

PUBLIC DISCLOSURE

August 14, 2012

**Mortgage Lender CRA
PERFORMANCE EVALUATION**

NATIONSTAR MORTGAGE LLC

LICENSE # ML1443

**DIVISION OF BANKS
1000 WASHINGTON STREET, 10TH FLOOR
BOSTON, MA 02118**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.

GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **Nationstar Mortgage LLC (Nationstar)** prepared by the Division, the mortgage lender's supervisory agency, as of **August 16, 2012**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by 209 CMR 54.00. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of Nationstar's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

Nationstar's community investment performance is evaluated utilizing two performance tests: the Lending Test and the Service Test. This evaluation considered Nationstar's lending and community development activities for the period of January 1, 2010 through August 14, 2012. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing

Home mortgage lending for 2010 and 2011 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. The first quarter of Nationstar's 2012 data is presented in the narrative to demonstrate a trend. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all Home Mortgage Disclosure Act (HMDA) reporting lenders which originated loans in the Commonwealth of Massachusetts. Aggregate lending data for the year of 2011 is provided because it is the most recent year of which aggregate HMDA lending data is available.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S MLCI RATING:

This mortgage lender is rated "Satisfactory."

- The geographic distribution of the lender's loans reflects a reasonable dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts.
- The distribution of borrower reflects, given the demographics of Massachusetts, a reasonable record of serving the credit need among individuals of different income levels, including low- and moderate-income.
- Nationstar offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low-and moderate-income individuals.
- Fair lending policies and practices are considered reasonable.
- The lender provides an adequate level of Community Development Services. Nationstar's efforts are adequate in working with delinquent mortgage loan borrowers to a facilitate a resolution of the delinquency, including loan modifications, which are effective in preventing subsequent default or foreclosures

PERFORMANCE CONTEXT

Description of Mortgage Lender

Nationstar was incorporated in the Commonwealth of Massachusetts on March 3, 2001, and was later granted a mortgage lender license by the Division. Nationstar is headquartered at 350 Highland Drive, Lewsville, Texas and operates as a national mortgage lender and servicer in all 50 states. Nationstar is a wholly-owned subsidiary of Nationstar Mortgage Holdings, Inc.

The Lender offers a wide variety of mortgage loan products to meet the needs of the Commonwealth's borrowers including conforming, Fannie Mae, FHA, FHLMC, VA, Jumbo and USDA products.

Nationstar services loans that are originated by Nationstar and other investors. In addition, Nationstar is a sub servicer for mortgage investors, federal agencies, government sponsored enterprises (GSE) and large banks that prefer to outsource their servicing capabilities to Nationstar. As of June 30, 2012, Nationstar serviced over 11,000 Massachusetts loans.

The Lender does not maintain an office in Massachusetts, though it briefly opened and closed a branch office in Hingham, Massachusetts in 2011. Nationstar originates Massachusetts mortgage loans directly through its call center as well as wholesale and retail channels.

For the examination period, 2010 through the first quarter of 2012, Nationstar originated a total of 670 HMDA reportable loans totaling \$173.8 million in Massachusetts.

Demographic Information

The MLCI regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

DEMOGRAPHIC INFORMATION*						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts)	1,361	8.4	21.7	46.1	23.4	0.4
Population by Geography	6,349,097	5.8	20.5	47.6	26.0	0.1
Owner-Occupied Housing by Geography	1,508,248	1.6	12.8	54.0	31.6	0.0
Family Distribution by Income Level	1,587,537	20.5	17.7	22.3	39.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	606,419	10.0	29.4	46.2	14.4	0.0
Median Family Income	\$65,318	Median Housing Value 2000 Census		\$209,519		
2010 HUD Adjusted Median Family Income	\$83,413	Unemployment Rate July 2012		6.1%**		
Households Below Poverty Level	9.8%					

*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census **as of 12/11

Based on 2000 Census data, the Commonwealth of Massachusetts has a total population of just over 6.3 million people and a total of 2.6 million housing units. Of the total housing units, 1.5

million or 57.5 percent are owner-occupied, 935,332 or 35.7 percent are rental-occupied, and 6.8 percent are vacant units.

There are 2.4 million households in the Commonwealth with a median household income of \$53,686 according to the 2000 Census. Over 40 percent of the households are classified as low- and moderate-income. In addition, 9.8 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as “families” total slightly over 1.5 million. Of all family households, 20.5 percent are low income, 17.7 percent are moderate income, 22.3 percent are middle income, and 39.5 percent are upper income. The median family income according to the 2000 census was \$65,318. The Housing and Urban Development (“HUD”) adjusted median family income is \$83,413. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contains 1,361 Census tracts. Of these, 114 or 8.4 percent are low-income; 295 or 21.7 percent are moderate-income; 628 or 46.1 percent are middle-income; 319 or 23.4 percent are upper-income; and 5 or 0.4 percent are NA or have no income designation. The five census tracts with no income designation are located in Bridgewater (a correctional facility), Boston (islands in Boston Harbor), Amherst (U MASS campus), Harvard (Fort Devens), and Grafton (Tufts Veterinary School). These Census tracts contain no housing units and will not be included in this evaluation since they provide no lending opportunities.

The median housing value for Massachusetts was \$209,519 according to the 2000 Census. However, recent figures from the Warren Group, publishers of the Banker and Tradesman, show the median price for a single-family increased to \$318,000 in July 2012, up 1 percent from \$315,000 in July 2011, and a further increase from the previous year in 2010 at \$289,000. Fluctuating housing values have a direct effect on the types of financial products adequate for homeowners and property buyers.

The unemployment rate for the Commonwealth of Massachusetts as of July 1, 2012 stood at 6.1 percent, below the national employment average of 8.3 percent. The unemployment rate in Massachusetts peaked in October 2009 at 8.7% and is now 2.6 percentage points lower. From a post peak low of 6.0% in May 2012, the unemployment rate has now grown by 0.1 percentage points. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Nationstar's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Nationstar.

Nationstar's Lending Test performance was determined to be "Satisfactory" at this time.

I. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the lender is addressing the credit needs of the Commonwealth's residents.

Nationstar achieved a reasonable record of serving the mortgage credit needs among borrowers of different income levels based on the areas' demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows HMDA-reportable loans by borrower income in comparison to the aggregate, and the percentage of total families within the Commonwealth in each respective income group.

<i>Median Family Income Level</i>	<i>Distribution of HMDA Loans by Borrower Income</i>					
	<i>% of Families</i>	<i>Nationstar 2010</i>		<i>Nationstar 2011</i>		<i>2011 Aggregate Lending Data</i>
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>%</i>
<i>Low</i>	20.5	22	13.8	14	4.3	5.4
<i>Moderate</i>	17.7	39	24.5	77	23.6	15.4
<i>Middle</i>	22.3	46	28.9	108	33.1	22.3
<i>Upper</i>	39.5	52	32.7	127	39.0	41.4
<i>NA*</i>	0	0	0.0	0	0.0	15.6
<i>Total</i>	100.0	159	100.0	326	100.0	100.0

Source: 2000 US Census, 2010 and 2011 HMDA LAR, 2011 HMDA Aggregate Data

As indicated in the table above, the overall volume of lending doubled from 2010 to 2011. During this time period, conventional loan refinances contributed to the largest increase in loan volume, which accounted for 75.7 percent of loans, followed by government insured loan products which accounted for 16.0 percent of loans.

In 2010, Nationstar's performance in terms of lending to moderate-income borrowers consisted of 24.5 percent of loans to the Commonwealth's borrowers and in 2011, Nationstar nearly doubled its number of loans to moderate income borrowers. The Lender outperformed both aggregate lenders and also demographic data in 2011.

The lending performance to low-income borrowers decreased from 13.8 percent in 2010 to 4.3 percent in 2011. The level of lending in 2011 is in line with the aggregate, but below the area demographics.

Lending to low income borrowers is still reasonable given the fact that 9.8 percent of families in the assessment area are below the poverty level and housing costs are in the assessment area are relatively high.

Although the lending performance for 2012 is not represented in the above table, the Lender's first quarter lending data was reviewed. The Lender's performance in the first quarter 2012 alone demonstrated a positive trend and is expected to outperform 2011 data.

II. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well Nationstar is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income Census tracts.

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The table below presents Nationstar's home mortgage lending performance by number of loans in 2010 and 2011, as well as the 2011 aggregate market data. The table also includes the percentage of owner-occupied housing units for each census tract income level for comparison to area demographics.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>						
<i>Census Tract Income Level</i>	<i>% Total Owner-Occupied Housing Units</i>	<i>Nationstar 2010</i>		<i>Nationstar 2011</i>		<i>2011 Aggregate Lending Data</i>
		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>%</i>
<i>Low</i>	1.6	0	0.0	5	1.5	1.3
<i>Moderate</i>	12.8	24	15.1	42	12.9	10.0
<i>Middle</i>	54.0	89	56.0	200	61.4	49.4
<i>Upper</i>	31.6	46	28.9	79	24.2	39.3
<i>Total</i>	100.0	159	100.0	326	100.0	100.0

Source: 2000 US Census, 2010 and 2011 HMDA LAR, 2011 HMDA Aggregate Data

As presented in the above table, Nationstar did not make any loans in 2010 in any of the low-income census tracts in Massachusetts. The Lender's performance improved slightly in 2011, as the Lender made 5 loans (1.5) to low-income census tracts. This performance is still considered reasonable due to the nominal percentage of owner-occupied housing units within the assessment areas' low income tracts (1.6) and high level of competition from surrounding financial institutions in the assessment area, reflecting limited residential lending opportunities.

In 2010, the Lender originated 24 loans (15.1 percent) to moderate-income census tracts and was above the aggregate and the assessment area demographics. In 2011, the Banks overall lending increased and similarly, the the lending to moderate income census tracts also increased.

The lending performance for the first quarter of 2012 is not presented in the charts, but was reviewed for analysis purposes. The trend into 2012 continues upward and demonstrates an increase in lending to low-and moderate-income census tracts and is determined to outperform 2011 loan data.

III. Innovative or Flexible Lending Practices

Nationstar offers a number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low-and moderate-income individuals or geographies. During the period of the examination,

Nationstar offers a full suite of mortgage loan products. During the period of January 1, 2010 through the first quarter of 2012, Nationstar closed 87 FHA (Federal Housing Administration) loans totaling \$23,406,295 of which 12 loans totaling \$2,331,000 were to low and moderate income borrowers in Massachusetts. These loans offer low down payments and liberal qualifying ratios. Also, FHA borrowers do not have to meet maximum income qualifications, as with many other government programs. Maximum loan amounts, however, are set by region across the country.

Other options available include VA loans. The Department of Veterans Affairs guarantees repayment of loans made to veterans with no down payment in most cases and liberal qualifying guidelines. Nationstar also underwrites its own VA loans. Nationstar also offers USDA home loans. These loans are offered in rural areas and determined by the United States Department of Agriculture (USDA). The USDA's mission is to help lower income households obtain home loans at reasonable mortgage rates. These loans offer many advantages to qualified borrowers such as 100% financing, no monthly mortgage insurance and no asset or automatic reserve requirements. During the exam period, the lender originated 1 USDA loan totaling 198,000.

As of June 30, 2012, Nationstar serviced 11,941 loans. Of these loans, 1,132 loans received modifications. Through Nationstar's servicing department, the Lender/Servicer participates in the following loan and loan modification programs: HARP, HAFA, HAMP, investor initiatives along with proprietary capitalization modifications.

The Home Affordable Refinance Program (HARP) provides homeowners with the opportunity to refinance their homes when they might be unable to get traditional refinancing because the value of their home has declined. The Home Affordable Foreclosure Alternatives (HAFA) program provides individuals with support in transitioning out of your mortgage, whether it is through a short sale or a Deed-in-Lieu of foreclosure. The Home Affordable Modification Program (HAMP) is available for those individuals who are looking to lower their mortgage payments in order to make them more affordable and sustainable for the long-term.

As of June 30, 2012, Nationstar modified 480 loans through the HAMP program totaling a dollar volume of \$114,149,619.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-103 and Regulatory Bulletin 5.3-101. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review. No evidence of disparate treatment was identified.

Nationstar has established an adequate record relative to policies and practices for loan originations, servicing and fair lending. Many functions of the lending and servicing processes are monitored by Nationstar's Quality Control Department. Steps are taken to ensure accuracy and compliance with investors and federal and state government agencies.

Nationstar maintains a prefunding audit policy. The policy details Nationstar's responsibility to audit a random sample of loan originations prior to loan closing. The audits help establish standards for loan quality, ensure loans originated by Nationstar are of investment quality, safeguard against fraud, and maintain compliance with Federal, State, and local Government laws as well as investor delivery requirements. The review is conducted by Nationstar's Credit Risk Oversight Department. Based on the findings of the review, employee training is developed and updates to policies occur.

Servicing Policy-Reviews of critical servicing function are performed on a regular basis. Since the last examination, Nationstar has established an audit schedule for FY2012 and FY2013

In 2012, Nationstar established a "Fair and Responsible Lending and Servicing Policy". The purpose is to promote the availability of credit to all consumers through fairly and consistently applied lending and servicing practices and to ensure compliance with all applicable federal and state fair lending laws, including but not limited to ECOA as implemented by Regulation B, Fair Housing Act, and HMDA. Within the policy it states that Nationstar will not discriminate with respect to any aspect of the mortgage loan origination and servicing process on any basis prohibited by federal or state law. The policy is adhered to by all employees involved directly or indirectly in the mortgage origination process or servicing process at Nationstar.

The "Fair and Responsible Lending and Servicing Committee", which provides oversight of and monitoring of Nationstar's lending servicing practices, ensures that those practices reflect a strong commitment to fair and responsible lending and servicing. Other responsibilities of the committee involve identifying and addressing key strategic issues and business practices having potential for fair lending issues. The Committee is also responsible for periodically reviewing key risk indicators, including analyses of HMDA and proprietary loan and servicing data and determine any impact on the Company's fair and responsible lending/servicing.

Committee is comprised of General Council, Chief Compliance Office, Chief Risk Officer, EVP National Originations, EVP Servicing, EVP Reverse Mortgages, EVP Credit Risk/Underwriting, EVP Secondary Marketing, CFO, and Head of Internal Audit.

All employees involved in lending process receive Fair Lending Training which includes, HMDA and ECOA training through Nationstar's training program called Nationstar University. In 2012, over 444 employees from Nationstar received on-site training. Trainings are tracked and documented.

A review was done on Nationstar's consumer complaints that are maintained by Nationstar internally. All complaints received by Nationstar have a response and resolution sent to the consumer. Complaints are handled within a reasonable timeframe. There were no complaints alleging discrimination in servicing or loss mitigation practices. Examiners reviewed over 150 complaints that were filed internally with Nationstar's complaints department and also those complaints filed with the Division's consumer assistance unit.

All marketing materials comply with the applicable laws relating to nondiscriminatory advertising of credit.

MINORITY APPLICATION FLOW

For the entire year of 2011 and the first quarter of 2012, Nationstar received 951 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 62 or 5.4 percent were received from racial minority applicants, of which 37 or 75.8 percent resulted in originations. Nationstar received 29 or 3.0 percent of HMDA reportable applications from ethnic groups of Hispanic origin, of which 14 or 48.3 percent were originated.

Demographic information for Massachusetts reveals that the total ethnic and racial minority population stood at 18.12 percent of the total population in 2011. This segment of the population is comprised of 6.75 percent Hispanic or Latino and 11.38 racial minorities: 5.01 percent Black; 3.73 percent Asian; 0.18 percent American Indian; 0.03 percent Native Hawaiian/Other Pacific Islander; and 2.42 percent identified as Other Race.

In comparison to the 2011 aggregate data, Nationstar fell below the aggregate lenders at 5.4 percent of applications from racial minorities while the aggregate received 7.8 percent. Applications received from ethnic groups of Hispanic origin, Nationstar was above the aggregate at 3.0 percent while the aggregate lenders received 2.8 percent. Overall, the applications received from racial and ethnic minorities is considered adequate.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by Nationstar Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through the Division's Foreclosure Database and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Nationstar Mortgage's Service Test performance was determined to be "Satisfactory" at this time.

Mortgage Lending Services

The availability and effectiveness of alternative systems for delivering mortgage lending services (Internet, telephone solicitation, direct mail) in low- and moderate-income geographies and to low- or moderate-income individuals, including, to the extent applicable, the current distribution of the mortgage lender's branches among low-, moderate-, middle-, and upper-income geographies.

Efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures.

The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which those services are tailored to the need of those geographies.

Nationstar provides an effective delivery of mortgage lender services that are accessible to geographies and individuals of different income levels in the Commonwealth.

The lender offers home purchases and refinances in Massachusetts primarily through broker and correspondent channels. Also customers can apply to Nationstar over the telephone and via the company's website. Nationstar does not currently have a branch presence in Massachusetts, although In March 2011, Nationstar opened it's only Massachusetts location in Hingham, MA. Nationstar maintained the branch for only a brief time and was closed mainly due to Nationstar's desire for a centralized location for originating and underwriting Massachusetts loans.

Nationstar has an internal loan servicing departments and services loans that are maintained in its own portfolio, as well as those sold to investors, and also as sub-servicer for many mortgage companies. The function of the Servicing Department is to collect timely mortgage payment and provide loss mitigation efforts. Loan Servicing and Loss Mitigation are offered via the telephone, internet and direct mail to all borrower income levels and geographies. Nationstar also has Spanish speaking representatives across the servicing division to assist borrowers. In addition, Nationstar provides language translations assistance for other languages, free of charge, though a third party translation company.

Mortgage payments are accepted through online account access via Nationstar's website. Online, borrowers can view monthly statements. Payments are accepted through the mail and over the telephone. The website also provides information to customers whose loan was recently transferred to Nationstar, providing guidance on where and when to submit payments and different payment making options.

The Loss Mitigation Department works with delinquent homeowners to facilitate a resolution of delinquency. Nationstar provides several options to customers, which are evaluated for each customer by applying a "waterfall" approach, where each option is evaluated until the customer qualifies for an option or all options are exhausted. Nationstar generally begins the waterfall process for each customer by reviewing the customer's financial information to determine if the loan qualified for a HAMP modification. (Home Affordable Modification Program) If the customer does not qualify for the HAMP loan modification, the customer is evaluated under the

next option established under the waterfall approach. As with the HAMP program, Nationstar and its employees have very little discretion regarding whether a loan qualifies for the HAMP program and how the programs are applied since the terms are mandated by Fannie Mae. Loss Mitigation specialist are not permitted to waive any fees without approval of a loss mitigation manager.

Community Development Services

Community development means:

- (a) Mortgage products and other efforts to assist low- and moderate-income individuals to acquire or remain in affordable housing;
- (b) community services targeted to low- and moderate-income individuals;
- (c) Activities that revitalize or stabilize -
 - (1) Low- or moderate-income geographies;
 - (2) Designated disaster areas; or
 - (3) Distressed or underserved non-metropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency; or
 - (4) Any other such area as determined by the Commissioner based on -
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community and economic development needs, including needs of low- and moderate-income individuals.

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

Nationstar is a member of HOPE NOW. HOPE NOW is an alliance between counselors, mortgage companies, investors, and other mortgage market participants. This alliance maximizes outreach efforts to homeowners in distress, to help them stay in their homes, and creates a unified, coordinated plan to reach and help as many homeowners as possible. Nationstar has been a member of HOPE NOW since it was established in 2007. In addition, Nationstar is also a HOPE LoanPort service member. The HOPE LoanPort was evolved out of the HOPE Now program. The LoanPort was designed to streamline loan modifications and is used by borrowers, non-profit counselors, and servicers.

During the examination, Nationstar participated in a HOPE NOW foreclosure prevention event in Foxborough, Massachusetts. During the event, team members represented Nationstar and met face to face with clients who were experiencing a hardship or facing foreclosure.

For this evaluation, emphasis is placed on Community Development Services performed in the State of Massachusetts and those activities performed within the state are given more credit. Although not occurring in the state of Massachusetts, Nationstar is actively involved in community

development activities in the state of Texas where Nationstar's headquarters is based. Nationstar has involvement with several local charities in their communities such as the United Way of Dallas, United Service Organization, and the Children's Advocacy Center of Denton County.

QUALIFIED INVESTMENTS

A qualified investment is a lawful investment, deposit, membership share, or grant having as its primary purpose community development.

During the exam period, Nationstar donated \$40,000 in qualified donations to organizations that met the definition of community development. The organizations that benefited are listed below.

Citizens Housing and Planning Association encourages the production and preservation of housing which is affordable to low-income families and individuals and to foster diverse and sustainable communities through planning and community development throughout Massachusetts

The Midas Collaborative, Inc. ("Midas") Midas is a statewide network of innovative community groups increasing economic stability in Massachusetts through financial education, personal savings, and access to wealth-building assets such as homes, cars, college educations, and small business. Midas provides tools, products, training, and expertise to assist community-based organizations, partners, public officials, and the general public to increase asset-building and retention.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.