

Hearing Date and Time: February 11, 2015 at 10:00 a.m. (Prevailing Eastern Time)
Response Date and Time: January 9, 2015 at 4:00 p.m. (Prevailing Eastern Time)

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Counsel for The ResCap Liquidating Trust

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
-----)	

**NOTICE OF THE RESCAP LIQUIDATING TRUST'S OBJECTION
TO PROOFS OF CLAIM NOS. 5853 AND 5856 FILED BY
CONNECTICUT HOUSING FINANCE AUTHORITY**

PLEASE TAKE NOTICE that the undersigned have filed the attached *ResCap Liquidating Trust's Objection to Proofs of Claim Nos. 5853 and 5856 Filed by Connecticut Housing Finance Authority* (the "Objection").

PLEASE TAKE FURTHER NOTICE that a hearing on the Objection will take place on **February 11, 2015 at 10:00 a.m. (Prevailing Eastern Time)** before the Honorable Martin Glenn, at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 501.



PLEASE TAKE FURTHER NOTICE that responses, if any, to the Objection must be made in writing, conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and the Notice, Case Management, and Administrative Procedures approved by the Bankruptcy Court [Docket No. 141], be filed electronically by registered users of the Bankruptcy Court's electronic case filing system, and be served, so as to be received no later than **January 9, 2015 at 4:00 p.m. (Prevailing Eastern Time)**, upon: (a) Chambers of the Honorable Martin Glenn, United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408; (b) counsel for the ResCap Liquidating Trust, Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019 (Attention: Norman S. Rosenbaum, Jordan A. Wishnew and James A. Newton); (c) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014 (Attention: Linda A. Riffkin and Brian S. Masumoto); and (d) The ResCap Liquidating Trust, Quest Turnaround Advisors, 800 Westchester Avenue, Suite S-520, Rye Brook, NY 10573 (Attention: Jeffrey Brodsky).

PLEASE TAKE FURTHER NOTICE that if you do not timely file and serve a written response to the relief requested in the Objection, the Bankruptcy Court may deem any opposition waived, treat the Objection as conceded, and enter an order granting the relief requested in the Objection without further notice or hearing.

Dated: December 16, 2014
New York, New York

/s/ Norman S. Rosenbaum
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**THE RESCAP LIQUIDATING TRUST'S OBJECTION TO PROOFS OF CLAIM NOS.
5853 AND 5856 FILED BY CONNECTICUT HOUSING FINANCE AUTHORITY**

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**TO THE HONORABLE MARTIN GLENN
UNITED STATES BANKRUPTCY JUDGE:**

The ResCap Liquidating Trust (the “Liquidating Trust”), established pursuant to the terms of the Chapter 11 plan confirmed in the above captioned bankruptcy cases (the “Chapter 11 Cases”) [Docket No. 6065], as successor in interest to the above captioned debtors (collectively, the “Debtors”), hereby submits this objection (the “Objection”) seeking to disallow and expunge, without leave to amend, unsecured proofs of claim nos. 5853 and 5856 (collectively the “Claim”) filed by Connecticut Housing Finance Authority (“CTHFA” or the “Claimant”) against Debtor GMACM Mortgage, LLC (“GMACM”) in the amount of \$84 million, pursuant to section 502(b) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 3007(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Liquidating Trust seeks to disallow the Claim on the grounds that the Debtors’ books and records do not reflect any sums due and owing the Claimant as of the Petition Date and the Claim otherwise fails to state a valid basis for liability against the Debtors. The Liquidating Trust seeks entry of an order substantially in the form annexed hereto as Exhibit 1 (the “Proposed Order”) granting the requested relief. In support of the Objection, the Liquidating Trust submits the declaration of Teresa Rae Farley, Senior Director of Asset Disposition for the Liquidating Trust (the “Farley Decl.”), attached hereto as Exhibit 2.

PRELIMINARY STATEMENT

1. The Claim, one of the largest remaining unresolved claims pending against the Liquidating Trust, relates to a mortgage loan servicing agreement between a predecessor to GMACM and CTHFA dated July 15, 1987, entitled Connecticut Housing Finance Authority Home Mortgage Servicing Agreement (as amended, (the “Servicing

Agreement”). A copy of the Servicing Agreement is annexed to the Farley Decl. at Exhibit “A”. Each of GMACM and CTHFA concede that the Servicing Agreement in question was terminated several years ago. However, through the date hereof, GMACM has continued to perform its obligations in compliance with the terms of the Servicing Agreement for an existing portfolio of mortgage loans held by CTHFA. Similarly, CTHFA has continued to perform in accordance with the terms of the Servicing Agreement. As explained below, the Servicing Agreement was not assigned to Ocwen Loan Servicing LLC (“Ocwen”) in connection with the Debtors’ sale of their loan servicing platform.

2. CTHFA Claim no. 5853 filed on November 16, 2012, is in the amount of \$1. Box 2 of the claim form identifies the basis of the claim as “indemnification or other breaches under Servicing Agreement.” CTHFA Claim no. 5856 filed on November 16, 2012, asserts an unsecured claim in the face amount of \$84 million and states that this sum is the “loan portfolio under servicing agreement.” Presumably the listed amount refers to the then unpaid principal balance of the loan portfolio. Box 2 of the claim form identifies the bases of the claim as “performance of obligations under servicing contract, including return of portfolio, accounting, remittance of funds and reporting.” The Claim is no doubt protective in nature as CTHFA has made no effort to identify with any specificity, much less quantify, the basis for or the amount of any purported liability. Based on its own investigation, the Liquidating Trust has determined that as of the Petition Date, it is not aware of any pending claims against GMACM under the Servicing Agreement nor any bases that would give rise to any such claims. GMACM believes it serviced the portfolio appropriately under the Servicing Agreement throughout the course of the parties’ long-

standing relationship. Accordingly, for the reasons set forth below, the Claim should be expunged in its entirety.

JURISDICTION, VENUE, AND STATUTORY PREDICATE

3. This Court has jurisdiction over this Objection under 28 U.S.C.

§ 1334. This matter is a core proceeding under 28 U.S.C. § 157(b). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

4. The statutory predicates for the relief requested herein are section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007(a).

BACKGROUND

5. On May 14, 2012, each of the Debtors filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. These Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b).

6. On May 16, 2012, the Court entered an order [Docket No. 96] appointing Kurtzman Carson Consultants LLC (“KCC”) as the notice and claims agent in these Chapter 11 Cases. Among other things, KCC is authorized to (a) receive, maintain, and record and otherwise administer the proofs of claim filed in these Chapter 11 Cases and (b) maintain the official Claims Register for the Debtors (the “Claims Register”).

7. On August 29, 2012, this Court entered the Bar Date Order, which established, among other things, (i) November 9, 2012 at 5:00 p.m. (Prevailing Eastern Time) as the deadline to file proofs of claim by virtually all creditors against the Debtors (the “General Bar Date”) and prescribed the form and manner for filing proofs of claim; and (ii) November 30, 2012 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for

governmental units to file proofs of claim (the “Governmental Bar Date” and, together with the General Bar Date, as applicable, the “Bar Date”). (Bar Date Order ¶¶ 2, 3). On November 7, 2012, the Court entered an order extending the General Bar Date to November 16, 2012 at 5:00 p.m. (Prevailing Eastern Time) [Docket No. 2093]. The Governmental Bar Date was not extended.

8. On March 21, 2013, this Court entered an order approving procedures for the filing of objections to proofs of claim filed in these Chapter 11 Cases [Docket No. 3294] (the “Procedures Order”).

9. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “Confirmation Order”) approving the terms of the Chapter 11 plan, as amended (the “Plan”), filed in these Chapter 11 cases [Docket No. 6065]. On December 17, 2013, the Effective Date (as defined in the Plan) of the Plan occurred [Docket No. 6137].

10. The Plan provides for the creation and implementation of the Liquidating Trust, which, among other things, is “authorized to make distributions and other payments in accordance with the Plan and the Liquidating Trust Agreement” and is responsible for the wind down of the affairs of the Debtors’ estates. See Plan, Art. VI.A-D; see also Confirmation Order ¶ 22. Pursuant to the Confirmation Order and the Plan, the Liquidating Trust was vested with broad authority over the post-confirmation liquidation and distribution of the Debtors’ assets. See generally, Confirmation Order ¶¶ 26, 30, 48; Plan, Art. VI.

11. As required by Article VIII.D. of the Plan, on motion of the plan proponents dated December 5, 2013 [Dkt. No. 6020]; the plan proponents requested that the Court approve the establishment of a Disputed Claims Reserve (as such term is defined in the Plan) for the benefit of holders of unliquidated and unreconciled general unsecured claims (the “DCR Motion”).¹ Pursuant to the DCR Motion, the Plan Proponents established a cumulative reserve for the universe of the claims included within the Disputed Claim Reserve and allocated to the reserve \$84 million on account of the Claim. Pursuant to an order dated December 20, 2013, the Court granted the DCR Motion and established the Disputed Claims Reserve [Dkt. No. 6166].

RELIEF REQUESTED

12. The Liquidating Trust files this Objection, pursuant to Bankruptcy Code section 502(b) and Bankruptcy Rule 3007, and seeks entry of an order, substantially in the form annexed hereto as Exhibit 1, disallowing and expunging the Claim from the Claims Register in its entirety.

OBJECTION

13. A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). If an objection refuting at least one of the claim’s essential allegations is asserted, the claimant has the burden to demonstrate the validity of the claim. See In re Oneida Ltd., 400 B.R. 384, 389 (Bankr. S.D.N.Y. 2009), aff’d sub nom., Peter J. Solomon Co. v. Oneida Ltd., No. 09-CV-2229 (DC), 2010 U.S. Dist. LEXIS

¹ The DCR Motion does not address general unsecured claims filed by Borrowers. Under the Plan, such claims are the obligation of the ResCap Borrower Claims Trust.

6500 (S.D.N.Y. Jan. 22, 2010); In re Residential Capital, LLC, Case No. 12-12020 (MG), 2014 WL 4230550, at *5 (Bankr. S.D.N.Y. June 6, 2014); In re Residential Capital, LLC, Case No. 12-12020 (MG), 2014 WL 1414136, at *5 (Bankr. S.D.N.Y. Apr. 10, 2014); In re Rockefeller Ctr. Props., 272 B.R. 524, 539 (Bankr. S.D.N.Y. 2000), aff'd sub nom., Rockefeller Ctr. Props. (In re Rockefeller Ctr. Props.), 266 B.R. 52 (S.D.N.Y. 2001), aff'd, 46 Fed. Appx. 40 (2d Cir. 2002). The burden of persuasion is on the holder of a proof of claim to establish a valid claim against a debtor. In re Allegheny Int'l, Inc., 954 F.2d 167, 173-74 (3d Cir. 1992); In re Residential Capital, LLC, 2014 WL 1414136, at *5; see also Franklin v. Residential Capital, LLC (In re Residential Capital LLC), Case No. 13-Civ-8317 (PAE), 2014 WL 1760312, at *6 (S.D.N.Y. May 1, 2014); Feinberg v. Bank of N.Y. (In re Feinberg), 442 B.R. 215, 220-22 (Bankr. S.D.N.Y. 2010).

14. Section 502(b)(1) of the Bankruptcy Code provides, in relevant part, that a claim shall not be allowed to the extent that “such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law. . . .” 11 U.S.C. § 502(b)(1).

15. Upon review of the Claim and based on diligence conducted by the Liquidating Trust of GMACM’s loan servicing on behalf of CTHFA, the Liquidating Trust determined that GMACM has no liability to CTHFA on account of the Claim. Accordingly, the Claim should be disallowed and expunged from the Claims Register.

Relationship between Debtors and CTHFA

16. CTHFA was created in 1969 by the Connecticut Legislature as a self-supporting quasi-public housing agency charged with the purpose of expanding affordable housing opportunities for Connecticut’s low- and moderate-income families and

individuals.² According to its website, CTHFA has assisted thousands of Connecticut residents in obtaining low interest loans and housing through financing the creation of thousands of affordable rental units. Id.

17. GMACM and its predecessors enjoyed a long-standing relationship with CTHFA for well over twenty years prior to the Petition Date. Pursuant to agreements between certain of the Debtors and their predecessors in interest and CTHFA, the Debtors facilitated the origination of mortgage loans to Connecticut residents through direct loan purchase agreements with CTHFA. GMACM and its predecessors in interest also serviced loans in the CTHFA portfolio on behalf of CTHFA in accordance with specific servicing agreements and CTHFA's applicable guides in effect from time to time. Farley Decl. at ¶ 8. As of the Petition Date, CTHFA and GMACM were performing under the Servicing Agreement as if it were in effect between the parties. Id. at ¶ 10.

18. GMAC Mortgage Corporation of PA, predecessor-in-interest to GMACM, entered into the Servicing Agreement on July 15, 1987. The Servicing Agreement references a Master Commitment Agreement for Mortgage Purchases dated July 15, 1987 (the "Master Purchase Agreement"). A copy of the Master Purchase Agreement is annexed to the Farley Decl. as Exhibit "B." Under the Master Purchase Agreement, GMACM sold mortgages to CTHFA that either were insured by the Federal Housing Administration, insured through private mortgage insurance or backed by Veterans Administration guarantees. See Exhibit "B" to Farley Decl. at ¶ 2.

² See generally, Connecticut Housing Finance Authority, <http://www.chfa.org> (last visited Dec. 11, 2014).

19. Pursuant to the Servicing Agreement, GMACM agreed to service loans purchased by CTHFA from GMACM or from other lending institutions and referred to and accepted by GMACM (the “CTHFA Loan Portfolio”).

20. For over 20 years, GMACM and CTHFA maintained the loan servicing relationship under the Servicing Agreement. On or about September 18, 2008, GMACM sent CTHFA a written notice purporting to terminate the Servicing Agreement in connection with the termination of the Master Purchase Agreement (the “Termination Letter”). A copy of the Termination Letter furnished by counsel to CTHFA is annexed to the Farley Decl. as Ex. C.³ According to the Termination Letter, the decision to terminate the Master Purchase Agreement and Servicing Agreement was precipitated by an institutional decision to exit the retail mortgage lending business. Farley Decl. at ¶ 12. Section 5.C of the Servicing Agreement permitted GMACM to terminate the agreement on 60-days’ advance notice. See Servicing Agreement ¶ 5.C; Farley Decl. at Ex. A.

21. The Master Purchase Agreement was terminated. Farley Decl. at ¶ 13. However, GMACM continued to service the CTHFA Loan Portfolio. Neither the Debtors nor the Liquidating Trust are aware of any agreement having been executed by the parties by which they memorialized their understanding that GMACM would continue in its role as servicer for the CTHFA Loan Portfolio. Id. Nonetheless, since September 18, 2008, and through the date hereof, both parties have continued to render performance to each other in conformity with the terms of the Servicing Agreement. Id.

³ As described in the Farley Declaration, the existence of the Termination Letter came to light during the course of discussions between counsel to GMACM and CTHFA in November 2012, prior to the hearing to consider approval of the sale of the Debtors’ loan servicing platform to Ocwen.

22. During the course of the relationship and through the Petition Date, GMACM serviced the CTHFA Loan Portfolio in accordance with the standards imposed by the Servicing Agreement and the applicable CTHFA guides in effect from time to time. The servicing of the CTHFA Loan Portfolio was performed in an acceptable manner under the supervision of experienced personnel in an area of the Debtors' servicing group that specialized in negotiated servicing arrangements for third parties. The servicing personnel responsible for CTHFA transactions on a day-to-day basis had a great deal of familiarity with the CTHFA Loan Portfolio and the servicing thereof, and these personnel were managed by experienced servicing personnel. Likewise, CTHFA designated staff served as point persons for the servicing of the CTHFA Loan Portfolio with whom GMACM personnel maintained regular communication on both a formal and informal basis over the course of the relationship. Monthly certificate holder reports were furnished by GMACM to CTHFA which provided updates on the CTHFA Loan Portfolio, and GMACM personnel were available in the event that CTHFA had any questions or concerns. Id. at ¶ 14.

23. As of September 30, 2012, the CTHFA Loan Portfolio serviced by GMACM consisted of approximately 880 residential mortgage loans with a total unpaid principal balance of approximately \$83,981,213.46. As of August 31, 2014, the CTHFA Loan Portfolio consisted of approximately 831 residential mortgage loans with a total unpaid principal balance of approximately \$66,098,235.65. Id. at ¶ 15.

24. GMACM's day-to-day duties under the Servicing Agreement generally involved routine loan servicing functions including submitting monthly remittances to CTHFA of collections, monthly loan level reporting, maintenance of accounts for each mortgage loan, maintenance of escrows, coordinating actions with CTHFA in instances of

mortgagor defaults, including foreclosure actions and assisting foreclosure counsel, and to the extent applicable, recovering insurance proceeds. In return, GMACM received a monthly fee assessed against principal payments and the other fees as set forth in the Servicing Agreement. Id. at ¶ 16. GMACM remained in compliance with the Servicing Agreement in all material respects. Id. For example, GMACM in its role as servicer, continued to make advances for interest, insurance, and taxes for borrowers who were delinquent in satisfying their obligations under their respective mortgage loans. As of August 31, 2014, approximately \$1,784,731.26 of servicing advances are outstanding for which the Liquidating Trust is entitled to reimbursement. Id.

**Efforts to Assume and Assign Servicing Agreement
in Connection with Sale of Servicing Platform**

25. In connection with the Debtors' sale of their loan servicing platform, on June 28, 2012, the Court entered the Sale Procedures Order [Dkt. No. 538]. Among other things, the Sale Procedure Order established and approved procedures for the assumption and assignment of executory contracts, forms of notice and related deadlines. In accordance with the Sales Procedures Order, the Debtors filed a proposed list of contracts to be assumed and assigned in connection with the sale (the "Assigned Contracts List") [See Dkt. No. 924]. The Assigned Contracts List identified certain servicing agreements between GMACM and CTHFA as slated for assignment to the prevailing and approved bidder and listed a zero dollar cure amount for each contract. See Assigned Contracts List at Exhibit 3-A p. 10.

26. On October 30, 2012, CTHFA filed a limited objection to the Sale Motion [Dkt. No. 2006] (the "Limited Objection"). Among other things, CTHFA contended in the Limited Objection that the servicing agreements with CTHFA could not be assigned

to a third party without CTHFA consent. In response to the limited objection, counsel to the Debtors and CTHFA engaged in discussions in an effort to address CTHFA's concerns. Farley Decl. at ¶ 17. Eventually, the parties confirmed that the contracts listed on the Assigned Contracts List were no longer in-force between the parties and the only agreement in issue between the parties was the Servicing Agreement. After engaging in further discussions and exchanging information, the September 2008 Termination Letter came to light. Neither party disputed that the termination notice had been delivered and received, likewise each acknowledged that since the purported termination, both parties continued to perform under the terms of the Servicing Agreement. See Id. at ¶ 17.

27. On November 15, 2012, CTHFA filed a supplement to the Limited Objection (the "Supplement") [Dkt. No. 2185], by which, among other things, CTHFA apprised the Court of the termination of the Servicing Agreement, objected to the Debtors' effort to assume and assign a "terminated contract," and raised further objections to the Debtors' proposed cure. Notably, while the Supplement includes entirely vague and anecdotal references to potential breaches of the Servicing Agreement, the Supplement is devoid of any specific allegation of breaches or potential damages. Instead, CTHFA asserted that all information related to potential breaches of the Servicing Agreement and resulting damages is within the exclusive control of the Debtors. In short, CTHFA asserted that it is incapable of ascertaining any liquidated damages. However, left unsaid in the Supplement is any mention of the detailed reports GMACM had been submitting to CTHFA on a monthly basis and the parties' sound working relationship.

28. Following the filing of the Limited Objection, the parties continued their discussions and engaged counsel to Ocwen in an effort to arrive at mutually acceptable

terms for GMACM's assumption and assignment of the servicing of the CTHFA Loan Portfolio to Ocwen. Farley Decl. at ¶ 18. Despite GMACM's diligent efforts, the parties were unable to come to resolution in advance of the November 20, 2012 hearing to consider approval of the sale of the servicing platform. In advance of the sale hearing, the Debtors elected not to challenge CTHFA's position that the Servicing Agreement had been terminated and did not include the Servicing Agreement on the list of contracts to be assumed and assigned to Ocwen. Each of the Debtors, CTHFA and Ocwen agreed that they would continue their dialogue in an effort to reach acceptable terms for the assignment to Ocwen of the servicing of the CTHFA Loan Portfolio. Although Ocwen indicated that it remained amenable to considering a transaction with CTHFA at that time, Ocwen contended that it was not required to accept an assignment of the servicing for the CTHFA Portfolio given the purported termination of the Servicing Agreement. Id.

29. On November 21, 2012, the Court entered an order (the "Sale Order") approving the sale of the Debtors' mortgage loan servicing and origination platforms to Ocwen pursuant to that certain Asset Purchase Agreement between Ocwen and certain of the Debtors dated November 2, 2012 (as amended from time to time, the "APA"). The sale to Ocwen closed on February 15, 2013. Prior to the closing of the sale, GMACM continued to service the CTHFA Loan Portfolio in accordance with the terms of the Servicing Agreement. Pursuant to the APA, Ocwen and GMACM, among other Debtor parties, entered into a subservicing agreement (the "Ocwen Subservicing Agreement"). Pursuant to the Ocwen Subservicing Agreement, since the closing of the APA, Ocwen has serviced the CTHFA Loan Portfolio (as well as other of the Debtors' servicing rights not assigned to

Ocwen) on behalf of the Debtors and, subsequent to the Plan Effective Date, the Liquidating Trust. Id. at ¶ 19.

30. On December 13, 2012, CTHFA filed a motion for relief from the automatic stay seeking, among other things, recovery of the CTHFA Loan Portfolio [Dkt. No. 2401] (the “Motion for Relief”). On January 14, 2013, GMACM filed a Response and Reservation of Rights with respect to the Motion for Relief [Dkt. No. 2623]. The parties have deferred consideration of the Motion for Relief since the filing thereof.

31. Following the closing of the APA, the Debtors and subsequent to the Plan Effective Date, the Liquidating Trust, and CTHFA, primarily through counsel, attempted to reach an agreement which would have allowed for the transfer of the servicing of the CTHFA Loan Portfolio from GMACM to Ocwen. Farley Decl. at ¶ 20. The Debtors, and the Liquidating Trust, primarily through counsel, working cooperatively with CTHFA, attempted to broker a mutually acceptable transaction with Ocwen governed largely by the terms of the APA. Despite the Debtors’ and Liquidating Trust’s extensive efforts to broker a mutually acceptable deal among GMACM, Ocwen and CTHFA, Ocwen eventually advised that it would not take an assignment of the servicing of the CTHFA Portfolio under any terms. Id.

32. Throughout this entire period—approximately 20 months since the closing of the APA--the CTHFA Loan Portfolio has been serviced under the Subservicing Agreement. The Liquidating Trust has apprised CTHFA that it is prepared to work with CTHFA to implement a service transfer of the CTHFA Loan Portfolio to a third-party servicer or to CTHFA, in accordance with standard procedures and applicable law. In fact, in response to a query from CTHFA, the Liquidating Trust identified a potential servicer.

Id. at ¶ 21. In connection with any service transfer, the Liquidating Trust reserves the right to recover all outstanding advances and other sums that may be due the Liquidation Trust in full.

The Liquidating Trust's Diligence of the Proofs of Claim

33. The \$84 million face amount of CTHFA Claim no. 5856 presumably represents the entire unpaid principal balance of the CTHFA Loan Portfolio either at the Petition Date or as some time closer to the date the claim was filed, i.e., November 16, 2012. In either event, it is simply protective in nature. The Liquidating Trust is not aware of any material claims raised by CTHFA prior to the Petition Date, nor specific facts that would give rise to the existence of any such claims. The Liquidating Trust has made inquiries of Ocwen in its capacity as servicer as to whether it is aware of the existence of any such claims, and similarly, Ocwen has advised the Liquidating Trust that it is not aware of any such claims. The Liquidating Trust does not believe that any act or omission on the part of GMACM would have given rise to material servicing-related claims that accrued prior to the Petition Date. Id. at ¶ 22. On the contrary, prior to the Petition Date, GMACM serviced the CTHFA Loan Portfolio with an appropriate level of care and in accordance with both the Servicing Agreement and its standard and customary practices. See Id. Although not relevant to the Proofs of Claim, the Debtors continued to service the CTHFA Portfolio through the closing of the APA in accordance with their prior practices and standards. Id.

34. CTHFA is provided monthly remittance and complete reporting on the status of the CTHFA Loan Portfolio. CTHFA's possession of that information would allow it to make its own assessment of any claims it may have against the Debtor as of the Petition

Date. It has not done so. To the extent the Court is not prepared to grant the relief requested, the Liquidating Trust reserves the right to take appropriate discovery from CTHFA.

35. As stated, the Liquidating Trust is prepared to work with CTHFA to accomplish a service transfer of the CTHFA Loan Portfolio in an expedient and efficient fashion. In connection with any service transfer, the Liquidating Trust reserves all rights to recover in full all outstanding advances and other sums that may be due the Liquidation Trust.

36. The relief requested will further the Liquidating Trust's ability to fulfill its obligations to its constituents. As outlined above, approximately \$84 million of the Disputed Claims Reserve is attributed to the Claim. Expunging the claim will free up this reserved sum for allocation to holders of allowed claims.

37. Accordingly, for all of the foregoing reasons, the Liquidating Trust respectfully requests that the Claim be expunged in its entirety

NOTICE

The Liquidating Trust has provided notice of this Objection in accordance with the Case Management Procedures Order, approved by this Court on May 23, 2012 [Docket No. 141] and the Procedures Order.

CONCLUSION

WHEREFORE, the Liquidating Trust respectfully requests entry of the Proposed Order granting the relief requested herein and such other and further relief as this Court may deem proper.

Dated: December 16, 2014
New York, New York

/s/ Norman S. Rosenbaum

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Counsel for the ResCap Liquidating Trust

Exhibit 1

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
-----)	

**ORDER SUSTAINING RESCAP LIQUIDATING TRUST'S
OBJECTION TO PROOFS OF CLAIM NOS. 5853 AND 5856
FILED BY CONNECTICUT HOUSING FINANCE AUTHORITY**

Upon the objection, dated December 16, 2014 [Docket No. ____] (the “**Objection**”)¹, of the ResCap Liquidating Trust (the “**Liquidating Trust**”) established pursuant to the terms of the Chapter 11 plan confirmed in the above captioned bankruptcy cases (the “**Chapter 11 Cases**”) [Docket No. 6065], as successor in interest to the above captioned debtors (collectively, the “**Debtors**”), to Proofs of Claim Numbers 5853 and 5856 (the “**Proofs of Claim**”) filed by Connecticut Housing Finance Authority (“**CTHFA**” or the “**Claimant**”), seeking entry of an order (the “**Order**”) pursuant to section 502(b) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 3007(a) of the Federal Rules of Bankruptcy Procedure, disallowing and expunging the Proofs of Claim on the grounds that the Debtors’ books and records do not reflect any sums due and owing the Claimant as of the Petition Date and the Claims otherwise fail to state a valid basis for liability against the Debtors, all as more fully set forth in the Objection; and the Court having jurisdiction to consider the Objection and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Objection.

157(b); and venue being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Objection having been provided; and upon consideration of the Objection, the *Declaration of Teresa Rae Farley in Support of the ResCap Liquidating Trust's Objection to Proofs of Claim Nos. 5853 and 5856 Filed by Connecticut Housing Finance Authority*; and the Court having found and determined that the relief requested in the Objection is in the best interests of the Liquidating Trust, the Liquidating Trust's beneficiaries, and all parties in interest; and the Court having found and determined that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the relief requested in the Objection is sustained to the extent provided herein; and it is further

ORDERED that, pursuant to section 502(b) of the Bankruptcy Code, the Proofs of Claim are hereby disallowed and expunged in their entirety with prejudice; and it is further

ORDERED that Kurtzman Carson Consultants LLC, the Debtors' claims and noticing agent, is directed to disallow and expunge the Proofs of Claim so that they are no longer maintained on the Debtors' Claims Register; and it is further

ORDERED that the Liquidating Trust is authorized and empowered to take all actions as may be necessary and appropriate to implement the terms of this Order; and it is further

ORDERED that notice of the Objection as provided therein shall be deemed good and sufficient notice of such objection, and the requirements of Bankruptcy Rule 3007(a), the Case Management Procedures entered on May 23, 2012 [Docket No. 141], the Claims

Procedures Order [Docket No. 3294], and the Local Bankruptcy Rules of this Court are satisfied by such notice; and it is further

ORDERED that this Order shall be a final order with respect to the Proofs of Claim; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: February __, 2015
New York, New York

THE HONORABLE MARTIN GLENN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 2

Farley Declaration

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
-----)	

**DECLARATION OF TERESA RAE FARLEY IN SUPPORT OF THE RESCAP
LIQUIDATING TRUST'S OBJECTION TO PROOFS OF CLAIM NOS. 5853 AND 5856
FILED BY CONNECTICUT HOUSING FINANCE AUTHORITY**

I, Teresa Rae Farley, hereby declare as follows:

1. I am the Senior Director of Asset Disposition for The ResCap Liquidating Trust (the "Liquidating Trust"), and previously served as the Senior Director of Asset Disposition for Residential Capital, LLC ("ResCap"), a limited liability company organized under the laws of the state of Delaware and the parent of the other debtors in the above-captioned Chapter 11 Cases (collectively, the "Debtors"). I was employed by ResCap at almost all times since 2008, either as a consultant or an employee. In November 2012, I became a full time employee. I assumed my current position with the Liquidating Trust as of Plan Effective Date.

2. I am authorized to submit this declaration (the "Declaration") in support of *The ResCap Liquidating Trust's Objection To Proofs of Claim Nos. 5853 and 5856 Filed by Connecticut Housing Finance Authority* (the "Objection").¹

3. I have more than 25 years of corporate finance and mortgage-related work experience. I began my career as an associate in the Corporate Department at Dorsey & Whitney, after graduating from law school at the University of Minnesota in 1985.

¹ Defined terms used but not defined herein shall have the meanings ascribed to such terms in the Objection.

4. In 1989, I joined Residential Funding Corporation and rose to the level of Managing Director. In that role, among other things, I led the Structured Finance/Securitization, Investor Relations, and portions of the Master Servicing Groups and participated on various board committees. I left Residential Funding Corporation in 2000 and, until late 2007, I worked in key executive positions for various major financial institutions, including Merrill Lynch and Credit Suisse First Boston, in corporate finance and mortgage-related businesses.

5. In 2008, I was engaged by ResCap as a consultant. My duties included, among others, working with senior management on treasury and liquidity strategies, including negotiating, implementing and managing a bond exchange, various funding facilities and various other sale and international tax strategies, managing treasury and compliance, and working with various operations and servicing groups. In my capacities as an employee of and consultant for the Debtors, I became generally familiar with the Debtors' various loan servicing functions, including applicable standards, servicing processes, reporting and quality control.

6. During the administration of the Chapter 11 cases, I was responsible for, among other matters, asset dispositions, including the management and liquidation of certain non-debtor entities. In addition, after the sale of the servicing platform to Ocwen on February 15, 2013, I had primary responsibility for addressing objections and issues raised by several counter-parties to the mortgage loan servicing agreements that were the subject of the sale, including efforts to resolve matters that remained outstanding following the closing of the sale. Specifically, I managed the Debtors' and Liquidating Trusts' sustained effort to resolve the assignment of the servicing of the CTHFA Loan Portfolio.

7. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors' operations and finances, information learned

from my review of relevant documents and information I have received through my discussions with other former members of the Debtors' management and the Liquidating Trust and with associates of Ocwen. I have reviewed and analyzed the Claim filed by CTHFA and the related documentation and am familiar with the Debtors' and Liquidating Trust's relationship with CTHFA. If I were called upon to testify, I could and would testify competently to the facts set forth herein in on that basis.

Relationship between Debtors and CTHFA

8. I understand that GMACM had a long-standing relationship with CTHFA that spanned over 20 years prior to the Petition Date. Pursuant to agreements between certain of the Debtors and their predecessors in interest and CTHFA, the Debtors facilitated the origination of mortgage loans to Connecticut residents through direct loan purchase agreements with CTHFA. GMACM and its predecessors in interest also serviced loans in the CTHFA portfolio on behalf of CTHFA in accordance with specific servicing agreements and CTHFA's applicable guides in effect from time to time.

9. A predecessor-in-interest to GMACM, GMAC Mortgage Corporation of PA, and CTHFA are parties to a loan servicing dated July 15, 1987, entitled Connecticut Housing Finance Authority Home Mortgage Servicing Agreement (the "Servicing Agreement"). A copy of the Servicing Agreement is annexed here as Exhibit "A". The Servicing Agreement references a Master Commitment Agreement for Mortgage Purchases (the "Master Purchase Agreement"). A copy of the Master Purchase Agreement dated July 15, 1987 is annexed hereto as Exhibit "B." Under the Master Purchase Agreement, GMACM sold mortgages to CTHFA that either were insured by the Federal Housing Administration, insured through private mortgage insurance or backed by Veterans Administration guarantees.

10. As of the Petition Date, CTHFA and GMACM were performing under the Servicing Agreement as if it was in effect between the parties.

11. Pursuant to the Servicing Agreement, GMACM agreed to service loans purchased by CTHFA from GMACM or from other lending institutions and referred to and accepted by GMACM (the "CTHFA Loan Portfolio").

12. I understand that in connection with discussions between outside counsel to the Debtors and GMACM that took place in November of 2012, counsel to CTHFA furnished the Debtors' counsel with a copy of correspondence dated September 18, 2008, from GMACM to CTHFA, which purported to terminate the Servicing Agreement in connection with the termination of the Master Purchase Agreement (the "Termination Letter"). A copy of the Termination Letter furnished by counsel to CTHFA is annexed hereto as Exhibit C. The Termination Letter states that the decision to terminate the Master Purchase Agreement and Servicing Agreement was precipitated by an institutional decision to exit the retail mortgage lending business. Section 5.C of the Servicing Agreement permitted GMACM to terminate the agreement on 60-days' advance notice. See Servicing Agreement at ¶ 5.C.

13. The Master Purchase Agreement was terminated. However, GMACM continued to service the CTHFA Loan Portfolio. Neither the Debtors nor the Liquidating Trust are aware of any written agreement among the parties by which they memorialized their understanding that GMACM would continue in its role as servicer for the CTHFA Loan Portfolio. Notwithstanding, since September 18, 2008, and through the date hereof, both parties have continued to render performance to each other in conformity with the terms of the Servicing Agreement.

14. During the course of the relationship and through the Petition Date, GMACM serviced the CTHFA Loan Portfolio in accordance with the standards imposed by the Servicing Agreement and the applicable CTHFA guides. The servicing was performed in an acceptable manner. I understand that the Debtors serviced the CTHFA Loan Portfolio under the supervision of experienced personnel in an area of their servicing group that specialized in negotiated servicing arrangements for third parties. The servicing personnel responsible for CTHFA transactions on a day-to-day basis had a great deal of familiarity with the CTHFA Loan Portfolio and the servicing thereof, and these personnel were managed by experienced servicing personnel. Likewise, CTHFA designated staff served as point persons for the servicing of the CTHFA Loan Portfolio with whom GMACM personnel maintained regular communication on both a formal and informal basis over the course of the relationship. Monthly certificate holder reports were furnished by GMACM to CTHFA which provided updates on the CTHFA Loan Portfolio, and GMACM personnel were available in the event that CTHFA had any questions or concerns.

15. As of September 30, 2012, the CTHFA Loan Portfolio serviced by GMACM consisted of approximately 880 residential mortgage loans with a total unpaid principal balance of approximately \$83,981,213.46. As of August 31, 2014, the CTHFA Loan Portfolio consisted of approximately 831 residential mortgage loans with a total unpaid principal balance as of August 31, 2014, of approximately \$66,098,235.65.

16. GMACM's day-to-day duties under the Servicing Agreement generally involved routine loan servicing functions including collecting payments from borrowers, submitting monthly remittances to CTHFA of collections, monthly loan level reporting, maintenance of accounts for each mortgage loan, maintenance of escrows, managing collections

for delinquent accounts, coordinating actions with CTHFA in instances of mortgagor defaults, including foreclosure actions and assisting foreclosure counsel, and to the extent applicable, recovering insurance proceeds. In return, GMACM received a monthly fee assessed against principal payments and other fees as set forth in the Servicing Agreement. GMACM also remained in compliance with the Servicing Agreement in all material respects. For example, GMACM in its role as servicer continued to make advances for interest, insurance, and taxes for borrowers who were delinquent in satisfying their obligations under their respective mortgage loans. As of August 31, 2014, approximately \$1,784,731.26 of servicing advances are outstanding for which the Liquidating Trust is entitled to reimbursement.

**Efforts to Assume and Assign Servicing Agreement
in Connection with Sale of Servicing Platform**

17. In response to the Limited Objection filed by CTHFA to the Sale Motion, counsel to the Debtors and CTHFA engaged in discussions in an effort to understand and address CTHFA's concerns. Eventually, the parties confirmed that the contracts listed on the Assigned Contracts List were no longer in-force between the parties and the only agreement in issue was the Servicing Agreement. After engaging in further discussions and exchange of information, the September 2008 Termination Letter came to light. Neither party disputed that the termination notice has been delivered and received, likewise each acknowledged that since the purported termination, both parties continued to perform in conformity with the terms of the Servicing Agreement.

18. Following the filing of the Limited Objection, the parties continued their discussions and engaged counsel to Ocwen in an effort to arrive at mutually acceptable terms for GMACM's assumption and assignment of the servicing of the CTHFA Loan Portfolio to Ocwen

in accordance with the APA. Despite GMACM's diligent efforts, the parties were unable to come to resolution in advance of the November 20, 2012 hearing to consider approval of the sale of the Debtors' servicing platform. In advance of the sale hearing, the Debtors elected not to challenge CTHFA's position that the Servicing Agreement had been terminated and did not include the Servicing Agreement on the list of contracts to be assumed and assigned to Ocwen. I was advised that at that time, each of the Debtors, CTHFA and Ocwen agreed that they would continue their dialogue in an effort to reach acceptable terms for the assignment to Ocwen of the servicing of the CTHFA Loan Portfolio. Although it remained amenable to considering a transaction with CTHFA, I understand that Ocwen contended that it was not required to accept an assignment of the CTHFA portfolio given the purported termination of the Servicing Agreement.

19. The sale to Ocwen of the servicing platform closed on February 15, 2013. Prior to the closing of the sale, GMACM continued to service the CTHFA Loan Portfolio in conformity with the terms of the Servicing Agreement. Pursuant to the APA, Ocwen and GMACM, among other Debtor parties, entered into a subservicing agreement (the "Ocwen Subservicing Agreement"). Pursuant to the Ocwen Subservicing Agreement, since the closing of the APA, Ocwen has serviced the CTHFA Loan Portfolio (as well as the Debtors' other servicing rights not assigned to Ocwen) on behalf of the Debtors and, subsequent to the Plan Effective Date, the Liquidating Trust.

20. Following the closing of the APA, the Debtors and subsequent to the Plan Effective Date, the Liquidating Trust, and CTHFA, primarily through counsel, attempted to reach an agreement which would have allowed for the transfer of the servicing of the CTHFA Loan Portfolio from GMACM to Ocwen. The Debtors, and the Liquidating Trust, working

cooperatively with CTHFA (primarily through their respective counsel), attempted to broker a mutually acceptable transaction with Ocwen governed largely by the terms of the APA. The Debtors and the Liquidating Trust made extensive efforts to understand and address the concerns raised by Ocwen and CTHFA and, primarily through counsel, remained in constant communication with the parties over the course of many months. Despite the Debtors' and Liquidating Trust's prolonged efforts to forge a consensus that in the view of the Liquidating Trust would have benefited each of the parties and allowed for the seamless transfer of servicing of the CTHFA Loan Portfolio, after over twenty months of servicing the CTHFA Loan Portfolio, Ocwen declined to acquire the servicing rights (including payment for advances in accordance with the terms of the APA) to the CTHFA Loan Portfolio on any terms.

21. Throughout this entire period—approximately 20 months since the closing of the APA—the CTHFA Loan Portfolio has been serviced under the Subservicing Agreement. The Liquidating Trust has repeatedly apprised CTHFA that it is prepared to work with CTHFA to implement a service transfer of the CTHFA Loan Portfolio to a third-party servicer or to CTHFA, in accordance with standard procedures and applicable law. In fact, in response to a query from CTHFA, the Liquidating Trust identified a potential new servicer.

22. The Liquidating Trust is not aware of any material claims raised by CTHFA prior to the Petition Date, nor specific facts that would give rise to the existence of any such claims. The Liquidating Trust has made inquiries of Ocwen in its capacity as subservicer as to whether it is aware of the existence of any such claims, and similarly, Ocwen has advised the Liquidating Trust that it is not aware of any such claims. The Liquidating Trust does not believe that any act or omission on the part of GMACM would have given rise to material servicing-related claims that accrued prior to the Petition Date. Indeed, prior to the Petition Date,

GMACM serviced the CTHFA Loan Portfolio with an appropriate level of care and in accordance with both the terms set forth in Servicing Agreement and its standard and customary practices. The Debtors continued to service the CTHFA Portfolio through the closing of the APA in accordance with their prior practices and standards.

23. CTHFA is provided monthly remittance and complete reporting on the status of the CTHFA Loan Portfolio.

24. The Liquidating Trust remains prepared to work with CTHFA to accomplish an efficient service transfer of the CTHFA Loan Portfolio in an expedient fashion in exchange for repayment of its advances and interest thereon.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: December 16, 2014

/s/ Teresa Rae Farley
Teresa Rae Farley

Exhibit A to Farley Declaration

CONNECTICUT HOUSING FINANCE AUTHORITY
HOME MORTGAGE SERVICING AGREEMENT

AGREEMENT, made by and between the Connecticut Housing Finance Authority, a public body corporate and politic of the State of Connecticut, (hereafter "CHFA") and GMAC Mortgage Corporation of PA (hereafter "Servicer").

Servicer and CHFA agree as follows:

1. This Agreement shall be subject to applicable provisions of Chapter 134 of the Connecticut General Statutes, as amended, the regulations promulgated thereunder, the CHFA Master Commitment Agreement for Mortgage Purchases, as amended, and the CHFA Home Mortgage Programs Operating Manual, including supplements thereto.

2. Upon the terms and conditions of this Agreement Servicer will service CHFA home mortgages (hereafter "Mortgages") which are currently being serviced by Servicer, or which are purchased by CHFA from Servicer, or which are purchased by CHFA from another lending institution and referred to and accepted by Servicer.

3. Servicing Requirements.

A. Collection and Remittance.

(1) Servicer shall collect all payments due under Mortgages as and when the same shall become due and payable until the interest and principal due thereunder have been paid in full, or servicing duties are terminated as hereafter set forth.

(2) Servicer shall send all remittances by wire transfer or deposit to Connecticut National Bank, Hartford, Connecticut, for credit to CHFA Pledged Account #30697-6, Attn: Bond & Trustee Administration (hereafter "Pledged Account").

(3) Scheduled Payments.

(a) Servicer shall remit to the Pledged Account, to be received on or before 2:00 P.M. on the 15th day of each month, at least 70% of the total amount of scheduled monthly principal and interest payments due on Mortgages as shown on CHFA's Level Payment Billing Report (hereafter "Mid-Month Payment").

Notwithstanding the foregoing, in the event Servicer's actual collections up to and including the 14th day of the month are less than such 70% amount, Servicer need only remit such lesser amount with written indication that such is the case.

(b) Servicer shall remit to the Pledged Account, to be received on or before 2:00 P.M. on the tenth day of the following month, the total amount of scheduled Mortgage payments (exclusive of escrow payments) and Mortgage loan curtailment payments collected through the monthly Servicing Report date (see Section 3.B.(1) below), less the monthly mortgage servicing fee and less the Mid-Month Payment.

(i) Except for Mortgage loan curtailment payments, Servicer shall remit to the Pledged Account only full scheduled monthly principal and interest payments. Partial payments shall not be remitted.

February, 1985

(ii) Curtailment payments on delinquent Mortgage loans shall not be accepted or remitted.

(4) Loan Payoffs.

- (a) Servicer shall remit to the Pledged Account, within four business days after receipt, the amount of any Mortgage loan payoff, together with interest collected, less a pro-rata portion of the monthly mortgage servicing fee.
- (b) Servicer shall mail to CHFA concurrent written notification of each such remittance on a CHFA form and include the following information for each Mortgage loan:

CHFA Loan Number
Mortgagor Name
Paid to Date of Loan Before Payoff
Date of Loan Payoff
Principal Paid
Interest Paid
Servicing Fee
Net Amount Remitted

- (5) Late Remittances. Servicer shall pay a late charge billed by CHFA at CHFA's current earnings rate on temporary investments for the period of lateness for any late remittances under (3) or (4) above.

B. Servicer Reporting.

- (1) Servicer shall cut off its monthly collection and reporting period on the last business day of the month and the Servicing Report must reach CHFA on or before the tenth day of the following month.
- (2) Servicer shall send a monthly Servicing Report, using exception reporting on CHFA forms.
- (3) The monthly Servicing Report shall reconcile on an exception reporting basis the monthly remittance amount to the forecasted amount billed by CHFA, detailing by Mortgage loan the following exception items:

Prepayments
Curtailments
Delinquencies
Payment Reversals
Scheduled Payments on Loan Payoffs or
Foreclosures
Other Adjustments

C. Servicer Loan Accounting.

- (1) Servicer shall maintain accurate outstanding balances on each Mortgage loan.
 - (a) Each scheduled payment, whether collected singly or together with other monthly payments on the same Mortgage loan, shall be applied first to interest and then to principal as if according to a predetermined amortization schedule.
 - (b) Payments and/or delinquencies must not be capitalized into the Mortgage loan balance.

- (2) CHFA shall independently calculate outstanding Mortgage loan balances and periodically furnish them to Servicer. Servicer shall periodically reconcile its Mortgage loan balances with those furnished by CHFA and adjust all its Mortgage loan balances which differ by more than \$1.00 from those maintained by CHFA except in those cases in which Servicer demonstrates that CHFA's loan balance is incorrect.
- D. Separate Account. All funds representing principal and interest collected by Servicer for CHFA shall be held by Servicer in a separate account, or, in the case of a Servicer which is a bank or a savings and loan association, may be accounted for separately on Servicer's books, until remitted to CHFA.
- E. Escrow Responsibilities. Servicer shall escrow for real estate taxes, mortgage insurance premiums and hazard insurance premiums (when hazard insurance premiums are required to be escrowed by the mortgage insurer or guarantor). Servicer shall pay interest on escrow deposits at a rate of not less than four percent (4%) per annum. CHFA does not prohibit reasonable and prudent investment of such escrow funds.
- F. Insurance.
- (1) Servicer, during the terms of the Mortgages, shall require mortgagors to keep in force hazard insurance of a type at least as protective as fire and extended coverage upon the mortgaged properties. Said coverage shall be with insurers licensed to do business in the State of Connecticut, in an amount sufficient to cover the outstanding principal balance of the Mortgage or the full insurable value of the improvements on the mortgaged property, whichever is less. In no event shall the amount of coverage be less than the amount required by the mortgage insurer or guarantor.
- All such policies shall contain a standard mortgagee clause in favor of CHFA. In the case of a mortgaged property subject to multi-unit master hazard insurance coverage where it is impossible to obtain a standard mortgagee clause in favor of CHFA, the Servicer shall notify the insurer of each individual mortgage and obtain a certificate which shows CHFA as a general loss payee. In the event of failure of the mortgagor to maintain such insurance in full force and effect, such insurance shall be maintained by Servicer at the expense of CHFA.
- (2) The physical possession of such policies is not required so long as Servicer maintains mortgage loan impairment insurance naming as an additional named insured "Connecticut Housing Finance Authority and/or its successors and assigns as their interests may appear". In such case, Servicer shall cause a certificate to be furnished to CHFA which verifies such coverage and expressly affirms that ten (10) days' written notice of change or cancellation will be given to CHFA.
- (3) Servicer shall maintain at all times during the existence of this agreement at its own expense an adequate blanket fidelity bond on all employees handling CHFA funds, monies, documents and papers, which bond shall protect Servicer against losses, including but not limited to dishonesty, theft, forgery, larceny, fraud and misappropriation.

G. Inspections. Servicer shall make an inspection of the mortgaged properties in the event of any of the following:

- (1) Loan delinquency of ninety (90) days; or
- (2) Loss claim for damage to the mortgaged property over \$1,000; or
- (3) Receipt of notification or indication of the vacancy, abandonment or deterioration of the mortgaged property.

H. Notification by Servicer. Servicer shall promptly notify CHFA of any of the following which come to Servicer's attention:

- (1) Loss or damage by fire or other hazard to the mortgaged property in excess of \$2,500;
- (2) Sale or transfer of the legal or equitable title to the mortgaged property or any part thereof and the date of the instrument transferring the title thereto;
- (3) Vacancy by the mortgagor continuing for more than one month;
- (4) Abandonment of the mortgaged property; or
- (5) Deterioration or waste of the mortgaged property.

I. Delinquencies and Defaults. Servicer shall maintain a sound, effective collection program adequately staffed by qualified personnel to minimize delinquencies, foreclosures and foreclosure expenses.

Servicer shall take prompt action to collect all sums past due utilizing telephone, notices and letters, field visits and personal interviews, and, shall also act to cure any other mortgage defaults which come to the attention of the Servicer.

Servicer shall assess late charges in accordance with the terms of the Mortgages.

J. 90-Day Delinquencies. Servicer shall:

- (1) report defaults and file foreclosure intent notices with insurers and guarantors as required;
- (2) inspect mortgaged properties, verify owner-occupancy, secure and maintain vacant or abandoned properties as necessary;
- (3) submit individual 90-day default reports to CHFA on CHFA forms summarizing reasons for default, remedial action taken and inspection findings, continuing to report on these loans monthly thereafter until they become current or until foreclosure is initiated; and
- (4) send 30-day demand notices to mortgagors, as required by law, advising them of CHFA's intent to foreclose, and thereafter refuse to accept any payment less than the total arrearage, or, less than one-half the total arrearage under written forbearance agreements signed by the mortgagors. Such forbearance agreements shall not exceed six months.

Any variations to the above procedures must be approved by CHFA's Loan Portfolio Manager.

K. Foreclosures.

- (1) Once a Mortgage becomes 120 days delinquent, or, upon determination by Servicer that a Mortgage is otherwise in default and that it should be foreclosed due to said default, Servicer shall forward a written foreclosure recommendation to CHFA together with a copy of the foreclosure intent notice to insurer/guarantor and a copy of the 30-day demand letter to mortgagor. CHFA will review the recommendation and if in concurrence, will authorize foreclosure proceedings to commence.

(a) CHFA's Foreclosure Responsibilities:

- (i) Designate a foreclosure attorney and issue a written foreclosure order.
- (ii) Promptly notify Servicer by copy of the order.
- (iii) Assist the foreclosure attorney in matters of a legal nature.
- (iv) Consult with Servicer in matters relating to subsequent forbearance, reinstatement, care and management of the security.
- (v) Promptly reimburse Servicer for legal fees and expenses and for Servicer's out-of-pocket expenses reasonably incurred during foreclosure.

(b) Servicer's Foreclosure Responsibilities:

- (i) Pay all taxes and insurance premiums when due and pay any other municipal assessments (including non-escrow items) to avoid prior liens.
 - (ii) Continue to service the Mortgage as required by this Agreement to the extent compatible with mortgage foreclosure proceedings.
 - (iii) Assist the foreclosure attorney by providing all relevant information including delinquent amounts, reinstatement agreements and loan payoff amounts.
 - (iv) Ensure that foreclosure documentation is sent to mortgage insurer or guarantor as required.
 - (v) Preserve CHFA's rights under the terms of mortgage insurance or guarantee conveyance or assignment procedures and comply with documentation requirements.
 - (vi) Maintain insurance coverage and take such steps as are reasonable to protect the mortgaged property from vandalism, deterioration or waste.
 - (vii) Pay all known expenses before submitting claim to insurer or guarantor.
 - (viii) Submit completed claim to insurer or guarantor.
- (2) In the event that the foreclosure action is discontinued, Servicer shall recommence all regular servicing under the terms of this Agreement.

- L. Change of Mortgagee. CHFA may transfer, assign or otherwise dispose of its mortgagee interest in any Mortgage without the consent of Servicer, but in such event, written notice thereof will be mailed to Servicer giving the name and address of any assignee, and until such notice is received by Servicer, CHFA shall for the

purposes of this Agreement continue to be the owner of the Mortgage. Upon notification of the transfer or assignment of any Mortgage, Servicer will remit to CHFA all funds collected on said Mortgage less any servicing fee due to the date of receipt of said notice and thereupon its obligation to service such Mortgage and its right to receive fees and compensation for such servicing shall cease and terminate.

- M. Change of Servicer. CHFA shall have the right to terminate this Agreement as to any Mortgage serviced hereunder and to refer said Mortgage to another Servicer.

Such individual change shall not occur except upon thirty (30) days' written notice to Servicer and, if said change is without cause, the payment of a termination fee to Servicer of one percent (1%) of the outstanding unpaid principal amount of the Mortgage being referred.

- N. Assumptions.

- (1) A Mortgage insured or guaranteed by FHA or VA may be assumed pursuant to applicable federal requirements provided that the Mortgage was originally committed by CHFA prior to January 1, 1982.
- (2) A Mortgage committed by CHFA after January 1, 1982 or a Mortgage insured by a private mortgage insurer, regardless of when committed, may not be assumed without prior written approval from CHFA. Servicer shall promptly notify CHFA in the event that the Servicer becomes aware of any facts or circumstances indicating that a Mortgage may have been assumed without the prior approval of CHFA (e.g., check received from other than the original borrower, change in hazard insurance policy).
- (3) Mortgage assumptions must be carried out in accordance with the requirements of Section 7.4 of the Home Mortgage Programs Operating Manual.

4. Servicer's Compensation.

- A. Servicer shall retain from each complete monthly payment collected a servicing fee at the rate of three-eighths of one percent (3/8%) per annum, computed on the unpaid principal balance prior to the monthly payment.
- B. Servicer shall be entitled to retain all late charges payable and collected under the terms of the Mortgages.
- C. Servicer's right to compensation for servicing a CHFA Mortgage shall cease upon the occurrence of any of the following:
 - (1) prepayment of the Mortgage loan in full;
 - (2) receipt of CHFA's written authorization to commence foreclosure, or to assign the Mortgage to an insurer or guarantor, except as to payments thereafter validly received from the mortgagor by Servicer and remitted to CHFA;
 - (3) acquisition of the mortgaged property by CHFA without foreclosure;

- (4) termination as hereinafter set forth; or
- (5) cessation of duties and obligations under Section 3.L. (Change of Mortgagee) above.

5. Termination.

- A. This Agreement may be terminated by mutual consent.
- B. CHFA shall have the right to terminate this Agreement by notice in writing to Servicer, in the event of any of the following:
 - (1) Servicer fails to perform its obligations hereunder; or
 - (2) Servicer assigns or attempts to assign this Agreement without the approval of CHFA; or
 - (3) Servicer shall initiate or suffer any proceedings of insolvency or reorganization under the Bankruptcy Act, or other federal or state receivership laws or make any common law assignment for the benefit of creditors; or
 - (4) any change in Servicer's financial status which, in CHFA's opinion, materially affects Servicer's ability to provide satisfactory servicing of the Mortgages; or
 - (5) without cause, upon thirty (30) days' written notice to Servicer and the payment of a termination fee to Servicer of one percent (1%) of the aggregate unpaid principal amounts of all Mortgages subject hereto at the time of such termination.
- C. Servicer shall have the right to terminate this Agreement upon sixty (60) days' written notice to CHFA.
- D. If any such event of termination should occur, no interest in this Agreement shall be deemed an asset or liability of Servicer or Servicer's successors or assigns, nor shall any interest in this Agreement pass by operation of law without the consent of CHFA.
- E. From and after the effective date of termination of this Agreement pursuant to any provision hereof, Servicer shall be relieved of further rights and responsibilities in connection with servicing Mortgages. Servicer forthwith upon such termination shall promptly:
 - (1) pay to CHFA all monies collected and held by it, less any servicing fees to which it is entitled, pursuant to this Agreement or pursuant to any Agreement or letter of arrangement relating to the Mortgages,
 - (2) deliver to CHFA all Mortgage loan documents, insurance policies, and records in connection therewith, and
 - (3) deliver to CHFA a full accounting, including a statement showing the monthly payments collected by it and a statement of monies held in trust by it for the payment of maintenance or other charges with respect to Mortgages.

6. Duration of Agreement. Unless sooner terminated as herein provided or by mutual agreement, this Agreement shall continue from the date hereof until the principal and interest of all Mortgages are paid in full and remitted to CHFA.

7. Warranties of the Servicer. As to each Mortgage originated by Servicer and retained under this Agreement for servicing, the warranties and covenants of the CHFA Master Commitment Agreement for Mortgage Purchases are hereby incorporated by reference.

8. Compliance With Applicable Laws. Servicer shall be in compliance with all requirements of all federal and state laws, rules and regulations applicable to CHFA Mortgages.

9. Agency.

A. No Implied Agency. Servicer is not an agent or partner of CHFA and has no authority and is intended to have no power to waive or vary the terms of any Mortgage or in any other respect create, extinguish or modify any right, obligation or liability of CHFA to any person whatsoever, except as such rights, obligations or liabilities of CHFA may incidentally be affected by the discharge by Servicer of its contractual obligations to CHFA hereunder.

B. Limited Agency.

- (1) Servicer, on behalf of CHFA, may endorse insurance checks for any amount up to \$2,500 without prior approval of CHFA.
- (2) Servicer, on behalf of CHFA, may submit claims to FHA, VA or private mortgage insurers.
- (3) This limited agency is specifically granted for purposes of this Section 9.B. and for no other purpose.

10. Waiver. Except as permitted under Section 3.J.(4), Servicer will not waive or allow any mortgagor to postpone compliance with any terms or provisions of any Mortgage. Servicer may receive and accept any payments made by a mortgagor in whole or in part on account of any default in the Mortgage obligations of such Mortgage until the principal indebtedness has been declared due, or until written notice is received from CHFA that no payments are to be received or accepted following a default in the Mortgage obligations.

11. Indemnification by Servicer. Servicer hereby agrees that it shall indemnify CHFA and hold CHFA harmless against any and all losses, damages, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that CHFA may sustain as a result of any failure on the part of Servicer to perform its services and duties under this Agreement and documents therein incorporated.

12. Examination of Accounts and Mortgage Records. Servicer shall permit any designated employee or representative of CHFA, at any reasonable time during regular business hours, to examine and make audits of any of the accounts, Mortgage records and procedures of Servicer under the provisions of this Agreement and to reproduce and make copies of such items.

13. Prior Agreements. This Agreement supersedes any prior agreements and understandings between CHFA and Servicer governing the servicing of Mortgages by Servicer for CHFA; provided, however, that the provisions of this paragraph shall not operate to release Servicer from any responsibility or liability that may have arisen under such agreements and understandings.

14. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions.

15. Assignment. This Agreement shall not be assigned, whether by operation of law or otherwise, by Servicer or its successors or assigns without the written consent of CHFA.

16. Notices. All notices from Servicer to CHFA shall be sent by mail addressed to Loan Portfolio Manager, Connecticut Housing Finance Authority, 40 Cold Spring Road, Rocky Hill, Connecticut 06067, and all notices from CHFA to Servicer shall be sent by mail addressed to Servicer at the address herein specified unless another address is designated in writing by Servicer.

17. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

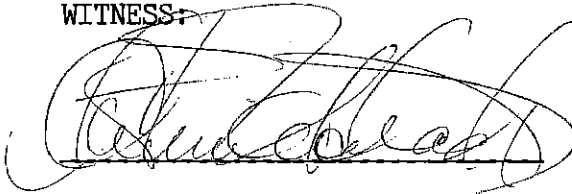
IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by its duly authorized officer and their seals to be affixed this 15 day of July, 1987.

GMAC Mortgage Corporation of PA
SERVICER (Type Name)

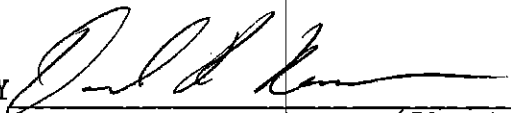
10 Commerce Park Road
ADDRESS (Type Address)

Milford, CT 06460

WITNESS:



BY

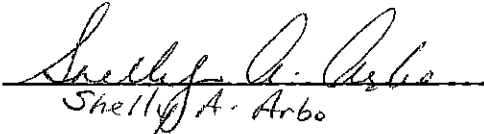


(Signature)

Its Vice President

(Title)

WITNESS:


Shelly A. Arbo

BY



OREST T. DUBNO

Its: Executive Director

Exhibit B to Farley Declaration

CONNECTICUT HOUSING FINANCE AUTHORITY

MASTER COMMITMENT AGREEMENT
FOR
MORTGAGE PURCHASES

AGREEMENT, made by and between the Connecticut Housing Finance Authority, a public body corporate and politic of the State of Connecticut, (hereafter "CHFA") and GMAC Mortgage Corporation of PA (hereafter "Participating Lender").

Participating Lender and CHFA agree as follows:

1. This Agreement shall be subject to the provisions of Chapter 134 of the Connecticut General Statutes, as now or hereafter amended, the regulations promulgated thereunder, and the requirements and guidelines established by CHFA as contained in the CHFA Home Mortgage Programs Operating Manual. The term "Manual" as used herein shall be construed to mean the CHFA Home Mortgage Programs Operating Manual and all memoranda and bulletins issued and delivered to the Participating Lenders participating in the mortgage programs offered by CHFA.
2. Participating Lender may from time to time submit mortgages for purchase by CHFA, provided such mortgages are insured by the Federal Housing Administration (hereafter "FHA") or by a private mortgage insurer (hereafter "PMI") or guaranteed by the Veterans Administration (hereafter "VA") and have been committed for purchase by CHFA.
3. Mortgages submitted by Participating Lender for sale to CHFA shall be originated in accordance with the CHFA rules and regulations in force on the date of the written Commitment for Mortgage Purchase (hereafter "Commitment").
4. CHFA's Commitment shall expire on the termination date recited in the Commitment (no earlier than ninety (90) days after issuance) and shall be subject to the terms and conditions of this Agreement. In the event a Participating Lender shall fail to submit the mortgage for purchase before the termination of the Commitment, CHFA thereafter shall have no obligation whatsoever to purchase the mortgage, unless an extension of the termination date has been requested by the Participating Lender and approved by CHFA.
5. The purchase price of a mortgage shall be equal to the outstanding principal balance of the mortgage without any adjustment for interest. Mortgage loans shall be purchased by CHFA pursuant to Section 7 of the Manual. Participating Lender shall not offer any mortgage to CHFA for purchase prior to loan closing.
6. Participating Lender shall be fully liable for all warranties and representations made to CHFA hereunder by it or any person, firm, or corporation acting on its behalf, in accepting and reviewing the application for or the making of any mortgage sold to CHFA.
7. CHFA reserves the right to require repurchase of any mortgage submitted by Participating Lender if Participating Lender is not in full compliance with the terms, covenants and conditions of this Agreement, if any warranty or representation is untrue with respect to the mortgage, if the mortgage does not qualify as a mortgage loan of the CHFA Home Mortgage Purchase Program in accordance with the Manual, if the borrower or the dwelling is not fully qualified as an Eligible Borrower or an Eligible Dwelling in accordance with federal and state laws rules and regulations in effect at the time, or if Participating Lender is in breach of any other agreement between CHFA and Participating Lender (hereafter "Repurchase").

February, 1985

Connecticut Housing Finance Authority
40 Cold Spring Road
Rocky Hill, CT 06067

8. CHFA shall incur no obligation to purchase a mortgage submitted to it by Participating Lender by virtue of the fact that a Participating Lender has recorded an assignment of said mortgage to CHFA. In the event CHFA requires Repurchase of a mortgage for which an assignment has been recorded, CHFA shall execute another assignment of the mortgage to Participating Lender to be recorded by Participating Lender at its cost.

9. As to each mortgage submitted to CHFA for purchase, Participating Lender warrants, represents and agrees that as of the date of closing:

- a. The mortgage was duly executed, acknowledged, delivered and recorded, and an assignment of the mortgage deed to CHFA was duly executed, acknowledged, delivered and recorded.
- b. The mortgage is a valid first lien on the mortgaged premises (subject only to the exceptions set forth in paragraph 9.g hereof); the mortgaged premises are free and clear of all liens prior to the first lien of the mortgage and no rights are outstanding that could give rise to such liens, subject only to liens for taxes and special assessments not yet due and payable; the mortgage and note secured thereby are legal, valid, and binding obligations of the mortgagor enforceable in accordance with their terms and conditions, and free from any right of set off, counterclaim or other claim or defense; neither the mortgage deed or note is in default; no part of the mortgaged premises has been released from the mortgage; the terms of the mortgage have not been modified, amended, or in any way waived or changed; and, if a valid first lien is required on any equipment or items of personal property by the VA, FHA, or PMI, such lien has been perfected.
- c. The full principal amount of the mortgage has been advanced to the mortgagor or advanced in accordance with the direction of the mortgagor; the mortgagor has no option under the mortgage to borrow from Participating Lender, or any other person, additional funds to be secured by the mortgage without the consent of Participating Lender; and the outstanding balance is as represented by Participating Lender to CHFA, and is fully secured by the mortgage.
- d. The mortgage was closed in accordance with the Manual requirements and with the applicable VA, FHA or PMI requirements for guaranty or insurance of said mortgage loan.
- e. All requirements of federal and state law, and rules or regulations applicable to the mortgage and the mortgage loan transaction, including without limitation, Section 103A of the Internal Revenue Code of 1954, as amended, the Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Home Mortgage Disclosure Act, and related acts now or hereafter enacted, have been fully complied with; no such laws, rules or regulations promulgated thereunder are in any way violated by the mortgage loan transaction; and any right of rescission in relation to the mortgage under such laws, rules or regulations has been disclosed to the mortgagor and has expired. Participating Lender shall deliver to CHFA with the mortgage such assurances and information, including, without limitation, copies of application forms and loan documents, as CHFA may reasonably require with respect to Participating Lender's compliance with regard to the above laws, rules and regulations.
- f. Participating Lender is the sole owner of the mortgage; it has full legal authority to, has duly taken all corporate action necessary to, and has obtained any consents required to sell, transfer, and assign the mortgage to CHFA free and clear of all claims or encumbrances of any type except as provided in paragraph 9.g hereof.

- g. The mortgaged premises are covered by a mortgagee's title insurance policy in an amount at least equal to the outstanding principal balance of the mortgage, and which names CHFA as the insured in the following manner: Participating Lender and "Connecticut Housing Finance Authority and/or its successors and assigns as their interest may appear." The policy shall be on a form consistent with the standard form of the American Land Title Association and the premiums for the policy shall be fully paid.

Said title insurance policy is not subject to any exceptions other than those exceptions which have been previously approved by CHFA which do not detract from the value of, interfere with the intended use of, or affect the marketability of the mortgage or the mortgaged premises, unless otherwise waived by CHFA. All reservations, restrictions, covenants, rights of way, leases, and other encumbrances, when applicable, must be identified by recording date reference and the policy must state affirmatively that said restrictions and covenants have not been violated and that such restrictions and covenants do not provide for forfeiture or reversion of title.

- h. There is in full force and effect insurance on the mortgaged premises against fire and other risks, including flood hazard insurance where required, issued by insurers acceptable to CHFA, containing proper mortgagee clauses, and meeting all requirements as set forth in the Manual.
- i. On the date of closing, there is of record no proceeding for condemnation of all or any part of the mortgaged premises. For PMI-insured loans: that the mortgaged premises are in good condition, not damaged by fire, windstorm, or other casualty, and expected to be suitable for occupancy as a principal residence as of the date of the Participating Lender's appraisal. The credit standing of the mortgagor has been verified in accordance with normal banking practices.
- j. The warranties and representations contained in or made pursuant to this Agreement with respect to the mortgage shall survive payment by CHFA of the purchase price therefor. No review of any documents or of any other matter relating to the mortgage made by or on behalf of CHFA shall be construed in any way to waive, modify or qualify said warranties and representations.

10. CHFA reserves the right to require Repurchase of any mortgage in connection with which CHFA in its sole discretion determines that there has been a failure to comply with Section 103A of the Internal Revenue Code, as amended, and rulings and regulations thereunder and such other applicable laws, rules and regulations with respect to the mortgage loan, without regard to whether the Participating Lender may be at fault.

11. Participating Lender warrants and guarantees that the following original documents, in addition to such other documents as CHFA may reasonably require, will be delivered to CHFA within 120 days after the date of the loan closing unless prevented by circumstances beyond the Participating Lender's control, in which event, upon notice to CHFA, Participating Lender shall deliver the same as soon as possible:

- a. Promissory Note
- b. Mortgage Deed with CHFA Uniform Mortgage Rider
- c. Veteran's Statement re: due-on-sale for VA-guaranteed loans
- d. Assignment of Mortgage
- e. Title Insurance Policy
- f. Certificate of Mortgage Insurance or Guaranty
- g. Certificate of Occupancy, if applicable
- h. Hazard Insurance Certificate
- i. HUD Form 1, loan settlement statement
- j. CHFA Owner-Occupancy Certificate
- k. Borrower Affidavit
- l. Participating Lender Mortgage Loan Closing Certificate
- m. Participating Lender Mortgage Loan Post-Closing Certificate
- n. CHFA conditions satisfied, if applicable

12. Escrow funds held by the Participating Lender for taxes, insurance premiums, and other charges and for on-site and off-site improvements shall be retained and administered by the Participating Lender on behalf of CHFA if the Participating Lender is the mortgage servicer, in accordance with the requirements of the CHFA Home Mortgage Servicing Agreement and all applicable laws, rules and regulations; or, if Participating Lender is not the mortgage servicer, said funds shall be transferred to another servicer, at the direction of CHFA.

13. CHFA, at its sole option, may elect to purchase mortgages only after the original documents listed in paragraph 11 of this Agreement have been received and approved by CHFA. In the event of such a purchase, the purchase price of a mortgage shall be computed as of the end of the day immediately preceding the date of the acceptance of the mortgage by CHFA, which is the date that the purchase price is disbursed to the Participating Lender, and shall be equal to the outstanding principal balance of the mortgage, increased by the amount of any interest on said principal balance which is accrued and unpaid, and decreased by the amount of any interest which shall have been prepaid.

14. Participating Lender agrees that if it breaches any term, covenant or condition of this Agreement, or if any warranty or representation made by Participating Lender or the mortgagor is untrue in any material respect with respect to any mortgage purchased by CHFA, CHFA may at its option and in its sole discretion, require Participating Lender to Repurchase such mortgage, without regard as to whether Participating Lender may be at fault. In that event, Participating Lender shall indemnify CHFA and hold it harmless for any loss, damage, expenses or attorney's fees that CHFA may sustain as a result of such breach. The Repurchase price of any mortgage shall be computed as of the day immediately preceding the date of Repurchase and shall be equal to the outstanding principal balance of the mortgage, increased by the amount of any accrued and unpaid interest on said balance and decreased by the amount of any interest which shall have been prepaid. Upon any Repurchase, CHFA shall deliver and return to the Participating Lender all documents delivered to CHFA by Participating Lender in connection with the sale, including the note, endorsed to the Participating Lender without recourse, and a proper assignment of mortgage.

15. The Participating Lender shall permit CHFA to inspect all records of the Participating Lender which pertain to the CHFA Home Mortgage Purchase Program.

16. All expenses necessary to the closing of a mortgage and incurred by the Participating Lender in respect thereof shall be the responsibility of the Participating Lender.

17. The Participating Lender agrees and warrants that in the performance of this Agreement it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, creed, national origin and ancestry, religion, sex, marital status, or physical or mental disability, or in any manner prohibited by the laws of the United States or the State of Connecticut. CHFA may not require a Repurchase for the violation of this paragraph 17.

18. This Agreement and Participating Lender's rights herein may not be assigned without the express written consent of CHFA.

19. No person (or any related person as defined in Section 103(c)(6)(C) of the Internal Revenue Code of 1954, as amended) from whom the Authority may acquire mortgage loans shall, pursuant to any

arrangement, formal or informal, purchase bonds or any other obligations effected by CHFA in an amount related to the principal amount of mortgage loans to be acquired from such person by CHFA.

20. CHFA and the Participating Lender shall each have the right to terminate this Agreement upon at least thirty (30) days' written notice to the other. Such a termination shall not affect loan commitments or loan funds reserved prior to the expiration of said notice period.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by its duly authorized officer and their seals to be affixed this 15 day of July, 1985.

GMAC Mortgage Corporation of PA
PARTICIPATING LENDER (Type Name)

10 Commerce Park Road
ADDRESS (Type Address)

WITNESS:

Milford, CT 06460

BY

Its Vice President

(Signature)

(Title)

WITNESS:

Connecticut Housing Finance Authority

BY

OREST T. DUBNO

Its: Executive Director

CONNECTICUT HOUSING FINANCE AUTHORITY

OREST T. DUBNO
Executive Director

July 13, 1988

Dear Participating Lender:

Changes in federal tax law, as well as the recent adoption of the CHFA mortgage insurance program, have made it necessary to make certain modifications to the Master Commitment Agreement for Mortgage Purchases and to the Home Mortgage Servicing Agreement. These modifications will be accomplished by your signing this letter in the space indicated and returning it to CHFA. Both Agreements shall remain in full force and effect and unmodified except as explicitly set forth herein.

1. Changes to the Master Commitment Agreement for Mortgage Purchases

- a. Numbered paragraph 2 on page 1 is changed, in relevant part, from "...or by a private mortgage insurer (hereafter "PMI") or guaranteed by the Veterans Administration..." to "...or by a private mortgage insurer (hereafter "PMI") or by the CHFA mortgage insurance program or guaranteed by the Veterans Administration..."
- b. Numbered paragraph 9(b) on page 2 is changed, in relevant part, from "...or items of personal property by the VA, FHA, or PMI, such lien has been perfected." to "...or items of personal property by the VA, FHA, the CHFA mortgage insurance program, or PMI, such lien has been perfected."
- c. Numbered paragraph 9(d) on page 2 is changed, in relevant part, from "...with the applicable VA, FHA, or PMI requirements..." to "...with the applicable VA, FHA, CHFA, or PMI requirements..."
- d. Numbered paragraph 9(e) on page 2 is changed, in relevant part, from "...including without limitation, Section 103A of the Internal Revenue Code of 1954, as amended, the Truth-in-Lending Act..." to "...including without limitation, relevant sections of the Internal Revenue Code of 1986, as amended, the Truth-in-Lending Act..."
- e. Numbered paragraph 9(i) on page 3 is changed, in relevant part, from "...For PMI-insured loans: that the mortgaged premises..." to "...For PMI or CHFA-insured loans: that the mortgaged premises..."

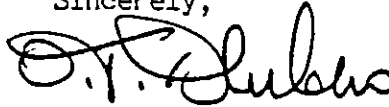


Participating Lender

Page 2.

- f. Numbered paragraph 10 on page 3 is changed, in relevant part, from "...a failure to comply with Section 103A of the Internal Revenue Code, as amended..." to "...a failure to comply with applicable sections of the Internal Revenue Code of 1986, as amended..."
 - g. Numbered paragraph 19 on page 4 is changed, in relevant part, from "...as defined in Section 103(c)(b)(c) of the Internal Revenue Code of 1954, as amended..." to "...as defined in any applicable section of the Internal Revenue Code of 1986, as amended..."
2. Change to the Home Mortgage Servicing Agreement Paragraph (e) on page 3 is changed, in relevant part from "...at a rate of not less than four percent (4%) per annum..." to "...at a rate not less than the minimum set forth in applicable statutes or regulations..."

Sincerely,



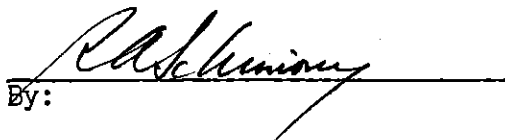
O. T. Dubno

OTD:PR:djh

Accepted
Date:

8/9/88

By:



GMAC MORTGAGE CORP. of PA.
Participating Lender and/or
Servicer Name

**AMENDMENT TO MASTER COMMITMENT
AGREEMENT FOR MORTGAGE PURCHASES**

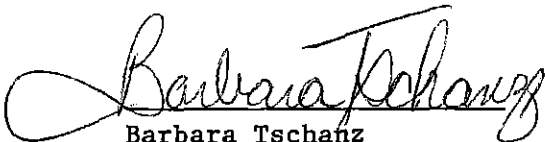
The Master Commitment Agreement for Mortgage Purchases by and between the Connecticut Housing Finance Authority, a quasi-public agency of the State of Connecticut ("CHFA"), and GMAC Mortgage Corporation ("Participating Lender"), in regard to CHFA's Home Mortgage Program, is amended as follows:

1. After each loan closing, Participating Lender shall provide CHFA (or its designee) with those loan closing documents as required by the Manual. If Participating Lender is not a CHFA mortgage servicer, it shall provide the remainder of the loan closing documents (not provided to CHFA) to a master servicer as specified by CHFA.
2. If Participating Lender is a mortgage servicer of CHFA home mortgage loans, Participating Lender shall retain in its files those loan closing documents, as required by the Manual, not provided to CHFA. Participating Lender shall retain said documents in accordance with the "Required Minimum Standards for Public Records Storage Facilities" of the Connecticut State Library Office of the Public Records Administrator and State Archives, attached hereto and made a part hereof. Participating Lender shall make such documents available to CHFA for review and inspection as CHFA reasonably requests. Participating Lender shall retain such documents in accordance with the aforesaid Standards for that length of time consistent with the retention schedule promulgated by CHFA. Also, Participating Lender shall not destroy any of such documents unless consistent with said retention schedule.
3. If Participating Lender is a mortgage servicer of CHFA home mortgage loans, it shall prepare and execute a release of mortgage, pursuant to a Limited Power of Attorney provided to it by CHFA, for each and every home mortgage loan it services that pays off in full. Participating Lender shall fully comply with the requirements of Connecticut General Statutes Section 49-8 in regard to the delivery of releases in a timely manner. Participating Lender shall indemnify CHFA and hold it harmless for any loss, damage, expenses or attorney's fees that CHFA may sustain as a result of Participating Lender's failure to comply with the terms of this paragraph.

IN WITNESS WHEREOF, each party hereto has caused this Amendment to be executed by its duly authorized officer as of the dates written below.

Witness:

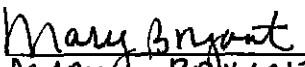
Participating Lender


Barbara Tschanz
Date: 1/2/2002

By: 
Name: Nora Pio
Title: Assistant Vice President

Witness:

Connecticut Housing Finance Authority


MARY BRYANT
Date: 2-4-02

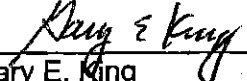
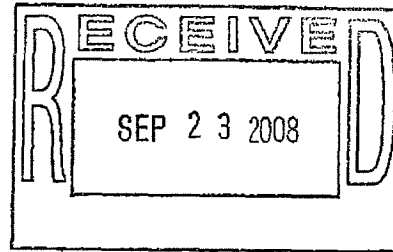
By: 
Gary E. King
President - Executive Director

Exhibit C to Farley Declaration

GMAC ResCap

VIA CERTIFIED MAIL

September 18, 2008



Connecticut Housing Finance Authority
999 West St.
Rocky Hill, CT 06067-4005
Attn: Toni Dellert

Re: Notice of Termination

Dear Ms. Dellert:

GMAC Residential Capital, LLC ("ResCap") has decided to exit the Retail mortgage lending business. ResCap has made this decision in response to the persistent challenges in the mortgage market and as part of our ongoing efforts to structure operations to be most efficient in this business climate.

In connection with that decision, and pursuant to (i) Section 20 of the Master Commitment Agreement for Mortgage Purchases by and between GMAC Mortgage, LLC f/k/a GMAC Mortgage Corporation of PA ("GMACM") and the Connecticut Housing Finance Authority ("Authority") dated July 15, 1987, as amended (the "Commitment Agreement"), (ii) Section 5.C of the Home Mortgage Servicing Agreement by and between GMACM and the Authority dated July 15, 1987 (the "Servicing Agreement"), and (iii) the Downpayment Assistance Program Participating Lender Agreement by and between GMACM and the Authority (the "DAP Agreement" and collectively with the Commitment Agreement and the Servicing Agreement, the "Agreements"), this letter shall serve as GMACM's notice of termination of the Agreements. Please note that this termination notice does not apply to the Purchase and Servicing Agreement by and between GMACM and the Authority dated August 6, 2001, which remains in full force and effect.

Please be assured that all pending loan requests will continue to be processed and all approved loans will be closed and funded in accordance with the terms of any written commitment. Our loan servicing operations are unaffected by this change and we will continue to provide dedicated service and commitment to our customers.

Sincerely,

Jim Ferriter
Residential Capital, LLC
Head of US Lending Retail Administration