



# ROUNDPOINT MORTGAGE SERVICING CORPORATION

Loan Servicing Operations

SOC1 Report

A Type II Independent Service Auditors' Report on the  
Description of the System, and the Suitability of the Design  
and Operating Effectiveness of Controls

For the Period December 1, 2020 to November 30, 2021



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*Section I – Independent Service  
Auditors' Report*



## *Independent Service Auditors' Report*

To Management of RoundPoint Mortgage Servicing Corporation:

### *Scope*

We have examined RoundPoint Mortgage Servicing Corporation's ("RoundPoint's" or the "Company's") description of its loan servicing operations titled "Description of RoundPoint Mortgage Servicing Corporation's System and Controls" throughout the period December 1, 2020 to November 30, 2021, ("Description"), and the suitability of the design and operating effectiveness of controls included in the Description to achieve the related control objectives stated in the Description, based on the criteria identified in the "Assertion by Management of RoundPoint Mortgage Servicing Corporation" ("Assertion"). The controls and control objectives included in the Description are those that management of RoundPoint believes are likely to be relevant to user entities' internal control over financial reporting, and the Description does not include those aspects that are not likely to be relevant to user entities' internal control over financial reporting.

The information in Section V, "Other Information Provided by the Service Organization (Unaudited)," that describes management's response to exceptions noted is presented by the management of RoundPoint to provide additional information and is not a part of RoundPoint's Description of its system made available to user entities throughout the period December 1, 2020 to November 30, 2021. Information presented in this section has not been subjected to the procedures applied in the examination of the Description of the system or the suitability of the design or operating effectiveness of controls to achieve the related control objectives stated in the Description of its system and accordingly, we express no opinion on it.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of the Company's controls are suitably designed and operating effectively, along with related controls at the Company. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

As indicated in the Description, RoundPoint uses multiple subservice organizations in the management of its loan servicing operations as described on pages III-5 and III-6. The Description includes only the control objectives and related controls of the Company and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified by the Company can be achieved only if complementary subservice organization controls assumed in the design of the Company's controls are suitably designed and operating effectively, along with the related controls at the Company.

Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

### ***Service Organization's Responsibilities***

On page II-1, RoundPoint has provided an Assertion about the fairness of the presentation of the Description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description. The Company is responsible for preparing the Description and for the Assertion, including the completeness, accuracy, and method of presentation of the Description and the Assertion, providing the services covered by the Description, specifying the control objectives and stating them in the Description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the Assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the Description.

### ***Service Auditors' Responsibilities***

Our responsibility is to express an opinion on the fairness of the presentation of the Description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's Assertion, the Description is fairly presented, and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the Description throughout the period December 1, 2020 to November 30, 2021. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The Company states in the Description of its system that new vendors providing services relevant to the defined scope of services are reviewed in accordance with internal policies and procedures and all requirements are maintained and approved prior to acceptance. However, this control did not operate as there were no new vendors relevant to the defined scope of services during the period December 1, 2020 to November 30, 2021. Because this control did not operate during the period, we were unable to test and therefore, did not test the operating effectiveness of this control.

An examination of a Description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- performing procedures to obtain evidence about the fairness of the presentation of the Description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on the criteria in management's Assertion;

- assessing the risks that the Description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the Description;
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the Description were achieved; and
- evaluating the overall presentation of the Description, suitability of the control objectives stated therein, and the suitability of the criteria specified by the Company in their Assertion.

### ***Inherent Limitations***

The Description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at the Company or a subservice organization may not prevent, or detect and correct, all misstatements in servicing user entities' loans. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at the Company or subservice organizations may become ineffective.

### ***Description of Tests of Controls***

The specific controls tested, and the nature, timing, and results of those tests are listed in Section IV of this report.

### ***Opinion***

In our opinion, in all material respects, based on the criteria described in the Company's Assertion:

- the Description fairly presents the system that was designed and implemented throughout the period December 1, 2020 to November 30, 2021;
- the controls of the Company related to the control objectives stated in the Description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period December 1, 2020 to November 30, 2021, and subservice organizations and user entities applied the complementary controls assumed in the design of the Company's controls throughout the period December 1, 2020 to November 30, 2021; and

- the controls of the Company operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period December 1, 2020 to November 30, 2021, if complementary subservice organizations and user entity controls assumed in the design of the Company's controls operated effectively throughout the period December 1, 2020 to November 30, 2021.

### ***Restricted Use***

This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of the Company, user entities of the Company's loan servicing system during some or all of the period December 1, 2020 to November 30, 2021, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of the user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

*SC&H Attest Services, P.C.*

SC&H Attest Services, P.C.  
Sparks, Maryland  
January 19, 2022

*Section II – Assertion by  
Management of RoundPoint  
Mortgage Servicing  
Corporation*



## ***Assertion by Management of RoundPoint Mortgage Servicing Corporation***

We have prepared the description of RoundPoint Mortgage Servicing Corporation’s system titled “Description of RoundPoint Mortgage Servicing Corporation’s System and Controls” for loan servicing operations throughout the period December 1, 2020 to November 30, 2021 (“Description”) for user entities of the system and their auditors who audit and report on such user entities’ financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatements of user entities’ financial statements.

RoundPoint Mortgage Servicing Corporation (“RoundPoint” or the “Company”) uses multiple subservice organizations, as outlined on pages III-5 and III-6. The Description includes only the control objectives and related controls of RoundPoint and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified by RoundPoint in the Description can be achieved only if complementary subservice organization controls assumed in the design of RoundPoint’s controls are suitably designed and operating effectively, along with the related controls at RoundPoint. The Description does not extend to controls of the subservice organizations.

The Company states in the description of its system that new vendors providing services relevant to the defined scope of services are reviewed in accordance with internal policies and procedures and all requirements are maintained and approved prior to acceptance. However, as noted in Section IV, this control did not operate because circumstances that warranted the operation of this process and the associated control did not occur during the period December 1, 2020 to November 30, 2021.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of RoundPoint’s controls are suitably designed and operating effectively, along with related controls at the service organization. The Description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that:

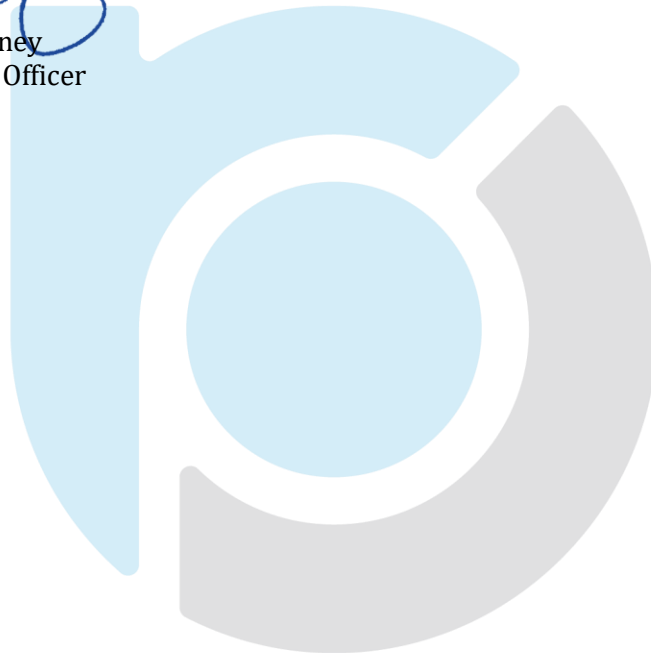
- a. The Description fairly presents the loan servicing system (“Servicing System”) made available to user entities of the system during some or all of the period December 1, 2020 to November 30, 2021 as it relates to controls that are likely to be relevant to user entities’ internal control over financial reporting. The criteria we used in making this Assertion were that the Description:
  - i. Presents how the Servicing System, made available to user entities, was designed and implemented to process relevant transactions, including, if applicable;
    - (1) The types of services provided, including, as appropriate, the classes of transactions processed.

- (2) The procedures, within both automated and manual systems, by which services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
  - (3) The information used in the performance of the procedures, including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
  - (4) How the system captures and addresses significant events and conditions, other than transactions.
  - (5) The process used to prepare reports and other information provided to user entities.
  - (6) Services performed by subservice organizations, including whether the inclusive method or the carve-out method has been used in relation to them.
  - (7) The specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls assumed in the design of the controls.
  - (8) Other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- ii. Includes relevant details of changes to the service organization's system during the period covered by the Description.
  - iii. Does not omit or distort information relevant to the service organizations' system, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities and their independent auditors and may not, therefore, include every aspect of the system that each individual user entity of the system and its auditor may consider important in its own particular environment.
- b. The controls related to the control objectives stated in the Description were suitably designed and operating effectively throughout the period December 1, 2020 to November 30, 2021 to achieve those control objectives if the subservice organizations and user entities applied the complementary controls assumed in the design of RoundPoint's controls throughout the period December 1, 2020 to November 30, 2021. The criteria we used in making this Assertion were that:
- i. The risks that threaten the achievement of the control objectives stated in the Description have been identified by management of the service organization.

- ii. The controls identified in the Description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the Description from being achieved.
- iii. The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

A handwritten signature in blue ink, appearing to read 'P. McEnerney'.

Patrick McEnerney  
Chief Executive Officer



*Section III – Description of  
RoundPoint Mortgage Servicing  
Corporation’s System and  
Controls*

## *Overview of Services Provided*

RoundPoint Mortgage Servicing Corporation (“RoundPoint” or the “Company”) is a national mortgage company that delivers innovative solutions for managing residential mortgages. The Company leverages its experience in managing highly complex servicing relationships to provide value to its diverse client base. RoundPoint also provides a full suite of residential mortgage products to consumers through its nationwide distributed retail origination and direct to consumer channels. The Company is dedicated to providing white-glove customer service across the spectrum of counterparties from its institutional clients to individual property owners.

RoundPoint’s loan servicing operations are structured to provide customer service to mortgage loan borrowers and maintain default management capabilities that address the needs of each borrower and assist with solutions that promote homeownership retention when appropriate. The Company has experience managing the complex servicing requirements of loans involved in loss mitigation, including options for borrowers affected by COVID-19. The Company was also an active participant in the Home Affordable Modification Program (“HAMP”) and similar programs and continues to service loans modified through that program.

RoundPoint has obtained the required licenses to service single-family residential mortgage loans in all fifty states, the District of Columbia, and the United States Virgin Islands, and the required licenses to originate in forty-nine states, the District of Columbia, and the United States Virgin Islands.<sup>1</sup> Additionally, the Company has the appropriate approvals to service mortgage loans owned by Fannie Mae (“FNMA”), and Freddie Mac (“FHLMC”) (collectively, the “GSEs”), as well as loans that are guaranteed or insured by the Federal Housing Administration (“FHA”), the Department of Housing and Urban Development (“HUD”), the Veteran’s Administration (“VA”), and the U.S. Department of Agriculture (“USDA”) (collectively, the “Agencies”). As an approved GSE and Agency servicer, the Company has market-leading expertise servicing loans in accordance with the respective guidelines. The majority of the loans in the Company’s servicing portfolio are loans associated with the GSEs.

As of November 30, 2021, the Company’s total servicing portfolio was comprised of approximately 271,000 loans with an Unpaid Principal Balance (“UPB”) on the underlying loans of approximately \$51 billion. Of this total, RoundPoint’s owned Mortgage Servicing Right (“MSR”) portfolio was comprised of approximately 60 GSE-owned loans as well as 400 Agency loans. As of November 30, 2021, RoundPoint’s subserviced portfolio was comprised of approximately 255,000 GSE-owned loans, another 70 Agency guaranteed loans, as well as 14,000 other non-Agency and non-GSE loans.

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<sup>1</sup> RoundPoint does not currently have a license to originate in Massachusetts.

The Company has 78 traditional retail locations throughout the United States. The corporate headquarters is located in Fort Mill, South Carolina. The Fort Mill location houses most of the Company's loan servicing operations. A second corporate office is located in Dallas, Texas. The Company had total full time equivalent ("FTE") staff of approximately 1,519 as of November 30, 2021.

The scope of the SOC1 examination covered by this report includes all transactions related to all loans serviced by the organization between December 1, 2020 and November 30, 2021.

## ***Relevant Aspects of the Overall Control Environment***

RoundPoint's internal control environment reflects the commitment from the Company's ownership and management to ensure that the functions of the Company are conducted in ways designed to ensure timeliness, accuracy, completeness, and compliance with all applicable laws, regulations, rules, and requirements. RoundPoint's commitment to ensuring a strong control environment is exemplified by its policies, procedures, methods, and organizational structure. The following is a description of the multi-layer components of RoundPoint's internal control systems.

### ***Organizational Structure***

The Board of Directors is responsible for providing governance, direction, and oversight of RoundPoint's operations. This is accomplished through an Oversight Committee appointed by the Board of Directors, which is comprised of members of the executive leadership team of RoundPoint's parent, Freedom Mortgage Corporation ("Freedom"). The Oversight Committee has directed management to deploy a three lines of defense approach to the overall control environment. The first line of defense is in the business units, with the second line of defense in organizations independent of the business units such as Risk Management, Compliance, Legal, Human Resources, and Finance. The third line of defense is the Internal Audit Department, which is independent of the other two lines of defense. The Oversight Committee has directed management to implement a Compliance Management System (the "CMS") to define the responsibilities of management, employees, and third-party organizations in developing processes, controls, policies, and procedures designed to help ensure compliance with the many laws, rules, and regulations to which the Company's operations are subject. The CMS reflects a culture which promotes the detection, prevention, and resolution of circumstances that pose an unacceptable business risk to the Company or do not conform to laws, regulations, policies, and established procedures. The CMS also describes the role of the Company's Chief Administrative Officer ("CAO") and provides the CAO with the necessary authority to execute the CMS.

The Company accomplishes the objectives of ensuring a strong control environment by establishing specific responsibilities in each of the three lines of defense:

1. The First Line of Defense – The lines of business implement and monitor the day-to-day execution of controls embedded in operational decision making and activities. They own and are accountable for identifying, evaluating, mitigating, and escalating

the risks associated with business processes and execution.

2. The Second Line of Defense – The Compliance, Risk, Human Resources, Finance, and Legal Departments are the control functions responsible for oversight, monitoring, and ensuring that appropriate control mechanisms as well as appropriate documentation such as policies and procedures are maintained in all areas of the Company. They monitor new risks and vulnerabilities that may arise and provide the independent governance and oversight of business level risk taking and mitigation activities.
3. The Third Line of Defense – The third line is comprised of the Internal Audit function, which is independent of the other two lines of defense and reports to the Company's Oversight Committee. They assess the Company's risks, evaluate the design of controls, and test the operating effectiveness of controls.

The CAO oversees the Company's control environment regarding risk and compliance matters that have a potential impact on business operations, financial performance, and/or the reputation of the Company. The CAO reports to the CEO and has direct access to the Oversight Committee. The CAO's responsibilities include, but are not limited to, the following:

- Staying abreast of new laws that impact the Company's activities and operations, communicating those new requirements, and overseeing the implementation of new processes and controls in the lines of business;
- Reviewing reports on the Company's Quality Control Program designed to monitor, evaluate, and improve the integrity of the Company's servicing portfolio and processes;
- Reviewing current processes for risks, controls, and compliance with rules, regulations, policies and procedures; and
- Providing oversight as needed to help ensure that the control environment effectively prevents and/or detects control breakdowns and/or violations of policies, procedures, and regulatory requirements by employees, officers, directors, and other agents and associates of the Company.

RoundPoint makes reasonable efforts to help ensure that third-party organizations operate in a manner which supports the Company's control environment and commitment to compliance. The Vendor Management department manages third party organizations in accordance with policies and procedures that detail the selection, assessment, and oversight of these organizations. The Company also maintains a Vendor Management Committee to ensure that appropriate information about the performance of third parties is effectively communicated to senior management.

### ***Monitoring***

The Company's servicing processes are evaluated through a Quality Control Program

("QCP") to help ensure that loans are serviced in accordance with federal, state, agency, and investors' requirements and guidelines, and related policies and procedures. The QCP is designed to meet the following goals:

- Help to ensure compliance with rules, regulations, investors' requirements, GSE and Agency guidelines;
- Protect borrowers, investors, the GSEs, and Agencies, and the Company from unacceptable risk;
- Guard against errors, omissions, and fraud; and
- Help to ensure swift and appropriate corrective action.

The quality control function is independent of the general servicing functions and is knowledgeable of the servicing guidelines of the GSEs and Agencies. The Company uses a comprehensive set of tools to help ensure that servicing quality control standards are met, and that actionable feedback is presented to senior management. Upon the completion of each quality review, senior management is provided a summary report containing the uncured findings and error rates. Additionally, senior management receives reporting on the corrective actions being taken, the timeline for issue resolution, and planned follow-up activities on quarterly control findings.

Separately, the Internal Audit function assesses RoundPoint's risks, evaluates the design of controls, and tests the operating effectiveness of controls. The Internal Audit plan is developed based on the annual risk assessment process. The plan is reviewed and approved by the Oversight Committee.

Also, the Company engages an external audit firm to conduct audits of the Company's compliance with regulatory servicing standards and audit its financial statements.

### ***Risk Assessment***

On an annual basis, an entity-wide risk assessment is performed by the Internal Audit ("IA") Department in support of the development of the internal audit plan. The purpose is to ensure that all risks that impact the Company's ability to achieve its objectives are adequately identified and considered as the IA annual plan is created. A risk model is utilized to quantify the inherent and residual risks residing within each of the Company's business units. The Risk Assessment process involves interviews with input from department leaders throughout RoundPoint, but the risk levels, inherent and residual, are independently assessed by Internal Audit.

### ***Information and Communication***

The Company uses various methods of communication to enable employees to carry out their responsibilities, as well as to help ensure that significant events are communicated in a timely manner. This process includes the following forms of communication:



- The documented CMS details the responsibilities of the Board of Directors and employees for communications related to compliance and risk matters;
- The Oversight Committee holds monthly meetings, which include discussions on escalated areas of risk, compliance reporting, and internal audit results;
- The Oversight Committee receives monthly operating reports that include an overview of the Company’s financial position and performance;
- RoundPoint’s policies and procedures are administered by the Compliance Department, and are available through the Company’s intranet to all employees for ease of use;
- Operational incident reporting is provided to select executive managers, covering incidents with a financial, reputational, regulatory, processing, and/or technology risk; and
- The Company conducts regular meetings where updates are provided to Vice Presidents and above for further communication to all employees.

### ***Subservice Organizations***

The Company utilizes various subservice organizations to perform certain operational and administrative functions. The subservice organizations relevant to the system and used by the Company during the reporting period are shown in the table below. The services provided by these subservice organizations support the design and operation of certain control objectives as specified in the table. The Description of the system of controls within this report includes only policies, procedures, and control objectives at the Company and does not include policies, procedures, and control objectives at any of the third party subservice organizations listed below. The examination by the Independent Service Auditor did not extend to the policies, procedures, or control objectives at any subservice organization.

<b>Subservice Organization</b>	<b>Services Provided</b>	<b>Associated Control Objectives</b>
Black Knight Servicing Technologies, LLC (“BKST”)	Owns the mortgage servicing applications (MSP and LoanSphere) used by the Company to service loans. Provides hosting services and controls change management of the applications. Performs backups of the applications and loan level data created by the Company through the normal course of business.	Control Objective 2 Control Objective 3 Control Objective 4 Control Objective 5 Control Objective 6 Control Objective 7 Control Objective 8 Control Objective 10 Control Objective 12
CoreLogic	Provides monitoring services for	Control Objective 4

Subservice Organization	Services Provided	Associated Control Objectives
	property taxes for loans serviced by the Company.	
National General Lender Services	Provides monitoring and payment services for hazard insurance policies for loans serviced by the Company.	Control Objective 4
TierPoint	Operates colocation data center used for the Company's software applications and data files other than those of BKST, including physical access controls.	Control Objective 11
Amazon Web Services ("AWS")	Provides a subscription based on-demand cloud computing platform.	Control Objective 12
Microsoft Azure	Operates cloud hosting for the Company's data warehouse and replication of critical servers.	Control Objective 12

The Company has identified the following control to help monitor all subservice organizations:

- Annually, the Company obtains and inspects the latest applicable SOC report(s) and ensures implementation of relevant complementary user entity controls and that noted exceptions are appropriately reviewed by a member of management for potential impact.

## ***Control Objectives and Description of Controls***

### ***Loan Servicing Operations Departments and Functions***

#### **Client Relations**

The Client Relations Department is the primary point of contact between the Company and its clients to provide reasonable assurance that the terms of loan subservicing agreements between the Company and the owners of loans serviced by the Company are authorized by the appropriate level of management and correctly implemented (*Control Objective 1*). The department is responsible for the operational setup of new clients. Agreements with investors and any amendments to agreements with investors are reviewed and approved by the appropriate level of management. The department is also responsible for the ongoing identification and communication of changes in servicing requirements throughout the organization as appropriate. Changes to the terms of agreements with clients, including wire transfer instructions for remittances, are documented in a Client Procedure Attestation of Changes form. The attestation is communicated to the clients for confirmation.

#### **Loan Boarding**

The Loan Boarding Department uses multiple detailed procedures in order to provide reasonable assurance that the loans in the servicing portfolio and their data elements are tracked in the Servicing System accurately and completely (*Control Objective 2*). For all loans boarded to the Servicing System, a Servicing Transfers Team member establishes the loan boarding requirements and instructions with the prior servicer, investor, and the Company's applicable departments. A data validation and reconciliation process is performed prior to boarding loans in the Servicing System. The report from this process is reviewed by the Servicing Transfer Data Analyst. Any critical exceptions are cleared and reviewed and approved by management prior to boarding loans in the Servicing System. Loan information is reconciled to the data tape provided by the originator or prior servicer. Discrepancies are investigated and resolved.

A project plan or checklist is used during the loan boarding process to help ensure that all required steps are completed. All loan information is run through a pre-boarding system which will not process the boarding of any loans with critical exceptions identified. Once the preliminary data has been satisfactorily validated, the new loans are boarded into the production environment using final data including unpaid principal balances, escrow, suspense items, and recoverable corporate advances. A reconciliation is performed to verify the accuracy and completeness of loans boarded to the Servicing System. Unreconciled items are researched and resolved.

Any bankruptcy, foreclosure, and/or loss mitigation information received from the prior servicer is forwarded to the respective department. A scrub of bankruptcies and Service Members' Civil Relief Act ("SCRA") activities is also performed shortly after boarding. Cash reconciliations are then completed. Once approved, and cash is received to fund escrow and

suspense funds, the loans are assigned permanent investor codes. Welcome letters are then sent to the borrowers within 15 days of the effective date of transfer.

Post-boarding file reviews are conducted to help ensure that accurate data has been boarded to the Servicing System through a comparison of defined data elements from the collateral file to the uploaded data. Loans identified as having missing or incomplete documentation are identified, researched, and resolved as necessary.

Additionally, a multi-level review of loan data for adjustable interest rates (adjustable-rate mortgages (“ARM”), step-rates, and home equity lines of credit (“HELOC”)) is performed comparing Servicing System data to the note or modification documentation by the Special Loans Team prior to validating the loan for ongoing servicing.

### **Cash Management**

The Cash Management Department has responsibility for the processing of inbound cash. Their processes provide reasonable assurance that loan payments are recorded completely and accurately in the Servicing System (*Control Objective 3*). The Company receives loan payments and loan payoffs through checks, Automated Clearing House (“ACH”), and wire transfers. Checks are processed via a lockbox service by one of the Company’s financial institutions. The Servicing System automatically allocates loan payments using a pre-defined sequence based on the loan setup within the application which is consistent with the loan agreement and applicable laws. Payments received are applied in the following order: past due payments, late charges, recoverable corporate advances, fees, and principal balance. In addition, payments are held as a partial payment if the account is not current and the amount is less than a full contractual payment.

After processing payments within the Servicing System, the funds are deposited into the payment clearing bank account. The payments posted to the Servicing System are balanced against the bank deposit. Each business day, the Cash Supervisor reviews the reconciliation of the cash receipts from the Servicing System to the cash receipts from the bank. Variances are logged and remediated

Payment exceptions are escalated to appropriate departments to assist in the identification of the money received or to obtain acceptance instructions. Once resolved, the items are applied to the system with the effective date as the date of receipt. If the item remains unresolved for five days, the funds are returned to the sender.

Payments received that do not clear the client’s account due to non-sufficient funds or other return reasons are reversed from the Servicing System within two business days.

### **Disbursements**

In the normal course of business, the Company disburses cash for multiple loan servicing operations purposes, including such items as escrow payments, servicing advances, expenses associated with default servicing, and real estate owned. Due to the specific nature of the different forms of disbursements, and segregation of duties considerations, multiple

departments perform these tasks to provide reasonable assurance that servicing related disbursements are accurate, complete, and approved as necessary prior to payment (*Control Objective 4*).

### **Escrow**

The Company maintains escrow accounts for most loans it services. Escrow accounts contain borrower funds held in the borrower's name to pay obligations such as property taxes and insurance premiums.

The Company outsources property tax monitoring for all loans in the servicing portfolio to a third-party service provider, CoreLogic. The Company receives daily notifications of property tax obligations due in the near term and processes payments for these items. To ensure all obligations are paid in a timely manner, the Escrow Department creates the Tax Control Report on a weekly basis by blending data from the Servicing System and CoreLogic. The Tax Control Report identifies any loans where property taxes may not have been paid on a timely basis. Any loans identified in the report are researched and resolved.

The Company outsources monitoring and payment of insurance premiums for all loans in the servicing portfolio to a third-party service provider, National General. Management oversight is facilitated through numerous performance and control oversight reports, monthly vendor scorecard, annual site visit, and a review of the SOC1 report from the respective service provider.

### **Escrow Analysis**

The Company performs an analysis at least annually for each loan with an escrow account. The analysis calculates if the funds expected to be collected from the borrower on a monthly basis will be sufficient to cover the estimated amount of property tax, mortgage insurance, and insurance premiums as they become due. A copy of the analysis is sent to the borrower. If the escrow analysis calculates an excess of funds over \$50, and the account is current, MSP automatically generates a surplus check. A sample of the surplus checks are reviewed for accuracy prior to delivery to the borrower. If there is a shortage of funds over \$50, the borrower's monthly payment is increased to ensure sufficient funds are available to meet both past increases and estimated future obligations. The Escrow Supervisor reviews a sample of loans to determine if the escrow analysis was correctly performed.

### **Servicing Advances**

In accordance with GSE and Agency guidelines and servicing agreements, RoundPoint is required to make certain disbursements with its own funds when borrower funds are not available. These disbursements are referred to as servicing advances. The most common type of a servicing advance is an escrow advance which occurs when a borrower's escrow account has insufficient funds to cover a required payment of a loan-related obligation such as property taxes or hazard insurance premiums. As disbursements are made for which no or limited borrower funds are available, the Servicing System automatically generates a corporate advance transaction to fund the disbursement and updates the loan records with

the additional amount due as applicable. Servicing advances and corporate disbursements are processed in accordance with authorized limits outlined by management.

RoundPoint has configured the Servicing System so that servicing advances can only be made to vendors that have been set up within the Servicing System. Creation and modification of vendors within the Servicing System is restricted to specific employees. Additionally, transaction approval is required for all servicing advance disbursement requests in accordance with an authorization matrix.

Payments can be made by check or wire transfer. The Accounting Department is responsible for printing the disbursement checks and the Treasury Department processes wire transfers. Payments of servicing advances are approved by authorized employees facilitated through a digital signature on all checks and a manual signature for any checks in excess of \$25,000. As a fraud mitigation measure on disbursements by check, the Company has implemented positive pay on the bank account used for loan servicing disbursements. The Company transmits the details of all disbursements to the bank who in turn performs a three-point validation of the check number, the amount, and the payee before honoring items presented for payment. Any exceptions are researched and resolved.

An additional control is that a bank account access review is performed quarterly to help ensure that account access is appropriate.

### **Call Center**

The Call Center assists with inquiries regarding loans at any stage in the loan life cycle. The department uses software to route inbound calls as requested.

RoundPoint conducts outbound call campaigns based on loan delinquency information as an initial effort to minimize delinquency rates. These efforts meet the requirements of the GSEs and Agencies, as well as any specific instructions provided by the owner/investor of the loans. All calls are placed within the Fair Debt Collection Practices Act ("FDCPA") call time requirements.

At the beginning of any dialogue, the identity of the borrower or an authorized third party is confirmed by verifying borrower name, loan number, property address, and the borrower's date of birth or last four digits of the borrower's social security number ("SSN"). Before releasing loan information to a third party, the Company receives either a verbal authorization from an authenticated borrower to speak with a third party or a completed third-party authorization form signed by the borrower.

Department management performs monthly reviews to help ensure the Call Center Specialists' collection efforts comply with the Company's policies and procedures. The Compliance Department also utilizes a third party that reviews recorded phone calls to help ensure compliance with regulatory, Agency, and GSE requirements as well as with the Company's policies and procedures. The Call Center Management Team regularly reviews the Call Center campaign waterfall and automated dialer logic to help ensure delinquent loans are being monitored in accordance with the Company's policies and procedures.

## Correspondence

Inbound correspondence, including qualified written requests, notices of error, requests for information, credit bureau reporting issues, other written complaints, and e-mails, are logged and acknowledged within five business days of receipt. The correspondence is then resolved in coordination with the appropriate department according to the nature of the request. Depending on the nature of the issue, certain stops are placed on the account while the issue is investigated.

The Servicing System as well as SharePoint are used to record the communication and track the status of response and resolution. The goal is for all correspondence to be resolved within 30 business days in accordance with applicable laws and regulations. Certain items are flagged for priority response such as loans with a scheduled foreclosure sale date, notices of error related to payoff statements, and owner/assignee requests. Once resolved, the correspondence file is marked as complete and the complete response to the customer is imaged. Any stops are removed from the loan as appropriate. Correspondence status and statistical reporting is reviewed by management.

## Loss Mitigation

RoundPoint's loss mitigation process begins once the borrower verbally requests loss mitigation assistance or submits a loss mitigation application. Controls provide reasonable assurance that delinquent loan servicing activities are accurate, timely, and appropriately approved, when necessary (*Control Objective 5*).

To support loss mitigation operations, the Department uses a third-party loss mitigation system for managing workflow, workflow exceptions and completing loss mitigation waterfall evaluations. RoundPoint's loss mitigation department is comprised of four operational functions:

1. Single Point of Contact ("SPOC"): Segmented by portfolio specific teams to yield agent expertise on assigned portfolio guidelines and requirements. Each loan serviced by RoundPoint has a SPOC assigned to ensure compliance with Real Estate Settlement Procedures Act ("RESPA") Continuity of Contact Requirement and seamless transfers once the loss mitigation process begins.
2. Application Processing: The Application Processing Team is segmented into two groups: Application Intake and Loss Mitigation Processing.
  - The Application Intake Team is responsible for reviewing new loss mitigation applications and sending borrowers written acknowledgment letters in accordance with RESPA's Loss Mitigation Rules.
  - The Loss Mitigation Processing Team is responsible for reviewing and completing the initial loss mitigation evaluation of a borrower's completed application. The Application Processing Team is organized by portfolio to

ensure accuracy and applicability of the complete application evaluation in accordance with investor/agency guidelines.

3. Loss Mitigation Underwriting: To ensure each loss mitigation application evaluation is accurate and conforms to applicable agency, insurer or loan owner's guidelines, every application evaluation (approval or denial) undergoes a rigorous second-level review by the Loss Mitigation Underwriting Team. During each review, borrower's hardship, income, and expenses are validated as well as collateral eligibility/ineligibility for the applicable loss mitigation workouts.
4. Loss Mitigation Fulfilment: The Loss Mitigation Fulfilment Team is responsible for generating and completing a quality review of the approved loss mitigation agreements prior to delivering to borrowers. Additionally, the Loss Mitigation Fulfilment Team is responsible for managing the recordation of loan modification and deed-in lieu of foreclosure agreements.

#### **Loss Mitigation Solicitation Process:**

The Loss Mitigation Department's policy and procedures are reasonably designed to proactively solicit borrowers for loss mitigation assistance in accordance with the RESPA Early Intervention rules and investor/agency guidelines. Said rules and guidelines include:

- Loss Mitigation Solicitation letters sent to borrowers by the 45th day of delinquency, then no more than every 180th day thereafter; and
- Loss Mitigation Solicitation letters sent to borrowers who have filed for bankruptcy.

The department has implemented the following controls to provide reasonable assurance that delinquent loan servicing complies with RESPA's Early Intervention Rules and Investor/Agency Loss Mitigation Solicitation Guidelines:

- Daily automated and logic based portfolio scrub for loans eligible to receive a loss mitigation solicitation letter; and
- Daily control report to ensure eligible loans not solicited by the automated portfolio scrub receive a loss mitigation solicitation letter.

#### **Loss Mitigation Application Evaluation/Agreement Quality Process:**

The completed loss mitigation application, including borrower financial statements, hardship letters, and other supporting documentation, is analyzed using third party software to determine the most appropriate workout solution in accordance with applicable investor/agency guidelines. To ensure each review and approved workout agreement is accurate, the following procedures and controls have been implemented:

- Processing supervisor approval issued on every complete application evaluation;



- Loss mitigation underwriter completes a rigorous second-level review on 100% of all completed loss mitigation application evaluations to ensure accuracy and applicability prior to issuing evaluation approval (workout approval or denial);
- Based on investor/agency workout approval delegation parameters, the Underwriting Team obtains the investor/agency approval;
- The creation of loan modification and deed-in-lieu of foreclosure agreements is outsourced to a vendor/law firm to help ensure accuracy and to reduce the risk associated with the preparation of legal documents; and
- For each loss mitigation loan modification or liquidation transaction (short payoff, short sale or deed-in-lieu of foreclosure), members of Cash Management review all final modifications/liquidations and the loss mitigation underwriting worksheets and approvals, and then update the loans accordingly within the Servicing System.

### **Loss Mitigation and Foreclosure Dual Track Prevention Process:**

Once a complete borrower's assistance application is received, the Company's loss mitigation workflow supports compliance with the RESPA requirements related to postponing certain foreclosure activities during the loss mitigation evaluation process. In some situations, where the borrower applies for loss mitigation assistance close to a foreclosure sale date, the Loss Mitigation Team conducts an accelerated, best efforts review prior to the scheduled foreclosure sale date. If there is an approved loss mitigation workout prior to the scheduled foreclosure sale of the borrower's home, the loss mitigation processor works with the Foreclosure Department to hold or postpone the foreclosure action to ensure the borrower is provided the opportunity to cure the default. Borrower loan modification appeals are reviewed and approved by the Loss Mitigation Underwriting Supervisor.

### **Default Servicing – Foreclosure**

A loan is generally transferred into Default Servicing to pursue foreclosure no later than the 120th day of delinquency. Controls provide reasonable assurance that default servicing activities (events) are monitored for completeness, timeliness, and appropriate approval, when necessary (*Control Objective 6*).

The Foreclosure Department works to achieve an efficient and compliant completion of the foreclosure process. The Foreclosure Referral Recommendation report is generated daily which identifies all loans for which foreclosure related activities should commence. The report is reviewed to determine which properties meet the foreclosure referral criteria.

For each loan, a Referral Recommendation Checklist is completed. This process includes but is not limited to: reviewing the collateral file, reviewing the loss mitigation and collection information within the Servicing System, and reviewing any investor specified criteria and/or approval for proceeding with the foreclosure. Once the loan is deemed eligible for referral, the loan information is updated in the Servicing System and is referred to a foreclosure attorney or trustee. The Default Servicing group performs a loan level review on

every loan where active (non-suspended) foreclosure related activities have been commenced to ensure that there are no controllable delays.

The attorney or trustee continues the foreclosure process in accordance with applicable federal, state, and local laws; insurer requirements; and investor guidelines. Notices are sent to the borrower as required and the sales information is communicated to the Company. Pre-Sale certifications are completed and approved by a Foreclosure Specialist or above prior to all foreclosure sales. Foreclosure bids are completed timely and accurately and approved by a Foreclosure Specialist or above based on investor authorization or delegation.

If the investor is the successful bidder, certain legal documents are filed, but no funds are exchanged. The Foreclosure team helps to ensure the accuracy and completeness of foreclosure deed execution through a Quality Assurance Review of documents. In certain cases, a third party is the high bidder, and the loan is liquidated as a result. The Default Servicing group reconciles cash proceeds received from foreclosure liquidations to verify accuracy.

### **Default Servicing – Bankruptcy**

All loans in Default Servicing are monitored for borrower bankruptcy filing. New bankruptcy filings are identified daily through various means including: review of docket activity reports for the loan portfolio; receipt of a 341(a) notice; receipt of bankruptcy petitions; telephone calls from the prior servicer, debtor, or debtor’s attorney; and new loan boarding notifications from the prior servicer. Loans affected by borrower bankruptcy are identified in the Servicing System.

The Bankruptcy Department is responsible for assigning an attorney to the case and for completing all required court filings including: proof of claim, bankruptcy notices, motions for relief, transfers of claim, and any other necessary documentation. Each business day, department staff review a sample of loans in the bankruptcy population to verify that bankruptcy activities (a.k.a. events) are conducted in accordance with the Company’s policies and procedures. Additionally, each business day, the staff reviews exception reports to help ensure that filings were performed timely and that appropriate coding within the Servicing System is maintained. When a loan is discharged through bankruptcy, relief is granted, or dismissal is received, the staff conducts a final reconciliation and updates the Servicing System accordingly.

### **Real Estate Owned (“REO”) Management**

Loans that have been foreclosed and loans for which a deed-in-lieu of foreclosure has been executed are referred to as real estate owned (“REO”) properties and are managed by the REO Department through final liquidation. Controls provide reasonable assurance that real estate owned properties are recorded accurately within the Servicing System and that sales of real estate owned properties are reviewed and approved prior to the completion of the sale (*Control Objective 7*).

When a loan converts to a real estate owned property, the Servicing System is updated with the date of the change in status. On a recurring basis, staff members review the REO Reconciliation Report to verify that all real estate owned properties have been accurately recorded in the Servicing System.

The Foreclosure Department is responsible for the assessment of the occupancy status of each property within the redemption period. Options are pursued to facilitate and accelerate vacancy of the property including former occupant relocation, “Cash for Deed”, or “Cash for Keys”. In certain cases, the Company must pursue eviction of the occupants to get the property vacated and prepared for liquidation sale. Certain properties fall under the provisions of the Protecting Tenants at Foreclosure Act (“PTFA”). If applicable, properties occupied by bona fide tenants are permitted to stay in the property as the lease directs.

Property preservation is the process of maintaining the interior and exterior of a property to help ensure the maximum amount of financial recovery upon liquidation sale. Actions coordinated by the department include payment of utilities, payment of homeowner association (“HOA”) fees, property rehabilitation, safety repairs, addressing any code violations, vacant property registration, recurring yard maintenance, property winterization, etc. Additional actions are ordering and reviewing of title reports to determine marketability of assets and clearing of any title issues prior to the closing of the liquidation sale. Payment of the above items is facilitated through an invoicing management system. The invoice management system facilitates input of expense requests from Company employees and agents. The Invoicing System is systematically programmed so that it will not process an expense reimbursement on a real estate owned property if the user does not have the appropriate authorization level within the system. Additional quality assurance reviews are completed at the time the invoice is processed to ensure the appropriate work was ordered and completed as required.

The Foreclosure Department coordinates the marketing of the property by utilizing an REO servicing system to assist in the process of property valuation and disposition. Actions include listing the property with a local real estate broker, obtaining appraisals and Broker Price Opinions, managing the list price and any offers in accordance with established investor guidelines, where applicable, and facilitating the closing. REO sales are reviewed and approved prior to the completion of the sale based on delegated authority from investors. If delegated authority is in place, offer approval is based on the defined authority matrices. If delegated authority is not in place, the offer is sent to the investor for approval. After closing, the Cash Department is notified of loan and wire details. The transaction is processed, the REO file is imaged, and the loan is closed within the Servicing System, and is changed to ‘Closed’ status in the REO Servicing System.

### **Investor Reporting**

The Investor Reporting Department manages three major activities: reporting loan-level accounting data, preparing remittances, and reconciling custodial accounts. Data and remittances are provided to the respective GSE and/or investor, in accordance with defined requirements or contractual provisions. Controls provide reasonable assurance that reports and remittances are complete and accurate (*Control Objective 8*).

The Investor Reporting Department also completes a monthly settlement with each of the Company's subservicing clients. Investor Reporting maintains a Client Fee Schedule based on the terms of the servicing agreement to ensure that the economics of the portfolio are accurately calculated for settlement with the client. The schedule is updated when new investors are added and when contracts are modified. Monthly, transaction and snapshot data from the Servicing System and data warehouse are sent to the billing system to create a monthly consolidated invoice. The invoice data is reconciled to the general ledgers to ensure that cash flow activity and allowable servicing fees are captured in the applicable invoices. Variances are investigated and remediated where applicable or are documented with an explanation in the monthly investor reporting package. On a monthly basis, the monthly investor reporting package is reviewed by the Investor Reporting Manager or above for completeness and accuracy. Any discrepancies are investigated and remediated where applicable or are documented with an explanation. When finalized, the monthly settlement reports are distributed to the subservicing clients.

The amount of the remittance calculated by the monthly settlement reports is incorporated into a wire transfer request and authorized prior to payment. The approved wire transfer requests are provided to the Treasury Department for processing.

The custodial accounts that maintain the principal and interest collections as well as the accounts that hold the escrows are reconciled monthly by Investor Reporting to verify that portfolio cash flow activity is routed, segregated and maintained per investor guidelines. As a final step in the process, on a monthly basis, accounts on the general ledger are reconciled in accordance with the Company's Account Reconciliation Policy. Each reconciliation is approved by the appropriate member of management. Reconciling items are researched and resolved in a timely manner.

### ***Administrative Departments and Functions***

#### **Human Resources**

The Human Resources ("HR") Department is responsible for all employee related activities within RoundPoint including Talent Acquisition, Talent Management (Performance Management, Learning and Development, Leadership Development, Organizational Planning and Readiness), Employee Relations, HR Compliance, Compensation, Payroll and Benefits, and Employee Experience/Engagement. Controls provide reasonable assurance that Company new hires are pre-screened prior to beginning employment with the Company and that all full-time employees complete required training (*Control Objective 9*).

Offers of employment are contingent upon the satisfactory completion of a pre-employment background screening. All RoundPoint new hires and contractors are pre-screened prior to beginning employment with the Company. Specifically, this screening includes credit and criminal background checks. The results of the background screens are reviewed by HR to determine final employment eligibility.

## **Training**

The Learning and Development Department coordinates the training provided to new and tenured employees to help ensure compliance with applicable federal, state, and local laws, as well as insurer and investor guidelines. Controls provide reasonable assurance that full-time Company employees complete required training.

The department creates and updates training curriculum and materials as necessary and tracks employee progress toward completion of training requirements. Training is available to employees through classroom and computer-based training sessions. Employees receive credit for related professional training completed outside the Company.

The Company has internally defined employee training requirements. The new hire training program consists of a 2-week cohort program, which focuses on the Company culture, the fundamentals of mortgage basics, in-depth job-specific training, job shadowing/mentoring and all required risk/compliance training. All new associates participate in the Company's cohort training program and must complete a minimum of 80 hours of training during their first 90 days of employment. All Officers are required to complete a minimum of 20 hours of training during their first 90 days of employment. Requirements are dependent on the functional area and additional hours could be required. After the initial 2 weeks, associates that work in customer facing departments, spend an additional 2 weeks of training within their respective department. This job-specific training varies between a blended approach which could include online, classroom, and side-by-side training. In total, those new hires working in customer facing departments receive 4 weeks, or 160 hours, of new hire training. Associates are required to complete 40 hours of training after their first 90 days of employment and every year thereafter. Officers are required to complete 20 hours of training after their first 90 days of employment and every year thereafter.

## **Information Systems**

The Information Systems ("IS") Department is comprised of Information Technology ("IT") and Information Security Operations functions. These groups are responsible for infrastructure management, information security, service delivery, and IT Service Desk support.

The IS Department has a comprehensive set of documented policies which include, but are not limited to, user provisioning, information security, information ownership, firewall management, electronic mail, and change management.

The Company's primary operating system for loan servicing operations is the Mortgage Servicing Package ("MSP") which supports all key servicing functions. The MSP application is owned by Black Knight Servicing Technologies ("BKFS"). BKFS also owns the LoanSphere application which serves as the Company's Invoicing System for processing REO expenses. The Company accesses the Servicing System and Invoicing System through a hosted environment from a BKFS data center in Jacksonville, Florida.

Other applications are hosted at a TierPoint colocation data center in Charlotte, North Carolina and include the general ledger and financial reporting systems, network share drives, the email exchange server, and other non-key systems used by various departments. The data warehouse is cloud hosted by Microsoft Azure.

RoundPoint maintains a data warehouse system to store loan level transactional data and other information, which is updated daily with information from the previous business day. The data warehouse is populated through automated processes from multiple sources including the Servicing System, Ventanex, 24-Asset, RES.NET, and data feeds from third party systems. The data warehouse is used routinely for daily reporting and analysis and augments reports produced directly from the Servicing System. Reporting from the Servicing System is further supplemented by the Online Computer Information Exchange (OCIE) application. Loan documents and written correspondence are imaged and digitally stored using a proprietary application.

### **Information Technology – Logical Access**

The IT Department manages logical access to RoundPoint’s network and critical applications. Controls provide reasonable assurance that access to the Company’s network, the Servicing System, and the Invoicing System is monitored and restricted to authorized personnel (*Control Objective 10*). The User Access Management (UAM) Team processes approved access and termination requests through service tickets using a hosted tool named ServiceNow to record and track all requests.

Access to the Company's network, the Servicing System, and the Invoicing System is controlled through unique user IDs and passwords. Network access is governed by Cisco firewalls, routers, switches, and a Virtual Private Network (VPN). The network, which is the first level of authentication required for access to the Servicing System and the Invoicing System, requires that user passwords have specific attributes including passwords of a minimum length, numeric and special characters, forced periodic changes, and account lockout after unsuccessful login attempts. Administrative access requires a separate unique ID and password to the network, to the Servicing System, and the Invoicing System and is restricted to authorized members of the IT Department.

Requests to add new users and modify the access of existing users to the network, to the Invoicing System, and to the Servicing System are initiated by HR. This approval is documented within an Information Technology Service Request Ticket.

The Servicing System has numerous roles that determine what data the user can access and what functions the user can perform. Role-based access groups are used to limit user access to the production environment to individuals commensurate with their job responsibilities.

Once the IT Service Request ticket has been approved, the Security Administrator grants the requested privileges using security group templates. The Service Desk ticket is updated with the status. After the requested user access has been established, the Security Administrator sends an email to the requestor containing the unique user ID, and temporary password

information and a request to test the access modification. Once successfully completed, the IT Service Request ticket is closed.

Windows Server administrator activity is logged for research. An automated email is generated to members of the IT Department when irregular activity is identified. Irregular activity is investigated and resolved as necessary. Security and information event management is performed using Script Logic Desktop Authority and Active Directory Admin as well as Microsoft logging. Additionally, RoundPoint uses Cisco AMP for endpoint protection, Symantec, Rapid 7, Solarwinds, and PRTG software to perform network monitoring and vulnerability scans. In addition, third-party external penetration testing is performed on an annual basis.

Remote access is controlled through remote hardware and VPN software that requires a unique user ID, password, and DUO MFA token to gain access to the online systems.

Any access modifications required are communicated by completing an IT Service Request ticket. Management approval is obtained prior to making any changes. The IT Service Request ticket is closed once the modifications are complete.

When employee terminations occur, Human Resources sends an email to the UAM Team. The UAM Team disables/deletes the user accounts for terminated employees within one business day.

### **Information Systems – Physical Access to Colocation Data Center**

The Company uses a TierPoint data center in Charlotte, North Carolina to host applications other than the Servicing System. Applications hosted in the data center include the network share drives, the email exchange server, print servers, among others. Controls provide reasonable assurance that physical access to the colocation data center is restricted to appropriate personnel (*Control Objective 11*).

Physical access to the colocation data center is controlled through the vendor's physical security measures, including physical separation of hardware used by different clients and the use of building access cards. Further, physical access to the colocation data center is restricted to authorized Company personnel. The colocation data center only issues building access cards to personnel authorized by the Company. Termination of an individual's physical access to the colocation data center is completed at the time of termination.

### **Information Systems – Data Backup**

Data backups are performed by the Company and include the data warehouse, the network drives, the email exchange server, the Invoicing System, the general ledger and financial reporting systems, and other systems used by various departments. Backups of the Servicing System software and data are performed by Black Knight. Controls provide reasonable assurance that the Servicing System and operating system are backed-up (*Control Objective 12*). The IT Department performs daily, weekly, and monthly production backup jobs which are executed, monitored, and tracked to completion based on a predefined schedule. On a

daily basis, incremental backups are performed on scheduled production servers according to documented backup procedures. Backups are automated and encrypted using COHESITY.

Backup completion reports are reviewed for every backup performed. Only authorized, personnel may restart, troubleshoot, or perform other measures as appropriate to resolve a failed backup job.

On a weekly basis, full backups were performed on all production servers according to the documented backup procedures. Daily backup completion reports are reviewed for every backup performed.

Backup data is replicated to a secure offsite location on a continual basis, which meets the Company's disaster recovery guidelines.

### **Information Technology – Program Management**

While BKST administers change management for the Servicing System and Invoicing System, the Company's Program Management and Information Technology departments coordinate the application portion of strategic client service initiatives including developing scripts to help optimize the use of the Servicing System and other systems. Production Change Requests are utilized to document change requests, testing, and approval prior to implementation into the production environment.

### **Security – Physical Access to Company facilities**

Access to Company facilities is controlled through the use of building access cards which are approved by management prior to issuance. Upon termination, building access cards are revoked and/or disabled within one business day. Visitors and non-Company employees are required to provide photo identification and register with the security desk. Visitors and non-Company employees are escorted through the facility by a Company employee.

### **Third Party Oversight/Vendor Management**

The Company makes reasonable efforts to help ensure that third party organizations operate in a manner which supports the Company's control environment and commitment to compliance. Controls provide reasonable assurance that onboarding and ongoing effectiveness of the vendors providing services relevant to the defined scope of services are appropriately authorized, reviewed, and monitored upon onboarding and at least annually thereafter in accordance with defined company policy. The Vendor Management Team manages third party organizations in accordance with policies and procedures that detail the selection, assessment, and oversight of these organizations. The Company also maintains a Vendor Management Committee which ensures that appropriate information about the performance of third parties is effectively communicated throughout the organization



The duties of the Vendor Management Committee include the following:

- Providing oversight over the attorney, and vendor management functions to help ensure that they are compliant with the Third Party Oversight Policies and Guidelines;
- Reviewing and monitoring third party vendor performance using scorecards;
- Providing an avenue to help ensure that any third party concerns are reviewed and are appropriately addressed; and
- Evaluating all third-parties, new and current, for potential risks (strategic, operational, and financial).

At onboarding, all vendors are evaluated, and all applicable due diligence tasks are completed as dictated within the policy. On an annual basis, the Company completes a re-assessment of each vendor's risk profile and ensures the applicable due diligence tasks are completed. For all vendors relevant to the defined scope of services, Management completes an annual review of the respective SOC report(s), if one exists. The scope and results of the SOC Report are documented and reviewed by Management.

### ***Complementary User Entity Controls***

The processes of the Company were designed with the assumption that certain controls would be implemented by user organizations. In certain situations, the application of specific controls at user organizations is necessary to achieve the control objectives included in this report.

The table below highlights those internal control responsibilities that the Company believes should be present for each user organization as they complement the design and operation of certain control objectives within the Company's System. The Company has considered these responsibilities in developing its control policies and procedures as described in this report.

In order for users to rely on the control structure's policies and procedures reported on herein, each user must evaluate its own internal control structure to determine if the following procedures are in place. Furthermore, the following list of control policies and procedures is intended to address only those policies and procedures surrounding communications and interfaces between the Company and each user entity. Accordingly, this list is not inferred to be a complete listing of the control policies and procedures that provide a basis for the Assertion underlying the financial statements and control environments of the user entities.

Complementary User Entity Controls	Applicable Control Objective
Controls should be established to ensure that instructions and information provided to the Company from user organizations are in accordance with the provisions of the servicing agreements and other applicable governing agreements or documents between the Company and the user organization.	Control Objective 1 Control Objective 2 Control Objective 5 Control Objective 6 Control Objective 7 Control Objective 8
Controls should be established to ensure that individuals providing instructions to the Company are properly authorized.	Control Objective 1 Control Objective 2 Control Objective 5 Control Objective 6 Control Objective 7 Control Objective 8
Controls should be established to ensure that access to confidential information provided by the Company is restricted to authorized individuals and vendors.	Control Objective 4 Control Objective 5 Control Objective 6 Control Objective 7
Controls should be established to ensure that access rights to loan documents are properly controlled.	Control Objective 2 Control Objective 5 Control Objective 6 Control Objective 7
Controls should be established to ensure that mortgagor documents are properly endorsed and/or are assigned to protect the rights of the user organization.	Control Objective 5 Control Objective 6 Control Objective 7
Controls should be established to ensure mortgagor documents are enforceable under the law and that the loans were originated in compliance with all applicable laws.	Control Objective 2 Control Objective 5 Control Objective 6 Control Objective 7
Controls should be established to ensure that loan setup data provided to the Company is accurate and complete and is delivered in a timely manner.	Control Objective 2
Controls should be established to ensure that accurate tax and insurance information is provided to the Company in a timely manner.	Control Objective 4

Complementary User Entity Controls	Applicable Control Objective
Investors are required to set up delegated authorities for sales of real estate property owned or are responsible for approving each sale of real estate property owned if delegated authority is not in place.	Control Objective 7
Controls should be established to ensure that new and modified reports prepared by the Company are reviewed for accuracy and completeness.	Control Objective 1 Control Objective 8
Controls should be established to ensure that proper controls exist at the user organization for restricting access to remittances received from the Company.	Control Objective 8
Controls should be established to ensure that the review of reports and statements provided by the Company regarding account balances and related activity is performed by the user organization on a timely basis and that notice is promptly provided to the Company, if discrepancies are identified.	Control Objective 1 Control Objective 8
Controls should be established to ensure that reports provided by the Company are reconciled by the user organization to its internal records.	Control Objective 8

*Section IV – Tests of Operating  
Effectiveness and Results of  
Tests Performed*

## ***Tests of Design and Operating Effectiveness***

Our examination of the design and operating effectiveness of certain controls of the Company was restricted to the control objectives and related policies and procedures specified by the Company in Section III of this report.

Our tests of the operating effectiveness of controls included such tests as were considered necessary in the circumstances to evaluate whether those controls, and the extent of compliance with them, was sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period December 1, 2020 to November 30, 2021. There are certain annual control activities where the activity is scheduled to occur during the 2021 calendar year. In those circumstances, we verified the control occurred during the twelve month period subsequent to January 1, 2021. Our tests of the operating effectiveness of controls were designed to cover a representative number of transactions throughout the period December 1, 2020 to November 30, 2021 for each of the control policies and procedures listed in Section III, which are designed to achieve the specified control objectives. Unless otherwise indicated, tests of the operating effectiveness of the control activities were designed to cover a sample number of transactions and procedures throughout the period under review. In selecting particular tests of the operating effectiveness of the control activities, the following were considered:

- The nature of the control activities being tested;
- The types and competence of available evidential matter;
- The nature of the control objectives to be achieved;
- The assessed level of control risk;
- The expected efficiency and effectiveness of the test; and
- The testing of other control activities relevant to the stated control objective.

Test procedures performed in connection with determining the design and operating effectiveness of internal control policies and procedures are described below:

<b>Test Procedure</b>	<b>Description</b>
Inspection	<p>Inspected documents and records indicating performance of the control activities. This includes, among other things:</p> <ul style="list-style-type: none"> <li>• Examination of source documentation and authorizations;</li> <li>• Examination of documents or records for evidence of performance and authorization (e.g., existence of initials or signatures);</li> <li>• Examination of system configuration and settings;</li> <li>• Examination of user listings; and</li> <li>• Inspection of RoundPoint’s system documentation, such as operation manuals, policies and procedures documentation, system flowcharts, and system audit logs.</li> </ul>
Observation	<p>Observed the application or existence of specific control structure policies and procedures as represented. This includes:</p>

Test Procedure	Description
	<ul style="list-style-type: none"> <li>• Observations of personnel in performance of their assigned duties;</li> <li>• Observations of control activity existence; and</li> <li>• Observance of various system tasks performed by RoundPoint personnel.</li> </ul>
Inquiry	<p>Inquired of appropriate personnel. Inquiries seeking relevant information or representation from personnel were performed to obtain, among other things:</p> <ul style="list-style-type: none"> <li>• Knowledge and additional information regarding the control activity;</li> <li>• An understanding of RoundPoint’s organizational structure, including segregation of functional responsibilities, policy statements, and processing manuals; and</li> <li>• Corroborating evidence of the policy or procedure.</li> </ul>

Our procedures were performed in accordance with Statement on Standards for Attestation Engagements No. 18 and AT-C Section 105, *Concepts Common to All Attestation Engagements*, AT-C Section 205, *Examination Engagements*, and; AT-C Section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities’ Internal Control Over Financial Reporting*, issued by the Auditing Standards Board of the American Institute of Certified Public Accountants.

## ***Control Objective 1 – Investor Agreements***

Controls provide reasonable assurance that the terms of loan servicing agreements between the Company and the owners of loans serviced by the Company are authorized by the appropriate level of management and correctly implemented.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
1.1	Agreements with investors and any amendments to agreements with investors are reviewed and approved by the appropriate level of management.	For a sample of new / amended agreements, inspected the executed copy to validate that the appropriate level of management’s approval exists.	No exceptions noted.
1.2	Changes to the terms of agreements with active subservicing clients with more than 100 loans, including wire transfer instructions for remittances, are documented in a Client Procedure Attestation of Changes Form (or client requested format). The information is communicated to the subservicing client for confirmation on a monthly basis.	For a sample of subservicing clients, inspected the Client Procedure Attestation of Changes Form and corresponding e-mail for a sample of months to validate that the information was communicated to the subservicing client for confirmation.	No exceptions noted.

## ***Control Objective 2 – Loan Boarding***

Controls provide reasonable assurance that the loans in the servicing portfolio and their data elements are tracked in the Servicing System accurately and completely.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
2.1	A Servicing Transfers Team Member performs a reconciliation to ensure the accuracy and completeness of the loans prior to the final data load. Loan information is reconciled to the data tape provided by the counterparty or prior servicer. Discrepancies are investigated and resolved.	For a sample of loan acquisitions, re-performed the reconciliation between the original data tape and the SSI Output to validate that the total number of loans matched between the original third party source and system data prior to the final data upload.  For a sample of loans, re-performed the reconciliation between the original data tape and the SSI Output to validate that the data matched between original third party source and system data prior to the final data upload.	No exceptions noted.
2.2	The loan boarding application will not process the boarding of any loans with critical exceptions identified.	Observed the loan boarding application configurations and confirmed that the application is configured to automatically reject from boarding any loans where critical exceptions are present.	No exceptions noted.
2.3	A post board reconciliation process is performed to the system of record. The report from this process is reviewed by a Servicing Transfer Team Member. Any exceptions are identified and resolved.	For a sample of loans, validated that the reconciliation process was completed and that all exceptions were cleared prior to loan onboarding in the Servicing System as evidenced by the RECON1 status within MSP.	No exceptions noted.



No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
2.4	<p>Post-boarding systemic data validation is conducted to help ensure that accurate data has been boarded to the Servicing System through a comparison of data points on loan document images to data values from the system of record. Loans where there is a miss-match of data points, are identified, researched, and resolved as necessary.</p>	<p>Re-performed the automated loan validation process to validate that exceptions are automatically identified and communicated to the Company for research and resolution.</p> <p>For a sample of loans, inspected the post-boarding systematic data validation to verify that the comparison was conducted.</p>	<p>No exceptions noted.</p>

## ***Control Objective 3 – Loan Payments***

Controls provide reasonable assurance that loan payments are recorded completely and accurately in the Servicing System.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
3.1	All automated payment methods rely on pre-defined logic to allocate the payments to the various loan balances in the system.	<p>Observed the MSP System Settings (Pre-defined sequence of payee setup within application - MPL Plan Header Application Hierarchy Screens) to validate that the system is configured to automatically allocate loan payments using a pre-defined sequence based on the payee header logic setup instructions.</p> <p>Selected a sample of one loan payment to validate that the loan payment was allocated in accordance with the pre-defined sequence.</p>	No exceptions noted.
3.2	Each business day, the Cash Supervisor reviews the reconciliation of the cash receipts for the Servicing System to the cash receipts from the bank. Variances are logged and remediated.	<p>For a sample of days, inspected the Daily Balancing Spreadsheets, including who performed the review and the date performed, to validate the Cash Supervisor reviewed the reconciliation timely.</p> <p>Additionally, validated that sufficient documentation existed supporting the resolution of any discrepancies identified during the review.</p>	No exceptions noted.

## ***Control Objective 4 - Disbursements***

Controls provide reasonable assurance that servicing related disbursements are accurate, complete and approved as necessary prior to payment.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
4.1	The Tax Automated Reporting (TAR) Report is created on a daily basis by the Escrow Department based on information from the third party service provider (CoreLogic). The TAR Report identifies property tax obligations on the loans in the servicing portfolio for research and resolution.	For a sample of days, validated that data was transmitted from CoreLogic to RoundPoint for inclusion within the TAR Report and for property tax tracking, research, and resolution.  Inspected the procedural document for preparation of the TAR Report to validate appropriateness.	No exceptions noted.
4.2	The Tax Control Report is a spreadsheet created on a weekly basis by the Escrow Department blending data from the Servicing System and the third party service (CoreLogic). The Tax Control Report identifies any loans where property taxes need to be paid. Any loans identified on the report are researched and resolved.	For a sample of weeks, inspected the Tax Control Report to validate it was created, and reviewed, and that tasks were initiated, as necessary.	No exceptions noted.
4.3	The Company has outsourced to a third party service provider (National General) the monitoring of hazard insurance premiums on the loans in the servicing portfolio. Management oversight is facilitated through review of the SOC1 report from the service provider.	Inspected evidence to validate management's review of the SOC report for National General Lender Services as well as the associated bridge letter(s) to ensure appropriate scope and coverage throughout the period under audit, including mapping of user controls and analysis of noted exceptions.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
4.4	Creation and modification of vendors within the Servicing System is restricted to specific employees. Servicing advances can only be made to vendors that have been setup within the Servicing System.	<p>Observed the servicing advance vendor setup to validate that the system is programmed to prevent creation or modification of a vendor master file without the appropriate authorization level within the system.</p> <p>Observed the servicing advance process to validate that the Servicing System will not process an advance request where the vendor has not been established in the system.</p> <p>Reviewed a system generated listing of MSP Roles and employee listing to validate that access to create and modify vendors was appropriately restricted.</p>	No exceptions noted.
4.5	Approval is required for corporate disbursement requests processed through direct payment (check, wire, ACH) in accordance with authorized limits outlined by management.	For a sample of corporate disbursements, inspected evidence to validate that the corporate disbursement request received the level of management approval as defined within the applicable policies, that the amount of the disbursement was equal to the amount of the request and supporting documentation, and that the vendor was setup within the system prior to payment.	No exceptions noted.
4.6	Approval is required for servicing advance disbursement requests processed through Invoice Management in accordance with authorized limits outlined by management.	For a sample of corporate servicing advance disbursements, inspected evidence to validate that the servicing advance disbursement received the proper level of management approval as defined within the applicable policies, that the amount of the disbursement was equal to the amount of the request and supporting documentation, and that the vendor was setup within the system prior to payment.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
4.7	Approval is required for escrow disbursement wire requests in accordance with authorized limits outlined by management.	For a sample of days, inspected the wire to validate approval occurred in accordance with the authorized limits outlined by management.	No exceptions noted.
4.8	For loans in foreclosure, the Invoice Management system is programmed so that it will not process a REO expense reimbursement if the user does not have the appropriate authorization level within the system.	Observed the Invoice Management system configurations to validate that the system is systematically programmed to prevent processing of the REO expense reimbursement if the user does not have the appropriate authorization level within the system.	No exceptions noted.
4.9	Payment of Servicing Advances made via check are approved by authorized employees and the checks are printed with the CEO & President of Freedom Mortgage Corporation's signature.	Observed the system applying an authorized signature image on a check as it was printed.  For a sample of servicing advance disbursements, inspected evidence to validate that the servicing advance disbursement received the proper level of management approval as defined within the applicable policies, that the amount of the disbursement was equal to the amount of the request and supporting documentation, and that the vendor was setup within the system prior to payment.	No exceptions noted.
4.10	The Company has implemented Positive Pay, a fraud mitigation service, on the bank account used for loan servicing disbursements.	Inspected the bank settings from the respective bank evidencing Positive Pay is used and was in place for the period under audit.	No exceptions noted.
4.11	A bank account access review is performed quarterly to help ensure that access is appropriate.	For a sample of quarters, inspected evidence that the access level review was performed validating bank account access is appropriate.	No exceptions noted.

## ***Control Objective 5 – Loss Mitigation***

Controls provide reasonable assurance that delinquent loan servicing activities are accurate, timely, and appropriately approved, when necessary.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
5.1	On a daily basis, members of the Loss Mitigation Management Team review the Loss Mitigation exception reports to help ensure that Loss Mitigation solicitation packages and other subsequent solicitation efforts (acknowledgement, evaluation) are sent to borrowers timely.	For a sample of days, inspected evidence to validate that members of the Loss Mitigation Management Team obtained and reviewed the Loss Mitigation exception reports.	No exceptions noted.
5.2	A quality review is performed on workout solutions prior to borrower execution to help ensure their accuracy, completeness, and compliance with investors' guidelines.	For a sample of loans, inspected evidence to validate that a documented quality review was performed on workout solutions prior to borrower execution.	No exceptions noted.
5.3	For each applicable loss mitigation transaction, investor approval is obtained in accordance with investors' guidelines and delegations of authority.	For a sample of loans, inspected evidence investor approval was obtained in accordance with investors' guidelines and delegations of authority.	No exceptions noted.
5.4	For each loss mitigation and liquidation transaction, members of Cash Management review all final modifications/liquidations and the loss mitigation underwriting worksheets and approvals and then update the loans accordingly within the Servicing System.	For a sample of loans, inspected evidence to validate that required loss mitigation approval procedures were performed for final modification/liquidation transactions.	No exceptions noted.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
5.5	Borrower appeals to loan modifications are reviewed and approved by the Quality Assurance Manager.	For a sample of loans, inspected evidence to validate that loan modifications were reviewed and approved by the Quality Assurance Manager.	No exceptions noted.

## ***Control Objective 6 – Foreclosure and Bankruptcy***

Controls provide reasonable assurance that default servicing activities (events) are monitored for completeness, timeliness, and appropriate approval, when necessary.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
6.1	On a daily basis, the Default Servicing report is generated by the Servicing System identifying all loans for which foreclosure related activities should commence. The report is reviewed to determine which properties meet the foreclosure referral criteria.	For a sample of days, inspected the Daily Default Servicing reports to validate that the report was generated and worked.	No exceptions noted.
6.2	The Default Servicing group performs loan level audit review on every loan where active (non-suspended) foreclosure related activities were commenced to confirm that there are no controllable delays.	For a sample of loans active in foreclosure, inspected the approved foreclosure recommendation, observed that the loan was coded as audited and validated that the NOTS (notes) field was populated in MSP to indicate that the Quality Assurance review was performed.	No exceptions noted.
6.3	Foreclosure bids are completed timely and accurately and approved based on investor authorization.	For a sample of loans, inspected the foreclosure bid and the associated investor approval to validate that foreclosure bids are approved in accordance with investor authorization or delegated authority.	No exceptions noted.
6.4	The Default Servicing group reconciles cash proceeds received from foreclosure liquidations to verify accuracy.	For a sample of completed foreclosures to third parties, inspected the MSP Task screen to validate that the cash proceeds were reconciled to the approved bid.  For a sample of loans, inspected a copy of the cash proceeds and agreed the amount to the approved bid or delegated authority.	No exceptions noted.



## ***Control Objective 7 – Real Estate Owned (REO)***

Controls provide reasonable assurance that REO properties are recorded accurately within the Servicing System and that REO sales are reviewed and approved prior to completion of the sale.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
7.1	On a daily basis, REO staff is responsible for boarding REO assets based on the applicable milestone taking place the prior business day. The applicable REO manager ensures, at a minimum of weekly, that all REO assets have properly been boarded into the REO Vendor System. A reporting of the reconciled REO assets are maintained into a repository daily.	For a sample of days, inspected evidence to validate reconciliation and boarding of REO assets into the Servicing System.	No exceptions noted.
7.2	REO sales are reviewed and approved prior to the completion of the sale based on delegated authority from investors. If delegated authority is in place, offer approval is based on the defined authority matrix. If delegated authority is not in place, the offer is sent to the investor for approval.	For a sample of REO sales, inspected evidence to validate that the REO sale was reviewed and approved prior to completion of the sale based on the corresponding delegated authority from investors, the defined authority matrix, or approved by the investor.	No exceptions noted.

## ***Control Objective 8 – Cash Remittance and Management Reporting***

Controls provide reasonable assurance that cash remittances and management reports (including lender transaction reports, investor reports, and monthly servicing reports) are complete and accurate.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
8.1	An Investor Fee Schedule is maintained based on the servicing agreement to ensure that investor fees are accurately calculated for remittance. The schedule is updated when new investors are added and when contracts are modified.	Inspected the investor fee schedule to validate existence.  For a sample of new agreements and amendments during the audit period, inspected the Investor Fee Schedule to validate inclusion and agreement.	No exceptions noted.
8.2	The monthly investor reporting package includes automated error checks to ensure that cash flow activity and allowable base servicing fees are reconciled to monthly loan activity and are within tolerable limits. Variances are investigated and remediated where applicable or are documented with an explanation.	For a sample of monthly investor reporting packages, inspected evidence to validate presence of automated error checks and resolution or documentation of any identified errors.  Additionally, inspected evidence that the remittance report was reviewed by an appropriate member of management.	No exceptions noted.
8.3	On a monthly basis, the monthly investor reporting package is reviewed by the Investor Reporting Manager or above for completeness and accuracy. Any discrepancies are investigated and remediated where applicable or are documented with an explanation.	For a sample of monthly investor reporting packages, inspected evidence to validate presence of automated error checks and resolution or documentation of any identified errors.  Additionally, inspected evidence that the remittance report was reviewed by an appropriate member of management.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
8.4	On a monthly basis, the amount of the remittance calculated by the monthly investor reporting package is transferred to a wire transfer request and authorized prior to payment.	For a sample of monthly investor reporting packages, inspected evidence to validate inclusion of approved wire transfer, if funds are owed.	No exceptions noted.
8.5	On a monthly basis, accounts on the general ledger trial balance that are directly related to loan servicing activities are reconciled in accordance with the Company's Account Substantiation policy. Each reconciliation is approved by the appropriate member of management, in accordance with policy. Reconciling items are researched and resolved in a timely manner.	For a sample of months, inspected the account reconciliation summary to validate it was completed.  Inspected evidence to validate that the summary was reviewed timely and approved by the appropriate level of management.	<b>Exception noted:</b> For 1 out of 3 months selected for testing, we noted that the general ledger reconciliation was not reviewed within 2 months following month-end, as outlined within the Account Substantiation Policy.  <b>See Section V for management's response to exception noted.</b>

## ***Control Objective 9 – Hiring and Training Requirements***

Controls provide reasonable assurance that Company new hires are prescreened prior to beginning employment with the Company and that full-time Company employees complete required training.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
9.1	Company new hires and contractors are pre-screened prior to beginning employment with the Company.	For a sample of new hires and newly onboarded contractors, inspected evidence to validate that the new hires and contractors were pre-screened prior to the start of employment/ contract.	No exceptions noted.
9.2	The Company has internally defined employee training requirements. The training requirements are based on the employee's position. Newly hired employees are required to complete a minimum requirement of a combination of mortgage operations and compliance training upon hire. Requests for extensions or to be excused from the required training are requested by completing the extension / excused request approval form. The approval form should be electronically signed by the employee's SVP, the SVP of HR, and the line of business Executive leader.	For a sample of new hires, inspected evidence to validate that the new hire completed compliance and mortgage training in line with training matrix, including date this was achieved to ensure timeliness.  For those new hires that had a request for extension or excusal from the required training, inspected evidence to validate that the approval form was signed by the appropriate individuals.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
9.3	<p>The Company has internally defined employee training requirements. The training requirements are based on the employee's position. Full-time employees are required to complete a minimum requirement of a combination of mortgage servicing operations and compliance training annually.</p>	<p>For a sample of employees, inspected evidence to validate that the continuing employee completed the minimum hours of annual compliance and mortgage operations training, in line with training matrix.</p>	<p>No exceptions noted.</p>

## ***Control Objective 10 – Logical Access***

Controls provide reasonable assurance that access to the Company’s network, to the Invoicing System, and to the Servicing System is monitored and restricted to authorized personnel.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
10.1	Access to the Company's network, the Servicing System and the Invoicing System is controlled through unique user IDs and passwords.	Observed authentication to the Company's network, the Invoicing System, and the Servicing System to validate a user ID and password is required, per policy.  Compared system generated active employee listing to the system generated user ID listing for the network, Invoicing System and the Servicing System noting unique usernames exist.	No exceptions noted.
10.2	The network, which is the first level of authentication required for access to the Servicing System and the Invoicing System, requires that user passwords have specific attributes.	Observed password configuration settings for the network to validate that they meet minimum criteria in accordance with Company policy.	No exceptions noted.
10.3	Administrative access to the network, to the Servicing System and the Invoicing System is restricted to appropriate members.	Selected a sample of privileged access to the network, Servicing System, and Invoicing System to evaluate appropriateness based on job title and role.	No exceptions noted.
10.4	Requests to add new users and modify the access of existing users to the network, to the Invoicing System, and to the Servicing System is initiated and approved by HR. Approval is evidenced by existence of an HR Pipeline Service Request Ticket.	For a sample of new users and modified access of existing users, inspected evidence of approval.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
10.5	Role-based access groups are used to limit user access to the production environment to individuals commensurate with their job responsibilities.	For a sample of users, inspected the corresponding security group access rights in the system to validate that each selected group was appropriately configured to limit user access to the production environment commensurate with their job responsibilities.	No exceptions noted.
10.6	For employee terminations, HR submits an Information Technology Service Request Ticket. Information Systems disables/deletes user accounts for terminated employees upon receipt.	For a sample of terminated users, inspected the Information Technology Service Request Ticket to validate access was disabled.	No exceptions noted.
10.7	Remote access is controlled through remote hardware and VPN software that require a unique user ID and password to gain access to the online systems.	Inspected system generated user access reports for remote access to the online systems to validate that remote access was controlled through remote hardware and software and that a unique username, password, and token are required (SecureID and VPN) to gain access to the online systems.	No exceptions noted.
10.8	Windows Server administrator activity is logged. An automated e-mail is generated to members of the IS Department when irregular activity is identified. Irregular activity is investigated and resolved as necessary.	Observed system settings showing that alert notification configurations existed for irregular activity.	No exceptions noted.

## ***Control Objective 11 – Physical Access***

Controls provide reasonable assurance that physical access to the colocation data center is restricted to appropriate personnel.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
11.1	The Company has outsourced to a third party service provider (TierPoint) the hosting of offsite production servers. Management oversight is facilitated through review of the SOC2 report from the service provider.	Inspected evidence to validate management’s review of the SOC2 report for TierPoint as well as the associated bridge letter to ensure appropriate scope and coverage throughout the period under audit, including mapping of user controls and analysis of noted exceptions.	No exceptions noted.
11.2	Physical access to the colocation data center is restricted to authorized RoundPoint personnel.	Inspected a system generated listing of users with access to the data center and for a sample of users inquired with management to validate that access is appropriate.	No exceptions noted.
11.3	Termination of an individual's physical access to the colocation data center is completed at the time of termination.	For a sample of terminated users, inspected the request to remove access to the colocation data center to validate it was initiated at the time of termination.	No exceptions noted.



## ***Control Objective 12 – Backups***

Controls provide reasonable assurance that the Servicing System and operating system are backed-up.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
12.1	On a daily basis, incremental backups are performed on all production servers according to the documented backup procedures.	Inspected backup configurations to validate that backups are scheduled according to documented backup procedures.	No exceptions noted.
12.2	Backup reports are reviewed for every backup performed. Backups that fail are researched and resolved.	For a sample of days, inspected backup completion reports to validate they were sent to IT and available for review.  Inspected alert configurations to validate IT is alerted when backups fail.	No exceptions noted.
12.3	Critical servers hosted in the datacenter are replicated daily to an offsite cloud service provider.	Inspected configurations to validate critical servers are replicated to Microsoft Azure.	No exceptions noted.

## ***Control Objective 13 – Vendor Management***

Controls provide reasonable assurance that onboarding and ongoing effectiveness of vendors providing services relevant to the defined scope of services are appropriately authorized, reviewed, and monitored upon onboarding and at least annually thereafter in accordance with defined company policy.

<b>No.</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
13.1	A third party vendor management policy is defined and reviewed at least annually which outlines internal requirements for onboarding and ongoing monitoring of vendors providing third party services.	Inspected the latest Vendor Management Policy to validate formal documentation of the policies and procedures around vendor management as well as annual review.	No exceptions noted.
13.2	New vendors providing services relevant to the defined scope of services are reviewed in accordance with internal policies and procedures and all requirements are maintained and approved prior to acceptance.	For a sample of new vendors relevant to the defined scope of services, inspected evidence that they were reviewed in accordance with internal policies and procedures and that the vendor was approved prior to onboarding.	As there were no new vendors relevant to the defined scope of services, we were unable to test the operating effectiveness of this control.
13.3	At least annually, all vendors relevant to the defined scope of services are reviewed and monitored in accordance with internal policies and procedures. Based on their defined risk, documentation of annual requirements is maintained and reviewed by appropriate management.	For a sample of existing vendors relevant to the defined scope of services, inspected evidence that they were reviewed based on their defined risk in accordance with internal policies and procedures. Additionally, inspected evidence that the annual review was maintained and approved by management.	No exceptions noted.

No.	Control Activity	Tests Performed By Service Auditor	Results of Testing
13.4	On an annual basis, the latest applicable SOC reports for all defined subservice organizations are reviewed by an appropriate member of management.	For all subservice organizations, inspected evidence to validate management's review of the latest applicable SOC report(s) as well as the associated bridge letter(s), to ensure appropriateness, including mapping of complementary user entity controls and analysis of noted exceptions.	No exceptions noted.

*Section V – Other Information  
Provided by the Service  
Organization (Unaudited)*

## ***Management's Response to Identified Exception***

The following operating exception was identified during SC&H's fieldwork. RoundPoint Mortgage Servicing Corporation has responded to the exception identified. The information below was not audited by SC&H.

<b>Control #</b>	<b>Related Control</b>	<b>Exception(s)</b>
8.5	On a monthly basis, accounts on the general ledger trial balance that are directly related to loan servicing activities are reconciled in accordance with the Company's Account Reconciliation policy. Each reconciliation is approved by the appropriate member of management, in accordance with policy. Reconciling items are researched and resolved in a timely manner.	For 1 out of 3 months selected for testing, we noted that the general ledger reconciliation was not reviewed within 2 months following month-end, as outlined within the Account Substantiation Policy.

**Management's Response:** Management acknowledges the exception. Following RoundPoint's acquisition by Freedom Mortgage Corporation there was staff turnover in Q1 and Q2 of 2021 that resulted in the reprioritization of some reviews. Management has since put controls in place and reorganization of management positions and responsibilities is ongoing as of January 2022, intended to avoid reviews being completed outside of the specified timeframes.