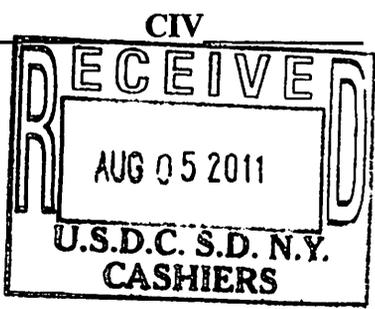


**JUDGE RAYMOND** IN THE UNITED STATES DISTRICT COURT CIV 5473  
FOR THE SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA, ex rel, )  
SHERRY A. HUNT, appearing QUI TAM )  
)  
)  
Plaintiff/Relator, )  
)  
)  
vs. )  
)  
CITIGROUP, INC., )  
)  
CITIBANK NA, INC. )  
)  
CITIMORTGAGE, INC. )  
)  
Defendants. )

FILED UNDER SEAL



JURY TRIAL DEMANDED

---

**COMPLAINT**

---

Relator Sherry A. Hunt, by and through her undersigned attorney Finley D. Gibbs, brings this *qui tam* action on behalf of the United States of America, against the above named Defendants:

**INTRODUCTION**

1. This is a *qui tam* action under the False Claims Act, 31 U.S.C. §§ 3729 et seq., (the "FCA"), against the named Defendants for, in part, knowingly and/or with reckless disregard for the truth or falsity of the information, selling, certifying, and/or causing to be presented for guarantee, payment or approval, false and fraudulent claims and records; particularly, for misrepresenting the basis in risk and categorical quality of mortgage loans it sold to the United States or its departments or contractors and agents, in respects material to the decision of the United States or its departments or agents to purchase said loans. Further, that

Defendants caused the United States or its departments or agents to insure or guarantee mortgages based upon Defendants' false statements that said loans were consistent with the United States' regulations and rules with regard to the quality (security of said loan based upon the mortgagee's ability to pay, the validity of the supporting documents, asset to mortgage ratio, etc.)

2. In this suit, Relator, on behalf of the United States Government, seeks treble damages and penalties under the False Claims Act, 31 U.S.C. §§ 3729 *et seq.*, for the insurance claims already paid by HUD for mortgages wrongfully certified or endorsed by Defendants, for the insurance claims that HUD expects to pay in the future for mortgages wrongfully certified or endorsed by Defendants, for damages caused by mortgages sold to entities of the United States Government where said mortgages were misrepresented as to quality by Defendants, and for any additional losses suffered by the United States Government or any United States Government entity occasioned by the wrongful actions of Defendants described herein.

### **PARTIES, JURISDICTION & VENUE**

3. Plaintiff / Relator Sherry A. Hunt (hereinafter referred to as Relator) is a citizen and resident of the State of Missouri, United States of America, and pursuant to the aforementioned statutes, brings this action on behalf of the United States of America. At all times material to this Complaint, Relator was an employee of Citi. In 2008, Relator became the mortgage quality control manager for, among other things, FHA insured mortgages.

4. Defendant Citigroup, Inc., is a domestic corporation organized and existing under the laws of the State of Delaware, United States of America, and has its principal office in New York City at the address of 399 Park Avenue, New York, New York 10043. It maintains offices,

including mortgage quality controls offices, in O'Fallon, Missouri at 1000 Technology Drive, O'Fallon, MO 63368. It routinely conducts business and accepts correspondence at its New York address. On information and belief, a substantial number of the decisions complained of herein were made by this Defendant in New York, New York.

5. Defendant Citibank NA, Inc. is a domestic corporation organized and existing under the laws of the State of Delaware. It maintains a "head office" in South Dakota and a principal place of business in New York. It maintains offices, including mortgage quality controls offices, in O'Fallon, Missouri, at 1000 Technology Drive, O'Fallon, MO 63368. It routinely conducts business and accepts correspondence at its New York address. On information and belief, a substantial number of the decisions complained of herein were made by this Defendant in New York, New York.

6. CitiMortgage, Inc. is a domestic corporation organized and existing under the laws of the State of Delaware. It maintains offices, including mortgage quality control offices, in New York City, New York. It routinely conducts business and accepts correspondence at its New York address. On information and belief, a substantial number of the decisions complained of herein were made by this Defendant in New York, New York.

7. On information and belief, the above named Defendants are legally or structurally affiliated entities and governed by a common hierarchy, and further, conspired to advance the false claims alleged herein, and as such, they are jointly and severally liable for each other's actions, said Defendants will be hereafter referred to collectively as "Citi."

8. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331, and the FCA, particularly 31 U.S.C. § 3732(a), which specifically confers jurisdiction over actions brought pursuant to 31 U.S.C. §§ 3729 and 3730; and further, personal jurisdiction, in

that some or all of the acts of Defendant proscribed by § 3729 and alleged herein occurred in New York City, New York, and further, Defendants and each of them may be found in this District and transact business in this District as set forth above.

9. Venue is proper in this District pursuant to 28 U.S.C. § 1391 and 31 U.S.C. § 3732(a) because Defendant is found, transacts business, and committed the acts alleged herein and proscribed by 31 U.S.C. §§ 3729 in this District. Defendants' actions in the categorization and sale of mortgages to the United States or its departments or agents are continuous and systematic, and substantially occurred and continue to occur in New York City, New York.

#### **CONDITIONS PRECEDENT**

10. Pursuant to 31 U.S.C. § 3729 et seq., this Complaint is to be filed *in camera* and under seal, and is to remain under seal for a period of at least sixty days and shall not be served on Defendants until the Court so orders. Further, the United States Government may elect to intervene and proceed with the action within the sixty day time frame after it receives both the Complaint and the material evidence submitted to it.

11. This suit is not based on prior public disclosure of allegations or transactions in a criminal, civil, or administrative hearing, lawsuit or investigation; in a Government Accountability Office or Auditor General's report, hearing, audit, investigation; in the news media; or in any other location as the term "publicly disclosed" is defined in 31 U.S.C. § 3730.

12. In the alternative, to the extent there has been a public disclosure unknown to Relator, she is an original source under the aforementioned statute. As more fully set forth in this Complaint, Relator has direct and independent knowledge of the information on which the allegations herein are based, and witnessed first hand the fraudulent loan sales to the United States, its departments or agents.

13. Relator has voluntarily provided all of the material information alleged herein to the Federal government before filing this action based on that information. In May of 2011, Relator wrote the Security and Exchange Commission providing a report of the Defendant's fraudulent activities (attached hereto and incorporated as if fully set forth herein as Exhibit "A"). Relator provided the material information alleged herein to the Department of Justice on June 27, 2011, July 11, 2011, July 19, 2011 and July 27, 2011.

14. Contemporaneous with filing this Complaint, Relator is serving a copy of same upon the United States, together with the aforementioned verbal and written disclosure statements setting forth and enclosing all material evidence and information she possesses, pursuant to the requirements of 31 U.S.C. §3730(b)(2).

15. Relator has complied with all other conditions precedent to bringing this action.

#### **FACTS COMMON TO ALL ALLEGATIONS**

##### **A. FHA Insurance program**

16. FHA is the largest insurer of residential mortgages in the world.

17. HUD operates the Direct Endorsement Program as part of the FHA-insured mortgage program. Under the Direct Endorsement process, HUD does not itself conduct a detailed review of applications for mortgage insurance before an FHA-insured mortgage closes, but instead, properly relies on approved lenders. These lenders, called Direct Endorsement Lenders, are responsible for all aspects of the mortgage application, the property analysis, and the underwriting of the mortgage. FHA endorses mortgages in reliance upon the Direct Endorsement Lender's certifications that the mortgages may be approved for FHA insurance.

18. In the event that a borrower defaults on an FHA-insured mortgage, the holder of the mortgage is able to submit a claim to HUD for the costs associated with the defaulted mortgage.

19. To qualify for FHA approval as a Direct Endorsement Lender, a lender must have a qualified underwriter on staff. An underwriter must evaluate each mortgagee's ability to pay a proposed mortgage and render an underwriting decision in accordance with applicable regulations, policies and procedures." 24 C.F.R. § 203.5(d). In addition, the underwriter must "have [each) property appraised in accordance with [the] standards and requirements" prescribed by HUD. 24 C.F.R. § 203.5(e).

20. To qualify for FHA approval as a Direct Endorsement Lender, a lender must implement a quality control plan that ensures its underwriters' compliance with HUD rules.

21. A fiduciary relationship exists between Direct Endorsement Lenders and HUD. As a result of the fiduciary relationship between Direct Endorsement Lenders and HUD, Direct Endorsement Lenders have a duty to HUD of *uberrimae fidei*, or, the obligation to act with the utmost good faith, candor, honesty, integrity, fairness, undivided loyalty, and fidelity in dealings with HUD. The duty of *uberrimae fidei* also requires Direct Endorsement Lenders to refrain from taking advantage of HUD by the slightest misrepresentation, to make full and fair disclosures to HUD of all material facts, and to take on the affirmative duty to avoid misleading HUD in all circumstances.

22. To obtain and maintain Direct Endorsement Lender status, a Direct Endorsement Lender must submit an annual certification of compliance with HUD regulations to HUD.

23. A Direct Endorsement Lender must submit a certification to FHA for each loan for which it seeks FHA insurance.

24. The certifications in HUD Handbook 4000.4, incorporated by reference in the certifications above, include the certification that the mortgage complies with HUD underwriting requirements contained in all outstanding HUD Handbooks and Letters.

25. Absent a truthful mortgage eligibility certification, a Direct Endorsement Lender cannot endorse a mortgage for FHA insurance.

**B. United States Government purchases Mortgages**

26. The United States Government, its entities, departments and Contractors are, in part for the benefit of the national real estate market, in the business of purchasing previously originated mortgages from the secondary market.

27. When such mortgages are purchased, the United States Government requires that for the Government or its entities or Contractors to purchase mortgages on the secondary mortgage market that the mortgages be of a certain quality, that is, that the loans were made to borrowers for whom the risk of default was specifically identified and certified as accurate by sellers such as Citi (the same parameters as are required for HUD and FHA insurance as detailed above).

**C. United States Government Guarantees Mortgages**

28. The United States Government, its entities, departments and Contractors, including but not limited to GNMA, provide payment guarantee status for mortgages originated by private entities, such as Citi. The same rules as detailed above, apply for any entity seeking guarantee status on a particular mortgage loan.

29. The following allegations detail the fraud committed by Defendant Citi against the United States Government, including, but not limited to, HUD, FHA, and its Contractors,

Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac and others unknown to Relator at this time.

### **GENERAL ALLEGATIONS**

30. Relator restates, realleges and incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

31. Relator has worked at Citi from November, 2004 through the present. She was in underwriting until 2008, then in quality control, including monitoring of mortgages related to FHA insurance programs.

32. Attached (and incorporated as if fully set forth herein as Exhibit "C") is an electronic copy of Relator Sherry Hunt's Resume, including her experience in this area.

33. Relator in her employment was, and continues to be, privy to intimate details concerning the quality of the mortgage loans being insured by the FHA, those being sold as secondary mortgages and those requesting guarantee status by Citi to the United States, its departments and related entities.

34. The following paragraphs generally describe the information which Relator came to possess through her employment.

35. Citi is, and at all times material hereto was, in the business of banking and lending, including the origination and servicing of mortgages.

36. Citi has, at all times material hereto, originated or purchased residential mortgage loans, and in numerous cases, has sold and continues to sell, those mortgages on the secondary mortgage market.

37. Citi has sold or caused to be guaranteed or insured tens of thousands of its loans to Government and Government related and/or backed entities, including GNMA, FNMA, and Freddie Mac.

38. In making residential home loans, and in selling its mortgages on the secondary mortgage market, Citi categorized its loans by United States Government required characteristics (as detailed in 24 CFR, *et. seq.*).

39. There was an agreement between Citi and the United States Government that all loans sold by Citi to the Government or its departments or Contractors would be of an appropriate level of risk (*See, 24 CFR, et seq.*).

40. In selling its mortgages on the secondary market to the United States Government, its departments and Contractors, Citi represented that the loans were of the HUD-required category or grade of risk, when in fact, as detailed herein, many such loans contained known material variances from the HUD regulations as well as outright fraudulent information, which was known to Citi at the time such sales were made.

41. In presenting its mortgages to the United States Government, its departments and Contractors, for insurance through FHA, Citi represented that the loans were of the HUD-required category or grade of risk, when in fact, as detailed herein, many such loans contained known material variances from the HUD regulations as well as outright fraudulent information, which was known to Citi at the time such presentations were made.

42. In presenting its mortgages to the United States Government, its departments and Contractors, for guarantee status through GNMA, Citi represented that the loans were of the HUD-required category or grade of risk, when in fact, as detailed herein, many such loans

contained known material variances from the HUD regulations as well as outright fraudulent information, which was known to Citi at the time such presentations were made.

43. Defendant Citi defrauded, falsified information or mislead federal Government entities, their own investors and the public in the following ways:

**a. Mortgage Risk Misidentification**

FHA maintains a website called FHA Connection. Currently, FHA Connection reflects a CitiMortgage (FHA ID 24893) portfolio of FHA-Insured mortgages at 365,239 units (mortgages) as of 6/30/2011. Of these, 26,629 units are 30 days delinquent, 11,734 are 60 days delinquent, and there are 40,495 loans categorized as seriously delinquent for a total of *78,858 Citi FHA insured mortgages in default*. This default rate is 21.59% and is unacceptable, given that these mortgages were insured by FHA and remained insured after being certified by Citi as being free of fraud and unqualified mortgagees. Starting in 2004, Relator in her day to day work witnessed instances where mortgages were improperly certified with regard to risk to FHA for insurance purposes, GNMA for Guarantee purposes and purchasers such as Federal entities including Freddie Mac, etc. These mortgages and instances of improper certification with regard to risk are too numerous (believed to be in the thousands) to specifically enumerate within this Complaint (although examples are shown herein). Therefore, Relator states that the mortgages were improperly qualified in the following representative ways (there are additional ways too numerous to list herein, but most potential variances by Citi were found by Relator): mortgage loan files were found to be deficient in the manner in which the income is documented or calculated; incomplete employment histories; valuation or appraisal defects; errors in closing documents; incomplete or improperly executed

required certifications and/or disclosures; missing credit reports; improper or incomplete asset documentation; inaccurate validation of Total Scorecard automated underwriting system data resulting in invalid recommendations; miscalculation of maximum mortgage amounts; improper gift or excessive cash back to borrower at closing. The misidentification of the level of mortgage risk attendant to each bundle of secondary mortgage loans was done knowingly by Citi, so that the loans would be considered of a sufficient grade for insurance programs by FHA, Guarantee programs by GNMA and sale to the United States Government under the Government's standards for purchase as detailed herein. Insurability, Guarantee and Payment by the United States Government for the secondary mortgages was conditioned upon compliance by Citi with 24 CFR *et seq*; certain executed contractual obligations as set forth by the Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) Selling Guides; HUD and VA Handbooks and Certifications. Further, many of the loans insured by FHA were originated by Citi, through its Direct Endorsement status, and many of such Citi originated loans were presented to FHA for insurance with the same problems detailed hereinabove.

**b. Fraudulent Repackaging Refused Deficient Mortgages from other Lenders.**

Relator Sherry Hunt became aware as early as October, 2008 of at least one instance where a pool of mortgages was declined for purchase from Citi by HSBC (for example), because said mortgages overall were of too low quality and contained many material deficiencies. Then, the same mortgages were intentionally simply pooled and presented for sale or guarantee status to GNMA with Citi's full knowledge these loans did not meet this investor's criteria for sale or guarantee status, or many of the criteria

enumerated in HUD regulations, but did not advise GNMA of the material defects. As of June, 2011, 25 of 63 such loans, with total value for all 63 in an amount approximating \$25,000,000.00 have defaulted. It is believed by Relator that FHA insurance claims have likely been paid on all such loans returned to Citi after default. It is believed by Relator that GNMA may have also suffered losses and damages as a result of Citi's actions herein.

**c. Fraudulent "clearing" of Fraud referrals**

Relator spoke with her manager, Karen Smugala, in December of 2009 about the backlog of fraud referrals. There were approximately 1000 suspected fraud cases turned over to the fraud department at Citi that Quality Control had not received resolution of. Smugala informed Relator she would "check with Mazanec" (Mike Mazanec, head of fraud) but that she thought they were just going to "start fresh" and forget about trying to get caught up on all the old cases. At an April 2010 meeting with Freddie Mac management over quality defects from the prior audit, Mike Mazanec told Freddie Mac management that they receive Quality Control's Fraud Referrals and report back to Quality Control within 15-30 days. This was a false statement, designed to deceive Freddie Mac personnel into believing that proper fraud controls were in place. Relator checked status of outstanding Fraud referrals and found an additional 135 not responded to since November 2009 and prior to November 2009 there were over 900 shown as outstanding, some well over a year old. Sue Starks (a peer manager) e-mailed the fraud department and was told the fraud department was directed to not respond to Quality Control Fraud Referral requests any longer. Quality Control was not aware of this directive, and Relator had no way to tell if any of these loans were properly referred to

Repurchase for the required self-reporting and repurchase by the originating lender (if part of the correspondent channel). Fannie Mae, Freddie Mac, FHA, HUD, and VA all require self-reporting when fraud is discovered. In June 2010 Relator asked Mike Watts (manager as of 3/2010 when Karen Smugala was laid off) about the Fraud referrals still outstanding in the databases. Mike Watts informed Relator that the Quality Control department would never see them, that the Fraud Department wiped them off their books. He said they were not going back to try to catch up. Relator later sent Mike Watts an e-mail then to ask if Relator should go back through the old and new databases to remove the "wiped out" fraud referrals as outstanding since FPI expunged the requests. Mike Watts wrote back and said the expungement remark was a "joke," but that he would have Andrea Ulker "clean up the databases." In April 2011, Relator pulled the outstanding FPI referrals list again and found more than 400 loans from as far back as December 2009 still not reported back from Fraud and Collateral Review. Mike Watts told Relator that managers could "erase" those referrals if Relator and other managers wished because said referrals were so old it really did not matter. Relator refused to erase any such referrals.

**d. Uncertified and Unqualified Direct Endorsement Underwriting Personnel.**

Relator learned as early as December of 2008 that in fact some of the personnel who were certified to the Federal Government as FHA Underwriters were unqualified to receive Direct Endorsement designations. These personnel were required to have certain training and expertise, including experience underwriting loans, related to governmental entities. Relator learned that many of the personnel who were presented to the Federal Government as having Direct Endorsement certification had only taken a four day class,

and who were without requisite experience. Within the Computerized Homes Underwriting Management (CHUMS) system, each person who has received their DE (Direct Endorsement) certification is listed in the system, directly to HUD, and for each person improperly qualified who is listed in CHUMS, represents an attestation of Citi that each such person is properly qualified. Relator, upon information and belief believes that many of those persons are unqualified. This evidence shows the overall systemic failure at Citi and further demonstrates Citi's disrespect for the law as these DE qualifications go to the heart of the structures in place designed to protect the United States Government from the type of fraud now occurring at Citi. This issue has been reported to Citi Management three times.

**e. Citi requires Personnel to improperly Redefine Variances**

Relator has observed e-mails relating to all aspects of Quality Control, including those related to HUD, FHA, etc., where compensation (including bonus compensation) of management is tied to their reduction of low quality mortgage rankings. Material deficiencies in mortgage quality are categorized as Tiers, 1, 2 and 3 at Citi. Tier 1 is the most material of all deficiencies, involving the worst problems with the mortgage, including fraud, misrepresented values, incomplete applications, incomplete appraisals of the subject property, lack of proof of occupancy, etc. Management at Citi wrongfully redefined said problems or risk factors. Specifically, Management elected to stop counting Tier 2 or Tier 3 deficiencies as material, and repeatedly forced clear Tier 1 deficiencies to be categorized as Tier 2 or Tier 3. However, these rankings already existed by the time the quality control department became involved and no actions could be taken to reduce the deficiencies except fraudulently, by rewriting the reports and

rankings to reflect a better ranking than truly existed. Management was provided bonuses and compensated based upon these reductions accomplished. Many mortgages reported as deficient, too many to enumerate specifically, were altered so that their rankings complied with requested lower results, even though the actual mortgages were still low grade, containing Tier 1 deficiencies. These mortgages, with their fraudulent rankings, were insured with FHA, granted guarantee status with GNMA, and/or were then bundled and sold to various Federal entities. HUD and FHA regulations as enumerated herein, consider *all variances as material*, and do not differentiate between Tier 1, 2 or 3. Citi is not self-reporting this problem.

**f. Citi misrepresented its certification to HUD with regard to compliance with HUD regulations**

Don Houghtalin in the Compliance department informed Relator that he had executed documents, or caused Jeff Polkinghorne and his predecessors to execute documents, stating that Citi was compliant with Direct Endorsement status and therefore certified to qualify mortgages for FHA insurance as well as to acquire guarantee status from GNMA and/or sell mortgages to Governmental entities including, but not limited to Freddie Mac, though both persons (in upper level management at Citi) were aware that Citi was not meeting HUD's requirements in many areas, including, without limitation, the following:

1. Citi's failure to perform credit reviews on FHA assumptions;
2. Citi's failure to fully review the FHA mortgages that fell into early payment default;

3. Citi's failure to perform all required re-verifications of employment, income, assets, etc., as required by HUD's stipulations for quality control;
4. Citi's failure to check its employees against HUD's debarred lists, as required;
5. Citi's failure to properly self-report defective and fraudulent loans to HUD;
6. Citi's failure to assure that the HUD post-endorsement technical reviews were being reviewed by management and underwriting staff, and in fact, upper management's refusal to allow dissemination of said information to the appropriate parties;
7. Citi's failure to reply to HUD's requests for responses on loans found to be unacceptable after post endorsement review;
8. Citi's failure to perform timely and actionable fraud reviews;
9. Citi's failure to assure that Quality Control was independent of operations;
10. Citi's failure to recognize that the FHA mortgage loans being originated did not comply with FHA standards for creditworthiness.

**g. Citi intentionally and illegally refuses to Self-Report.**

Citi is required by law and/or agreement to self-report to Federal entities such as HUD, FHA and others, each time it discovers an instance of fraudulent reporting, false information in loans or inappropriate mortgage origination or sales practices. Each of the

above-mentioned issues Relator identified required direct reporting by Citi to the individual Federal entities involved. Citi did not report said issues and in fact, Citi directly pressures its own management to not make such reports to Federal entities in order to retain federally insured status, guarantee status, and funds from prior sales of bundled mortgages as well as to be able to continue to hold undeserved certifications.

44. Attached hereto and incorporated herein by reference as Exhibit "D," is a spreadsheet of a representative sampling of 1100+/- mortgage loans including FHA, VA, and Fannie/Freddie loans. These loans were sent by the quality control department to the fraud department at Citi for investigations between 2007 and 2009. These mortgages were not self-reported. This sampling reflects FHA insured mortgages that were referred to the Citi fraud department that later resulted in HUD claims. The total 38 representative FHA insured loans include insured mortgage amounts of over \$7,000,000. The FHA Connection system indicates all as Claims, which means each such loan is in default, as a direct and proximate result of the uninvestigated fraud.

45. The following are representative case samples illustrative of the improperly certified mortgages described generally hereinabove:

a. Case Number 048-5222113 for property located on Iverson, Victorville, CA with loan amount of \$250,371.00 was reviewed by Quality Control as an Early Payment Default. The loan was purchased from a correspondent and had a closing date of 8/04/09. It was found to be deficient with eight defects, including short \$10,421.18 assets as required; inaccurate property taxes used in qualifications resulting in excessive ratios; missing required certifications; proof of receipt of child support income per the HUD Handbook 4155.1; borrower identity was not provided as required; the property is located in a community property state, however the non-

borrowing spouse's credit report and debts were not included in the qualifications as required by FHA; the final executed HUD92900-a application addendum does not reflect accurate information and lacks the discount points paid by the borrower as required. This mortgage was originated by a correspondent lender and acquired by Defendant Citi. Upon discovery of the above cited deficiencies, Quality Control reported same to the Repurchase Unit to be self-reported to FHA, and also to the Fraud Unit if necessary. However, the responsible business units fail to acknowledge the errors and do not provide actionable feedback to the correspondent lenders for their errors.

b. Case Number 492-8510666 for property located on Rosita Oak St., Killeen, TX with a loan amount of \$229,776.00 was reviewed by Quality Control as an EPD. The loan was purchased from a correspondent and had a closing date of 8/26/09. It was found to be deficient with nine defects, including missing final documents, incorrect legal description on appraisal, missing new construction documentation as required by HUD Handbook 4145.1; exclusion of liabilities resulting in excessive debt ratios; lacking proper verification of assets and proof of borrower identity; missing Conditional Commitment Form HUD92800-5b issued by the Direct Endorsement underwriter indicating property meets FHA standards. This mortgage was originated by a correspondent lender and acquired by Defendant Citi. Upon discovery of the above cited deficiencies, Quality Control reported same to the Repurchase Unit to be self-reported to FHA, and also to the Fraud Unit if necessary. However, the responsible business units fail to acknowledge the errors and do not provide actionable feedback to the correspondent lenders for their errors.

c. Case Number 048-5470894 for property located at Poplar Circle, Lake Elsinore, CA with a loan amount of \$287,647.00 was reviewed by Quality Control as an Early Payment

Default. The loan was purchased from a correspondent and had a closing date of 8/11/2009. It was found to be deficient with five defects, including fraud victim alert not cleared on borrower's credit report; complete appraisal documentation as required; and indication that the seller paid the down payment of \$4000.00 for the borrower. The loan has since been modified. This mortgage was originated by a correspondent lender and acquired by Citi. Upon discovery of the above cited deficiencies, Quality Control reported same to the Repurchase Unit to be self-reported to FHA, and also to the Fraud Unit if necessary. However, the responsible business units fail to acknowledge the errors and do not provide actionable feedback to the correspondent lenders for their errors.

d. Case Number 197-3951091 for property located at Cherry Creek Dr, Santa Clarita, CA with a loan amount of \$304,385.00 was reviewed by Quality Control as an EPD. The loan was purchased from a correspondent lender and had a closing date of 3/03/2010. It was found to be deficient with five defects, including verification from donor that assets utilized for the gifts of \$9500.00 were the donor's own assets and not from an unacceptable source as required by HUD Handbook 4155.1; unable to determine if loan meets requirements if the Total Scorecard that was used to decision the loan as the documentation was not provided; missing Conditional Commitment Form HUD92800-5b issued by the Direct Endorsement underwriter indicating property meets FHA standards; missing required certifications and disclosures as required by HUD. This mortgage was originated by a correspondent lender and acquired by Citi. Upon discovery of the above cited deficiencies, Quality Control reported same to the Repurchase Unit to be self-reported to FHA, and also to the Fraud Unit if necessary. However, the responsible business units fail to acknowledge the errors and do not provide actionable feedback to the correspondent lenders for their errors.

e. Case Number 413-5133351 for property located on S. Main St, Marion, OH with a loan amount of \$88,331.00 was missing required documentation and the borrower's credit report had a Fraud Victim alert that was not addressed. This mortgage was originated by Citi and despite these material deficiencies, failed to self-report to HUD as required.

f. Case Number 421-4704713 for property located on W. Glen Trail Dr, Edmond, OK with a loan amount of \$112,433.00 was missing important components of the appraisal for feasibility to hook up to public utilities and contained possible fraudulent activity as the borrower opened additional debt prior to closing raising the debt-to-income ratio to unacceptable 56%. This mortgage was originated by Citi and despite these material deficiencies, failed to self-report to HUD as required.

g. Case Number 105-4951436 for property located at Foxfire Place, Atlanta, GA with a loan amount of \$171,859.00 was missing important components to be considered for an FHA Streamline Refinance. The original terms, conditions, proof of mortgagors was missing. This mortgage was originated by Citi and despite these material deficiencies, failed to self-report to HUD as required.

h. Case Number 151-92088984 for property located on Plantana Dr, Fishers, IN with a loan amount of \$184,471.00 was unacceptable due to invalid Total Scorecard findings; alimony of \$500.00 per month and a vehicle payment of \$495.00 were not included in the qualifications; the additional debt raised the DTI to a level invalidating the AUS. This mortgage was originated by Defendant Citi and despite these material deficiencies, failed to self-report to HUD as required.

i. Case Number 221-4377498 for property located on Ira Babin Rd, Prairieville, LA with a loan amount of \$224,268.00 was found to be unacceptable with no documentation

provided to verify the borrower's alien status. This mortgage was originated by Defendant Citi and despite these material deficiencies, failed to self-report to HUD as required.

j. Case Number 441-8889396 for property located at Cypress St, Scranton, PA with a loan amount of \$148,088.00 was Loss Mitigated with a modification to loan amount \$150,391.00. Loan defect included no evidence that the borrower had made the previous mortgage payments as agreed and loan was not eligible for FHA Insuring without this information. This mortgage was originated by Defendant Citi and despite these material deficiencies, failed to self-report to HUD as required.

k. Case number 137-5863414 for property located at S. LaSalle Ave, Chicago, IL was insured by HUD for loan amount of \$114,458.00. The mortgage closed with CitiMortgage on September 1, 2010 and was reviewed by QC on December 23, 2010 as a first payment default. Quality Control through their efforts received verification from Chase Bank that the bank asset statements in the loan file were fraudulent. The loan was referred to the Fraud Unit on December 23, 2010. Quality Control is not allowed to refer loans to repurchase for self-reporting until the fraud investigation is complete. After Quality Control pressured Fraud for an answer, an e-mail was received from Fraud on May 19, 2011 after nearly a five month wait. Fraud confirmed the bank asset statement was fabricated and also discovered that the case was a straw buyer. No claim has been paid as of yet, and it is unknown if HUD is aware of the default. A subsequent check of the FHA Connection as of June 30, 2011 does not reflect this confirmed fraud has been self-reported as required.

l. As described above, Citi is an approved "Issuer" under GNMA guidelines. As such, there are certain representations and warranties made to GNMA about any pool of specific loans. At least three separate incidents of defective pools of FHA mortgage insured loans were

pooled to GNMA. Of the HSBC pool, 63 loans were rejected and pooled to GNMA. Of those 63, 25 loans have since defaulted and are now in CitiMortgage portfolio. Only one claim has been paid to date. Eight of the 63 appear to have been offered loss mitigation modifications, and eight appear to have been paid off (some with FHA Streamline refinances). None appear to have been self-reported to the FHA.

m. Representative errors on these loans totaling over \$25,000,000.00 include such defects as missing income documentation paystubs/w2s/tax returns; excessive debt ratios; appraisal valuation issues; unacceptable appraiser practices; refinance criteria not met; excessive loan-to-value over 100%; incomplete asset documentation, Condominium project not approved by FHA as required; unacceptable source of funds for down payment; occupancy concerns; missing verified assets for closing, missing employment verifications.

n. One HUD claim paid on Case Number 374-4862396 for property located at Western Hwy, Tappan, NY with a loan amount of \$492,075.00 was missing verbal verification of borrower's employment and missing the Title Policy.

o. An example of a loss mitigation modification is for Case Number 374-4875059 for property located at E 229<sup>th</sup> St, Bronx, NY with an initial loan amount of \$511,687.00 modified to \$521,754.13. Loan was cited for excessive ratios of 54% with no compensating factors.

**FIRST CLAIM**  
**Violations of the False Claims Act**  
**(31 U.S.C. § 3729(a)(1) (2006), and as amended, 31 U.S.C. § 3729(a)(1)(A))**  
**Causing False Claims**

46. Relator incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

47. Relator seeks relief against Defendant Citi under Section 3729(a)(1) of the False Claims Act, 31 U.S.C. § 3729(a)(1) (2006), and, as amended, Section 3729(a)(1 )(A) of the False Claims Act, 31 U.S.C. § 3729(a)(1 )(A).

48. As set forth above, Defendant Citi knowingly, or acting with deliberate ignorance and/or with reckless disregard for the truth, presented and/or caused to be presented, to an officer or employee of the Government, false and fraudulent claims for payment or approval in connection with its sale to Governmental entities of bundles of fraudulently certified mortgages and Citi's endorsement of FHA-insured mortgages.

49. The United States Government paid insurance claims, and incurred losses, relating to FHA insured mortgages wrongfully sold, certified, guaranteed and / or endorsed by Defendant Citi because of Defendant Citi's wrongful conduct.

50. By reason of the false claims of Defendant Citi, the United States Government suffered damages and therefore is entitled to treble damages under the False Claims Act, to be determined at trial, and a civil penalty as required by law for each violation.

**SECOND CLAIM**  
**Violations of the False Claims Act**  
**(31 U.S.C. § 3729(a)(1 )(B))**  
**Use of False Statements**

51. Relator incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

52. Relator seeks relief against Defendant Citi under Section 3729(a)( 1)(B) of the False Claims Act, 31 U.S.C. § 3729(a)( 1)(B), or, in the alternative, under Section 3729(a)(2) of the False Claims Act, 31 U.S.C. § 3729(a)( 1) (2006).

53. As set forth above, Defendant Citi knowingly, or acting in deliberate ignorance and/or with reckless disregard of the truth, made, used, or caused to be made or used, false records and/or statements material to false or fraudulent claims in connection with Defendant Citi's sale to Governmental entities of pools of fraudulently certified mortgages and Citi's endorsement of FHA-insured mortgages.

54. The United States Government paid insurance claims, and incurred losses, relating to FHA insured mortgages wrongfully sold, certified, guaranteed and / or endorsed by Defendant Citi because of Defendant Citi's wrongful conduct

55. By reason of the false records and/or statements of Defendant Citi, the United States Government suffered damages and therefore is entitled to treble damages under the False Claims Act, to be determined at trial, and a civil penalty as required by law for each violation.

**THIRD CLAIM**  
**Violations of the False Claims Act**  
**(31 U.S.C. § 3729(a)(7) (2006), and as amended, 31 U.S.C. § 3729(a)(1)(G))**  
**Reverse False Claims**

56. Relator incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

57. Relator seeks relief against Defendant Citi under Section 3729(a)(7) of the False Claims Act, 31 U.S.C. § 3729(a)(7) (2006), and, as amended, Section 3729(a)(1)(G) of the False Claims Act, 31 U.S.C. § 3729(a)(1)(G).

58. As set forth above, Defendant Citi knowingly made, used or caused to be made or used false records and/or statements to conceal, avoid, or decrease an obligation to pay or transmit money or property to the United States.

59. The Government paid insurance claims, and incurred losses, relating to FHA insured mortgages wrongfully sold and / or endorsed by Defendant Citi because of Defendant Citi's wrongful conduct.

60. By virtue of the false records or statements made by Defendant Citi, the Government suffered damages and therefore is entitled to treble damages under the False Claims Act, to be determined at trial, and a civil penalty as required by law for each violation.

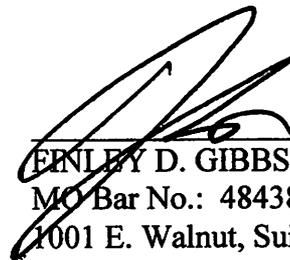
**WHEREFORE**, Relator Sherry A. Hunt, on behalf of herself and the United States Government, respectfully requests that judgment be entered in their favor and against Defendant Citi as follows:

- a. For treble the United States Government's damages for past losses and claims paid by the United States Government, in an amount to be determined at trial;
- b. For compensatory damages for past losses and claims paid, and future losses and claims expected to be paid, by the United States Government, in an amount to be determined at trial, and, in the alternative, for indemnification.
- c. For such civil penalties as are required by law;
- d. For punitive damages;
- e. For Relator Sherry Hunt to recover all costs of this action, with interest, including the cost to the United States Government for its expenses related to this action;
- f. For Relator Sherry Hunt be awarded all reasonable attorneys' fees in bringing this action, that in the event the United States

Government proceeds with this action, Relator be awarded an amount for bringing this action of at least 15% but not more than 25% of the proceeds of the action, that in the event the United States Government does not proceed with this action, Relator Sherry Hunt be awarded an amount for bringing this action of at least 25% but not more than 30% of the proceeds of the action, that Relator Sherry Hunt be awarded prejudgment interest to the extent permitted by law;

- g. For a trial by jury to be held on all issues so triable;
- h. For Relator Sherry Hunt and the United States Government to receive all relief to which either or both may be entitled at law or in equity;
- i. For an award of any such further relief as is proper.

ROTT & GIBBS, LLC



---

FINLEY D. GIBBS  
MO Bar No.: 48438  
1001 E. Walnut, Suite 201  
Columbia, MO 65201  
Ph: (573) 443-3463  
Fax: (573) 443-7099  
Email: [finleyg@rottsgibbs.com](mailto:finleyg@rottsgibbs.com)

Attorney for Plaintiff/Relator Sherry  
A. Hunt

May 24, 2011

Securities and Exchange Commission Headquarters  
100 F Street NE  
Mail Stop 5631  
Washington, DC 20549

I do not know where this should start, but I know where it should end. Firstly, let me state that on March 24, 2011 I had taken these current and ongoing matters to the ethics and human resources department within Citigroup. I am afraid of what I know. I do not *want* to know what I know. I have nothing to gain from coming forward and have no hidden agenda. I took the path as described in Citi's Code of Conduct after my direct manager failed to take action. I felt this was required of me as an officer of this company, even though the officers being implicated were several layers above me.

To date, after two months, I have heard of no conclusions. According to the provisions in the Dodd-Frank Bill (specifically Section 922 and 1057) I understand there is a 90-day window in which to report this to the SEC and other proper authorities. I feel compelled to do so now. Simple, forthright, and documentable:

- CitiMortgage is currently misrepresenting facts to its investors, shareholders, officers, and regulators as it pertains to the quality of the mortgages it originates. The entire Quality Control process within the Risk Management structure has been compromised, coerced, and manipulated by those with the most to gain. Quality Control Risk management has allowed operations and other parties to make the rules by which the defects would be reported, diluting and misrepresenting the results. The QC upper management team is well aware of the implications if the defect percentages do not improve (or appear to do so).
- CitiMortgage has made improper attestations to HUD in regards to the experience and training of many of its mortgage underwriters and other employees it has to receive their Direct Endorsement underwriting authority.
- CitiMortgage has defrauded an investor by intentionally selling defective mortgages to Ginnie Mae, after due diligence by another intended investor revealed the defects. Loans were packaged and sold to Ginnie Mae without revealing these deficiencies.
- CitiMortgage has made misrepresentations to its investors, governmental agencies, regulators, and shareholders as it relates to identified fraudulent activities found in its loan files. For instance, over 1,100 referrals made to the Fraud Unit by the Quality Control group were never reviewed. When I discovered these 1,100 referrals as old as 2 years from the discovery, the Fraud Unit "purged" the old reviews and fraud was not investigated even though the QC underwriters highly suspected fraudulent activities existed in the loan files. It continues today.
- All lenders who sell loans to the GSEs are required to self-report any identified serious deficiencies, fraud, and misrepresentation to the investors. CitiMortgage fails to identify and, if identified, fails to report these errors and issues to the GSEs as required. This, too, results in false claims and diminishes reliability on any reports the investors generate when analyzing defective loans.

**EXHIBIT** A

Why am I coming forward?

If I took the reader all the way back to when I started in mortgage banking in 1975, one would see the level of knowledge and experience that was built over the course touching 5 decades. I used to be very proud of what I chose as a career – I helped people realize their dreams of homeownership. One would also see the tenacity in which I clung to my spotless reputation. I had seen others stumble along the way with questionable or maybe even fraudulent practices that cost them their jobs and their futures in the business. A good reputation is very difficult to hold unto and once compromised will never be fully regained.

I have never allowed myself be compromised. I was promoted and hired for positions over the years that were a continued progression commensurate with my level of expertise. The position I accepted with CitiMortgage in November 2004 was as Chief Underwriter and Vice President over the correspondent channel. The move proved to be disastrous to my career. It was not me who compromised my reputation but the company who, by association, has forever tarnished not only my reputation but the mortgage industry as a whole. It will never be the same. By “the same” I mean everyone doing what is right by the customer, their company, shareholders, regulators, and investors. I am uncertain if it is greed or ignorance, or a combination of the two.

I will not go into all of the details here, but one would just need to watch the testimony of Richard Bowen III to the Financial Crisis Inquiry Commission in April 2010 and know that what he is stating is the truth, and that truth came from me alerting him to the issues. He was my manager. I am not here to proclaim what Citi did that enabled, expedited, and enhanced the Mortgage Meltdown, nor to disclose all of the proof of guilt for their role in the debacle (of which there are volumes). In a way, that is Old News. Books have been written, movies made, and innumerable investigations and lawsuits launched. I was there; I saw it all unfold before my eyes. I have come to a sort of peace now knowing that I did what I could have done about it, and reported it all to my boss, Mr. Bowen. We have both been soundly retaliated against. He lost his job, I was demoted and relegated to a corner with barely any responsibilities and then to a backroom position in QC.

In the past year in particular, and ever-increasing, I have again been witness first hand to behavior by CitiMortgage that threatens the thin ice the entire market is treading on. When I took the issues to ethics and Human Resources, rather than them initiating an internal investigation, they brought in the New York City attorney firm that was involved in the initial meltdown, the FCIC, OCC, and SEC investigations (Paul, Weiss, Rifkind, Wharton, & Garrison) to question me.

That in itself was frightening to me as I knew they were in it to obtain as much documentation as they could get and call it “work study documents” between their client (Citigroup) and them. They are there to protect Citi’s interests, not mine. I informed them that everything I stand for morally and ethically had been compromised, that my personal life has been adversely affected, my career damaged that cannot be remedied. I told them I had been retaliated against but that I was too afraid to say anything, knowing what happened to Mr. Bowen and others. While I feel I cannot stay, I cannot go, either. It is death by association and my reputation for being a “Citi” employee has branded me.

With the onslaught of the investigations that have been launched by any agency with an acronym for a name (OCC, OIG, HUD, SEC, FDIC, DOJ, etc) I have pieced together astounding and frightening chain of events. Events that, if publicized, would be ruinous to the battered reputation of the company. The microscopes that have been turned on the big banks resulted in what the OCC calls "MRA" or Matters Requiring Attention. It appears that every review has similar results: the bank's mortgage credit quality is unacceptable. Too many errors, too many missing documents, lack of controls, lack of sound and prudent underwriting decisions.

One such report came from the OCC and the MRA was as described above. The report was CITI 09-28, and went into great (and scathing) detail of how the bank needed to assure the proper training and controls were in place to correct a bad situation. The mortgage loan quality was not acceptable, and too large a percentage of the loan files were found to be defective.

What has ensued since that time has been a frightful experience. May 9, 2011, I was notified of yet another firestorm initiated by a Department of Justice Subpoena for documentation relating to FHA mortgages originated by CitiMortgage. The same DOJ Attorney filed suit May 3 against Deutsche Bank/Mortgage IT for some of the same issues I had already raised with our internal ethics and lawyers. Many of the documents requested are specifically items I had alerted them to in March.

I have made special arrangements to send these particular FHA documents directly to another internal lawyer rather than risk them being filtered or censured by anyone who would be adversely affected if publicized. Please note the issues I listed above are not part of the subpoena, per se.

This has placed me in an extremely awkward and vulnerable position that is very uncomfortable. Now that I have come forward there can be no looking back. I will tell you anything you need to know to move ahead.

I look forward to hearing from you as soon as possible.

Best Regards,

Sherry A. Hunt

58 Tagg Road  
Silex, MO 63377  
636-544-1641

**Sherry A. Hunt**

58 Tagg Road  
Silex, Missouri 63377  
(636) 544-1641

**Career Objectives**

A seasoned mortgage banker, my career includes over twenty years in senior and mid level management, primarily in underwriting for residential mortgage credit risk. I am a dedicated professional; dependable, detail-oriented, and highly organized. I am adaptable to change, handle stress well, and have a strong focus on customer service, teamwork, and quality of work performed. I am proficient in all traditional mortgage programs such as:

- Fannie Mae and Freddie Mac conventional
- FHA (DE)
- VA
- Non-Agency
- Second mortgages
- State Bond programs
- and USDA Rural Development

**Current Experience**

**Citibank/CitiMortgage, Inc.**  
**1000 Technology Drive**  
**O'Fallon, Missouri 63368**

**November 2004 to Present**  
Vice President, Credit Officer III  
(April 2008 to present)

The primary focus of current position is on the management of global risk in quality control reviews of Fannie Mae, Freddie Mac, FHA, VA, non-agency, and second mortgage products. Duties include:

- Manage and mitigate portfolio risk, fraud detection and investigation, collateral management, TPO counterparty risk, and credit quality.
- Manage quality control underwriting team of ten; salary and career path administration.
- Hiring, firing, performance plans, mentoring, and training – a proven successful people manager.
- Meet agency and regulatory requirements; providing consistent and accurate reporting.
- Communicate identified risk attributes to credit policy management team; coordinate changes to policy to mitigate risk associated with mortgages.
- Review and contribute to monthly credit policy changes prior to publication.
- Provide feedback to internal and external partners on the quality findings, as well as provide constructive solutions, including Credit Policy and Counter Party Risk management teams.
- Participate in internal and external audits performed by regulators (OIG, HUD, and OCC) and investors.
- Analyze and distribute monthly HUD/FHA post endorsement technical reviews and other HUD reporting; work directly with the fulfillment channels to implement process and quality improvements.
- Development and implementation of many operational revisions to maximize efficiencies without compromising quality.
- Provide in depth training to staff to assure up to date on all regulations and guidelines.

**CYLIKIT**

**Vice President, Channel Chief Underwriter  
(November 2004 to April 2008)**

**Direct management of underwriting managers, line underwriters, and support staff for all of CitiMortgage national correspondent flow business to include:**

- Hiring, firing, mentoring and training of up to sixty-five underwriting managers, line underwriters, administrative assistants; performance reviews, salary and incentive administration
- Extensive involvement in various initiatives in Credit Risk to implement or revise products and processes, including Fannie Mae, Freddie Mac, FHA, VA, and Portfolio. Assure compliance with Agency and CMI credit policies.
- Daily management of the national correspondent underwriting and risk underwriting departments for prime first and second mortgage business, including credit quality, exceptions to policy, file management, processes, operations, and staffing.
- Signing and exception authority of \$2.5 million; FHA Direct Endorsement Underwriting authority, and VA authority;
- Support and provide direction for all internal and external partners, including over 1800 Correspondent Lenders, counter party risk management, vendor management, Capital Markets, agency and non-agency investor delivery, private mortgage insurance companies, and Citi Home Equity channel;
- Direct interface with the Counterparty Risk Unit, Repurchase Group, Fraud Unit, Collateral Risk, and Risk Management Group to identify trends and quality issues with correspondent lenders and making recommendations for plans of action; involvement with the Repurchase Unit in analyzing loans referred to repurchase. Manage the Early Payment Default trends for correspondent lenders, reporting results to Counter Party Risk and Risk Management teams; direct input for TPO counterparty scorecard reporting.
- Continuously supporting the national sales team in accomplishing their goals by being available for conference calls, training, escalations, and customer interaction; and TPO lender interface.

### **Previous Employment**

**U.S. Bank Home Mortgage  
Main office-101 5th St E  
Saint Paul, MN 55101  
January 2001- November 2004**

**Senior Underwriter/Assistant Underwriting Manager  
Wholesale/Correspondent Division**

#### **Duties included:**

- The daily underwriting production and training for all staff underwriters and underwriting assistants
- Performed in depth quality control for internal and external underwriting
- Assurance that customer service standards were met by managing file flow and turn times
- Responsible for all mentoring and training within the department including FHA, VA, and conventional conforming and non-conforming products for Fannie Mae, Freddie Mac and various investors.
- Direct interaction with regional sales teams and client-facing escalations to assure the customer focus was the best in class.
- Focus on fraud detection and investigation, collateral risk management, market trends, and use of various tools to compliment the process.
- Liaison for the funding, closing, post-closing, servicing, and FHA insuring departments to assure

Prior to 2001 all mortgage credit underwriting and processing FHA, VA, and Conventional mortgages, Rural Development, interim construction financing, and state-specific Bond programs at major mortgage companies. Details are available upon request.

References will be made available upon request.

**SHERRY A. HUNT**

58 Tagg Road  
Silex, MO 63377

## **CAREER HIGHLIGHTS: (Addendum to Resume)**

### **General:**

I am seeking permanent placement with a firm that is ethical, stable, and forward thinking. I desire to align myself with leaders in the industry who are on the right path for recovery and sustained quality business. I want to use my experience and knowledge to its fullest, and I would like to make a positive impact. I am truly passionate about what I do, and thoroughly enjoy mortgage banking.

I am highly proficient with Fannie Mae and Freddie Mac, Desktop Underwriter and Loan Prospector AUS systems, HUD's Total Scorecard, as well as several proprietary systems in and outside of Citigroup. I possess extensive exposure in training, mentoring, and coaching large teams of underwriters, processors, fulfillment teams, sales teams, in the aspects of sound mortgage originations.

With years of experience with government lending, I am the FHA/VA point person, subject matter expert; I developed and maintained monthly reviews of HUD technical reporting, analytics and trending. I have held my FHA Direct Endorsement status in good standing. I am also proficient with VA mortgage credit analysis.

### **VP Quality Control Manager, additional points:**

- Analyze and distribute monthly HUD/FHA post endorsement technical reviews; work directly with the channels to implement process and quality improvements.
- Assure timely responses from our internal partners for material variances and escalations;
- Development and implementation of many operational revisions to maximize efficiencies without compromising quality.
- Added several process improvements to the Quality Control department to increase productivity and eliminate redundancies. (File management, reporting, use of imaging process, new reporting mechanism )
- Quality Control: All channels within the CitiMortgage and Citigroup umbrella including Correspondent, Broker, Retail, Citi Home Equity, and CitiTrust Bank.
- Liaison between CMI and the external partners such as Fannie Mae, Freddie Mac, private mortgage insurance companies, regulatory agencies, HUD, and the OIG.
- Interaction with Fraud prevention, Repurchase, and Collateral Management Teams

### **Correspondent VP Chief of Underwriting, additional points:**

- Direct involvement in escalation loan files and assist staff with complex loan files, loan exception review, credit, and closing issues; obtained the highest level of exception authority granted by the company.
- Support and provide direction for all internal and external partners, including sales teams, clients, fulfillment teams, quality assurance, legal counsel, vendor management, Capital Markets, agency and non-agency investor delivery, private mortgage insurance companies, and Citi Home Equity channel;
- Continuously supporting the national sales teams in accomplishing their goals by being available for conference calls training, escalations, deal structuring, exceptions, and customer

- interaction; at the height of the pinnacle, there were over 1800 correspondent lenders on board with monthly purchased loan volume of 25,000 to 35,000 units.
- Hiring, mentoring, training, and coaching the staff of underwriters and support staff; daily management of the correspondent underwriting and risk departments.
- Bulk acquisition transactions including bid tape review and due diligence of pools for prime mortgages; working with internal and external associates in the bulk pooling and delivery of mortgages. Analyzing pools for overall defect rate and exceptions to policy.
- Assure compliance with all applicable corporate policies, procedures, and federal regulations;
- I have extensive training in quality control programs that aid in fraud detection and prevention, market trends, and other current market issues.
- Involvement with the Repurchase Unit in analyzing loans referred to repurchase. Manage the Early Payment Default trends for correspondent lenders, reporting results to Counter Party Risk and Risk Management teams.
- Restructured the correspondent flow underwriting department to eliminate bottlenecks and touch points in the process. (Improve the imaging process, systems upgrades, pipeline management, and load balancing).
- Credit policy change management: provided analytics and basis to place a minimum FICO score requirement on the delegated FHA purchased loans, Fannie Mae Expanded risk loans, Interest Only ARMS, High Risk programs such as SISA, SIVA, NINA, NIVA: providing portfolio analytics, performance stats, and risk recommendations.
- Instrumental in building and maintaining a structured quality analysis of line underwriting staff.
- Fair Lending, Respect at Work, Diversity Training, RESPA, HMDA, and miscellaneous job-related courses are regularly refreshed.

**Professional Attributes:**

- Strong leadership skills
- Excellent written and oral communications skills
- Proactive style - Identifies problem areas and opportunities and makes recommendations
- Thinks strategically, with the ability to understand the long-term and short-term perspectives
- Exceptional interpersonal skills
- Thorough knowledge and use of process improvement and quality management methods, tools, and technology
- Thorough knowledge and experience conducting risk analyses; quality assessments, audits, and implementing successful process improvement processes
- Skill in understanding the clients' needs, establishing credibility and building client relationships
- Considerable skill in analysis, solid decision-making and problem solving
- Strong ability to work collaboratively with others to achieve the company goals
- Excellent team player and team builder
- Strong ability to influence and motivate
- Ability to succeed in an agile work environment where cross-functional teams work closely together to ensure requirements are met or exceeded
- Strong ability to communicate with individuals at a level appropriate for the audience
- Ability to establish and maintain effective working relationships with employees, clients, vendors and other external groups

**TCF Mortgage Corporation (Twin Cities Federal Bank)**  
801 Marquette Avenue  
Minneapolis, MN 55402  
June 1999 - January 2001

**Wells Fargo Home Mortgage (fka Norwest Mortgage)**  
3601 Minnesota Drive Suite 425  
Bloomington, MN 55425  
November 1998 - June 1999

**Resource Bancshares Mortgage Group (RBMG)**  
7600 S. France Avenue Suite 190  
Edina, MN 55435  
June 1997 - November 1998

**First Edina Mortgage/Edina Realty Mortgage (Amerus)**  
7600 S. France Avenue  
Edina, MN 55435  
February 1996 - June 1997

As Senior Mortgage Underwriter with each of these major firms, I was responsible for the quality and timely decisions for conventional Agency prime, non-conforming, Jumbo, FHA and VA mortgages. In senior role I also mentored and trained junior staff. Provided premier customer service, quality underwriting, and pipeline management. I made several advantageous moves through the years as a result of my reputation prompting calls from headhunting agencies and employers.

**Waterfield Financial Corporation (Union Federal Savings Bank)**  
Fort Wayne, IN  
March 1986 - February 1996

As a senior mortgage processor for many years, I was responsible for the quality and timely processing for conventional Agency prime, non-conforming, Jumbo, FHA and VA mortgages. In senior role I also mentored and trained junior processing staff, and worked with Waterfield in several locations (South Bend, IN, Greenwood, IN, and Bloomington, MN). Provided premier customer service, quality processing, and pipeline management. Promoted to senior underwriter in Minnesota a year prior to the reorganization of the company that resulted in my seeking other employment rather than a relocation package.

#### **Other Prior Related Experience**

Other prior related work experience includes over three years' experience in consumer lending auto, commercial, and interim construction financing while employed with First National Bank of Fairbanks, Alaska. I have had in-depth training in risk management, personnel management, low-to-moderate income financing, self-employed borrower analysis, risk evaluation, fraud detection, collateral assessment, completed MBA courses and other related training. Fair Lending, Respect at Work, Diversity Training, RESPA, HMDA, and miscellaneous job-related courses are regularly refreshed.

	A	B	C	D	E	F
1	REPRESENTATIVE EXAMPLES OF FHA Early Payment Default CitiMortgage QC Reviews - Suspected Fraud referred to the Fraud Unit - No Fraud Response - Loans defaulted and HUD Claims Paid 2008 2009 by FHA Case Number	Property Reference	FHA Endorsement Date	QC EPD Review & Referral to Fraud Date	Original Principal Balance	FHA Connection Indicates CLAIM PD
2	023-2930516	W Banff Ln, Surprise, AZ	9/23/2008	2/10/2009	\$271,418.00	Yes
3	031-3642544	3rd St, Ozark, AR	12/9/2008	3/17/2009	\$50,459.00	Yes
4	031-3648031	N. 27th, Ozark, AR	12/15/2008	4/30/2009	\$134,722.00	Yes
5	044-4364491	Anaheim Dr, Lamesa, CA	9/15/2008	2/17/2009	\$639,957.00	Yes
6	091-4600247	Cheryl Ann Ln, Jacksonville, FL	3/30/2009	6/15/2009	\$142,373.00	Yes
7	105-3739177	Lincoln Jon, Ellenwood, GA	7/2/2008	1/28/2009	\$127,740.00	Yes
8	105-3860339	Herschel Rd, Atlanta, GA	10/3/2008	3/25/2009	\$144,637.00	Yes
9	105-3987168	Smoketree Cr, Ringgold, GA	10/10/2008	2/18/2009	\$100,946.00	Yes
10	121-2463300	Main St, Caldwell, ID	8/18/2008	3/23/2009	\$43,467.00	Yes
11	137-4219267	Ridegway Ave, Chicago, IL	9/24/2008	2/23/2009	\$342,562.00	Yes
12	137-4446611	Mayfield Ave, Oak Loan, IL	1/12/2009	6/2/2009	\$153,642.00	Yes
13	151-8775743	Springdale Rd, Aurora, IN	7/23/2008	1/19/2009	\$187,064.00	Yes
14	151-8870487	Maple Grove, Ft Wayne, IN	11/28/2008	5/7/2009	\$65,578.00	Yes
15	151-8970051	Monroe St, Gary, IN	10/14/2008	3/10/2009	\$71,695.00	Yes
16	181-2308702	Greenwood St, Wichita, KS	1/22/2009	5/4/2009	\$68,345.00	Yes
17	249-5292572	Woodview Dr, Bowle, MD	1/6/2009	4/30/2009	\$332,717.00	Yes
18	261-8672545	Dorothea Rd, Berkley, MI	12/8/2008	5/22/2009	\$229,446.00	Yes
19	262-1785853	Northway Circle, Freeland, MI	11/28/2008	5/19/2009	\$274,387.00	Yes
20	271-9399248	21st Ave SW, Rochester, MN	11/19/2007	5/14/2008	\$114,098.00	Yes
21	271-9725080	Jackson Ave NE, St Michael, MN	2/24/2009	5/11/2009	\$369,047.00	Yes
22	291-3494149	Pin Oak Ct, Pleasant Hill, MO	1/10/2007	12/7/2007	\$189,500.00	Yes
23	291-3504570	85th Street, Kansas City, KS	2/13/2007	4/21/2008	\$85,655.00	Yes
24	292-5115325	Michigan Ave, St Louis, MO	10/1/2009	6/2/2009	\$118,437.00	Yes
25	352-5574149	Haledon Ave, Paterson, NJ	7/5/2007	5/30/2008	\$467,168.00	Yes
26	374-4862396	Western Hwy, Tappan, NY	10/16/2008	1/27/2009	\$492,075.00	Yes
27	381-8632272	Cateswood Ct, Apex, NY	8/5/2008	1/21/2009	\$265,168.00	Yes
28	412-5938408	Clifton Ave, Lorain, OH	8/25/2008	2/6/2009	\$132,600.00	Yes
29	421-4277007	Sparrow Hawk Dr, Norman, OK	4/23/2007	4/25/2008	\$156,265.00	Yes
30	421-4457578	Quail Creek Rd, Oklahoma City, OK	9/26/2008	2/17/2009	\$210,105.00	Yes
31	482-3981271	Castle Heights, Memphis, TN	12/22/2008	5/21/2009	\$106,328.00	Yes
32	482-3998716	Richburg Ave, Memphis, TN	12/5/2008	6/8/2009	\$106,836.00	Yes
33	491-9294807	Dryden Ave, Dallas, TX	10/7/2008	2/27/2009	\$75,775.00	Yes
34	491-9306674	Dixie St, Caddo Mills, TX	12/30/2008	5/19/2009	\$102,695.00	Yes
35	491-9423269	S. Maralls Ave, Dallas, TX	1/30/2009	6/24/2009	\$68,732.00	Yes
36	493-8752252	Houston Dr, la Marque, TX	9/10/2008	2/6/2009	\$86,742.00	Yes
37	493-8856906	W. Forest Dr, Houston, TX	1/20/2009	6/2/2009	\$233,261.00	Yes
38	495-7695893	Lipan Dr, Laredo, TX	9/28/2007	10/2/2008	\$89,929.00	Yes
39	521-6646386	S 1650 E, Spanish Fork, UT	6/5/2008	1/5/2009	\$192,850.00	Yes
40					\$7,044,421.00	

EXHIBIT      **A**