Imagine a single tool that provides superior asset-level surveillance while simultaneously running dozens of daily automated checks to highlight compliance-related red flags. Continuous Asset Monitoring (CAM) is this tool and is used by some of the largest consumer asset investors to stay ahead of issues and drive servicer performance.

CAM is a web platform that centralizes servicing oversight, including compliance and performance monitoring. It provides unparalleled portfolio transparency. Navigant’s experienced team has developed 16 automated compliance test plans mapped to regulatory requirements, including 128 unique tests that are executed as part of a daily monitoring program. The program identifies exceptions to regulations by process area, allowing clients to quickly identify issues with precision and take corrective action. In addition, CAM provides a full range of performance-monitoring tools including credit monitoring, and operational, financial, and vendor SLA performance monitoring. The platform also includes the functionality to benchmark servicers and products by regulatory compliance, operational metrics, vendor Service Level Agreement (SLA) performance, and financial metrics to assist clients with identifying best-in-class performance as well as areas with performance gaps. Benchmarking can be used to focus on best practices, strive for continuous improvement, and evaluate asset performance across your portfolio.

The CAM platform was developed based on the extensive experience of a dedicated team of compliance experts and asset managers who have worked with top national and regional U.S. banks and servicers across the consumer finance spectrum. Product experience includes mortgage, auto, student loans, credit card, and other unique consumer loans.

### WHAT CAM DOES?

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<th>COMPLIANCE CONTINUOUS MONITORING</th>
<th>PORTFOLIO PERFORMANCE MONITORING</th>
<th>BENCHMARKING</th>
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<tr>
<td>• Includes 16 test modules with 128 tests tied to federal regulatory requirements.</td>
<td>• Operational Performance / Surveillance: Performance metric monitoring for critical servicing areas including credit migration, customer service, delinquency, collections, and others.</td>
<td>• Servicer Performance: Compares and ranks servicer performance to assist clients in identifying industry best practices.</td>
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<td>• Ranks exceptions by test area, product, and servicer.</td>
<td>• Vendor SLA Performance: Reports on vendor performance against agreed-upon service targets.</td>
<td>• Product Performance: Compares and ranks product performance to assist clients in identifying areas for continuous improvement.</td>
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<td>• Performs trend analysis over time with the ability to customize review periods.</td>
<td>• Financial Performance: Reporting on key portfolio investment metrics including cash flow waterfall, cash management, and capital requirements.</td>
<td>• Regulatory Compliance: Ranks compliance exceptions by requirement to identify areas with performance gaps.</td>
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<td>• Allows users to test the effectiveness of remediation on a real-time basis.</td>
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**CAM SERVICE OFFERING — COMPLIANCE CONTINUOUS MONITORING**

More than $352 Billion of Unpaid Principal Balance Tested Daily — performs daily loan level compliance assessments on 100% of the portfolio. CAM identifies exceptions to key regulatory rules and keeps track of portfolio trends.
Areas and Regulations Tested

Testing Modules:

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<th>Regulations Tested</th>
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<tr>
<td>Flood</td>
<td>Flood Disaster Protection Act — Regulation H</td>
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<td>Servicemembers Civil Relief Act — SCRA</td>
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<td>Fair Credit Reporting Act — FCRA</td>
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<td>FHA Single Family Servicing Handbook</td>
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<td>Fair Debt Collection Practices Act — FDCPA</td>
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<td>OCC Standards for Mortgage Servicers</td>
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<td>Real Estate Settlement Procedures Act (RESPA)</td>
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<td>U.S. Bankruptcy Code</td>
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Navigant provides this continuous monitoring service for the below test areas:

- **Flood 8 Tests**
- **Payment Processing 5 Tests**
- **Customer Care 6 Tests**
- **Loss Mitigation 2 Tests**
- **SCRA 5 Tests**
- **Credit Reporting 5 Tests**
- **Complaints 15 Tests**
- **Foreclosure Referral 5 Tests**
- **Imminent Foreclosure 15 Tests**
- **Original Records 4 Tests**
- **Escrow 27 Tests**
- **Bankruptcy 6 Tests**
- **ARM 6 Tests**

Regulations Tested:

- Flood Disaster Protection Act — Regulation H
- Servicemembers Civil Relief Act — SCRA
- Truth in Lending Act — TILA / Regulation Z
- National Mortgage Settlement — NMS
- Fair Credit Reporting Act — FCRA
- FHA Single Family Servicing Handbook
- Fair Debt Collection Practices Act — FDCPA
- OCC Standards for Mortgage Servicers
- Real Estate Settlement Procedures Act (RESPA)
- U.S. Bankruptcy Code

Functionality:

- Interactive dashboard with trend analysis and benchmarking that is updated daily
- Customizable views including timelines, test areas, products, and servicers
- Heatmap and risk indicators highlighting areas where potential exceptions have increased, decreased, or are unchanged
- Approaching reports to identify items at risk of violating key regulatory timelines before exceptions occur
- Ability to review and export loan-level detail by test to be used in root cause analysis
CAM SERVICE OFFERING — PORTFOLIO PERFORMANCE METRICS

Operational Performance

- **Delinquency:** Tracks and trends delinquency ratios by portfolio and servicer.
- **Roll Rate Analysis:** Tracks changes between delinquency thresholds (30- to 60- to 90- to 120-plus delinquent).
- **Recaptures:** Itemizes gross payoffs, eligible payoffs, and recaptured loans and assesses portfolio runoff.
- **Collections:** Monitors monthly roll rates to evaluate portfolio and servicer performance.
- **Loss Mitigation:** Tracks total liquidations, deed in lieu, short sales, and retentions.
- **Foreclosure:** Displays foreclosure pipeline and pull-through rates.
- **Bankruptcy:** Tracks total bankruptcy cases.
- **Customer Service:** Analyzes abandonment rates and average speed of answer.

Vendor Service Level Agreement Performance

- **Service Level Agreement:** User-customizable performance metrics with target thresholds (e.g., Customer Care, Escrow, or Loan Administration).
- **Frequency:** Frequency of reporting can be customized based on vendor contracts and data reporting.
- **Benchmarking:** Monitors SLA performance against targets and identifies high-risk areas.

Financial Performance

- **Cash Flow Waterfall:** Measures the impact of delinquencies, partial payments, and payoffs on investor cash flows.
- **Cash Management:** Monitors advances, recovery rates, and claims status to identify portfolio cash requirements.
- **Capital Requirements:** Assists in evaluating the appropriate level of provisions / reserves based on performing and non-performing portfolio metrics.

WHY NAVIGANT

Navigant is highly qualified and experienced in helping institutions, with expertise in analyzing a variety of servicing products including mortgage, auto, credit cards, and deposits to comply with a wide range of federal, state, and municipal regulations. Navigant is well-positioned to function in the role of servicing oversight based on the following:

- Navigant is currently performing various compliance activities including ongoing assessments of numerous servicers on behalf of multiple asset owners on either a co- or full outsourced basis.
- Navigant has performed asset management and servicer oversight activities for a bankrupt major national mortgage originator and servicer during the credit crisis, including: portfolio recovery, servicing transfers, overall servicer performance, and decisioning on loss mitigation, foreclosure, and Real Estate Owned transactions to maximize economic return to investors.
- Navigant regularly engages with and presents the results of compliance testing to federal and state regulators.
- Navigant realizes operational and cost efficiencies by leveraging an onshore and offshore business model.

We have over 200 people 100% focused on consumer finance compliance with an ability to quickly further scale domestically and internationally.
NAVIGANT PROVEN APPROACHES

Top U.S. Investment Bank to Establish Continuous Monitoring

A top U.S. Investment bank with several third-party vendors servicing its portfolio needed to establish a continuous monitoring program. Navigant developed a tool to automatically conduct loan testing and generate exception reports based on the data provided by servicers. Reports identified different compliance areas to easily detect and classify servicer’s compliance issues. In addition, Navigant developed test procedures to conduct additional review on flagged loans. The granularity of test plans developed allowed the client to effectively identify and remediate compliance breaches.

Top 10 Servicer Implemented CAM Oversight Process

One of the largest MSR owners in the U.S. engaged Navigant to design and implement the Third-Party Subservicer Oversight program. Navigant developed the client’s governance framework, annual servicer assessment program, and continuous data monitoring of its subservicers. As part of the engagement, Navigant created CAM to automate the compliance monitoring program for the client and provide results via a centralized web portal that includes daily results, trend analysis, servicer benchmarking, and the ability to export loan-level reports for root cause analysis.