



Hilltop's Attorney Support Services

Litigation Support
Industry Expert Services
Regulatory Compliance
Merger & Acquisitions Diligence
Document Forensic Review
Fraud Investigations
Damage Calculations

Summary of Services



Hilltop provides various services to its clients that often are in conjunction with in-house counsel and/or external counsel's activities. These services include:

- Litigation Support Services
- Industry Expert Services
- Regulatory Compliance Services
- Merger & Acquisitions Diligence Services
- Forensic Loan Review Services
- Fraud & Forensic Services
- Damage and Claim Calculations

We also provide accounting, valuation, compliance audit, operational and technology assessments.

Why engage Hilltop?



Clients engage Hilltop for the following important reasons:

- We understand the Financial Services business!
- We have first-hand experience with the many challenges that our client's need help with.
- Our integrated, multi-disciplined approach where we bring finance, operations and technology perspectives to every engagement strengthens its results.
- Our proven methodologies and tools (Compliance Assessment System, Loan Forensic Review and Portfolio Analytics tools)
- We strongly encourage our client's involvement and exchange of ideas in every effort.

When you engage Hilltop, you work with professionals that have “been there and done that before”.

Litigation Support Services



Hilltop's litigation support services are designed to assist clients in two ways:

- Assist outside counsel with industry analysis, research, critique of Expert reports, providing financial analysis/reviews, assessing accounting issues, compliance tests, etc., or
- Direct client assistance in performing analyses, gathering documentation and performing duties that the client cannot otherwise support related to the litigation.

Hilltop provides support services :

- Assessing regulatory compliance that may be subject to litigation or penalties,
- Performing loan underwriting or document reviews for completeness and/or compliance,
- Performing forensic review of all communications to support or reject a claim being made,
- Review of financials or operational performance of an acquiree in a disputed acquisition,
- Assessing application of specific accounting rules,
- Forensic reconstruction of accounting records to support or reject a claim,
- Compiling personal financials of a business owner,
- Perform valuation of a business and/or assets for various purposes to support the case,
- Perform claims calculations,
- Perform or assess accounting for settlements and indemnifications,
- Analysis of the quality of the audit process performed (internal and external),
- Perform various financial statement analyses,
- Analysis of any contractor costs or incentive payment claims

These are just a few of the areas that Hilltop can provide litigation support services to Financial Services clients.

Industry Expert Services



Hilltop provides Expert Report and testimony services in any of the following areas:

- Mortgage lending, etc.
- Results of forensic underwriting or document reviews
- Mortgage servicing issues, best practices, compliance, etc.
- Quality control issues, best practices, compliance, etc.
- Assessing compliance with representations and warranties for sales or securitizations of assets,
- Regulatory compliance – bank, lending, servicing areas
- Auditor performance – were there any “audit busts”
- Proper financial statement presentation

Our expert capabilities typically address disputed issues, best practices, questions of compliance, industry standards, accounting or auditing standards, and comments on other experts used by opposing counsel.

Hilltop's Regulatory Compliance Services



Hilltop performs independent regulatory compliance audits in the Financial Services segments of banking, lending, loan servicing or capital markets areas to help clients with pre-exam and ongoing self monitoring help. These audits include, but are not limited to the following compliance requirements:

Bank Exams

- OCC
- FDIC
- FED
- Anti-Money Laundering
- Bank Secrecy Act
- Privacy requirements
- OFAC – Foreign Asset Control
- Fraud policy and controls

Securitization

- Disclosures for Reg AB
- New due diligence required for underlying assets

Lending

- CFPB Requirements
- CRA requirements
- Fair Lending
- Reg X - RESPA
- Reg Z - TILA
- Reg B - ECOA
- Reg C – HMDA
- State Requirements

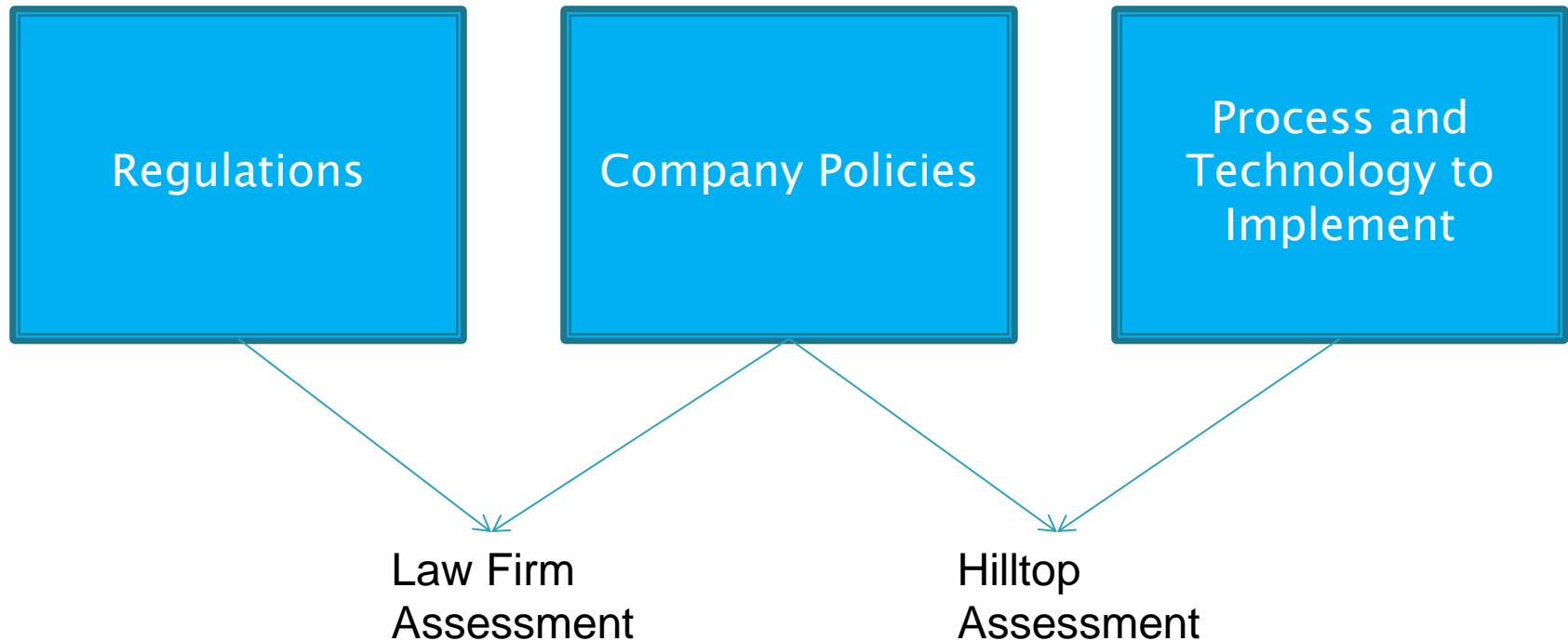
Loan Servicing

- CFPB Requirements
- HAMP/HARP/HAFA requirements
- National Settlement Agreement requirements
- Fair Credit Reporting
- Fair Debt Collection Practices
- GSE Seller/Servicer Requirements
- Servicing Transfers
- Reg X and Reg Z compliance
- State Requirements

Regulatory Compliance Approach



We often work together with your law firm or in house counsel/compliance team to interpret regulatory legal requirements as needed.



Compliance Assessment Services



Hilltop Advisors' Regulatory Compliance assessments include:

- Regulations that affects the banking, lending, securitization and servicing business segments,
- Quality and completeness of compliance policies, governance, procedures and QC/other compliance audits,
- Timeliness of implementing regulatory requirements,
- Operational effectiveness to ensure compliance
- Technology deployed to support compliance policies and procedures
- Data controls over the accuracy of servicing data, application coding and reporting
- Data analytics that identify operational concerns, potential compliance issues, and potential control issues
- Reporting structure, content, controls monitored, surveillance, etc.
- Compliance culture and senior management support

Merger & Acquisitions Diligence



Hilltop performs merger and acquisition due diligence for potential buyers. Our diligence efforts include the financial, operational and technology areas of the target. We also assist Counsel for the buying group with a number of tasks, including:

- testing regulatory compliance,
- analyzing financial or operational compliance with contracts,
- calculating incentive or bonus payments,
- calculating damage claims,
- investigating fraud claims or potential fraudulent activity relating to an acquisition,
- assessing other aspects of the acquisition transaction.

Forensic Loan Review Services



Hilltop's forensic loan review services practice is based in McLean VA. We have the capability and infrastructure to handle the specific tasks as listed on Slide 11. Hilltop has Industry Expert capability to provide those services commonly needed by litigation cases. Hilltop can also perform the quality review of other third party underwriter teams that performed detailed underwriting reviews. To maintain our independence, we do not perform any underwriting services to lenders or insurers.

Our forensic loan review team can handle all types of loans including:

- residential mortgages,
- home equity loans/lines,
- consumer loans,
- student loan portfolios,
- commercial real estate loans including ADC,
- commercial and industrial loans,
- multifamily loans,
- other loans.

Forensic Loan Review Services (cont'd)



Hilltop's Forensic Loan Reviews can be customized to include various tasks, including but not limited to, performing the following:

- perform a document accuracy and completeness assessment to identify any inconsistencies or errors in loan documents and data,
- perform a financial assessment of borrower's net worth/financial position,
- identify loss mitigation alternatives for individual loans,
- identify borrower specific credit issues/risks,
- identify collateral specific issues/risks,
- assess loss mitigation steps to determine compliance with regulatory and/or investor requirements (see next slide for more details),
- review servicer's and other vendor fees and costs charged to the borrower during delinquency/foreclosure process,
- assess the fraud potential for individual loans,
- assess acceptability of appraisals as recommended by the AICPA,
- assess the accuracy and completeness of servicing advances,
- assess the accuracy and completeness of foreclosure claims,
- assess the loan data used in ALLL calculations, and
- validate NPV and other models and assumptions.

Forensic Loan Review – Loss Mitigation Compliance



Identifying and executing the appropriate loss mitigation steps is critical to being in compliance with various regulatory (HAMP, HARP, HAFA et al) and investor requirements. Hilltop Advisors' professionals have assessed the effectiveness of numerous default/loss mitigation teams and the processes used. Hilltop's loss mitigation compliance assessment focuses on the following critical elements of loss mitigation:

- Identifying the credit risk early and acting upon such risk,
- Knowing how to evaluate the current financial picture of the borrower and understand the information collected about the borrower as to its impact on the ability to repay,
- Understanding the current value of the collateral and the likelihood that the borrower will abandon or be willing to lose the property in foreclosure,
- Identifying any opportunities to enhance collateral position with other borrower assets (offsets, cross collateralization, etc.),
- Ensuring that all of the borrower's debt is being assessed, and
- Assessing the quality of communications with borrower to discuss financial alternatives.

Other critical elements to loss mit compliance are senior management oversight, clear policies and procedures, acute attention to timely action, and having key internal controls to alert management that loss mitigation is not being completed in a timely and compliant manner.

Forensic Loan Review – Accounting for Loan Losses



Hilltop Advisors has a number of former CFOs, Controllers and Big 4 Auditors that are very familiar with the ALLL calculations. Our audit experience shows that “math” is usually not at issue but rather the either the data used has issues and/or the assumptions/conclusions about the loan loss experience is flawed and unsupportable. Hilltop’s “tested methodology” enhances the loan loss calculations as follows:

- documents the data validation efforts,
- assesses the modeling tool/process used by comparing and contrasting to our model,
- documents the support for reasonable key assumptions (loss frequency and loss severity being typically the most important),
- documents performance trends by similar loan characteristics, geography, credit risk,
- performs portfolio analytics (slicing/segmenting by key characteristics, performance, etc. so that isolated issues are not provided for across the portfolio),
- considers loans that are not yet delinquent but are susceptible to non-performing status, and
- provides a clear understanding of credit risks considered, loss estimates made, assumptions about future performance, etc.

Hilltop Advisors understands that loan portfolios are different and that loss characteristics and corresponding ALLL requirements are different as well. Our proprietary credit risk/loss methodology is a fact based analysis that minimizes the ability to manage assumption inputs.

Fraud & Forensics Practice Overview



Hilltop's Fraud & Forensics Practice has the following capabilities based on hundreds of fraud related engagements:

- Perform fraud risk assessments (enterprise or targeted business units),
- Review and enhance fraud control policies,
- Design fraud prevention, detection and mitigation controls and documentation,
- Design Senior management policy and standard protocol on handling fraud,
- Conduct fraud controls testing for compliance with fraud policies to prevent, detect and mitigate fraud occurrences,
- Conduct fraud investigations (embezzlement and financial abuse),
- Control and review all electronic media,
- Identify the depth and breadth of the fraud or financial problem (quantify fraud),
- Perform forensic accounting reconstruction if needed, and
- Identify immediate and long term mitigation steps to mitigate/eliminate further fraud.

We have a different perspective about FRAUD because we know that every company has some level of fraud!

Fraud Detection, Resolution and Mitigation



Our fraud assessment approach is to:

- collaborate with senior management, human resources, legal counsel, regulators and law enforcement as needed,
- assist attorneys involved with any litigation (criminal or civil) against perpetrators,
- assist regulators with compliance violations,
- assist with insurance claims made for any losses from the fraud,
- identify the type of fraud and specific analysis approach for:
 - corporate fraud (purposeful financial misstatement),
 - transaction based fraud (misrepresentations, fraudulent movement of assets, overstatement of value, purposeful contract defaults, etc),
 - intentional non-compliance with regulations or policies,
 - embezzlement or misappropriation (stolen funds/assets).

Damage or Claim Calculations



Hilltop's accounting resources have significant experience in evaluating or calculating damages and/or claims in the financial services and real estate industries. As a result of our litigation assistance and our fraud investigations, we have calculated potential damages to be used in litigation, performed valuations (of financial services companies, loan portfolios, MSR's, and other financial instruments), reconstructed revenues (lost income) or expenses (reimbursement claims) and purchase price adjustments for mergers/acquisitions.

Our analyses are used by our client and/or their attorney to resolve various matters relating to litigation, insurance claims, settlements, etc.

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