 or have the Note and we don't wire within

6 48 hours, to return the Note back to that

7 warehouse lender of theirs.

8 In practice, we never fund it without

9 possession of the Note, --

10 Q. Okay.

11 A. -- so that...

12 Q. Yeah.

13 A. **Those paragraphs would not apply in our process.**

14 Q. Okay. And when we were talking about having the

15 Note, we're -- what do you mean by that? Are

16 they physically sending the hard copy documents

17 to you?

18 A. **Yes. And we physically would have reviewed them**

19 **even before we sent the purchase advice --**

20 Q. Okay.

21 A. -- out.

22 Q. So you said that this Algoma group -- they were

23 directing you to send -- wire the funds to the

24 Algoma group?

25 A. **Rather than JPMorgan.**

1 Q. And can you tell me if this is a Residential

2 Funding Corporation form or another form from

3 Mercantile?

4 A. **This is a Residential Funding form.**

5 Q. Okay. Cool.

6 So can you just kind of go over this form

7 and tell me what it reflects?

8 A. **It reflects a request for Pended Items.**

9 Q. Okay. And what is a *Pended* item?

10 A. **After we finished our review --**

11 Q. Uh-huh.

12 A. **-- and prior to us purchasing the loan, anything**

13 **that would have been outstanding in order to**

14 **complete the transaction would be stated in a**

15 ***Pend* letter.**

16 Q. Okay. And can you tell by what is here what was

17 missing or what was being asked?

18 A. **We were asking for the wiring instructions --**

19 Q. Okay.

20 A. **-- and a legal description.**

21 Q. That would be a legal description of the

22 property?

23 A. **Of the property.**

24 Q. Okay. And was there a log or some document kept

25 to record when these documents would have come

1 Q. Okay. Do we have any -- would there be any way

2 or what documentation would be available to show

3 where the funds were actually wired?

4 A. **(Shrugging.)**

5 Q. That might not be your department, --

6 A. **No, it isn't.**

7 Q. -- and that's fine.

8 So if you don't know, you can just say you

9 don't know.

10 A. **Don't know.**

11 Q. Okay.

12 And then from this document here we don't --

13 can you tell whether or not that -- these

14 instructions were followed by Residential

15 Funding Corporation?

16 MR. BOYERS: Read that question back,

17 please.

18 (Record read.)

19 MR. BOYERS: Okay.

20 THE WITNESS: No.

21 BY MS. JACKSON:

22 Q. Okay. That's... Okay. So we're going to go

23 onto the next document. We should only have --

24 it will be doc -- US Bank Number 78.

25 A. **(Reviewing exhibit.)**

1 In or...

2 A. **(No response.)**

3 Q. I mean this letter was sent out by Residential

4 Funding Corporation. Do you know the process or

5 who was responsible for making sure that this

6 stuff came in?

7 A. **The Acquisition --**

8 Q. Acquisition?

9 A. **-- associate that was in charge of the file**

10 **would not be able to wire the funds until they**

11 **cleared those items.**

12 Q. Okay. So -- so the Acquisition Department would

13 be responsible for making sure any pending

14 issues were resolved before they wired the

15 funds?

16 A. **Yes.**

17 Q. Okay. The document that we were talking about

18 in Exhibit 2, the first page, which is the large

19 copy of Document *US Bank 73*. Would -- and this

20 was the *Purchase Advice*...

21 A. **Yes.**

22 Q. That's your very first page.

23 A. **I was just double-checking the number.**

24 MR. BOYERS: Yes.

25 THE WITNESS: Yes.

1 MS. JACKSON: Yes, I know.
 2 BY MS. JACKSON:
 3 Q. Would -- which -- would this *Purchase Advice*
 4 have been issued, and this is the one that we're
 5 talking about marked *Document 73*, would this
 6 have been issued if the conditions of the
 7 document marked *78*, the *Document Request*, if
 8 that had not been provided? If the pending
 9 issues had not been resolved would the
 10 *Purchase Advice* been issued?
 11 A. I'm not sure I understand what you're...
 12 Q. Well, I'm trying to --
 13 A. This -- from a sequence, --
 14 Q. Right. I'm trying to get this in order.
 15 A. -- this happened first.
 16 Q. Okay.
 17 A. It's dated November 4th.
 18 Q. Okay.
 19 A. This went out first.
 20 Q. Uh-huh.
 21 MR. BOYERS: When you're saying, "*This*
 22 *went out first*," what document are you pointing
 23 to?
 24 THE WITNESS: We're talking about 078.
 25 MR. BOYERS: Thank you.

1 THE WITNESS: That would have gone out
 2 first.
 3 MS. JACKSON: Uh-huh.
 4 THE WITNESS: And then the
 5 *Purchase Advice Cover Letter* and the
 6 *Purchase Advice* --
 7 MS. JACKSON: Uh-huh.
 8 THE WITNESS: -- would have gone out.
 9 And then the response was 077, Mercantile's
 10 letter informing us that there's a different
 11 place to wire it to.
 12 MS. JACKSON: Okay.
 13 BY MS. JACKSON:
 14 Q. And that's the one that didn't have a date on
 15 it; right?
 16 A. Yes.
 17 Q. Okay. Okay. So the fact that this
 18 *Purchase Advice* was issued it looks like three
 19 days after the *Document Request* went out, this
 20 *Document 78*, it says *RFC Loan Documentation*
 21 *Request*, it's your very last page.
 22 A. (Indicating.)
 23 Q. Yeah.
 24 A. Yeah.
 25 Q. And it's dated --

1 A. The 4th.
 2 Q. -- November 4th.
 3 And then the *Purchase Advice* was sent to
 4 Mercantile on November 7th.
 5 A. (Nodding.)
 6 Q. At the time that that *Purchase Advice* would be
 7 sent out would the issues presented in the
 8 *Document Request* have been resolved or were they
 9 still pending at the time the *Purchase Advice*
 10 went out?
 11 A. The way the *Purchase Advice* went out...
 12 Q. Uh-huh.
 13 A. From the documentation I'm looking at, --
 14 Q. Uh-huh.
 15 A. -- it appears to me that they resolved and
 16 determined that the *Purchase Advice* was how they
 17 wanted it to do because this is how they signed
 18 off the day of funding.
 19 Q. Okay.
 20 A. It was common to have warehouse lenders change.
 21 The client staff inform us that, "*Oh wait, this*
 22 *one is under this bank. I want it wired here,*"
 23 you know.
 24 Q. Right.
 25 A. So those changes in who their warehouse

1 lender -- would happen at the 11th hour a lot.
 2 Q. Okay. But it's the *Purchase Advice*?
 3 A. I believe that that's the --
 4 Q. That's the way -- would be the way what
 5 happened --
 6 A. If this is the day of funding... If our records
 7 show that the funding date was the 7th, --
 8 Q. Uh-huh.
 9 A. -- this *Purchase Advice* tied to --
 10 electronically to our wiring system, that says
 11 JPMorgan was probably who we wired to.
 12 Q. Right. Okay.
 13 A. It appears from the documentation, from what
 14 they sent us, initially they were saying, "*Well,*
 15 *wait a minute,*" --
 16 Q. Send it to --
 17 A. -- "*send it to Al...*"
 18 What was it called? Algoma --
 19 Q. Algoma or something, yeah.
 20 A. But that doesn't appear to be what we did, --
 21 Q. Okay.
 22 A. -- so they must have reconciled it to be.
 23 Q. Okay.
 24 A. But that was the warehouse lender they wanted us
 25 to use.

1 Q. Okay.
2 And then beyond the wire instructions, it
3 was also like the legal description was
required.

Would Residential Funding Corporation have
wired the money without having receiving the
legal description from Mercantile? Or that is
something else that would have happened before
you would have issued the *Purchase Advice*?

10 A. Before.

11 Q. Before?

12 A. (Nodding.)

13 Q. Okay. So this basically was -- would be
14 resolved before a *Purchase Advice* would actually
15 go out?

16 A. Yes.

17 Q. Okay. I think we are done with Exhibit 2.

18 MR. BOYERS: We've been going about an
19 hour. Do you want a break?

20 THE WITNESS: I'm all right.

21 (Discussion had off the record.)

22 BY MS. JACKSON:

23 Q. Next, this is going to be Exhibit 3, and it's
24 marked...

25 (Discussion had off the record.)

1 BY MS. JACKSON:

2 Q. And the first page, down at the bottom you'll
3 see it reads *US Bank Document 113*.

4 A. Yes.

5 Q. Okay. And can you just explain to me what this
6 document is and what the various fields mean?

7 A. It's an imaging cover sheet.

8 Q. Okay.

9 A. They printed it on November 9th, which would be
10 after we bought the loan. They obviously put
11 together a package to send it to the Imaging
12 Center to scan the documents that we have. So
13 this is listing basic information about the
14 property so they can identify the bundle of
15 documents that would have been accompanying it.
16 And the bar coding would have been for the
17 imaging system to recognize and know what was
18 there.

19 Q. Okay. Are the different bar codes associated
20 like with different documents of the loan or...
And there's quite a few in here.

22 A. I'm not the expert on this.

23 Q. Okay. That's fine. I just thought it was
24 funny.

25 Now when you said that this was the imaging

1 cover sheet, are we talking about imaging of the
2 hard copy files that you received from -- in
3 this case it would have been Mercantile?

4 A. Yes.

5 Q. Okay. Can you tell from this cover sheet what
6 exactly gets imaged?

7 A. I can't.

8 Q. Okay. Did you ever work in a department where
9 the imaging took place?

10 A. Yes.

11 Q. Can you tell me typically what would be imaged
12 when a hard copy loan file came in?

13 A. All the collateral documents, Note, mortgage,
14 any assignments, hazard insurance policy. Any
15 of the servicing documents. The HUD-1.
16 Application, loan application.

17 Q. All right. Would they --

18 A. There was a -- and I don't know the exact date.
19 There was a stage in our history where we did
20 all the more key critical documents, 2530, that
21 we deemed most important --

22 Q. Important --

23 A. -- to use for servicing.

24 Q. Uh-huh.

25 A. And then there became a time period by which we

1 imaged the whole file.

2 Q. Uh-huh. And the -- when you were just imaging
3 key documents, was that the older system? And
4 the newer system is you imaged more? Or was it
5 you imaged more and then decided to image less?

6 A. Judy would speak to that.

7 Q. Okay.

8 A. I just can't...

9 Q. That's fine. That's fine.

10 (Exhibit 3 marked.)

11 BY MS. JACKSON:

12 Q. So have you seen these cover sheets before?

13 A. Yes.

14 Q. Oh, okay. So down under -- it's got *Loan*
15 *Identification* and then it's got *Cafe Commitment*
16 *Number*.

17 Can you just explain to me what some of this
18 coding is real quick?

19 A. Cafe was just the name of a system. IMS was the
20 name of a system, so these --

21 Q. Computer systems?

22 A. Yeah.

23 Q. Okay. Do you know what each one of them did
24 or --

25 A. They were just work flow and data-gathering

- 1 tools.
- 2 Q. Okay. And then we have the *Pool ID*?
- 3 A. **As we purchase loans they're batched into groups of like product, so that's just a number that helps group it with other loans of like product.**
- 6 Q. And then the *Client ID*, that looks like that's Mercantile again; right?
- 8 A. Yes.
- 9 Q. Ah-huh. T76. I'll remember that forever.
- 10 Up at the very top we've got some *BPC*: and
- 11 a bunch of other letters; do you know what that
- 12 is?
- 13 A. No.
- 14 Q. Okay. Not a problem.
- 15 Okay. And the *Borrower Information*, that's
- 16 pretty self-explanatory.
- 17 And then the next thing down says, *AssetWise*
- 18 *Information*. Can you tell me a little bit about
- 19 what that represents?
- 20 A. ***AssetWise* was a system that helped evaluate what we -- which loans we reviewed. So it was a risk-assessment tool. And that's just the number that identifies this loan that went through that system.**
- 25 Q. Okay. So it's the ID number for the Robinson

- 1 loan?
- 2 A. Uh-huh.
- 3 Q. Okay.
- 4 MR. BOYERS: Is that Yes?
- 5 THE WITNESS: Yes.
- 6 MR. BOYERS: Okay.
- 7 THE WITNESS: Sorry about that.
- 8 MR. BOYERS: That's okay. It happens
- 9 all the time.
- 10 MS. JACKSON: We're just talking.
- 11 BY MS. JACKSON:
- 12 Q. And you said which loans you reviewed. Did you
- 13 review all loans through this *AssetWise* system
- 14 or...
- 15 MR. BOYERS: I object to the form of the
- 16 question because I think that's vague --
- 17 MS. JACKSON: Okay.
- 18 MR. BOYERS. -- in terms of what you
- 19 mean.
- 20 MS. JACKSON: Okay.
- 21 MR. BOYERS: You can answer to the
- 22 extent you can.
- 23 MS. JACKSON: Yeah. And she said, "*When*
- 24 *we evaluate it, that's where we evaluate which*
- 25 *loans we review.*"

- 1 BY MS. JACKSON:
- 2 Q. So to me when you said, "*Which loans,*" it sounds
- 3 like maybe you didn't review all of them.
- 4 A. For certain things.
- 5 Q. Okay.
- 6 A. **Which loans we reviewed for what. It helped**
- 7 **determine what level of diligence -- to what**
- 8 **degree a loan got diligenced.**
- 9 Q. Okay. And what were the factors that would
- 10 determine degrees of diligence that would be
- 11 used for review?
- 12 A. **A risk assessment of the loan parameters as it**
- 13 **relates to the product the commitment was in.**
- 14 Q. And was this something that your unit would
- 15 determine or would it come to you saying what
- 16 level of risk assessment review needed to be
- 17 done?
- 18 A. **Corporate policy decisions were made about what**
- 19 **loans were looked at. Our unit just helped**
- 20 **facilitate when changes to that were directed to**
- 21 **be made.**
- 22 Q. All right. I think you said that at some point
- 23 in time that you actually did do reviews of
- 24 documents.
- 25 A. (Nodding.)

- 1 Q. Was... I guess what I'm trying to find out, was
- 2 there some sort of policy that determined what
- 3 level of due diligence that you would do on a
- 4 certain loan as opposed to you guys had any kind
- 5 of individual --
- 6 A. **All loans received a certain level of diligence.**
- 7 Q. Uh-huh.
- 8 A. **And then depending on the risk parameters of a**
- 9 **loan, it may get additional diligence.**
- 10 Q. Okay. And those parameters were decided by this
- 11 other division?
- 12 A. **The Capital Markets Group --**
- 13 Q. Okay.
- 14 A. **-- decided and it was programmed into this**
- 15 ***AssetWise* system that would help determine which**
- 16 **loans to be reviewed, to what level, whether**
- 17 **they got a target diligence --**
- 18 Q. Uh-huh.
- 19 A. **-- or a full diligence.**
- 20 Q. Okay. And can you tell me just a little bit,
- 21 the difference between a target diligence and
- 22 then a full diligence?
- 23 A. (No response.)
- 24 Q. And if you don't know, that's fine, just tell
- 25 me.

- 1 A. **An example would be a loan could be chosen for**
 2 **its credit parameters, --**
 3 Q. Uh-huh.
 4 A. **-- that its debt-to-income ratios were too high,**
 5 **or there was adverse information on a credit**
 6 **report data that came into the system.**
 7 That system could identify those elements
 8 and say, "This is a higher risk loan because of
 9 those elements. Look at credit."
 10 Q. Okay.
 11 A. **That would be a target review.**
 12 Credit could come through clean and look
 13 very good and it could identify something about
 14 the property that was concerning and then it
 15 would be targeted for just a property review.
 16 Q. Okay. So *target diligence* is referring to just
 17 a specific --
 18 A. **Type of review.**
 19 Q. -- type of review?
 20 A. **Right.**
 21 But all loans got a standard review for
 22 their legal documents, for core legal documents
 23 and servicing documents.
 24 Q. Okay. And can you -- you just briefly tell me
 25 what the standard legal review would entail?

- 1 A. **It would be to review the original documents,**
 2 **the Note.**
 3 Q. And we're talking hard copy?
 4 A. **Hard copy of the original Note. Photocopy of**
 5 **the mortgage or *Deed of Trust*, because on a new**
 6 **origination that original mortgage is out for**
 7 **recording, so we only had a certified copy --**
 8 Q. Right.
 9 A. **-- of the mortgage.**
 10 But you're checking the mortgage and the
 11 Note against the data that the client gave us.
 12 Mercantile gave us data and they gave us
 13 documents.
 14 Q. Okay.
 15 A. **And we compare the two to make sure they line**
 16 **up. And that that product, that mortgage --**
 17 Q. Uh-huh.
 18 A. **-- or Note, is the mortgage product that they**
 19 **took a commitment down for. So it agrees.**
 20 They took a commitment down for a certain
 21 type of product. We're making sure that Note is
 22 that type of product.
 23 Q. Okay. And that could be determined by this
 24 *Purchase* --
 25 A. **Well, it was the *Purchase* --**

- 1 Q. -- *Advise* type?
 2 A. **Yes, it was.**
 3 Q. Okay.
 4 A. **What the amount was for. What the interest**
 5 **rate...**
 6 The commitment would have stated a lot of
 7 things about what they were selling us.
 8 Q. Okay.
 9 A. **So that was the legal... What we considered the**
 10 **legal review had to do with primarily the Note**
 11 **and the mortgage.**
 12 Q. And the mortgage.
 13 A. **And then the servicing review would, if we**
 14 **were -- especially with buying the servicing**
 15 **simultaneously, --**
 16 Q. Uh-huh.
 17 A. **-- would be to check to make sure that it had**
 18 **adequate hazard insurance. Was it in a flood**
 19 **zone.**
 20 Q. Okay.
 21 A. **Make sure we have the information we need to set**
 22 **up taxes, when taxes are due, that type of**
 23 **thing.**
 24 Q. Okay. Okay. So we've talked about like the
 25 standard review that everybody went through,

- 1 just to make sure the documents were what they
 2 were supposed to be --
 3 A. **Uh-huh.**
 4 Q. -- according to what you purchased.
 5 And *Target Diligence*, which were just
 6 specific aspects of the loan.
 7 And then that might need some additional
 8 review.
 9 And then you also mentioned a due diligence
 10 review.
 11 A. **That's just -- I'm interchanging the words**
 12 ***Diligence* and *Review*.**
 13 Q. Okay.
 14 A. ***Review* and *Diligence* in the industry tend to --**
 15 **just reviewing things.**
 16 Q. And that's part of my problem, is because --
 17 every industry has its own language. We don't
 18 always use the same words, so...
 19 Okay. Then back to our *Asset Cover Sheet*.
 20 So this shows that if it has an *AssetWise*
 21 *Submission ID* that's an indication that it was
 22 sent through that review system?
 23 A. **Yes.**
 24 Q. Okay.
 25 A. **They all were.**

- 1 Q. Okay. And then we get back to -- it just looks
2 like underneath the *Loan Information*, that's
3 just some standard identifying data.
- Then we have *Custodian Name*. And here it
appears that the custodian is *Wells Fargo NA*.
- 4 Any... Where would that information come
5 through, who was going to be the custodian?
6
- 7 A. **Wells Fargo was always the custodian for RFC.**
8
- 9 Q. For RFC. Okay.
10
- 11 A. **It was a very exception that we had any other
12 loans. And even those would have gone first to
13 Wells Fargo and then shipped out from there.**
- 14 Q. Wells Fargo would delegate?
15
- 16 A. **(Nodding.)**
17
- 18 Q. Okay.
19
- And then the one that I had a question on is
it says *Disposition Status* right under that.
And then what are they referring to in that
category?
- 20 A. **This whole *Cover Sheet* is a work flow tool.**
21
- 22 Q. Uh-huh.
23
- 24 A. **And *Disposition Status* is just letting the user
25 of the -- the associate in the process know that
this loan isn't in foreclosure --**
- Q. Okay.

- 1 A. **-- at this moment in time.**
2
- There's certain conditions that could be
happening on the loan that would necessitate a
prioritization of getting those documents to
another part of the organization.
- So this is just showing that as of this
point in time the loan wasn't in some
disposition status that needed priority.
- 3 Q. Okay. Can you give me just a couple examples of
4 a *Disposition Status*?
5
- 6 A. **It's in foreclosure.**
7
- 8 Q. Foreclosure? Okay.
9
- 10 Would litigation --
11
- 12 A. **Bankruptcy, maybe.**
13
- 14 Q. Bankruptcy. Okay. I got you. I was --
15
- 16 A. **Yeah.**
17
- 18 Q. -- just trying to get an idea of what we're
19 talking about here.
20
- 21 A. Okay.
22
- 23 Q. And then the *Disposition Date* refers to...
24
- 25 A. **Well, I -- I'm not positive why it has a date.**
- Q. Okay.
- A. **I would assume it just means that as of this --
you know, that the last time --**
- Q. They checked --

- 1 A. **Yeah.**
2
- 3 Q. -- maybe?
4
- 5 A. **Well, but -- yeah. I'm not sure.**
6
- 7 Q. Okay. That's fine. Okay.
8
- And then we go down to *Servicer*
Information --
- 9 A. **Uh-huh.**
10
- 11 Q. -- and then we have the number.
12
- Service effective -- is that for *Transfer*
Date?
- 13 A. **Yes.**
14
- 15 Q. Okay. And is that the date that the servicer
16 takes over or just... I mean do you know what
17 that field represents?
18
- 19 A. **Yes.**
20
- 21 Q. Okay. Can you explain it to me?
22
- 23 A. **We bought it on November 7th.**
24
- 25 Q. Okay.
26
- 27 A. **So the effective date that the servicer,
28 Homecomings is taking over, is that first
29 business day -- or that first day thereafter.**
- 30 Q. Okay.
31
- 32 A. **The *Effective Date of Servicing* that we saw on
33 the other form is the first date -- December 1
34 would have been the first payment by the**

- 1 **borrowers that was due to Homecomings.**
2
- 3 Q. And then we have -- it looks like just very --
4 those last three --
5
- 6 A. **Yes.**
7
- 8 Q. -- entries look like various different codes.
9
- 10 If you know what they are and if you could just
11 go through them that would be great.
12
- 13 A. **Indicating whether or not it had a pre-payment
14 indicator.**
15
- 16 Whether it had an ARM conversion.
17
- 18 Whether it was a... Was it an ARM loan that
19 could convert to a fixed rate.
20
- 21 Well, no, it wasn't.
22
- 23 Q. Okay.
24
- 25 A. **And is it going to be *Servicing Released*? Yes.**
- Q. Okay. And they mean -- I guess I don't
understand what that *Servicing Release Ind*
means.
- A. **Mercantile was releasing servicing to us.**
- Q. Okay. Thank you.
- Okay. And then we have just some
administrative stuff down here at the bottom and
it looks like --
- MR. BOYERS: I would just note an
objection to your characterization of what it

- 1 is. The document speaks to itself.
 2 If you have a question about what those last
 3 three things mean that's fine, but --
 MS. JACKSON: Okay.
 MR. BOYERS: -- try not to characterize
 6 it as a certain type of information.
 7 MS. JACKSON: I shall try my best.
 8 BY MS. JACKSON:
 9 Q. We have *Cover Sheet Information* on the very
 10 bottom.
 11 Can you tell me what those -- the first
 12 entry is there under the heading *Cover Sheet*
 13 *Information*?
 14 A. **Cover Sheet Printed by...**
 15 Q. I think it's time for a break.
 16 A. **It's just showing the user that -- the coding**
 17 **for the user who printed the cover sheet and**
 18 **when.**
 19 Q. Okay. And --
 20 A. **Date and time.**
 21 Q. -- can you tell who the user is? Or do you
 22 recognize that person and --
 23 A. **I can only make assumptions, --**
 24 Q. No.
 25 A. **-- but no, I don't know.**

- 1 Q. That's fine.
 2 Like I said, *No* is a perfectly good answer.
 3 MS. JACKSON: I say we take a break.
 4 MR. BOYERS: Fine by me.
 5 (Discussion had off the record.)
 6 (Recess taken.)
 7 BY MS. JACKSON:
 8 Q. Still on Exhibit 3 and we're just going to flip
 9 over to Page 2, --
 10 A. Okay.
 11 Q. -- It's marked *US Bank Document 0114*.
 12 A. Uh-huh.
 13 Q. And if you could just look at this document and
 14 tell me what it is.
 15 A. **(Reviewing exhibit.)**
 16 This is the *Legal Servicing Checklist*.
 17 Q. And who would be responsible for preparing this
 18 form?
 19 A. **The Acquisition associate in charge of**
 20 **purchasing the loan.**
 Q. Okay. And is this a position that you had held
 22 in the past or --
 23 A. **Or that I managed.**
 24 Q. You managed, so --
 25 A. **At sometime in my history I managed Acquisition**

- 1 **people, as well.**
 2 Q. Okay.
 3 A. **And this --**
 4 Q. So you're comfortable with explaining this form?
 5 A. **Yes.**
 6 Q. Okay. So -- and let's just kind of do like we
 7 did with the others, just kind of go through it
 8 as quick as we can --
 9 A. **Okay.**
 10 Q. -- and just explain some of these entries on
 11 here.
 12 A. **Seller/Service Loan Number.**
 13 Q. Uh-huh.
 14 A. **It's Mercantile and their loan number.**
 15 Q. Okay.
 16 A. **The MIN number is the MERS identification**
 17 **number.**
 18 Q. And then what's that?
 19 A. **The MERS -- the number that MERS identifies it**
 20 **in their system.**
 21 Q. And who is MERS?
 22 A. **Mortgage Electronic Registration System.**
 23 Q. Do you know what they do?
 24 A. **They're an industry organization that tracks the**
 25 **beneficial interest transfer of mortgage loans.**

- 1 Q. So does this indicate that the mortgage
 2 associated with the Robinson file got
 3 transferred somewhere?
 4 A. **It indicates that it is a loan that was**
 5 **originated by Mercantile as a MERS loan.**
 6 Q. I guess what I need you to explain to me: Does
 7 that make any difference in the paperwork that
 8 you get here at RFC?
 9 A. **Yes, it would.**
 10 Q. Okay. And what would the difference be?
 11 A. **If the MERS -- if it's -- this is indicating**
 12 **it's a MERS loan.**
 13 Q. Uh-huh.
 14 A. **So when they would review the mortgage they**
 15 **would look for the MERS as register -- I don't**
 16 **know the legal term for it, --**
 17 Q. That's fine. I probably don't either.
 18 A. **-- but it is the entity that is going to be**
 19 **recorded as the ownership in the county.**
 20 Q. Okay. So this tells them to look for that, that
 21 it's a MERS loan.
 22 A. **If it wasn't a MERS loan --**
 23 Q. Uh-huh.
 24 A. **-- then it would be recorded and then you would**
 25 **look for an additional document of an assignment**

- 1 that would then need to be recorded.
- 2 Q. Okay. So you just said if it wasn't a MERS loan
- 3 it would need to be recorded. Be recorded
- 4 where?
- 5 A. The assignment would be recorded.
- 6 Q. And the assignment would be from whom to whom?
- 7 A. From Mercantile to blank.
- 8 Q. Okay.
- 9 A. But then ultimately it would either be RFC or a
- 10 trustee, or someone, once you sold it.
- 11 Q. Okay. And let me just -- part of this is
- 12 industry terminology. And when you say that
- 13 there'd be an assignment when you sold it, are
- 14 we talking about selling it to Residential
- 15 Funding? Or are we talking of selling it to a
- 16 different entity?
- 17 A. A non-MERS loan, our requirements would be that
- 18 they give us an original executed notarized
- 19 assignment in blank.
- 20 Q. Okay.
- 21 A. And a Note endorsed in blank.
- 22 And then after we purchase it we would
- 23 decide, once we own it, --
- 24 Q. Okay.
- 25 A. -- who we would then endorse or assign it to.

- 1 Q. Okay. Got you.
- 2 A. But Mercantile would transfer their interest to
- 3 us by way of an assignment in blank and an
- 4 endorsement on the Note in blank.
- 5 Q. Okay.
- 6 A. But if it's a MERS loan --
- 7 Q. Yeah, what happens then?
- 8 A. If it's a MERS loan, at the point that they sold
- 9 it to us, they would have gone into the
- 10 electronic MERS system in the industry. They
- 11 would have electronically told MERS that they
- 12 sold it to us.
- 13 Q. And when you're referring to *They*, you're saying
- 14 Mercantile --
- 15 A. Mercantile.
- 16 Q. -- in this case would have --
- 17 A. Yes.
- 18 Q. -- told MERS?
- 19 So if it's a MERS loan what do you end up
- 20 getting as far as a hard copy document?
- 21 A. The mortgage.
- 22 Q. And would it have any indication that it had
- 23 been sold to MERS? Or how do you know?
- 24 A. Within the first page, --
- 25 Q. Uh-huh.

- 1 A. -- within the body of it, it would indicate all
- 2 the information about MERS, including this
- 3 MIN number.
- 4 Q. Okay. And do you treat them any differently
- 5 after that point or...
- 6 A. When you say *Treat*...
- 7 Q. Oh, I'm... So it would -- you said that if it
- 8 wasn't recorded to MERS, then there would be an
- 9 assignment in blank that would have to come in
- 10 with it.
- 11 If a MERS loan comes in is there any other
- 12 document that Residential Funding --
- 13 A. (Shaking head.)
- 14 Q. Okay. And then what --
- 15 MR. BOYERS: Wait, wait, wait.
- 16 THE WITNESS: No.
- 17 MS. JACKSON: Well, --
- 18 THE WITNESS: Yes.
- 19 MR. BOYERS: Don't shake your head.
- 20 THE WITNESS: Yeah, I've got to quit
- 21 doing that.
- 22 MR. BOYERS: So...
- 23 THE WITNESS: Say the question again.
- 24 MS. JACKSON: Okay.
- 25 BY MS. JACKSON:

- 1 Q. If a mortgage comes in and it's been assigned to
- 2 MERS...
- 3 In this case Mercantile indicated they
- 4 assigned the mortgage to MERS.
- 5 What do you get at RFC? Is it the original
- 6 mortgage? Is it a copy of the mortgage? Or --
- 7 A. It's a copy of the mortgage that's out being
- 8 recorded in the county.
- 9 Q. Okay. Because they gave it to someone else? In
- 10 this case MERS?
- 11 A. No.
- 12 MR. BOYERS: Misstates her testimony.
- 13 MS. JACKSON: I know. I'm just...
- 14 BY MS. JACKSON:
- 15 Q. I just don't understand, so if you could try to
- 16 explain to me again. Just...
- 17 A. Within the body of the mortgage --
- 18 Q. Right.
- 19 A. -- MERS -- Mercantile assigned the title --
- 20 Q. Right --
- 21 A. -- to that collateral, to MERS.
- 22 Q. Okay.
- 23 A. And so by recording the mortgage, the county
- 24 sees and the county will list MERS as the owner
- 25 of record.

- 1 Q. Okay. And then do you have to account for
2 anything differently then because it's a MERS
3 loan in your system?
- 4 A. **We make -- we -- in our --**
- 5 MR. BOYERS: Wait. Wait. Wait.
6 THE WITNESS: Sorry.
- 7 MR. BOYERS: I just object to the form
8 of the question --
- 9 MS. JACKSON: Uh-huh.
- 10 MR. BOYERS: -- because you say
11 *to account* and I think accounting can have a
12 legal meaning --
- 13 MS. JACKSON: Okay.
- 14 MR. BOYERS: -- and I don't think you
15 intended it that way.
- 16 MS. JACKSON: No.
- 17 MR. BOYERS: So I just want to note for
18 the record that that's vague in terms of how you
19 used it. And that's my objection.
- 20 BY MS. JACKSON:
- 21 Q. The -- is the paperwork that comes in for a
22 mortgage that has been assigned to MERS treated
23 any differently than paperwork that -- for a
24 mortgage that has not been assigned to MERS?
- 25 A. **Yes.**

- 1 Q. Okay. All right. And then if we could just go
2 back to our form again.
- 3 MR. BOYERS: Was there a verbal answer?
4 I didn't hear it.
- 5 MS. JACKSON: She said --
- 6 THE WITNESS: I said *Yes*.
- 7 MR. BOYERS: Okay.
8 (Laughter.)
- 9 MR. BOYERS: I didn't hear. I was just
10 back...
11 I'm sorry.
- 12 THE WITNESS: That's all right.
- 13 MS. JACKSON: We're trainable.
- 14 THE WITNESS: I'm barely.
- 15 MS. JACKSON: Okay.
- 16 BY MS. JACKSON:
- 17 Q. And if you could just -- on that first box it
18 has *Borrower's Name*. It has a *D/S Loan Number*.
19 Could you tell me what *D/S Loan Number*
20 represents?
- 21 A. **I don't know.**
- 22 Q. And then the next one down is *RFC Loan Number*?
- 23 A. **Yes.**
- 24 Q. And that would be?
- 25 A. **Residential Funding's Loan Number.**

- 1 Q. Okay. And if we go over to the second column,
2 still in that upper first box, can you tell me
3 just briefly what those entries mean? It's the
4 box that starts with *Commitment Number*.
- 5 A. **That's the number of the commitment Mercantile
6 took down --**
- 7 Q. Okay.
- 8 A. **-- to sell the loan.**
- 9 Q. Uh-huh.
- 10 A. **The next one over from it is the *Commitment
11 Expiration Date*.**
- 12 Q. Expires. Okay.
- 13 A. **And then below it is the commitment product
14 group, which in this case is *AlterNet*.**
- 15 Q. Yeah, what is that?
- 16 A. **It's just a -- It's a product grouping.**
- 17 Q. Uh-huh. Do you know what type of products are
18 in there or with that?
- 19 A. **Fixed rate.**
- 20 Q. Okay.
21 Okay. And then...
- 22 A. ***Commitment Program* is a 30-year fixed.**
- 23 Q. Okay. And then the next lines don't have
24 anything filled in. Was there a reason for
25 that, do you know? Or can you tell why they

- 1 wouldn't have been filled in?
- 2 A. **The product didn't require escrows.**
- 3 Q. Okay.
4 And then the next line says *Appraised Value*.
5 And it has an amount in there. Do you know
6 where that amount comes from?
- 7 A. **The data would have been delivered -- all
8 this -- the data -- the pre-printed on here
9 would have been delivered through the systems
10 from the client and printed out on this form and
11 so...**
- 12 Q. So when you say, "*The data from the client*," in
13 this particular case we're saying that the data
14 is from Mercantile?
- 15 A. **Right.**
- 16 Q. So these are their numbers or the information
17 that they transferred to you?
- 18 A. **Uh-huh.**
- 19 Q. Okay. Okay. If we can get down to that middle
20 box it has two things, it has *SERVICING
21 DOCUMENTS* and then the other side of it says
22 *LEGAL REVIEW*.
- 23 A. **Uh-huh.**
- 24 Q. If you could just -- let's quick go through
25 which each of these entries indicate.

- 1 A. It's primarily going through and making sure
2 that we have certain core documentation or at
3 least they checked for it.
4 Q. Core docs. Uh-huh.
5 A. So application. Is it a *Home Improvement*?
6 Q. Uh-huh.
7 A. Flood Insurance.
8 Does it have its *Life of Loan* certification.
9 Q. And if there's a check by one of these boxes it
10 would mean?
11 A. They either had it or checked to see if they had
12 it.
13 Q. Okay.
14 A. **HUD-1 Settlement Statement. And Initial Escrow**
15 **Account. Well, this didn't have an escrow.**
16 *Pay History.* This didn't --
17 Q. Okay.
18 A. -- this didn't pertain, --
19 Q. Yeah.
20 A. -- this was a new loan, not a seasoned loan.
21 *Hazard Insurance Policy.*
22 *Flood Insurance Policy,* didn't need one.
23 Q. Okay.
24 A. **Mortgage Insurance,** it didn't need mortgage
25 insurance.

- 1 Q. Uh-huh.
2 A. Didn't need the *Tax Information Sheet.*
3 And it wasn't an ARM loan.
4 Q. A *Tax Information Sheet,* is that referring to
5 like property taxes?
6 A. Yes.
7 Q. Okay.
8 A. It wasn't a *Temporary Buy-Down Loan.*
9 Q. What's the next one there?
10 A. I'm not -- I'm not sure what that one is. I
11 think that is -- it looks like they wrote in
12 there *Amortized. Amortized.* Or abbreviation
13 for *Amortized.*
14 Q. Well, do you understand what *U/W Product* would
15 refer to? Does that help?
16 A. (No response.)
17 Q. If not, I mean feel free to say *No.*
18 A. I believe it's just another form of checking to
19 make sure it's in our system and the right
20 product is tagged in the system with the right
product group.
21 Q. It would be like a type of product, --
22 A. Yeah.
23 Q. -- you believe?
24 A. Yeah.

- 1 Q. Okay.
2 A. Is it a fully amortizing loan.
3 Q. Okay.
4 And the next one down is *File Submission*
5 *Form;* what's that referring to?
6 A. Did it have a sub -- common in the industry to
7 have kind of a cover underwriting form and we
8 would check to see if we got one. We didn't
9 require it, --
10 Q. Okay.
11 A. -- but see if we had one.
12 Q. And you mean by *common underwriting form* --
13 A. It was just --
14 Q. -- underwriting --
15 A. -- a summary of the actual loan.
16 Q. Oh, okay. So summary document?
17 A. Yes, just a summary.
18 Q. Got you.
19 Okay. And then the next one is?
20 A. **Correct Note Form Used.** Just checking to see --
21 it's a reminder to look to see if a corrected
22 Note was used.
23 Q. And can you give me example of those?
24 A. We didn't allow for whiteout on a Note.
25 Q. Okay.

- 1 A. So they're checking to make sure that there
2 weren't any corrections.
3 Q. Got you.
4 Okay. And then the next one down we've got?
5 A. **Bank Code.**
6 That is -- ties to that *Warehouse* --
7 Q. Warehouse Bank Code?
8 A. -- **Bank Code.**
9 Q. Okay.
10 And then *MARS?*
11 A. I believe that was just the acronym for an
12 internal work-flow system that was a reminder
13 that they should update the status of this loan
14 in the work flow.
15 Q. Okay. And do you know what it tracked or not?
16 A. It just tracked the status of the loan --
17 Q. Through the process --
18 A. -- through...
19 Yes.
20 Q. Okay. And then let's go to the other side of
21 the column which is headed up *LEGAL REVIEW* and
22 if you could just quick rundown those to me.
23 A. Note.
24 Q. Uh-huh.
25 A. And then within the Note. Did it have a *Prepay.*

- 1 **What was the Prepay.**
- 2 Q. Okay. And what does this one indicate?
- 3 A. **It looks like 36. I...**
- 4 Q. And are you referring to like a prepay penalty?
- 5 A. **Or the term of when the prepayment could be --**
- 6 Q. Okay.
- 7 A. **-- done.**
- 8 Q. And then the next one?
- 9 A. **Original Match just means yes, they had an**
- 10 **original and then the data on that original**
- 11 **matched the data in the system.**
- 12 Q. Is that specifically for the Note?
- 13 A. **Yes.**
- 14 Q. Okay.
- 15 A. **Was it an Interest Only loan? No.**
- 16 Then these next features has to do with if
- 17 this was a *Texas Cashout*, which this wasn't.
- 18 Q. That would be something different, yeah.
- 19 A. **Was there an Intervening Endorsement or Allonge**
- 20 **used.**
- 21 Was it endorsed in *Blank*?
- 22 Did it have all its security instruments
- 23 with all the required riders.
- 24 Q. And it looked like both of those are checked and
- 25 that would indicate...

- 1 A. **Uh-huh.**
- 2 Q. And it would indicate that they were or they
- 3 weren't?
- 4 A. **They were.**
- 5 Q. Okay.
- 6 A. **Well, that they found it. We wouldn't buy it**
- 7 **with all the riders or at least the copy -- for**
- 8 **the security instrument, --**
- 9 Q. Uh-huh.
- 10 A. **-- which we mean by that the mortgage or deed of**
- 11 **trust, --**
- 12 Q. Okay.
- 13 A. **-- we only had a photo-- -- at this point we only**
- 14 **had a photocopy of what was out in the county**
- 15 **being recorded, --**
- 16 Q. Being recorded. Okay.
- 17 A. **-- but we had a copy of what was executed and**
- 18 **being recorded.**
- 19 Q. Okay. And then it looks like there's some
- 20 initials out here. Was that just part of your
- 21 review process, to...
- 22 A. **Uh-huh.**
- 23 Q. Okay.
- 24 MR. BOYERS: Is that a Yes?
- 25 THE WITNESS: Yes.

- 1 BY MS. JACKSON:
- 2 Q. And then we've got two things crossed out and
- 3 then we've got this *MERS* highlighted, box
- 4 highlighted. Do you know what that box was used
- 5 for?
- 6 A. **Just a reminder to them to double-check. You**
- 7 **either had to have an assignment in blank or it**
- 8 **had to be a MERS loan. And as it reflects**
- 9 **above, this it was a MERS loan, so...**
- 10 Q. So somebody just forgot to check -- I mean it
- 11 would have been checked if it was a MERS loan?
- 12 A. **Yeah.**
- 13 Q. Okay. And then going down to the bottom, I
- 14 think we just have a few more lines down there.
- 15 A. **Checking to make sure if they had either a title**
- 16 **policy or a binder.**
- 17 Q. Uh-huh.
- 18 A. **Signed Truth in Lending.**
- 19 Q. Uh-huh.
- 20 A. **And then the Compliance Test, that they did**
- 21 **that.**
- 22 Q. And what would that entail?
- 23 A. **I believe in 2005 that involved just a fees**
- 24 **check.**
- 25 Q. And when you say *fees* you're referring to?

- 1 A. **Fees charged to the borrower.**
- 2 Q. On --
- 3 A. **That it didn't exceed some --**
- 4 Q. For closing? You mean closing fees?
- 5 A. **For closing. That it didn't violate any state**
- 6 **regulations of allowable charges.**
- 7 Q. So do you know -- do you know what document they
- 8 would use to determine what fees were charged?
- 9 A. **The HUD-1.**
- 10 Q. And then right above it, where we have the
- 11 checked *Final Signed Truth In Lending...*
- 12 Do you know, was this a situation where the
- 13 instructions were just to write the figures
- 14 down? Or was there any -- was it a *Compliance*
- 15 *Test*? Was there any computation that involved
- 16 the Truth In Lending figures or just the HUD-1
- 17 figures?
- 18 MR. BOYERS: Object to the form of the
- 19 question. That's I think four or five questions
- 20 in one. If you could break it down, perhaps she
- 21 can answer.
- 22 BY MS. JACKSON:
- 23 Q. The *Compliance Test*, did it involve any
- 24 computations on the *Truth In Lending* form?
- 25 MR. BOYERS: Asked and answered. She's

1 already explained what the *Compliance Test*
2 addressed, which was the fees charged to
3 borrower at closing.

I think you moved up to the entry before
that, which I thought you were asking about.

MS. JACKSON: Right.

BY MS. JACKSON:

Q. And so does the *Compliance Test* involve
anything -- or any review of the *Truth In*
Lending disclosure statement?

A. **The *Compliance Test* involved collecting a set of
information put into a tool that did the test.
I don't know exactly what items they were.**

Q. Do you remember the name of the program you said
you put it into?

A. **It was just a *Compliance Test*.**

Q. Okay.

Okay. And then the very last thing just
says *Assumable Indicator*. Do you know what that
would represent?

A. **Just reminding them to put the correct indicator
in the system, whether or not it was suitable.**

Q. Okay. And then the very last box on the bottom
has *Loan Information*. And if we -- in the very
first column on the left side, if we go all the

way down to the last entry of that box, it says
Prop Type/Occ; could you just explain to me what
that entry means?

MR. BOYERS: Again, --

THE WITNESS: I don't remember the
codes.

MS. JACKSON: Okay.

BY MS. JACKSON:

Q. And then right below that it has -- says
Reviewed By --

A. Uh-huh.

Q. -- and *Reconciled By*.

And can you just kind of explain to me how
that process was set up?

A. **(No response.)**

Q. Was there a difference between the *Reviewed By*
duties and the *Reconciled By* duties?

A. **They were just two different steps and that's
just a reflection that they did both steps.**

Q. Okay. And what would be done under the
Reviewed By steps?

A. **The items above...**

Q. The whole form?

A. Yeah.

Q. Okay.

A. **Who reviewed the documents.**

Q. And then the *Reconciled By*, what did that refer
to?

A. **Who reconciled the financial numbers against the
product type.**

Q. And is this the form that captures that
reconciliation or is there another form?

A. **They just did it in the system.**

Q. And when you say *the system* are you talking
about a computer program?

A. Yes.

Q. I can't tell from here, but was it usually the
same person that did the review and the
reconciliation or --

A. **(Nodding.)**

Q. Okay.

MR. BOYERS: Is --

THE WITNESS: Yes.

MS. JACKSON: Yes.

THE WITNESS: I'm embarrassed that I
can't remember to do that.

MS. JACKSON: It's hard.

BY MS. JACKSON:

Q. Okay. So let's flip over. So that was
Page 114.

The next sheet we have is entitled,
Assetwise/Evaluwise Approval Checklist and it
has a stamp on the bottom that says *US Bank*
0120?

A. Yes.

Q. Okay. Do you recognize this document?

A. Yes.

Q. Okay. And what type of document is it?

A. **It is another check sheet for reviewing the
loan.**

Q. Okay. And what would be reviewed? When you say
the loan, I guess what I would like you to try
to distinguish for me, because it seems like
there's hard documents and then there's
electronic data. So if you could kind of
explain to me what would be reviewed -- what was
being reviewed when this particular document was
completed.

A. **This checklist would be used once the data was
run through the *AssetWise* technology.**

Q. Okay.

A. **And it would instruct the associate what type of
review needed to be done --**

Q. Okay. Now the data --

A. **-- on certain elements.**

- 1 Q. Right.
 2 The data that you're talking about is coming
 3 from who?
 4 A. **Mercantile.**
 5 Q. Mercantile. So do they have a system where they
 6 can take their electronic data and just kind of
 7 dump it --
 8 A. **Feed it into ours, yes.**
 9 Q. Okay. So you don't have to do any data entry
 10 with their data?
 11 A. **Only supplemental if they didn't deliver data.**
 12 **All the data we needed --**
 13 Q. Correct.
 14 A. **-- we would, from the paper, load the additional**
 15 **data.**
 16 Q. Okay. So the Mercantile data generally,
 17 assuming there's no problems, gets put into the
 18 *AssetWise* technology. That's a software
 19 program? *AssetWise* -- when you say *AssetWise*
 20 technology, --
 21 A. **It was in-house developed software.**
 22 Q. All right. Okay. And so then this sheet...
 23 If you could just kind of go through it and
 24 just tell us what the sheet shows.
 25 A. **Loan ID.**

- 1 Q. Uh-huh.
 2 A. **Seller and the Borrower.**
 3 Q. Right.
 4 A. **Okay. *AssetWise* Loan, Y N Y.**
 5 Q. Uh-huh.
 6 A. **After running the loan and data through the**
 7 ***AssetWise* program it produced an answer. The**
 8 **first Y -- well, stood for Yes and No.**
 9 Q. Okay.
 10 A. **Y and N stands for Yes and No.**
 11 The first Y or N stood for did the tool
 12 approve the loan or not. In this case it did,
 13 Yes.
 14 Q. Okay.
 15 A. **The second answer --**
 16 Q. Uh-huh.
 17 A. **-- meant did it need a credit review.**
 18 Q. Okay.
 19 A. **In this case No.**
 20 The third position was did it need an
 appraisal review and the answer was Yes.
 22 Q. Okay. And then if we move over to the right, we
 23 have -- it says *EvaluWise* Indicators. Do you
 24 know what --
 25 A. **This --**

- 1 Q. -- the worksheet represents?
 2 A. **-- worksheet was designed to be able to use --**
 3 **with either of those tools. They were similar**
 4 **tools with similar roles.**
 5 In this case it was *AssetWise* that was used.
 6 Q. Okay. And then how can I -- how can you tell
 7 which program was used from the sheet? Because
 8 it looks like it's got *EvaluWise* Indicators,
 9 Y N Y, so it kind of looks like it might have
 10 been run through --
 11 A. **Well, they have the same rules, so they would**
 12 **have produced the same result.**
 13 Q. Okay. And so the first field would represent if
 14 the loan was approved?
 15 A. **Approved.**
 16 Q. The second field --
 17 A. **Credit.**
 18 Q. Okay. So they represent the same thing?
 19 A. **Yes.**
 20 Q. Okay. And then the very last entry on the top
 21 line starts with *History*?
 22 A. **And then because it got a Yes for appraisal, --**
 23 Q. Okay.
 24 A. **-- it said Is a *HistoryPro* report required?**
 25 **Yes.**

- 1 Q. Okay. And what is a *HistoryPro* Report?
 2 A. **A *HistoryPro* is a vendor-produced evaluation**
 3 **that helps detect fraud.**
 4 Q. What types of fraud?
 5 A. **Property flipping.**
 6 Q. Okay.
 7 A. **Various types of conditions.**
 8 Q. Okay. And did you always use one certain vendor
 9 product when you did these or...
 10 A. **I don't know if we've always exclusively used**
 11 ***HistoryPro*, but it has been the predominant**
 12 **product.**
 13 Q. Okay. So on this particular worksheet
 14 *HistoryPro* is the name of the software that was
 15 used to try to detect...
 16 A. **The product that we -- we engaged a vendor to**
 17 **produce for us.**
 18 Q. Okay. Okay. All right. So...
 19 And let's just kind of quick go down and see
 20 what's being evaluated here.
 21 And I'll just let you go down each line and
 22 explain what it's...
 23 A. **Well, the first is just that they've taken the**
 24 **step to evaluate that this product does match**
 25 **what the client submitted or committed to sell**

1 us.

2 Q. Okay. And when you use the word *Product*, you're

3 referring to the loan terms?

4 A. **The 30-year AlterNet...**

5 Q. Okay. Thank you.

6 And then when it says *Evaluated Product*

7 *Group is an Upgrade*, what do they mean by an

8 *upgrade*?

9 A. **Those price adjustments that were on the**

10 ***Purchase Advice*, --**

11 Q. Okay.

12 A. -- certain conditions of a loan can change the

13 price up or down.

14 Q. Okay.

15 A. **So they're looking for up or down movement as it**

16 **relates to the features of the loan and its**

17 **pricing.**

18 Q. Okay. And then there's a big X in the box.

19 That would indicate?

20 A. **They did the steps.**

21 Q. Okay. So let's just go to the second one.

22 MR. BOYERS: Remember to let her finish

23 her question --

24 THE WITNESS: Okay.

25 MR. BOYERS: -- before you answer.

1 THE WITNESS: All right.

2 BY MS. JACKSON:

3 Q. Second box.

4 A. **Do you want me to --**

5 Q. Yeah.

6 A. -- read it or...

7 Q. Just go through and explain to us what each line

8 is either evaluating or what it indicates.

9 A. **Is a target diligence need to be done --**

10 **completed by Underwriting? Yes.**

11 Q. Okay. And that would be because of one of these

12 code indicators that we talked about up at the

13 top here, these *Y N Ys*?

14 A. **Yes.**

15 Q. Okay. And then moving down, there's a big black

16 line and moving down to the next categories

17 here.

18 If you could just explain to me -- there's

19 one, two, three, four criteria it looks like.

20 If you could just tell me quickly what each

21 criteria is looking at.

22 A. **Loan amount matches the Note.**

23 *[The] Interest rate on the Note is the same*

24 *[as] or less than the interest rate on the*

25 *AssetWise certificate.*

1 *[The] Note matches the product type on the*

2 *AssetWise certificate.*

3 And the *Interest Only*, which was not

4 applicable in this case.

5 Q. Okay. And when you're comparing the interest

6 rate on the Note to this *AssetWise* certificate,

7 let me just be clear. We're talking about the

8 physical Note as being compared to electronic

9 data or electronic data printout, that's the

10 *AssetWise* certificate?

11 A. **It's being -- paper is being compared to data,**

12 **yes.**

13 Q. Okay. And is it usually printed out or is it

14 just being done off the screen, a computer

15 screen?

16 A. **Being --**

17 MR. BOYERS: Objection, because I'm not

18 sure what you're referring to. If you're

19 referring to just the electronic data itself,

20 that's being looked at, --

21 MS. JACKSON: Right.

22 MR. BOYERS: -- let's make that clear.

23 MS. JACKSON: Yeah.

24 BY MS. JACKSON:

25 Q. The Note that's being looked at is a hard copy

1 Note and then it says *Compared to the AssetWise*

2 *certification or CERT.*

3 That *AssetWise CERT* is the electronic data,

4 I believe we talked about.

5 A. **(Nodding.)**

6 Q. When someone is doing this check sheet do they

7 have -- is the *AssetWise* electronic data printed

8 out for them to do this comparison? Or are they

9 comparing the hard copy Note to the *AssetWise*

10 data that's just being reflected on the computer

11 screen?

12 A. **Computer, I believe.**

13 Q. Okay. And then we're going to drop down to the

14 third set of criteria and if you could just run

15 through those really quick.

16 A. **The next section?**

17 Q. Uh-huh. And just tell us what each category is

18 looking at.

19 A. **What is the *Purchase Price*.**

20 Q. Uh-huh.

21 A. **In this case wasn't relevant.**

22 Q. Okay.

23 A. ***Secondary financing*, which wasn't relevant.**

24 Q. Is that referring to a second loan?

25 A. **Second mortgage.**

- 1 Q. Okay.
- 2 And then continuing down.
- 3 A. **Rate and Term Refinances, if 2nd mortgage is being paid off, 2nd mortgage is at least 12 months old.**
- 4 Checking for a piece of criteria there.
- 5 *Loan Purpose matches the HUD-1.*
- 6 Q. And the last line there is?
- 7 A. **If Sellers and Buyers have the same last name... It's giving them an indication... But this is a refinance, so it's not pertinent.**
- 8 Q. Okay. When it says *full Underwrite*, that would be -- a *full Underwrite* is required if they do not have the same last name?
- 9 A. **A full Underwrite if it was a purchase transaction --**
- 10 Q. Okay.
- 11 A. -- and the borrower and the sellers were -- had the same last name, you'd want to review that file more carefully, so a *full Underwrite*.
- 12 Q. Got you.
- 13 And then we're going down to one, two, three, four -- right underneath the fourth black line we have two criteria there.
- 14 A. Uh-huh.

- 1 Q. If you could just explain each of those.
- 2 A. **If it's an AlterNet product, if the doc -- documentation type is stated, the borrower must be self -- must be self-employed for at least two years. So if it's a self-employed borrower, which --**
- 3 Q. Okay.
- 4 A. -- this isn't.
- 5 Q. Is *AlterNet* another program or is it --
- 6 A. **Just a product grouping.**
- 7 Q. Okay. And then the next one down?
- 8 A. **The Loan Doc Type matches income documentation in the file and the quality code in IMS.**
- 9 That just means that the income verification documentation type, --
- 10 Q. Uh-huh.
- 11 A. -- was it -- was there documentation verifying the income --
- 12 Q. Okay.
- 13 A. -- in the file?
- 14 And, if so, did it get reflected in the codes and system correctly --
- 15 Q. Okay.
- 16 A. -- so we knew what type of documentation it had.
- 17 Q. And the *quality code* they're talking about

- 1 means? It says *quality code in IMS*.
- 2 A. **It's just the code of the documentation type.**
- 3 Q. And we're just referring to the income?
- 4 A. Uh-huh.
- 5 Q. Okay.
- 6 MR. BOYERS: Is that a Yes?
- 7 THE WITNESS: Yes.
- 8 BY MS. JACKSON:
- 9 Q. All right. Moving down.
- 10 And like I said, if you could for each of these lines just give a real quick explanation.
- 11 A. **Appraised Value and then across from that has the LTV or loan-to-value.**
- 12 Q. Uh-huh.
- 13 A. **Property type matches appraisal.**
- 14 Q. Okay.
- 15 A. And then there were some extra things to do if it was a condo.
- 16 Q. All right.
- 17 A. **Refinance -- the property value matches the appraised value.**
- 18 If it was a purchase, which it wasn't, that the property value --
- 19 Q. Right.
- 20 A. -- is the lower of the appraised value or the

- 1 **purchase price.**
- 2 Q. Uh-huh.
- 3 A. **So the following section just helps them determine that they have everything that they are responsible for checking for.**
- 4 Q. Uh-huh.
- 5 A. **That they have -- the appraisal is complete.**
- 6 Q. Okay.
- 7 A. **Or if it's a new construction, is it completed per plans and specs.**
- 8 Q. Right.
- 9 A. **Date of the appraisal isn't older than 120 days --**
- 10 Q. Okay.
- 11 A. -- before the closing.
- 12 Photos are there.
- 13 Q. Uh-huh.
- 14 A. **Comparables. Photos. The map. Finance. There have been no sales. I mean I can read you the form.**
- 15 MR. BOYERS: Yeah, I was going to say --
- 16 THE WITNESS: I'm just reading it.
- 17 MR. BOYERS: Let's go off the record for a second.
- 18 (Discussion had off the record.)

1 BY MS. JACKSON:
 2 Q. Box 10, what information is reviewed to
 3 determine the -- whether or not there's been a
 4 refinance?
 5 A. **So you're referring to the box that starts**
 6 **Refinances?**
 7 Q. Uh-huh.
 8 A. **They're reviewing the appraisal and the loan**
 9 **application, I believe.**
 10 Q. Okay.
 11 A. **And the *HistoryPro* Report because that's part --**
 12 **they've got a *HistoryPro* Report so they have**
 13 **other information on the property.**
 14 Q. Okay. Because that's what that sentence says,
 15 "*There have been no sales on the property in the*
 16 *last twelve months.*" And my question is what
 17 information do they get, or have access to, to
 18 determine that, whether there has been any sale
 19 of the property?
 20 MR. BOYERS: Asked and answered.
 21 You can answer.
 22 THE WITNESS: The borrower's loan
 23 application, --
 24 MS. JACKSON: Uh-huh.
 25 THE WITNESS: -- their statement, the

1 appraisal and *HistoryPro* Report.
 2 MS. JACKSON: Okay.
 3 BY MS. JACKSON:
 4 Q. And the *HistoryPro* Report, that's the separate
 5 vendor program that we were talking about
 6 earlier that looks for fraud?
 7 A. **(Nodding.)**
 8 And property evaluation.
 9 Q. And property evaluation?
 10 A. **Uh-huh.**
 11 Q. Okay. Okay. In the -- I believe it's the
 12 13th box down it says *Property type*. Out in the
 13 right-hand column it says *Units 1*. And then it
 14 asks the question and it says *Is property type*
 15 *valid for AssetWise?*
 16 What do they mean *valid*?
 17 A. **Well, if there was a, you know, 5-unit**
 18 **building... This is saying it's a 1-unit --**
 19 **1-unit property, so that's a valid unit number.**
 20 Q. Okay. So they're just comparing again the
 21 electronic data to what the hard copy documents
 22 reflect?
 23 A. **Yes.**
 24 Q. And then 13, 14, 15. Box 15 says *HistoryPro*
 25 review complete (if applicable) and then there

1 are comments underneath that.
 2 Are the comments related to this last box or
 3 are the comments relating to the whole form? So
 4 could you please explain the *Comments* box there?
 5 A. **The comments would just have to do with --**
 6 MR. BOYERS: I just note an objection.
 7 She isn't the one who prepared this document, so
 8 she can testify generally about what the comment
 9 section is for.
 10 MS. JACKSON: I think that's what I
 11 asked her to do.
 12 MR. BOYERS: It's not necessarily clear,
 13 so --
 14 MS. JACKSON: Oh, --
 15 MR. BOYERS: -- I'm just making my
 16 objection.
 17 MS. JACKSON: -- I just asked her what
 18 the box -- if it was for the *HistoryPro* or --
 19 MR. BOYERS: I'm just --
 20 MS. JACKSON: -- if it was for the whole
 21 document.
 22 MR. BOYERS: I'm just making the record,
 23 my objection.
 24 She can answer.
 25 MS. JACKSON: Cool.

1 MR. BOYERS: So...
 2 THE WITNESS: Comments would be put
 3 there as it related to anything from that
 4 section for review.
 5 BY MS. JACKSON:
 6 Q. The entire section?
 7 A. **For --**
 8 Q. Like from *Appraised Value* down --
 9 A. **Or --**
 10 Q. -- or just the whole form?
 11 A. **It was the discretion of the reviewer, how to**
 12 **use the *Comments* form.**
 13 Q. Okay.
 14 And what types of things would typically be
 15 noted in a *Comments* form? Or *Comments* field I
 16 guess it is.
 17 A. **Just observations of the file.**
 18 Q. And it looks like on the bottom -- it says it's
 19 *Reviewed by J Larson*. Would that be the person
 20 who prepared the form or did someone else
 21 prepare the form and then the reviewer would
 22 review it?
 23 A. **Someone else probably generated the form.**
 24 **J Larson filled it out.**
 25 Q. And when we say *filled it out*, she's --

- 1 **A. Checked the boxes.**
 2 **Q.** -- she's...
 3 The reviewer is also the person completing
 the handwriting on here?
 4 **A. Uh-huh.**
 5 **Q.** Okay. Do you know what a 1007 is? I think it
 6 might be a form number.
 7 **MR. BOYERS:** What part of the document
 8 are you looking at?
 9 **MS. JACKSON:** In the *Comment* section it
 10 says *No 1007 in file.*
 11 **BY MS. JACKSON:**
 12 **Q.** If you don't know, you can just say *No.*
 13 **A. I -- I don't know specifically. I believe it is**
 14 **a form on a multi-use family dwelling and this**
 15 **is Okay to waive because it's a single-family**
 16 **residence.**
 17 **Q.** Okay.
 18 Oh, and so that was my next question. *SFR*
 19 *is single-family residence?*
 20 **A. Okay to waive because it's an SFR, single-family**
 21 **residence.**
 22 **Q.** Okay. And then we get to the -- It looks
 23 like -- It's in a dark line, but it says
 24 *Credit Screens* and then something that starts

- 1 with a *P.* 13, 14, 15 -- I don't know, we're
 2 down to about 17 or 18 boxes.
 3 **MR. BOYERS:** Just count it from that
 4 section.
 5 **MS. JACKSON:** But if she doesn't
 6 understand what line I'm on...
 7 **BY MS. JACKSON:**
 8 **Q.** I'm on the very last dark line on the form.
 9 **A. (Indicating.)**
 10 **Q.** Yes.
 11 **A. Yes.**
 12 **Q.** Okay. Could you -- the first to the reviewer
 13 indicated -- it looks like *NA*, which would mean,
 14 I'm assuming, *Not Applicable.*
 15 And then she's got a check in the third box
 16 down. So can you start from that third box down
 17 and tell me what these checks indicate?
 18 **A. It's just some steps that -- that they're asked**
 19 **to do, to enter the credit score on the P2FP --**
 20 **I mean that's the code screen. Enter the credit**
 21 **score. They did it. Complete Employment type**
 22 **in the system, in the Findings.**
 23 **Q.** So the P2FP, that would be like the field for
 24 the credit score?
 25 **A. Or the screen number.**

- 1 **Q.** Okay. I got you.
 2 **A. It's just some quality control steps.**
 3 **Q.** Okay.
 4 And then one, two, three, four... The fourth
 5 box down is talking about *Employment type.*
 6 **A. Uh-huh.**
 7 **Q.** And then it says *DTI matches Findings Report.*
 8 Can you tell me what *DTI* means?
 9 **A. Debt.**
 10 **Q.** Okay.
 11 **A. Debt to income.**
 12 **Q.** Okay. And then what is the *Findings Report?*
 13 **A. The AssetWise Findings Report.**
 14 **Q.** Okay.
 15 **A. It's the -- the outcome information from the**
 16 **technical system or the computer that evaluated**
 17 **the loan.**
 18 **Q.** So after the data is input, it -- the program
 19 does its thing and then it has a *Findings Report*
 20 indicating the results?
 21 **A. Uh-huh.**
 22 **Q.** Okay. Is that *Findings Report* printed out or is
 23 it saved in electronic form?
 24 **A. It's electronic, I believe.**
 25 **Q.** Okay. And then on that same line, if we go

- 1 out -- if we have another *DT*, but it's *Debt to*
 2 *Income* --
 3 **A. Uh-huh.**
 4 **Q.** -- and there's a number there. And then we have
 5 some other codes out to the right-hand side of
 6 that. Do you know what that represents or...
 7 **A. The DTI or Debt to Income --**
 8 **Q.** Uh-huh.
 9 **A. -- was 23%.**
 10 **Q.** To -- do you know, 23% to what? The --
 11 **A. Their housing payment and their relationship to**
 12 **their income.**
 13 **Q.** Do you know if, in this *DTI* figure, is it just
 14 housing debt that's included, not overall debt?
 15 **A. Yes, I believe it's just...**
 16 **MR. BOYERS:** In clarification, --
 17 **MS. JACKSON:** Uh-huh.
 18 **MR. BOYERS:** -- you're talking about
 19 housing debt with respect to this loan; correct?
 20 **MS. JACKSON:** Well, yeah. I mean I
 21 don't know --
 22 **MR. BOYERS:** I mean the property that's
 23 the subject of this loan?
 24 **MS. JACKSON:** Yeah, I'm assuming when
 25 they say *Debt to Income* that they're talking

- 1 about the *Debt-to-Income* in regards to this
2 loan.
- 3 MR. BOYERS: I mean that's probably...
4 MS. JACKSON: Yeah.
5 MR. BOYERS: Okay.
6 MS. JACKSON: And that's to say the
7 debt-to-income, if that represents 23%. So I
8 was asking is that just housing debt or is it
9 overall debt of that particular borrower.
- 10 BY MS. JACKSON:
11 Q. And then we have, like I said, then to the right
12 of the letter we've got a couple codes there
13 again and if you know these, if you could please
14 tell me what each of these codes are. And if
15 you don't, just tell me.
- 16 A. **No, I do it.**
17 OTH is the income -- some other type of
18 income. And SE stands for *Self-employed*. And
19 FX stands for --
- 20 Q. Oh, okay.
21 A. -- *Fixed*.
22 Q. *Fixed* as in?
23 A. **As in a fixed-income person.**
24 Q. Someone who receives a salary, would they be
25 included in a *fixed-income person*? Or are we

- 1 talking fixed income, just on like
2 Social Security or a pension?
- 3 A. **Social Security and pension.**
- 4 Q. Okay. All right. And then going right below
5 the box. We were talking about employment.
6 There's -- talking about a reference number in
7 the IMS is entered. What does IMS refer to in
8 that sentence?
- 9 A. **Information Management System.**
- 10 Q. And is this a different software system or is
11 it --
- 12 A. **Just the -- what we refer to as the gathering
13 point of information.**
- 14 Q. And is it like a summary of everything or...
15 When you say *gathering* --
- 16 A. **It's a document repository of information.**
- 17 Q. Okay. So it's entered in there.
18 And is the same -- and then what is an
19 *AW Cert*?
- 20 A. **The *AssetWise Cert*.**
- 21 Q. *AssetWise Cert* in the file used for funding.
22 Okay.
23 And then right below that you see *AssetWise
24 Submission Reference Number* and there's a number
25 assigned there. Is that the number they're

- 1 talking about making sure it was entered in the
2 IMS in that sentence above?
- 3 A. **Yes.**
- 4 Q. Okay. And then moving to the left we have
5 *Mortgage History (if applicable on EvaluWise)*.
6 And it says *N/A*. Can you explain? Is it
7 *N/A* because there isn't any mortgage history or
8 *N/A* just because *EvaluWise* wasn't used?
- 9 A. **I think *Mortgage History* wasn't needed. It was
10 a new -- it was -- I think the -- *EvaluWise*. I
11 don't think it was applicable in this case.**
- 12 Q. Yeah. And let me go back and just make sure I'm
13 clear on this.
14 You said the *AssetWise* program and the
15 *EvaluWise* program were similar. Were they both
16 always run at the same time or was one or the
17 other?
- 18 A. **They both --**
19 MR. BOYERS: Objection, compound.
20 You can answer, if you can.
- 21 BY MS. JACKSON:
22 Q. Take out my *one or the other*.
23 A. ***EvaluWise* was a tool used more predominantly
24 when we were evaluating up and buying a bulk of
25 loans.**

- 1 Q. Okay.
2 A. ***AssetWise* was more predominantly the tool used
3 when you were buying one loan at a time, for one
4 client.**
- 5 Q. Okay. And then underneath the box where -- or
6 the line where we have *Mortgage History (if
7 applicable on EvaluWise)*. They said
8 *Non-Applicable* and there's some numbers or
9 something written on there.
10 Is that any kind of required coding or was
11 this just something at the discretion of whoever
12 input this?
- 13 A. **It was -- it's just a quality control reminder
14 to make sure all the codes are correct in the
15 system.**
- 16 Q. Okay. And then moving down, there's a line that
17 says *Approved* and it has a big circle around it.
18 And then there's some numbers out there. I
19 don't need to know specifically of what each of
20 those numbers mean, but can you just give me a
21 general idea of if it would be approved, are
22 these conditions approved based on certain
23 conditions or...
24 A. **I don't recall.**
25 Q. Okay. And then the IMF Code -- *IMS Code*, we

- 1 have -- she's got circled 18A. Or He, I don't
 2 know who it is. But 18A. Do you know what that
 3 reference is?
- 4 **A. I don't recall.**
- 5 **Q.** Okay. And then it's *Reviewed by*, it looks like
 6 *J Larson* and it has a *UW Code*. Do you know what
 7 that refers to?
- 8 **A. That would be J Larson's underwriting code --**
- 9 **Q.** Okay.
- 10 **A. -- number.**
- 11 **Q.** And then the date the review was performed?
- 12 **A. Correct.**
- 13 **Q.** Okay. Cool.
- 14 And then flipping the page around, *US Bank*
 15 *Document 121*. The copy that we got is a little
 16 bit hard to read. It doesn't look like there's
 17 much filled out on this form, so if you could
 18 just please review it and tell me the general
 19 purpose of the form.
- 20 **A. An optional tool they could use to go through**
 21 **their checklist.**
- 22 **Q.** Uh-huh.
- 23 **A. In this case the loan was selected for a target**
 24 **dillgence of an appraisal.**
- 25 **Q.** Okay.

- 1 **A. So they're skipping over to the step.**
- 2 MR. BOYERS: And you're flipping over to
 3 *US Bank 122?*
- 4 THE WITNESS: 122.
- 5 MS. JACKSON: 122.
- 6 BY MS. JACKSON:
- 7 **Q.** Okay. So let's go to 122.
- 8 **A. (Complying.)**
- 9 **Q.** And then the first box, I don't see anything
 10 filled in there.
- 11 So let's move down to -- it's hard to read.
 12 Do you know what the heading is for that first
 13 box, by any chance, or what that's supposed to
 14 represent, as far as what they're analyzing in
 15 that first box?
- 16 **A. I believe it is saying history -- it's talking**
 17 **about dillgence for HistoryPro.**
- 18 **Q.** Okay. And like I said, we have nothing
 19 indicated in there, so let's move down to -- it
 20 looks like Step 4.
- 21 **A. Oh, I thought you were talking about Step 4.**
- 22 **Q.** I was. We've got the one box here at the top.
- 23 **A. Oh.**
- 24 **Q.** Like I said, it's so hard to -- it says
 25 *Step 3A --*

- 1 **A. That --**
- 2 **Q.** Yeah.
- 3 **A. That was the box that had to do was it in a**
 4 **high-risk ZIP Code area.**
- 5 **Q.** And how was a high-risk ZIP Code -- what does
 6 that refer to? High risk of what?
- 7 **A. We had determined a set of ZIP Codes where our**
 8 **portfolio, we had -- as a company we had**
 9 **experienced losses.**
- 10 **Q.** Oh.
- 11 **A. So if a loan came in for that ZIP Code area we**
 12 **gave it extra scrutiny.**
- 13 **Q.** Okay.
- 14 **A. But this one didn't.**
- 15 **Q.** All right. Okay. Okay. And then stepping down
 16 to the box where we have some --
- 17 **A. This is the HistoryPro box.**
- 18 **Q.** Okay. And they have one box checked here and it
 19 says *Review for any additional appraisal*
 20 *dillgence*. And then there's a notation, a
 21 handwritten notation out there that looks like
 22 the person wrote in *April 26, 2004* and *Value* and
 23 *at*, an arrow sign and *End*. Does that notation
 24 -- is that like a notation that's a shorthand
 25 for something that you would recognize as being

- 1 reviewed or is it --
- 2 **A. Yes.**
- 3 **Q.** -- just this person...
- 4 **A. Yes.**
- 5 **Q.** Okay. Can you tell me what that refers to?
- 6 **A. Value at high end.**
- 7 **Q.** And *value at high end* of what?
- 8 **A. The information provided in the HistoryPro**
 9 **Report.**
- 10 **Q.** And the *HistoryPro* Report is showing comparable
 11 houses or --
- 12 **A. In the last three years.**
- 13 **Q.** Okay. And so then once we've got this *Yes*, then
 14 what happens to the loan review process? Does
 15 that trigger any additional...
- 16 **A. Then they review the HistoryPro Report.**
- 17 **Q.** Okay. Let's see if we have that.
- 18 The next page was marked *US Bank 123*.
 19 Is this the *HistoryPro* Report?
- 20 **A. Yes.**
- 21 **Q.** All right. Okay. Good. And so if we can go
 22 ahead and -- it's got some -- at the very top it
 23 has some *User Entry Information*. It has some
 24 *Order Tracking Number*. Is that just internal
 25 tracking? Is that something that's internal

- 1 tracking as to Residential Funding Corporation
 2 or is that something that's just internal
 3 tracking to the vendor of this program?
- 4 **A. The vendor.**
- 5 **Q.** Okay. That. That.
- 6 Okay. And if we look on the second box down
 7 it says *AVM Property Review Results*.
 8 Can you tell me what this shows and what
 9 this -- the *Review Results* -- what the *Review*
 10 *Results* were?
- 11 **A. AVM stands for Automated Valuation.**
- 12 **Q.** Okay.
- 13 **A. And it's -- after it applied whatever internal**
 14 **criteria it had --**
- 15 **Q.** Uh-huh.
- 16 **A. -- it came out with a final decision of**
 17 **Caution.**
- 18 **Q.** Okay. Were the reviewers, and these are the
 19 Residential Funding reviewers, were they
 20 provided with any kind of guidance or procedures
 21 that needed to happen if like a *Caution* entry
 22 was found by the *HistoryPro*?
- 23 **A. They were to thoroughly review the information**
 24 **in the *HistoryPro* and the appraisal.**
- 25 **Q.** Okay. So as we go through this we'll cover

- 1 that.
- 2 **A. (Nodding.)**
- 3 **Q.** Okay. And then the next line down says *Value*
 4 *Difference: 27%*.
- 5 Do you know what they're referring to there?
- 6 **A. Off the top of my head, no.**
- 7 **Q.** Okay. And the -- there's a *Decision Reason* and
 8 that *Decision Reason* says, *Value Not Within*
 9 *Tolerance (HP)*. Do you know what that notation
 10 means or is trying to describe?
- 11 **A. Not specifically.**
- 12 **Q.** Okay. And then we go down to the next box and
 13 it says *HistoryPro Property Flipping -- Scoring.*
 14 *Flip Scoring*. And then can you explain to me a
 15 little bit about what this box means, or what
 16 duties it would trigger, or additional review it
 17 would trigger for the Residential Funding
 18 reviewer?
- 19 **A. An F Score --**
- 20 **Q.** Uh-huh.
- 21 **A. -- has a range of 0 to 25.**
- 22 **Q.** Okay.
- 23 **A. The higher the score, the riskier.**
- 24 **Q.** Okay.
- 25 **A. So this one was an 8.**

- 1 **Q.** Okay.
- 2 **A. The T Ratio has to do with -- I believe it's**
 3 **the -- based on available information because**
 4 **the vendor can only get so much information.**
- 5 **Q.** Right.
- 6 **A. So what was a public record of the sales in the**
 7 **last three years, what percentage of them may**
 8 **have been from a foreclosure.**
- 9 **Q.** Okay. And then there's that *S Gain*?
- 10 **A. I believe, again, that has to do with the -- In**
 11 **the last three years it's a ratio about the**
 12 **value increases in the last three years --**
- 13 **Q.** Okay.
- 14 **A. -- of sales.**
- 15 **Q.** Okay. Okay. And then we bump down into the
 16 middle of the form and we have a *HistoryPro*
 17 notation. And the top part of it has some
 18 identifying information. And then the *F Score*
 19 is repeated.
- 20 And then we have a line that starts with
 21 *Market Analysis*. And can you just kind of
 22 explain this information...
- 23 Well, first of all, when these reports came
 24 in was it a duty of the Residential Funding
 25 reviewer to look at this information?

- 1 **A. To consider it, yes.**
- 2 **Q.** To consider it? Okay.
- 3 **A. (Nodding.)**
- 4 **Q.** So can you go ahead and just kind of give me an
 5 overview of what some of these -- like I said,
 6 some of the F scores repeat, but some of the
 7 newer entries, if you could explain what they
 8 meant and then what that would trigger the
 9 reviewer to either get additional documentation
 10 or what responsibilities would be triggered
 11 based on a reviewer looking at this data.
- 12 MR. BOYERS: Object to the form, to the
 13 extent it's vague.
- 14 You can answer, to the extent you can.
- 15 THE WITNESS: To the extent that this
 16 vendor could obtain information --
- 17 MS. JACKSON: Uh-huh.
- 18 THE WITNESS: -- it goes through and it
 19 shows how many nearby sales they considered to
 20 come up with their score.
- 21 BY MS. JACKSON:
- 22 **Q.** Okay.
- 23 **A. What's the maximum distance they had to go.**
 24 **What was the average distance. The T Score that**
 25 **was above at 57 --**

- 1 Q. Uh-huh.
- 2 A. -- is the 20 out of 35.
- 3 So it's -- if it's 57% T Score that was
arrived by using 20 out of 35.
- 4 Q. And 35, we're talking 35 --
- 5 A. Properties.
- 6 Q. -- properties?
- 7 Okay.
- 8 A. I think the S Gain and the L Gain starts getting
into average mean and I'm not a...
- 9 Q. Okay.
- 10 A. The Subject property, was there a foreclosure in
the last three years that this vendor could find
on the property. No.
- 11 Q. Okay.
- 12 A. And was it for -- did it have a -- did they find
any county records that a sale had transpired on
this property in the last three years. No.
- 13 Q. Okay. And is that -- coming from that APN,
that's over in the right-hand column, the
right-hand side here where it says Last Sale
Date?
- 14 A. I don't know. I don't know.
- 15 Q. Okay.
- 16 MR. BOYERS: Are you asking about the

- 1 APN or the Last Sale Date information?
- 2 MS. JACKSON: Well, she said that the
information showed that there wasn't a sale and
I didn't know if she was reading that from --
- 3 THE WITNESS: I don't know what APN
stands for.
- 4 MS. JACKSON: Okay.
- 5 BY MS. JACKSON:
- 6 Q. The Last Sale Date, what's your understanding of
what that means?
- 7 A. That's what the vendor could find as the last --
- 8 Q. Okay.
- 9 A. -- sale date on a subject property.
- 10 Q. And then they've got this Land Use Code. Do you
recognize what code they're using there?
- 11 A. Residential Single-Family Residence.
- 12 Q. Okay. And... Okay. Let's see. And let's flip
the page. This looks like -- this is marked
124. This looks like it's still part of that
same HistoryPro stuff.
- 13 Okay. If you could just kind of go to
the -- it looks like a third down, it says HUD
Property Rules Report. Just what are they
referring to there?
- 14 A. I don't know.

- 1 Q. Okay. Me neither.
- 2 And then back underneath that we have
- 3 Subject Report. Legal Description. Okay.
- 4 That's all pretty self-explanatory.
- 5 Let's go ahead and flip to 125.
- 6 A. (Complying.)
- 7 Q. And at the very top it starts with
- 8 Transfer Date. Do you know what -- the entry
underneath that has some data; do you know what
that represents?
- 9 A. That's still a carryover, I believe, of the
subject property information that was able to be
found.
- 10 Q. Okay. And then it looks like we have a little
map with a bunch of letters. It looks like they
designate properties and it's captioned
Nearby Sales. So... And I think this goes
through Page 127.
- 11 So if you could just kind of flip through
that and either confirm or deny whether or not
that's what it purports to be.
- 12 A. It's just the information they could get.
- 13 Q. Yeah. Okay. Then...
- 14 And would a reviewer look through each of
these sales to see what the sales range was for

- 1 the specific properties or --
- 2 A. They may or they may not look to each individual
one.
- 3 Q. Okay. And then we get to Page 128. And did the
reviewers use this particular section of the
report or...
- 4 MR. BOYERS: Well, I'm going to object
to the form of the question --
- 5 MS. JACKSON: Okay.
- 6 MR. BOYERS: -- because if you're
asking...
- 7 It's not clear if you're asking in general
or with respect to this specific deal. If
you're referring to --
- 8 MS. JACKSON: Well, I can't ask --
- 9 MR. BOYERS: -- this specific one, then
you're asking her to speculate as to whether
they looked at this page.
- 10 MS. JACKSON: Right.
- 11 MR. BOYERS: In general, you can ask.
- 12 MS. JACKSON: Right. Well, I --
Specifically...
- 13 She can't anything on the specific loan
because she didn't fill it out. I mean she can
tell me what the codes and stuff are, but...

1 MR. BOYERS: Well, then she can also --
2 she's already authenticated the record as being
3 ours, --

MS. JACKSON: Right.

MR. BOYERS: -- but go ahead.

6 BY MS. JACKSON:

7 Q. So yes, I am just asking in general terms
8 because I realize you're not the person that did
9 this review.

10 But... You know, it looks like this report
11 is pretty comprehensive and I guess as a
12 reviewer, when you were a reviewer, did -- what
13 parts -- did you use the entire report in each
14 and every section or were there certain sections
15 that you relied on?

16 A. The --

17 MR. BOYERS: I'd just object for the
18 record to the fact that it seems facts not in
19 evidence. The *HistoryPro* was the program that
20 was used back in the time she had
21 responsibilities in that area.

22 MS. JACKSON: Right.

23 MR. BOYERS: You can answer the
24 question.

25 THE WITNESS: I do know that they were

1 required to look at the summary information.

2 MS. JACKSON: Okay.

3 THE WITNESS: The subsequent is the
4 backup, if they wanted to question that summary
5 information, or what they saw in the summary
6 information caused them to want to explore it
7 further.

8 MS. JACKSON: Okay.

9 THE WITNESS: But this summarizes --
10 this just gives -- the vendor is just giving us
11 how they came up with this.

12 MS. JACKSON: Their background document.
13 And that's why it says -- I don't want to go
14 through all of these pages because it's not --
15 like I said, it's not produced by you, so...

16 BY MS. JACKSON:

17 Q. All right. And then we go to very -- 131.

18 A. (Complying.)

19 Q. And this one in the upper right-hand corner, it
20 looks like it says *EvaluWise* Decision Summary.

21 So if you could just tell me what this is.
22 It's got 131 on the bottom. And it's just like
23 the last page. She's got it. It's just teeny
24 type.

25 A. (Reviewing exhibit.)

1 It's just a printout of the software summary
2 results from *EvaluWise*. It's saying yes, it was
3 an *AssetWise* --

4 Q. Right.

5 A. Right.

6 Q. Let me --

7 A. Was it approved?

8 Q. Yeah.

9 A. Yes.

10 Q. I --

11 A. Just a summary.

12 Q. I think it looks like just almost the same --

13 A. Yes.

14 Q. -- that we did.

15 A. Printout of the...

16 Q. So does the -- does this indicate that the
17 *EvaluWise* -- the data for this particular one
18 was input through the *EvaluWise* --

19 A. And *AssetWise*.

20 Q. -- program?

21 And *AssetWise*, so it was --

22 A. Both.

23 Q. -- both?

24 Okay. And one thing that's just a little
25 different on this spreadsheet is if you go to

1 the third section down, it's titled *Loan Detail*,
2 but it -- one, two, three, four, five -- the
3 sixth entry down. There's three entries there,
4 it says like *Front End Ratio*, *Back End Ratio*.
5 Do you know what those are referring to?

6 A. I would be speculating if I tried to answer.

7 Q. That's fine.

8 A. The verbiage they're using on this report is a
9 little different than I'm accustomed to.

10 Q. Yeah. I mean that's fine, *No* is fine.

11 A. Yeah.

12 Q. And then the second thing, too, is... Let me
13 see. That was one, two -- if we go from the
14 *Back End Ratio* and count down again: One, two,
15 three, four, five, six, seven, eight. There's
16 an entry called *Major Derogatories Total Amount*.
17 Are you familiar with that category from this
18 report?

19 A. No, I'm not.

20 Q. Okay. And then the other thing that they have
21 on here, it says *IIP*...

22 They have like *F Score*, *IIP Report ID*. Do
23 you know what *IIP* acronym is?

24 A. It's *HP*.

25 Q. Oh, *HP*? Okay.

- 1 **A. HistoryPro.**
 2 **Q. HistoryPro.** Thank you.
 3 And then I'm just -- on the very last page,
 4 which is *US Bank 132*, do you know what the --
 5 going down, one, two, three, four, five -- the
 6 sixth line down it has something called a
 7 *PA Rating* and a *PA Score* below it. Are you
 8 familiar with those categories?
 9 **A. I believe it stood for some coding for pricing**
 10 **adjustments.**
 11 **Q.** Okay. And this is -- can you tell, is this
 12 still part of the *EvaluWise* Decision Summary?
 13 **A. Yes. It looks like it.**
 14 **Q.** Okay. And *End of Report...* Okay.
 15 We're done with 3.
 16 MS. JACKSON: Break?
 17 THE WITNESS: Yeah.
 18 (Lunch recess 11:51 AM - 12:33 PM.)
 19 BY MS. JACKSON:
 20 **Q.** Okay. Right before the break at the lunch we
 21 went through some documents which were
 22 Exhibits 1, 2 and 3 and you explained to us that
 23 these were -- some of these were review sheets
 24 as far as the loan review process and we kind of
 25 went over specifically these specific review

- 1 sheets as it relates to the Robinson loan.
 2 Okay.
 3 What I would like to ask you now is just
 4 some general questions that just would be your
 5 common procedures for how these loans would be
 6 reviewed and what documents would be available.
 7 And I know there might be some overlap with Judy
 8 and if there is just let me know.
 9 MR. BOYERS: She'll answer what she can.
 10 MS. JACKSON: Right.
 11 BY MS. JACKSON:
 12 **Q.** If you know.
 13 Like I said, we're getting hit with all this
 14 at once and it's like woof...
 15 So if you could just start at the beginning
 16 of the review process.
 17 You had told us before that there's hard
 18 copy documents that come in and then there's the
 19 electronic data that's in also, the computer
 20 system; correct?
 21 **A. Yes.**
 22 **Q.** Okay. Can you just take me through step-by-step
 23 what the process would be as far as, you know,
 24 getting the hard copy file, reviewing it and
 25 then what happens to the documents after the

- 1 review is done or if there are like review
 2 processes after the initial reviewer has looked
 3 at them?
 4 Sort of like a flow chart of where the
 5 documents go while they're in the *Review Team*
 6 area.
 7 MR. BOYERS: I'll just object because I
 8 think the question is sort of vague and
 9 confusing and very long.
 10 To the extent you understand, go ahead and
 11 answer.
 12 BY MS. JACKSON:
 13 **Q.** If I can start you out.
 14 A file comes into a reviewer. What does
 15 that file consist of? What do they do with it
 16 and then what happens to it afterwards?
 17 **A. And just to clarify, --**
 18 **Q.** Uh-huh.
 19 **A. -- you're asking me what the typical process**
 20 **was?**
 21 **Q.** Yes, just generally.
 22 **A. And would be most appropriate to this type of**
 23 **loan.**
 24 **Q.** Right. Yeah. Don't go -- so whatever the --
 25 **A. Yes.**

- 1 **Q.** -- loan type was.
 2 **A. The client would deliver data --**
 3 **Q.** Okay.
 4 **A. -- and a hard copy file.**
 5 **Q.** And when you say *Client* you're referring to --
 6 **A. Mercantile.**
 7 **Q.** -- lenders or --
 8 **A. (Nodding.)**
 9 **Q.** Okay.
 10 **A. Clients like Mercantile.**
 11 **Q.** Okay.
 12 **A. That were approved to sell loans to us.**
 13 **Q.** Okay. Thank you.
 14 And then, okay, they do data and also? You
 15 said the hard copies?
 16 **A. Hard copy of the file.**
 17 Now that file may just be a copy of
 18 everything.
 19 **Q.** Okay.
 20 **A. Or of some of the documentation, especially the**
 21 **Note, mortgage, and things like that. They**
 22 **wouldn't have delivered the original of those**
 23 **documents to us at the first point of entry into**
 24 **our company.**
 25 **Q.** Right. Because --

- 1 **A. They would have just sent us copies first.**
 2 **Q. Because you're reviewing to see if you're going**
 3 **to take the loan?**
 4 **A. Correct.**
 5 **Q. Okay.**
 6 **A. So the file is prepped for reviewing.**
 7 **Q. And what's that mean?**
 8 **A. Kind of make sure that it's -- I mean make sure**
 9 **enough is there that you're going to take the**
 10 **time of the skill set that you want to review**
 11 **it.**
 12 **Q. Okay.**
 13 **A. So there was at least a first handling of it to**
 14 **make sure the general things were there.**
 15 **Q. Okay.**
 16 **A. So it would first go to the loan acquisition**
 17 **person.**
 18 **Q. Okay.**
 19 **A. Or it may, in some cases, went to the**
 20 **underwriter first. Because those were two**
 21 **independent reviews. And I don't recall if in**
 22 **2005 we had everything on image so that those**
 23 **reviews could be being done simultaneously or if**
 24 **they had to be done sequentially.**
 25 **Q. Okay.**

- 1 **A. But sequentially it just meant because of who**
 2 **had the file.**
 3 **Q. Okay.**
 4 **A. So it could have gone to *Credit* first. It could**
 5 **have gone to...**
 6 **But once the file came in, data was loaded**
 7 **into our system from the client. That data was**
 8 **then scrubbed and run through -- *scrubbed***
 9 **meaning data checked, paper-against-document**
 10 **kind of checking.**
 11 **Q. Is a human doing that?**
 12 **A. Doing that service.**
 13 **Q. Okay.**
 14 **A. And legal review.**
 15 **Q. Thank you.**
 16 **Sorry.**
 17 **A. Sure.**
 18 **Q. Okay.**
 19 **A. The loan is run through the decision engine or**
 20 **those software programs, *EvaluWise, AssetWise.***
 21 **Q. And that's to --**
 22 **A. To determine if it needs further review --**
 23 **Q. Okay.**
 24 **A. -- than just the legal and servicing.**
 25 **Q. And it's just evaluating the data that was**

- 1 downloaded from the -- I'm going to say
 2 Mercantile, the client?
 3 **A. (Nodding.)**
 4 **Q. Has -- at that point in time has Residential**
 5 **Funding input any data?**
 6 **A. We would have had to supplement if they were**
 7 **missing any data.**
 8 **Q. Okay.**
 9 **A. But we would have validated the key pieces of**
 10 **data that it matched up. The legals.**
 11 **Q. Okay. All right. So it's in the little**
 12 **program. It spits something out. Then what**
 13 **happens?**
 14 **A. So the legal and servicing reviews are done and**
 15 **then that credit review is done, or appraisal**
 16 **review, or both, depending on the results of the**
 17 **engine.**
 18 **Q. Okay.**
 19 **A. Or neither. Because an answer could be it was**
 20 **approved and it fit all the criteria and there**
 21 **were no red flags --**
 22 **Q. Right.**
 23 **A. -- that caused you to indeed have it looked at**
 24 **for that. So then it would have only gotten a**
 25 **servicing on legal.**

- 1 **Q. Okay. And then what happens? The legal review**
 2 **entails what?**
 3 **A. We went through that on the check sheet.**
 4 **Q. That was the legal review on the check sheet.**
 5 **Okay. And then the servicing review is?**
 6 **A. The same, --**
 7 **Q. The same thing?**
 8 **A. -- check sheet?**
 9 **Q. Check sheet? Okay.**
 10 **Okay. So then after something has gone**
 11 **through the check sheet, and let's say**
 12 **everything...**
 13 **What happens at that point? The check**
 14 **sheets are filled out.**
 15 **A. (Nodding.)**
 16 **Q. Then where do they go?**
 17 **A. Where do they...**
 18 **Q. Well, I guess let's say there was a problem.**
 19 **Because it looked like on some of these it said**
 20 **like, you know, *Caution* or, you know, need --**
 21 **the score was too high or too low, like the**
 22 ***Flipping Score* was like 8. I mean so you filled**
 23 **out the...**
 24 **MS. JACKSON: I'm just trying to**
 25 **explain --**

1 MR. BOYERS: I know you're trying to
2 explain, but you're misstating what the report
3 actually says.

MS. JACKSON: I know because I don't
have a memory.

6 BY MS. JACKSON:

7 Q. I guess once those -- the check sheets we talked
8 about, once they're completed, some of them
9 might say that there's a problem and something
10 else needs to be done; is that correct? Or...

11 A. **Through the process of doing -- using the check
12 sheet --**

13 Q. Uh-huh.

14 A. -- **they would have resolved whatever problem
15 came up.**

16 Q. Okay. And you also said they ran things through
17 the *ServicePro* program?

18 A. No.

19 Q. The *HistoryPro*?

Sorry. That program.

21 A. **The *AssetWise* --**

22 Q. Okay.

23 A. -- **or *EvaluWise* software --**

24 Q. Okay.

25 A. -- **would have told whether or not a *HistoryPro***

1 **was needed.**

2 Q. Okay.

3 A. **And in this case it was.**

4 Q. Okay.

5 A. **So that would have been part of the review that
6 they did on the property.**

7 Q. Okay.

8 A. **Would be reviewing that.**

9 Q. Okay. And when they review it -- I guess -- I
10 guess the thing... The reviewers are looking at
11 documents and if the *HistoryPro* indicated some
12 sort of issue what would the reviewers do at
13 that point in time?

14 MR. BOYERS: I'd object to the form of
15 the question because you're not identifying what
16 the issue is and I would imagine that depending
17 on the issue there would be different things
18 that would need to be done.

19 BY MS. JACKSON:

20 Q. Depending on the issue, is it -- are they
21 resolved at the level of the reviewers or the
22 reviewers sending the information out? I guess
23 what I'm trying to say is we have check sheets
24 that are filled out. There's indications of
25 certain things on them.

1 I don't know if we want to go back to this
2 particular instance, would that be more helpful?

3 A. Yes.

4 Q. Okay.

5 A. **That would be more specific.**

6 Q. Yeah.

7 A. **I can explain.**

8 Q. Okay. I am on Exhibit 3 and one, two, three,
9 four -- the fifth page in. I think it's the
10 first page of the *HistoryPro* document.

11 A. **(Indicating.)**

12 Q. Yes.

13 And if we look at the very top it goes
14 *Caution* on the top part and then on the
15 *Flip Caution* it says yeah, flip high.
16 *Yes - High.*

17 So I think you were saying then if these
18 indicators, you ran the *HistoryPro* program.

19 A. **This is the *HistoryPro*.**

20 Q. Right.

21 What happened with this data? I mean I have
22 a report here that says *Flip Caution, Yes -*
23 *High.* Was anything done with it? I mean did
24 that affect the loan being approved or did
25 anybody review it further?

1 MR. BOYERS: I --

2 MS. JACKSON: I know it's a multiple
3 question, but...

4 MR. BOYERS: Why don't you break it down
5 and just ask each one? I mean I think it would
6 be... It would give a cleaner record.

7 MS. JACKSON: It would give a cleaner
8 record, but...

9 BY MS. JACKSON:

10 Q. When the *HistoryPro* Report was run; okay?

11 A. **(Nodding.)**

12 Q. And it shows *Flip Caution* and the code comes out
13 *Yes - High*, what would a reviewer do at that
14 point in time?

15 A. **An underwriter would review the file in its
16 entirety and look to see if there were reasons
17 for concern. The *F Score* can be anywhere
18 between 0 and 25. This one's an 8.**

19 They would have looked at the file to see
20 how long did the person own the property. Is
21 it... You know, is there concerns. I mean this
22 is a refinance rate and term. They're not
23 pulling cash out.

24 Q. Right.

25 A. **You know, this *HistoryPro* is a fraud alert.**

- 1 Q. Uh-huh.
- 2 A. **They owned the property already. They weren't**
- 3 **pulling cash out of the property. That**
- 4 **doesn't -- you know, that kind of compen- --**
- 5 **overcompensates for the fact that there was some**
- 6 **foreclosures in their neighborhood, --**
- 7 Q. Right.
- 8 A. **-- but they owned this and they -- they weren't**
- 9 **pulling cash out and trying to... It didn't give**
- 10 **the appearance of someone trying to pull cash**
- 11 **out and walk away.**
- 12 Q. But that decision, that evaluation, it sounds
- 13 like got passed down to the Underwriting
- 14 Department. The decision didn't stay in the
- 15 reviewer's department?
- 16 A. Yes.
- 17 Q. It did?
- 18 A. Yes.
- 19 Q. Okay.
- 20 A. **The underwriter, J. Larson, --**
- 21 Q. Uh-huh.
- 22 A. **-- reviewed this.**
- 23 That's what her worksheet told her to do,
- 24 was to review this and make a decision about was
- 25 there compensating factors.

- 1 Q. Okay. Let me just look at the sheet and...
- 2 Okay.
- 3 If you could just go back to the first page
- 4 of the check sheet. It says *Servicing Legal*
- 5 *Review/Due Diligence Worksheet.*
- 6 A. **It isn't the underwriter.**
- 7 Q. This isn't the underwriter.
- 8 Okay. So then we flip to the next page and
- 9 we've got the *AssetWise/EvaluWise* approval.
- 10 A. Yes.
- 11 Q. Is this considered the --
- 12 A. Yes.
- 13 Q. -- underwriter document?
- 14 A. Yes.
- 15 Q. See, part of this is... It's me not
- 16 understanding your structure.
- 17 A. Uh-huh.
- 18 Q. So this is the underwriting part that we're
- 19 referring to.
- 20 A. Yes.
- 21 Q. Okay. So then the final decision on whether or
- 22 not this loan would have been purchased by
- 23 Residential Funding, would that have been made
- 24 by this J. Larson reviewer?
- 25 A. Yes.

- 1 Q. Okay. And did -- was there any other review
- 2 done after this underwriting review? Or was --
- 3 Is this the final review process?
- 4 A. **On this loan, yes.**
- 5 Q. Okay. And when you said at one point in time
- 6 that you were also a reviewer, --
- 7 A. **I managed the people who were involved in**
- 8 **reviewing loans.**
- 9 Q. Right. So you knew what they were supposed to
- 10 be doing?
- 11 A. Yes.
- 12 Q. And in that management did you -- did any of
- 13 your staff come to you to ask for your opinion
- 14 or advice on something like this, where --
- 15 should it be approved or not? Was that...
- 16 A. **Your staff escalate issues sometimes.**
- 17 Q. Right. Okay. But would there be -- It has
- 18 this, on the bottom of this form we're looking
- 19 at, it has a second sign-off; --
- 20 A. Uh-huh.
- 21 Q. -- when would that block be used?
- 22 A. **Best to probably give you an example.**
- 23 Q. Yeah.
- 24 A. **Say it was a jumbo loan, a --**
- 25 Q. Uh-huh.

- 1 A. **-- really high loan amount or high loan-to-value**
- 2 **ratio. There might be certain criteria about a**
- 3 **loan that make it a higher risk.**
- 4 Q. Okay.
- 5 A. **\$500,000 loan or a --**
- 6 Q. Right.
- 7 A. **-- million dollar loan would take a second**
- 8 **signoff.**
- 9 Q. Okay. And would that be at your level or
- 10 different department?
- 11 A. **That would be a senior underwriter or the**
- 12 **manager of the *Underwriting Team*.**
- 13 Q. Okay. But for a loan that's typical of the
- 14 Robinsons' loan, this was where the final
- 15 decision was made?
- 16 A. Yes.
- 17 Q. And then the other question I would like to ask
- 18 you and, like I said, this might be, like you
- 19 said, you know, hard copy file had come to you,
- 20 but at one point in time this stuff was imaged.
- 21 At the time that this loan was originated,
- 22 which is like around 2005, do you recall whether
- 23 or not you were imaging --
- 24 A. **Yes, we were imaging then.**
- 25 Q. Okay. And who's responsible -- what department

1 Is responsible for the imaging of the documents?

2 **A. The Record Management Group.**

3 **Q.** Okay. And still talking back in 2005, would
4 that have happened as soon as the file came in
5 or did you work with a hard copy file first and
6 decide whether to take it and then the imaging
7 occurred?

8 **A. It happened both ways.**

9 **Q.** Okay. And was there a reason for the difference
10 or --

11 **A. Just capacities.**

12 **Q.** Okay. But by the time the file -- it was
13 decided that the file would be kept and
14 purchased by Residential Funding there would
15 have been an electronic image made of the
16 documents received?

17 **MR. BOYERS:** I'm just going to state
18 that I believe she's already covered this when
19 she discussed the *Asset Cover Sheet* being the
20 cover sheet for the imaging, but...

21 **MS. JACKSON:** Right. But we don't --
22 but she said that was partial. You know,
23 sometimes there were just -- you know, core
24 documents and then at some point in time there
25 were more than core documents, so I'm just

1 trying to figure out...

2 **BY MS. JACKSON:**

3 **Q.** To the best of your recollection. If you don't
4 remember that's fine, too.

5 But back in 2005 when this would have been
6 being processed, would electronic -- do you know
7 of -- what type of image would have been made of
8 the documents?

9 **MR. BOYERS:** I'm going to object again
10 because I think this goes beyond the scope of
11 what she was asked to testify on.

12 To the extent she has personal knowledge,
13 she can offer testimony.

14 **MS. JACKSON:** Right. Right.

15 **BY MS. JACKSON:**

16 **Q.** Well, I had like submission of loan documents
17 and processing and that's kind of what I'm
18 getting at, is like, you know, a track of the --
19 you know, the hard copy comes in, does it get
20 converted, you know, and then where does it go
21 when you're done with it in review?

22 **A. Where does the hard copy go?**

23 **Q.** Uh-huh.

24 **A. Is that --**

25 **MR. BOYERS:** Well, I'm not sure...

1 When you say *hard copy*, what -- what
2 documents are you referring to?

3 **MS. JACKSON:** Yes.

4 **BY MS. JACKSON:**

5 **Q.** Yeah.

6 When the *Review Team* is filling out these,
7 the review checklist, it was my understanding,
8 correct me if I'm wrong, that you had the
9 physical loan file there and were comparing it
10 to the electronic data that was also submitted.

11 Okay. You're done with your review and you
12 filled out your check sheets. What happened
13 with the physical copy of the file?

14 **MR. BOYERS:** Again, I think she's
15 already answered that question because she said
16 it goes to the Document Review Department and
17 she hasn't --

18 **MS. JACKSON:** Okay.

19 **MR. BOYERS:** Not --

20 **THE WITNESS:** Document Management.

21 **MR. BOYERS:** Document Management
22 Department.

23 **MS. JACKSON:** Okay. I just don't
24 remember her saying it, sorry.

25 **MR. BOYERS:** Yeah. That's what I heard

1 her...

2 **MS. JACKSON:** You have a better memory
3 than me, Jim, as far as recalling.

4 **MR. BOYERS:** I...

5 **MS. JACKSON:** Document Management
6 Department. Okay.

7 **BY MS. JACKSON:**

8 **Q.** And then they're the ones that just take it from
9 there and are doing the imaging?

10 **A. (No response.)**

11 **Q.** You said *Record Management Department* and now
12 I've got a *Document Management Department*.

13 **A. It's -- Record Management is the general term.**

14 **Q.** Then we're talking about the same place?

15 **A. Yes.**

16 **Q.** Okay. So you don't know, and we cannot tell
17 from these documents when the physical image was
18 taken in any of the review sheets?

19 **MR. BOYERS:** I'm going to object to the
20 extent you're making an argument about and
21 characterizing the documents --

22 **MS. JACKSON:** Uh-huh.

23 **MR. BOYERS:** -- and what you can and
24 can't tell.

25 **MS. JACKSON:** Uh-huh.

1 MR. BOYERS: I think the documents speak
2 for themselves and she's not here to testify
3 about what the Records Management Department
did, you know.

MS. JACKSON: Uh-huh.

6 MR. BOYERS: She can tell you they're
7 the ones responsible for imaging --

MS. JACKSON: For imaging?

MR. BOYERS: -- documents, but --

MS. JACKSON: Right. Okay.

11 MR. BOYERS: -- she can't give you the
12 details of exactly --

13 MS. JACKSON: Okay. I was just trying
14 to verify if there might have been a code on
15 here, whether it was imaged or not on the check
16 sheet.

THE WITNESS: I don't know.

MS. JACKSON: Okay.

BY MS. JACKSON:

20 Q. So besides... I want to go back to this
21 particular loan, just to make it easier because
22 obviously there's a bunch of exceptions in
23 this...

24 But this particular loan, is there -- on one
25 of these check sheets it looks like the HUD-1

1 *Settlement Statement* was checked. And *Truth In*
2 *Lending Form* was checked. And the *Application*
3 *Form* was checked.

4 From the same file that we're talking about,
5 and these are the documents for the application
6 that were provided for this loan... And we're
7 going to number these...

MR. BOYERS: 4, I think.

MS. JACKSON: 4 and 5, I guess, so...

MR. BOYERS: All right.

MS. JACKSON: This is 4.

12 MR. BOYERS: And I'll just note again an
13 objection for the record because you didn't
14 identify these documents. You asked her
15 specific documents to testify about.

MS. JACKSON: Uh-huh.

17 MR. BOYERS: She'll look at them and you
18 can ask questions --

19 MS. JACKSON: I'm not asking specific
20 questions on these themselves.

MR. BOYERS: Okay.

22 MS. JACKSON: I'm just asking if -- if
23 this is the type --

MR. BOYERS: In general?

MS. JACKSON: -- of stuff they would get,

1 yeah.

2 (Exhibits 4 & 5 marked.)

3 MR. BOYERS: What are the Bates numbers
4 on 4?

5 MS. JACKSON: 4 is 142.

6 MR. BOYERS: Okay.

7 MS. JACKSON: And then 5 is 143 through
8 146.

9 MR. BOYERS: All right.

10 BY MS. JACKSON:

11 Q. And both of these documents were provided in
12 discovery when we asked for records from
13 US Bank, who's the plaintiff in this case.

14 Is that the form, 1003, that's on the check
15 sheet? It says *Application Form* and then it
16 says *1003*, so I don't know if this is what we're
17 referring to.

18 A. **It's a Fannie Mae/Freddie Mac standard form.**

19 Q. Okay. So when you have an *Application Form*,
20 this is the type of document that you're --

21 A. **Yes.**

22 Q. -- looking at?

23 A. **(Nodding.)**

24 Q. On the check sheet it just says *Required* and
25 then there's a check box.

1 If you had two loan applications in the file
2 did it -- did you handle it -- I mean how would
3 you note that on this check sheet?

4 A. **It satisfied the requirement if indeed you had a**
5 **signed one.**

6 Q. Okay. So you went by the signed one?

7 A. **Uh-huh.**

8 Q. Did -- was part of the review process to look at
9 the application and see what the numbers were on
10 it, or the amounts?

11 A. **Only if it was...**

12 To a limited extent, is the answer.

13 Q. Okay. And in this particular instance... What
14 did it say? There was a sub-category that had
15 to do with employment. Remember at the
16 check-off box? Do you know where that -- do you
17 recall where that category is on there?

18 MR. BOYERS: What are you looking at?

19 MS. JACKSON: There's a category on the
20 check sheet that has to do with employment.

21 MR. BOYERS: So you're referring to --

22 MS. JACKSON: I'm referring to

23 Exhibit 2 --

24 MR. BOYERS: Exhibit 3?

25 MS. JACKSON: Exhibit 3. Somewhere in

1 Pages 2...

2 MR. BOYERS: (Indicating).

3 THE WITNESS: Yeah. Where it showed the
DTI?

4 MS. JACKSON: Yeah. Where was that?

5 MR. BOYERS: 120.

6 MS. JACKSON: 120.

7 Is it on the bottom?

8 THE WITNESS: Bottom right.

9 MS. JACKSON: Okay.

10 THE WITNESS: Bottom right-hand side.

11 MS. JACKSON: Okay.

12 BY MS. JACKSON:

13 Q. So when it said *Employment type, DTI matches the*
Findings Report, what would you be comparing?
Would it be -- when you reviewed --

14 MR. BOYERS: What you mean -- you mean
RFC?

15 MS. JACKSON: RF -- yeah, when I say *You*
I mean RFC.

16 MR. BOYERS: Okay.

17 BY MS. JACKSON:

18 Q. Would the reviewer be comparing the employment
type from this form? I think you said. And
match it against --

1 MR. BOYERS: When you say *This form?*

2 MS. JACKSON: Exhibit 4.

3 THE WITNESS: 5?

4 MS. JACKSON: Or 5.

5 Well, we have two, so...

6 THE WITNESS: But this is the signed
7 one.

8 MS. JACKSON: Okay.

9 MR. BOYERS: Exhibit 5 is the one that's
executed.

10 MS. JACKSON: So Exhibit 5 would be the
executed one.

11 BY MS. JACKSON:

12 Q. And is there any information that would go --
and, you know, I apologize if I'm being dense
here, but it says, "*Complete employment type.*
DTI matches Findings Report. And then over in
the column we have *DTI 23*, which you said was
housing debt on this form.

13 So what I'm trying to find out from you is
when the reviewer was completing this field
would they be reviewing the exhibit labeled
Exhibit 5? Would that information come from
here in the application?

14 A. This would be one of the things they looked at

1 to confirm that. They would be looking at --

2 Q. Okay.

3 A. -- the loan application and the findings, which
the findings includes what our systems pulled
from the Credit Bureau.

4 Q. Okay.

5 A. So is this income consistent with what the
Credit Bureau said, what the borrower said? So
then you have 3rd-party validation and you have
what the borrower stated.

6 Q. Okay.

7 A. And in the file there would have been
documentation of their Social Security, in
addition to this, what they just said in the
application.

8 So part of it would be rounding up what
proved that what they said on their application
was accurate.

9 Q. Matched with third-party.

10 Okay. When you're talking then about -- It
sounds like your evaluation system and I don't
know if it says *AssetWise* or the other one, but
it had a way to link in with the credit
report --

11 A. Yep.

1 Q. -- or download the information from the credit
report?

2 A. Yes.

3 Q. Okay. But...

4 So let's just take that Number 5. If you
were going to review that. Or if you were
reviewing that what specific information on
there -- or fields on there do you just look at
for employment type?

5 A. Well, one of the things the loan analyst -- not
the underwriter, but the loan analyst is looking
for, during the servicing review they use this
document to make sure we have adequate
information to be able to identify, mail things
and phone --

6 Q. Okay.

7 A. -- a borrower in order to service the loan.

8 Q. Right. Okay.

9 A. So that's part of the review that's done, just
on the basic information.

10 Q. Okay.

11 A. This loan wasn't selected for a credit review --

12 Q. Okay.

13 A. -- of the borrower, but the underwriter
obviously from the check sheet touched on a

1 couple of the things as they were paging through
 2 the file, --
 3 Q. Right.
 A. -- although they weren't required to.
 Q. Okay.
 6 A. And what they saw was that the borrower is
 7 retired, --
 8 Q. Uh-huh.
 9 A. -- on Social Security.
 10 And so they validated the grossing up of the
 11 Social Security because they're on fixed income.
 12 Q. They did what?
 13 MR. BOYERS: Gross?
 14 THE WITNESS: You -- when you have
 15 income from a borrower that is non-taxable, --
 16 MS. JACKSON: Okay.
 17 THE WITNESS -- when you go to qualify
 18 them it's only fair that you gross that up
 19 because you have criteria that says loans
 20 shouldn't have higher than a certain percent
 21 DTI.
 22 Well, someone that -- you're using a person
 23 who has debt-to-income ratio, --
 24 MS. JACKSON: Right.
 25 THE WITNESS: -- like housing, if you

1 Q. And then a few pages. Same thing for next page.
 2 Anything on that page that...
 3 A. No.
 4 Q. Okay. So they would have just checked to make
 5 sure they had a signed copy of the application.
 6 A. (Nodding.)
 7 And the application also shows the intent to
 8 occupy --
 9 Q. Okay.
 10 A. -- or not to occupy, which helped validate it's
 11 a nonowner-occupied property.
 12 Q. Does this one say that?
 13 A. I believe it does, yes. It's the side of the
 14 loan, toward the top.
 15 Q. First page. Okay.
 16 A. Purpose of Loan is a Refinance and way over to
 17 the right the box is checked Investment
 18 (pointing to document).
 19 Q. Are we on --
 20 MR. BOYERS: That's 143.
 21 MS. JACKSON: I see it. There it is.
 22 THE WITNESS: Investments.
 23 MS. JACKSON: Got it. Yikes. Very
 24 good.
 25 BY MS. JACKSON:

1 have a person who has taxable income versus
 2 non-taxable income --
 3 MS. JACKSON: Okay.
 4 THE WITNESS: -- it would be unfair to
 5 the person with non-taxable income to not let
 6 them qualify for more.
 7 You can't assume all income is the same.
 8 MS. JACKSON: Okay.
 9 BY MS. JACKSON:
 10 Q. So you don't go by net income?
 11 A. No. Gross.
 12 Q. Gross?
 13 A. You have to gross up the income to qualify.
 14 Q. Okay.
 15 A. That gives them fair treatment then.
 16 Q. And then, still on Exhibit 5, if you look at the
 17 second page of that application it says
 18 US Bank 144 on the bottom.
 19 A. Uh-huh.
 20 Q. Would there be anything on this page of the
 21 application that would -- the reviewer would
 22 look at as part of this review process?
 23 A. No, --
 24 Q. Okay.
 25 A. -- they weren't required.

1 Q. So then this is Exhibit 5; right?
 2 A. (Nodding.)
 3 Q. So then faced a reviewer -- or let's just say if
 4 you were reviewing it, faced with two
 5 applications, you would just take the
 6 information off the one that was signed and what
 7 did you do with that one?
 8 A. It stayed in the file, but...
 9 Q. Yeah.
 10 A. But almost all files have two.
 11 Q. Okay. Right. Yeah.
 12 A. Because at -- at least two. Sometimes more.
 13 Q. I know. Exactly. But you didn't review that
 14 one?
 15 MR. BOYERS: Object.
 16 MS. JACKSON: What?
 17 MR. BOYERS: She can't speak to that,
 18 whether that one --
 19 MS. JACKSON: Oh, that's right. She
 20 didn't do that one.
 21 BY MS. JACKSON:
 22 Q. Generally, if there were more than one
 23 application and one was signed and one wasn't
 24 signed?
 25 A. Generally they would review to the signed file

1 one.
2 Q. Okay. And then I made a copy of this. I'm
3 going to show it to you. I don't know whether
4 from what we said today, if this is even your
5 document, but like I said I was having trouble
6 trying to tell what was what, so like I said, if
7 it has nothing to do with...

8 MS. JACKSON: And we're up to 6. This
9 is 6.

10 (Exhibit 6 marked.)

11 MR. BOYERS: Did you have copies of 4
12 and 5 for me?

13 MS. JACKSON: Yes, I did.
14 (Discussion had off the record.)

15 BY MS. JACKSON:

16 Q. Like I said, all I need you to do is look at
17 this and tell me what it is. I don't know what
18 it is. It was provided in the documents we got,
19 so...

20 A. Okay.
21 (Reviewing exhibit.)

22 Q. Does it --

23 A. **The last one is the underwriting transmittal
24 that's referred to on the checklist.**

25 Q. Okay. And this would be prepared by --

1 A. **Mercantile.**

2 Q. -- Mercantile?

3 A. **(Nodding.)**

4 Q. Okay. And then do you recognize anything about
5 this *MLink*, or --

6 A. **It's their own internal document summarizing the
7 loan when they underwrote it, which they're
8 required to do.**

9 Q. Okay. And do you know, is the electronic data
10 that Mercantile would have transferred, do you
11 know -- I mean do you have a form you give them
12 that this is the way we want our electronic data
13 to come in based on your loans?

14 A. **We had a portal --**

15 Q. Okay.

16 A. **-- that was called *Asset Info* and that was the
17 tool that our clients used to deliver data
18 securely to us.**

19 Q. Okay. And like I said, again you might not know
20 this. Do you know, did they have to input it
21 into your system or was it something that...

22 MR. BOYERS: I'd just object to the
23 form --

24 MS. JACKSON: Yeah.

25 MR. BOYERS: -- because I'm not sure what

1 you mean by *Input*, but...

2 MS. JACKSON: I'm just -- she said they
3 have a portal where they... I don't know much
4 about computers, but they have a portal where
5 they can put -- their information comes into.

6 BY MS. JACKSON:

7 Q. How does the information get to the portal? I
8 mean --

9 A. **Some sellers keyed information into --**

10 Q. Okay.

11 A. **-- the portal.**

12 Some clients that deliver to us on a regular
13 basis --

14 Q. Okay.

15 A. **-- built their own automation on their side to
16 load into.**

17 Q. Oh, so just --

18 A. **A portal would let you do one loan or many
19 electronically or manually.**

20 Q. Okay. And so the data information that you got
21 is based on what they input to that portal?

22 A. **(Nodding.)**

23 Q. Link or whatever?

24 A. **Yes.**

25 Q. All right.

1 A. **Yes.**

2 Q. All right. Sorry. My computer information is
3 like zip.

4 And I should be able to finish up on that.

5 I'm not going to give you this exhibit, just
6 in case it doesn't have anything to do with you,
7 you won't have to go through it.

8 We were speaking yesterday when
9 Wells Fargo --

10 MR. BOYERS: She wasn't --

11 MS. JACKSON: I can't tell her what it
12 is. I mean what I would like to know...

13 Can we go off the record a second?

14 (Discussion had off the record.)

15 MS. JACKSON: We can do 7.

16 (Exhibit 7 marked.)

17 BY MS. JACKSON:

18 Q. I just handed you Exhibit Number 7 and do you
19 recognize this document or this type of
20 document?

21 A. **I recognize the type, yes.**

22 Q. Okay. And what type of document is it?

23 A. **It appears to be a *Custodial Exception Report*.**

24 Q. Okay. And did the reviewers have to work with
25 these custodial review reports?

- 1 **A. No. This was generated after we purchased the**
 2 **loan and after we delivered it to the custodian.**
 3 **They did a secondary -- another review of the**
 4 **legals.**
 5 **Q. Okay.**
 6 **A. This was their review of the legals. They would**
 7 **report back their findings to the trustee and to**
 8 **RFC, --**
 9 **Q. Okay.**
 10 **A. -- but ours wasn't fed in paper like this.**
 11 **Q. Right.**
 12 **A. This was fed electronically into our system.**
 13 **And we had a separate team, not the ones that**
 14 **did that review, that would then -- their**
 15 **full-time jobs were to work those exceptions and**
 16 **clear them out.**
 17 **Q. Okay. Do you know the name of the division or**
 18 **whatever, so I don't have to call them the**
 19 **Accepted Separate Team?**
 20 **A. When I managed -- years ago, when I managed the**
 21 **Exception Team, it was called the Exception**
 22 **Management Team.**
 23 **Q. Okay. Well, I just have Separate Team, --**
 24 **A. Exception Management Team.**
 25 **Q. Exception Management Team? Okay. That makes**

- 1 sense. Because that's part of my problem, I
 2 don't know how to refer...
 3 *Exception Management Team.*
 4 Okay. And did you ever work for the
 5 *Exception Management Team --*
 6 **A. I --**
 7 **Q. -- at any point in time?**
 8 **A. -- managed that team prior to 2003.**
 9 **Q. 2003. Can you just give me just a basic**
 10 **overview of the types of things that you would**
 11 **see and what you would have to do to...**
 12 I mean you can use this for reference if you
 13 want.
 14 **A. It was -- it was just basic things to do with**
 15 **the Note and Mortgage --**
 16 **Q. Uh-huh.**
 17 **A. -- that were spotted by the custodian.**
 18 Many times it was just, you know, the
 19 packaging, the physical delivery someone forgot,
 20 would put the wrong copy of something in the
 21 wrong file, --
 22 **Q. Okay.**
 23 **A. -- so those people would repull the hard copy**
 24 **file and pull up the image if there was one.**
 25 **Q. Okay. You said those people --**

- 1 **A. The Exception Management staff.**
 2 **Q. Okay. And they worked for --**
 3 **A. They worked --**
 4 MR. BOYERS: Let's try not to talk over
 5 each other. Let her finish before you move on
 6 to --
 7 MS. JACKSON: Sorry. I forget.
 8 BY MS. JACKSON:
 9 **Q. Okay.**
 10 **A. The Exception Management Team for RFC --**
 11 **Q. Okay.**
 12 **A. -- would receive this information.**
 13 They would pull the file. They would make
 14 sure it wasn't just an error in the process of
 15 delivery because many times that was why this
 16 showed up, when there was a manual error in the
 17 delivery of what got sent to who. And they
 18 would clear it up.
 19 If need be, if it was something that took
 20 the client we bought the loan from, Mercantile,
 21 for instance, --
 22 **Q. Okay.**
 23 **A. -- they would even contact the client and have**
 24 **the client work with the borrower because our**
 25 **relationship was with Mercantile.**

- 1 **Q. Okay. And when you said that the Exception**
 2 **Management Team would pull the file, what kind**
 3 **of file are we talking about?**
 4 **A. They would pull either the electronic and/or the**
 5 **physical hard copy file that we would have still**
 6 **had.**
 7 **Q. And then how long did the hard copy file remain**
 8 **with the Review Team or with the Exception**
 9 **Management Team? I mean was there I guess...**
 10 **A. I don't -- if you're asking -- I don't know the**
 11 **average amount of time --**
 12 **Q. Yes.**
 13 **A. -- that hard copies were kept.**
 14 **Q. Because that would be back to these record**
 15 **people; right?**
 16 **A. Yep.**
 17 **Q. Record people?**
 18 **A. Yep.**
 19 **Q. Okay. Was the process that you had to go**
 20 **through at the Exception Management Team to get**
 21 **the hard copy file?**
 22 **A. No.**
 23 **Q. No? Where do they keep them, the hard copies?**
 24 **A. I believe in 2005 it was still Iron Mountain,**
 25 **for locally.**

1 Q. It sounds like a water company. Is that a
 2 storage company?
 3 A. Yes.
 4 Q. Did you have to fill out like a request form or
 something?
 6 A. **The Record Management system had all those --**
 7 **all that functionality.**
 8 Q. So you just let them know --
 9 A. **That you needed it.**
 10 Q. -- that you needed something?
 11 A. **And whether you needed it same day. You could**
 12 **do 2-day, 3-day.**
 13 Q. I have this poor MERS thing floating around
 14 here.
 15 Did the *Record Review Team* have to handle or
 16 process the mortgage assignments that were
 17 processed for different mortgages?
 18 MR. BOYERS: Generally?
 19 MS. JACKSON: Generally, yeah.
 20 BY MS. JACKSON:
 21 Q. I mean was that one of their responsibilities?
 22 A. **Record Management, yes.**
 23 Q. That was *Record Management's* responsibility to
 24 handle those responsibilities?
 25 A. **Yes.**

1 Q. Just wasn't yours?
 2 A. **Yeah.**
 3 Q. That's all I'm trying to get at.
 4 MS. JACKSON: I think I'm done.
 5 MR. BOYERS: Just a couple
 6 clarifications.
 7 EXAMINATION
 8 BY MR. BOYERS:
 9 Q. These *Exception Reports* were prepared by
 10 Records Custodians who actually had the hard
 11 copy originals of the legal documents; correct?
 12 A. **Yes.**
 13 Q. Okay. So when exceptions were identified, you
 14 talked about the *Exception Team* looking at hard
 15 copies. Would they have to go back to the
 16 Records Custodian to get hard copies or are you
 17 talking about photocopies of the originals that
 18 they would go get?
 19 A. **Photocopies or images of the originals to see**
 20 **if what was missing might be still in the file**
 21 **we kept in case the, you know, someone made an**
 22 **error in that way.**
 23 If their review disagreed -- if we disagreed
 24 with their review and to resolve the issue took
 25 looking at the originals, we were allowed to

1 come into their -- the document stayed in their
 2 safekeeping and with them present we could come
 3 to their facility, into their area and look at
 4 it together with them to see if -- who was
 5 misreading the chain or something like that, so
 6 that you could resolve the issue.
 7 So it wasn't that you didn't -- our RC staff
 8 did at times receive a physical *Note* and
 9 *Mortgage*, but they didn't ever take it back from
 10 *Custodial*. They only visited it there.
 11 Q. Okay. And in this instance, with respect to the
 12 Robinson loan, the Records Custodian was
 13 Wells Fargo; correct?
 14 A. **I believe so.**
 15 Q. Okay.
 16 You had mentioned that Residential Funding
 17 Acquisition doesn't exist, that function of
 18 Residential Funding Corporation doesn't exist
 19 anymore; right?
 20 A. **Correct.**
 21 Q. But Residential Funding Corporation still exists
 22 as an entity?
 23 A. **Yes, it does.**
 24 Q. And you had talked about the sale date of the
 25 Robinson loan and you had mentioned November 7th

1 of 2005 earlier, but the *Asset Cover Sheet*
 2 indicates that the *Actual Fund Date* was
 3 *11/8/2005*. So were you misspeaking when you
 4 said ?
 5 A. **It may not have made the wire cut-off time, so**
 6 **it rolled to the next day.**
 7 Q. And then there were a couple questions about
 8 Exhibit 4 and Exhibit 5, the two different loan
 9 applications. And when you were discussing the
 10 concept of grossing up Social Security Income,
 11 that -- that's an industry practice?
 12 A. **Oh, yes.**
 13 Q. Okay.
 14 A. **Yes. I'm not a hundred percent sure, but I**
 15 **think Fannie and Freddie may require it.**
 16 Q. Okay. And the idea of grossing up is when
 17 you're looking at gross income for someone who
 18 has fixed income, a fixed income like
 19 Social Security, they don't have taxes?
 20 A. **Not -- yeah. Anyone with a non-taxable**
 21 **income/pension. I think child support sometimes**
 22 **isn't, that type of thing, it gets them up for a**
 23 **fair opportunity.**
 24 Q. Okay.
 25 MR. BOYERS: I don't believe I have any

1 further questions.
2 MS. JACKSON: I've got two real quick
3 ones.

FURTHER EXAMINATION

BY MS. JACKSON:

6 Q. The first one is in 2005 was Wells Fargo
7 Document Custody personnel working physically
8 here at One Meridian Crossing?
9 A. Yes.
10 Q. Okay.
11 A. **Within a sublease, I believe so.**
12 Q. Right.
13 A. **I believe so, yeah.**
14 Q. And when we're talking about the facility, you
15 said Iron Mountain, when we're talking about
16 where they kept the documents. Were they kept
17 here on site or is that like a different
18 location?
19 A. **Non-legal documents are kept --**
20 Q. These were the documents that you talked
21 about, that if you --
22 A. **Iron Mountain?**
23 Q. Yeah, if you had a question you'd go look at the
24 physical documents. So Iron Mountain. Where
25 was that physically?

1 A. **I don't know where the location of Iron Mountain**
2 **is, but the documents I was talking about --**
3 Q. Okay.
4 A. **-- in Iron Mountain are the copies of the**
5 **documents, --**
6 Q. Okay. Copies.
7 A. **-- and not the originals that Wells held of the**
8 **legal documents.**
9 Q. Okay. Did -- when you were working did you ever
10 have to go to look at an original document that
11 Wells Fargo had -- was maintaining?
12 MR. BOYERS: At any time?
13 BY MS. JACKSON:
14 Q. At any time.
15 A. **In my career?**
16 Q. Yes.
17 A. **Oh yes.**
18 Q. Was that housed here on site, or is it housed --
19 the legal documents, I think you referred to
20 them as legal documents, where are they housed?
21 A. **Initially they were kept in a vault they had**
22 **under -- on the part underground here.**
23 Q. Here? Okay.
24 A. **But as -- you know, once... It was only kept**
25 **here for a short period of time and then they**

1 **took care of shipping it off to their main**
2 **facility downtown Minneapolis.**
3 Q. Okay. And then one last little question.
4 And this is going back to the loan
5 application. And you said that the credit card
6 data gets dumped, fed, blinked in with your
7 program, --
8 A. **The credit report --**
9 Q. -- report --
10 A. **-- data?**
11 Q. Yeah. It's input into your --
12 MR. BOYERS: I think she said the system
13 was capable of bringing that information in.
14 THE WITNESS: Yes. Our system would go
15 out to Credit Bureau and pull in our own credit
16 report.
17 MS. JACKSON: Okay.
18 BY MS. JACKSON:
19 Q. So that information would come in and then --
20 MR. BOYERS: I think she said *Could*.
21 MS. JACKSON: Could come in.
22 Okay.
23 BY MS. JACKSON:
24 Q. And then you had the borrower's income that I
25 think you said you could also verify or have a

1 third-party verification of that?
2 A. **The credit report would also have that.**
3 Q. Right.
4 At any point in the review process did --
5 was the income that the person had coming in
6 compared with the debt that was associated with
7 that person as reflected in the credit report
8 information?
9 A. **The evaluation engine of *AssetWise* and *EvaluWise***
10 **showed that the information didn't require it to**
11 **have an income verification.**
12 But in looking at the documents on this
13 file, as an extra, the underwriter did look at
14 it a little bit, but not to the full extent.
15 They were not required to look at it at all.
16 They were only required, based on the criteria
17 of the file, to look at the appraisal --
18 Q. Okay.
19 A. **-- that passed on income.**
20 Q. And can you just give me an example of when
21 something would trigger where there would be a
22 more indepth look at the income?
23 A. **You know, 50% DTI. Or you have a debt-to-income**
24 **ratio too high. Or --**
25 Q. And let me stop you. When you say

1 *debt-to-income*, are we talking overall debt?
2 A. **Housing debt.**
3 Q. Just housing debt? Okay. So only if the
housing debt ratio was high it would trigger...

A. **That's just an example.**

6 Q. Okay.

7 A. **It's never *Only*.**

8 Q. I know. That's the problem with me trying to
9 ask you questions.

10 All right. So -- but this particular -- the
11 Robinsons' loan file did not trigger a more
12 in-depth review verification?

13 A. **No.**

14 MS. JACKSON: Okay.

15 **FURTHER EXAMINATION**

16 BY MR. BOYERS:

17 Q. And when you use the term *housing debt*, you're
18 talking about the actual real -- looking at the
19 cost associated with the actual parcel of land
20 associated with the loan; correct?

21 A. **Yeah, the total housing payment to the loan.**

22 Q. We're talking about the ratio with respect to
23 the property that is the subject to this loan?

24 A. **Oh yes.**

25 MR. BOYERS: Thank you.

1 I don't have anything further.

2 MS. JACKSON: Yeah, I'm fine, too.

3 THE REPORTER: Read and sign?

4 MR. BOYERS: Yes.

5 (Concluded at 1:28 P.M.)

6 * * *

1 STATE OF MINNESOTA)
2 COUNTY OF WASHINGTON) ss CERTIFICATE

3 I, Janet D. Winberg, hereby certify
4 that I reported the deposition of PEGGI JEANNE
MATASOVSKY FOSSBELL, on the 13th day of August,
5 2009, in Minneapolis, Minnesota, and that the
6 witness was, by me, first duly sworn to tell the
7 truth;

8 That the testimony was transcribed by me and is
9 a true record of the testimony of the witness;

10 That I am not a relative, or employee, or
11 attorney, or counsel of any of the parties; or a
12 relative or employee of such attorney or
13 counsel;

14 That I am not financially interested in the
15 action and have no contract with the parties,
16 attorneys or persons with an interest in the
17 action that affects or has a substantial
18 tendency to affect my impartiality;

19 That the right to read and sign the transcript
20 by the witness was reserved.

21 WITNESS MY HAND AND SEAL THIS 31st day of
22 August, 2009.

23 JANET D. WINBERG
24 Registered Professional Reporter
25 Notary Public
Washington County, Minnesota.