

Default Solutions

For

Keller Williams

From

PartnerFirst



EXECUTIVE SUMMARY

PartnerFirst has spent years developing an innovative response to the unique needs of today's real estate market. The results of these efforts are now available to Keller Williams as it enters a strategic alliance with PartnerFirst. This relationship promises to give Keller Williams a competitive edge in the emerging default market.

The PartnerFirst program for Keller Williams covers four areas:

- 1. Education.** Short sale certification is essential for agents seeking to work with national mortgage companies. Agents must also receive continuing education to stay competitive. PartnerFirst has designed and implemented a nationally-recognized education platform, complete with ongoing training components. All of it will be at Keller Williams' disposal.
- 2. Lead Management.** The technical challenge of processing thousands of delinquent homeowner files has been evident in the default gridlock of recent years. PartnerFirst has responded to this need with its proprietary lead management system, which can be integrated with the Keller Williams technology platform.
- 3. Agent Management Services.** Mortgage servicers must be confident that the agents they refer homeowners to are providing thorough, competent service. PartnerFirst gives them that assurance with its *agent management services* platform. Agent relations coordinators monitor and score agent performance. This platform can be readily adapted to Keller Williams' needs.
- 4. Consulting.** The PartnerFirst team has decades of cumulative experience in the mortgage, short sale, and loss mitigation fields. This is accompanied by valuable relationships with the most important players in these areas. Keller Williams can leverage these assets to achieve a competitive advantage. The consulting relationship promises to yield a profitable dividend to Keller Williams.

PartnerFirst is prepared to adapt these components to facilitate a speedy response to the market opportunities Keller Williams now has. The benefits to Keller Williams detailed in the following pages will show why this relationship is in the best interest of both companies—and the real estate industry nationwide.

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I. INTRODUCTION

After years of stagnation, the real estate market is poised to move into an era of lender-driven short sales. Some industry sources expect over 500,000 short sales in 2012 alone. And there is no sign that the trend will soften in the foreseeable future.

The major mortgage servicers need a network of real estate brokerages that can handle their file volume on a nationwide level. Keller Williams is positioned to be that network. This is a potentially game-changing opportunity, but also a challenge: The brokerage brand that receives this opportunity will need certain components in place. It will also need to *show* the servicers that they are in place. Most importantly, it will need to have them operational *as soon as possible*.

These components include:

1. A network of trained, certified short sale agents
2. An ongoing education program focusing on short sales
3. A technology platform capable of processing thousands of borrower files
4. An agent management service that conforms to servicer demands

Keller Williams has demonstrated its agility and creativity in addressing market challenges, becoming an industry leader in a relatively few years. In addressing the current opportunity, its best option lies in taking advantage of solutions already devised—and not reinventing the wheel.

PartnerFirst has laid the groundwork in each of these areas, devised the solutions, tested them, and implemented them. They are ready to be adapted to Keller Williams' unique needs. And they are available for implementation *now*.

The following pages will describe each phase of the PartnerFirst program in detail.

II. BACKGROUND

A. Problem

The housing crisis that unfolded in the last half of this century's first decade caught almost everyone by surprise. Experts foresaw a retrenchment of home sales and values, but virtually no one could imagine the scale and duration of the downturn. The real estate industry found itself in uncharted territory, as values plunged by almost a third nationwide—and far more in the worst-hit areas. Despite repeated stimulus from the Federal Reserve and various government initiatives, credit remained scarce—which deflated demand even more.

Unprepared Real Estate Agents

Most real estate agents were caught flat-footed by the abrupt changes in the market. Trained to function in an environment of standard sales, they were now thrust into a world of short sales and REO's. Worst of all, the mortgage servicers whose cooperation was needed to make these sales work were paralyzed by unprecedented levels of default. They simply couldn't handle the volume, and short sales became a nightmare for those agents and homeowners brave enough to attempt them. The foreclosure wave was followed by a tsunami of litigation that promised to hamper the mortgage market for the foreseeable future.

A Legal Minefield

In trough markets such as the current one, short sales usually represent a better alternative for mortgage investors than foreclosure. But with today's perilous legal landscape, banks have an even more urgent incentive to avoid foreclosure as lawsuits lurk on every side—from foreclosed homeowners, buyers, investors, regulatory bodies and even law enforcement agencies. In some judicial foreclosure states, the process has ground to a virtual halt because of legal challenges. It is far preferable for investors to liquidate problem loans with the cooperation of all parties—through short sales.

The Need for Trained, Certified Agents

Mortgage servicers desperately need skilled real estate agents who can guide their borrowers through the short sale process. In recent years a profusion of training courses has sprung up in response to this need. But most are perfunctory, and written by real estate agents—from an agent's point of view. When faced

with the complexities of unwinding a multi-layered financial instrument, the agents can be overwhelmed. The need for in-depth, balanced education still exists.

This is precisely why PartnerFirst was founded—to provide thorough, comprehensive training with the servicer’s perspective in mind as well as the agent and homeowner’s. This gives PartnerFirst’s Certified Pre-foreclosure Specialists the edge in today’s market.

Lender-Initiated Short Sales

Real estate agents need short sale training for their own edification, but for another reason as well: Mortgage servicers are now actively promoting the short sale option, and are seeking agents with recognized short sale certifications. When they identify borrowers as viable short sale candidates, they need the confidence that any agents they refer can handle the job.

Managing the Volume

Short sales have been increasing steadily for several years, and show no signs of slowing. According to HousingPredictor.com, about **160,000** short sales were completed nationwide in 2008, followed by **260,000** in 2009 and **330,000** last year. Their prediction for 2012 is over **500,000** short sales.

Clearly, the major mortgage servicers need more than skilled sales agents. They need a technological platform that can handle an unprecedented volume of transactions.

Managing Performance

Many short sales start with promise and end in failure. There are so many potential pitfalls that constant vigilance is needed to guide each sale to a successful close. Mortgage servicers can direct homeowners to the best available agents, but they can’t manage agent activities on a daily basis. And that’s a cause for worry. They need a way to monitor and score agent performance.

The Opportunity

Due to its own wise positioning, Keller Williams is now poised to engage with major mortgage servicers on a national level. But those servicers need a platform that meets all the needs described above—*now*. PartnerFirst has that platform in place, tested, ready, and already approved by the important players. That is why

the Keller Williams/PartnerFirst alliance is strategically advantageous. Keller Williams has the agents and the vision; PartnerFirst has the tools.

B. Purpose

Partnerfirst foresaw all of the problems described above, and has designed innovative solutions for each of them. By implementing these components on behalf of Keller Williams, PartnerFirst meets the needs of today's market—and Keller Williams becomes an indispensable part of the solution.

The program PartnerFirst offers Keller Williams is fourfold:

5. Education
6. Lead Management
7. Agent Management Services
8. Consulting

Each of these is described in detail in the proposal that follows.

III. PROPOSAL

A. Education

The PartnerFirst education platform consists of two basic components that will build on and complement the Keller Williams program: default certification courses, and ongoing training/coaching.

1. Certifications

PartnerFirst offers three training modules, conducted online and in live training seminars. Their unique benefit is the mortgage industry perspective they bring to agent training, which has proven invaluable in interactions with mortgage servicers.

a. Pre-foreclosure Specialist Certification (PSC)

The flagship of PartnerFirst's training platform, PSC offers agents a comprehensive view of the default market and the special skills and knowledge needed to serve it. This course is DRE-approved in several states, in both its online and live versions. Formatted as a white-label package, it will enable Keller Williams to immediately offer its agents the best in short sale training and certification. It will also make Keller Williams very attractive as it cultivates strategic alliances with national mortgage servicers.

b. HAFA Specialist Certification (HSC)

The federal government's *Home Affordable Foreclosure Alternatives* program has become an important part of the short sale scene. PartnerFirst offers the most exhaustive training on this initiative, its unique features, and its ramifications for homeowners and industry professionals.

c. FDCPA Training

Most real estate agents don't consider the requirements of the *Fair Debt Collection Practices Act* in their daily activities—and don't need to. But that changes when they act at the behest of a mortgage servicer or component servicer. It is vitally important that agents serving the default market be acquainted with this law and know how to comply

with it. This training provides an overview tailored to real estate professionals.

2. Ongoing Training/Coaching

To stay competitive, agents need continuous training. This is especially true in the short sale arena, where servicing practices and government programs change frequently. PartnerFirst has a complete ongoing education program in place, which can be branded for Keller Williams and implemented immediately. It includes:

1. Periodic webinars
2. Video training modules
3. Industry-centered blogs
4. *Ask the Expert* forums
5. Training manuals specific to individual mortgage servicers

These resources are continuously refreshed, adding to a huge library of archived items, all of which will be available to Keller Williams agents. The PartnerFirst platform also supports *live chat* forums, and includes a complete library of marketing materials to help agents hit the ground running as they enter the default market.

Coaching

PartnerFirst brings value to the prestigious MAPS coaching program as well. Our Director of Education **Jacob Swodeck** is one of the nation's foremost short sale trainers and personal coaches. He is also an active, high-volume Keller Williams agent, making for a perfect symbiotic partnership.

B. Lead Management System

The logistics of directing thousands of borrower files to short sale agents has proven daunting for the nation's mortgage servicers—as evidenced by the failure of many homeowner outreach efforts. Moreover, any such efforts must preserve the privacy of borrowers, as the reckless dissemination of borrower information could create liability nightmares for servicers and those who represent them.

PartnerFirst has addressed these issues with its proprietary *lead management system*, which accommodates unlimited numbers of listing opportunities in a safe, efficient application. The PartnerFirst Lead Manager alerts agents when listing opportunities arise, allowing them to respond by accepting leads on a blind basis. After accepting an opportunity, an agent is provided detailed contact information on the individual borrower.

Agents are assigned a series of consecutive tasks in working with borrowers. Their completion is logged and monitored, and agents are scored based on their timely performance.

This unique technology platform will provide Keller Williams a competitive edge unmatched in the industry. It is in place, and tested—and it is working.

C. **Agent Management Services**

When short sale agents encounter problems in a transaction, they are typically left to handle them alone. These challenges can overwhelm the most skilled and conscientious agent. Beyond the inherent difficulties of short sales, their viability is often compromised by inexperienced or overworked loss mitigation staff. And, standoffs can occur with servicers which simply require outside intervention.

PartnerFirst offers vital support to agents through its Agent Management Services platform. Our dedicated staff of *agent relations managers* can troubleshoot, give objective counsel, and intervene when necessary. This takes the burden off of Keller Williams *and* the servicers, allowing both to spend their resources on more productive activity.

D. **Consulting**

PartnerFirst looks forward to supporting Anthony Azar in his continuing outreach efforts with national mortgage servicers. Keller Williams will gain a distinct edge by leveraging the experience, industry contacts and inside knowledge that PartnerFirst brings.

The PartnerFirst executive team has decades of combined experience in the lending, mortgage servicing and loss mitigation fields. This is precisely the element that most real estate brands lack as they approach mortgage servicers. Their expertise is in real estate—not mortgage lending. The two industries speak different languages and have different priorities.

PartnerFirst also has well-established relationships with top players in the mortgage field. We have worked directly with several national servicers, and GSE's such as Fannie Mae. We also have existing contracts with several national specialty servicers. These resources will prove invaluable to Keller Williams as it seeks to increase its share of the default market.

E. Revenue Sharing

F. Implementation

The entire PartnerFirst program described here is already functioning, and can thus be adapted quickly to serve the needs of Keller Williams.

Working with Cary Sylvester and the Keller Williams IT team, we believe the basic technology components can be in place by the end of 2011, and all components up and running in time for an unveiling at the Keller Williams Family Reunion in February 2012.

IV. STAFFING

A. Facility



PartnerFirst conducts all operations from its 17,000 square-foot facility in Corona, CA. This is a secure environment that enables us to protect client information as well as our own proprietary innovations.



Our in-house audio and video production studios allow us to respond quickly to industry developments and keep agents up-to-date. PartnerFirst generates regular video tutorials, webinars, narrated course material and other custom projects. These resources will be available to Keller Williams and MAPS for special productions where quick turnaround and quality are essential.

B. Executive Team



Mark Comer
President, Chief Executive Officer

As co-founder and CEO of PartnerFirst, Mark Comer has implemented his unique vision of a company that could address the nation's lingering mortgage crisis. The result is a forward-looking organization that brings together homeowners, mortgage servicers and real estate professionals to reach solutions beneficial to all. The company's achievements have been recognized by major mortgage servicers, trade groups, national real estate brokerage brands, non-profit groups, and government agencies.

Mark Comer's background equipped him well for his current enterprise. Along with a career in the mortgage industry spanning two decades, he has shown a penchant for expanding into related fields. Before graduating from college, Comer became the youngest real estate broker in California at age 19. He then moved into mortgage banking, serving as Senior Vice President of United American Mortgage, where he managed an 18-state region and funded over a billion dollars in loans per year. Capitalizing on his college studies in real estate development, Comer began buying, remodeling and selling residential properties, earning a contractor's license and forming Trojan Realty, which he eventually sold to Lowe's.

With his success, Mark Comer felt an obligation to give back to the society that had fueled his prosperity. So along with his current partner Michael Leet, he founded National Mortgage Consumer Counseling, an agency devoted to helping troubled borrowers explore their options.

The proven ability to synthesize different skills and disciplines to achieve innovative results prepared Comer to embark on his most ambitious project yet: PartnerFirst. With the financial crisis that emerged in 2007, Comer and Michael Leet immediately saw the need for a new approach to the nation's mortgage problems. They brought together the best minds in the mortgage, default servicing and real estate fields to create a unique enterprise with nationwide impact.

Mark Comer lives in Newport Beach with his wife Bridget and two children. Since both kids are involved in organized sports, he has little time to spare, but enjoys the pleasures of living in one of the world's most agreeable locations. He received his bachelor's degree from the University of Southern California in business, with an emphasis in real estate development and finance.



Michael Leet
Chief Financial Officer, Executive Vice President

As cofounder, CFO and EVP of PartnerFirst, Michael Leet directs the company's financial and contract management. He brings two decades of high-level success in the mortgage and valuation fields to his tasks.

Leet entered the real estate field as an appraiser, with clients that included the Resolution Trust Corporation (RTC) and the Los Angeles Red Line Subway project. He also completed trust valuations for several banks. By age 26, Leet was the owner of his own mortgage company, which he sold to join United American Mortgage in 1999. As Vice President, Leet helped United American expand its coverage from two states to 13, and saw its loan origination volume grow from \$100 million to \$1 billion. These achievements prepared Michael Leet for his current primary role with the groundbreaking company PartnerFirst, which spans the mortgage, default services and real estate fields.

Recognizing the responsibility that comes with success, Michael Leet and his partner Mark Comer founded National Mortgage Consumer Counseling, an organization designed to help struggling homeowners. And he always remembers his favorite charities, the Red Cross and the Pediatric Cancer Research Foundation.

Michael lives in Rancho Santa Margarita, California with Jean, his wife of 15 years, and their two daughters. He takes advantage of the temperate southern California climate, enjoying a number of outdoor activities including golf and tennis. Michael Leet earned a bachelor's degree in business with an emphasis in real estate finance from the University of Southern California.



Bill Breeden
Chief Development Officer

As PartnerFirst CDO, Bill Breeden oversees outreach to mortgage servicers, trade groups, non-profits and other national entities. He cultivates strategic alliances with the organizations that would benefit from PartnerFirst's unique suite of services, and develops programs to meet their individual needs.

Breeden came to PartnerFirst in 2010, after a distinguished career in loan servicing and asset management that has spanned three decades. He served as Senior Vice President for REO and Short Sale Management with ServiceLink, LP, from 2007 to 2009. Beginning in 2004, he was a Project Manager at Specialized Loan Servicing, a Colorado-based company. For nine years, Breeden served as COO at Moss, Codilis, et al, overseeing default and legal management services to residential loan servicers. As First Vice President of Default Administration with Foster Mortgage Corporation from 1986 to 1994, he supervised a portfolio of 160,000 residential loans. Throughout his career Breeden has also been retained as a consultant by various companies.

Breeden's managerial skill and knowledge of the default services field have enabled him to have a broad impact on the industry. In addition to managing up to 250 employees at a time, overseeing relations with over 200 law firms and 5,000 real estate agents, he has created entire programs that contributed to the growth and success of the companies he served. These include implementing new vendor management and loss recovery departments, operational performance assessments of default and legal services, and the "NewInvoice" bill presentment solution. In one instance, he established the business vision, oversaw the technology development, and built an operational infrastructure to manage 10,000 short sales. At ServiceLink, he managed the organic growth of REO operations from 5,000 assets to 18,000 – within nine months.

From their home in Lonetree, Colorado, Bill and his wife Christine enjoy golfing, skiing, and watching their two sons play club-level lacrosse. Bill Breeden is a graduate of the University of Nebraska with a B.A. in business administration.

C. Leadership Team



Jason Crawford
Chief of Operations

Jason Crawford oversees the daily operations of PartnerFirst, bringing together the technology, marketing, development, communication and customer service sides of the business. He works with the various teams to integrate their activities into the firm's overall business goals.

Crawford brings a rich background in management, human resources, and the mortgage industry to his role. As a corporate recruiter, consultant, and human resources director for a number of high-profile firms, he demonstrated his talent for managing and inspiring employees on a large scale.

He also found the time to develop a mortgage training program that has been used by thousands of industry professionals, and serve as mentor and coach to some of the nation's top real estate agents. His accomplishments caught the attention of PartnerFirst cofounders Mark Comer and Michael Leet, who recruited him to guide the activities of their new venture in 2009.

Jason Crawford has a bachelors degree in applied business and management, and a masters degree in organizational management and leadership from Azusa Pacific University. When not working, he enjoys spending time with his son and volunteering with the Little League of America.



Jacob Swodeck
Director of Education

Jacob Swodeck occupies a unique niche in the real estate field that makes him a perfect fit as PartnerFirst’s Director of Education. He is a nationally-known real estate educator who has trained over 20,000 agents in short sales and other topics. In addition to overseeing PartnerFirst’s course development, he prepares industry updates for the PartnerFirst Agent Network, conducts webinars, writes a blog, and provides coaching for individual agents. Swodeck personally conducts PartnerFirst’s live training events, as well as seminars for major brands including Keller Williams, and trade groups such as the National Association of Realtors®.

Jacob Swodeck is also an active Keller Williams agent, with over 1,000 short sales to his credit. He began his real estate career in 1997 with one of the west coast’s leading short sale brokerages. Besides providing a crash course in the default market, that experience convinced Swodeck that he could help troubled homeowners by educating them—and their agents—about the short sale process.

As he puts it, “Since then I have focused all my energy and passion towards helping homeowners avoid foreclosure through the short sale process, as well as training other real estate professionals...” The result has been a burgeoning career as a speaker, as well as a hands-on trainer of default agents.

When not traveling or preparing education content, Swodeck enjoys activities with his church, an occasional golf game, and spending time with his wife and son.

D. Staff

Education Department

The PartnerFirst Education Department works to provide agents the most up-to-date, comprehensive default training available. That includes course content for

PartnerFirst's certification programs, webinars, blogs, and video tutorials. It also means scouring the news and government sources for industry developments that could affect the activities of PartnerFirst agents. Those changes are incorporated into course content and disseminated through PartnerFirst's social media networks.

The PartnerFirst education platform also reaches beyond the real estate agent community: Training courses have been developed for lenders, homeowner counselors, servicer outreach representatives and various private firms.

Information Technology

The PartnerFirst IT Team developed our proprietary lead management system, which is continually refined and updated. The team manages PartnerFirst's web presence, ensuring that fresh, up-to-date content is always available. It also ensures that PartnerFirst's education modules are functional, accessible and user-friendly.

Agent Relations

The PartnerFirst *agent relations coordinators* (ARC's) keep tabs on the entire agent network, focusing especially on those conducting short sale transactions. They provide counsel as necessary, troubleshoot, and monitor agent status and performance. The ARC staff brings a strong background in the mortgage and customer service fields to its duties.

V. BUDGET