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GAP Analysis Report and Recommendations  
For  
Company

ProSys LLC

## Executive Summary

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### Risk Exposure and Significant Findings

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Based on a review of the responses and documents submitted in response to the questionnaire, overall the Company appears to be very well organized and operated, with most of the significant policies and procedures well documented.

### Supplementary Observations

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Other than what is set forth herein, and based on a review of the responses and documents submitted in response to the questionnaire, there are no supplementary observations. Possible supplementary observations will be determined and documented upon completion of the onsite assessments.

PROSYS LLC

## Management, Organizational Structure, Personnel and Training

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### **Management**

The Company has an Organization Chart, which covers all employees, supervisory relationships and functional alignments. There are names associated with all positions and there are no gaps in any chain of command. The Company has a vetting committee comprised of senior management, legal, human resources, financial and operational. Updates will be proposed and vetted. Once the changes have been vetted and updated, the HR department will review and communicate the changes to the employees. There have not been any recent organizational changes and at this time no changes are being planned.

The Company has procedures for determining who serves as a member of Company management, as well as determining compensation and advancement within the Company.

The Company heavily participates in a number of industry organizations through which the Company remains up to date on industry and regulatory changes.

***Recommendation: None.***

### **Capacity and Staffing**

The analysis to ensure the Company is staffed properly is bifurcated, focused on (i) having the requisite amount of qualified employees to handle increases in volume, and (ii) necessary increases in quality control reviews that must mirror any volume increase. These concerns take priority in making staffing decisions at the Company.

Additionally, the Company performs multiple levels of review/reporting related to capacity and staffing: 1. New referral volume is reported monthly, but informally reviewed more frequently, usually weekly. 2. The Company trends new referrals/FTE monthly 3. The Company reviews timelines by state weekly and monthly, which helps determine if the cases/FTE ratio needs to flex. 4. The Company reports total cases/FTE on an annual basis, however, it reviews and discusses informally monthly.

The Company has the following ratios (12 month average):

Supervisor to staff:  
Supervisor to file:  
Staff to file:

The Company has the following turnover rates (12 month average):

Staff: %  
Managers/Supervisors: %

The Company has the following tenure (12 month average):

Staff: years

Managers/Supervisors: years

***Recommendation: Review reports used for capacity/staffing planning and tracking workloads.***

### **Personnel**

The Company has documented job descriptions and hiring requirements for each position. The Company also has an extensive background screening policy, as well as satisfactory drug testing and EEO policies.

The Company has a well documented process for addressing media inquiries, as well as for supervising employees, monitoring work loads, addressing performance issues and terminating employees. All documents related to the foregoing are held and maintained in a file cabinet located within the Human Resources Department for the duration of their employment. Once an employee leaves the Company, their files are scanned electronically and maintained on the Human Resources drive indefinitely.

***Recommendation: None.***

### **Training**

The Company has a formal training program for all employees and all positions. The training program starts with a detailed instruction of the Company's case management system. Each employee must, first, master the tools at their disposal in this regard. Most important therein is the understanding of the various case steps that must be followed and documented in the system. These case steps are customized to the various stages of the foreclosure, bankruptcy, REO, mediations and eviction processes. Employees are also trained as to how the case management system is integrated with the various outsourcer systems. This training will include a full and complete understanding of how and when those outsourcer updates must be manually updated and when they will be automatically handled between the systems. Each employee is then trained on the work flow of a new matter from the Company to the outsourcer. The Company utilizes various training tools, such as power point presentations and flow charts, and provides such training both online and in a classroom setting. In addition, the Company has a mandatory annual training covering such topics as IT/Security, ethics and selected HR policies.

In terms of changes to the Company's training program, materials, etc. the Company stays up to date on the current changes in the law, as well as the emerging trends. In addition to subscribing to industry publications, the Company's supervisors are assigned websites, publications, etc. and are required to actively monitor these sources. Urgent matters requiring more immediate attention are brought to an executive's attention as soon as the Company obtains the information. In the event of a change, the vetting committee comprised of senior management will review and discuss the change. All new and/or modified processes and documents are vetted prior to implementation. Once a change has been vetted and approved, a supervisor will meet with the affected employees to review the change.

The Company provided sample training materials and logs evidencing who completed what training and when.

**Recommendation: None.**

## Audit, Internal Controls, Operational Processes/Procedures

### **Audit and Internal Control**

The Company has been audited by various investors and GSEs to ensure compliance with regulatory legal, IT / technology, quality control and assurance, security controls, privacy, business continuity and HR requirements. There have not been any negative findings nor any corrective actions required.

The Company provided comprehensive and detailed internal quality control policies and procedures, as well as documentation verifying that such policies and procedures are adequately covered in the Company's training program.

**Recommendation: Review how the Company monitors adherence to its internal quality control policies and procedures, including a review of any applicable reports and a demonstration of the Company's case management system.**

### **Operational Processes and Procedures**

#### **Services/Deliverables/Timeline Management**

The Company did provide a detailed and documented service delivery timelines and workflow processes which it purportedly uses in connection with service delivery. The Company also provided several sample reports it uses in monitoring adherence to such timelines and workflows.

Additionally, the Company's case management system includes a dynamic workflow engine, built-in fee and cost forecasting, and integrated document generation, storage and retrieval. The Company has customized its case sequences to include the expected timelines required for each event in every stage of the action for all departments (foreclosure, bankruptcy, REO, mediations, evictions etc). Steps for each stage are assigned to the staff and worked through a current step queue daily. These steps are monitored by management through the dashboard reports to ensure the files are moving continuously. The dashboard reports allow review of timelines for each stage of the process. The reports can also give an aging (in days) of cumulative timeline from referral and to any stage in the process.

**Recommendation: Confirm/observe how the Company monitors adherence to its service delivery timelines and workflow processes, including a demonstration of the Company's case management system, its reporting capabilities and how such reports are used. Review dashboard and reports related to timeline management.**

### **Payment/Invoicing**

The Company has written procedures and flowcharts related to its payments and invoicing. The Company also provided several sample reports is uses in monitoring adherence to such workflows

***Recommendation: Confirm/observe how the Company monitors adherence to its billing/invoicing procedures and flowcharts, including a demonstration of the Company's billing/invoicing system.***

### **Loss Mitigation/ Communication with Borrowers**

The Company has well documented processes and procedures related to loss mitigation and/or communication with borrowers.

***Recommendation: Confirm/observe how the Company monitors its adherence to such process/procedure.***

## Corporate Governance, Legal and Corporate Liability

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### **Corporate Governance**

The Company has procedures for determining who serves as a member of Company management, as well as for addressing media inquiries. The Company also has a well documented Ethics and Whistleblower Policy. No complaints were received within the last 24 months.

***Recommendation: Review any training conducted in connection with Ethics and/or Whistleblower Polices.***

### **Legal and Corporate Liability**

The Company is a \_\_\_\_\_ Corporation, licensed to do business in \_\_\_\_\_. The Company is owned as follows:

The Company has appropriate insurance, with sufficient limits, effective until 1/2015.

There have been no claims made under any policy within the past 12 months, and neither the Company nor any Company employee has been a party to any lawsuits, government, regulatory or disciplinary investigations, actions or reprimands, or criminal proceedings during this same period.

Regarding the reporting and/or tracking of any such actions, all complaints regarding employees are escalated to the department team coordinator for investigation and necessary corrective action, if any. These complaints are tracked like any other corrective action in the employee's HR file. Additionally, all litigated matters are reviewed by the Company's General Counsel.

Neither Fannie Mae nor Freddie Mac has investigated, disciplined or terminated the Company or any Company employee, nor had any referrals to the Company suspended within the last 24 months.

***Recommendation: Get additional details on procedures for reporting and/or tracking any existing, pending or threatened material lawsuits, government, regulatory or disciplinary investigations, actions or reprimands.***

## Financial

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The Company's current financial position and results of operations appears to have LOW "stress" or risk toward irregularity at this time. Changes in the financial position and operating results over the prior reporting period do not appear to create excess "stress" or risk of irregularity.

The Company's revenues have not dropped by more than 25% over the last 12 months and/or since the date of its last financial statements, the Company does not have any Companies that constitute more than 25% of the Company's total revenue over the last 12 months, and the Company does not have any contingent liabilities, unpaid tax obligations or tax liens.

***Recommendation: None.***

## Vendors /Subcontractors

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The Company has a well documented, comprehensive Vendor Management Program. The Company did provide detailed information on its key vendors as well as a sample vendor agreement which appears to include all applicable terms and conditions.

The Company utilizes a third party to evaluate its key vendors annually, and any significant issues are addressed as they arise in accordance with the Company's VMP. Vendors are evaluated in the same areas and in much the same way as the Company evaluation. The Company also utilizes a third party to perform a file level review on selected vendor's, which includes a review of vendor invoices submitted to the Company and applicable back-up supporting the fees and pass thru costs contained in the invoices. The pass thru charges are also compared against a market fees/costs analysis.

The Company utilizes the following related third party vendors, which it paid \$\_ over the last twelve months.

***Recommendation: None.***

## Data and Information Security, Privacy Protection, Business Continuity and Information Technology

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### **Data Information, Security and Privacy Protection**

The Company maintains comprehensive policies governing data privacy and protection, and the handling of secure information.

***Recommendation: Review the Company's procedures to monitor its compliance with data protection and security policies. Review the physical security of the Company's facilities, including server room, during on-site assessment.***

### **Business Continuity**

The Company maintains a comprehensive and detailed written and up to date business continuity/disaster recovery plan.

***Recommendation: Confirm testing procedures/results during onsite assessment.***

### **Information Technology**

Based on a review of the responses submitted and the accompanied documentation, the Company appears to have an IT department that operates and understands the importance of data and data security. Pending an on-site review of policies, procedures and the actual practice of the policies, or additional documentation, we would conclude that the Company intends to operate with the best practices of data and data security in mind.

***Recommendation: During onsite assessment, inspect the Company's servers, the Company's server room, the Company's server environment, backup systems, security systems, penetration protection systems / software, server logs, server patch protocols, etc. via onsite IT Review Agenda.***

ProSys, LLC



**Risk Assessment Chart**

	Green	Yellow	Red
<b>Management, Organizational Structure, Personnel and Training</b>	X		
<b>Audit, Internal Controls, Operational Processes/Procedures</b>	X		
<b>Corporate Governance, Legal and Corporate Liability</b>	X		
<b>Financial</b>	X		
<b>Vendors/Subcontractors</b>	X		
<b>Data and Information Security, Privacy Protection, Business Continuity and Information Technology</b>		X	

Definitions:

Green: Aspects of the review were predominately favorable with little to no findings.

Yellow: The review indicated there were areas where controls could be improved, or more information is needed.

Red: The review indicated there was opportunity for significant improvement over controls and/or the controls in place were unacceptable.

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