

Testimony of Bryan Bolton
SVP, CitiMortgage, Inc.
“Helping Homeowners Avoid Foreclosure”
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Hackensack, NJ

Good afternoon. My name is Bryan Bolton and I am a Senior Vice President handling loss mitigation operations for CitiMortgage, Inc. I appreciate the opportunity to speak to you today.

CitiMortgage is extremely proud of its efforts in helping American families save their homes. CitiMortgage is a strong supporter of the Home Affordable Modification Program (“HAMP”) -- established as part of the larger Making Home Affordable program -- as we believe it addresses many of the challenges facing consumers as they strive to stay in their homes and maintain affordable mortgage payments. However, our tradition of assistance is ingrained in our business and has been an important part of our customer relationships over the years. Prior to HAMP, CitiMortgage had engaged in other robust loss mitigation programs, most notably the FDIC program which had been implemented earlier in 2009.

CitiMortgage overall has implemented loss mitigation programs that have, as of June 30, 2009, kept over 625,000 borrowers in their homes since the beginning of 2007. CitiMortgage is also the only company in our industry that produces a quarterly mortgage foreclosure report which details the efforts CitiMortgage has made to-date in assisting our at-risk borrowers. I have a copy of our most recent Data Report for your reference, and submit it with my testimony.

When Treasury announced HAMP on March 4, 2009, CitiMortgage immediately began preparations to implement the program successfully while waiting for the Administration to announce the program's details. Additionally, during March and the beginning of April,

CitiMortgage worked extensively with Treasury and Fannie Mae on the design and details for the implementation regime. As a result, on April 13, 2009, we were among the first HAMP mortgage servicers to sign up for the program.

Specific examples of the areas in which CitiMortgage has committed resources to support HAMP include:

- Increased staffing by over 1400 individuals since the first quarter of 2009 to handle modifications/loss mitigation requests
- As part of this process, we added a new U.S. call center with approximately 800 employees
- Designed, developed and implemented training for over 4000 employees around the HAMP program
- Additional training aides developed include: weekly training flash reports, the launch of a Subject Matter Expert network, and the development of an intranet site to manage FAQ's.
- Launched a dedicated web site on March 4 to allow customer inquiries and provide links from our existing CitiMortgage website
- Implemented the Net Present Value ("NPV") tool in less than a month after requirements were made public on April 20, 2009

- Placed the NPV tool on over 3000 employee desktops to ensure customers were able to receive solutions in real time based on interview inputs from the borrower
- Developed new policies and documentation (and subsequently received approval on documentation from Fannie Mae as agent for Treasury) to support this program in March, April and May
- Solicited over 236,000 borrowers from April to September 10, 2009.
- Sent out, on a weekly basis, trial payment packets with checklists for our customers, and up-to-date Automated Valuation Models (AVMs) are now available real time.

Despite a lack of full program details from the Treasury Department, CitiMortgage began accepting customer inquiries on March 4, 2009 by phone and via a dedicated web site which was easily accessed from our CitiMortgage.com website. At this site, customers were able to supply information and request follow-up calls from our staff of Loss Mitigation specialists. Additionally, our customer service staff and Loss Mitigation and Default staffs were trained to answer all preliminary customer inquiries and to offer to refer those customers to this site as well. As program details became available, we communicated this information to our customers and began the process of working with individuals to address their particular needs. However, because the full details of the program were not completed and approved by Fannie Mae until late May, we did not begin placing borrowers in the trial period until early June. Since then, and despite on-going program changes, CitiMortgage has placed approximately 53,000 borrowers into the HAMP trial modification program as of September 10, 2009. CitiMortgage uses the Treasury definition to determine the number of borrowers placed into the program. Due to the

90-day mandatory trial period, we have just begun booking borrowers into permanent modifications.

As with all new programs, CitiMortgage has experienced some challenges which are to be expected during any implementation, such as hiring and training additional staff and programming systems to meet new and evolving guidelines/requirements. As a result, during March and April of this year our customer experience was less than optimal, and was, at times, below our internal goals as we experienced growing pains in converting to the new program and its new requirements (additional documentation, new NPV tool and 3-month trial modification period). However, we are committed to ensuring that HAMP is successful and we continue diligently to address all execution issues and, on a parallel path, evaluate the potential need for additional resources (ie. hiring, training and the development of implementation tools).

To ensure program effectiveness, we continue to work with our borrowers to improve the overall process by educating all applicants of the required documents, ensuring that those documents have been appropriately completed, and that all information has been returned to us in a timely fashion.

CitiMortgage believes that modifying within HAMP guidelines is in the best interests of our our borrowers, our country and our company. With or without fees, it's almost always in the best interests of the servicers to modify. There is a general misunderstanding that a financial windfall occurs for servicers as a result of foreclosure. Nothing could be further from the truth. Most prime loans sold in the secondary market require the servicer to advance all principal and interest through liquidation of the loan—which could be months, if not years, after the borrower has stopped paying. The servicer also does not collect a servicing fee if the borrower is not

paying. The servicer will recoup those missed servicing fees, advances and any amounts the servicer will be required to expend to foreclose on and maintain the property out of the liquidation proceeds. The servicer will never, however, recoup the income from the loss of use of the funds during that time period, and any outstanding borrower fees are lost as well (such as late fee income). Any servicing asset associated with servicing of the loan will be written off. Finally, the overhead expense to manage foreclosures and REO property is never recovered.

Our CEO, Vikram Pandit, has impressed on all of us at CitiMortgage our responsibility to help homeowners stay in their homes. It is with pride that I can say that we have helped American homeowners through various types of loan modifications, extensions, and forbearance programs to find solutions to their mortgage payments by a ratio of 12:1 (home retentions versus foreclosures).

CitiMortgage has not and will not complete any foreclosure with an eligible borrower who is working with us on a modification solution. Specifically with respect to HAMP, during the trial period, CitiMortgage follows the guidelines for foreclosure suspension as outlined in the formal program directives.

I hope you find this information helpful and illustrative of the hard work Citigroup has done to help families save their homes, and I look forward to answering any questions you may have.

Thank you.