STANDARD & POOR'S

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Servicer Evaluation: PNC Consumer Services

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Opinion

Standard & Poor's Ratings Services' ranking on PNC Consumer Services (PNCCS), a major division and business unit within PNC Bank N.A. (a member of the PNC Financial Services Group Inc. [PNC]), is ABOVE AVERAGE for residential subordinate-lien mortgage servicing.

The ranking reflects the company's highly tenured and experienced management team, strong internal controls and risk management, and dedicated and comprehensive training programs, along with thorough policies and procedures and established default management expertise. The ranking further reflects PNCCS' dedicated ongoing review of technology to maintain an excellent level of automation. PNCCS continues to upgrade its various mainframe and servicing applications, including its telephone systems, to ensure efficiencies, effectiveness, and security.

The company maintains its operational efficiencies by investing in technology and using vendors to perform some traditional services. This approach enables the company to provide cost-efficient tailored services to its clients. PNCCS' excellent level of automation, experienced management team, and default management expertise allow the company to successfully minimize portfolio risk through solid internal controls and loan servicing practices. However, PNCCS does not track tax payments or hazard insurance adherence and does not reject payments on accounts in the process of foreclosure. Although management has represented that the company has not experienced material negative consequences from these practices, we believe PNCCS should adopt a more prudent approach to monitoring tax and hazard insurance payments on its subordinate liens, as well as secured loans deemed to be in a first-lien position.

Outlook

The outlook is stable. PNCCS' management expects PNC Bank N.A.'s home equity mortgage portfolio to grow as the bank expands its footprint. The bank's acquisition of National City Bank in late 2008 will give PNCCS more opportunities to increase its servicing platform. The company also remains committed to growing its private-label servicing programs for third-party clients. Based on PNCCS' seasoned management team, excellent automation, and solid internal controls--which help control costs and minimize risk for all portfolios under management--we believe PNCCS is well positioned to achieve its growth objectives and remain a highly competent residential subordinate-lien mortgage loan servicer.

Profile

Headquartered in Pittsburgh, PNC is the 11th-largest U.S.-based bank holding company in the country, with total assets exceeding $280 billion. PNC's principal bank subsidiary is PNC Bank N.A. The company also has important nonbank subsidiaries, most notably BlackRock, a well-diversified investment manager that is well-respected worldwide, and PNC Global Investment Servicing, a leading provider of processing, technology, and business intelligence services to asset managers, broker/dealers, and financial advisors worldwide.

PNCCS was created in 2000 as a result of consolidation initiatives commencing in 1992, when PNC Bank's consumer lending business began to centralize its regional loan centers into one facility in Pittsburgh. As mergers and acquisitions took place during this eight-year period, integration of consumer lending-related operations migrated to the Pittsburgh Strip District operations and processing center. In 1996, PNC launched its private-label servicing program for third-party clients. PNCCS' business strategy is to continue originating and servicing home equity loan (HEL) products for loans originated by PNC Bank branches, as well as through PNC's Web site and its third-party private-label servicing programs.

The following charts and graphs provide key statistics for PNCCS' HEL and home equity line of credit (HELOC) portfolios. PNCCS has represented that HELs and HELOCs in first position make up approximately 37% of the unpaid principal balance (UPB) and 27% of the aggregate servicing units, respectively. Please also refer to appendix exhibits 1 and 2, which identify the servicing portfolio by product mix.

Chart 1

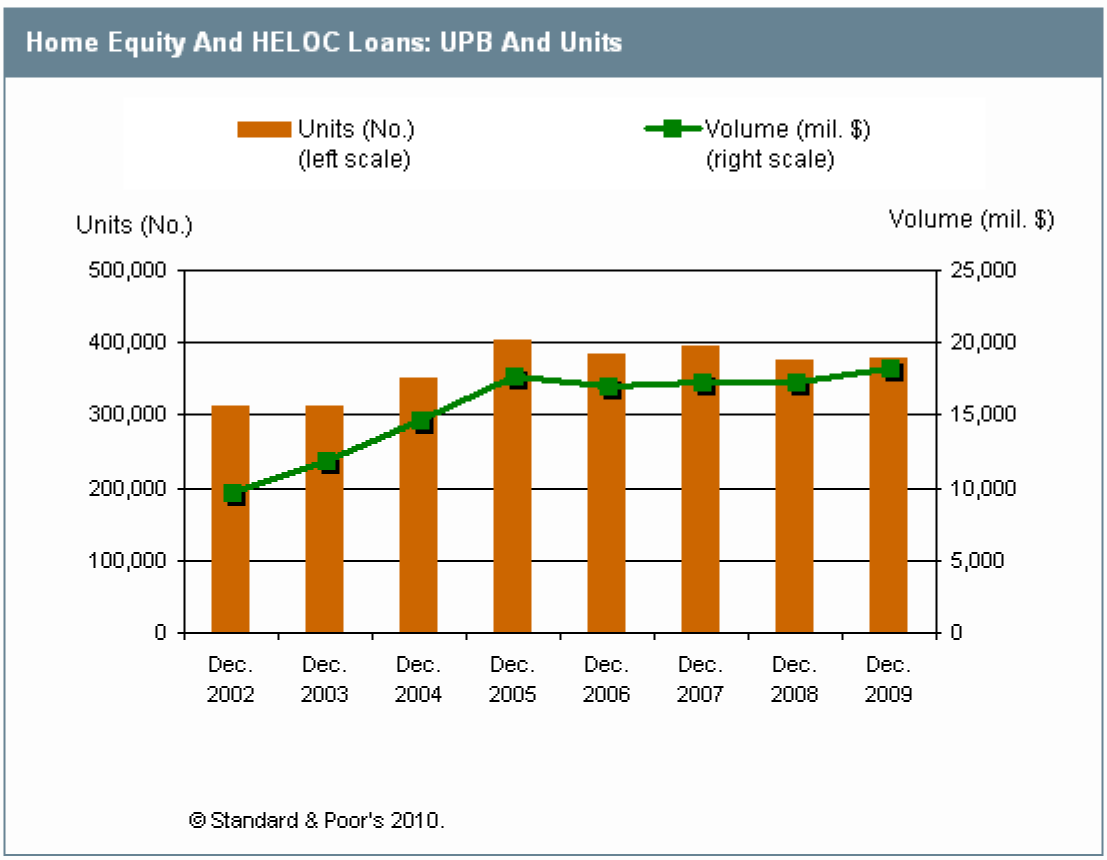
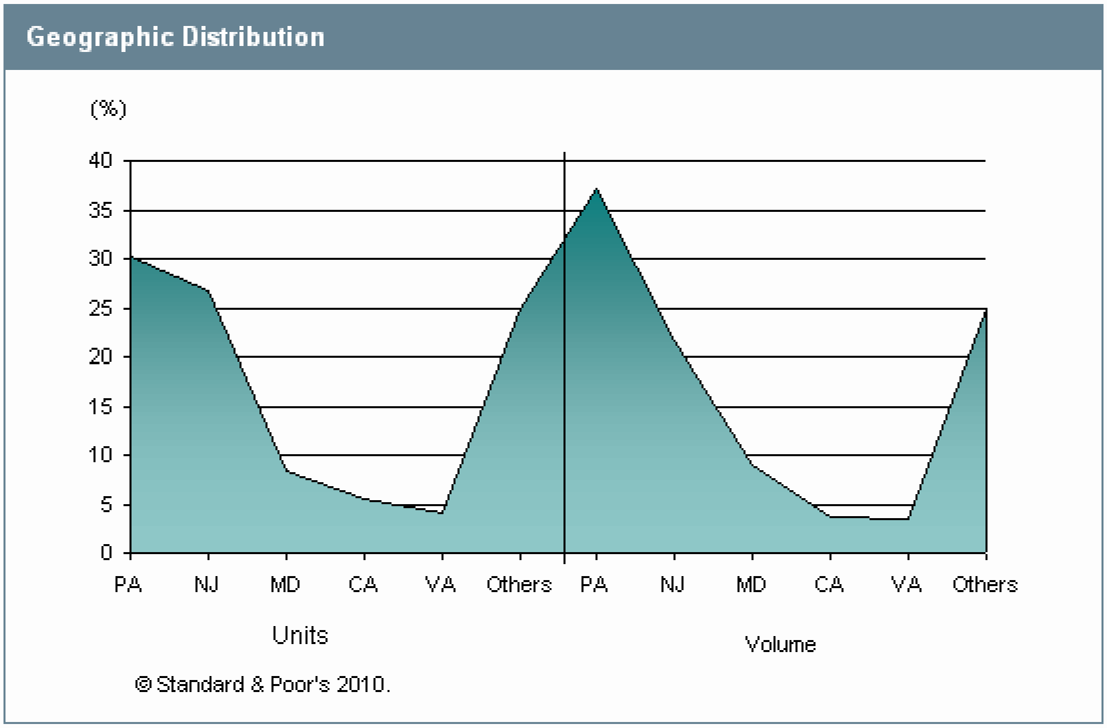


Table 1

December 2009 Delinquency HELOC And HE (Units)

			%					
	Units	Volume (mil. $)	30 days	60 days	90+ days	Total	Foreclosure	Bankruptcy
Subordinate lien	276,955	11,493	0.66	0.42	0.97	2.05	0.26	0.51
1st-lien position	102,506	6,686	0.29	0.13	0.39	0.81	0.36	0.54

Chart 2



Management And Organization

Standard & Poor's subranking on PNCCS for management and organization is STRONG.

Management and staff recruitment, development, and education

PNCCS has a highly seasoned management team and acceptable turnover rates, which provide a stable servicing environment. The management team maintains the following attributes:

- Senior managers are well seasoned, approaching an average of 28 years of industry experience, including nearly 24 years' tenure at PNCCS;
- Middle managers average 20 years of industry experience, with 14 years at PNCCS;
- PNCCS has highly designed and developed employee motivational and satisfaction programs that allow it to maintain acceptable turnover rates and attract new employees. The turnover rates for management and staff are excellent at zero and 7.4%, respectively; and
- PNCCS has developed a number of reward and recognition programs through its "Five Star Service Program."

PNCCS' turnover rate is acceptable, which we attribute to its dedication to employee satisfaction through its comprehensive training and development programs and its distinctive commitment to ensuring a positive work environment. A dedicated human resources training manager and several facilitators manage PNCCS' effective training programs, which the company provides to both new employees and existing staff. Training is offered in a modular format using various methodologies, including computer/Web-based training (CBT/WBT), self-study, and classroom instruction. New employees must attend employee orientation classes that cover the company's code of ethics, policies and procedures, consumer lending practices, and job-related training, all of which average between

100 and 200 hours of training.

PNCCS encourages employees to use its online electronic kNowledge Network (ENN) to access training curriculums, which are regularly updated, and attend training classes to refresh and sharpen their skills through courses offered by PNCCS and PNC University. Leadership training helps to further develop and strengthen management skills and ultimately leads to positions within PNCCS' management team. The company tracks all training using the learning management system (LMS). PNCCS also provides a host of managerial training seminars and supplementary systems training as necessary, and members of management and employees attend industry seminars and workshops. We believe PNCCS provides effective and valuable training programs for its employees.

Internal controls

PNCCS demonstrates solid controls in developing, drafting, and disseminating its loan servicing policies and procedures (P&P) manuals. The company has effective methodologies in place for reviewing and updating its P&P manuals, client program requirements, and policies for vendor management selection and oversight. The control practices include:

- P&P manuals are concise and well-written, using a combination of descriptive narrative and task-specific instruction;
- P&Ps undergo regular review, and changes are approved through an authority-level matrix and the legal and compliance departments;
- A PNCCS implementation team manages and initiates new client program requirements using project management methodologies;
- The team consists of a project manager, the client relationship manager, and employees from various technical, operational, and functional areas;
- The project team partners with the client to transition and migrate the services to be performed, which helps bridge the transitioning portfolio organization and foster a path to a positive and cooperative conversion; and
- The company maintains an electronic letter library to ensure consistency with outgoing letters.

A major accounting and auditing firm performs an annual independent audit report (SAS 70) and provides it to PNCCS. The firm coordinates the review of each operating and functional area with PNC's audit department to examine, determine, and report identified discrepancies, P&P exceptions, and extraordinary issues and concerns to PNC's audit department. PNCCS' audit department reports to PNC's board of directors. Audits are designed to satisfy traditional risk assessment and performance methodology. The audit methodology includes:

- A developed audit plan identifies potential weaknesses and threats;
- Audit-related technology tools increase audit scope and identify key areas of risk to include cash management and control, investor accounting and reporting, and collection and default management;
- Auditors submit documented findings and recommendations for enhancements and corrections to PNCCS to review and formulate action plans;
- A database tracks action plans and open items;
- Periodic meetings with applicable PNCCS managers focus on open action items; and
- An independent service auditors' report (SAS 70) for the one-year period ended September 2009 revealed no significant findings.

PNC's corporate audit has a dedicated PNC credit operations internal audit team within the department that is responsible for performing audits of consumer lending servicing processes. Standard & Poor's reviewed internal audits performed during 2009 and deemed them to be acceptable. PNC's corporate audit department employs a two-tier rating arrangement to evaluate internal controls and regulatory compliance. The rating is either "acceptable" or "not acceptable" based on operating risk rating levels of high, medium, or low. Any finding must be addressed in a timely fashion through means including new controls and/or realigned work flows.

Also, in an effort to ensure production accuracy and control, a quality control department within PNCCS is charged with testing each of the servicing departments' functions and activities. Together, the audit and quality control departments are responsible for quality control, regulatory compliance, fair lending, and wholesale administration. An independent self-auditing group, along with developed control points and edits within operating departments, provides a thorough examination of the servicing areas. The group provides monthly reports to the audit department and to the external auditing company. PNCCS has a well-developed and structured auditing process to identify and control risk, improve internal controls, and ensure proper adherence to investor and client guidelines.

In addition, to ensure and continue to strengthen operational risk controls, PNCCS maintains a risk control department that oversees all risks, including credit, marketing, operations, and fiduciary risks. The executive vice president/chief risk officer manages the department's activities and reports to the board of directors.

PNC maintains solid vendor management, which includes dedicated vendor managers for each major vendor; due diligence for potential new vendors; onsite reviews, including financial statements for vendors deemed most significant or critical to servicing; requests for proposal (RFPs) for servicing expenses greater than an established dollar amount; a centralized database to track contract status and renewals; and key performance indicators (KPIs).

Management currently does not anticipate that pending legal matters are likely to be material. For additional information, please refer to PNC Financial Services Group Inc.'s most recent U.S. Securities and Exchange Commission filings.

Technology

PNCCS operates in a solid automated environment with highly effective computer technology. The company continues to upgrade applications in its servicing system and make other technology enhancements. Staying no more than two releases behind in its applications avoids the difficulties associated with upgrading noncurrent applications. The company uses the following systems architecture for business operations and recovery:

- Loan servicing records reside on the Advanced Consumer Loan System (ACLS) developed by American Management Systems (AMS);
- The STRATA® Enterprise (AMS product) application interfaces with ACLS, providing a host of behavior models that are used to assign and manage an effective collection strategy;
- Applicants can use an online Web lending center (WLC), a customer-branch application, to apply directly for a loan. The WLC interfaces with various internal and external databases that secure data to assist in loan decision-making;
- PNCCS uses Fair Isaac's recovery management system (RMS) to manage pre- and post-charge-off activities, bankruptcy and bankruptcy performance, foreclosures and foreclosure timelines (including valuation analysis), and recovery management for real estate owned (REO) assets;
- The company uses the FileNet Document Imaging System;
- Avaya's predictive autodialer technology coordinates and performs various calling campaigns;
- The company installed Verint software in June 2009, which it uses in customer service to record inbound and outbound calls for training purposes and to assess representatives' performance;

- The customer relationship inquiry service system (CRISS) is a subsystem within the PNCCS mainframe system. CRISS is the central customer service vehicle that tracks and monitors customer contacts through resolution. Timeline reporting allows PNCCS to monitor customer inquiries from initiation through resolution;
- The information and system department of PNC Bank is staffed with system support personnel available to provide programming and technical support to PNCCS to develop, prioritize, and facilitate technology projects that are business-critical;
- The current systems architecture and capacity are sufficient to support projected business growth;
- Encrypted backup tapes are produced daily and stored at an off-site archival facility; and
- A 24-hour help desk provides system support to the company's users.

PNC has a robust disaster recovery and business continuity (DR/BC) plan that is effectively managed by the business resiliency management team. The company requires all critical businesses to validate their recovery strategy annually and performs various forms of validation exercises, such as evacuation drills, tabletop exercises, alternate-site relocations, system recovery, and infrastructure recovery. Processes are reviewed internally and by both internal audit and various regulatory bodies. Annual testing exceeds more than 100 continuous hours, which includes testing by its third-party disaster recovery provider, SunGard. Also, within PNC's "business resiliency" planning, the company's overall plan incorporates pandemic planning based on three levels of outbreaks. Objectives of the testing include the following:

- Verify that critical resources have been identified and contingencies are in place;
- Validate the compatibility of the alternative facilities with current business requirements;
- Test the availability of all critical data and resources stored offsite;
- Test communication with third-party clients;
- Measure each element of the recovery process to ensure that the company meets adequate service levels; and
- Initiate immediate corrective action in response to challenges and concerns.

Loan Administration

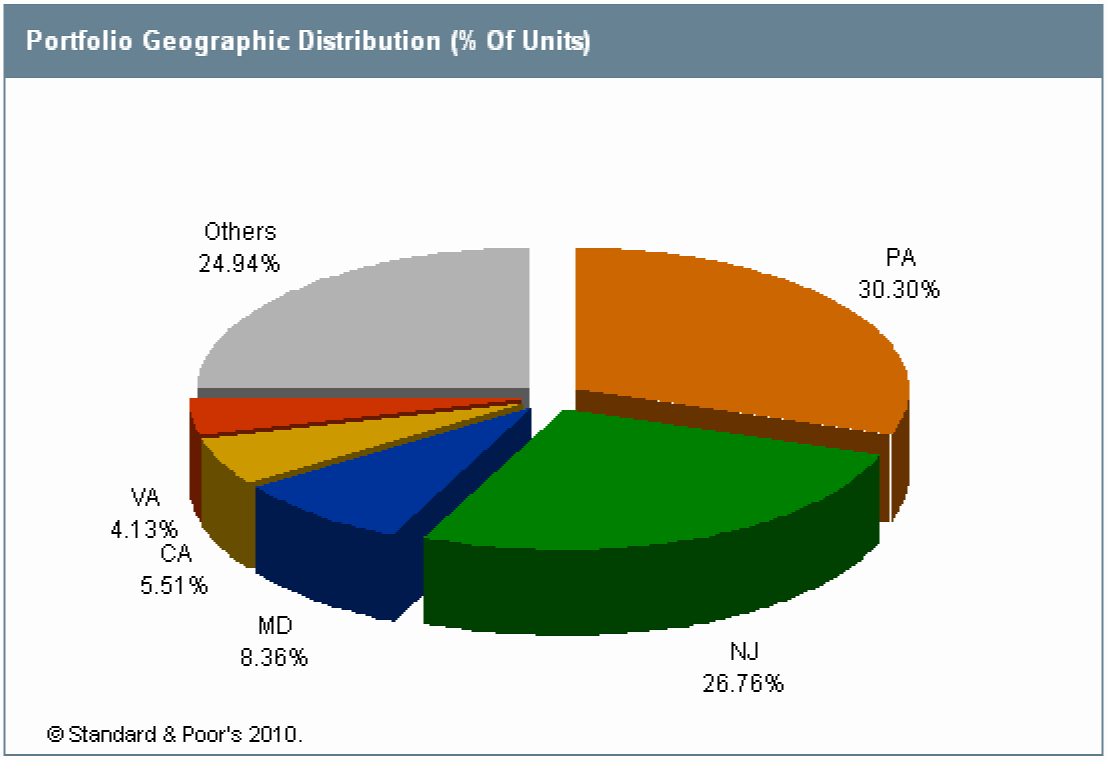
The subranking for loan administration is ABOVE AVERAGE.

Neal Heiss, senior vice president and general manager, is responsible for managing PNCCS' consumer loan operations and credit administration center. As of Dec. 31, 2009, over 73% of HEL and HELOC units were subordinate, while the remainder were in first-lien position.

The geographic diversity of the portfolio is concentrated (see chart 3), with the heaviest concentration of home equity loans and lines in Pennsylvania and New Jersey, which represent nearly 60% of the total servicing portfolio based on both units and UPB. The high concentration is due to PNC Bank's lending footprint in those states and the fact that the bank is currently PNCCS' largest client.

In addition to servicing its parent's portfolio, PNCCS services second mortgage loans through its private-label processing business. PNCCS currently manages loan application Web sites tailored to the specific program requirements of each client. Using Web sites helps control expenses through automation and avoids the costs associated with a brick-and-mortar facility.

Chart 3



Loan boarding and rate administration

PNCCS boards new loans electronically through its proprietary application for third-party clients. There are a series of edit and logic checks on the portfolio before boarding loans, and also a 100% document-to-system validation. The company records and aggressively follows up on any exceptions to the boarding process. Loan documents are imaged and reconciled through a document-tracking application, and the company researches and tracks any critical missing documents until they are received. PNCCS' recognizes that quality input at boarding mitigates customer issues and associated expenses.

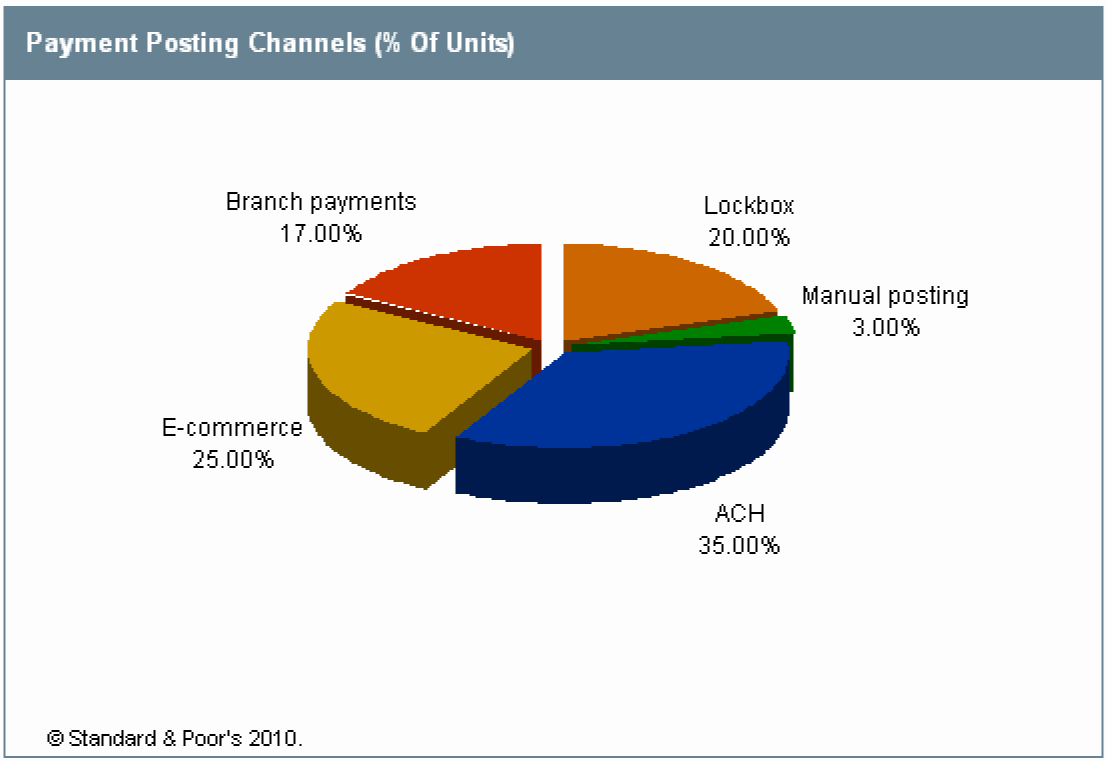
Cash management and investor accounting

PNCCS has an effective cash management operation, exhibiting good internal controls to minimize risk of loss from human error or fraud. PNC Bank provides the payment capture lockbox services. The bank uses billing statements for HELOC accounts and billing statements or coupon books for home equity installment loan (HEIL) accounts (determined by client guidelines). Customized billing statements and coupon books are generated for client-branded customers. The company performs credit reviews quarterly or in accordance with client guidelines on HELOC accounts and will take prudent actions, such as limiting withdrawals or lowering lines, as appropriate. In 2009, the company launched a "HELOC card" for its borrowers to permit electronic withdrawals. Cash management internal controls include the following:

- A proprietary rules-based processing system reduces human error and maximizes processing time;
- A 24-hour turnaround is expected on checks requiring research, and checks held overnight are stored in a locked cabinet;
- The level of electronic payment is a solid 98%, representing a combination of lockbox payments, bank branch

payments that include truncating payment coupons, Automated Clearing House (ACH) payments, and other electronic payment media;
- Payments received at third-party client branches are electronically submitted to PNCCS, allowing for timely posting and response to borrower inquiries;
- The company posts payoff checks on the day of receipt but holds reconveyance documentation for eight days before delivery to ensure that the payment has been honored; and
- The company posts HELOC payments on the day of receipt and aligns payment restriction withdrawals--which help to reduce fraud, check kiting, and exposure to returned payments--to the bank's demand deposit accounting criteria.

Chart 4



PNCCS does not provide a stop file to its lockbox process; therefore, it processes payments received by lockbox as regular payments. It is a prudent industry practice for lockbox processors to receive stop files to prevent processing of payment checks for accounts in foreclosure, which may delay foreclosure actions in certain jurisdictions and create additional expenses associated with the delays. PNCCS has an exception process in place that provides a letter to the customer within 48 hours regarding cessation of foreclosure proceedings. We recognize that in today's environment, foreclosure avoidance programs are considered; however, we believe a stop file that rejects questionable payments and subjects them to further review is a practical and prudent approach to mitigate unnecessary delays and expenses. We believe PNCCS should evaluate its current payment capturing methodology for accounts in foreclosure and adopt a more prudent approach.

PNC Bank's check processing operations capture HELOC drafts and electronically transmit them to PNCCS' transaction control department. This department is responsible for paying or returning drafts. Controls in place include:

- In accordance with client guidelines, signature verification is required on drafts above a specified amount;
- Requests to block HELOC withdrawals must be in writing from any authorized owner;
- Cancellation of a HELOC withdrawal restriction requires all joint parties to authorize the removal of the block. This process is a prudent control to avoid unnecessary legal or settlement expenses associated with joint borrowers' withdrawal disputes;
- As an additional control, a service department representative reviews questionable withdrawal requests to validate the appropriate action;
- Drafts that exceed the line of credit are automatically returned; and
- The company performs scheduled reviews of FICO scores, and deterioration in the score may result in reduction or closure of the HELOC line.

PNCCS has solid controls in place to protect investors from risk of loss resulting from fraud or human error. Risk management policies include the following:

- Proper segregation of duties between the personnel handling remitting, reporting, and bank reconciliation functions;
- Payment clearing accounts are swept nightly (or in accordance with client guidelines) to the appropriate custodial accounts;
- Accounts are reconciled daily, and exceptions must cleared within five days. Open items are reported to management at 15 and 30 days, to ensure that actions to resolve are not dismissed;
- Investor reports and bank account reconciliations undergo managerial review and electronic signoff;
- Data gathering is fully automated with no manual data manipulation, which maximizes the integrity of information reported to investors; and
- 100% electronic reporting and remittance permits timely, accurate, and responsive delivery to investors.

Customer relationship management

PNCCS' National Financial Services Center in Pittsburgh provides customer service. New customer service representatives receive up to four months of extensive training, including classroom instructional, CBT/WBT self-study, and closely monitored on-the-job (OTJ) training. In addition, the company provides extensive training on the Fair Debt Collection Practices Act (FDCPA) and other regulatory guidelines. Before graduating to servicing, a home equity products representative must be successful at servicing the bank's demand deposit customers. Customer service representatives also receive continuing coaching and training relevant to their responsibilities.

The call center is highly automated, utilizing a variety of technologies, such as an automated call distribution (ACD) system and a voice response unit (VRU). The company has installed enhanced full call recording with speech analytics, which reflects the company's solid commitment to better serve the needs of its customers. Also, within the loan center, a separate and distinct central customer assistance team (CCAT) supports the call center by researching and responding to non-routine inquiries and requests. The company sends welcome letters to all borrowers unless limited by client guidelines. The National Financial Services Center employee turnover rate continues to be excellent at 2%, which contributes to an outstanding level of customer support, as evidenced by the following (see also appendix exhibit 3 for selected call center statistics):

- Skill-based call routing automatically directs incoming calls to an appropriate client representative;
- Delinquent borrowers, depending on the number of days delinquent, will be routed to the collection department;

- Customer service representatives will, at a borrower's request, initiate pay-by-phone payments;
- Robust trending analysis of call volume monitors customer service issues, determines work flow, and identifies training needs;
- Bilingual representatives are available to respond to customer inquiries 18 hours each day, or more if client guidelines dictate, and the VRU, which has a Spanish option, is offered 24/7 to provide account data. In addition, to accommodate client requests for 24/7 representative coverage, PNCCS has contracted with a vendor to provide the expanded coverage;
- The company retains the services of Language Line Services© for interpreting vocal and written communications received from borrowers;
- Desktop retrieval of service-request cases enhances response time to customer inquiries;
- A superior database, CRISS, monitors all customer correspondence to ensure timely responses and compliance with RESPA;
- Representative call monitoring is at 10 calls per month, and all calls are recorded. Recording calls and tracking key strokes are excellent training tools and assist in the continuing development and strengthening of call center initiatives. Also, each representative is graded and provided with financial incentives;
- Web-based P&Ps provide online availability to representatives, which expedites responses to callers;
- Online desktop access to imaged loan documents enables representatives to respond to and expedite customer inquiries; and
- An independent third party, Gallup, conducts customer service opinion polls of borrowers whose loans are serviced by PNCCS. The results of the surveys, as represented by PNCCS management, indicate that the company has received a scale rating of 4.64% (for second-quarter 2009) out of a 5% maximum.

The document control department is responsible for mortgage recording and reconveyance processing. The department is also responsible for recording mortgage loan modifications. Members of the department average approximately 20 years of experience, and the level of automation (through the mortgage recording and satisfaction system), combined with the tightly controlled environment, reduces risk of loss resulting from failure to comply with state reconveyance timelines. Management has represented that there were no reconveyances out of statutory compliance as of Dec. 31, 2009, and that the reconveyance reject rate for the six-month period ended Dec. 31, 2009, was 4.5%. Management also represents that monetary penalties arising from failure to timely convey under state statutes was zero for the six months ended Dec. 31, 2009.

Escrow administration

As a residential subordinate-lien mortgage servicer for its own assets and its subservicing client base, PNCCS does not escrow for taxes or insurance. Instead, the company relies on primary mortgage lenders to track and monitor tax payments and to take the appropriate action if the mutual borrower fails to meet the tax obligation.

PNCCS maintains hazard and homeowner protection under a blanket mortgage impairment policy that insures against physical damage and related losses. This policy is also offered to all of PNCCS' private-label clients. PNCCS does track flood insurance adherence according to applicable flood zone designations. Additionally, PNCCS will contract with a third-party vendor if a client requests tracking and monitoring of hazard and flood insurance, including lender-placed insurance coverage.

Standard & Poor's believes it is a prudent servicing practice to monitor tax and insurance payments, particularly for mortgage liens in first position, in order to adequately protect against potential losses, such as tax-lien auctions. In our view, it would be prudent for PNCCS to consider using its staff or third-party vendors to monitor tax and insurance adherence.

Default management

The default management team, which consists of collections, loss mitigation, foreclosure administration, bankruptcy administration, and REO administration, is highly experienced.

The collection department consists of 83 full-time and 32 part-time employees. PNCCS permits some employees to perform their collection responsibilities from their homes, which enables the company to retain experienced staff as well as effectively manage the employees during peak and off-shift hours. The seasoned management team exceeds 20 years of industry experience, including 12 years' tenure with PNCCS. The collection counselors' industry experience and company tenure averages three years and two-and-a-half years, respectively. The company maintains a comprehensive procedures manual, supportive training environment, and effective technology, which are key factors for default management performance. Collection counselors are well versed in FDCPA guidelines, and are certified and re-certified at least annually.

In addition, the company provides education and training on listening skills, negotiation skills, and loss mitigation recognition, along with ongoing training on new client guidelines, system enhancements, and regulatory requirements. New counselors receive an initial 27 hours of classroom training and 40 hours of OTJ training, and are then assigned to the training team, where they receive additional coaching for up to 16 weeks (depending on experience). Employees with production standards that are below their targets receive refresher training. PNCCS employs a proactive approach to home equity collections in an effort to maintain low delinquency rates. Collection calls begin on the first day of delinquency, predicated upon behavioral pattern models through AMS' STRATA applications that help formulate various collection strategies.

Table 2

Key Statistics: Subordinate Home Equity Loans And Lines

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
Units (No.)	276,955	282,476	301,960	288,260	301,411
Volume (mil. $)	11,493	11,366	11,511	10,844	10,961
Delinequencies (%)					
Total	2.02	2.05	1.52	0.53	0.39
30 days	0.62	0.66	0.58	0.35	0.27
60 days	0.34	0.42	0.29	0.15	0.06
90+ days	1.06	0.97	0.65	0.03	0.06
Foreclosure	0.33	0.26	0.18	0.12	0.08
Bankruptcy	0.71	0.51	0.35	0.25	0.39

Chart 5

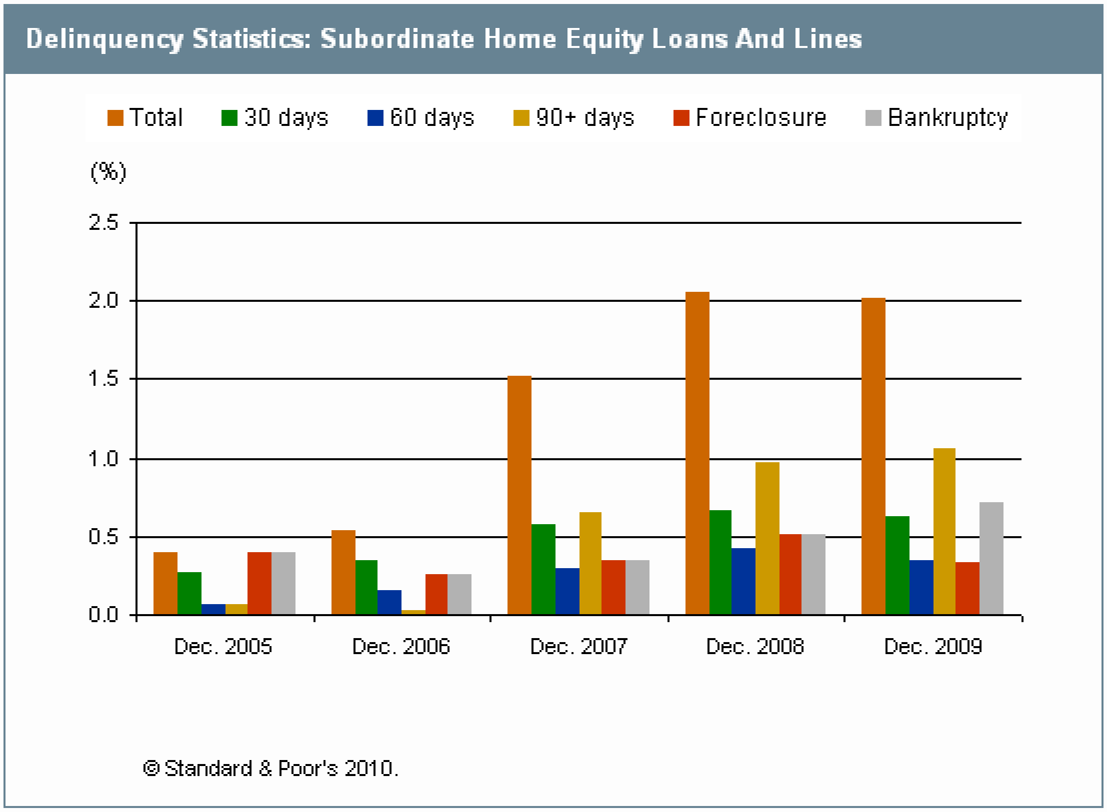
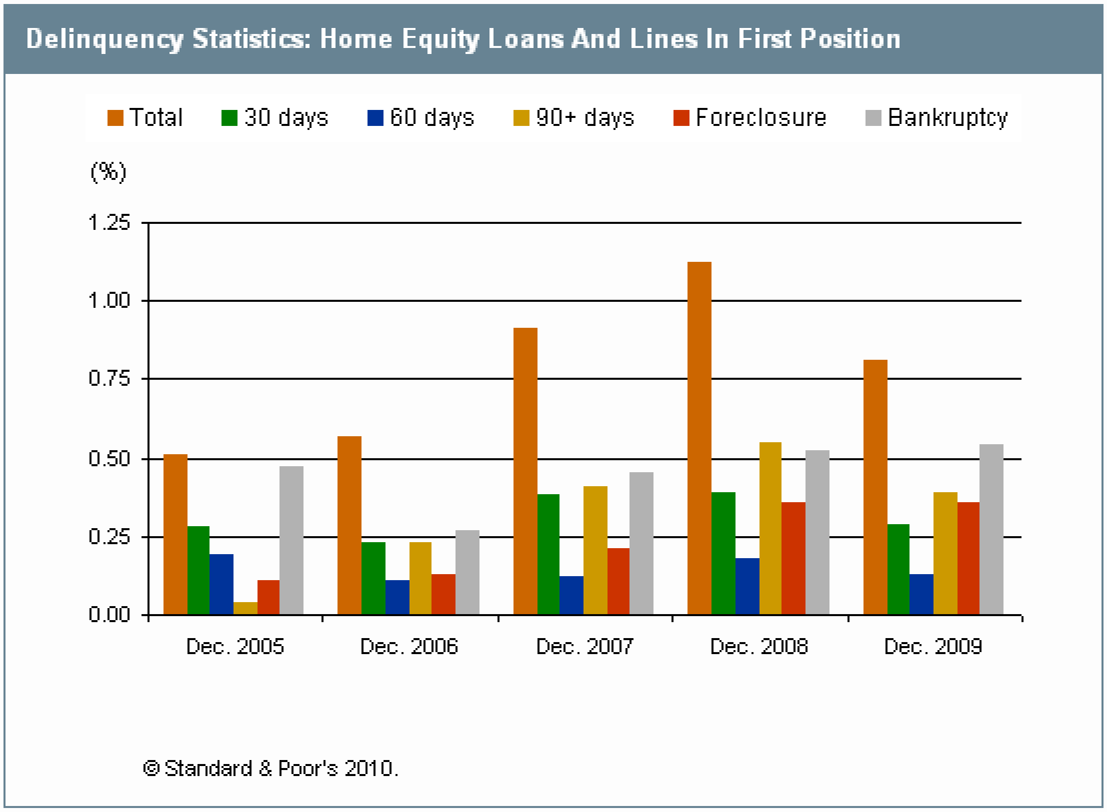


Table 3

Key Statistics: Home Equity Loans And Lines In First Position

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
Units (No.)	102,506	92,292	93,188	96,775	102,286
Volume (mil. $)	6,686	5,923	5,811	6,186	6,787
Delinquencies (%)					
Total	0.81	1.12	0.91	0.57	0.51
30 days	0.29	0.39	0.38	0.23	0.28
60 days	0.13	0.18	0.12	0.11	0.19
90+ days	0.39	0.55	0.41	0.23	0.04
Foreclosure	0.36	0.36	0.21	0.13	0.11
Bankruptcy	0.54	0.52	0.45	0.27	0.47

Chart 6



Note: Appendix exhibit 4 provides delinquencies by product type and lien position.

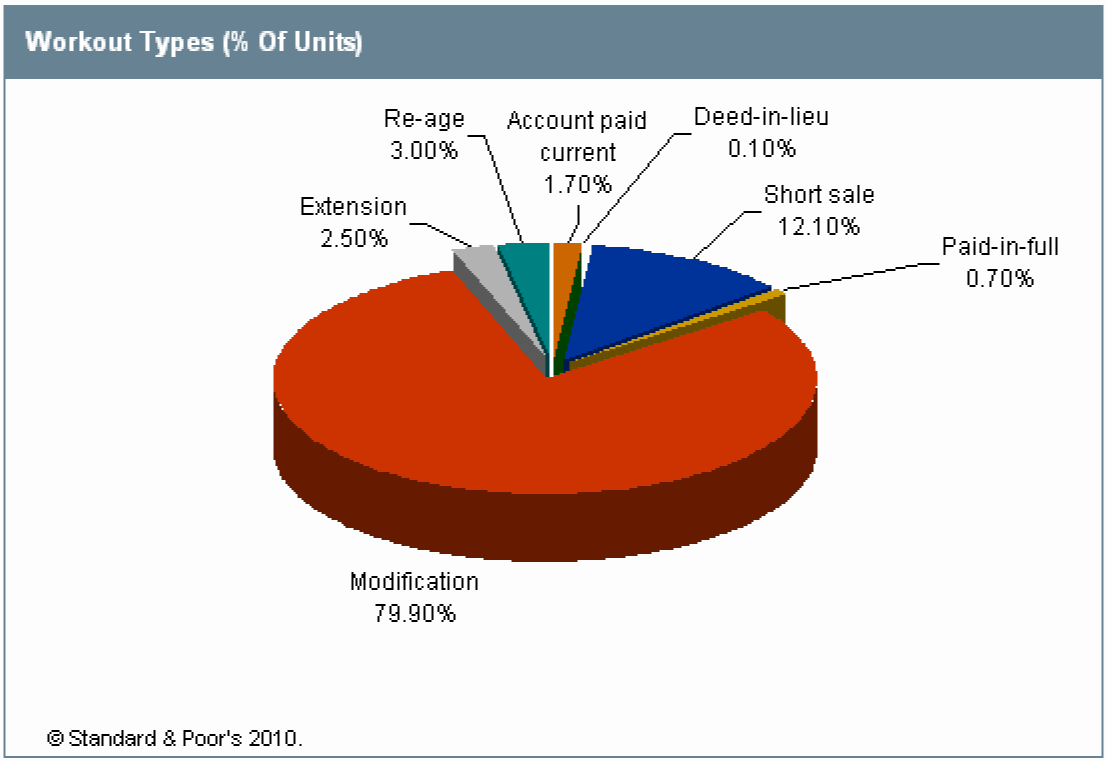
PNCCS' collection methodology includes the following:

- Autodialer technology that coordinates calling campaigns and manages productivity of delinquent accounts from one to 59 days;
- Calling campaigns based on a daily risk score of high, medium, and low;
- An escalation team to handle accounts based on predetermined early-stage risk factors;
- A blended call center environment for efficient handling of inbound and outbound call volumes;
- Solid ASA and abandon rates of 18 seconds and 2.5%, respectively;
- Extensive monitoring of calls made by new counselors (20 to 40 calls monthly) by management with immediate feedback, when appropriate, and monitoring of at least 10 collection calls per month for experienced counselors;
- Segregation of accounts by delinquency stage to allow more-senior counselors to manage older accounts;
- Strict adherence to all investor requirements and private-label client requirements regarding timelines for calls, letters, and any other ancillary tasks;
- Extended calling hours during evenings and weekends, and the use of telecommute collection counselors to accommodate evening hours;
- Recording of all calls (inbound and outbound) for training purposes. If a customer does not wish to be recorded, the customer is transferred to a "priority telephone" and a supervisor handles the call;
- A dedicated skip-tracing unit and use of a vendor to provide skip-tracing services. Skip-tracing, whether internal or external, is a means to locate borrowers and foster reliable contact opportunities. The skip-tracing find rate is

a successful 61%, which results in a 49% recovery performance rate; and
- A collective 16% right-party contact rate for all delinquency buckets.

The customer advocacy group (formerly late-stage collections) begins loss mitigation efforts by the 75th day of delinquency. The loss avoidance department of the special asset group is responsible for identifying and soliciting feasible workout opportunities through letter and telephone campaigns. Management must approve all workout agreements and workouts in progress, which are monitored weekly and monthly through PNCCS' tracking and trending reports. Chart 7 provides the average loss mitigation account actions at Dec. 31, 2009.

Chart 7



PNCCS' six-department special asset group includes dedicated departments for foreclosures and bankruptcies. These departments proactively manage the caseloads to maximize timeline performance and to minimize the risk of loss. Foreclosure department management industry experience and tenure is five and 16 years, respectively, and staff industry experience is 28 years and 22 years, respectively. Management industry experience and tenure within the bankruptcy department averages 18 years, while staff averages nine years. The foreclosure department manages foreclosure actions, attorneys, vendors, and property preservation. Other attributes include:

- A foreclosure attorney database approved by PNCCS' legal department;
- Multiple levels of review by management committee before commencing foreclosure;
- A foreclosure cure rate of 10.34%, which reflects PNCCS' detailed analyses of each loan to ensure that all loss mitigation attempts are exhausted before proceeding with foreclosure;
- Monthly property inspections, and if the property is vacant, a property preservation company is employed ; and
- Electronic interface with RMS.

The bankruptcy department closely monitors bankruptcies and tracks all pre- and post-petition payments on its servicing systems. The department also prepares and files proof-of-claim documents and requests lift-of-stay motions within 10 days if a borrower misses two consecutive payments. Thirty-eight percent of Chapter 13 bankruptcies are current to the bankruptcy plan.

PNCCS' realty services department manages REO properties. This group manages all the corporation's facilities, including REO properties. PNCCS monitors and tracks the REO properties through to sale. PNCCS holds monthly meetings with the facility management group to obtain the status of properties.

Table 4

REO Inventory

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
Units (No.)	49	123	84	91	85
REO (%)	0.01	0.03	0.02	0.02	0.02

The following controls are employed:

- Management approves marketing plans;
- The company obtains property valuations to determine asset values and list prices;
- Cash for keys avoids protracted eviction proceedings and expedites marketing time;
- A cost-benefit analysis matrix determines property repairs;
- PNCCS closely monitors vendor performance to meet established service-level agreements;
- The company reviews monthly broker status and activity reports;
- The company uses an REO Web site to market properties;
- The average inventory turnaround time, as of Dec. 31, 2009, was 385 days, which is an increase of more than 100 days from our last review; and
- The average gross and net sales to market values average 102% and 93%, respectively.

Financial Position

We consider PNCCS' financial position to be Sufficient.

Based on the financial strength of PNCCS' ultimate parent, PNC Financial Services Group Inc., Standard & Poor's believes that there is sufficient financial strength to sustain PNCCS' servicing operations for the next 12 to 18 months. For additional information on the parent company, please refer to RatingsDirect, at www.ratingsdirect.com.

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Related Research

- "Servicer Evaluation Ranking Criteria: U.S.," published Sept. 21, 2004.
- "Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select Servicer List," published April 16, 2009.

Appendix

Exhibit 1

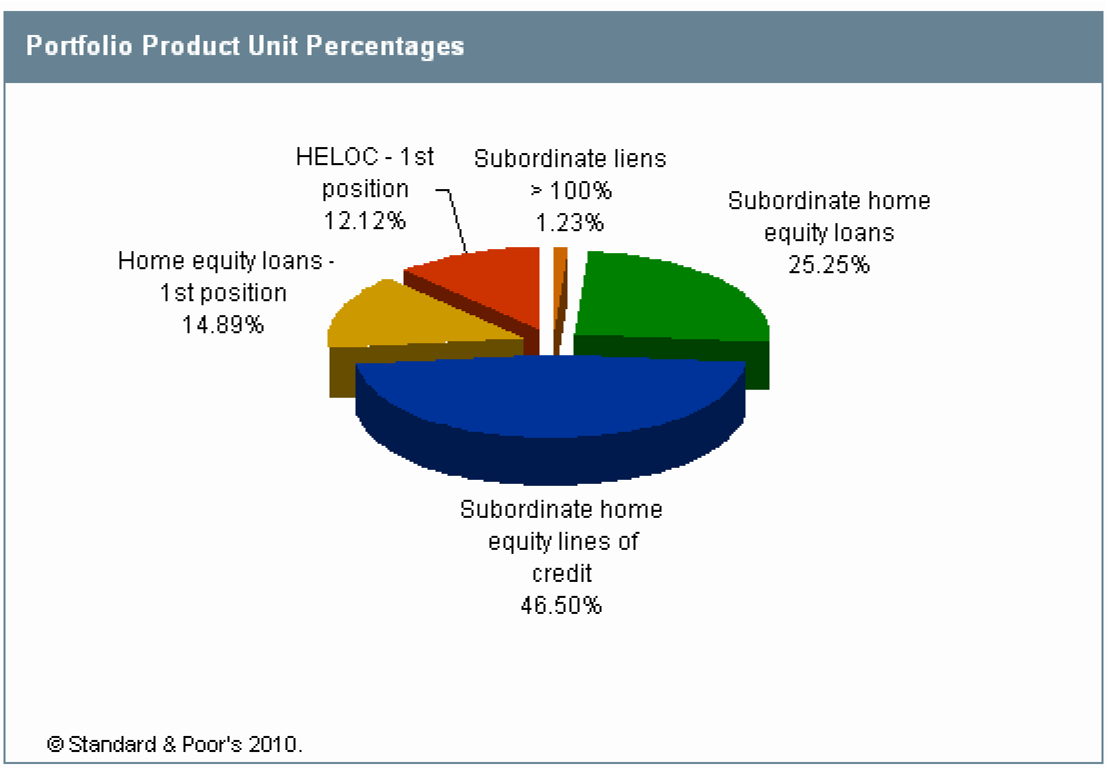


Exhibit 2

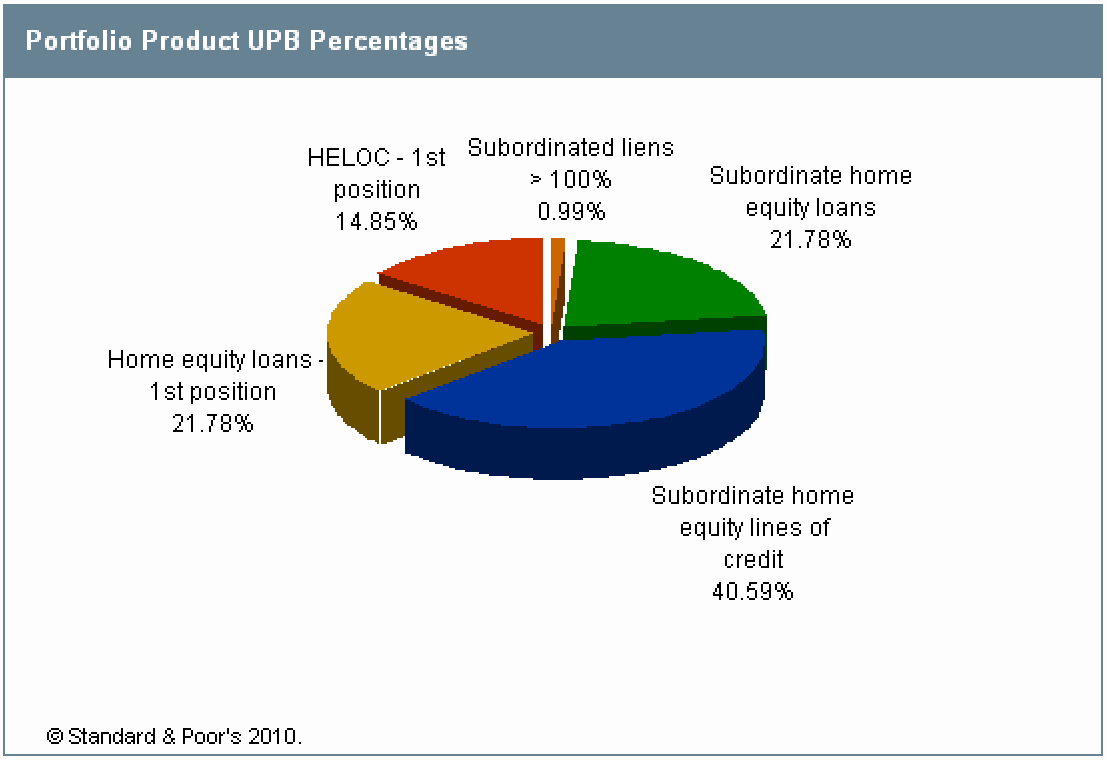
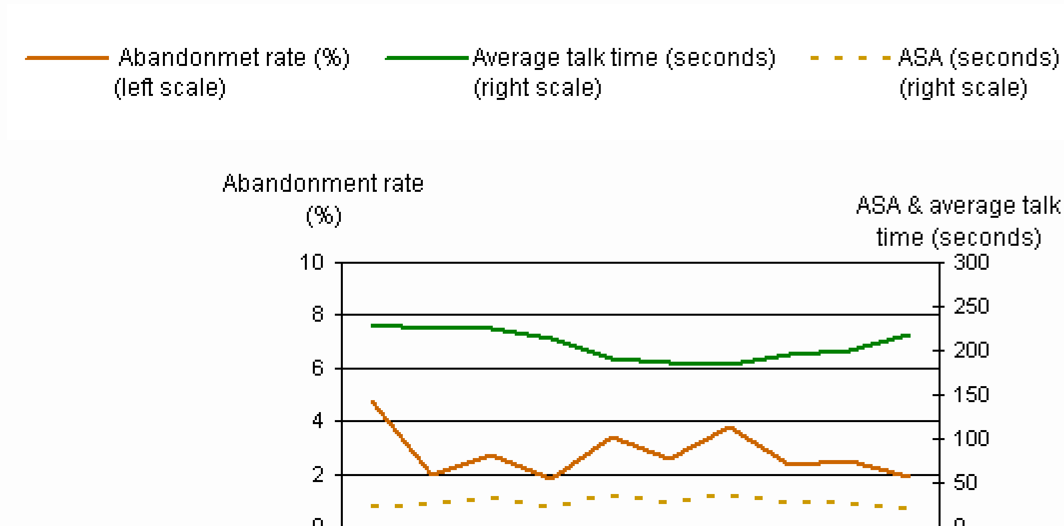

Portfolio Product UPB Percentages
HELOC - 1st position 14.85%
Subordinated liens > 100% 0.99%
Subordinate home equity loans 21.78%
Home equity loans - 1st position 21.78%
Subordinate home equity lines of credit 40.59%
© Standard & Poor's 2010.

Exhibit 3

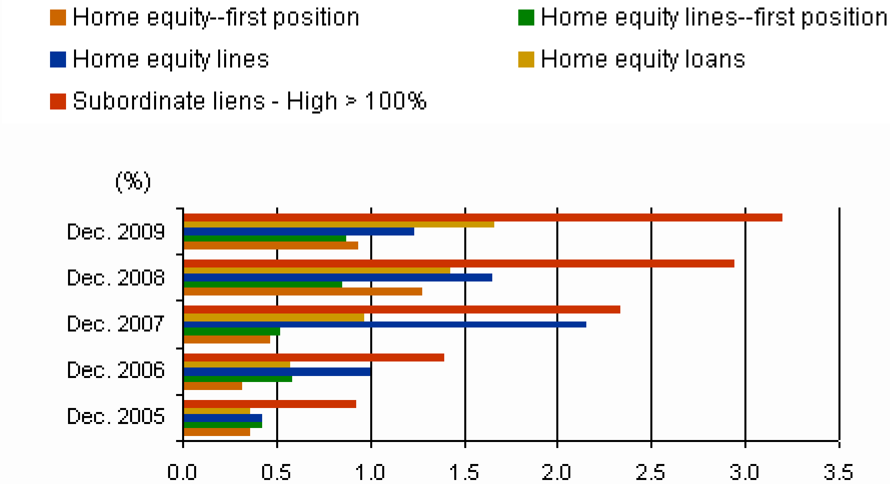
Selected Customer Service Call Center Statistics



	1H05	2H05	1H06	2H06	1H07	2H07	1H08	2H08	1H09	2H09
Abandonmet rate (%) (left scale)	4.77	2.00	2.75	1.84	3.40	2.60	3.80	2.38	2.50	1.90
Average talk time (seconds) (right scale)	230	226	225	214	191	187	185	196	201	219
ASA (seconds) (right scale)	22	24	34	22	36	28	37	27	27	20

Exhibit 4

Delinquency By Product (% Of Units)



	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
Subordinate liens - High > 100%	0.93	1.40	2.34	2.94	3.20
Home equity loans	0.36	0.58	0.97	1.43	1.66
Home equity lines	0.43	1.00	2.16	1.65	1.24
Home equity lines--first position	0.43	0.59	0.52	0.85	0.87
Home equity--first position	0.36	0.32	0.47	1.28	0.94