

Annex A

Between January 2006 and March 2007, Ally Securities LLC was known as “Residential Funding Securities, LLC”¹ and served as the lead underwriter on the following ten subprime residential mortgage-backed securities (“RMBS”) offered in the RASC-EMX series:

RASC-EMX-1 (2006), offered January 1, 2006,
RASC-EMX-2 (2006), offered February 23, 2006,
RASC-EMX-3 (2006), offered April 1, 2006,
RASC-EMX-4 (2006), offered May 1, 2006,
RASC-EMX-5 (2006), offered June 1, 2006,
RASC-EMX-6 (2006), offered July 1, 2006,
RASC-EMX-7 (2006), offered August 1, 2006,
RASC-EMX-8 (2006), offered September 28, 2006,
RASC-EMX-9 (2006), offered October 27, 2006, and
RASC-EMX-1 (2007), offered March 12, 2007

(collectively “RASC-EMX Securities”).

The collateral backing the RASC-EMX Securities consisted of over forty-thousand (40,000) subprime residential mortgage loans originated by a single subprime mortgage loan originator that were subsequently acquired, pooled together, and securitized by former indirect subsidiaries of Ally Financial, Inc. (“Ally”) (f/k/a GMAC, Inc.), generally known as Residential Capital, LLC. (“ResCap”). In 2006, ResCap subsidiaries ranked amongst the largest mortgage warehouse lenders, RMBS issuers, and servicers in the country. ResCap encompassed several entities dedicated to the acquisition and securitization of non-conforming residential mortgage loans, including Ally Securities LLC, the captive broker-dealer serving as an underwriter on certain ResCap-issued RMBS.

Ally Securities LLC dedicated a specialized marketing effort to create the RASC-EMX brand, securing investors for the RMBS offerings, and directing third party due diligence on samples of the mortgage loan pools underlying the RMBS to test whether the loans comply with disclosures made to investors in the public offering documents. As the lead underwriter, Ally Securities LLC recognized in 2006 and 2007 that there was a consistent trend of deterioration in

¹ During this timeframe, Ally Securities LLC was also known as “Residential Funding Securities Corporation” and was doing business as “GMAC RFC Securities” or “GRS.”

the quality of the mortgage loan pools underlying the RASC-EMX Securities that stemmed, at least in part, from deficiencies in the subprime mortgage loan underwriting guidelines and diligence applied to the collateral prior to securitization. All the RASC-EMX Securities sustained losses as a result of underlying mortgage loans falling delinquent. In the RASC-EMX Securities with the most significant losses, over half of the underlying collateral fell delinquent at some point.

The public offering documents for the RASC-EMX Securities, including the Prospectus Supplements (“ProSupp”), represented that the underlying mortgage loans comported with certain subprime mortgage loan product guidelines, including what was known at the time as the AlterNet Program guidelines. Ally Securities LLC’s marketing materials used to inform potential investors about the RASC-EMX Securities highlighted that AlterNet Program guidelines were applicable to mortgage loans securitized in the “RASC” designated RMBS issued by ResCap, and that the RASC-EMX Securities were eligible for securitization in accordance with the “RASC” designation. The AlterNet Program mortgage loan product guidelines were made available to actual and potential investors through an online platform. The ProSupp statements included, but are not limited to, the following:

- *[The issuer] reviewed the underwriting standards for the mortgage loans and all of the mortgage loans were in substantial conformity with the standards set forth in [the issuer’s] AlterNet Program or are otherwise in conformity with the standards set forth in the description of credit grades set forth in this prospectus supplement.*
- *In most cases, the mortgage loans were either originated and underwritten in accordance with [the] Alternet Program, as discussed below or otherwise acquired from a mortgage collateral seller based on standards consistent with the following discussion on credit grades classification or substantially similar standards acceptable to [the issuer]. Exceptions to these standards are made, however, on a case by case basis if it is determined, generally based on compensating factors, that an underwriting exception is warranted.*

The subprime mortgage loans sold to the ResCap subsidiaries for the RASC-EMX Securities were originated and underwritten to the subprime mortgage loan originator's guidelines, which were more lenient than the AlterNet Program guidelines, insofar as they:

- Increased maximum loan amounts in all categories of loans, including for high loan-to-value (LTV) loans and 80/20 combination loans;
- Decreased income and rental documentation requirements for large loans;
- Lowered FICO minimum requirements for high LTV, 80/20 combination, and stated documentation loans;
- Removed any LTV limits on second liens;
- Removed any reserve requirements for high LTV or 80/20 combination, stated documentation;
- Permitted use of broker's credit reports, as well as the use of brokers and/or appraisers on ResCap's exclusionary list;
- Lowered thresholds for bankruptcy and foreclosure seasonings;
- Removed maximum limit amounts for major adverse credit;
- Removed any requirement that consumer credit counseling plans to be paid;
- Lowered the verification of income required;
- Permitted use of business, instead of personal, bank statements for income verification; and
- Lowered thresholds for income and bank statement verification in both lite and stated doc loans;

The ProSupp statements did not specifically state that the mortgage loan pools backing the RASC-EMX Securities contained loans originated and underwritten to the mortgage loan originator's guidelines. The particular collateral characteristics of the mortgage loan pools backing the RASC-EMX series, even when shared with investors, did not inform investors which set of underwriting guidelines was applied to a mortgage loan in the pool. The marketing loan tapes (large database files with loan level data for each loan that is sent to credit rating agencies, insurance companies and made available to investors) did not always

include all the collateral characteristics captured by the AlterNet Program credit grade classifications.

The AlterNet Program guidelines assigned “credit grades” to each subprime loan as a shorthand way to group loans with similar collateral characteristics, such as mortgage payment history, FICO scores, debt-to-income (“DTI”) ratios. Mortgage loan level data required to accurately assign AlterNet Program credit grades to the collateral underlying the RASC-EMX Securities was sometimes not captured or conveyed by the mortgage loan originator to ResCap subsidiaries resulting in data integrity issues affecting the credit grading of subprime mortgage collateral. As such, the AlterNet Program credit grade groupings ascribed to the collateral did not always fully reflect the actual characteristics of the mortgage loan pools backing the RASC-EMX series.

As the lead underwriter on the RASC-EMX Securities, Ally Securities directed a third-party to conduct due diligence on a sample of the underlying subprime mortgage loan pool prior to the RMBS being offered to the public in order to test whether the residential mortgage loans being securitized were in substantial compliance with disclosures made to investors in the public offering documents. The sample sizes selected for some of the RASC-EMX Securities were smaller than those selected in other ResCap-issued RMBS with the RASC designation, and the due diligence conducted on some of the RASC-EMX Securities applied the mortgage loan originator’s guidelines, and not the AlterNet Program guidelines.

ANNEX B

A. At all times since 1990, Ally Securities LLC (f/k/a Residential Funding Securities LLC) has been registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”), and Financial Industry Regulatory Authority (“FINRA”). Until May 1, 2009, Ally Securities LLC was an indirect subsidiary of Residential Capital LLC. On that date, Ally Securities LLC was transferred to Ally Financial Inc.

B. At no time since January 1, 2009, has Ally Securities LLC packaged, marketed, structured, arranged, underwritten, or issued any residential mortgage backed securities (“RMBS”). Further no individual currently employed by and/or associated with Ally Securities LLC was employed by and/or associated with Ally Securities LLC in 2006 or 2007, or participated in the packaging, marketing, underwriting, sale or issuance of any of the RMBS listed in Appendix C.

C. As acknowledgement of the Statement of Facts set forth in Annex A, but not as an admission of liability, Ally Securities LLC shall withdraw its registration as a broker-dealer, and wind down its affairs as follows:

1. Within thirty (30) days of the Effective Date of the Settlement Agreement, Ally Securities LLC will file the Form BDW with the United States Securities and Exchange Commission (“SEC”) to commence the process of fully withdrawing its broker-dealer registration with the SEC, Financial Industry Regulatory Authority (“FINRA”) and all states.

2. As soon as reasonably practicable after filing the Form BDW with the SEC, Ally Securities LLC shall permanently cease conducting business operations of a broker-dealer, and undertake reasonable commercial efforts to complete the withdrawal of its broker-dealer registration as soon as reasonably practicable.

3. Within fifteen (15) days of final approval and/or non-objection by the SEC to the Form BDW (“Registration Withdrawal Effective Date”) and absent any other regulatory limitations, Ally Securities LLC shall pay \$14,500,000 of the Settlement Amount into the General Fund of the United States Department of Treasury. If, for any reason, Ally Securities LLC cannot make this payment in its entirety on or before December 31, 2016, Ally Securities LLC’s sole member, Ally Financial Inc., shall pay any outstanding amount by this date, relieving Ally Securities LLC of any further obligation to make this payment.

4. Within one (1) year of the Registration Withdrawal Effective Date, Ally Securities LLC’s sole member, Ally Financial Inc., shall make reasonable commercial efforts to complete the wind down and dissolution of Ally Securities LLC.

ANNEX C

RASC-EMX-1 (2006), offered January 1, 2006

RASC-EMX-2 (2006), offered February 23, 2006

RASC-EMX-3 (2006), offered April 1, 2006

RASC-EMX-4 (2006), offered May 1, 2006

RASC-EMX-5 (2006), offered June 1, 2006

RASC-EMX-6 (2006), offered July 1, 2006

RASC-EMX-7 (2006), offered August 1, 2006

RASC-EMX-8 (2006), offered September 28, 2006

RASC-EMX-9 (2006), offered October 27, 2006

RASC-EMX-1 (2007), offered March 12, 2007