

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

In the Matter of

ALLY FINANCIAL INC.  
Detroit, Michigan

RESIDENTIAL CAPITAL, LLC  
Minneapolis, Minnesota

and

GMAC MORTGAGE, LLC  
Fort Washington, Pennsylvania

Docket No. 12-006-CMP-HC  
12-006-CMP-DEO

Order of Assessment of a Civil  
Money Penalty Issued Upon Consent  
Pursuant to the Federal Deposit  
Insurance Act, as Amended

WHEREAS, Ally Financial Inc., Detroit, Michigan (“Ally Financial”), a registered bank holding company, indirectly owns and controls Ally Bank (f/k/a GMAC Bank), Midvale, Utah, a state nonmember bank, and numerous direct and indirect nonbank subsidiaries, including Residential Capital, LLC, Minneapolis, Minnesota (“ResCap”), and its direct and indirect subsidiaries, including GMAC Mortgage, LLC, Fort Washington, Pennsylvania (“GMAC Mortgage”), and its subsidiaries. Ally Financial, f/k/a GMAC LLC, became a bank holding company on December 24, 2008, following approval by the Board of Governors of the Federal Reserve System (the “Board of Governors”) pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), and conversion of Ally Bank from an industrial loan company to a state-chartered insured nonmember bank;

WHEREAS, Ally Financial engages in the business of servicing residential mortgage loans through various indirect subsidiaries, including GMAC Mortgage and its subsidiaries (collectively, the “Mortgage Servicing Companies”). The Mortgage Servicing Companies service residential mortgage loans that are held in the portfolios of (a) Ally Bank and GMAC Mortgage; (b) the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association; and (c) various investors, including securitization trusts pursuant to Pooling and Servicing Agreements and similar agreements (collectively, the “Servicing Portfolio”). The Mortgage Servicing Companies have substantial responsibilities with respect to the Servicing Portfolio for the initiation and handling of foreclosure proceedings, and loss mitigation activities (“Loss Mitigation” or “Loss Mitigation Activities” include activities related to special forbearances, repayment plans, modifications, short refinances, short sales, cash-for-keys, and deeds-in-lieu of foreclosure);

WHEREAS, the Mortgage Servicing Companies collectively are the fifth largest servicer of residential mortgages in the United States and service a portfolio of 2.5 million residential mortgage loans. During the recent financial crisis, a substantially larger number of residential mortgage loans became past due than in earlier years. Many of the past due mortgages have resulted in foreclosure actions. From January 1, 2009 to December 31, 2010, the Mortgage Servicing Companies completed 89,998 foreclosure actions, representing approximately 4 percent of the Servicing Portfolio over such time period;

WHEREAS, the Mortgage Servicing Companies, in connection with the process leading to certain foreclosures involving the Servicing Portfolio, allegedly:

- (a) Filed or caused to be filed in state courts and in connection with bankruptcy proceedings in federal courts numerous affidavits executed by employees of the

Mortgage Servicing Companies or employees of third-party providers making various assertions, such as the ownership of the mortgage note and mortgage, the amount of principal and interest due, and the fees and expenses chargeable to the borrower, in which the affiant represented that the assertions in the affidavit were made based on personal knowledge or based on a review by the affiant of the relevant books and records, when, in many cases, they were not based on such knowledge or review;

(b) Filed or caused to be filed in courts in various states and in connection with bankruptcy proceedings in federal courts or in the local land record offices, numerous affidavits and other mortgage-related documents that were not properly notarized, including those not signed or affirmed in the presence of a notary;

(c) Litigated foreclosure and bankruptcy proceedings and initiated non-judicial foreclosures without always confirming that documentation of ownership was in order at the appropriate time, including confirming that the promissory note and mortgage document were properly endorsed or assigned and, if necessary, in the possession of the appropriate party;

(d) Failed to respond in a sufficient and timely manner to the increased level of foreclosures by increasing financial, staffing, and managerial resources to ensure that the Mortgage Servicing Companies adequately handled the foreclosure process; and failed to respond in a sufficient and timely manner to the increased level of Loss Mitigation Activities to ensure timely, effective and efficient communication with borrowers with respect to Loss Mitigation Activities and foreclosure activities; and

(e) Failed to have adequate internal controls, policies and procedures, compliance risk management, internal audit, training, and oversight of the foreclosure process,

including sufficient oversight of outside counsel and other third-party providers handling foreclosure-related services with respect to the Servicing Portfolio;

WHEREAS, as evidenced by these alleged deficiencies at the Mortgage Servicing Companies, Ally Financial allegedly failed to provide effective oversight with respect to the loan servicing, Loss Mitigation, foreclosure activities, and related functions of the Mortgage Servicing Companies, including the Mortgage Servicing Companies' risk management, audit, and compliance programs, vendor management, document execution practices, and staffing and managerial resources as they pertain to those activities and related functions;

WHEREAS, on April 13, 2011, the Board of Governors and the Federal Deposit Insurance Corporation, on the one hand, and Ally Financial, ResCap, the Mortgage Servicing Companies, and Ally Bank, on the other hand, entered into a Consent Order designed to correct the aforementioned alleged conduct (the "Consent Order");

WHEREAS, the conduct which was the subject of the Consent Order allegedly constitutes unsafe or unsound practices in conducting the affairs of Ally Financial, ResCap and the Mortgage Servicing Companies within the meaning of section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818) (the "FDI Act");

WHEREAS, the Board of Governors issues this Order of Assessment of a Civil Money Penalty Issued Upon Consent (the "Consent Assessment Order") against Ally Financial, ResCap, and the Mortgage Servicing Companies in conjunction with the Consent Order;

WHEREAS, Ally Financial, ResCap, and the Mortgage Servicing Companies have taken steps to comply with the Consent Order and continue to take additional steps;

WHEREAS, on February 9, 2012, Ally Financial, ResCap, and/or the Mortgage Servicing Companies (the "Ally Parties") entered into an agreement with the United States,

acting through the United States Department of Justice, and with the Attorneys General of various states to settle certain potential civil claims against the Ally Parties for their conduct, among other things, in connection with the servicing of mortgage loans by the Mortgage Servicing Companies (the “Settlement Agreement”);

WHEREAS, as part of the Settlement Agreement the Ally Parties agreed to provide consumer relief, which may include mortgage principal reductions or refinancing, and other assistance to certain residential mortgage borrowers (the “Borrower Assistance”). As part of the Settlement Agreement, the Ally Parties also agreed that certain payments would be made to the United States (the “Hard Dollar Payments”). Portions of those payments may go directly to various agencies of the federal government (the “Federal Payments”). The amount of Borrower Assistance provided by the Ally Parties, together with the Hard Dollar Payments made pursuant to the Settlement Agreement, is expected to be equal to or greater than \$310,000,000;

WHEREAS, Ally Financial, ResCap, and the Mortgage Servicing Companies have consented to the assessment of a civil money penalty in the amount of \$207,000,000 by the Board of Governors (the “CMP”) pursuant to section 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. §§1818(b)(3) and 1818(i)(2)(B)) for allegedly unsafe or unsound practices described above, which penalty shall be remitted by the Board of Governors to the extent, in compliance with this Consent Assessment Order: (i) the Ally Parties provide the Borrower Assistance pursuant to the Settlement Agreement or make the Federal Payments pursuant to the Settlement Agreement; or (ii) Ally Financial, ResCap, and the Mortgage Servicing Companies provide funding for nonprofit housing counseling organizations pursuant to a plan acceptable to the Federal Reserve Bank of Chicago (the “Reserve Bank”);

WHEREAS, the boards of directors of Ally Financial, ResCap, and the Mortgage Servicing Companies, at duly constituted meetings, adopted resolutions authorizing and directing Michael A. Carpenter, Thomas F. Marano and Steven M. Abreu to enter into this Consent Assessment Order on behalf of Ally Financial, ResCap, and the Mortgage Servicing Companies, respectively, and consenting to compliance with each and every applicable provision of this Consent Assessment Order by Ally Financial, ResCap, and the Mortgage Servicing Companies, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), and waiving any and all rights that Ally Financial, ResCap, and the Mortgage Servicing Companies may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of assessment of civil money penalty; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Consent Assessment Order; (iii) judicial review of this Consent Assessment Order; (iv) contest the issuance of this Consent Assessment Order by the Board of Governors; and (v) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Consent Assessment Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Consent Assessment Order constituting an admission by Ally Financial, ResCap, or the Mortgage Servicing Companies of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ORDERED by the Board of Governors, pursuant to sections 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. §§1818(b)(3) and 1818(i)(2)(B)), that:

1. Ally Financial, ResCap, and the Mortgage Servicing Companies are hereby jointly and severally assessed a CMP in the amount of \$207,000,000 to be paid as provided in this Consent Assessment Order.

2. Pursuant to section 8(i)(2)(F) of the FDI Act (12 U.S.C. § 1818(i)(2)(F)), the Board of Governors shall remit up to \$207,000,000 of the CMP by an amount equivalent to the aggregate dollar value of the Borrower Assistance provided and Federal Payments made by the Ally Parties pursuant to the Settlement Agreement (with crediting to be determined pursuant to the same mechanism used in the Settlement Agreement, provided that no amount shall be remitted for bonuses or incentives received by or credited to the Ally Parties), under the following conditions:

(i) The Borrower Assistance is provided for the remedial programs specified in the Settlement Agreement in accordance with the terms and conditions specified in the Settlement Agreement for such programs;

(ii) Any documents associated with the Borrower Assistance provided and Federal Payments made by the Ally Parties pursuant to the Settlement Agreement are made available to the Reserve Bank upon request;

(iii) On a quarterly basis and until the earlier of the date on which the Settlement Agreement's requirements pertaining to the Borrower Assistance and Federal Payments are fully satisfied or on which the CMP has been fully satisfied, Ally Financial, ResCap, and the Mortgage Servicing Companies submit to the Reserve Bank a detailed report and accounting on the Borrower Assistance provided and Federal Payments made pursuant to the Settlement Agreement and a certification by Ally Financial, ResCap, and the Mortgage Servicing Companies that any such Borrower Assistance provided and Federal Payments made were

provided and made in full compliance with the terms and conditions of the Settlement Agreement; and

(iv) Within the earlier of 30 days of full satisfaction of the terms and conditions of the Settlement Agreement's requirements pertaining to Borrower Assistance and Federal Payments or two years after the date of execution of this Consent Assessment Order, Ally Financial, ResCap, and the Mortgage Servicing Companies submit to the Reserve Bank a certification that any Borrower Assistance provided and Federal Payments made pursuant to the Settlement Agreement were provided and made in full compliance with the terms and conditions of the Settlement Agreement.

3. Pursuant to section 8(i)(2)(F) of the FDI Act (12 U.S.C. § 1818(i)(2)(F)), the Board of Governors shall also remit up to \$207,000,000 of the CMP, to the extent not remitted pursuant to paragraph 2, by an amount equivalent to the aggregate amount funds expended by Ally Financial, ResCap, and the Mortgage Servicing Companies on funding for nonprofit housing counseling organizations, approved by the U.S. Department of Housing and Urban Development, to provide counseling to borrowers who are at risk of or are in default or foreclosure, or to provide assistance to borrowers in connection with the independent foreclosure reviews required by the Consent Order, under the following conditions:

(i) Within 30 days prior to the making of any expenditures pursuant to this paragraph 3, Ally Financial, ResCap, and the Mortgage Servicing Companies submit to the Reserve Bank an acceptable written plan for making such expenditures, including the manner by which such expenditures shall be credited to Ally Financial, ResCap, and the Mortgage Servicing Companies; and



(ii) Ally Financial, ResCap, and the Mortgage Servicing Companies fully comply with the accepted plan.

4. No later than two years after the date of execution of this Consent Assessment Order, Ally Financial, ResCap, and the Mortgage Servicing Companies shall pay any portion of the CMP that has not been remitted pursuant to paragraphs 2 or 3 of this Consent Assessment Order as of such date, plus interest on such portion calculated from the date of execution of this Consent Assessment Order at the rate set forth in 28 U.S. C. § 1961.

5. Payment of the CMP pursuant to paragraph 4 of this Consent Assessment Order shall be made by a Fedwire transfer to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, to the order of the Board of Governors General Fund, FRB General Ledger Account number 220 400 010, which penalties the Board of Governors shall deposit on behalf of the Board of Governors into the United States Treasury as required by section 8(i)(2)(J) of the FDI Act (12 U.S.C. § 1818(i)(2)(J)).

#### **Notices**

6. All communications regarding this Order shall be sent to:

(a) Mr. James W. Nelson  
Senior Vice President  
Supervision and Regulation Department  
Federal Reserve Bank of Chicago  
230 South LaSalle Street  
Chicago, Illinois 60604-1413

- (b) Ms. Barbara Yastine  
Chief Administrative Officer  
Ally Financial Inc.  
1177 Avenue of the Americas  
New York, NY 10036

with copies to:

Mr. Daniel Soto  
Chief Compliance Officer  
Ally Financial Inc.  
440 South Church Street  
Charlotte, NC 28202

William B. Solomon, Jr., Esq.  
General Counsel  
Ally Financial Inc.  
200 Renaissance Center  
9th Floor  
Detroit, MI 48265

Mark H. Weintraub  
Executive Vice President – Mortgage Servicing Remediation Oversight  
Ally Financial Inc.  
440 South Church Street  
Charlotte, NC 28202

- (c) Mr. Thomas F. Marano  
Chairman & Chief Executive Officer - ResCap  
Residential Capital, LLC  
1177 Avenue of the Americas  
New York, NY 10036

with copies to:

Tammy P. Hamzhepour, Esq.  
General Counsel - ResCap  
1100 Virginia Drive  
Fort Washington, PA 19034

- (d) GMAC Mortgage, Inc.  
c/o Mr. Thomas F. Marano  
Chairman & Chief Executive Officer - ResCap  
Residential Capital, LLC  
1177 Avenue of the Americas  
New York, NY 10036

with copies to:

Tammy P. Hamzhepour, Esq.  
General Counsel - ResCap  
1100 Virginia Drive  
Fort Washington, PA 19034

**Miscellaneous**

7. The provisions of this Consent Assessment Order shall be binding on Ally Financial, ResCap, the Mortgage Servicing Companies, and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

8. Each provision of this Consent Assessment Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

9. Notwithstanding any provision of this Consent Assessment Order, the Reserve Bank may, in its sole discretion, grant written extensions of time to Ally Financial, ResCap, and the Mortgage Servicing Companies to comply with any provision of this Consent Assessment Order.

10. Except as provided for in this Consent Assessment Order, the Board of Governors hereby releases and discharges Ally Financial, ResCap, the Mortgage Servicing Companies, and their affiliates, successors, and assigns from all potential liability that has been or might have been asserted by the Board of Governors based on the conduct that is the subject of this Consent Assessment Order, to the extent known to the Board of Governors as of the effective date of this Consent Assessment Order. The foregoing release and discharge shall not preclude or affect any right of the Board of Governors to determine and ensure compliance with the Consent Order or this Consent Assessment Order, or any proceedings brought by the Board of Governors to enforce the terms of the Consent Order or this Consent Assessment Order.

By Order of the Board of Governors effective this 10<sup>th</sup> day of February, 2012.

ALLY FINANCIAL INC.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: /s/ Michael A. Carpenter  
Michael A. Carpenter  
Chief Executive Officer

By: /s/ Jennifer J. Johnson  
Jennifer J. Johnson  
Secretary of the Board

RESIDENTIAL CAPITAL, LLC

By: /s/ Thomas F. Marano  
Thomas F. Marano  
Chairman & Chief Executive Officer

GMAC MORTGAGE, LLC

By: /s/ Steven M. Abreu  
Steven M. Abreu  
President