



# **ALLY FINANCIAL INC.**

GMAC Mortgage, LLC and Residential Capital, LLC

## **MORTGAGE OPERATIONS TRAINING PROGRAM**

Prepared for the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation

**Revised November 1, 2011**



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## Plan Overview for Mortgage Operations Training Plan

This Plan for Mortgage Operations Training is established in response to the Consent Order dated April 13, 2011 (the “Order”) among the Board of Governors of the Federal Reserve System (the “FRB”), the Federal Deposit Insurance Corporation (the “FDIC”), Ally Bank (the “Bank”), Ally Financial Inc. (“Ally Financial” or “AFI”), and certain of Ally Financial’s direct and indirect subsidiaries including Residential Capital, LLC (“ResCap”) and GMAC Mortgage, LLC (“GMACM” and together with ResCap, the “Mortgage Servicing Companies”). Capitalized terms not defined in the Plan shall have the meanings assigned to them in the Order.

The purpose of this Plan is to set forth the actions and responsibilities necessary for Mortgage Operations Training to comply fully with its obligations under Section 11: Training of the Order (see Appendix I). Section 11 of the Order requires:

*Within 60 days of this Order, GMAC Mortgage shall submit to the Reserve Bank an acceptable written plan, and timeline for implementation, to improve the training of all appropriate officers and staff of the Mortgage Servicing Companies regarding the Legal Requirements, supervisory guidance of the Board of Governors, and the Mortgage Servicing Companies’ internal policies and procedures regarding residential mortgage servicing, Loss Mitigation, and foreclosure, and the policies and procedures adopted regarding a single point of contact described in paragraph 5 of this Order. The plan shall also include:*

- (a) A requirement that training be conducted and documented no less frequently than annually; and*
- (b) procedures to timely inform appropriate officers and staff of any new or changes to the Legal Requirements and supervisory guidance of the Board of Governors related to residential mortgage loan servicing, Loss Mitigation, or foreclosure.*

In response to the Order, this Action Plan (the “Plan”) contains recommendations for enhancing the training of all appropriate officers and staff of the Mortgage Servicing Companies (“Mortgage Servicing”) pursuant to Section 11 of the Order. This Plan includes foreclosure, loss mitigation and single point of contact areas as priorities, and all remaining Mortgage Servicing functions thereafter. The Mortgage Operations Training Team (“Mortgage Training”) will implement this Plan in cooperation with the Legal, Compliance and Mortgage Servicing units of Mortgage Operations Training. The Plan implementation includes improved policies and procedures, required annual training of policies by Business Unit (e.g. Mortgage Servicing) function, and enhanced communication with the Legal and Compliance Departments for ongoing legal and regulatory changes.

## **Principles Guiding this Plan**

The principles guiding the Plan are to identify, manage, and mitigate compliance risks associated with the requirements of applicable laws, regulations, regulatory guidance, emerging legislative trends or issues, and operational deficiencies through training initiatives by:

- Educating staff and officers of applicable laws, rules and regulations (“LRRs”)
- Reducing the risk of adverse actions by regulators or other stakeholders

In addressing the individual Order components, this Plan introduces enhancements to the existing Business Unit Compliance training framework. Mortgage Training, Mortgage Compliance, and Legal will oversee and develop training activities stemming from the Order related to redesigning training processes and revising policies and procedures to address new changes to existing LRRs. As a first step, implementation roles and responsibilities for Mortgage Training, Mortgage Compliance and Legal will be defined, documented and communicated. Mortgage Training has adopted the following guiding principles as it oversees the transformation:

- Accurate and timely communication of policy and procedure changes (for this Plan and on-going) is a shared responsibility among Mortgage Training, Compliance, Legal and Mortgage Servicing Business Unit Management
- Training methodologies shall incorporate application to an employee’s role within the organization and include an evaluation to validate knowledge and skill proficiency

## **Mortgage Training Team**

Mortgage Servicing and Mortgage Training are responsive to the findings and recommendations to improve training regarding the Legal Requirements, supervisory guidance of the Board of Governors and Mortgage Servicing internal policies and procedures. Historically, training within the Mortgage Line of Business (“LoB”) was divided into two teams, Lending and Servicing. Over the past year, Mortgage Training consolidated into one team, led by a Vice President (“VP”), who reports directly to the President of Mortgage Operations. The consolidated team supports skills-based and developmental training for the following business channels: Servicing; Consumer Lending Sales and Operations; and Business Lending. To support these business channels, Mortgage Training has designed the department with the following roles: Training Coordinators, Facilitators (“Trainers”), Policy and Procedure Technical Writers, Instructional Designers, and Job Coaches (a five-member team who resides in select Mortgage Servicing Business Units to address real-time training needs). Three Instructional Designers hold a Masters Degree in instructional systems design.

Training delivery methods include instructor-led, computer-based, and web-based solutions. To address the increasing demands in the marketplace, compliance with LRRs, Consent Orders, and to revamp existing training programs, Mortgage Training added 12 additional resources over the last 120 days.

## **Mortgage Training Programs**

Mortgage Training regularly identifies training needs through a variety of methods including Business Plan review, business consulting, the Compliance/Regulatory change process, and system upgrade projects. When a potential training need exists, Mortgage Training consults with leaders in the various channels to determine the objectives and scope of the project. At that point, an Instructional Designer works with the project leaders and Subject Matter Experts to complete the design and development process. The final step before implementation is to conduct a purposeful review with a Vice President from the business unit and a designee from each of our Legal and Compliance teams, allowing all parties to provide feedback and review changes. Once updates are made to all parties' satisfaction, each designee provides their formal written approval of the training product.

Mortgage Training provides a variety of training programs including (but not limited to) functional new hire, process change, associate development, system enhancement, and compliance instruction. Following is a summary of some key offerings highlighted in the Order:

### *Current State (pre-2011)*

New employees receive a [minimum] four-day training curriculum that includes company, industry, and systems training. This curriculum includes required compliance training courses assigned to each employee. Mortgage Training provides additional new hire support for those functional areas with frequent hiring and a homogenous function. We provide this comprehensive new hire training for the following areas: Customer Care, Collection, Loss Mitigation, Recovery, and REO. These curricula include the initial 4-day program, as well as additional department information, detailed functional training, on the job observation, and performance-based user readiness testing. [See attached curriculum document]

Every employee in Mortgage Servicing (new or existing), including all officers and senior leaders, completes an annual curriculum of Compliance courses specific to their role in the organization. Training attendance and results are tracked and monitored through the Ally Learning Center (ALC).

### *2011 Enhancements*

Mortgage Training implemented a company-wide learning opportunity program in early 2011. This program resulted in a Learning Framework (curriculum) available for each functional area of the company. Employees now have additional learning options for their own growth and development in the areas of business and industry, behavioral skills, service quality and process improvement, and risk and compliance.

We completed a restructure of the desktop procedures and new hire training curriculum for both the Bankruptcy and Foreclosure areas. The new hire curricula for these areas is now functionally comprehensive, and includes department information, functional training, on the job observation, and performance-based user readiness testing. In addition, we provided skill-standardization training to every existing member of these teams using their improved desktop procedures and functional training material. [See attached curriculum document]

In participation and alignment with Consent Order section 5, Mortgage Training implemented a comprehensive training and certification program for the Single Point of Contact (SPOC) initiative. This training program includes an in-depth review of default business functions, advanced behavioral skill training, investor loss mitigation programs, government loss mitigation programs, foreclosure, and the established internal SPOC process. In addition, all SPOC employees will complete a Loss Mitigation Certification program to document knowledge of loss mitigation programs and tools, investor requirements, regulatory limitations, and foreclosure referral standards. Each SPOC employee must complete an annual recertification as part of this plan. Mortgage Training will continue to enhance the SPOC curriculum and training process in alignment with the implementation and feedback from the FRB. [See attached curriculum document]

## **Proposed Solutions**

Beyond the specific requirements of the order, Mortgage Training will work with Mortgage Servicing leadership to transition the training function, and Mortgage Servicing business culture, to place on-going education of employees as a priority. This transition will be demonstrated through defined learning maps by job function (e.g., Loss Mitigation, Bankruptcy, Foreclosure) and annual education requirements for LRRs, business and industry knowledge, and quality service skills advancement.

Learning map solutions and curricula will include a variety of delivery methods to include instructor-led, web-based and self-study modes. Employee achievement and solution evaluation will be measured directly through knowledge and skills assessments and indirectly through customer satisfaction results and audit findings.

In support of the enhanced focus on education, Mortgage Training will evaluate whether further expansion of the Job Coach role into additional business units (e.g. Real Estate Owned, Cash Operations, Escrow Operations) is warranted. This role will formalize the functional training for new hires and provide coaching to existing employees on new and changing procedures, regulations, systems, and programs. Mortgage Training will also work with Human Resources and Mortgage Servicing Management to assess incorporating educational achievement into the annual performance review process.

Although not specifically requested by this order, Mortgage Training added a deliverable to facilitate a more holistic approach to on-going industry education. This approach requires more in-depth industry training as part of a prescribed long-term curriculum. Mortgage Training will then integrate that knowledge with the Compliance training requirements in the steps outlined in the Plan, for a more well-integrated view of the accountability needed in our industry. Mortgage Training will administer those training solutions starting in 2012, and ongoing throughout an employee's tenure. Please see Appendix 3, section 4 for details.

Mortgage Training, in response to and in cooperation with Mortgage Compliance, will augment the Compliance/Regulatory Training curriculum in a variety of ways. We will add to the established Compliance Training Curriculum a training course designed to influence the culture in our organization. This course will allow employees to discuss, understand, and embrace a

changing regulatory environment and its impacts. We will also partner with our Legal and Compliance Teams to ensure the Compliance training curriculum provided for each functional role is comprehensive and complete. We will also insert a checkpoint early into the Regulatory Change Management process, allowing Mortgage Training to proactively identify and discuss training needs resulting from regulatory changes.

The deliverables implemented as a result of this Plan will be ongoing, revolving training programs, executed in 2012 and sustained in 2013 and beyond.

### **Mortgage Servicing Policies and Procedures**

Mortgage Training maintains an online Policies and Procedures manual, which includes detailed steps that Business Unit personnel must follow as they conduct their functional job responsibilities. Mortgage Training uses the Policies and Procedures manual as a learning aid during new hire training and all employees are expected to utilize the Policies and Procedures manual as a tool when performing essential job tasks.

A project is in process to revise Mortgage Servicing policies and procedures. A third party is engaged to conduct a gap analysis for current policies and to re-write policies where necessary. The Ally policy on policies is the standard template and guidance for the re-write. In addition, technical writers are validating desktop procedures across all business units. This project is scheduled for completion no later than 10/1/11.

Another project is in process to enhance training for Mortgage Servicing policies and procedures. The initial focus of the training plan is to educate officers and employees on the Ally standards and guidelines for policies as well as communicate the process for on-going change management. The training plan then includes a detailed instruction for policy changes by business function. This project is scheduled for completion no later than 3/31/12.

The policies re-write project, procedures validation and alignment, and training for the enhanced policies are dependencies for implementation of this Consent Order training plan. After implementation of the revised policies during the fourth quarter 2011, officers and employees will be required to complete training on Mortgage Servicing policies annually. The Ally Learning Center will be used to track training completions and capture policy affirmations for the initial implementation and yearly thereafter.

## **Legal Requirements – New and Changes**

Ally Financial’s Global Compliance and Regulatory Affairs (“GCRA”) Enterprise Program Management team maintains a formal Compliance Training Program to promote awareness with internal compliance policies and procedures at the Enterprise, Line of Business, and Business Unit level. Currently, during the 4<sup>th</sup> quarter, the Mortgage Compliance Officer and staff (“Mortgage Compliance”) work with GCRA, Mortgage Training, and the Mortgage Business to establish the mandatory Mortgage Compliance Training Program requirements, including the training frequency, on a yearly basis. Existing training with annual requirements for servicing include Fair Debt Collection Practices Act, Information Protection Awareness, Service Member Civil Relief Act, Fair Credit Reporting, GLBA Privacy Anti-Money Laundering, Company Records and Information Management. In addition, employees must annually reaffirm for the following policies: Acceptable Use, Conflict of Interest, Anti-fraud, Physical Security, Global Expense, Records Management, US Lobbying and Political Activity, Ally Code of Conduct and Ethics.

Today, Mortgage Compliance enters all applicable LRR into an internal regulatory compliance database, [REDACTED] with key information about each legislative change. An email alert is automatically generated from the database to those Business Units directly impacted by the new or amended regulation. The Business Units are tasked with implementing the LRRs and documenting the status of compliance for each law change within [REDACTED]. Mortgage Training currently relies on the Business Units to inform them of training needs related to Legal Requirements and the supervisory guidance of the Board of Governors.

In response to this order, Mortgage Training, in conjunction with Legal and Mortgage Compliance, will modify the regulatory change management process and be more proactive in addressing educational needs associated with Legal Requirements and the supervisory guidance of the Board of Governors. By incorporating the compliance training needs into the regulatory change management process, Mortgage Training will be able to provide Mortgage Servicing Management and employees with timely policy and procedural updates regarding new or changes to Legal Requirements, compliance policies or other supervisory guidance. As part of the deliverables outlined in Appendix III of this document, Mortgage Training will produce a process flow to illustrate the regulatory change management process. Given the reliance on the GCRA, Mortgage Compliance and Legal, these aspects of the Training Plan have a dependency within Paragraph 7 (Enterprise Compliance Program) and 8 – (Mortgage Compliance Program) of the Order.

## **Documented Training – Reporting**

Currently, Mortgage Training communicates training offerings to current employees via the Ally Learning Center (“ALC”), an intranet portal managed by Ally Human Resources that houses all trainings available to employees. Each module contains course descriptions, intended target audience, and training objectives. ALC has functionality to assign courses by job family, confirm registrations and send e-mail notifications to employees and leaders for overdue course



assignments. As a result, all training resulting from this plan, including web-based instructor-led training, will be documented, assigned and reported through the ALC.

There are several types and purposes of reporting generated from our training activity set forth below.

#### Compliance Training Reporting

In partnership with Mortgage Compliance, Mortgage Training assigns employees the required Compliance training through the ALC. Through this system, we are able to track completion and adherence to the due dates. These results are monitored for timely completion and reported on a monthly basis.

#### Mortgage Operations Training Accomplishments

Every month, Mortgage Training submits reports detailing training activity and results. This report contains user readiness data, compiled training and contact hours, notable accomplishments, and evaluation metrics. This report is provided directly to the President of Mortgage Operations, and distributed to the Mortgage Operations senior staff members including Compliance, Risk and Human Resources.

#### User Readiness Data

Mortgage Training administers user readiness testing to measure training effectiveness and learner readiness. We report the summary results as a part of the Mortgage Operations Training Team monthly executive report. For functional training, we provide individual results to respective leaders for targeted review and coaching.

Enhancements made as a result of this plan will follow that existing process of reporting results.

Project summaries and detailed actions plans with tasks, responsible parties, timelines and deliverables to address each identified area for improvement are included in Appendix III.

### **Appendix I - Project Summaries**

Below is a summary of the projects that support the Mortgage Training Program.

#### **Action Plans:**

- 1. Enhance Compliance Curriculum and Training Plan**
- 2. Formalize Annual Year-End Compliance Curriculum and Training Plan Evaluation**
- 3. Enhance Mortgage Servicing Educational Change Management Process**
- 4. Establish defined learning maps by business function.**

**Appendix II - Board Level Deliverables and Due Dates**

NA

**Appendix III - First Level Project Details**

Deliverable	CO Section	Task	Owner	Projected Start Date	Projected End Date
<b>1. Enhance Servicing Compliance Curriculum and Training Plan</b>					
Roles and Responsibilities		1.1 Define roles and responsibilities between Mortgage Compliance, Mortgage Training, and Legal in connection with the development of core and Business Unit compliance training curriculum. Communicate the agreed upon roles and responsibilities.	[REDACTED] VP, Mortgage Training; [REDACTED] Legal, [REDACTED] Mortgage Compliance Officer	7/13/11	11/15/11
Needs Assessment	11	1.2 Perform evaluation to determine the educational needs of Mortgage Servicing Companies Officers and employees, by Business Unit.	[REDACTED] VP, Mortgage Training	11/16/11	1/25/12
		1.3 Review evaluation results and compare to existing compliance curriculum and training plan.			
		1.4 Identify gaps by Business Units.			
Updated Curriculum	11	1.5 Determine training delivery methods and develop content. (Includes compliance and legal review and approval)	[REDACTED] VP, Mortgage Training	1/25/12	10/25/12
Training Schedule Implementation Plan	11	1.6 Determine method for rollout of training (e.g., pilot program, train-the-trainer, etc.) 1.7 Establish schedule for training delivery	[REDACTED] VP, Mortgage Training	10/25/12	4/10/13

<b>2. Formalize Annual Year-End Compliance Curriculum and Training Plan Evaluation</b>					
Compliance Curriculum and Training Plan Annual Evaluation	11	2.1 Establish process and criteria to implement an annual evaluation of the mortgage servicing compliance curriculum and training annually. 2.2 Evaluate curriculum using established process and criteria.	██████████ VP, Mortgage Training; ██████████ ██████████ Mortgage Compliance Officer, ██████████, Legal	12/01/12 and annually thereafter	12/31/13 and annually thereafter
<b>3. Enhance Mortgage Servicing Educational Change Management Process</b>					
Change Management Process	11	3.1 Work with Legal and Mortgage Compliance to develop a change management process to address educational requirements related to new or changes to Legal Requirements and supervisory guidance of the Board of Governors.	██████████	7/13/11	11/15/11
Communication Plan	11	3.2 Develop a Communication Plan to clearly define and outline the change management process for delivery of educational requirements related to Legal Requirements, supervisory guidance of the Board of Governors, and the Mortgage Servicing Companies internal policies and procedures regarding residential mortgage servicing, Loss Mitigation, and foreclosure activities.	██████████	11/16/11	2/7/12
<b>4. Establish defined learning maps by business function</b>					
Business and industry learning maps by servicing function	11	4.1 Determine curriculum by business function	██████████ Director, Mortgage Training; ██████████ ██████████ EVP, Mortgage Servicing	7/13/11	4/23/12
		4.2 Determine specific learning solutions	██████████	10/4/11	7/23/12
		4.3 Determine development	██████████	7/24/12	1/25/13

		strategies for learning solutions			
		4.4 Establish completion requirements			
		4.5 Communicate requirements and establish training plans			
Identify Job Coaches for Mortgage Servicing Business Units	11	4.6 Develop business case for adding Job Coaches to additional Mortgage Servicing Business Units	██████████	9/19/11	1/24/12
		4.7 Identify job coaches	██████████	1/24/12	3/26/12
		4.8 Complete job coach on-boarding & training	██████████	3/27/12	5/14/12