

Operational Risk Assessments

eMortgage Logic, LLC

March 2016

Operational Classification:	Residential Vendor (Asset Valuation)
Assigned Ranking:	MOR RV1
Forecast:	Stable
Analyst:	Richard W. Koch, richard.koch@morningstar.com , +1 646 560-4519

Rationale

Morningstar Credit Ratings, LLC has assigned eMortgage Logic, LLC (EML), a wholly owned subsidiary of Assurant, Inc., (Assurant) its MOR RV1 ranking as a residential vendor (Asset Valuation). The forecast is Stable. The assigned ranking and Stable forecast reflect our assessment of EML's operational infrastructure and client-driven performance results in its duties as a residential vendor producing asset valuations.

In particular, Morningstar's ranking and forecast are based on these factors:

Residential Vendor (Asset Valuation):

- **Operational Stability:** With more than 12 years of operational history, EML is led by a management team with significant industry experience and minimal turnover. In September 2014, EML was acquired by Assurant, a public company since 2004, which is a leading specialty insurance provider with more than 17,500 employees in 13 countries. EML has already begun to leverage various shared services from its corporate parent, including audit and risk management, human resources, legal and compliance, training and recruiting, and finance and accounting, which all serve to provide EML with a competitive advantage in the marketplace.
- **Risk Management:** EML has an enterprisewide audit environment with sound internal controls. Risk-management protocols include a robust internal auditing program that performs assessments of all key operating areas. Additionally, a third-party auditing firm performs an annual Statement on Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization SSAE16 report. EML has developed an enterprisewide risk-management policy to identify business risks and ensure that procedures are implemented to manage these risks. Additional controls include, but are not limited to, training programs, comprehensive procedures, continuous performance monitoring and review, internal risk assessment methodologies, and performance monitoring.
- **Client-Driven Performance Results:** EML has developed a continuous performance monitoring and reporting infrastructure for best execution of service-level agreements with its clients. Client-specific requirements and numerous quality-control mechanisms are embedded in the technology workflow and product guidelines, minimizing errors on work orders. The multiple quality-assurance reviews have resulted in above-average performance for its customers.
- **Integrated Technology Environment:** The company uses its proprietary technology to perform data validation and monitor vendor-performance and feedback. EML has technology architecture and a systems infrastructure that support EML's products and services and are scalable commensurate with business goals. The systems architecture is designed to provide excess capacity to

accommodate business growth. User-administration protocols and password security policies are in place, including a quarterly and annual audit of user access. Network intrusion testing is performed regularly, and the company has a data encryption policy. EML's technology infrastructure provides the performance-management tools critical in monitoring and delivering performance to clients as outlined in service-level agreements. Additionally, the company's technology performs data validation checks on all work orders and provides a rating system for vendors and quality-assurance analysts. The company has developed a technology roadmap with its new corporate parent that includes migrating to Assurant's technology network as well as integrating email, telephony, and other infrastructure. However, the majority of key milestones have already been completed and the remainder are scheduled to be finished during the first quarter of 2016.

- Disaster Recovery and Business Continuity: EML has an acceptable disaster recovery and business-continuity program across its business platform. Business continuity is based on storage area network data replication across several data centers. Nightly data backups are performed. Disaster recovery planning is championed by the chief information officer and designates multiple recovery phases for emergency planning and recovery. The goal is to resume critical processing within 24 hours. EML has migrated to Assurant's recovery plan and hot site location in Indianapolis. The disaster-recovery redundancy team is trained to support 50% of operational capacity. The company has also developed a disaster-recovery plan for pandemic emergencies. Various components of the disaster-recovery and business-continuity plan are successfully tested several times throughout the year.
- Training Programs: The company has a training regimen for employees that benefits from a blend of corporate-sponsored new-hire training and role-specific training solutions at the EML subsidiary level. The syllabus offers training in relevant government regulations for employees and subcontractors as well as product-specific training in company processes and applicable technology. New-hire training and on-the-job mentoring are accentuated, and there are periodic reviews of policies and procedures for training purposes. EML is able to leverage training and educational opportunities offered by its corporate parent and use internal business-specific training to cultivate the requisite training infrastructure, staff, and resources commensurate with the size of its organization and future business goals.
- Comprehensive Policies and Procedures: EML has comprehensive policies and procedures that incorporate workflow-specific processes and descriptive narrative. The policy and procedure documents use a corporate template and incorporate versioning. The individual business units develop the policies and procedures and review them quarterly and annually. Policy and procedure documents, which are housed within a shared drive, are available to employees across the enterprise.

Forecast

The forecast for the ranking is Stable. Morningstar believes that EML is capable of serving as an effective residential vendor in the asset-valuation market for a variety of financial-institution clients. As a subsidiary of Assurant, EML is well-situated to leverage various technology, accounting, and human-resource capabilities at the corporate parent level. During 2016, EML will continue to integrate certain technology initiatives with its corporate parent. Additionally, EML's broker price opinion and appraisal valuation services will provide synergies and cross-selling opportunities with Assurant's Mortgage Solutions and Specialty Property businesses. The forecast is based on our belief that EML will maintain organizational stability and provide high-quality service and performance to its clients and continue various integration initiatives with its corporate parent. EML's flexible technology environment, risk-management methodologies, above-average performance, and experienced management team should position the company for continued market expansion.

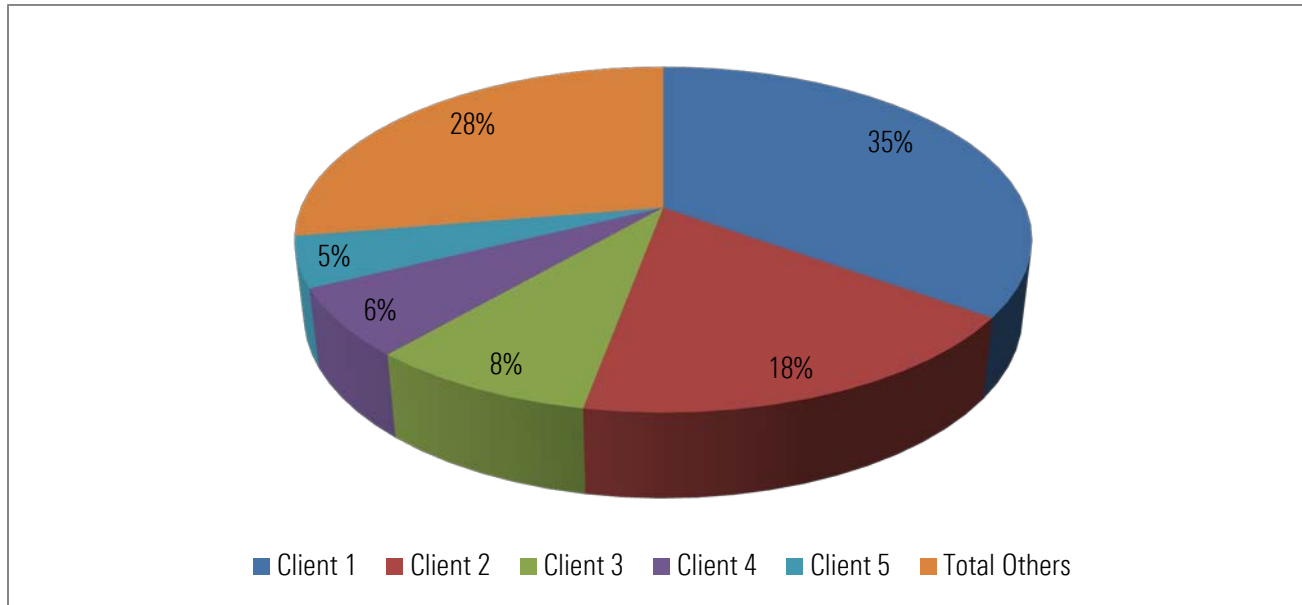
Table of Contents	Page
Company Profile and Business	
Overview	4
Operational Infrastructure and Risk	
Management	5
Organizational Structure	6
Management and Staff Experience	6
Management and Staff Turnover	6
Training	6
Audit, Compliance, and Procedural Completeness	6
Legal Liability and Corporate Insurance	8
Systems Architecture, Project Management, Network Security and Disaster Recovery	8
Performance Management: Vendor-Performance Metrics (Asset Valuation Services)	9
Work-Order Management	10
Vendor Selection and Qualifications	11
Vendor Management	11
Vendor Quality Assurance	12
Accounting and Invoice Management	13
Ranking Definitions	14
Disclaimer	16

Index of Charts and Figures (Hyperlinks)

- Chart 1: Diversification of Client Business by Percent (as of Dec 31, 2015)
- Chart 2: EML BPO Volume by Market Segment 2010-2015 (as of Dec. 31)
- Chart 3: Incoming Orders by Channel (as of Dec. 31, 2015)
- Chart 4: Orders by Tier Rating (as of June 30, 2015)
- Figure 1: Operational Structure (EML)
- Figure 2: Operational Structure (Assurant)

Company Profile and Business Overview

Chart 1 - Diversification of Client Business by Percent (as of Dec. 31, 2015)



EML is a limited-liability company that was cofounded by Ralph Sells, president and CEO, with Chris Santore in April 2002. Using a proprietary property valuation application, EML provides property-valuation services for various clients including government-sponsored enterprises, mortgage servicers, lenders, and investors. EML is one of only two companies approved as a valuation vendor by both Fannie Mae and Freddie Mac. In 2009, EML established Axios Valuation Solutions, a wholly owned subsidiary that provides appraisal services. As a global specialty insurance provider, Assurant has taken steps to develop products and services in related markets. In 2013, Assurant acquired Field Asset Services, a company that performs property preservation work as well as restoration and inspection services for mortgage servicing clients and investors. In 2014, Assurant acquired StreetLinks, one of the largest independent appraisal management companies in the United States. The acquisitions of FAS, StreetLinks, and EML form the basis of Assurant’s Mortgage Solutions business. Numerous synergies exist within the Assurant Mortgage Solutions business wherein EML can leverage existing business relationships via StreetLinks, FAS, and other Assurant specialty property businesses, including a direct technology portal with both GSEs, thereby making the company a “one-stop shop” for customers. Morningstar’s assessment of EML is limited to its BPO valuation services business. EML’s product suite includes the following:

- BPOs
- Appraisals
- Reconciliations
- Automated Valuation Model
- Inspections
- MLS Hits

EML provides property-valuation services on a nationwide basis. Each BPO order contains more than 400 automated quality-control checks, and each BPO is reviewed by a quality-control specialist. EML’s subsidiary, Axios, is an appraisal management company using a network of more

than 20,000 appraisers nationwide. Appraisal work orders contain more than 600 automated quality-control validations. EML’s technology-driven automated valuation report provides a statistical analysis together with public record information to determine a probable property market value. EML’s reconciliation products use experienced appraisers to provide a commentary regarding the positive and negative aspects of a valuation including a final determination of value. EML provides two types of inspection reports: a property inspection condition report and an insurance loss inspection report. The property inspection condition report includes a property description and surrounding neighborhood and accompanying photographs. The insurance loss inspection report provides information regarding the updated progress of property rehabilitation work. EML’s MLS Hits product is a search tool that allows clients to quickly verify a property listing.

Figure 1 - Operational Structure (EML)

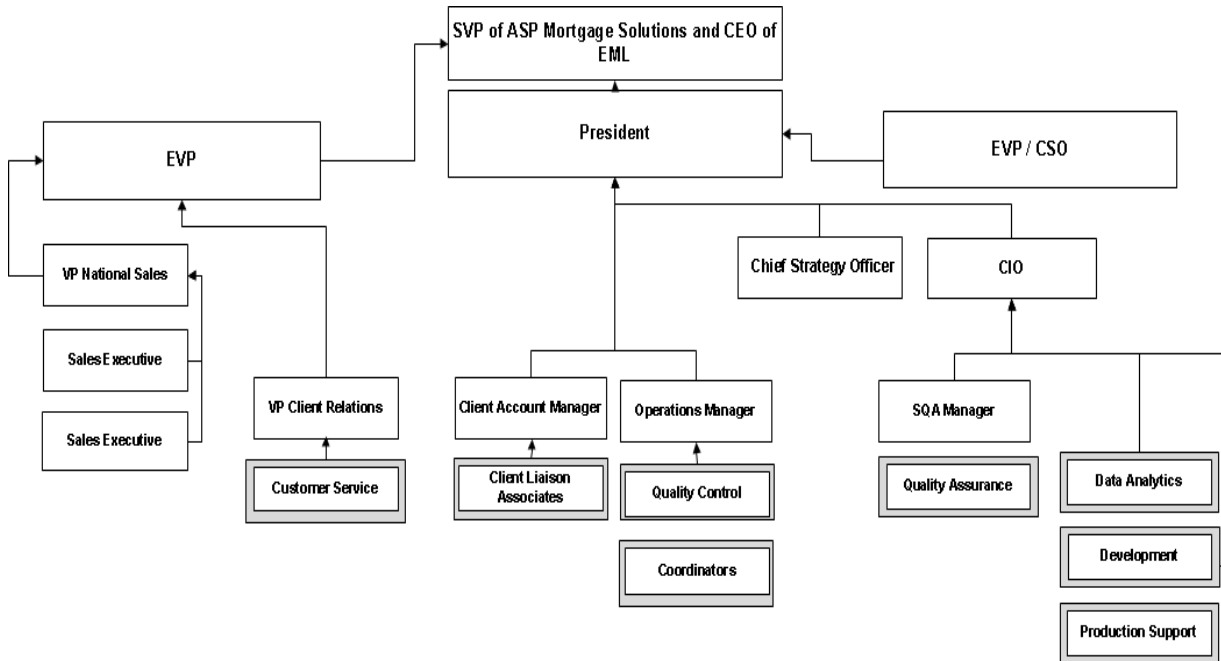
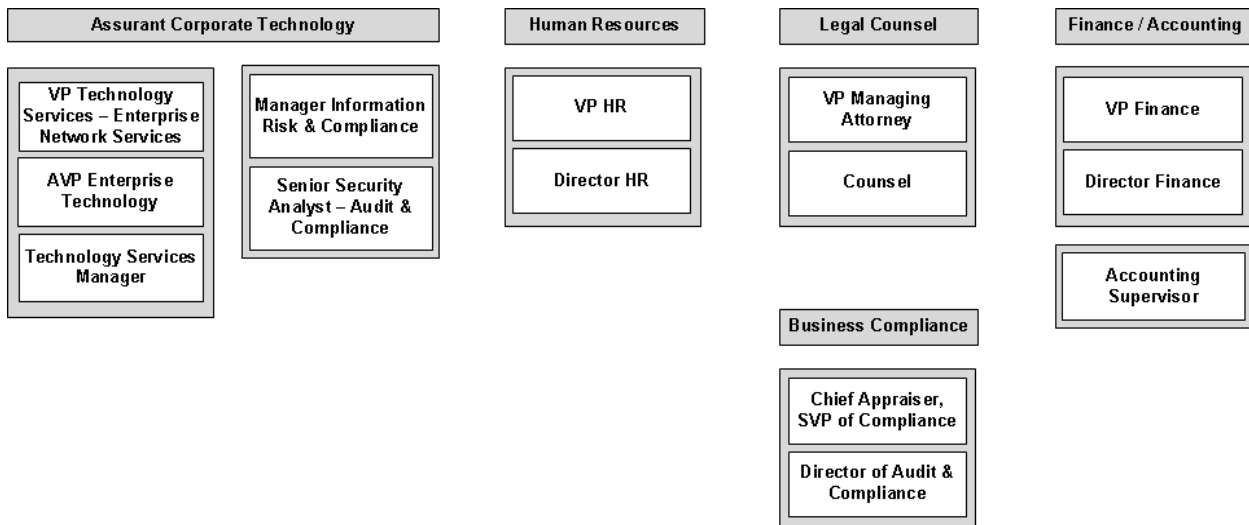


Figure 2 – Operational Structure (Assurant)



Operational Infrastructure and Risk Management

Organizational Structure

EML employs approximately 76 people. Management employs a staffing capacity model to forecast human-resource needs to handle business volume fluctuations. The company has been providing asset-valuation services since 2002 leveraging its flexible, scalable core business platform.

Management and Staff Experience

Within the organizational structure, the senior executive team has an average of more than 22 years of industry experience and more than 10 years of relevant industry experience. The staff has an average of six years of tenure with EML. The overall company retention rate during 2015 was greater than 95%.

Management and Staff Turnover

The company had no executive management turnover during 2015 and companywide turnover was reported at less than 10% during 2015.

Assessment: EML has a seasoned executive management and professional team within an organizational structure suitably designed for its current business needs and continued growth in various business lines.

Training

EML provides training for new employees consisting of an introduction to corporate policies and procedures including security awareness instruction that includes the code of ethics, background checks, confidentiality policy, fraud detection, and information security and fraud. Assurant Specialty Property Services provides regular employee training as well as advanced training for leadership via a course titled “The Manager Experience,” which is designed to offer a career path for employees. Enterprisewide training includes security-awareness training, which is required on an annual basis and includes testing. All employees must review the emergency action plan and applicable staff must review the incident response plan, disaster-recovery plan, and pandemic plan. EML is able to leverage shared services at the corporate parent level including a centralized human resources organization. With corporate guidance, department leaders provide policy, procedures, and continuous developmental training. Dedicated training within EML includes the following:

- Broker Price Opinion Training
- Accounting and Finance Training
- Information Technology Training
- Quality-Control Training

Assessment: EML has a comprehensive training function and effective performance management commensurate with the size of the organization and the scope of its business products. We believe that the effectiveness and diversity of the training program and corresponding training delivery methods will continue to be enhanced.

Audit, Compliance, and Procedural Completeness

As a vendor, EML engages an independent third-party auditing firm to produce a SOC 1 report. A review of the SOC 1 report, encompassing the period Sept. 1, 2014, to Aug. 31, 2015, contained no significant control issues.

EML has developed an internal control environment that is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission. On a monthly basis, senior and middle management meetings are held to discuss and establish goal setting, proper performance monitoring, resource management, capacity planning, key performance indicator review, and issue resolution. The company has a robust internal audit function that performs financial, operational, information technology, and compliance audits of all operational areas. An annual business impact analysis questionnaire is completed to determine the audit scope, identify business risks, and determine the appropriate resources. The financial audit component that is presently performed by EML is being migrated to the corporate parent level and will be performed by Assurant. The company has developed a risk matrix tool that is used to assess, measure, and report risks. Business managers maintain risk-management reports and provide them to the CEO on at least a quarterly basis for consolidation and review with the executive management team. The company's risk assessment process is designed to provide a continuous improvement cycle across the enterprise and is supported by a weekly "risk meeting" attended by business managers. The risk assessment is reviewed periodically to consider changes in the company's business, operations, programs, systems, and controls.

Enterprisewide quality control is embedded throughout various processes and transactions conducted by the company. Internal accounting controls are in place and are delineated by segregation of duties, multiple reviews, and signoffs by EML management. Performance measurement pursuant to service-level agreements is accomplished through scorecards that track internal performance metrics, which are then rolled up daily, weekly, and monthly and escalated through various management channels. EML's technology environment enables the company to store client-specific parameters, including customized processing and delegated authority levels that help to ensure compliance with client guidelines. All employees annually must sign a corporate compliance policy document. The business units develop monthly dashboard reports encompassing operating performance metrics and financial data, which are then rolled up to the executive team.

EML maintains documented policies and procedures within a shared drive. Appropriate senior managers within the relevant operational area review and approve policies and procedures. All approvals are tracked, and periodic reviews are performed of all policy and procedure documents. Policy and procedure updates are disseminated via email and classroom instruction. Executive management reviews all policies and procedures, which then undergo a corporate compliance and legal review. EML policies and procedures are written and published in a consistent format and include descriptive narrative as well as step-by-step instructions.

As an appraisal management company as well as a BPO provider, EML has an extensive compliance, government relations, and legal initiative drawing upon internal personnel as well as Assurant's risk-assessment group. Regulatory updates are monitored via relationships with several third-party trade organizations including the Real Estate Valuation Advocacy Association and the National Association of Broker Price Opinion Professionals, and industry litigation is monitored for analysis and trending. Monthly meetings are scheduled to discuss the latest compliance and legal trends with the operational areas. The company's BPO valuations business, while less regulated than the appraisal business, benefits from the extensive compliance and legal resource infrastructure. Any significant regulatory updates are communicated directly to the relevant operational areas via email, and updates are incorporated into the government regulation compliance policy.

Assessment: EML has established a sound multilevel auditing, risk-assessment, and quality-control regimen to monitor operational controls and adherence to procedures. A review of the company's most recent SOC 1 report did not reveal any significant control issues or systemic errors. Similarly, EML's corporate audit program provides a comprehensive review of all key operational areas, and a review of those audit reports did not indicate any systemic control, compliance, or performance issues. We believe the company's process for developing, reviewing, and disseminating policies and procedures is sound and that the policies and procedures, as written, satisfactorily address core areas of vendor business processes. Management has indicated its intention to migrate all policies

and procedures from a shared drive to a corporate intranet, which we concur is a better storage, retrieval, and dissemination methodology.

Legal Liability and Corporate Insurance

EML management represents that it is not a participant in any pending material litigation related to its operations nor is it subject to any regulatory inquiries, actions, or investigations. The company maintains appropriate business insurance coverage to protect against various liabilities and contingencies.

Assessment: EML, based on its representations, addresses its corporate insurance requirements and is not subject to any outstanding material litigation or regulatory inquiries.

Systems Architecture, Project Management, Network Security, and Disaster Recovery

EML uses proprietary and third-party technology applications in its business transactions. The systems architecture is based on a virtual environment, and data is stored and replicated on a storage area network. The systems architecture is scalable and flexible from a processing and business growth perspective. The operating system is a proprietary web-based application that is used to process client orders, validate the information and data in those orders, and produce vendor feedback and scoring. The company has a comprehensive change request policy document that outlines the process for communicating new technology releases.

The primary data center is in Minnesota and there are additional data centers in other locations. Physical security and systems security are administered by a card key access system. Business continuity is based on storage area network data replication across several data centers. Nightly data backups are performed. Disaster-recovery planning is championed by the chief information officer and designates multiple recovery phases for emergency planning and recovery. The goal is to resume critical processing within 24 hours. Various components of the disaster recovery and business-continuity plan have been successfully tested several times through the year. EML is migrating to Assurant's disaster-recovery and business-continuity plan framework. Additionally, EML will be using a redundant site location in Indianapolis supported by a redundancy team providing 50% of operational capacity.

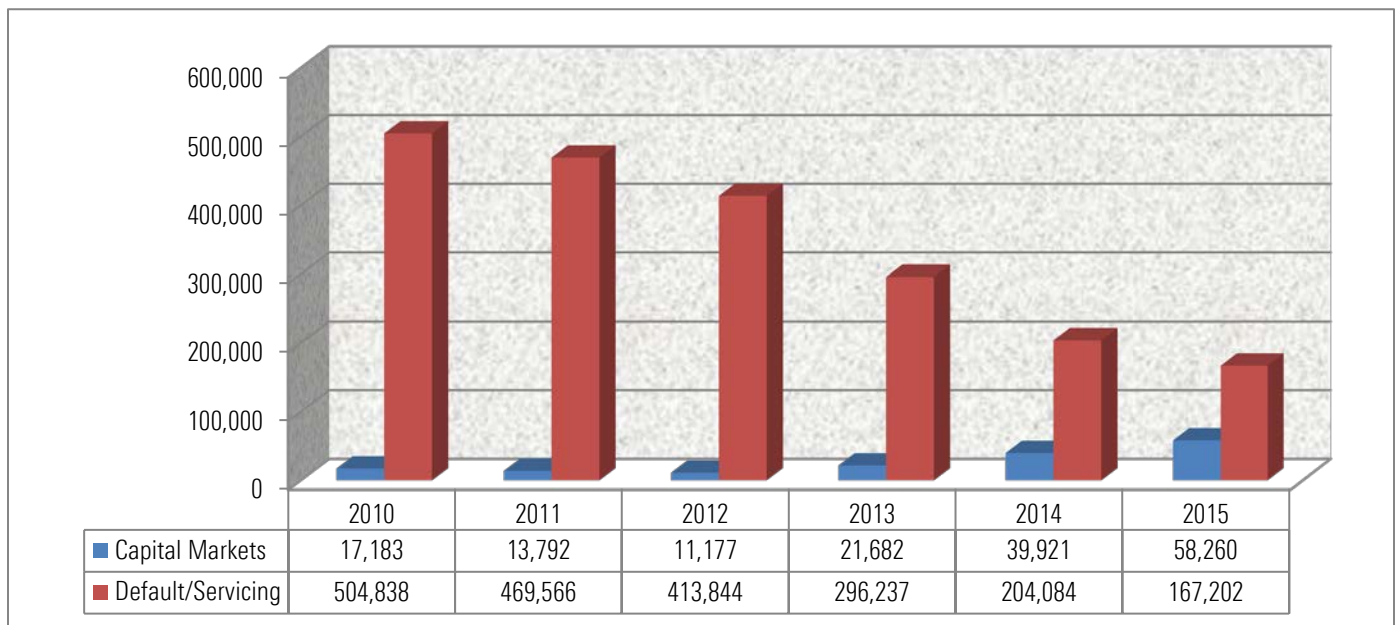
EML has developed an emergency action plan pursuant to Occupational Safety and Health Administration Requirements guidelines and is administered by a human-resources manager. The emergency action plan addresses emergencies that may occur such as known threats to site safety, fire, hazardous vapors, tornados and hurricanes, and dangerous electrical situations. EML has also developed an incident response plan that is designed to protect company resources against intrusion and defines roles and responsibilities and establishes procedures detailing actions taken during the incident, including the type of incident, the criticality of the incident, and whether the incident is ongoing or finished. The incident response team consists of the chief security officer, chief information officer, information technology manager, development manager, production support, and various information technology staff. Lastly, a third-party vendor performs application security testing and publishes suggestions for improvements.

Systems access is role-based, and management performs periodic user-entitlement reviews to ensure that employee access is appropriately administered. Passwords must be changed every 60 days, and employee access is disabled at the time of termination. The company has a 24/7 help desk for systems issues. All employees are required to enroll in security awareness training annually via an Internet course. All technology development is performed internally, and projects are managed by senior project managers with the input of business level project managers. Periodic meetings to discuss the status and prioritization of technology projects are scheduled during the project-management phases including

change control, release management, software quality assurance, code reviews, and vulnerability testing. The company has comprehensive enterprisewide encryption and firewall policies and methodologies to protect the integrity of confidential data as it is stored or communicated internally or externally.

Assessment: EML operates within an effective technology architecture designed to meet its data-management requirements as well as its internal-processing needs. The company’s technology provides the flexibility necessary to meet individual client requirements and provides the agility required to introduce new products and services. EML has satisfactory data integrity and security protocols in place.

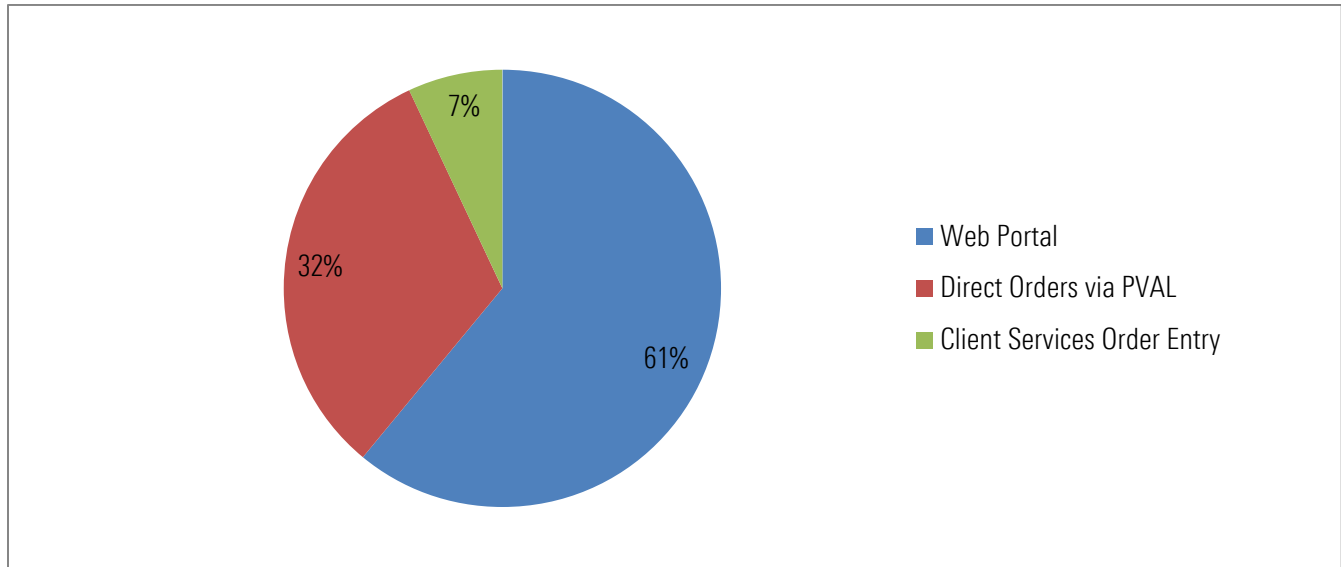
Chart 2- EML BPO Volume by Market Segment 2010-15 (as of Dec. 31, 2015)



Performance Management: Vendor-Performance Metrics (Asset Valuation Services)

EML is a provider of various valuation products to the mortgage and lending industries. EML uses technology, in-house employees, and an extensive network of field personnel to provide property-valuation services. Product offerings include broker price opinions, value reconciliations, automated valuation models, and hybrid products. EML has nationwide coverage of more than 17,000 active agents and every report is completed by an approved company vendor. EML offers interior and exterior BPO products. The external BPO is based on the most current sales and active listings of comparable properties and neighborhood data. The internal BPO consists of an external BPO with interior photos including damaged areas if applicable. A verbal BPO product provides an opinion of value as expressed by highly experienced brokers with substantial knowledge of their market area. The company offers an enhanced BPO product that includes a review by a licensed or certified appraiser who provides a reconciled “as is” value, an “as repaired value” estimate of total repair cost, with accompanying narrative and data to support the reconciled values. EML also provides a platinum valuation report that consists of an interior or exterior BPO and an automated valuation model report together with “as is” and “as repaired” values, additional comparable values and a precise reconciliation performed by a fully qualified in-house licensed or certified appraiser.

Chart 3: Incoming Orders by Channel (as of Dec. 31, 2015)



New customer orders are uploaded directly into the company’s proprietary PropVal system via the web portal (61%), direct orders input by the client (32%), or input through the assistance of a client services specialist (7%). The process for selecting service providers is based on work quality, efficiency, proximity to the subject property, and fees. Approximately 97% of work orders are assigned to brokers via automation. Work orders that are submitted manually are reviewed individually by a client services representative prior to being loaded into the PropVal system, whereas bulk order totals are validated against the bulk order total to ensure that all orders have been received. Orders submitted by the client through the PropVal system directly, require little or no assistance unless the order has not migrated into the assignment cue. The PropVal system includes specific client guidelines that allow customization of work orders.

EML coordinators review work orders that are in process and focus on timeline management, working with brokers to verify timely completion of orders. Coordinators are assigned to specific states or territories to build market knowledge and familiarity with a local broker network. Rush orders that are in process are reviewed first to ensure that the requested time frame can be met and nonrush orders can be reassigned to a different broker if the time frame is not being met. Proactive recruiting efforts will take place on work orders that have not been accepted by a broker. The system identifies work orders that are nearing extended timelines and assigns orders into queues to reflect their status: rush, past due, or other status. Orders that are noncompliant with a client’s service level agreement parameters are assembled in a queue for tracking purposes.

Assessment: EML’s technology supports a unique work-order solicitation process that, together with its vendor performance-based rating system, allows top vendors the opportunity to accept work orders first based on a timed release process. This automated process serves to ensure that superior performance is rewarded with increased business volume, resulting in a high-quality product for customers.

Vendor Selection and Qualifications

Brokers can solicit EML via an application on the PropVal website or may be solicited by an EML coordinator. New broker applications must include contact and company information, geographic territory, licensing, product and service relevance, and payment information. The broker's application information is maintained on the system and reviewed and ultimately approved by an EML coordinator. The coordinator is the only EML staff able to approve new brokers within their assigned states and edit broker profiles based on performance guidelines. Brokers can update their information in the system using a designated password login. Broker accounts are suspended or disabled in the PropVal system when a broker's license has expired or there are performance issues. Among the relevant factors in selecting a broker for a work order are the following:

- Broker's Performance Rating
- Preferred Service Provider, if Applicable
- Product Timeline
- Open Orders in Process
- Open Requests for New Work
- Number of Completed Orders
- Maximum Capacity for Work in Progress
- Years of Relevant Experience

Approximately 8% of EML's service providers are classified within the company's preferred service provider network. The qualifications to be in the network include the following:

- Completion of 100 Work Orders
- Interior Valuation Timeline Less Than Two Days
- Exterior Valuation Timelines Less Than Three Days
- Quality Rating of 97% or Higher
- Passing Grade of 85% on the NABPOP Exam

Approximately 45% of all monthly work orders are completed by brokers classified as a member of the preferred service provider network.

Assessment: EML has criteria for selecting qualified vendors that it employs to perform BPOs. The company supports a training and compliance culture that serves to establish performance expectations between the company and its vendors.

Vendor Management

EML has policies and processes to evaluate and rate the work that is completed by third-party vendors. Every BPO report is scored based on complexity and is manually reviewed by an experienced valuation specialist. BPO agents are scored on every report completed for EML. Vendor scores are calculated by assessing performance criteria, including quality and turn time metrics issued on a 100-point scale. The vendor score is updated on a rolling 60-day basis. Vendor-performance scoring is also assessed subjectively, allowing EML employees to file an internal request for action on an agent because of service issues. The results of an internal action may be a vendor warning, probationary status, indeterminate hold status, or deactivation. EML provides scorecards to its vendors to provide performance feedback. The cumulative monthly score consists of a proprietary weighted average of quality, turn time, and administrative items. The quality checklist contains a multiple criteria evaluation

framework that assigns each BPO its quality score. The scorecard compares vendors with their peers in the market and illustrates quality categories for improvement and provides an overall rating. In general, the scorecard contains specific rating criteria in areas such as property identification and inspection, appropriateness of comparables, reasonableness of data analysis, and the quality of accompanying photographic evidence.

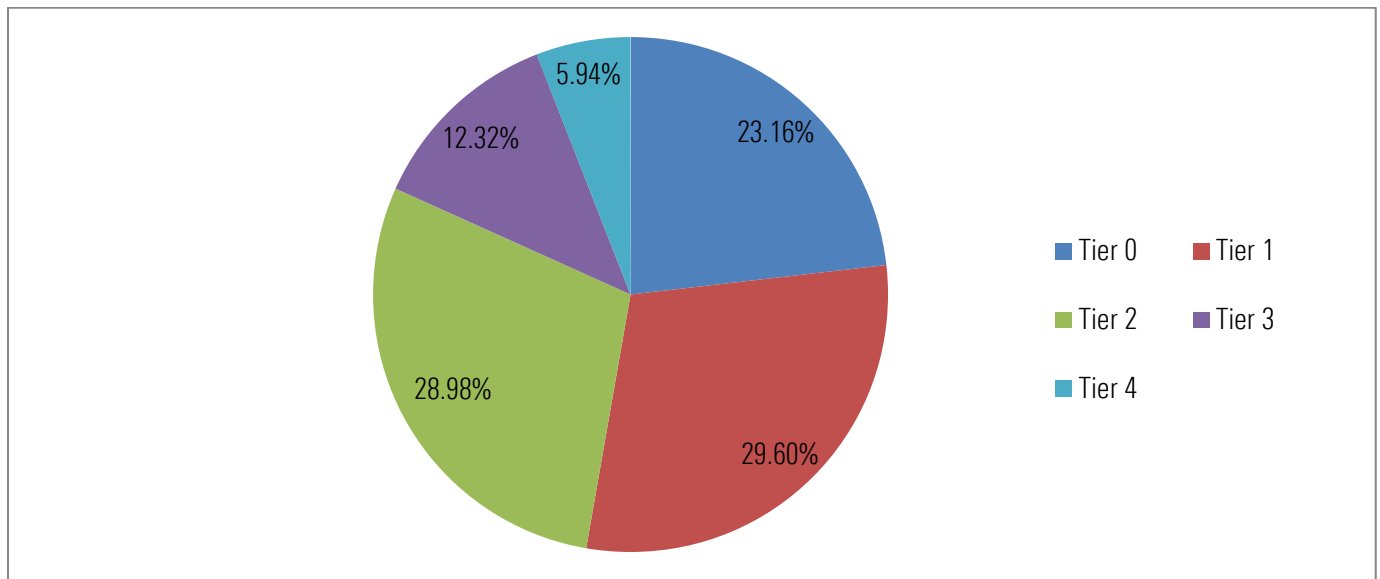
Assessment: EML has an effective automated process to assign ratings to its vendors based on timeliness and work quality.

Vendor-Quality Assurance

EML has developed processes for ensuring that work orders are thorough and completed in a timely manner. The PropVal system contains approximately 400 quality-control checks on every form. Quality-control associates are assigned to specific states or territories to develop regional market expertise and familiarity with the local broker network. The primary responsibility of the quality-control team is to review work orders that contain warnings or failures and to coordinate with the brokers to resolve any deficiencies. Work orders that contain incomplete fields or have missing data or required attachments are systematically migrated to a QC failed status. In addition to the QC fail indications visible to the broker, the system provides internal warning flags that alert EML coordinators to certain data fields that require additional review. Orders that pose a higher degree of difficulty are usually referred to more-experienced quality-control personnel. When an order is moved to QC failed status, the broker is notified of the failure status and is asked to make the necessary corrections to the order.

All work orders undergo a series of validation checks that are weighted and aggregated to create a score. The score falls within a set of bands, which determines an overall tier, or complexity of the work order. There are five tiers, from 0 to 4, and every order contains a time allocation for completion of the order based on the tier score. In the event that a valuation is disputed by a customer, EML's customer-service department will log the dispute into the system and forward it to the quality-control team, which will research the dispute with the broker. Corrected work orders are reviewed for quality and sent back to customer service for final resolution with the client. All disputes are generally resolved within 48 hours. All interaction between the quality-control team and the broker is entered onto the order for historical recordkeeping and review purposes. Reviewers handle approximately 45-90 orders daily.

Chart 4: Orders by Tier Rating (as of June 30, 2015)



Extensive performance monitoring information is assembled and communicated to senior management by virtue of monthly reporting meetings. Key performance indicator metrics are reviewed and monitored for managing the following business goals:

- Meeting Internal Quality Goals
- Adhering to Productivity Timelines
- Complying With Client Service Level Agreements
- Managing Work Order Volume
- Business Forecasting
- Identifying Business Trends
- Managing Order Issues and Client Disputes
- Identifying Training Needs
- Determining Staffing Resources

Assessment: EML uses its technology to precheck and validate all incoming valuation reports based on extensive criteria. The secondary review process by quality-assurance representatives and senior appraisal staff provides a substantial level of quality assurance to its products. This multilevel approach to quality, timeliness, and data validation is reflected in the high level of performance as indicated in the company's internal performance reporting as well as scorecards produced by its customers.

Accounting and Invoice Management

EML has extensive policies and procedures in place for all accounting functions. Basic accounting functions for EML are housed in the North Richland Hills location in Texas with additional accounting support and oversight from Assurant in Atlanta.

EML has developed and implemented a satisfactory process for the production of invoices and client statements, which are system-generated. The accounts payable area has proper controls in place including the requisite segregation of duties for various functions such as general ledger entries, check printing, bank account reconciliations and payment signoff. This segregation of duties minimizes the risk of human error or fraud. Vendor invoices are reviewed and approved by an accounting supervisor who initials the invoice. An accounting manager provides a signature stamp thereby providing a secondary approval layer. The signature stamp is kept in a locked accounting office. Certain checks issued to employees or designated clients are signed by the company president. Payments are generally issued at least one week prior to the vendor due date. All check stock is stored in an access controlled storage room available only to accounting personnel and management and authorized executive staff.

All new customers are established in the system by the customer-service department. EML maintains a proper segregation of duties within the accounts-receivable area. Different individuals generate invoices and record incoming payment collection. Billing information is generally limited to the accounting area and all write-offs must be approved by executive staff. Based on the client profile, invoices may be sent weekly, monthly, on bulk orders, or on a per-order basis. The accounts receivable accountant, together with accounting management, is responsible for tracking the status of all receivables, billing, the generation of monthly statements, and any applicable collection activity. Accounting management, together with the accounts receivable accountant, reviews the accounts receivable aging report on a monthly basis identifying accounts unlikely to pay, write-offs, and ensuring compliance with generally accepted accounting principles.

On a weekly basis, a reconciliation process is completed to ensure that the third-party invoice application and EML's records reflect an accurate billing record. On a monthly basis, client order totals are reconciled between the ordering system's detail and the accounting software package to ensure billing thoroughness and detail accuracy.

Bank account reconciliations are reviewed daily, weekly, and monthly by the accounting management. Accounts payable, accounts receivable, and bank accounts are balanced daily and monthly and out-of-balance events are identified and corrected often in the same business day.

Assessment: EML demonstrates solid controls in its accounting practices, supported by an effective technology environment. The organizational structure of the EML accounting department provides the requisite segregation of duties among invoicing, billing review, accounts receivable and payable, and general ledger management.

Ranking Definitions

The numerical scale of MOR RV/RS1 to MOR RV/RS4 is defined as follows:

- | | |
|---|--|
| 1 | Exceeds prudent loan servicing standards in key areas of risk |
| 2 | Demonstrates proficiency in key areas of risk |
| 3 | Demonstrates compliance in key areas of risk |
| 4 | Demonstrates lack of compliance in one or more key areas of risk |

A servicer assigned a ranking of at least MOR RV3/RS3 is deemed to comply with what we view as the minimum prudent loan servicing/vendor standards and requirements for the servicer's/vendor's operational category and role. For access to Morningstar's "Operational Risk Assessments of Residential Servicers and Vendors: Methodology and Process" and other published reports, please visit <https://ratingagency.morningstar.com>.

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