

* Mark Hughes CEO Bayhan 9/20/10

Krebs, Hantz
←→

3:41 Fordham Univ BA Business ^{Admin} 86"
86 Solomon Bros ^{integrate} Sycors (Mgt Operation Dept),
Fycors Mgt Finance Group until 1948
99 Capital Group (Law DD ^{is} Provider) 6 months
Sep 99 Bayhan (Sales Rep, 4 Bayhan) '99-2008
Business Development, Chief Business, President's Chief Operating
officer

5:35 Out toward loan files reviews. Indy Buyers
of myt Loans. Engaged to provide loan level Rev.

* The scope & process would vary

6:00 Confidentiality Agreements exclude Bayhan from naming w/
your clients

8:31 - Contact - look at the scope of the review & use what they
wanted, time frame, we would evaluate our resources &
then determine if we could meet the review.

8:45 - Most "DD" reviews were performed on the sellers site.

9:00 - ^{of myt the Team} The Project Manager would be in charge, CD would review
the quality of the results of the UW team & then there would
be stated underwriters.

10:40 Sometimes they knew the size of the pool & sometimes we did not.

12:06 - Received UW guidelines from the seller rep.

12:48 - On occasion they ~~was~~ were asked to add additional overlays to the guidelines. ~~Overlays~~

15:00 - Principal Customers were the "S" Firms.

15:15 - Don't Recall Put Back Loans to the originators.

15:52 - Some Firms may have hired them to perform PD on Loans that would ~~do~~ ~~on~~ their portfolios, ~~and~~

16:43 - Loan Rankings "Disposition Code for Each Loan."

1. If loan met guidelines

2. Met Guidelines, but there were compensating factors

3. Off side the guidelines and the loan ~~had~~ ^{that year} materially outside the guidelines & no compensating factors.

4. Incomplete Information and could not complete the evaluation

→ The client would make the determination as to whether the loan was accepted in the pool or kicked out

14:55 - Client's took Bighans results & then made their own determination as to what to do w/ the ~~resulting~~ individual loan in the portfolio

→ In some cases ~~sometimes~~ Bogan was notified as to whether the event 3's were accepted or rejected.

21:00 - → 3
D. Missing Docs
Take a few days
Documents

23:33 - The Reason why DD firms

"They came to us w a sample of loans to understand if the loans in the representative sample met the UW guidelines that they provided along with those loans."

26:20

~~Understanding Standards~~
Application for DD work ~~not~~ the UW standards were not on the system

27:12

We loaded the data file into the application & we may have loaded rules.

28:45

~~material~~
- Immaterial 2 & material 3

Bayhamp group did not determine the materiality. They only determined what loans fell in the guidelines and which loans did not. The client made the decisions.

30:27

- The Lead would determine if the compensating factors were significant. The lead would then present this info to the client

32:30

~~the~~ After presenting the 2's to the client, the ~~lead~~ would then make a decision as to whether the 2 was acceptable or not. If Bayhamp did not have ~~feedback~~ ^{feedback} about whether the ~~lead~~ from the client w respect to the 2

32:00

↓ it was assumed that the 2 was exempted by the client
"If they didn't ask us to change ^{the results} it was a

33:20

← The Lead would provide a project book to the views & the qc people.

35:33

Tap Delta Report / Changes to Tape Report

generate
Info ->

would show the key data fields & any discrepancies in the initial tape ~~vs~~ vs what was found as a result of "DD" review
Data Export Report - Sent after the conclusion of the review. This would be an excel file that would key data points & comments from the review w respect to compensating factors found.

36:11

Loan Level Detail - 2-3 ~~page~~ PDF style report & synopsis of relevant characteristics of the loan & it would include the disposition code as well. (UW's QC comments) -
Exception Report - List the ^{specific} exceptions found & the # of Loans.

39:41
Sub P &

The amount of review that was Prime was negligible in recent years. It was predominately Alt A it's hard to distinguish between the 2 products.
~~There was~~ (more than 75% was Suspline and or Alt A)

41:05

UW staff were temporary employees.
UW's were paid

42:00

UW signed in and out Project Mortgage signed off on the time worked

44:33

- Training for the QC - Drawn from experienced people who were once underwriters and they demonstrated proficiency ^{experience} ~~in~~ over time in analysing loans.
~~being able to~~

46:00

→ 45 hr PM, 35 QC, Staff UW varied low 30's tiering were experienced UW that were compensated more than some QC UW's

47:45

Charged clients on a loan-by-loan basis. and independent on the depth of the warranted interview.

49:20 - There was typically more "DD" performed on subprime than prime.

50:23 - 50% Pools Reverses - Late 90's early 2000's

51:50 Bayham is Dormant right. Company sold its BRAIN ^{now} application ~~and its assets~~ ^{software} was sold to First American Core Logic

51:00 Reports ^{may} ~~are~~ currently ^{be} on the screen

56:36 Based on your experience at Bayham group ~~was it your~~ ~~experience~~ did "UW" standards ~~decrease~~ decline.

57:02 - "UW guidelines were expanded during that time".
~~to~~ I would ^{not} say expanded & requirements reduced over time.

"Based on your experience at Bayham group did you see 'UW' standards deteriorating over ~~the~~ your tenure?"
It's my understanding that UW were expanded in that time period.

57:20 Did they expand ~~and~~ on the side that said they were better loans or did they expand on the side that said they were worse loans?

I ~~would~~ ^{were} wouldn't say better or worse. I would say they expanded and that requirements were reduced over time.

57:50 ~~We were a Bayham was not involved in the~~

Jon Ryner, ^{Fitch} Gibson Jr
~~Don Ryner~~

Sep 21
Lou Rabinovitch
Jon

~~2:50:10~~ Never called to testify before the NY AG, Never testified for any AG, or Regulator, or the Plaintiff's Bar

1:01:18 ~~1:01:18~~ - ^{Meetings} RA Moody's, Fitch, S & P. [don't recall when the ~~meets~~ meetings occurred]
Purpose To formalize the RA w/ the Bony Group & the work that we perform for clients and more ~~to~~ give them a general background into the group. 'How the company operated'

1:02:47 To Mr. [unclear] knowledge no RA referred to the fact that DD had been performed by the "B" Group (Not the to sell them into)

No Perspectives mentioned "B" "DD"

* 1:05:27 In most cases the clients see the "S" Firm & not the originators
Did some work for "O" around the issue of "CQ"

↙
Checked on the quality of originators CQ

10:6:41 Don: Does not recall the 'DD' Re M&A Deals.

1:07:5 Does not have an opinion about who the better/best origination firms were.

~~1:08:43~~ ~~1:08:43~~ ~~1:08:43~~

1:04:45 Full scope DD would have included a review of appraisal Credit & Compliance \$125-\$145 a file.

An underwriter in a day would typically review 6-7 loan files in a day.

1:11:07 ~~B~~ ~~B~~ Boyan had a bonus system set up around the

1:17:31

Exceptional Client service, & quality of Delivery of Results

1:13:00

"PM" could get a year based on the companies performance & other factors

1:16:24

Most of our clients used us & other firms. ~~Some~~

1:12:50

Could not ~~not~~ remember any specific instances where a specific client wasn't satisfied w/ Clayton's "~~PM~~" service and stopped using their services.

1:18:5

- Put Back - Not aware of any specific put back reviews. Boykin might have done a couple.

Custodian of Records for Boykin's Paul Boykin