

Exhibit 2

In The Matter Of:

SHEILAI.HOFSTETTER

v.

CHASE HOME FINANCE, LLC, et al.

DANIEL WHEELER

January 11, 2011

MERRILL CORPORATION

Legalink, Inc.

920 Second Ave South
Suite 110
Minneapolis, MN 55402
Phone: 877-489-0367

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SHEILA I. HOFSTETTER,)
individually, as a)
representative of the class,)
and on behalf of the general)
public,)

Plaintiff,)

-vs-

) CV-10-1313 WHA

CHASE HOME FINANCE, LLC,)
JPMORGAN CHASE BANK, N.A.,)
and DOES 1 through 50,)
inclusive,)

Defendants.)

CONFIDENTIAL

The Rule 30(b)(6) deposition of Chase Home Finance and JPMorgan Chase Bank, corporate designee, DANIEL WHEELER, taken before CAROL CONNOLLY, CSR, CRR, and Notary Public, pursuant to the Federal Rules of Civil Procedure for the United States District Courts pertaining to the taking of depositions, at 330 North Wabash, Chicago, Illinois, commencing at 9:03 a.m. on the 11th day of January, A.D., 2011.

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1 There were present at the taking of this
 2 deposition the following counsel:
 3 NICHOLS KASTER, LLP by
 4 MR. KAIRICHTER
 4600 IDS Center
 80 South Eighth Street
 5 Minneapolis, Minnesota 55402
 (877) 448-0492
 6
 7 appeared on behalf of the Plaintiffs;
 8 BURKE, WARREN, MACKAY & SERRITELLA, PC by
 9 MR. STEPHEN R. MEINERTZHAGEN and
 330 North Wabash
 22nd Floor
 Chicago, Illinois 60611
 (312) 840-7047
 11 appeared on behalf of the Defendants.
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 14 -----
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1 DEPOSITION OF
 DANIEL WHEELER
 2 January 11, 2011
 3 PAGE
 4 EXAMINATION BY
 5 Mr. Kai Richter 5
 6 Mr. Stephen Meinertzhagen 168
 7
 8 -----
 9
 10 EXHIBITS MARKED
 11 PAGE
 12 Deposition Exhibit No. 43 8
 (March 19, 2010 Letter from Dan Wheeler to John
 13 Frobose, CHASE 01816-18)
 14 Deposition Exhibit No. 44 25
 (Schedule of Confidential Documents Produced January,
 15 2011)
 16 Deposition Exhibit No. 45 28
 (Master Services Agreement, Dated 8-31-07,
 17 CHASE 01546-01637)
 18 Deposition Exhibit No. 46 51
 (Compliance PLUS Insurance Agreement,
 19 CHASE 01688-01746)
 20 Deposition Exhibit No. 47 87
 (Amended and Restated Schedule 1 to Master Services
 21 Agreement, CHASE 01646-01687)
 22 Deposition Exhibit No. 48 95
 (Amended and Restated Compliance PLUS Insurance
 23 Agreement, CHASE 01747-01807)
 24 Deposition Exhibit No. 49 103
 (Compliance PLUS Insurance Agency Agreement,
 25 CHASE 01809-01811)

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1 Deposition Exhibit No. 50 104
 (Agreement of Termination, CHASE 01808)
 2
 3 Deposition Exhibit No. 51 110
 (Plaintiff's Second Set of Requests to Defendants
 for Production of Documents and Things)
 4
 5 Deposition Exhibit No. 52 126
 (December 31, 2009 Letter Agreement, CHASE 01812-01815)
 6 Deposition Exhibit No. 53 152
 (Escrow Administration, Monthly Management Book,
 7 January, '10, Home Equity, CHASE 01819-01827)
 8 Deposition Exhibit No. 54 152
 (Chase, Assurant Home Equity Scorecard, Monthly
 9 Performance Evaluation, 2010, CHASE 01828-01843)
 10 Deposition Exhibit No. 55 154
 (Chase Consumer Loan Servicing, CHASE 01845-01872)
 11
 12 Deposition Exhibit No. 56 157
 (January, 2010, HELOC, Monthly Summary,
 CHASE 01873-01891)
 13
 14 Deposition Exhibit No. 57 157
 (Spreadsheet, CHASE 01892-01913)
 15
 16 PREVIOUSLY MARKED EXHIBITS
 17 Deposition Exhibit No. 1 5
 (Plaintiff's Second Amended Notice of Deposition
 18 of Chase Home Finance, LLC)
 19 Deposition Exhibit No. 2 5
 (Plaintiff's Second Amended Notice of Deposition
 20 of JPMorgan Chase Bank, N.A.)
 21 Deposition Exhibit No. 8 42
 (Assurant Group, Insurance Tracking Services, User
 22 Requirements)
 23 Deposition Exhibit No. 9 42
 (Chase Home Equity Portfolio, AssurTrack Procedures,
 24 Revised 7/7/05)
 25 Deposition Exhibit No. 20 64

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1 DANIEL WHEELER,
 2 called as a witness herein, having been first duly sworn,
 3 was examined upon oral interrogatories and testified as
 4 follows:
 5 EXAMINATION
 6 By Mr. Richter:
 7 Q Good morning, Mr. Wheeler. I'm Kai Richter.
 8 I'm one of the attorneys representing Sheila Hofstetter
 9 and Rogers Modersbach in the action that they brought
 10 against the Chase defendants in case.
 11 Do you understand that you're here to testify
 12 in connection with a corporate deposition notice that was
 13 served on both of the Chase defendants, those being Chase
 14 Home Finance, LLC and JP Morgan Chase Bank, N.A.?
 15 A Yes.
 16 Q I'd like to show you the deposition notices
 17 that were served in connection with your appearance as a
 18 Rule 30(b)(6) corporate representative today, and these
 19 were previously used with Mr. Nack when he testified on
 20 certain topics as a corporate representative of the Chase
 21 defendants.
 22 (Plaintiff's Exhibit 1 tendered to the witness)
 23 (Plaintiff's Exhibit 2 tendered to the witness)
 24 Q And before we go any further, when I use the
 25 term Chase, I'm going to be referring to both of the

2 (Pages 2 to 5)

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<p>1 Chase defendants, those being JP Morgan Chase Bank, N.A. 2 and Chase Home Finance, LLC. Will you understand what I 3 mean if I use Chase in that sense? 4 A Yes. 5 MR. MEINERTZHAGEN: Can I just wait one second? 6 MR. RICHTER: Q For the record, LeAnn Pedersen Pope 7 has now entered the room as well. 8 Mr. Nack, I'd like you to turn to both of the 9 deposition notices, and I'd like to you take a look at 10 the matters for examination. Do you see they're numbered 11 1 through 10 in both deposition notices? 12 A Yes. And I'm Mr. Wheeler. 13 Q I'm sorry. Still have Mr. Nack on the brain 14 apparently. 15 I'd like you to turn to topics 8 and 9. Let's 16 take a look at number 8. The relationship between 17 defendants and American Security Insurance Company, JP 18 Morgan Insurance Agency, Inc., Chase Insurance Agency, 19 Inc., or any other company involved in the purchase, 20 procurement, maintenance, issuance or extension of any 21 flood insurance policy. 22 Do you see that? 23 A I see that. 24 Q Do you have knowledge regarding that topic? 25 A I have knowledge, yes.</p>	<p>1 Q Do you work for any other companies in the 2 Chase family of companies? 3 A No. 4 (Exhibit 43 marked as requested) 5 Q Mr. Nack, the court reporter has just handed 6 you what's been marked as Plaintiff Exhibit 43, Chase 7 1816 through 1817. 8 Do you have those pages in front of you, sir? 9 A Yes, and again it's Mr. Wheeler. 10 Q Mr. Wheeler, you see that these three letters 11 are signed by you on behalf of Chase Home Finance, LLC? 12 A Yes. 13 Q Do you also hold a position with respect to 14 Chase Home Finance, LLC? 15 A I report in to Chase Home Finance. 16 Q What do you mean by that? 17 A My boss is Robert Seginini. 18 Q How do you spell his name? 19 A S-E-G-I-N-I-N-I. And he is the CFO for 20 servicing and default of Chase Home Finance. 21 Q You consider him your boss? 22 A Yes. 23 Q Is Chase Insurance Agency, Inc. a wholly-owned 24 subsidiary of Chase Home Finance, LLC? 25 A No.</p>
<p>Page 7</p> <p>1 Q Are you here to testify today on that topic, 2 sir? 3 A I'm here to testify to my knowledge on that 4 topic. 5 Q Also topic number 9, the financial incentives 6 to defendants or their affiliates or any insurance 7 company in connection with requiring a force-placing 8 insurance coverage? 9 A Yes. 10 MR. MEINERTZHAGEN: Kai, I think Mr. Knack actually 11 testified concerning topic number 8, and pursuant to my 12 November 3rd letter, Mr. Wheeler is only being proffered 13 to testify to topic number 9. I understand there's some 14 crossover, so why don't you just proceed and we'll 15 address that if we need to. 16 MR. RICHTER: Q Do you consider yourself qualified 17 to answer questions on behalf of both of those topics? 18 MR. MEINERTZHAGEN: Object to form of the question. 19 THE WITNESS: I consider myself to be qualified to 20 answer questions with respect to item number 9 most 21 definitely, and I have general knowledge of information 22 relative to question 8. 23 MR. RICHTER: Q Which Chase entity or affiliates 24 do you currently work for? 25 A Currently work for Chase Insurance Agency, Inc.</p>	<p>Page 9</p> <p>1 Q Does Chase Home Finance, LLC own a majority 2 stake in Chase Insurance Agency, Inc.? 3 A No. 4 Q Who are the officers of Chase Insurance Agency, 5 Inc.? 6 A I'm an officer of Chase Insurance Agency, Inc., 7 vice president. 8 Q Are there any other -- 9 A There are other officers, but I don't know 10 exactly who they would be. I can venture a guess, Dave 11 Barrell. D-A-V-I-D, B-A-R-R-E-L-L. 12 Q Who sits on the board of directors of Chase 13 Insurance Agency, Inc.? 14 A I don't know. 15 Q Which Chase entity cuts your paychecks? 16 A Chase Insurance Agency, Inc. 17 Q How long have you worked for Chase Insurance 18 Agency, Inc.? 19 A Approximately -- little over 12 years. The 20 entities have merged over the years, the names may have 21 changed, but they're one in the same. 22 Q JP Morgan Insurance Agency, Inc., was that one 23 of the previous names? 24 A Yes, it was. 25 Q When did the name change from JP Morgan</p>

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<p>1 Insurance Agency, Inc. to Chase Insurance Agency, Inc. take place?</p> <p>2</p> <p>3 MR. MEINERTZHAGEN: Object to the form, lack of</p> <p>4 foundation.</p> <p>5 THE WITNESS: 12-31-08.</p> <p>6 MR. RICHTER: Q And does JP Morgan Insurance</p> <p>7 Agency, Inc. continue to function as a company or has it</p> <p>8 ceased to exist?</p> <p>9 A Would you repeat the question, please?</p> <p>10 Q Does JP Morgan Insurance Agency, Inc. continue</p> <p>11 to exist as a company or does it cease to exist under</p> <p>12 that name?</p> <p>13 A It's been -- it ceases to exist under that</p> <p>14 name. It was not dissolved. It's merged into Chase</p> <p>15 Insurance Agency, Inc.</p> <p>16 Q Are there any other names than JP Morgan</p> <p>17 Insurance Agency, Inc. and Chase Insurance Agency, Inc.</p> <p>18 that the company that you've worked for for the last 12</p> <p>19 years has gone under?</p> <p>20 MR. MEINERTZHAGEN: Object to the form.</p> <p>21 THE WITNESS: I don't recall. We --</p> <p>22 MR. RICHTER: Q Go ahead.</p> <p>23 A We have had other legal agency entities. I</p> <p>24 cannot speak specific to what they were utilized for, but</p> <p>25 we have had Chase Manhattan Insurance Agency, Inc. and I</p>	<p>1 A Currently 812 Robert Dean Drive.</p> <p>2 Q Which city?</p> <p>3 A Downingtown, Pennsylvania.</p> <p>4 Q Have you ever worked out of Columbus?</p> <p>5 A No.</p> <p>6 Q Over what functional areas do you have</p> <p>7 responsibility?</p> <p>8 A I have responsibility for the lender-placed</p> <p>9 reinsurance program, lender-placed insurance agreements,</p> <p>10 structure and negotiations of those agreements.</p> <p>11 Q What's the lender-placed reinsurance program?</p> <p>12 A We reinsure lender-placed hazard.</p> <p>13 Q Is that renewing policies or something else?</p> <p>14 A It's something else.</p> <p>15 Q Okay. What is the something else?</p> <p>16 A The underwriting company in this case Assurant</p> <p>17 cedes a portion of the premium and losses to our captive.</p> <p>18 Q Who is the captive?</p> <p>19 A Bank One Insurance Company.</p> <p>20 Q That's for hazard only or both hazard --</p> <p>21 A That's for hazard only.</p> <p>22 Q What are your day-to-day job duties?</p> <p>23 A Around the reinsurance program I am responsible</p> <p>24 for managing that exposure. It's a quarter share</p> <p>25 reinsurance program so we have a proportionate share of</p>
<p>Page 11</p> <p>1 believe Chase Agency Services.</p> <p>2 Q Going back to Deposition Exhibit 43. Have you</p> <p>3 signed other letters and correspondence in the past on</p> <p>4 behalf of Chase Home Finance, LLC?</p> <p>5 A I may have.</p> <p>6 Q In your mind is there anything improper about</p> <p>7 you signing correspondence on behalf of Chase Home</p> <p>8 Finance, LLC?</p> <p>9 MR. MEINERTZHAGEN: Object to the form.</p> <p>10 THE WITNESS: I don't believe so as a representative</p> <p>11 of Chase Home Finance.</p> <p>12 MR. RICHTER: Q Were you fully authorized by Chase</p> <p>13 Home Finance, LLC to send these three letters that are in</p> <p>14 Deposition Exhibit 43?</p> <p>15 A Yes.</p> <p>16 Q And you're fully authorized on behalf of Chase</p> <p>17 Home Finance, LLC and JP Morgan Chase Bank, N.A. to</p> <p>18 testify on behalf of both companies here today, is that</p> <p>19 right?</p> <p>20 A Would you repeat that, please?</p> <p>21 (Question read)</p> <p>22 A Yes.</p> <p>23 MR. MEINERTZHAGEN: Object to the form.</p> <p>24 MR. RICHTER: Q What business address do you work</p> <p>25 out of?</p>	<p>Page 13</p> <p>1 losses associated with that program. Strategic planning,</p> <p>2 forecasting, reconciliation, risk management associated</p> <p>3 with the reinsurance program, relationship manager with</p> <p>4 Assurant in this capacity as it relates to the</p> <p>5 reinsurance program.</p> <p>6 Q What responsibilities do you have with respect</p> <p>7 to flood insurance or lender-placed flood insurance?</p> <p>8 A Structuring, negotiating, maintenance of the</p> <p>9 contracts as they relate to the agency contracts.</p> <p>10 Q Who are Chase Insurance Agency's clients or</p> <p>11 client?</p> <p>12 A In the context of the question, I'm not sure</p> <p>13 that -- well, our clients are our lines of business, and</p> <p>14 historically it's taken different forms over the course</p> <p>15 of the years.</p> <p>16 Q Lines of business for Chase?</p> <p>17 A What we refer to as lines of business, Chase</p> <p>18 Home Lending, Chase Auto Finance. We don't write</p> <p>19 business directly within the agency. We're not</p> <p>20 marketing.</p> <p>21 Q In other words, individual homeowners don't</p> <p>22 come up to Chase Insurance Agency, Inc. and say, I'd like</p> <p>23 a policy from Chase Insurance Agency, Inc., is that</p> <p>24 right?</p> <p>25 A That's correct, in today's environment. It</p>

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<p>1 wasn't always like that.</p> <p>2 Q So is it fair to say that with respect to flood</p> <p>3 insurance the only insurance policies that Chase</p> <p>4 Insurance Agency, Inc. is involved with are lender-placed</p> <p>5 policies, is that right?</p> <p>6 A That's correct.</p> <p>7 Q And the only lender that those lender-placed</p> <p>8 policies are placed on behalf of is Chase, is that right?</p> <p>9 A That's correct.</p> <p>10 Q Does Chase exercise significant control over</p> <p>11 the business operations of Chase Insurance Agency, Inc.?</p> <p>12 MR. MEINERTZHAGEN: Object to the form.</p> <p>13 THE WITNESS: I really don't know how to answer</p> <p>14 that.</p> <p>15 MR. RICHTER: Q What types of management controls</p> <p>16 does Chase exercise over Chase Insurance Agency, Inc.?</p> <p>17 MR. MEINERTZHAGEN: Object to the form.</p> <p>18 THE WITNESS: There are financial oversights for</p> <p>19 Chase Insurance Agency, Inc. I can't speak to specifics</p> <p>20 in terms of oversights of Chase Insurance Agency, Inc.</p> <p>21 MR. RICHTER: Q You indicated that -- is it</p> <p>22 Mr. Barnett or Barrell --</p> <p>23 A Barrell.</p> <p>24 Q He's also an officer of Chase Insurance Agency,</p> <p>25 Inc.?</p>	<p>1 A Correct. We also work with -- correct.</p> <p>2 Q Who do you also work with?</p> <p>3 A Can you be more specific?</p> <p>4 Q Well, you stopped your answer in midstream, and</p> <p>5 you said we also work with and then you stopped, so I'm</p> <p>6 wondering what you were going to say.</p> <p>7 MR. MEINERTZHAGEN: Object to the form.</p> <p>8 THE WITNESS: You'd have to take me back to what the</p> <p>9 question was and when I responded or how I responded to</p> <p>10 know where you're coming from.</p> <p>11 MR. RICHTER: Can you read back that portion of the</p> <p>12 question and the testimony?</p> <p>13 (Whereupon, the following was read back:</p> <p>14 "Q All of those oversights, financial</p> <p>15 oversights, governance oversights, legal</p> <p>16 oversights, audit oversights, all of those are</p> <p>17 oversights performed by Chase over Chase</p> <p>18 Insurance Agency, Inc., correct?:"</p> <p>19 "A Correct. We also work with -- correct."</p> <p>20 THE WITNESS: My reference was simply going to be</p> <p>21 external -- you know, external audit. We work with</p> <p>22 captive management.</p> <p>23 MR. RICHTER: Q You were discussing your reporting</p> <p>24 relationship with your boss a little while back. I want</p> <p>25 to make sure I get this name right. Is it Mr. Seginini?</p>
<p>Page 15</p> <p>1 A Yes.</p> <p>2 Q Does he also report to somebody within Chase</p> <p>3 Home Finance, LLC?</p> <p>4 A I don't believe so.</p> <p>5 Q Do you know one way or the other?</p> <p>6 A I know who he reports to. I don't know what</p> <p>7 line of business that she may be attached to.</p> <p>8 Q Who does he report to?</p> <p>9 A Corinne Burger. I believe it's B-U-R-G-E-R.</p> <p>10 Q You indicated that Chase exercises financial</p> <p>11 oversights over Chase Insurance Agency, Inc. Could you</p> <p>12 describe those financial oversights for me?</p> <p>13 MR. MEINERTZHAGEN: Object to the form.</p> <p>14 THE WITNESS: I'm not directly involved in the</p> <p>15 oversight so I could not explain those.</p> <p>16 MR. RICHTER: Q What did you have in mind?</p> <p>17 A The reporting relationships, Corinne Burger is</p> <p>18 senior executive of finance. Obviously there's</p> <p>19 oversights, there's governance, there's legal oversights,</p> <p>20 there are requirements for statutory filings on an annual</p> <p>21 basis, they're audited. I just don't have specific --</p> <p>22 Q All of those oversights, financial oversights,</p> <p>23 governance oversights, legal oversights, audit</p> <p>24 oversights, all of those are oversights performed by</p> <p>25 Chase over Chase Insurance Agency, Inc., correct?</p>	<p>Page 17</p> <p>1 A Seginini.</p> <p>2 Q Which office does Mr. Seginini work out of?</p> <p>3 A Columbus.</p> <p>4 Q How frequently do you communicate with him?</p> <p>5 A At least weekly, sometimes several times a day.</p> <p>6 Q What form do those communications take?</p> <p>7 A Conference calls, staff meetings.</p> <p>8 Q Do you have a regular weekly conference call or</p> <p>9 something like that?</p> <p>10 A Have a weekly staff meeting.</p> <p>11 Q Are those telephonic or does everybody get</p> <p>12 together in the same place?</p> <p>13 A They're telephonic.</p> <p>14 Q Who participates in the weekly staff meeting?</p> <p>15 A Bob's direct reports.</p> <p>16 Q Who are?</p> <p>17 A I don't know all the direct reports.</p> <p>18 Q Would those direct reports also include</p> <p>19 Mr. Nack?</p> <p>20 A No.</p> <p>21 Q Are you familiar with any of the persons other</p> <p>22 than yourself and Mr. Seginini who participate on these</p> <p>23 conference calls and weekly meetings?</p> <p>24 A Yes.</p> <p>25 Q Who are you familiar with?</p>

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<p>1 A Mark Stamfer.</p> <p>2 Q What's his position?</p> <p>3 A Not exactly sure what his title is. Vice</p> <p>4 president.</p> <p>5 Q For which company?</p> <p>6 A Chase Home Finance.</p> <p>7 Q Are you familiar with anybody else who</p> <p>8 participates on the conference calls and weekly meetings?</p> <p>9 A Primarily first names, and since I don't reside</p> <p>10 in Columbus, I don't have a direct working relationship.</p> <p>11 Q Are all of the other people who participate in</p> <p>12 these weekly meetings and conference calls that you are</p> <p>13 aware of, are they all -- do they all hold positions with</p> <p>14 Chase Home Finance, LLC?</p> <p>15 A To my knowledge, yes.</p> <p>16 Q Are there any quarterly or year-end meetings</p> <p>17 that you also attend?</p> <p>18 A There are quarterly meetings of a town hall</p> <p>19 nature where Bob and his direct reports and their direct</p> <p>20 reports come together, you know, in -- in a conference</p> <p>21 call. There are occasional strategic planning sessions.</p> <p>22 Q Do you travel to Columbus from time to time to</p> <p>23 meet Mr. Seginini or other people from Chase Home</p> <p>24 Finance, LLC?</p> <p>25 A From time to time.</p>	<p>1 have provided a status of a discussion, but typically</p> <p>2 that would not take place in the staff meeting.</p> <p>3 Q Where would that type of discussion typically</p> <p>4 take place or how would it take place?</p> <p>5 A Between Bob and myself. We typically during</p> <p>6 the staff meeting discuss -- as we go around the table</p> <p>7 discuss things that are of specific interest to all</p> <p>8 parties, and that's why it would be rare that -- I can't</p> <p>9 recall a discussion in a staff meeting regarding</p> <p>10 lender-placed flood.</p> <p>11 Q Who are your direct reports?</p> <p>12 A I have no direct reports.</p> <p>13 Q How many people work for Chase Insurance</p> <p>14 Agency, Inc.?</p> <p>15 A That number has changed over the years. Today</p> <p>16 I believe it's -- there might be 11.</p> <p>17 Q Was it roughly the same number of people who</p> <p>18 worked for JP Morgan Insurance Agency, Inc.?</p> <p>19 A There would have been more.</p> <p>20 Q Who are the 11 people who work for Chase</p> <p>21 Insurance Agency, Inc.?</p> <p>22 A I couldn't name them all. I could tell you</p> <p>23 people I work directly with.</p> <p>24 Q Let's go with those.</p> <p>25 A David Barrell, his administrative assistant is</p>
<p>Page 19</p> <p>1 Q How often?</p> <p>2 A Not on a regular basis.</p> <p>3 Q Do you also have e-mail correspondence with</p> <p>4 Mr. Seginini?</p> <p>5 A Yes.</p> <p>6 Q Would some of that e-mail correspondence</p> <p>7 include correspondence relating to flood insurance or</p> <p>8 business relationships involving flood insurance or</p> <p>9 contracts involving flood insurance?</p> <p>10 A It could.</p> <p>11 Q Are there notes kept of the weekly telephonic</p> <p>12 meetings by yourself or others?</p> <p>13 A I believe minutes of the meetings are taken,</p> <p>14 but I can't be certain.</p> <p>15 Q Is there a person who is designated at the</p> <p>16 meeting to record the minutes of those meetings?</p> <p>17 A If there is it would be Susan Kidwell, that is</p> <p>18 Bob Seginini's administrative assistant.</p> <p>19 Q And do those meetings also touch on issues</p> <p>20 relating to flood insurance?</p> <p>21 A Probably not.</p> <p>22 Q As you sit here today, can you testify with</p> <p>23 certainty that none of the meeting discussions have</p> <p>24 related to flood insurance in any way?</p> <p>25 A I can't be 100 percent certain that I would not</p>	<p>Page 21</p> <p>1 Reba Huff. Pam La Lively, and I can't spell the last</p> <p>2 name, but Marlene -- I've got it in a iPhone if you want</p> <p>3 a spelling of the last name, but, otherwise, I can't help</p> <p>4 you. It's Marlene P.</p> <p>5 Q What are Marlene's functions with Chase</p> <p>6 Insurance Agency, Inc.?</p> <p>7 A I don't know all of her functions. I work with</p> <p>8 her in the capacity of the reinsurance programs. I know</p> <p>9 she works on statutory filings and account</p> <p>10 reconciliations, and Pam does as well.</p> <p>11 Q Do either of them handle any insurance issues</p> <p>12 relating to flood insurance?</p> <p>13 A They are involved in the receipt of commissions</p> <p>14 associated with lender-placed flood.</p> <p>15 Q Have you ever held any other positions within</p> <p>16 the Chase family of companies?</p> <p>17 MR. MEINERTZHAGEN: Object to the form.</p> <p>18 THE WITNESS: I've always been with Chase Insurance</p> <p>19 Agency. When I began with the organization, I was in a</p> <p>20 position to source products, review structure, negotiate</p> <p>21 some personal insurance contracts, act in a consultive</p> <p>22 capacity.</p> <p>23 MR. RICHTER: Q At that time when you started, did</p> <p>24 you perform services or functions in connection with</p> <p>25 individual homeowners or insureds?</p>

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<p>1 A Not directly.</p> <p>2 Q When you say when you began you were in a</p> <p>3 position to source products, review structure and</p> <p>4 negotiate personal insurance products, could you explain</p> <p>5 what you mean by those three things?</p> <p>6 A There were a number of us that had roles based</p> <p>7 upon our expertise. Mine was personal insurance, and so</p> <p>8 my role -- one of my roles was to seek out vendors,</p> <p>9 insurance carriers who might be able to provide products</p> <p>10 to support the bank customers, negotiate the terms of</p> <p>11 those agreements.</p> <p>12 Q Are you a licensed insurance agent?</p> <p>13 A No.</p> <p>14 Q What's your educational training and</p> <p>15 background?</p> <p>16 A BS in business administration.</p> <p>17 Q From where?</p> <p>18 A Illinois State University.</p> <p>19 Q Have you received any formal education since</p> <p>20 graduating from Illinois State?</p> <p>21 A Not through an educational institution.</p> <p>22 Q Have you taken any other types of courses or</p> <p>23 received any other type of training since graduating from</p> <p>24 Illinois State?</p> <p>25 A Not other than company-sanctioned, you know,</p>	<p>1 Q When you say personal lines, what do you mean</p> <p>2 by that?</p> <p>3 A Automobile -- personal automobile, personal</p> <p>4 homeowners. Fire, personal. I helped -- I held</p> <p>5 different capacities at Trans America. I was -- started</p> <p>6 out as an underwriter, services supervisor, services</p> <p>7 manager and went in the field in marketing personal</p> <p>8 lines, became zone marketing manager and then became</p> <p>9 director of marketing and sales nationally.</p> <p>10 Q Have you ever had your deposition taken before?</p> <p>11 A Many years ago.</p> <p>12 Q Was that with one of these other companies</p> <p>13 or --</p> <p>14 A Yes, it was.</p> <p>15 Q Have you ever had your deposition taken while</p> <p>16 working at Chase Insurance Agency, Inc. or any of its</p> <p>17 predecessors?</p> <p>18 A No.</p> <p>19 Q Have you done anything to prepare for your</p> <p>20 deposition today?</p> <p>21 A Spoken with counsel.</p> <p>22 Q Have you reviewed any documents?</p> <p>23 A I have reviewed some contractual documents.</p> <p>24 MR. RICHTER: Steve, is that the binder of</p> <p>25 documents?</p>
<p>1 courses.</p> <p>2 Q Have those company-sanctioned courses been in</p> <p>3 the insurance area?</p> <p>4 A Generally not, no.</p> <p>5 Q What year did you graduate from Illinois State,</p> <p>6 by the way?</p> <p>7 A 1974.</p> <p>8 Q If I recall your testimony correctly you said</p> <p>9 you have been working for Chase Insurance Agency Inc. and</p> <p>10 its predecessor names for the last 12 years, is that</p> <p>11 right?</p> <p>12 A That's correct.</p> <p>13 Q So that would take us back to 1998 or 1999 if</p> <p>14 I'm doing my math correctly. What did you do between '74</p> <p>15 and '98, '99 when you started at Chase Insurance Agency,</p> <p>16 Inc. or its predecessor?</p> <p>17 A I graduated from college, '74, '76, worked for</p> <p>18 State Farm Insurance as a health underwriter. And then</p> <p>19 '76 through 1995 I worked for either Trans America or a</p> <p>20 company that was spun off from Trans America in both an</p> <p>21 underwriting capacity and in a marketing capacity, both</p> <p>22 personal lines.</p> <p>23 Then from '95 through '98 I worked for Cigna</p> <p>24 marketing personal lines. The marketing that took place</p> <p>25 in all cases was through independent agents.</p>	<p>1 MR. MEINERTZHAGEN: It is. They're all documents --</p> <p>2 I can give you or I can give you the index. It's just</p> <p>3 all of the contracts. I'm not even sure he looked at</p> <p>4 them, but they were available to him.</p> <p>5 MR. RICHTER: Let me see. Let's mark index as</p> <p>6 Exhibit 44.</p> <p>7 (Exhibit 44 marked as requested)</p> <p>8 MR. RICHTER: Actually, Steve, can you just confirm</p> <p>9 on the record that Exhibit 44 is the index of the</p> <p>10 documents to the binder that you and Mr. Wheeler</p> <p>11 reviewed?</p> <p>12 MR. MEINERTZHAGEN: I can confirm that this is the</p> <p>13 index that goes with the documents that were available to</p> <p>14 Mr. Wheeler. I don't believe he did review all of them,</p> <p>15 but --</p> <p>16 MR. RICHTER: Q Who hired you in your current</p> <p>17 position?</p> <p>18 A Joe Picarello.</p> <p>19 Q Can you spell his last name for me?</p> <p>20 A I believe it's P-I-C-A-R-E-L-L-O.</p> <p>21 Q Did he work for Chase Home Finance, LLC?</p> <p>22 A No.</p> <p>23 Q Who did he work for?</p> <p>24 A Chase Insurance Agency, Inc.</p> <p>25 Q Do you currently have a direct report that is</p>

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<p style="text-align: right;">Page 26</p> <p>1 somebody that you report to directly within Chase 2 Insurance Agency, Inc.? 3 A No. 4 Q Do you consider yourself the head or the leader 5 of Chase Home Insurance Agency, Inc.? 6 MR. MEINERTZHAGEN: Object to the form. 7 THE WITNESS: No. 8 MR. RICHTER: Q Who do you consider the head or 9 the leader of Chase Home Insurance Agency, Inc.? 10 MR. MEINERTZHAGEN: Same objection. 11 THE WITNESS: I would probably say David Barrell. 12 MR. RICHTER: Q What office does Mr. Barrell work 13 out of? 14 A Delaware. 15 Q What functions does he perform for Chase 16 Insurance Agency, Inc.? 17 A He's the comptroller. The role of the 18 individuals in the agency is -- it's financial, 19 accounting, reinsurance. 20 Q What functions does Chase Insurance Agency, 21 Inc. perform with respect to flood insurance? 22 A I would say no function. 23 Q And was that also true of JP Morgan Insurance 24 Agency, Inc.? 25 A Yes. Other than what I've already testified</p>	<p style="text-align: right;">Page 28</p> <p>1 years now, and in that capacity, you know, I have been in 2 contact on a regular basis with Assurant and in contact 3 with our servicing team relative to any needs they may 4 have regarding product, regarding service. So as issues 5 will surface I'll circle back around with Assurant and 6 see what they're able to do for us, what their terms are 7 and then incorporate that into a -- in consult with our 8 legal counsel, incorporate that into our contracts. 9 So based upon need we're able to amend our 10 contracts, we'll negotiate and structure that with 11 Assurant and our legal counsel and then we'll execute 12 those agreements. 13 Q Let's mark this 45. 14 (Exhibit 45 marked as requested) 15 Q Mr. Wheeler, the court reporter has just handed 16 you what's been marked as Exhibit 45, Master Services 17 Agreement Between JP Morgan Chase Bank, National 18 Association and American Security Insurance Company and 19 Standard Guaranty Insurance Company dated August 31st, 20 2006 with some attachment schedule -- with an attached 21 Schedule 1 and some exhibits. 22 Do you have that in front of you? 23 A Yes. 24 Q Are you familiar with this document? 25 A I have general knowledge of this document, yes.</p>
<p style="text-align: right;">Page 27</p> <p>1 to. 2 Q So would it be fair to say that neither Chase 3 Insurance Agency, Inc. or JP Morgan Insurance Agency, 4 Inc. monitor or track flood insurance coverage? 5 A That is correct. 6 Q Neither JP Morgan Insurance Agency, Inc. nor 7 Chase Insurance Agency, Inc. issue flood insurance 8 coverage? 9 A That's correct. 10 Q Neither JP Morgan Insurance Agency Inc. or 11 Chase Insurance Agency, Inc. obtain insurance coverage? 12 A That's correct. 13 MR. RICHTER: Why don't we take 5 minutes. 14 (Off the record) 15 MR. RICHTER: Q Back on the record. 16 I believe during your earlier testimony you 17 said you were involved with structuring, negotiating and 18 maintenance of contracts relating to lender-placed 19 insurance. Do I have that right? 20 A Yes. 21 Q In each of those three areas, structuring, 22 negotiating and maintenance, can you give me some more 23 detail in terms of what your duties and functions have 24 been? 25 A I've been the program manager for close to ten</p>	<p style="text-align: right;">Page 29</p> <p>1 Q Do you have a copy of this document in your 2 files? 3 A Yes. 4 Q How did you obtain it? 5 A It was likely distributed to me either by 6 Assurant or by our sourcing department. Our vendor 7 contracts, supply side contracts are retained in 8 sourcing. 9 Q When you say our sourcing department, where 10 does the sourcing department reside? 11 A I believe they're in Columbus as well. 12 Q When you refer to our sourcing department, 13 you're referring to the Chase Home Finance, LLC sourcing 14 department? 15 A That's correct. They're a member of the 16 sourcing department assigned to various business lines, 17 but in this case it would be home finance. 18 Q What was the purpose of this Master Services 19 Agreement? 20 A The purpose of the Master Services Agreement is 21 really a broad agreement between Chase and the vendors 22 that we do business with outlining basic terms and 23 conditions and the requirements that they must meet of 24 Chase in order to do business with Chase. And then 25 attached to this agreement is I believe what we call a</p>

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<p>1 Schedule 1.</p> <p>2 Q Is that beginning at page 1604?</p> <p>3 A This is Schedule 1 is what we referred to as</p> <p>4 our outsourcing agreement which defines all of our</p> <p>5 specific vendor placed requirements, service level</p> <p>6 requirements, performance penalties, if any, and should</p> <p>7 contain fee structure based upon services performed, what</p> <p>8 our fee structure is to pay to Assurant per loan per</p> <p>9 month.</p> <p>10 Q Looking at the first page of this document, it</p> <p>11 says it's dated August 31st, 2006.</p> <p>12 Do you see that?</p> <p>13 A Yes.</p> <p>14 Q Then turning to the next page, Chase 1547, it</p> <p>15 refers to an agreement effective date of the same date,</p> <p>16 August 31st, 2006.</p> <p>17 Do you see that?</p> <p>18 A Yes.</p> <p>19 Q And was that, in fact, the effective date of</p> <p>20 this master services agreement?</p> <p>21 MR. MEINERTZHAGEN: Object to the form.</p> <p>22 THE WITNESS: I believe, yes.</p> <p>23 MR. RICHTER: Q And is this Master Services</p> <p>24 Agreement still in effect?</p> <p>25 A Yes. It likely has been amended since 2006,</p>	<p>1 Q And so the payments were made for the services</p> <p>2 that you've described by JP Morgan Chase Bank, correct?</p> <p>3 A The fees were likely paid -- I can't say for</p> <p>4 certain. The fees were likely paid by Chase Home</p> <p>5 Finance. The check may have been cut by the bank, but I</p> <p>6 don't have any personal knowledge of the invoicing and</p> <p>7 payment other than the fees that were assessed.</p> <p>8 Q And looking back to Section 1.1 on page 1547,</p> <p>9 those services were provided to JP Morgan Chase Bank and</p> <p>10 its affiliates, including Chase Home Finance, LLC,</p> <p>11 correct?</p> <p>12 MR. MEINERTZHAGEN: Object to the form.</p> <p>13 THE WITNESS: Where is the reference 1547?</p> <p>14 MR. RICHTER: Q At 1.1(A).</p> <p>15 A Yes. I can't testify with certainty as to what</p> <p>16 other invoices may have been submitted or paid outside of</p> <p>17 outsourcing attached to this agreement.</p> <p>18 Q The last -- well, on page 1571, before we get</p> <p>19 to the exhibits and schedule, it shows that the agreement</p> <p>20 is signed by Heidi M. Carter on behalf of JP Morgan Chase</p> <p>21 Bank, National Associates.</p> <p>22 Do you see that?</p> <p>23 A I do.</p> <p>24 Q Who is she?</p> <p>25 A She's in global sourcing, global sourcing</p>
<p>1 particularly as respects Schedule 1.</p> <p>2 Q I'd like you to turn your attention to the</p> <p>3 second page of the document, Chase 1547 at Section</p> <p>4 1.1(A). It says there, this agreement represents the</p> <p>5 terms and conditions pursuant to which American Security</p> <p>6 Insurance Company and Standard Guaranty Insurance Company</p> <p>7 and their affiliates shall provide services to JP Morgan</p> <p>8 Chase Bank, National Association and its affiliates.</p> <p>9 Do you see that?</p> <p>10 A Yes.</p> <p>11 Q What services were provided pursuant to this</p> <p>12 agreement?</p> <p>13 A This specific agreement would have attached</p> <p>14 itself to lender-placed program.</p> <p>15 Q Including lender-placed flood insurance?</p> <p>16 A Correct.</p> <p>17 Q Then turning to page 1552, at Section 4.1,</p> <p>18 third line, it says, supplier will present JPMC -- that</p> <p>19 refers to JP Morgan Chase Bank, N.A., correct?</p> <p>20 A Correct.</p> <p>21 Q -- with an invoice for the fees and expenses</p> <p>22 due and owing pursuant to each schedule for the preceding</p> <p>23 month.</p> <p>24 Do you see that?</p> <p>25 A Yes.</p>	<p>1 servicing. She was directly involved in negotiating a</p> <p>2 Master Services Agreement with Assurant.</p> <p>3 Q That's the global servicing department of</p> <p>4 JP Morgan Chase Bank?</p> <p>5 A Yes.</p> <p>6 Q Do you work with her at all or have you ever</p> <p>7 worked with her?</p> <p>8 A I've worked with Heidi, I know Heidi.</p> <p>9 Q And what types of things have you worked with</p> <p>10 her on?</p> <p>11 A Contracts.</p> <p>12 Q Including this one?</p> <p>13 A To a very lesser extent. More on the outside</p> <p>14 looking in. I was involved in some of the meetings.</p> <p>15 Most of the Master Services Agreement is nonnegotiable</p> <p>16 with our vendors in terms of what our requirements are.</p> <p>17 Q So you were involved in some of the negotiating</p> <p>18 meetings related to the Master Services Agreement?</p> <p>19 A Very few. I was involved in some of the</p> <p>20 meetings, and I probably -- going back to '06 I was</p> <p>21 probably involved in some of the -- as a participant, not</p> <p>22 as a leader in the negotiations.</p> <p>23 Q Who else was involved in the negotiations</p> <p>24 relating to the Master Services Agreement in addition to</p> <p>25 Ms. Carter, Mr -- is it Frobose and then yourself?</p>

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<p>1 A It would have been legal counsel.</p> <p>2 Q Anybody else?</p> <p>3 A And there likely were members of the servicing</p> <p>4 team. I can't testify to, you know, individual meetings</p> <p>5 or a content, but likely Jeff Madduck and Terry Smith</p> <p>6 would have been involved in some of those meetings with</p> <p>7 Heidi. Clearly, with respect to Schedule 1, they would</p> <p>8 have been directly involved.</p> <p>9 Q Let's go to Schedule 1, beginning at page</p> <p>10 J1604.</p> <p>11 Do you have that in front of you?</p> <p>12 A Yes.</p> <p>13 Q Now, this Schedule 1 is an agreement between</p> <p>14 Chase Home Finance, LLC and American Security Insurance</p> <p>15 Company and Standard Guaranty Insurance Company, correct?</p> <p>16 A Correct.</p> <p>17 Q It's also part of the Master Services Agreement</p> <p>18 between JP Morgan Chase Bank and American Security</p> <p>19 Insurance Company and Standard Guaranty Insurance</p> <p>20 Company, correct?</p> <p>21 A And their affiliates, yes.</p> <p>22 Q What was the purpose of Schedule 1?</p> <p>23 A As I mentioned earlier, this represents our</p> <p>24 outsourcing agreement, defines the functions and services</p> <p>25 that will be outsourced and performed by the vendor in</p>	<p>1 A They were likely the same as Schedule 1. The</p> <p>2 Master Services Agreement was something new that we put</p> <p>3 in place for all of our vendors.</p> <p>4 Q So would it be fair to say then that this</p> <p>5 Schedule 1 memorialized the parties' existing outsourcing</p> <p>6 arrangement at that time?</p> <p>7 A I would say that's a fair statement, yes.</p> <p>8 Q Let's go to Section 3.1 on page Chase 1607. It</p> <p>9 says, the servicer shall provide for servicer automated</p> <p>10 and manual services for the monitoring of acceptable</p> <p>11 insurance for eligible properties and the processing of</p> <p>12 insurance documents or data covering mortgage loans to</p> <p>13 determine whether mortgagors have obtained and are</p> <p>14 continuing to maintain acceptable insurance as required.</p> <p>15 A basic description of the services to be provided by</p> <p>16 supplier includes, but may not be limited to, the</p> <p>17 following, and then there are some Romanettes, Romanettes</p> <p>18 1 through 7.</p> <p>19 Do you see that?</p> <p>20 A Yes.</p> <p>21 Q Does that Section 3.1 accurately set forth the</p> <p>22 outsourcing services that were provided by ASIC in</p> <p>23 connection with Schedule 1?</p> <p>24 MR. MEINERTZHAGEN: I'm going to object to the</p> <p>25 scope. This witness as I said earlier is being offered</p>
<p>Page 35</p> <p>1 this case, which is Assurant Companies, American Security</p> <p>2 and Standard Guaranty Insurance Company with respect to</p> <p>3 the lender-placed programs. It will include service</p> <p>4 level requirements, it will include fees associated with</p> <p>5 the services. If there were any performance penalties,</p> <p>6 that will be included. This represents Chase Home</p> <p>7 Finance's needs relative to lender placement and the</p> <p>8 requirements made of Assurant to meet those needs.</p> <p>9 Q Now, you use the term Assurant, and the</p> <p>10 agreement is with ASIC and Standard Guaranty Insurance</p> <p>11 Company.</p> <p>12 A They're affiliated companies of Assurant.</p> <p>13 Q Now, this Schedule 1 at the end of paragraph 1,</p> <p>14 it says it's effective as of January 1, 2007.</p> <p>15 Do you see that?</p> <p>16 A I do.</p> <p>17 Q The Master Services Agreement I believe you</p> <p>18 testified was effective August 31, 2006. Do you recall</p> <p>19 that?</p> <p>20 A Yes.</p> <p>21 Q What were the terms of the servicing</p> <p>22 arrangement between Chase and Assurant and its affiliates</p> <p>23 between the August 31, '06 timeframe and the January 1,</p> <p>24 '07 timeframe? Were they the same as this Schedule 1 or</p> <p>25 was there some difference?</p>	<p>Page 37</p> <p>1 to testify concerning topic number 9, which is the</p> <p>2 financial incentives to defendants, their affiliates,</p> <p>3 and/or any other insurance company in connection with</p> <p>4 requiring a forced placing insurance coverage on home</p> <p>5 equity flood loans, and he's not being offered to testify</p> <p>6 concerning the specifics of the outsourcing that Assurant</p> <p>7 or its related entities did for Chase.</p> <p>8 He can go ahead and answer based on his</p> <p>9 personal knowledge, but not as a corporate representative</p> <p>10 of the defendants.</p> <p>11 MR. RICHTER: Can you read back the question.</p> <p>12 (Whereupon, the following was read back:</p> <p>13 "Q Does that Section 3.1 accurately set</p> <p>14 forth the outsourcing services that were</p> <p>15 provided by ASIC in connection with</p> <p>16 Schedule 1?")</p> <p>17 THE WITNESS: Yes.</p> <p>18 MR. RICHTER: Q Then at the end of Section 3.1 it</p> <p>19 says, additional information detailing these functions,</p> <p>20 service levels, reporting, responsibilities and</p> <p>21 accountabilities are set forth in the outsourcing</p> <p>22 processing service standards in Exhibit A.</p> <p>23 Do you see that?</p> <p>24 A Yes.</p> <p>25 Q Then -- that Exhibit A refers to Chase 1613</p>

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<p style="text-align: right;">Page 38</p> <p>1 through 37, correct?</p> <p>2 A Correct.</p> <p>3 Q Going back to page 1607, it indicates that</p> <p>4 among the services that the supplier is to perform --</p> <p>5 let's start there. Supplier, that refers to ASIC, is</p> <p>6 that right?</p> <p>7 MR. MEINERTZHAGEN: Same objection. Outside the</p> <p>8 scope.</p> <p>9 THE WITNESS: Yes.</p> <p>10 MR. RICHTER: Q And one of those functions or</p> <p>11 services is to determine whether mortgagors have obtained</p> <p>12 and are continuing to maintain acceptable insurance as</p> <p>13 required, correct?</p> <p>14 MR. MEINERTZHAGEN: Same objection.</p> <p>15 MR. RICHTER: Standing objection noted.</p> <p>16 MR. MEINERTZHAGEN: Thank you. On this document?</p> <p>17 MR. RICHTER: Noted.</p> <p>18 THE WITNESS: Correct.</p> <p>19 MR. RICHTER: Q The term acceptable insurance,</p> <p>20 that refers to both acceptable flood insurance and hazard</p> <p>21 insurance, is that right?</p> <p>22 A That would be correct.</p> <p>23 Q And looking at -- Section 1.9 on the previous</p> <p>24 page, Chase 1606, the term mortgage loan, that includes</p> <p>25 not only loans but also home equity lines or loans,</p>	<p style="text-align: right;">Page 40</p> <p>1 would it be 56?</p> <p>2 A I can't say with 100 percent certainty.</p> <p>3 Q I'm just trying to understand. You made a</p> <p>4 distinction, you said per loan or line not per loan and</p> <p>5 line, and I just want to -- could you explain what you</p> <p>6 meant by making that distinction, the or versus and</p> <p>7 distinction?</p> <p>8 A We may or may not have the first mortgage but</p> <p>9 we have the junior lien. We would pay for the tracking</p> <p>10 on the junior lien, which would be 28 cents. If we had</p> <p>11 the first and the second or the first and junior lien,</p> <p>12 it's my understanding that we're going to pay once for</p> <p>13 that. We may twice, but I don't have -- I can't say with</p> <p>14 100 percent certainty.</p> <p>15 Q Sure. So let's take a -- a third situation now</p> <p>16 where somebody else, let's say Bank of America is in the</p> <p>17 first lien position, Chase is in the second lien</p> <p>18 position. What's the tracking and monitoring fee in that</p> <p>19 situation?</p> <p>20 A I believe it's the 28 cents.</p> <p>21 Q 28 cents. Okay. So in that situation does</p> <p>22 ASIC perform any tracking and monitoring on the first</p> <p>23 lien loan held by the other bank?</p> <p>24 A Yes.</p> <p>25 MR. MEINERTZHAGEN: Object to the form.</p>
<p style="text-align: right;">Page 39</p> <p>1 correct?</p> <p>2 A Correct.</p> <p>3 Q So under this agreement ASIC was performing</p> <p>4 outsourcing services with respect to flood and hazard</p> <p>5 insurance for both loans on a first and second position</p> <p>6 and loans in -- and home equity lines and loans, correct?</p> <p>7 A Correct.</p> <p>8 Q The whole gamut?</p> <p>9 A Correct.</p> <p>10 Q Now, you indicated that ASIC was paid a fee in</p> <p>11 connection with those services. Is that fee set forth in</p> <p>12 Chase 1609, the pricing schedule on Article IV?</p> <p>13 A Yes, that's the pricing schedule for those</p> <p>14 services.</p> <p>15 Q And the same price was paid for the services,</p> <p>16 28 cents per mortgage loan regardless of whether it was</p> <p>17 in the first or second loan position and whether it was a</p> <p>18 loan or a line, correct?</p> <p>19 A The fee was charged once per loan/line, yes.</p> <p>20 Q That fee was 28 cents for both loans and lines</p> <p>21 per month, correct, per loan or line?</p> <p>22 A Per loan or line not per loan and line.</p> <p>23 Q So if somebody had both a first mortgage and a</p> <p>24 second mortgage with Chase, would the fee then be just 28</p> <p>25 cents for that per month for that particular person or</p>	<p style="text-align: right;">Page 41</p> <p>1 MR. RICHTER: Q In any event, coming back to the</p> <p>2 pricing schedule, both the fee and the services were the</p> <p>3 same for first and second mortgages and for both loans</p> <p>4 and lines, correct?</p> <p>5 A That's correct.</p> <p>6 Q Let's turn to page 1606. The first two at</p> <p>7 Section 1.12 to a procedures manual.</p> <p>8 Do you see that?</p> <p>9 A I do.</p> <p>10 Q What is the procedures manual?</p> <p>11 A It's a manual that I've not been involved in</p> <p>12 developing that manual, but I've seen copies of it. It's</p> <p>13 a manual that typically starts with Assurant in terms of</p> <p>14 what the procedures are. It's fine tuned by our</p> <p>15 servicing team and then it's, you know, a document that</p> <p>16 identifies, you know, all the business rules, all the</p> <p>17 procedures, the policy around everything that they do.</p> <p>18 Q So the procedures manual as indicated here in</p> <p>19 this Section 1.12 is something that is jointly developed</p> <p>20 by both ASIC and Chase Home Finance, correct?</p> <p>21 A It is.</p> <p>22 Q All right.</p> <p>23 A And it's fluid.</p> <p>24 Q Turning now to what was previously marked as</p> <p>25 Exhibit 8.</p>

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<p>1 (Exhibit 8 tendered to the witness)</p> <p>2 Q Let me give you this copy. Would that be an</p> <p>3 example of the procedures manual?</p> <p>4 MR. MEINERTZHAGEN: Counsel, will you grant me a</p> <p>5 standing objection to your line of questioning on the</p> <p>6 procedures manual as it's outside the scope of what this</p> <p>7 witness is being offered to --</p> <p>8 MR. RICHTER: I will grant you a standing objection.</p> <p>9 I will not agree with it, but I will grant you your</p> <p>10 objection.</p> <p>11 THE WITNESS: I'm not familiar with this document to</p> <p>12 comment on it.</p> <p>13 MR. RICHTER: Q Have you ever seen or read any of</p> <p>14 the procedures manuals?</p> <p>15 A I haven't read through the entire manual.</p> <p>16 Really is an operation manual.</p> <p>17 Q Let's see if another document jogs your memory.</p> <p>18 Now showing you what was previously marked as</p> <p>19 Exhibit 9.</p> <p>20 (Exhibit 9 tendered to the witness)</p> <p>21 MR. MEINERTZHAGEN: Same stipulation with respect to</p> <p>22 this?</p> <p>23 MR. RICHTER: Yes.</p> <p>24 Q Do you have that in front of you?</p> <p>25 A I do.</p>	<p>1 Q And he's -- I'm not sure if it's he or she with</p> <p>2 ASIC?</p> <p>3 A It's a she. She's no longer in that capacity.</p> <p>4 Q Was she with ASIC?</p> <p>5 A She was with Assurant. I don't know whether or</p> <p>6 not she was an officer of ASIC or not.</p> <p>7 Q Turning back to Section 3.2 on page 1608.</p> <p>8 Are you familiar with any revisions to the</p> <p>9 outsourcing processing servicing standards and/or the</p> <p>10 procedures manual? Let's start with the servicing</p> <p>11 standards.</p> <p>12 A Would you please repeat the question?</p> <p>13 Q Sure. Are you aware of any revisions to the</p> <p>14 outsourcing processing servicing standards?</p> <p>15 MR. MEINERTZHAGEN: Objection, outside the scope of</p> <p>16 the deposition.</p> <p>17 You can go ahead and answer.</p> <p>18 THE WITNESS: I do know servicing standards have</p> <p>19 changed over the period of time since 2007.</p> <p>20 MR. RICHTER: Q To the extent there were revisions</p> <p>21 in the servicing standards, were you informed of those?</p> <p>22 A Likely after the fact. I was not consulted</p> <p>23 prior to the procedure -- I'm not involved in the</p> <p>24 operation so --</p> <p>25 Q You would have gotten a copy as like an FYI?</p>
<p>Page 43</p> <p>1 Q Would this be an example of the procedures</p> <p>2 manual or a procedures manual referenced in schedule 1?</p> <p>3 A It would have appear to be, but I have no</p> <p>4 direct knowledge of this.</p> <p>5 Q Let's turn back to the Master Services</p> <p>6 Agreement schedule at page 1608. I'd like to you focus</p> <p>7 on Section 3.2. It says there, the parties relationship</p> <p>8 managers are authorized to agree on behalf of the parties</p> <p>9 to revisions to the outsourcing processing servicing</p> <p>10 standards and/or the procedures manual.</p> <p>11 Relationship manager, does that refer to you?</p> <p>12 A No. What we're referring to here are</p> <p>13 operational contracts, the outsourcing contracts, and the</p> <p>14 relationship manager would be someone whether it be Jeff</p> <p>15 Nack or someone on that team.</p> <p>16 Q Let's go to page 1611. It says, Article VII,</p> <p>17 toward the end, says, servicer's relationship manager is</p> <p>18 Terry Smith?</p> <p>19 A Yes.</p> <p>20 Q He's at Chase Home Finance, LLC, is that right?</p> <p>21 A He is.</p> <p>22 Q And supplier's relationship manager is Quantz</p> <p>23 Bruns-Kyler.</p> <p>24 Do you see that?</p> <p>25 A I do.</p>	<p>Page 45</p> <p>1 A May have. May not have. If I was made aware</p> <p>2 of a change, I may have requested a copy at some point in</p> <p>3 time. I don't maintain a file of the procedure manuals.</p> <p>4 Q You work with Terry Smith at all?</p> <p>5 A I do work with Terry.</p> <p>6 Q What sort of things do you work with him on?</p> <p>7 A On lender-placed programs.</p> <p>8 Q Do you have any meetings or telephone</p> <p>9 conferences with Mr. Smith?</p> <p>10 A I have.</p> <p>11 Q Are those regularly held, weekly, monthly, some</p> <p>12 other type of basis?</p> <p>13 A Not regular meetings.</p> <p>14 Q You also have e-mail correspondence from time</p> <p>15 to time with Terry Smith?</p> <p>16 A I do.</p> <p>17 Q Some of those e-mails relate to flood insurance</p> <p>18 and lender-placed insurance?</p> <p>19 A It would be hard for me to say.</p> <p>20 Q How about Jeff Nack, do you have meetings or</p> <p>21 conferences with Mr. Nack?</p> <p>22 A I do.</p> <p>23 Q Regarding the same issues as with Mr. Smith?</p> <p>24 A Yes.</p> <p>25 Q Do you also have e-mails with Mr. Nack</p>

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<p>1 regarding lender-placed issues? 2 A Yes. 3 Q Turning to page 1612 of Schedule 1. That's signed 4 on behalf of Chase Home Finance, LLC by Kim D. 5 Greaves, is that right? 6 A Yes. 7 Q Who is she? 8 A That's a he. He's no longer in that position, 9 but he was senior vice president, mortgage servicing and 10 default. 11 Q How long did he hold that position? 12 A I can't say for certain. 13 Q During the time Mr. Greaves held that position, 14 did you also have communications with him? 15 A I did. 16 Q Would those also take the form of meetings, 17 telephone conferences, e-mails and the like? 18 A Yes. 19 Q Was Mr. Greaves involved in the negotiations of 20 Schedule 1? 21 A I can't say for certain whether or not the 22 servicing team pulled Kim Greaves into those discussions. 23 He clearly, you know, had to sign off on the outsourcing 24 agreement which would have included pricing which would 25 have included all the terms and conditions.</p>	<p>1 A My involvement? 2 Q Yes. 3 A My involvement primarily around the outsourcing 4 negotiations related to the pricing, tracking fees per 5 loan per month. 6 Q Were you also involved in the negotiations 7 concerning the services that were performed for that fee? 8 A In general terms, yes. The services, the 9 service level requirements, the specific needs were not 10 my call, but I was involved in, you know, the 11 discussions, the dialogue, you know, the negotiations if 12 those folks really needed to get something done and they 13 weren't having a lot of success directly with Assurant, I 14 might have been involved in that. 15 Q Who had the final call, who made the call on 16 the services that were negotiated in connection with 17 Schedule 1? 18 MR. MEINERTZHAGEN: Object to the form. 19 THE WITNESS: Final signoff would have been Kim 20 Greaves, but Terry Smith -- and he relies heavily from an 21 operational standpoint on Jeff Nack. 22 MR. RICHTER: Q Were those terms relating to both 23 price and services thoroughly negotiated between Chase on 24 the one hand and ASIC on the other? 25 MR. MEINERTZHAGEN: Object to the form.</p>
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<p>1 Q Who was involved in the negotiations over at 2 Schedule 1? 3 A It would have been Terry Smith, Jeff Nack, 4 legal counsel, myself. I'm just thinking who else may 5 have been employed at that point in time, but definitely 6 those individuals. 7 Q With respect to -- 8 A Hamid Tari, he used to be my boss, he was 9 involved in the 2007. He's no longer with the 10 organization. 11 Q What's that name again? 12 A Hamid, H-A-M-I-D, T-A-R-I. 13 Q Was he also with Chase Home Finance, LLC? 14 A He's no longer with the organization. At the 15 time he was. 16 Q Now, you testified earlier with respect to the 17 Master Services Agreement that you were involved in the 18 negotiations, some of the meetings, but maybe not as 19 heavily as others were involved in those negotiations. 20 With respect to Schedule 1, were you -- did you have a 21 higher degree of involvement in the negotiations relating 22 to Schedule 1 specifically? 23 A Yes. 24 Q Could you describe the negotiations process for 25 me?</p>	<p>1 THE WITNESS: The services being performed and the 2 needs that had to be met were negotiated by Chase to the 3 extent that these needs had to be met. The pricing was 4 driven by me and driven by counsel because we have spent 5 a tremendous amount of time over the years ensuring that 6 our outsourcing agreements were separate, stood on their 7 own and had separate pricing and were detached entirely 8 from any agency agreements, any revenue agreements that 9 Chase Insurance Agency may have had with Assurant. 10 We were aware of the fact that, you know, there 11 were allegations in the industry that servicers could pay 12 very little for services being performed, that there may 13 be some allegations of, you know, cash back allegations. 14 We wanted to make certain that we were never subject to 15 those allegations. So we spent a tremendous amount of 16 time driving the price and vetting the price although 17 it's an inexact process just by nature of the process. 18 Driving the process up, we were paying less than 28 cents 19 when this was executed. I want to say it was 20 23-and-a-half cents and we made it very clear to Assurant 21 that by we, myself and -- legal counsel and I were on the 22 same page, whatever services were being performed we 23 wanted to pay for those. We wanted to -- we believe was 24 a fair market value for those services. 25 So I spent a lot of time vetting that with our</p>

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<p>1 own servicing team to validate information that I may 2 have been getting from Assurant relative to numbers of 3 full-time employees that were dedicated to Chase for 4 specific outsourcing functions, all-in numbers that would 5 include benefits and phone and ancillary services so that 6 we could arrive at a figure that we believed was an 7 equitable figure for Assurant in payment of those 8 services, unlike many others in the industry. And we 9 believed in so doing that, you know, we were mitigating 10 any kind of, you know, subsidy challenge because we had a 11 stand alone contract and stand alone pricing. And we've 12 always maintained that posture, at least as long as I've 13 been involved with the program.</p> <p>14 It comes out of home finance's budget so their 15 focus is on the services, my focus is to make sure we're 16 paying the right amount for the services. So that's 17 really where I -- I was involved in the negotiations.</p> <p>18 Q What allegations of subsidy challenges were you 19 familiar with?</p> <p>20 A Just industry challenges, just general comments 21 in the industry of dialogue with, you know, with counsel 22 in years past in terms of, you know, what we've done to 23 mitigate, you know, that kind of challenge is that we've 24 always had this stand alone agreement, we've always been 25 at arm's length between the outsourcing agreements and</p>	<p>1 A It's a Compliance PLUS Insurance Agreement. 2 Q Involving the same parties as Schedule 1? 3 A Yes. 4 Q You also have a copy of this document in your 5 files? 6 A Yes. 7 Q Is this a separate agreement from Schedule 1? 8 A It is. This is what we refer to as the 9 administrative agreement. 10 Q Would it be fair to say that Schedule 1 was 11 involved with the insurance tracking and monitoring of 12 existing coverage and this Compliance PLUS Insurance 13 Agreement was involved with the placement of the coverage 14 and then notification of the borrower in advance of 15 placement? 16 A Schedule 1, you know, included all of the 17 outsourcing functions, and the level is attached to all 18 of those, so it was kind of all encompassing. And this 19 agreement outlines the specific, you know, business, the 20 eligible properties, the -- to your point, the specific 21 conditions for your placement. 22 Q With regard to that, specific conditions for 23 placement, that's -- the definition of acceptable flood 24 insurance is in Section 1.1 on Chase 1689, is that right? 25 A Yes.</p>
<p>1 the reinsurance agreements, for example, or for that 2 matter, the agency agreements.</p> <p>3 Q If a rebate or some other form of similar 4 subsidy was negotiated by the lender, would that be 5 improper?</p> <p>6 MR. MEINERTZHAGEN: Object to the form. 7 THE WITNESS: Absolutely. 8 MR. RICHTER: Q Are there any other persons that 9 were involved in the negotiations process regarding 10 Schedule 1 that you recall other than Mr. Smith, 11 Mr. Nack, yourself and Mr. Greaves from the Chase side? 12 A Counsel. 13 MR. MEINERTZHAGEN: Object. I think it 14 mischaracterizes his testimony. He also said Hamid Tari. 15 THE WITNESS: Hamid was directly involved. I used 16 to report in to Hamid. 17 (Exhibit 46 marked as requested) 18 MR. RICHTER: Q Mr. Wheeler, the court reporter has 19 just handed you what's been marked as Exhibit 46, Bates 20 number Chase 1688 through 1746. Do you have that in 21 front of you? 22 A I do. 23 Q Are you familiar with this document? 24 A I am. 25 Q And what is it?</p>	<p>1 Q For purposes of this agreement, acceptable 2 flood insurance meant flood insurance naming the servicer 3 or its assign as mortgagee with coverage limits 4 conforming to the standards of the act and the National 5 Flood Insurance Program, is that correct? 6 MR. MEINERTZHAGEN: I'm going to object to this line 7 of questioning to the extent it's outside the scope of 8 the deposition -- the 30(b)(6) deposition topic that that 9 witness is being offered to testify about. He can answer 10 based upon his personal knowledge. Were you about to 11 make me an offer I can't refuse? 12 MR. RICHTER: You have a standing objection on this 13 document as well. 14 Can you read back the question? 15 (Whereupon, the following was read back: 16 "Q For purposes of this agreement, 17 acceptable flood insurance meant flood 18 insurance naming the servicer or its assign as 19 mortgagee with coverage limits conforming to 20 the standards of the act and the National Flood 21 Insurance Program, is that correct?") 22 THE WITNESS: I don't see a specific reference to 23 naming a servicer as a mortgagee. 24 MR. RICHTER: Q For purposes of this agreement did 25 acceptable flood insurance -- was it acceptable to have</p>

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<p>1 flood insurance with coverage limits conforming to the 2 standards of the National Flood Insurance Act and the 3 National Flood Insurance Program? 4 A Yes. 5 Q You were involved in the negotiations of this 6 agreement, is that right? 7 A I was involved in this agreement. 8 Q Did you consider that an appropriate definition 9 of acceptable flood insurance? 10 A I did. 11 Q And would that be an appropriate definition of 12 acceptable flood insurance regardless of whether the 13 flood insurance is lender-placed or independently 14 procured by the buyer? 15 A I would say so. 16 Q Going back to the previous page 1688. There 17 are some recitals there. 18 Do you see that? 19 A I do. 20 Q I'd like you to focus on the fourth paragraph 21 down. It says, servicer further desires that should 22 acceptable flood insurance not be in place as to any 23 mortgage loan, or should it nonrenew or cancel for any 24 reason, that proper notification be sent to the affected 25 mortgagor stating that lender-placed acceptable flood</p>	<p>1 Q Was was one of the function -- purposes of this 2 agreement to provide for the actual placement of the 3 lender-placed coverage? 4 A Yes. 5 Q I want to go back to the notification issue. 6 Now, when coverage is force-placed or lender-placed, 7 prior to that there are form notifications that go out to 8 the borrower, is that right? 9 MR. MEINERTZHAGEN: Objection, outside the scope. 10 THE WITNESS: Borrower disclosures. 11 MR. RICHTER: Q Are those disclosures written -- 12 provided for by this agreement, Exhibit 46 or the 13 previous agreement, Exhibit 45? 14 MR. MEINERTZHAGEN: Same objection. 15 MR. RICHTER: Q Schedule 1 to Exhibit 45. 16 A There's reference to the notification process, 17 but there aren't copies of the disclosures. 18 Q Was ASIC contractually bound to send out 19 notifications to the borrower in advance of force-placing 20 coverage? 21 MR. MEINERTZHAGEN: Objection, outside the scope. 22 THE WITNESS: Yes. 23 MR. RICHTER: Q Under which contract? 24 A I would say it's under the administration 25 agreement.</p>
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<p>1 insurance will be obtained upon the failure of the 2 mortgagor to promptly provide evidence of other 3 acceptable flood insurance. 4 Do you see that? 5 A I do. 6 Q Was one of the purposes of this agreement to 7 provide for notification from ASIC to the borrower in 8 advance of any coverage that was force-placed? 9 A I don't think that's the purpose of this 10 agreement. The procedure manuals, the outsourcing, you 11 know, all covered the specifics. This defines the 12 eligible properties, when placement will occur. It's not 13 specifically designed as a precursor to notification to 14 the borrower. This is an agreement between Chase Home 15 Finance and the program administrator. 16 Q Okay. Let's go down to the next -- Are you 17 finished with your answer? 18 A Yes. 19 Q Let's go down to the next paragraph underneath, 20 supplier is an insurance carrier -- 21 MR. MEINERTZHAGEN: Are you still in the recitals? 22 MR. RICHTER: Q Yes. -- able to provide flood 23 insurance for real properties as desired by servicer. 24 Do you see that? 25 A I do.</p>	<p>1 Q Exhibit 46? 2 A Yes. 3 Q In fact, the outbound notification letters, 4 they're not provided for in Exhibit 45, Schedule 1, 5 correct? 6 A I don't believe so, that's correct. 7 Q Now, look at the next to last paragraph in the 8 recitals. It says, supplier agrees to provide Compliance 9 PLUS Insurance -- agrees to provide its Compliance PLUS 10 Insurance Program to servicer and servicer agrees to 11 accept such program and to pay all premiums pursuant to 12 the terms and conditions of this agreement. 13 Do you see that? 14 A I do. 15 Q So under this agreement the servicer was bound 16 -- contractually obligated to send out notices and 17 lender-placed coverage if there was not acceptable flood 18 insurance on the property, correct? 19 A Correct. 20 Q And in return for that Chase was obligated to 21 pay for the premiums for force-placed coverage, correct? 22 MR. MEINERTZHAGEN: Object to the form. 23 THE WITNESS: The -- as Chase was invoiced, Chase 24 would disburse advanced premiums, yes. 25 MR. RICHTER: Q There wasn't a separate fee for</p>

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<p>1 sending out the notices, correct?</p> <p>2 A That's correct.</p> <p>3 Q The cost of the notices was basically built</p> <p>4 into the premium?</p> <p>5 A That's correct. Well, it was -- it's an</p> <p>6 operational cost to Assurant.</p> <p>7 Q Which then they recapture through the premiums?</p> <p>8 MR. MEINERTZHAGEN: Object to the form.</p> <p>9 THE WITNESS: Where they recapture it, I don't know.</p> <p>10 I mean it's -- we pay for outsourced services. Placement</p> <p>11 is one of those services.</p> <p>12 MR. RICHTER: Q Let's -- now looking at par --</p> <p>13 Section 1.7 on Chase 1689 through 90, that definition of</p> <p>14 mortgage loan is consistent with the definition of</p> <p>15 mortgage loan in Schedule I, and it refers to both first</p> <p>16 and second mortgages and home equity lines and loans,</p> <p>17 correct?</p> <p>18 A Yes.</p> <p>19 Q All right. Let's go to page 1691, Section 2.4,</p> <p>20 authority to obtain Compliance PLUS policies.</p> <p>21 Do you see that?</p> <p>22 A Yes.</p> <p>23 Q First sentence says, servicer represents and</p> <p>24 warrants it has the requisite authority to obtain the</p> <p>25 Compliance PLUS policies covering each eligible property</p>	<p>1 insurance as defined by the agreement was obtained,</p> <p>2 correct?</p> <p>3 A Correct.</p> <p>4 MR. MEINERTZHAGEN: Object to the form.</p> <p>5 MR. RICHTER: Q And to make sure that -- looking</p> <p>6 again at sentence 2 of Section 2.4, to make sure that the</p> <p>7 flood insurance contained the amounts of coverages,</p> <p>8 contained amounts of coverages that were consistent with</p> <p>9 the contract, that being the definition in Section 1,</p> <p>10 correct?</p> <p>11 A Correct.</p> <p>12 MR. MEINERTZHAGEN: Object to the form.</p> <p>13 MR. RICHTER: Q And statutorily or regulatorily or</p> <p>14 otherwise, correct?</p> <p>15 A Correct.</p> <p>16 Q So it was ASIC's job to force place the</p> <p>17 coverage when the standard set by Chase wasn't met, but</p> <p>18 Chase was the one that set the standard, correct?</p> <p>19 A That's correct.</p> <p>20 Q Let's go to page 1706, Section 11.2, subpart C</p> <p>21 at the bottom. It says, all information received by</p> <p>22 supplier as to whether the location of an eligible</p> <p>23 property is or is not in or near a special flood hazard</p> <p>24 area is based on information obtained from servicer, the</p> <p>25 Federal Energy Management Agency and the mortgagor. The</p>
<p>Page 59</p> <p>1 which contain the types and amounts of coverages</p> <p>2 requested by servicer whether be by virtue of contract,</p> <p>3 statutory or regulatory law or otherwise.</p> <p>4 Do you see that?</p> <p>5 A Yes.</p> <p>6 Q And then next to last sentence it says,</p> <p>7 servicer understands and agrees that its obligation to</p> <p>8 ascertain and monitor its authority to obtain the</p> <p>9 Compliance PLUS policies covering eligible properties</p> <p>10 which contain the types and amounts of coverages as</p> <p>11 requested by servicer is a continuing obligation.</p> <p>12 Do you see that?</p> <p>13 A Yes.</p> <p>14 Q Under the terms of this provision, Section 2.4,</p> <p>15 it was Chase's responsibility to make sure the right</p> <p>16 amount of coverage was obtained, is that right?</p> <p>17 MR. MEINERTZHAGEN: Object to the form.</p> <p>18 THE WITNESS: Please restate that or repeat that.</p> <p>19 MR. RICHTER: Q Sure. Under Section 2.4 of the</p> <p>20 Compliance PLUS Insurance Agreement, Exhibit 46, it was</p> <p>21 Chase's responsibility to make sure the right amount of</p> <p>22 coverage was obtained, right?</p> <p>23 MR. MEINERTZHAGEN: Object to the form.</p> <p>24 THE WITNESS: Define right amount.</p> <p>25 MR. RICHTER: Q To make sure that acceptable flood</p>	<p>Page 61</p> <p>1 information is intended solely for the purpose of</p> <p>2 compliance by servicer with the requirements of the Act.</p> <p>3 The information received by supplier is -- has not been</p> <p>4 and will not be verified for being up to date, its</p> <p>5 accuracy or its completeness. The information is not a</p> <p>6 substitute for a complete survey of each eligible</p> <p>7 property or obtaining expert opinions as to whether it is</p> <p>8 in a special flood hazard area or as to the advisability</p> <p>9 of securing flood insurance for such eligible property.</p> <p>10 Do you see that?</p> <p>11 A Yes.</p> <p>12 Q Would it be fair to say that under the terms of</p> <p>13 this agreement ASIC was not responsible for insuring the</p> <p>14 accuracy of flood zone determinations?</p> <p>15 A That's correct.</p> <p>16 Q Who was responsible for that?</p> <p>17 A The servicer.</p> <p>18 Q Turning to page 1694 paragraph -- Section 4.1,</p> <p>19 it's actually 1693. I'm sorry. Section 4.1.</p> <p>20 Do you have that in front of you?</p> <p>21 A I do.</p> <p>22 Q Okay. And under the term provision it says the</p> <p>23 term for a period of 3 years, is that right?</p> <p>24 A That's correct.</p> <p>25 Q Was this agreement in fact in place for 3</p>

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<p>1 years, the period from January 1 of '07 through the end 2 of '09?</p> <p>3 A Yes.</p> <p>4 Q And then going on, same section, next page, it 5 says on the first line there, that servicer shall use 6 supplier as its sole provider of servicer-placed flood 7 insurance for real property.</p> <p>8 Do you see that?</p> <p>9 A I do.</p> <p>10 Q Consistent with this term, did Chase use ASIC 11 as its sole provider of servicer-placed flood insurance 12 for real property during the period of this agreement?</p> <p>13 A Yes.</p> <p>14 Q Has Chase continued to use ASIC as its sole 15 provider since that time?</p> <p>16 A ASIC or Standard Guarantee Insurance. There is 17 -- in the industry no insurance carrier will provide 18 outsourcing services with also not having the insurance 19 placement, and so it's easier for the supplier because of 20 their access to the systems to do both tracking and the 21 placement. It's just economically not feasible to do one 22 without the other. There may be very small companies out 23 there that do some outsourcing services, but not a major 24 tier player in the industry simply because the cost 25 associated with the outsourcing.</p>	<p>1 Section 6.7. There's a reference to relationship 2 managers there and revisions to the procedures manual.</p> <p>3 Do you see that?</p> <p>4 A I do.</p> <p>5 Q Relationship managers, does that refer to the 6 same people as in Schedule 1?</p> <p>7 A It would, yes.</p> <p>8 Q And procedures manual, that would refer to the 9 same document as referenced in Schedule 1, is that right?</p> <p>10 A It should.</p> <p>11 MR. RICHTER: Okay. Let's take a short break. 12 (Off the record)</p> <p>13 MR. RICHTER: Q All right. Back on the record. 14 Mr. Wheeler, I've just handed you what was 15 previously marked as Plaintiff Exhibit 20, Compliance 16 PLUS Insurance Agency Agreement. 17 (Exhibit 20 tendered to the witness)</p> <p>18 Q Do you have that in front of you?</p> <p>19 A I do.</p> <p>20 Q And for purposes of our discussion regarding 21 this document, I'm just going to use the term agency 22 agreement as shorthand. Will you understand what I mean 23 by that?</p> <p>24 A I will.</p> <p>25 Q Are you familiar with this agency agreement?</p>
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<p>1 Q Let's go to page 1697, paragraph 6.5, the audit 2 provision.</p> <p>3 A Okay.</p> <p>4 Q It says there, subpart A, upon servicer's or 5 its auditor's request with reasonable notice, supplier 6 will permit technical regulatory, financial and 7 operational audits.</p> <p>8 Do you see that?</p> <p>9 A I do.</p> <p>10 Q Has Chase conducted any regulatory audits of 11 ASIC?</p> <p>12 A I couldn't say.</p> <p>13 Q Do you know if Chase has conducted any 14 operational audits of ASIC?</p> <p>15 A Yes, they have.</p> <p>16 Q What type operational audits has it conducted?</p> <p>17 A I don't have firsthand knowledge. The audits 18 are not infrequent, but I don't have any specifics as to 19 the operational audit.</p> <p>20 Q Do you know if Chase has ever conducted an 21 audit to determine whether too much coverage was being 22 force-placed or lender-placed?</p> <p>23 MR. MEINERTZHAGEN: Objection, outside the scope. 24 THE WITNESS: I couldn't say. 25 MR. RICHTER: Q All right. Turning to paragraph --</p>	<p>1 A I am.</p> <p>2 Q Did you negotiate it?</p> <p>3 A I was -- yes. I hesitate only because there 4 was not a lot of negotiations.</p> <p>5 Q Was this document, this agency agreement -- 6 actually let's go to the second page, paragraph 6. The 7 second sentence it says, this agreement could be 8 coterminous, and shall terminate concurrently with the 9 Compliance PLUS Insurance Agreement of dated January 1, 10 2007 between company and servicer.</p> <p>11 Do you see that?</p> <p>12 A I do.</p> <p>13 Q And that Compliance PLUS Insurance Agreement, 14 that's Exhibit 46 that we just went over, right?</p> <p>15 A Correct.</p> <p>16 Q Was this agency agreement negotiated at the 17 same time as the Compliance PLUS Insurance Agreement?</p> <p>18 A It would have been around the same time. The 19 terms are pretty straightforward so it's --</p> <p>20 Q Was there anybody else involved on the Chase 21 side with the negotiations relating to the agency 22 agreement?</p> <p>23 A Legal counsel. We should distinguish between 24 -- definition of negotiations with respect to some of 25 these agreements. This agency agreement provides for</p>

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<p style="text-align: right;">Page 66</p> <p>1 payment of commissions to Chase. Legal counsel had full 2 knowledge of the commission arrangement. Their 3 involvement in the negotiations of the contract would 4 have been around the contract terms and conditions. 5 Q How about anybody else on the Chase side other 6 than you and legal counsel involved in the negotiations 7 process? 8 A Could have been Hamid Tari. 9 Q How about Mr. Nack and Terry Smith? 10 A No, definitely not. 11 Q Would they have been aware of the commission? 12 A We never -- 13 MR. MEINERTZHAGEN: Object to the form. 14 THE WITNESS: We never address commission 15 arrangements with servicing. There's always been an 16 arm's length between commission before the outsourcing 17 agreements and the revenue agreements or agency 18 agreements. 19 MR. RICHTER: Q So if we did a search of e-mails 20 and files of Mr. Nack and Mr. Smith and other people at 21 Chase Home Finance, would you expect that there would be 22 nothing in their e-mails and correspondence files and 23 other files relating to the amount of the commission? 24 MR. MEINERTZHAGEN: Object to the form. 25 THE WITNESS: That would be my expectation. Clearly</p>	<p style="text-align: right;">Page 68</p> <p>1 Q Were there drafts of the agency agreement 2 exchanged between the parties prior to its finalization? 3 A Between JP Morgan Insurance Agency, legal 4 counsel and the other parties to the agreement, yes. 5 Q And were there also meetings related to the 6 terms? 7 A Not likely. 8 Q Telephone conferences? 9 A Not likely. 10 Q How about e-mails or correspondence? 11 A No. There would have been dialogue that I 12 would have had with Assurant and -- very little dialogue 13 around flood commission in 2007, that is, what they have 14 been paying, that's what we agree to have them, you know, 15 pay us with the new term. 16 Q How far back had that 20 percent commission 17 been in place on force-placed flood policies? 18 A As long as I've managed the program, so it goes 19 back at least 10 years. 20 Q That 20 percent premium, that applied on all 21 lender-placed flood policies issued by ASIC for Chase 22 under the Compliance PLUS Insurance Agreement, correct? 23 A When you say ASIC you're referring to both 24 parties of the agreement, also Standard Guaranty, 25 correct?</p>
<p style="text-align: right;">Page 67</p> <p>1 they were not involved in negotiating any commission 2 arrangement, nor did they have any input into the agency 3 agreement, nor would they have been provided with copies 4 of the agency agreement. 5 MR. RICHTER: Q Could you describe the 6 negotiations process relating to the agency agreement? 7 A What we did with lender-placed flood was to 8 look at what the industry was doing. It's a standard 9 industry-wide practice for an industry to be paid 10 commissions for business written by an insurance carrier. 11 We sought out peer insurance carriers of Assurant, top 12 tier players and also secondary market players to get a 13 sense for what the commission rates were being paid on 14 that line of business. 15 Chase, you know -- our position on this going 16 back to 2007 was that, you know, we wanted no more 17 commission than the average that was being paid in the 18 industry. And the average was around 20 percent. It was 19 as high as 40 percent, 20, 25, some were taking a little 20 bit less, some taking a little bit more, but that's what 21 we based the 20 percent. The 20 percent had been in 22 place prior to 2007 so that was not a newly negotiated 23 rate. We simply said we're going to renew the contracts 24 and, you know, we are going to renew it at 20 percent 25 commission rate.</p>	<p style="text-align: right;">Page 69</p> <p>1 Q Yes. 2 A I just want clarity on that. It was not a 20 3 percent premium surcharge -- maybe I misheard you. It 4 was a 20 percent commission that was paid to the licensed 5 agency entity based upon premium writings, 20 percent of 6 the premium writings. It was not an add-on. 7 Q My question just had to do with which policies 8 did it apply to. So let me rephrase. Did it apply to all 9 of the lender-placed flood policies issued under 10 Exhibit 46, the Compliance PLUS Insurance Agreement? 11 A Yes, it would have. 12 Q So again both loans and lines, first and second 13 lien position, the whole universe? 14 A Yes. 15 Q How much money did JP Morgan Insurance Agency, 16 and subsequently Chase Insurance Agency, earn per year on 17 force-placed flood commissions in '07, '08, '09? 18 MR. MEINERTZHAGEN: Objection, outside the scope. 19 He can testify to the extent he knows with respect to 20 HELOCs or home equity loans, otherwise, he can testify in 21 his own -- based on his own personal knowledge. 22 THE WITNESS: I couldn't specifically address going 23 back to -- if the year was '06 through '09 for all of 24 flood. For HELOCs and -- that would include loans and 25 lines, in 2009 it was approximately 1.4 million. 2008 it</p>

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<p>1 was approximately 650,000. And it would have been 2 probably half of that going back to 2007. 3 MR. RICHTER: Q So about 300,000? 4 A Probably close to that. 5 Q What accounts for the sharp rise in the amount 6 of the commissions? 7 A We migrated the Heritage-WaMu servicing 8 portfolio that had previously been with Southwest 9 Business Corp, we migrated that to Assurant beginning in 10 November of 2009. We also changed some of our 11 requirements in 2009 that may have generated more premium 12 based upon the coverage. 13 Q By the changing of the requirements, are you 14 referring to the change that was made toward the end of 15 '09 to basically provide for either replacement cost 16 value or the NFIP maximum of 250,000 and dropping out the 17 third option for the borrower to obtain coverage in the 18 amount of the principal balance of the outstanding loan 19 or loans? 20 A That's correct. It should be noted this goes 21 back to 2007, the agency agreement. The agency agreement 22 January 1st, 2010 reflects the new commission structure, 23 which is 10 percent for first residential flood, and we 24 were getting paid zero on home equity and we made that 25 decision deliberately because of the change in coverage</p>	<p>1 Q And that commission percentage, that applied in 2 all states in which lender-placed policies were issued, 3 is that right? 4 A It implied in those states that, you know, I 5 believe there could be one state -- I think 20 percent 6 was -- I would say yes without going through all of the 7 files, it was 20 percent across the board. 8 Q Prior to -- Strike that. 9 During the time that this agency agreement was 10 in effect, were there any force-placed policies issued by 11 ASIC for which JP Morgan Insurance Agency or its 12 predecessors or successors in interest did not receive a 13 20 percent commission? 14 MR. MEINERTZHAGEN: Object to the form. 15 THE WITNESS: I simply couldn't say without a 16 thorough audit. Our expectation is that we would be paid 17 for commission if the premiums were disbursed. 18 MR. RICHTER: Q What did JP Morgan Insurance 19 Agency and Chase Insurance Agency do to receive those 20 commissions? 21 MR. MEINERTZHAGEN: Object to the form. 22 THE WITNESS: We provide any number of different 23 services, you know. I work in the agency, we've got 10 24 or 11 people that work in the agency. You know, we 25 managed the program.</p>
<p>Page 71</p> <p>1 requirements that no longer considered that third option 2 to include the combined UPB of first and junior liens. 3 We didn't want there to be clearly any perception -- even 4 a perception that Chase was benefiting as a result of a 5 requirement that we now believed to be necessary. 6 So effective in 2010 there's zero commissions 7 paid on home equity, and we're still -- the business 8 that's cancelling prior to -- that was written prior to 9 2010 was, if it's being cancelled flat or partially 10 cancelled, we're still returning 20 percent because 11 that's what we got paid, if that makes sense. 12 Q What do you mean by returning the 20 percent? 13 A Any time, you know, the -- we get paid when 14 Assurant gets paid. The commission in transmittal. It's 15 a monthly transmittal, but if a policy is written for 16 \$100, our commission on that policy, you know, under this 17 old agreement would be \$20. If that policy is cancelled 18 flat, we've received \$20 that, you know, was not earned 19 so that's returned back to Assurant. And if there's a 20 partial cancel, then only that portion that was earned 21 would we retain commission on. 22 Q And the 20 percent commission that's reflected 23 in paragraph 2 of the agreement, numbered paragraph 2 on 24 page 764, is that right? 25 A Yes.</p>	<p>Page 73</p> <p>1 MR. RICHTER: Q What paragraphs in the agency 2 agreement impose any return obligations on JP Morgan 3 Insurance Agency or Chase Insurance Agency? 4 A Commission paragraph 3, commissions applicable 5 to premiums refunded shall be recovered by company by 6 offset against commissions new agent and when such offset 7 is not readily available by direct remittance to company 8 by agent. 9 Q That's the situation you were describing before 10 where the policy is cancelled? 11 A That's correct. 12 Q Any other obligations on the company? 13 MR. MEINERTZHAGEN: Object to the form. 14 MR. RICHTER: Q Strike that. On the agent. 15 MR. MEINERTZHAGEN: Is that a question? 16 MR. RICHTER: Q Yes. 17 Are there any other obligations imposed on the 18 agent under this agreement? 19 MR. MEINERTZHAGEN: Object to the form. 20 THE WITNESS: Obligations, I would say no. 21 MR. RICHTER: Q So just to be clear, neither JP 22 Morgan Insurance Agency or Chase Insurance Agency, they 23 weren't the ones that would handle correspondence with 24 property owners whose property was insured? 25 A That's correct.</p>

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<p style="text-align: right;">Page 74</p> <p>1 Q They're not like your local State Farm agent or 2 something like that?</p> <p>3 A No, that's correct.</p> <p>4 Q They don't -- JP Morgan Insurance Agency and 5 Chase Insurance Agency, they don't handle claims that 6 would come in from property owners if they had flood 7 damage, right?</p> <p>8 A Not directly, no.</p> <p>9 Q So neither JP Morgan Insurance Agency or Chase 10 Insurance Agency performed the functions of a typical, 11 you know, agent that you would go to for homeowner's 12 insurance or automobile insurance, that sort of thing?</p> <p>13 A That's correct.</p> <p>14 MR. MEINERTZHAGEN: Object to the form.</p> <p>15 MR. RICHTER: Q I want to go back to Exhibit 46 for 16 just a second.</p> <p>17 MR. MEINERTZHAGEN: Could you restate the Bates 18 range for that?</p> <p>19 MR. RICHTER: 1688 through 1746.</p> <p>20 Q I'd like to turn your attention to page 1698, 21 Section 7.1.</p> <p>22 Do you see there it says, supplier will treat 23 servicer as supplier's most favored customer or MFC. MFC 24 means a customer of supplier who receives pricing terms 25 net of discounts and rebates which are no less favorable</p>	<p style="text-align: right;">Page 76</p> <p>1 A Just, you know, obtaining the appropriate 2 signatories.</p> <p>3 Q Did you or have you reviewed any statements or 4 reports relating to the agency agreement?</p> <p>5 A Please restate that.</p> <p>6 Q Well, let's go back to par -- numbered 7 paragraph 3 on page 764. There's the reference of 8 statements of premiums due. Have you reviewed any of 9 those statements of premiums due?</p> <p>10 A Yes, I have.</p> <p>11 Q Those statements also include figures for the 12 amount of the commission that accrues to the agent under 13 the agreement?</p> <p>14 A They will.</p> <p>15 Q Is it based on those statements that you 16 provided me the figures that you did for commissions 17 earned?</p> <p>18 A Yes, and it includes the refunds as well. So 19 it would be, you know -- new business, renewal, 20 cancellations, both partial and flat, and whether or not 21 a commission was paid or commission was charged back.</p> <p>22 Q So the 1.4 million figure that you provided for 23 '09 and the other figures you provided for the earlier 24 years, those were commissions on flood insurance only, 25 correct?</p>
<p style="text-align: right;">Page 75</p> <p>1 than those received by any other similarly situated 2 customer of supplier.</p> <p>3 Do you see that?</p> <p>4 A I do.</p> <p>5 Q Do the commissions that are earned under 6 Exhibit 20, the agency agreement, factor into this 7 equation for purposes of Section 7.1?</p> <p>8 A No.</p> <p>9 Q What discounts and rebates are referenced in 10 Section 7.1?</p> <p>11 A There are to my knowledge no discounts or 12 rebates. I think it's standard language in our 13 agreement.</p> <p>14 Q Going back to Exhibit 20, the agency agreement, 15 what were your responsibilities with respect the agency 16 agreement other than the negotiations of the agreement 17 itself?</p> <p>18 MR. MEINERTZHAGEN: Object to the form.</p> <p>19 THE WITNESS: What were my responsibilities with 20 regard to the agency agreement?</p> <p>21 MR. RICHTER: Q Right.</p> <p>22 A Other than negotiating it, simply executing the 23 agreement.</p> <p>24 Q Okay. By executing the agreement, what do you 25 mean by that?</p>	<p style="text-align: right;">Page 77</p> <p>1 A For home equity, correct.</p> <p>2 Q Those -- Those figures, were those net figures 3 after any --</p> <p>4 A Chargebacks?</p> <p>5 Q Yes.</p> <p>6 A Yes.</p> <p>7 Q Do you know what the figures were for nonhome 8 equity lender-placed policies?</p> <p>9 A Offhand, I don't.</p> <p>10 Q Would they have been greater?</p> <p>11 A They would have been greater.</p> <p>12 Q By a factor of what?</p> <p>13 A Obviously it would depend upon the year that 14 we're speaking about because we saw a significant growth 15 in the home equity we just spoke about. You know, I can 16 give you maybe an approximate figure that would take out 17 home equity that we probably wrote 40 million premium in 18 or close to it in '09, excluding home equity. So 50 19 million. So --</p> <p>20 Q 8 to 10 million in commissions?</p> <p>21 A Probably 8 to 10 million.</p> <p>22 Q Separate and apart from the 1.2 on the home 23 equity?</p> <p>24 A Correct. That includes the aggregated 25 portfolios.</p>

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<p style="text-align: right;">Page 78</p> <p>1 Q Okay. So the 8 to 10 commissions on the 40 to 2 50 in premiums, is that flood premiums? 3 A Flood premiums. 4 Q Not hazard? 5 A Not hazard. 6 Q Do you also review premium statements and 7 commission statements on the lender-placed on the nonhome 8 equity loans? 9 A I will, yes. That information is provided 10 monthly. 11 Q What are those -- Do they have a name? Does it 12 just say statement at the top or is there some special 13 name for those statements or reports? 14 A They're commission statements and it's premium 15 and commissions. I don't know if there's a specific 16 title. You know, it's at the policy level detail. 17 Q Is there a year-end statement that you get that 18 rolls it all up for the year? 19 A Not usually. We can request that. 20 Q Who reviews those premium and commission 21 statements in addition to yourself? 22 A The young ladies that I mentioned, Pam 23 La Lively and Marlene upon request. They don't do it as 24 a normal course. There's a lot of transactions there. 25 Q Are those commission statements or any of the</p>	<p style="text-align: right;">Page 80</p> <p>1 JP Morgan Chase and Company. 2 MR. RICHTER: Q So JP Morgan Insurance Agent -- 3 let's start with Chase Insurance Agency. Chase Insurance 4 Agency, Inc. is a wholly-owned subsidiary of JP Morgan 5 Insurance, LLC? 6 A Yes. 7 Q JP Morgan Insurance, LLC is a wholly-owned 8 subsidiary of JP Morgan Chase Company? 9 A Yes. What did you reference as the Chase 10 Insurance Agency, Inc. being affiliated with, which 11 company did you reference? I want to make sure I had 12 that correct. It's JP Morgan Insurance Holding, LLC. 13 Q I see. 14 A I didn't think that was included. That's why I 15 asked. 16 Q Let's make sure we get this right one last 17 time. So Chase Insurance Agency, Inc. is a wholly-owned 18 subsidiary of JP Morgan Insurance Holding, LLC? 19 A Correct. 20 Q And JP Morgan Insurance Holding, LLC, is a 21 wholly-owned subsidiary of JP Morgan Chase Co.? 22 A Correct. 23 Q And prior to December 31, 2008, the date of the 24 name change, the merger, was JP Morgan Insurance Agency, 25 Inc. a wholly-owned subsidiary of JP Morgan Insurance</p>
<p style="text-align: right;">Page 79</p> <p>1 information in those commission statements shared with 2 anybody from Chase Home Finance, LCC or JP Morgan Chase 3 Bank, N.A.? 4 A No. 5 Q Are you sure of that to an absolute moral 6 certainty? 7 MR. MEINERTZHAGEN: Object to the form. 8 THE WITNESS: If there were an isolated -- if there 9 were an isolated loan that someone was being asked to 10 research a screen print may be done that would include 11 the particulars for the loan, the premium amount. I 12 don't think it includes the commission amount, but I 13 can't say with 100 percent certainty. So in the past we 14 have done, you know, on rare occasion research on an 15 individual loan and we'll get, you know, screen prints. 16 MR. RICHTER: Q Who owns the shares of Chase 17 Insurance Agency and prior to that JP Morgan Insurance 18 Agency? 19 MR. MEINERTZHAGEN: Object to the form, lacks 20 foundation, outside the scope. 21 Go ahead and answer if you can. 22 THE WITNESS: I really can't answer that, but it's 23 -- we're part of a holding company, and we're 24 affiliated -- not the bank but the holding company. 25 JP Morgan Insurance, LLC and they're a subsidiary of</p>	<p style="text-align: right;">Page 81</p> <p>1 Holding, LLC? 2 A I couldn't say for certain. I would expect so. 3 Q Would it be fair to say that -- if you don't 4 recall the specific holding company for JP Morgan 5 Insurance Agency, Inc. but the fundamentals would be the 6 same as for Chase Insurance Agency, Inc. in that JP 7 Morgan Insurance Agency, Inc. would have a wholly-owned 8 holding company subsidiary which would then be a 9 wholly-owned subsidiary of JP Morgan Insurance Company? 10 A That would be my opinion. 11 MR. MEINERTZHAGEN: Objection to the form, outside 12 the scope. 13 MR. RICHTER: Q Who generates the commission 14 statements and the reports? Are those generated by ASIC 15 or are those generated internally by Chase insurance? 16 A They're generated by Assurant. 17 Q In addition to the commission statements do you 18 receive or review any correspondence relating to the 19 agency agreement? 20 MR. MEINERTZHAGEN: Object to the form. 21 THE WITNESS: Relating to the agency agreement, I 22 would say not offhand, I can't think of any. 23 MR. RICHTER: Q Do you have any -- Do you receive 24 or exchange any e-mails with anybody relating to the 25 agency agreement? Let's start with the period of time</p>

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<p>1 after it went into effect. 2 MR. MEINERTZHAGEN: Object to the form. 3 THE WITNESS: You know, possibly with counsel on 4 occasion. 5 MR. RICHTER: Q How about before, e-mails relating 6 to the negotiations of the agency agreement? 7 MR. MEINERTZHAGEN: Same objection. 8 Kai, are you referring to Exhibit 20, the '07 9 agreement, not the subsequent one? 10 MR. RICHTER: We're not there yet. 11 THE WITNESS: You know, I can't say for certain. I 12 would think not. 13 MR. RICHTER: Q I believe you testified earlier 14 regarding wanting to keep the commission terms separate 15 from the terms in the Compliance PLUS Insurance 16 Agreement. Do you recall that? 17 A Yes, stand alone. 18 Q And you testified regarding your opinion as to 19 the reasons for keeping those separate. Do you recall 20 that? 21 A I do. 22 Q Did you communicate those reasons to anybody at 23 the time contemporaneously with the negotiations of 24 Exhibit 46, the insurance agreement and the agency 25 agreement, Exhibit 20?</p>	<p>1 that issue. I don't believe that there is. I personally 2 have had dialogue with servicing, I personally have had 3 dialogue with counsel around this -- and I've had 4 dialogue with Assurant around the need to keep this 5 separate, and, you know, legal and Assurant, you know, 6 have always, you know, embraced that and, you know, 7 servicing, you know, has -- has embraced that. So -- 8 MR. RICHTER: Q Let's go back to the agency 9 agreement. Numbered paragraph 8, Chase 765 and it spills 10 over to 766. The agency agreement designates in 11 paragraph 8 on Chase 766 as you being the person to whom 12 notices are to be sent to agent. 13 Do you see that? 14 A Yes. 15 Q Have you received any notices that were sent 16 pursuant to this paragraph 8? 17 A You know, I would be sent legal drafts of -- 18 for terminating the contract, for amending the contract, 19 you know, that's the only time we would get, you know -- 20 notifications if there were change in contract terms or 21 conditions that was affected by either amendment or 22 superseded by a new agreement. 23 Q Did you ever send out any notices in connection 24 with this paragraph 8 to ASIC? 25 A I don't believe so.</p>
<p>Page 83</p> <p>1 MR. MEINERTZHAGEN: Object to the form. 2 THE WITNESS: There was communication, verbal 3 communication that addressed, you know, that specific 4 issue. 5 MR. RICHTER: Q Anything in writing? 6 A Not that I can -- not that I can recall. 7 Q Did you consider it significant or important 8 that the terms in Exhibit 46, the insurance agreement, be 9 kept separate from the commission arrangement in the 10 agency agreement, Exhibit 20? 11 MR. MEINERTZHAGEN: Object to the form. 12 THE WITNESS: 46 is the Compliance PLUS? We've 13 always considered it to be important to separate the two. 14 For as long as I managed the program. 15 MR. RICHTER: Q Sure. Very important? 16 MR. MEINERTZHAGEN: Object to the form. 17 THE WITNESS: Very important to where we discussed. 18 MR. RICHTER: Q That's -- that was the question I 19 had, which is, if it was that important why isn't it set 20 forth in writing anywhere that they should be kept 21 separate? 22 MR. MEINERTZHAGEN: Object to the form. 23 THE WITNESS: You know, I can't say with 100 percent 24 certainty there's not something out there that, you 25 know -- an e-mail that, you know, could possibly address</p>	<p>Page 85</p> <p>1 Q Now, paragraph 8 designates an unnamed 2 Compliance PLUS product manager as the person to whom 3 notices are to be sent to ASIC. 4 Do you see that? 5 A I do. 6 Q Who is the Compliance PLUS product manager for 7 ASIC or who was that person during the period of time 8 this agreement was in effect? 9 A Likely it was Quantz or Ms. Kyler. 10 Q Was there a prior version of the agency 11 agreement previous to January 1 of '07? 12 A I believe there was. 13 Q Was that memorialized in writing? 14 A I believe it was. 15 Q Based on your recollection it also provided for 16 a 20 percent commission, is that right? 17 A It would have, yes. Typically our agreements 18 they're concurrent, the terms are, and they run for 3, 4, 19 5 years. The company preference is a 3-year term. 20 Q On page -- last page of the agency agreement, 21 Chase 766, is that Mr. Barnett's signature, is that 22 right? 23 A Barrell. 24 Q I'm sorry. That's your signature to the left 25 of his?</p>

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<p>1 A It is.</p> <p>2 Q Did you have any communications with</p> <p>3 Mr. Barrell relating to this agreement of the</p> <p>4 negotiations concerning there agency agreement?</p> <p>5 A You know, he was likely advised via phone call</p> <p>6 with some point in time the commission arrangement would</p> <p>7 be for this particular period going forward, and there</p> <p>8 was communication, you know, regarding his execution of</p> <p>9 this agreement.</p> <p>10 Q With it be fair to say he was the guy that</p> <p>11 signed off, but you were the one who was handling the</p> <p>12 bulk of the negotiations if not all?</p> <p>13 A That's correct, yes. He was an officer of</p> <p>14 JP Morgan Insurance Agency, Inc.</p> <p>15 Q How about after this agreement went into</p> <p>16 effect, did you have any communications with Mr. Barrell</p> <p>17 relating to the agency agreement or the commissions</p> <p>18 received under the agency agreement?</p> <p>19 A I don't recall, but not likely.</p> <p>20 Q Who did you deal with on the other side in</p> <p>21 connection with the negotiations over this agreement?</p> <p>22 Did you deal directly with Mr. Frobose or was it somebody</p> <p>23 else?</p> <p>24 A No. It was John Frobose.</p> <p>25 Q Anybody else?</p>	<p>1 Q All of those people are from Chase Home</p> <p>2 Finance?</p> <p>3 A Yes, and Terry Smith may have been involved as</p> <p>4 well.</p> <p>5 Q So by legal counsel you're referring to inhouse</p> <p>6 legal counsel?</p> <p>7 A Yes.</p> <p>8 Q And that's true -- is that true for your prior</p> <p>9 testimony as well when you were referring to legal</p> <p>10 counsel participated in negotiations of the various 2007</p> <p>11 versions of the agreement?</p> <p>12 A Yes.</p> <p>13 Q And then on the ASIC side, I'm looking at</p> <p>14 page 1660, it looks like this was also signed by John</p> <p>15 Frobose?</p> <p>16 A That's correct.</p> <p>17 Q Anybody else from the ASIC side who was</p> <p>18 involved in the negotiations relating to this amended and</p> <p>19 restated Schedule 1?</p> <p>20 A Yes.</p> <p>21 Q Who else?</p> <p>22 A Probably Michael Campbell.</p> <p>23 Q Was Mr. Campbell also involved in the</p> <p>24 negotiations over the 2007 Schedule 1?</p> <p>25 A I don't believe so.</p>
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<p>1 A No.</p> <p>2 MR. RICHTER: All right. Let's take a break for</p> <p>3 lunch.</p> <p>4 (Off the record)</p> <p>5 (Exhibit 47 marked as requested)</p> <p>6 Q All right. Mr. Wheeler, the court reporter has</p> <p>7 handed you what's been marked as Exhibit 47, Bates number</p> <p>8 Chase 1646 through 1687.</p> <p>9 Do you have that in front of you?</p> <p>10 A I do.</p> <p>11 Q And are you familiar with this document?</p> <p>12 A Yes.</p> <p>13 Q Okay. And is this an amended version of the</p> <p>14 Schedule 1 document that you were testifying about before</p> <p>15 the lunch hour?</p> <p>16 A It is.</p> <p>17 Q Did you also participate in the negotiations</p> <p>18 relating to this amended and restated Schedule 1 to the</p> <p>19 Master Services Agreement?</p> <p>20 A Only to the extent of the outsourcing fees.</p> <p>21 Q And who else participated in negotiations of</p> <p>22 this agreement from the Chase side?</p> <p>23 A It would have been Jeff Nack, Brent Miller,</p> <p>24 legal counsel. I'm sure Heidi Carter probably</p> <p>25 participated.</p>	<p>1 Q Was anybody other than Mr. Frobose involved in</p> <p>2 the negotiations relating to the 2007 Schedule 1 on the</p> <p>3 ASIC side?</p> <p>4 A Likely there were others, Ronald Wilson.</p> <p>5 Probably Quantz -- Quantz Kyler. With regard to the 2010</p> <p>6 it would have also -- aside from Michael Campbell it</p> <p>7 would included Ronald Wilson, probably Vanessa Cook,</p> <p>8 Kevin Roy. They like -- I know they were involved in</p> <p>9 conference calls.</p> <p>10 Q Do you know what each of their titles are at</p> <p>11 ASIC, Mr. Campbell, Mr. Wilson, Ms. Cook and Mr. Roy?</p> <p>12 A I don't. I'd just be guessing.</p> <p>13 Q And then who signed this and initialed on this</p> <p>14 on behalf of Chase, JP Morgan Chase and EMC?</p> <p>15 A David Schneider.</p> <p>16 Q Who is he?</p> <p>17 A He's senior vice president of Chase Home</p> <p>18 Finance, Mortgage and Servicing, or mortgage servicing.</p> <p>19 Q Do you know where he falls in the Chase Home</p> <p>20 Finance chain of command relative to Terry Smith? Is he</p> <p>21 Terry's boss?</p> <p>22 A No. He is Bob Seginini's boss. Or was at this</p> <p>23 time.</p> <p>24 Q Then who initialed it to the left of</p> <p>25 Mr. Schneider?</p>

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<p>1 A I don't recognize the initials.</p> <p>2 Q Now, under the amended and restated Schedule 1</p> <p>3 there was a change in the fee that was -- went to ASIC,</p> <p>4 is that right?</p> <p>5 A That's correct.</p> <p>6 Q And looking at page Chase 1653, Article IV, the</p> <p>7 fee increased from 28 cents per loan to 35 cents per</p> <p>8 loan, is that right?</p> <p>9 A That's correct.</p> <p>10 Q And that was for all lines of business, both</p> <p>11 first and second lien accounts, correct?</p> <p>12 A That's correct.</p> <p>13 Q And both loans and lines, correct?</p> <p>14 A That's correct.</p> <p>15 Q Other than that change in the fee, did the</p> <p>16 rights and responsibilities of the parties remain</p> <p>17 basically the same?</p> <p>18 MR. MEINERTZHAGEN: Object to the form, outside the</p> <p>19 scope.</p> <p>20 THE WITNESS: The servicing standards changed. I</p> <p>21 can't address specifically which ones changed, but this</p> <p>22 contract brings under a single agreement the</p> <p>23 Heritage-WaMu servicing portfolio and the EMC Mortgage</p> <p>24 Corporation portfolio under a single agreement. The</p> <p>25 decision was made that we would adopt the Chase business</p>	<p>1 could, and that's what was negotiated with Assurant. And</p> <p>2 I was involved in some of that negotiations, just again</p> <p>3 the periphery, but it was dialogue around what it was</p> <p>4 that we needed and then a discussion that John and I --</p> <p>5 John Frobose and I had around the -- what he thought he</p> <p>6 had originally agreed to and what he's seeing in the new,</p> <p>7 you know, outsourcing document, which is Schedule 1, and</p> <p>8 so there was a lot of fine tuning that really involved</p> <p>9 the servicing team, Jeff Nack and Brent Miller and Terry</p> <p>10 Smith, to fine tune that to get to where Assurant was</p> <p>11 comfortable with all of the expectations and any change</p> <p>12 and resource allocation that needed to be made.</p> <p>13 Same thing I mentioned when we spoke of the</p> <p>14 2007 Schedule 1 outsourcing agreement. We're very</p> <p>15 careful. You know -- both myself and legal, we drove the</p> <p>16 increase from 28 to 35 cents. We went through a similar</p> <p>17 process that we went through in 2007 as inexact as it</p> <p>18 might be but in an attempt to identify not only the</p> <p>19 existing full-time employees that were attached to these</p> <p>20 each of these functions but consistent with both</p> <p>21 migration and also the -- any new service level</p> <p>22 standards, the number of additional full-time employees</p> <p>23 that might be attached to that.</p> <p>24 We also, you know, believed and communicated to</p> <p>25 Assurant in this process that there was some real</p>
<p>Page 91</p> <p>1 model for process and procedures, uniform standard forms,</p> <p>2 disclosures, rates, et cetera, and we would do the same</p> <p>3 thing with regard to the economic structure, bring every</p> <p>4 portfolio under one umbrella.</p> <p>5 MR. RICHTER: Q So there was a change in the fee</p> <p>6 from 28 cents to 35 cents as we've discussed, right?</p> <p>7 A Correct.</p> <p>8 Q Then another change with this agreement is</p> <p>9 subsequent to the acquisitions of EMC and WaMu,</p> <p>10 Washington Mutual, by Chase, they also got swept into the</p> <p>11 amended Schedule 1, correct?</p> <p>12 A Correct.</p> <p>13 Q And there were some -- with respect to the</p> <p>14 servicing standards, is it fair to say that there may</p> <p>15 have been some nips or tucks here or there with respect</p> <p>16 to the servicing standards, but the former Chase template</p> <p>17 from the 2007 Schedule 1 served as the framework for the</p> <p>18 2010 Schedule 1?</p> <p>19 MR. MEINERTZHAGEN: Object to the form.</p> <p>20 THE WITNESS: It's hard for me to testify to that.</p> <p>21 Specifically I would say for the most part, yes, but we</p> <p>22 did tighten up standards, we did tighten up service</p> <p>23 levels. We adopted what some of Heritage-WaMu and/or the</p> <p>24 Heritage EMC portfolio may have had in place prior. We</p> <p>25 kind of took the best of all worlds to the extent that we</p>	<p>Page 93</p> <p>1 efficiencies to be gained, you know, by ultimately, you</p> <p>2 know, having uniform standards and procedures and</p> <p>3 policies across the board, operating efficiencies to be</p> <p>4 gained in terms of, you know, collapsing some of what</p> <p>5 they were doing before, you know, under single umbrella,</p> <p>6 so some saves in terms of personnel, and came to the</p> <p>7 conclusion that the 35 cents per loan per month, you</p> <p>8 know, more accurately represented the actual costs plus</p> <p>9 potential saves associated with the outsourcing</p> <p>10 requirements.</p> <p>11 And, you know, we again made it very clear that</p> <p>12 this is a stand alone agreement, stand alone pricing, and</p> <p>13 anything we do with regard to outsourcing will not impact</p> <p>14 any other agreement, nor will any other agreement with</p> <p>15 any financial considerations have any impact on the</p> <p>16 pricing that is set forward in this outsourcing</p> <p>17 agreement. And I further communicated to Assurant that</p> <p>18 if we are requesting additional changes, as will happen</p> <p>19 from time to time with the outsourcing needs and the</p> <p>20 needs of our servicing team, that if there's an</p> <p>21 additional cost associated with that, our expectation is</p> <p>22 is that we pay for that.</p> <p>23 MR. RICHTER: Q Did Mr. Frobose or anybody from</p> <p>24 ASIC request an increase in the amount of the fee?</p> <p>25 A No.</p>

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<p>1 Q So it's your testimony that the increase in the 2 fee was initiated by you? 3 A By Chase. 4 Q Who at Chase? 5 A Myself, legal counsel, Bob Seginini was 6 involved in discussions, and then senior executives 7 ultimately, you know, weighed in on, you know, on those 8 decisions. 9 Q Other than the change in the fee, sweeping in 10 EMC and WaMu, there any other significant changes that 11 you recall with respect to the amended and restated 12 Schedule 1? 13 MR. MEINERTZHAGEN: Object to the form, outside the 14 scope. 15 THE WITNESS: I really couldn't speak to that. It's 16 more of an operational issue. 17 MR. RICHTER: Q On the amended and restated 18 Schedule 1, JP Morgan chase Bank, N.A. is explicitly 19 listed as a party to the agreement whereas on the 20 previous version of the Schedule 1 it wasn't explicitly 21 identified as a party on Schedule 1, although it was on 22 the Master Services Agreement itself. Do you know what 23 precipitated that change? 24 A I don't. I could only guess, and my guess 25 would be that we have some manual processing of some</p>	<p>1 A As shown as Exhibit 48? 2 Q Yes. 3 A Yes. 4 Q Are you familiar with this document? 5 A Yes. 6 Q What is it? 7 A It's the -- essentially the flood 8 administrative agreement, and it's bringing in both WaMu 9 and EMC to the agreement. 10 Q Did you participate in the negotiations 11 relating to this amended and restated Compliance PLUS 12 Insurance Agreement? 13 A I may be involved in some discussion, but not 14 really negotiations. 15 Q What do you mean by that, the distinction that 16 you're drawing? 17 A That was made -- I think I might have mentioned 18 it previously, maybe I did not. The agreement that we 19 entered into collectively, ourselves and Assurant, was 20 the fact that because we were bringing -- because we were 21 bringing in the Heritage-WaMu and EMC portfolio into the 22 process and the Heritage-Chase business model, that to 23 the extent that we could, we wanted to leave the 24 agreements virtually intact and to make, you know, as few 25 salient changes as possible. So that was an agreement</p>
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<p>1 commercial flood for the bank, lender-placed, but that's 2 just a guess. That would have been a legal decision. 3 Q Then looking at Section 3.3 on page 1652, Terry 4 Smith continued to serve as the relationship manager 5 under the amended agreement, is that right? 6 A I'm sorry. What's the reference? 7 Q Section 3.3 on Chase 1652. 8 A That's correct. 9 Q The new relationship manager for ASIC was 10 Vanessa Cook, is that right? 11 A That's correct. 12 Q Do you know when she took over the relationship 13 manager duties? Was it as of 1-1 -- January 1 of 2010 or 14 had her predecessor left before that time? 15 A Her predecessor left prior to that. 16 Q Looking at Section 1.10 on page 1648, the 17 definition of mortgage loan continued to apply not only 18 to loans but also to home equity lines, correct? 19 A That would be correct. 20 Q Mark this 48. 21 (Exhibit 48 marked as requested) 22 Q Mr. Wheeler, the court reporter has just handed 23 you what's been marked as Exhibit 58, Bates number Chase 24 1747 through 1807. 25 Do you have that in front of you?</p>	<p>1 that we entered into prior to any negotiations, and I 2 think we accomplished that by and large. 3 You had asked about the Exhibit 47, the amended 4 and rescheduled Schedule 1. What changed there were 5 primarily the outsourcing requirements, service level 6 standards, performance penalties, things of that nature, 7 but in terms of the Compliance PLUS, you know, there were 8 very few changes made to the agreement itself other than 9 to bring in the parties to the agreement, and there may 10 have been some other changes that were not, you know, 11 considered to be significant. 12 Q So fair to say that emphasis on Exhibit 48, the 13 amended and restated Compliance PLUS Insurance Agreement, 14 it was more in the notion of restated than amended? 15 A That's correct. 16 MR. MEINERTZHAGEN: Object to the form. 17 MR. RICHTER: Q And just quickly to cover some of 18 the restated portions, looking at the recitals, last 19 paragraph on page 1747, also provides for proper 20 notification to be sent to the affected mortgagor stating 21 that lender-placed acceptable flood insurance will be 22 obtained upon the failure of the mortgagor to promptly 23 provide evidence of other acceptable flood insurance, is 24 that right? 25 A That's correct.</p>

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<p>1 Q That was consistent with the earlier agreement, 2 correct? 3 A Correct. 4 Q Then the next paragraph on the very next page 5 also provided that the supplier was to provide flood 6 insurance for real properties as desired by the servicer, 7 correct? 8 A That's correct. 9 Q And that was consistent with the earlier 10 insurance agreement, correct? 11 A That's correct. 12 Q And, again, consistent with the earlier 13 agreement, provide -- the next paragraph -- that the 14 servicer was to pay for these services by paying 15 premiums, is that correct? 16 A Yes. 17 Q Okay. Moving on. Paragraph 1.8 -- let's see. 18 Next page in the definition of mortgage loan. That term 19 as it applied in this agreement included not only loans 20 but also included home equity lines consistent with the 21 earlier agreement, correct? 22 A That's correct. 23 Q Then moving on, paragraph 2.5 on page 1751, 24 should say Section 2.5 rather, there was the same 25 language in the 2010 insurance agreement placing the</p>	<p>1 2007 Compliance PLUS Insurance Agreement -- 2 MR. MEINERTZHAGEN: Object -- 3 MR. RICHTER: Q -- which is Exhibit 46? 4 MR. MEINERTZHAGEN: Object to the form, outside the 5 scope. 6 MR. RICHTER: Q This is specifically comparing 7 pages Chase 1748 with Chase 1689. 8 MR. MEINERTZHAGEN: I have an objection to form and 9 to scope. 10 MR. RICHTER: Noted. 11 THE WITNESS: Changes -- it amends the definition of 12 acceptable flood insurance. 13 MR. RICHTER: Q How so? 14 MR. MEINERTZHAGEN: Same objection. 15 THE WITNESS: References coverage limits that are at 16 least equal to those required by the servicer in the Act, 17 in the National Flood Insurance Program, compared to 18 coverages limits conforming to the standards of the Act, 19 the National Flood Insurance program. Also includes that 20 if coverage is not known then placement will be at the 21 unpaid principal balance or principal balance. 22 And further stipulates that it must meet the 23 servicer's deductible requirements. 24 MR. RICHTER: Q And what was the purpose of making 25 that change or those changes?</p>
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<p>1 responsibility on the servicer to make sure it had the 2 requisite authority to obtain the type and amounts of 3 coverage it requested, correct? 4 MR. MEINERTZHAGEN: Object to the form. 5 THE WITNESS: Correct. 6 MR. RICHTER: Q Moving on to paragraph 4.1 on 7 page 1753. Consistent with the earlier agreement, Chase 8 was to use ASIC as its sole and exclusive provider of 9 lender-placed flood insurance for real property, correct? 10 A Correct. 11 Q And looking now to page 1758, Section 7.1, the 12 agreement had the same type of most favored customer 13 language in there, net of discounts and rebates, correct? 14 A Correct. 15 Q Then moving on to Section 11.2 at Chase 1766 16 through 67, specifically 11.2 subpart C, there's the same 17 disclaimer language in there regarding whether the 18 location of eligible property is or is not in or near a 19 special flood hazard area, correct? 20 A Correct. 21 Q I want to go back to the definition of 22 acceptable flood insurance. That's Section 1.1. In what 23 respects, if any, was this definition of acceptable flood 24 insurance in 1.1 in the 2010 amended and restated 25 insurance agreement different than the definition in the</p>	<p>1 MR. MEINERTZHAGEN: Objection, outside the scope? 2 THE WITNESS: I couldn't tell you because I wasn't 3 involved in the discussions. 4 MR. RICHTER: Q Who was involved in the discussions 5 relating to the changes to this Section 1.1? 6 A It would have been legal counsel, both Assurant 7 and Chase, and likely include Jeff Nack and Brent Miller 8 as to the acceptability of the definition. 9 Q Under this definition would it be acceptable if 10 flood insurance was maintained in 2010 for the amount of 11 the last known flood insurance coverage in earlier years? 12 MR. MEINERTZHAGEN: Object to the form, outside the 13 scope. 14 THE WITNESS: Would you repeat the question? 15 MR. RICHTER: Q Sure. Under the definition of 16 acceptable flood insurance in Section 1.1, would it be 17 acceptable if flood insurance was maintained in 2010 for 18 the same amount as the last known flood insurance 19 coverage in earlier years? 20 MR. MEINERTZHAGEN: Same objections. 21 THE WITNESS: That's not my decision to make. It's 22 an operational decision that I can't speak specifically 23 to individual circumstances. 24 MR. RICHTER: Q Based on the language of 25 Section 1.1, in your opinion, would carrying coverage,</p>

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<p>1 flood insurance coverage in 2010 equal to the last known 2 coverage amount in 2009 be consistent with the definition 3 of acceptable flood insurance in Section 1.1 of the 2010 4 agreement? 5 A Yes. 6 MR. MEINERTZHAGEN: Same objections. 7 MR. RICHTER: Q Likewise, if the coverage amount 8 for 2009 was unknown, is it your understanding based on 9 the language of Section 1.1 in the 2010 agreement that 10 coverage in the amount of the borrower's principal 11 balance would be acceptable for purposes of Section 1.1? 12 MR. MEINERTZHAGEN: Same objections. 13 THE WITNESS: Yes. 14 MR. RICHTER: Q Looking at paragraph 2.3 there's a 15 provision there called waiver of flood insurance, 16 page 1750, which appears to be something that was -- a 17 new section that wasn't included in the 2007 insurance 18 agreement. 19 Do you know why this was added? 20 A No, I do not. 21 Q Are there any other changes to the 2010 amended 22 and restated Compliance PLUS Insurance Agreement other 23 than those that we've already discussed that stand out in 24 your mind? 25 MR. MEINERTZHAGEN: Object to the form, outside the</p>	<p>1 A Yes, I am. 2 Q Can you tell me what this is? 3 A It's a Compliance PLUS Agency Insurance 4 Agreement. It provides for the payment of commissions to 5 the agency entity, Chase Insurance Agency, Inc. 6 (Exhibit 50 marked as requested) 7 Q Looking at deposition Exhibit 50, Chase 1808, 8 are you familiar with that document? 9 A Yes. 10 Q Can you tell me what it is? 11 A It's notification of an agreement to terminate 12 the prior Compliance PLUS Insurance Agency Agreement. 13 Q Okay. So Exhibit 50, Chase 1808, that's -- 14 that states it's effective as of December 31st, 2009 at 15 11:59 p.m., is that right? 16 A That's correct. 17 Q So as of -- As of that time the 2007 agency 18 agreement was terminated consistent with the expiration 19 of its 3-year-term and then the new agency agreement, 20 Deposition Exhibit 49 went into effect, is that right? 21 A That's right. 22 Q Looking at Deposition Exhibit 50, both you and 23 David Schneider signed that on behalf of JP Morgan 24 Insurance Agency, Inc., is that right? 25 A Yes.</p>
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<p>1 scope. 2 THE WITNESS: No, not without reviewing the 3 documents side by side. 4 MR. RICHTER: Q Do you know if Chase has conducted 5 any regulatory audits of ASIC since this amended and restated 6 agreement became effective? 7 A No, I do not. 8 MR. MEINERTZHAGEN: Object to the form, outside the 9 scope. 10 MR. RICHTER: Q Are you aware of any operational 11 audits since the effective date of the amended and restated 12 insurance agreement? 13 MR. MEINERTZHAGEN: Same objections. 14 THE WITNESS: I'm not personally aware of. 15 MR. RICHTER: Q There could have been, you're just 16 not aware -- 17 A Exactly. In fact, I'm pretty sure there was. 18 I just don't have direct knowledge. 19 (Exhibit 49 marked as requested) 20 Q Mr. Wheeler, the court reporter has just handed 21 you what's been marked as Exhibit 49, Bates number Chase 22 1809 to 1811. 23 Do you have that in front of you? 24 A Yes. 25 Q Are you familiar with this document?</p>	<p>1 Q Then on behalf of ASIC, it was Mr. Frobose who 2 signed and Mr. Campbell who attested, correct? 3 A That's correct. 4 Q Do you know whose initials are next to 5 Mr. Schneider's? 6 A No, I don't. 7 Q Did you participate in the negotiations 8 relating to Exhibit 49, the -- 9 A Yes, I did. 10 Q In looking at page 1811, is that also signed by 11 Mr. Schneider on behalf of Chase Insurance Agency, Inc.? 12 A Yes, it is. 13 Q Was the decision to terminate the prior 14 agreement and enter into this new agreement as opposed to 15 simply amending the prior agreement as was done with the 16 other agreements, was that due to the fact that you had a 17 new party, Chase Insurance Agency, Inc., now instead of JP 18 Morgan Insurance Agency, Inc.? 19 A I don't know specifically other than the fact 20 that it's a lot cleaner to start with a new agreement. 21 Both EMC and WaMu were brought under this agreement. The 22 commission has changed significantly from the old 23 agreement to this agreement and the Chase legal entity 24 name changed so just a lot cleaner. 25 Q Could you describe the negotiations process</p>

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<p style="text-align: right;">Page 106</p> <p>1 relating to the 2010 agency agreement for me? 2 A We went through the process that we'd gone 3 through in prior years. As we entered into the 4 expiration of the prior year's contract, we thoroughly 5 evaluated it in terms of conditions, including the 6 economics of the program. We reached out to industry 7 contacts to get a good sense of what the prevailing 8 market rate was for commissions on this business, flood 9 commissions that would include Assurant and their 10 clients, and the information that we received was that 11 something south of 20 percent was more of the industry 12 norm, something closer to 15 percent and we, you know, 13 spent a long time looking at the programs, looking at the 14 sensitivity in the marketplace. 15 We made the decision that although our letter 16 of agreement reflected an understanding that we were 17 going to enter into the new agreement at a 15 percent 18 commission rate, we made the decision that we wanted to 19 change that commission and reduce it to 10 percent for 20 all lines with the exception -- all flood lines with the 21 exception of home equity, and home equity we made the 22 decision and communicated that to Assurant that we would 23 accept no commission on home equity lines or loans. So 24 we felt that 10 percent was fair and reasonable, not 25 excessive, and this was a unilateral decision that Chase</p>	<p style="text-align: right;">Page 108</p> <p>1 THE WITNESS: All business written effective 2 January 1st, 2010 was affected by this agency agreement. 3 MR. RICHTER: Q Now, you mentioned a couple of 4 times during your testimony that there was some type of 5 an exemption for home equity accounts. Where does it 6 provide for that in the Compliance PLUS Insurance Agency 7 Agreement, Exhibit 49? 8 A It's not specifically addressed in the agency 9 agreement. 10 Q Where are you getting that? 11 A It's my understanding -- well, it's -- it's a 12 decision that we made, and we've communicated it to 13 Assurant and all of our commission statements reflect 14 zero commission on home equity lines and loans, and it 15 was this -- this was legal drafted, you know, the wording 16 so as to not make it convoluted and to make it cleaner in 17 terms of the commission percentage, but the commission 18 is, in fact, zero percent on home equity. 19 Q Does it say that anywhere in writing? I know 20 it doesn't say it in here, but anywhere? 21 A Yes. 22 Q Where? 23 A In documents that I have prepared. 24 Q Have you brought those with you today? 25 A No.</p>
<p style="text-align: right;">Page 107</p> <p>1 made, not one that Assurant put on the table. 2 They had no idea that we were going to -- other 3 than possibly in some verbal discussions, that we were 4 going to take commissions down. They knew that any 5 change that we made would benefit them. The rates of 6 commission continued to be, you know, up to 25 percent. 7 We just didn't feel comfortable in maintaining either a 8 20 or 15 percent level. 9 Q Looking at numbered paragraph 6 on page 1810, 10 it says in the last sentence, this agreement shall be 11 coterminous and shall terminate concurrently with the 12 amended and restated Compliance PLUS Insurance Agreement 13 of dated as of January 1, 2010 between company and 14 servicer. 15 Do you see that? 16 A Yes. 17 Q Was the 2010 agency agreement that the 18 negotiations related to that agreement take place around 19 the same time as the negotiations relating to the amended 20 and restated 2010 Compliance PLUS Insurance Agreement? 21 A Yes. 22 Q And did the 2010 agency agreement apply to all 23 force-placed policies issued in connection with the 2010 24 amended and restated Compliance PLUS Insurance Agreement? 25 MR. MEINERTZHAGEN: Object to the form.</p>	<p style="text-align: right;">Page 109</p> <p>1 MR. RICHTER: I'll state for the record those 2 documents have not been produced. You can correct me if 3 I'm wrong. I haven't heard nothing. It speaks for 4 itself. 5 MR. MEINERTZHAGEN: Well, I mean we produced the 6 agreement. If there's another agreement, I'm not aware 7 of it. 8 MR. RICHTER: Q Where is the -- in what documents 9 is the nonproduced zero percent home equity commission 10 agreement reflected? 11 A It would be in a document that I prepared for 12 discussion with and in consultation with legal counsel, 13 Chase legal counsel and, you know, my boss, Bob Seginini. 14 Q Have you retained a copy? 15 A I have a copy. 16 Q When was that document generated? 17 A I couldn't give you an exact date. I couldn't 18 give you an exact date. 19 Q Was it after January 1, 2010? 20 A Probably. It's something that's been under 21 consideration since prior to the end of January of 2009. 22 Q Was it generated after the first quarter of 23 2010? 24 A I'm not exactly sure. I don't want to 25 misspeak, but clearly when we changed the thought process</p>

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<p>1 from Chase's perspective here, when we changed the 2 process of placement for home equity we revised the 3 minimum regulatory requirement by eliminating the 4 combination of UPB, first mortgage loans and junior 5 liens. And in so doing that could increase coverage 6 requirements, which in turn could increase premium. 7 Chase's position is that we do not want to even be 8 perceived as changing our process so as to line our 9 pockets. So we eliminated commission altogether. 10 The change in process, and I don't have an 11 exact date, was December of 2009. The documents -- there 12 has been dialogue around this entire issue, and the 13 documents that I've produced reflect the decision being 14 made. So I can't give you, you know, a definitive when 15 that decision or recommendation went forward, and -- 16 (Exhibit 51 marked as requested) 17 Q Mr. Wheeler, the court reporter has just handed 18 you what's been marked as Exhibit 51. Do you have that 19 in front of you? 20 A I do. 21 Q This is Plaintiff's Second Set of Requests to 22 Defendants For Production of Documents and Things. 23 Do you see that? 24 A I do. 25 Q Have you ever seen this prior to today?</p>	<p>1 MS. POPE: They're not fair questions. 2 MR. RICHTER: No, they are fair questions because I 3 just heard there was a zero percent commission agreement 4 I've never heard of. 5 MS. POPE: That's not what he said. 6 THE WITNESS: I never said. 7 MR. MEINERTZHAGEN: He never said there was an 8 agreement. 9 THE WITNESS: There's not a zero percent commission 10 agreement. 11 MR. MEINERTZHAGEN: You want to have her reread the 12 answer? You've misconstrued his testimony. 13 MR. RICHTER: Q If you say there's not a zero 14 percent commission agreement, that's your testimony. 15 Let's take a look at the next page, request 13. 16 All e-mails, memos, communications, reports and other 17 documents relating to the amount of any commissions 18 received by Chase or its affiliates pursuant to Chase 764 19 to 766, that's the 2007 agency agreement, or any similar 20 agreement. 21 Have you looked for documents responsive to 22 this request? 23 MR. MEINERTZHAGEN: For the record, I'll state that 24 counsel is reading the request without any reference to 25 the response or the objections.</p>
<p>Page 111</p> <p>1 A No, I don't recall seeing it before. 2 Q I'd like you to turn to page 3, request 3 on 3 page 3. Any and all contracts, agreements, letters or 4 memoranda of understanding between Chase and Assurant 5 relating, in whole or in part, to flood insurance, flood 6 insurance tracking services or force-placed insurance; or 7 2, any commissions, financial consideration, in-kind 8 compensation or rebates or kickbacks in connection with 9 the same. 10 Have you looked for documents responsive to 11 this request? 12 A I've had discussions with outside counsel -- 13 MR. MEINERTZHAGEN: You can't disclose the contents 14 of our conversation. You can respond to whether or not 15 you've searched for the documents that are requested 16 there. 17 THE WITNESS: I'm searching for some documents. 18 MR. RICHTER: Q Are searching or have searched? 19 MS. PEDERSEN HOPE: Kai, the documents are all here. 20 I don't know why there's such a shock here. These are 21 all the agreements, that's what the request asks for, 22 agreements, memoranda of understanding, amendments, which 23 is what you have -- 24 MR. RICHTER: Look, I'm asking the witness a 25 question.</p>	<p>Page 113</p> <p>1 Go ahead and answer. 2 THE WITNESS: I have searched for documents relating 3 to commissions received by Chase or its affiliates. 4 Including communications, e-mails or other documents. 5 MR. RICHTER: Q What have you found other than the 6 documents we've gone over earlier today? 7 A The document that reflects the premiums paid -- 8 the premiums written and the commissions paid at zero in 9 the beginning of the year. 10 Q What else? 11 A Presentation document that I prepared that 12 reflects the home equity commission, zero, and searched 13 e-mails, and I couldn't find any e-mail that specifically 14 addressed commissions. We purposely have verbal dialogue 15 whether it be with our vendors or internal so I could 16 find no e-mails. 17 Q Did you find anything else? 18 A No. 19 Q Let's take a look at request 10, all e-mails, 20 memos, communications and other documents relating to any 21 financial incentives or other benefits to Chase or its 22 affiliates in connection with force-placed flood 23 insurance, tracking of flood insurance or increasing 24 Chase's flood insurance requirements. 25 Have you looked for documents responsive to</p>

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<p>1 that request?</p> <p>2 MR. MEINERTZHAGEN: You have the response to that,</p> <p>3 Kai, because I believe in response to that we produced</p> <p>4 all of the agreements.</p> <p>5 THE WITNESS: Yeah, I'm just looking at these, the</p> <p>6 agreements included in here. I believe the same document</p> <p>7 that I'm referring to also reflects the increase in</p> <p>8 Chase's flood insurance requirements.</p> <p>9 MR. RICHTER: Q How about memos, are you aware of</p> <p>10 any memos relating to --</p> <p>11 A No. Most of our communications are privileged</p> <p>12 with counsel so we don't have a lot of written documents.</p> <p>13 Q Are you an attorney?</p> <p>14 A No, but I speak with counsel quite often</p> <p>15 regarding our programs.</p> <p>16 Q Are you aware that Chase has not designated one</p> <p>17 document generated prior to the inception of this lawsuit</p> <p>18 as privileged, not one document is on its privilege log?</p> <p>19 MR. MEINERTZHAGEN: Object to the form, outside the</p> <p>20 scope of the deposition.</p> <p>21 Kai, if you want to interrogate this witness on</p> <p>22 meet and confer discovery issues, I think that's far more</p> <p>23 appropriate to be taken up by counsel.</p> <p>24 MR. RICHTER: Q Let's take a look at request</p> <p>25 number 11. All e-mails, memos and other documents</p>	<p>1 decision that Chase made. Assurant played no part in</p> <p>2 this. Assurant didn't request that we lower the</p> <p>3 commission.</p> <p>4 Q When was the decision made?</p> <p>5 A The decision was communicated to Assurant</p> <p>6 probably June of this year.</p> <p>7 Q June of 2010?</p> <p>8 A Yes.</p> <p>9 Q After this lawsuit was filed in March of 2010?</p> <p>10 A I don't know when the lawsuit was filed, but</p> <p>11 I'll say that the discussion began in 2009 with our</p> <p>12 change in process. It's just that we don't finalize</p> <p>13 things and get total signoff until all of the agreements</p> <p>14 are ready to be executed.</p> <p>15 Q Are there any documents that reflect those 2009</p> <p>16 discussions as you've described?</p> <p>17 A I don't know.</p> <p>18 Q I'd like you to turn to the last page of the</p> <p>19 requests for production. Request 15 is all e-mails,</p> <p>20 memos, communications and other documents authored by,</p> <p>21 sent to, copied to or in the files of Dan Wheeler or any</p> <p>22 other Rule 30(b)(6) witness that are responsive to these</p> <p>23 requests for production or any of plaintiff's other</p> <p>24 requests for production.</p> <p>25 Do I have that right?</p>
<p>Page 115</p> <p>1 referenced by the court at the September 1, 2010 hearing</p> <p>2 in this action.</p> <p>3 I'll just read to you those pages and line</p> <p>4 numbers: THE COURT: Well maybe there are some e-mails.</p> <p>5 Maybe there's some e-mails that say things like hey,</p> <p>6 Chase, here's a way to make some more fees. Why don't</p> <p>7 you get out there and promote our insurance policy to</p> <p>8 these people with zero zero balances. I bet you there</p> <p>9 are e-mails just like that. If there aren't, I'd be</p> <p>10 shocked. So you get out there and produce those e-mails,</p> <p>11 produce those memos.</p> <p>12 Have you looked for any documents responsive to</p> <p>13 that request?</p> <p>14 MR. MEINERTZHAGEN: Object to the form, outside the</p> <p>15 scope.</p> <p>16 THE WITNESS: No. It's ludicrous. I'm clearly not</p> <p>17 aware of any documents that even suggest that.</p> <p>18 MR. RICHTER: Q How about request number 12, all</p> <p>19 e-mails, memos, communications and other documents</p> <p>20 relating to the negotiations of the 2007 agency agreement</p> <p>21 or any similar agreement.</p> <p>22 A There are -- it's the same document that we're</p> <p>23 referring to or like document.</p> <p>24 Q Which one are you specifically --</p> <p>25 A It really is not a negotiation. It's a</p>	<p>Page 117</p> <p>1 MR. MEINERTZHAGEN: Object to the form.</p> <p>2 Do you mean did you read it correctly?</p> <p>3 MR. RICHTER: Yes.</p> <p>4 THE WITNESS: I think you read it correctly.</p> <p>5 MR. RICHTER: Q Then request number 16, all</p> <p>6 e-mails, memos, communications and other documents</p> <p>7 authored by, sent to, copied to or in the files of Dan</p> <p>8 Wheeler that relate to topic number 9 of Plaintiff's</p> <p>9 Second Amended Notice of Deposition of Defendants</p> <p>10 pursuant to Federal Rule of Civil Procedure 30(b)(6).</p> <p>11 Did I read that correctly?</p> <p>12 A Yes.</p> <p>13 Q The date of there -- these second set of</p> <p>14 requests for production is November 24, 2010, right?</p> <p>15 A Yes.</p> <p>16 Q Can you tell me why the other documents that</p> <p>17 you've mentioned to me were not produced prior to today?</p> <p>18 MR. MEINERTZHAGEN: Object to --</p> <p>19 MR. RICHTER: Q Do you have any explanation for</p> <p>20 that?</p> <p>21 MR. MEINERTZHAGEN: Kai, he provided us some</p> <p>22 documents --</p> <p>23 MR. RICHTER: I want an answer to this question.</p> <p>24 You make your objection, we're going to get an answer.</p> <p>25 MR. MEINERTZHAGEN: I am going to get this on the</p>

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<p style="text-align: right;">Page 118</p> <p>1 record. We were provided some documents last week. In 2 consultation with Mr. Wheeler, we were informed that they 3 were prepared in consultation with Chase's inhouse 4 counsel. Because we only got those a few days ago, we 5 have not yet logged them, we have not reviewed them in 6 their entirety to determine whether we can -- we have to 7 withhold all of them, whether we can redact portions of 8 them and produce the rest. They aren't many. I think 9 there's four different documents, okay. We will get this 10 addressed shortly, but it hasn't happened yet because, as 11 I said, we just got them last week, and we had 12 Mr. Wheeler searching for additional information relating 13 to them like exactly who they went to. 14 MR. RICHTER: I will say for the record that we are 15 very much reserving our right to call back this witness 16 to discuss documents that were not produced in advance of 17 his deposition. 18 Q If we have to do that, Mr. Wheeler, I'm -- I 19 regret we're going to have to do that, but under the 20 circumstances, we are going to reserve our right to do 21 that. 22 Now, going back to the question that I asked. 23 Do you have any explanation as to why the documents that 24 you have described were not produced in advance of the 25 deposition?</p>	<p style="text-align: right;">Page 120</p> <p>1 were just referenced that were prepared with consultation 2 from our inhouse. 3 MR. MEINERTZHAGEN: Inhouse counsel? 4 THE WITNESS: Yes. 5 MR. RICHTER: Q How much did Chase Insurance 6 Agency, Inc. earn in commissions in 2010 under the new 7 agency agreement? 8 A Offhand, I don't know. Home equity, it was 9 negative. Negative 300 some thousand. 10 Q For first and second loans? 11 A Yes, it was negative -- roughly 300, 400,000 in 12 chargebacks -- zero commission for 2010, but, again, it 13 includes 2010 with any refunds or partials and flat 14 cancels attributed to home equity, lines and loans. 15 Q I was trying to get at the nonhome equity 16 loans. What is the right term for that by the way? 17 A First residential, you know, flood commissions. 18 I can't -- I don't know, and the reason I don't know is I 19 haven't pulled that together. It's information that's 20 out there. The number would be less than the prior year 21 obviously. 22 Q I'm trying to get at what falls under the home 23 equity bucket, what falls into the other bucket or 24 buckets. Home equity -- when you say home equity, are 25 you referring to both home equity loans and home equity</p>
<p style="text-align: right;">Page 119</p> <p>1 MR. MEINERTZHAGEN: Objection. That's -- you're 2 asking him to make a call on something a lawyer decides. 3 He is a corporate designee to testify on a particular 4 topic. You've also noticed him as a fact witness. He's 5 not here to testify concerning the Chase defendants' 6 discovery responses. 7 You want to take that up, you can take it up 8 with counsel as part of the ongoing meeting and 9 conferring process we've been undertaking. 10 MR. RICHTER: Are you instructing the witness not to 11 answer? 12 MR. MEINERTZHAGEN: Repeat the question. I may very 13 well instruct him not to answer the question because it's 14 not a fact question. 15 MR. RICHTER: Why don't you read it back. 16 (Whereupon, the following was read back: 17 "Q Do you have any explanation as to why the 18 documents that you have described were not 19 produced in advance of the deposition?") 20 MR. MEINERTZHAGEN: Go ahead and answer, if you 21 know. 22 THE WITNESS: To the best of my knowledge I had 23 produced the documents that were requested. 24 MR. RICHTER: Q To your counsel? 25 A To my counsel. And then the documents that</p>	<p style="text-align: right;">Page 121</p> <p>1 lines? 2 A Yes. 3 Q Okay. Those are loans or lines that are opened 4 after the time that somebody already moves into the 5 property whereas the other ones are at the time of the 6 origination, at the time they move in? 7 MR. MEINERTZHAGEN: Object to the form. 8 THE WITNESS: Yeah. I asked for a breakdown of all 9 home equity which would include all premiums and related 10 commissions paid to Chase Insurance Agency, Inc. on that 11 business. That's what I received. 12 MR. RICHTER: Q My question is just a technical 13 one relating to what qualifies as home equity and what 14 qualifies as other. What's your definition of home 15 equity loan or line? 16 MR. MEINERTZHAGEN: Object to the form. 17 THE WITNESS: The home -- the only other flood 18 business that we have are first residential flood and 19 condo flood. Everything else falls into the home equity 20 bucket which would include, you know, flood gap, which is 21 one reason why -- thinking about it, one reason why the 22 premiums increased so dramatically year over year. I was 23 thinking about some of the timing. 24 One of my earlier responses -- and probably the 25 biggest increase was driven by lender placement of flood</p>

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<p>1 gap.</p> <p>2 MR. RICHTER: Q I think that helps. Just a</p> <p>3 follow-up question relating to -- homeowner purchases a</p> <p>4 house, they get a first for the 80 percent, then they --</p> <p>5 they can't afford a 20 percent downpayment so they get a</p> <p>6 second at the time that they close on the house. Does</p> <p>7 that -- that second loan is with Chase, does that fall</p> <p>8 into the home equity bucket?</p> <p>9 A It does.</p> <p>10 Q Just to summarize, home equity for purposes of</p> <p>11 Chase's definition is not first loans, noncondo loans?</p> <p>12 A Correct.</p> <p>13 Q Did Chase bargain for anything in return for</p> <p>14 the reduction of the commission from 20 percent to 10</p> <p>15 percent?</p> <p>16 A Absolutely not.</p> <p>17 Q It was just a give away?</p> <p>18 A It's a give away. We did ask Assurant if we</p> <p>19 could pass that on to the consumer.</p> <p>20 Q What was their response?</p> <p>21 A The base rates are the same for all clients.</p> <p>22 There's a commission component built into the rate</p> <p>23 itself, and they're unable to change the base rate for a</p> <p>24 single client. It's one or none or it's all or none.</p> <p>25 Q Are there e-mails or other written</p>	<p>1 Q Who's the -- their Compliance PLUS product</p> <p>2 manager, is that Vanessa Cook?</p> <p>3 A It likely would be Vanessa Cook. They leave it</p> <p>4 open ended because of the change in personnel. Vanessa</p> <p>5 Cook is our account executive with Assurant. So</p> <p>6 day-to-day operational issues we go through Vanessa.</p> <p>7 Senior level matters we go directly to either Mike</p> <p>8 Campbell or Joe Frobose.</p> <p>9 Q Have you sent any correspondence or e-mails to</p> <p>10 anybody else at ASIC relating to the 2010 agency</p> <p>11 agreement?</p> <p>12 A Other than draft agreements, no.</p> <p>13 Q How about anybody at Chase Home Finance, LLC or</p> <p>14 JP Morgan Chase Bank, N.A., have you exchanged any</p> <p>15 communications, e-mails, correspondence relating to the</p> <p>16 2010 agency agreement?</p> <p>17 A The agreement itself?</p> <p>18 Q Uh-huh.</p> <p>19 A I don't believe so.</p> <p>20 Q How about relating to the commissions under the</p> <p>21 agreement?</p> <p>22 A Other than, you know, a dec that I would have</p> <p>23 prepared, which is the same thing we're talking about.</p> <p>24 Q What do you mean by that?</p> <p>25 A It would include, you know, what -- on a going</p>
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<p>1 communications reflecting that request as you've</p> <p>2 described to see if that savings could be passed on to</p> <p>3 the consumer?</p> <p>4 A I don't believe so.</p> <p>5 Q Did Chase Insurance Agency's responsibility</p> <p>6 under the 2010 agency agreement remain the same as</p> <p>7 JP Morgan agency responsibilities under the 2007 agency</p> <p>8 agreement?</p> <p>9 MR. MEINERTZHAGEN: Object to the form.</p> <p>10 THE WITNESS: They would.</p> <p>11 MR. RICHTER: Q How about your responsibilities in</p> <p>12 terms of what you handle in connection with both of those</p> <p>13 agreements, did they basically remain the same?</p> <p>14 A They basically remained the same.</p> <p>15 Q So under the new agreement, for example,</p> <p>16 believe it's at paragraph 8 of the 2010 agreement, all</p> <p>17 notices are still supposed to be sent to you?</p> <p>18 A Correct.</p> <p>19 Q Have you received any notices in connection</p> <p>20 with the 2010 agency agreement?</p> <p>21 A No.</p> <p>22 Q Have you sent any correspondence or e-mails or</p> <p>23 notices to ASIC's Compliance PLUS product manager</p> <p>24 relating to the 2010 agency agreement?</p> <p>25 A No.</p>	<p>1 forward what the commission structure would be, and it's</p> <p>2 not -- you know, the dec, you know, was not necessarily</p> <p>3 prepared to focus on flood. We're focusing on a number</p> <p>4 of issues around the program, rate being one.</p> <p>5 Q When you say a dec, do you mean a dec --</p> <p>6 A Presentation dec. We refer to them as decs.</p> <p>7 It would be a document with an executive summary and</p> <p>8 then, you know, potentially some, you know, financial</p> <p>9 information, some bullet points.</p> <p>10 Q You have prepared something like that relating</p> <p>11 to the 2010 agreement?</p> <p>12 A Not specifically relating to the agreement, but</p> <p>13 you know, with regard to the 10 percent commission on all</p> <p>14 flood lines with the exception of home equity that was</p> <p>15 zero.</p> <p>16 Q Is that executive summary -- is that a</p> <p>17 different document than the ones that you were describing</p> <p>18 before?</p> <p>19 A No, these are all the documents that -- these</p> <p>20 are ones that have been prepared, you know, with</p> <p>21 consultation by inhouse counsel and, you know --</p> <p>22 MS. POPE: We're talking about the same documents,</p> <p>23 Kai.</p> <p>24 MR. RICHTER: That's what I'm trying to find out</p> <p>25 from the witness.</p>

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<p>1 THE WITNESS: I'm just trying to --</p> <p>2 MR. RICHTER: Q Do you continue to review the same</p> <p>3 types of commission statements and reports that you did</p> <p>4 before in connection with the 2007 agency agreement?</p> <p>5 A Yes. The format is different, but simply</p> <p>6 because I've asked for it.</p> <p>7 Q Are there any new reports or statements that</p> <p>8 you review in connection with the 2010 agreement?</p> <p>9 A They're new only in that they're reformatted</p> <p>10 and summarized and they include net premiums and</p> <p>11 collected premiums.</p> <p>12 (Exhibit 52 marked as requested)</p> <p>13 Q Mr. Wheeler, the court reporter has handed you</p> <p>14 what's been marked as Exhibit 52, Chase 1812 through</p> <p>15 1815.</p> <p>16 Do you have that in front of you?</p> <p>17 A Yes, I do.</p> <p>18 Q Are you familiar with this document?</p> <p>19 A Yes, I am.</p> <p>20 Q What is it?</p> <p>21 A It's a letter agreement that was drafted on</p> <p>22 December 31st, 2009 that set forth the proposed terms and</p> <p>23 conditions affecting each of the lender-placed agreements</p> <p>24 as we entered into good faith negotiations as our</p> <p>25 existing contracts were expiring. So the intent was to</p>	<p>1 would not be any commissions paid to Chase or reinsurance</p> <p>2 transactions ceded to Chase until such time as these ex</p> <p>3 -- these agreements had been fully executed.</p> <p>4 So Chase was accruing on our books a receivable</p> <p>5 based upon the proposed terms of this 12-31-09 document,</p> <p>6 and Assurant was accruing on their books a liability for</p> <p>7 the proposed terms that would be effective January 1st,</p> <p>8 2010.</p> <p>9 Q All right. Looking at the first page of the</p> <p>10 letter agreement, 1812, in the middle of the first</p> <p>11 paragraph it says, within 60 days following the date of</p> <p>12 this letter agreement, the parties will negotiate a</p> <p>13 definitive written agreement that will replace the</p> <p>14 existing agreements between the parties and which will be</p> <p>15 based on the proposed agreement terms.</p> <p>16 Do I have that right?</p> <p>17 A Yes.</p> <p>18 Q Are the amended agreements that we touched upon</p> <p>19 and the new agency agreement that we touched upon in your</p> <p>20 earlier testimony, the 2010 agreements, are those the</p> <p>21 definitive written agreements?</p> <p>22 A Yes.</p> <p>23 Q Now, those agreements, they state that they're</p> <p>24 effective January 1, 2010, correct?</p> <p>25 A Correct.</p>
<p>Page 127</p> <p>1 have a letter of intent, reference the fact that we are</p> <p>2 continuing to operate under the current agreements until</p> <p>3 we reach, you know, final decisions and both parties or</p> <p>4 all parties will negotiate in good faith to finalize</p> <p>5 those negotiations within 60 days.</p> <p>6 Q When you say continue to operate under the</p> <p>7 existing agreements, you're referring to the 2007</p> <p>8 agreements, correct?</p> <p>9 A Any agreement that was expiring at the end of</p> <p>10 2009 which would have been the 2007 agreements.</p> <p>11 Q So looking at the bottom of Chase 1812, it</p> <p>12 refers to the Master Services Agreement dated</p> <p>13 August 31st, 2006, including Schedule 1.</p> <p>14 A Yes.</p> <p>15 Q Then it goes on to the next page, it refers to</p> <p>16 the Compliance PLUS Insurance Agreement dated January 1,</p> <p>17 2007, correct?</p> <p>18 A Correct.</p> <p>19 Q And the Compliance PLUS Insurance Agency</p> <p>20 agreement dated January 1, 2007, correct?</p> <p>21 A That's correct.</p> <p>22 Q Those are the existing agreements and the</p> <p>23 others listed here in the same paragraph?</p> <p>24 A Those were the existing agreements. And the</p> <p>25 decision that we made between the parties was that there</p>	<p>Page 129</p> <p>1 Q But they weren't reached January 1, 2010,</p> <p>2 correct?</p> <p>3 A The final negotiations were not reached, no.</p> <p>4 Q When were those agreements actually reached?</p> <p>5 A I believe all the agreements -- we waited until</p> <p>6 the agreements were ready for execution, I don't have an</p> <p>7 exact date, but I believe it was August of 2010. I know</p> <p>8 it was before September.</p> <p>9 Q I think this brings us back to Exhibit 43,</p> <p>10 Chase 1816 through 18 -- these are -- let's just go</p> <p>11 through them in order.</p> <p>12 Chase 1816, as of March 19th, 2010, you were</p> <p>13 writing to John Frobose on behalf of Chase Home Finance,</p> <p>14 LLC, this letter, correct?</p> <p>15 A That's correct.</p> <p>16 Q You wrote, as of the day of that letter,</p> <p>17 pursuant to a conversation that you had with Mr. Frobose</p> <p>18 that it was the desire of all parties to extend the terms</p> <p>19 of the letter agreement dated December 31st, 2009 for a</p> <p>20 period of 60 days following the date of your letter which</p> <p>21 here is March 19, so continuing on another 60 days beyond</p> <p>22 that, correct?</p> <p>23 A That's correct.</p> <p>24 Q You acknowledged here that the 2007 agreements</p> <p>25 remained in full force and effect, correct, in</p>

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<p style="text-align: right;">Page 130</p> <p>1 paragraph 2? 2 A Yes. 3 Q Then moving on to the next page, same exhibit, 4 at the conclusion of that 60-day period you wrote again 5 to Mr. Frobese on behalf of Chase Home Finance, LLC, 6 stating the desire of the parties to extend the period 7 for another 60 days, correct? 8 A Correct. 9 Q And then on the final page, Chase 1818, you 10 wrote again to Mr. Frobese on July 19th, 2010 stating the 11 desire of all parties to further extend the terms of the 12 2007 agreements -- further extend the terms of the letter 13 agreement for another period of 60 days, is that right? 14 A That's correct. 15 Q So the 2010 agreements were actually reached in 16 August of 2010, correct? 17 A They were executed in 2010. 18 Q Okay. They were essentially backdated to 19 January 1 of 2010, is that right? 20 MR. MEINERTZHAGEN: Object to the form. 21 THE WITNESS: Yes. The date that we were focused on 22 -- well, January 1 was going -- is going to be or was the 23 effective date of all the contracts given the expiring 24 contracts that we're operating under month to month until 25 the superseded contracts were executed.</p> <p style="text-align: right;">Page 131</p> <p>1 The urgency behind the execution attached 2 itself to the reinsurance arrangement because we had 9 3 months, you know, to negotiate that in good faith, the 4 terms of the reinsurance so we wanted to make sure 5 everything was executed prior to, and that's why I say 6 August everything was executed. That's kind of the 7 timeline we're operating under. 8 MR. MEINERTZHAGEN: Can we take a break now? 9 MR. RICHTER: Q One question. 10 No, let's take it. 11 (Off the record) 12 MR. RICHTER: Q Back on the record. 13 Q Mr. Wheeler, when we left off, I believe we 14 were on Deposition Exhibit 52, the letter agreement. 15 Do you still have that in front of you? 16 A Yes, I do. 17 Q Okay. Did you participate in the negotiations 18 relating to this letter agreement? 19 A Yes, I did. 20 Q And who else participated on behalf of each 21 side? 22 A Chase legal counsel, myself, John Frobese with 23 Assurant and his legal counsel. Bob Seginini. 24 Q Anybody else? 25 A Not that I recall.</p>	<p style="text-align: right;">Page 132</p> <p>1 Q Okay. Now, it look like Mr. Schneider signed 2 it on behalf of Chase Home Finance, LLC. He's your -- 3 He's Mr. Seginini's boss. 4 A Yes. 5 Q Mr. Seginini is your boss? 6 A That's correct. 7 Q Was he just pretty much the guy to sign off or 8 was he also involved in the negotiations? 9 A He was the senior executive to sign off and 10 with, you know, all of our major agreements Chase Home 11 Finance, we looked to have a senior executive sign off on 12 the agreements. 13 Q When you negotiated the various agreements that 14 we've gone over, not just the letter agreement but all of 15 them, to the extent that you played a role in the 16 negotiations process, did you take direction from Chase? 17 MR. MEINERTZHAGEN: Object to the form. Chase as 18 you defined it at the very beginning? 19 MR. RICHTER: Yes. 20 THE WITNESS: Took direction from legal counsel. 21 MR. RICHTER: Q For Chase? 22 A For Chase. 23 Q Were there drafts of the letter agreement that 24 were exchanged? 25 A There likely were. As I recall, I presented a</p> <p style="text-align: right;">Page 133</p> <p>1 first draft, and legal and I consulted and changes were 2 made. It was probably exchanged a couple of times. It 3 was shared with Assurant. 4 Q Were there also correspondence and e-mails 5 relating to the letter agreement going back and forth 6 between Chase and Assurant/ASIC? 7 A I don't believe so. 8 Q You know that for sure or you just can't 9 recall? 10 A I don't believe so. This would have documented 11 discussions that had already taken place and agreements 12 already made with Assurant relative to the specifics of 13 the proposed agreement itself. 14 Q Let's take a look at second page in, Chase 1813 at 15 numbered paragraph 2, header, Lender-Placed Flood 16 Insurance Policies. 17 Do you see that? 18 A Yes. 19 Q And I think you mentioned something about a 15 20 percent commission earlier. Do you recall that? 21 A Yes. 22 Q And this provision in the letter agreement 23 provided for a 15 percent commission on Compliance PLUS 24 Policies that were issued or renewed on or after 25 January 1, 2010, is that right?</p>
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<p>1 A Yes, and if you look at this -- the wording of 2 paragraph 2, referencing the commission payable to Chase, 3 we've already begun the discussions of taking the 4 commissions below 15 percent and that's why we've 5 indicated here will not exceed 15 percent, whereas in the 6 wind policies when this was drafted we did not 7 contemplate taking wind down, which we ended up doing. 8 Paragraph 3 references the commission would be 9 payable to Chase Insurance equal to 15 percent. 10 Paragraph 2 indicates commission payable to Chase 11 insurance will not exceed 15 percent. So this goes to 12 the earlier comment that I made that I believe the 13 discussions had already taken place in 2009 to reduce, 14 you know, commissions below this amount, although we had 15 not made a definitive decision. 16 Q Now, in the -- and that term was known to 17 everybody at Chase, including Mr. Seginini and 18 Mr. Schneider, who was involved in the negotiations and 19 signoff on this letter agreement, the 15 percent 20 commission, correct? 21 MR. MEINERTZHAGEN: Object to the form. 22 THE WITNESS: The 15 percent commission on flood, 23 all parties to this letter agreement that were involved 24 in either discussions or negotiations were aware that 25 that is the amount that we were going to accrue for as of</p>	<p>1 A With the exception of home equity we were 2 accruing commissions at 15 percent. When the contracts 3 were ultimately executed, they were paid at 10 percent 4 for all flood lines, with the exception of home equity 5 which was paid at zero commission. We were not accruing 6 for home equity. Assurant was accruing it as a liability 7 based upon our letter agreement. 8 Q Is there anything in the letter agreement that 9 indicates that the commissions for home equity loans and 10 lines are to be treated any differently from other types 11 of loans? 12 A No. 13 Q Now, I believe you testified earlier that in -- 14 you believed it was important to keep the servicing -- 15 the outsourcing servicing terms separate from the 16 commission terms, correct? 17 A Correct. 18 Q And the letter agreement, they're both in the 19 same document, correct? 20 A Correct. 21 Q Paragraph 2 deals with the commission which 22 we've just discussed, and then paragraph 5 deals with the 23 insurance servicing, correct? 24 A Correct. 25 Q Paragraph 5 provides that Chase currently</p>
<p>Page 135</p> <p>1 January 1, 2010 as a receivable. We didn't bring in the 2 commissions until the agreements were executed. 3 MR. RICHTER: Q So for the lender-placed policies 4 that were forced-placed from January 1, 2010 up until 5 August of 2010, they accrued at 15 percent, correct? 6 MR. MEINERTZHAGEN: Object to the form. 7 MR. RICHTER: Just let me get there. 8 MR. MEINERTZHAGEN: You say force-placed, but you're 9 talking about earned, the premium that's earned, right? 10 MR. RICHTER: I don't think I've used the word 11 earned throughout the entire deposition. That's your 12 term and we won't be -- 13 MR. MEINERTZHAGEN: You're talking about new 14 business? If I don't understand, how is he supposed to. 15 MR. RICHTER: Just object to the form. 16 MR. MEINERTZHAGEN: All right. Object to the form. 17 Go ahead and answer. 18 MR. RICHTER: I don't think -- if you would have let 19 me go on, I don't think this would have been very 20 difficult. I'm trying to get us out of here before 5:00. 21 Q During the period from January 1, 2010 to 22 August, 2010, I believe you testified that the 23 commissions accrued at 15 percent, and I want to get at 24 whether they were ultimately paid out at 15 percent or 25 they were paid out at 10 percent.</p>	<p>Page 137</p> <p>1 purchases insurance management services from Assurant 2 pursuant to the terms and conditions of the MSA. That 3 refers to the master agreement we were discussing 4 earlier, correct? 5 A Correct. 6 Q Including Schedule 1 thereto. Chase and 7 Assurant agree in principle that Assurant will continue 8 to provide services to Chase and extend comparable 9 services in connection with H-WaMu -- that's 10 Heritage-Washington Mutual? 11 A Correct. 12 Q -- loans and EMC loans. I have that right? 13 A Correct. 14 Q In fact, in the letter agreement the parties 15 agreed the fee would be 35 cents per mortgage loan per 16 month based upon the standard services provided by 17 Assurant to Chase, correct? 18 A That's correct under the new agreement, and the 19 30 cents per loan per month was being accrued by Chase 20 Home Finance as a payable, as a liability. 21 Q And as we went over earlier, the 35 cents per 22 mortgage loan per month was ultimately incorporated into 23 the 2010 Compliance PLUS Insurance Agreement and 24 Schedule 1? 25 A Schedule 1, that's correct.</p>

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<p style="text-align: right;">Page 138</p> <p>1 Q So under the letter agreement Chase's 2 affiliate, Chase Insurance Agency, Inc. was to continue 3 receiving a commission, albeit a reduced one, for 4 lender-placed flood policies, and in turn Chase was to 5 continue to purchase insurance servicing from 6 Assurant/ASIC, correct? 7 MR. MEINERTZHAGEN: Object to the form. 8 THE WITNESS: Placement was continuing, commissions 9 were not being paid. Commissions were being accrued 10 based upon the letter agreement, but no commissions, no 11 revenue was paid to either Chase or Assurant until the 12 agreements were fully executed. And the accrual was 13 based upon with the exception of home equity, was based 14 upon the letter agreement. 15 MR. RICHTER: Q In the various documents that 16 we've gone over today there's references in many of them 17 to a Compliance PLUS Insurance Program. You are aware of 18 that? 19 A I'm aware of the Compliance PLUS Program. 20 Q Okay. 21 A That's Assurant's flood program. 22 Q Is that program set forth in a document called 23 Compliance PLUS Insurance Program or something like that? 24 A I think you've in your -- received the document 25 you produced earlier that was the procedure manual, I</p>	<p style="text-align: right;">Page 140</p> <p>1 Q The term PLUS when it's used with Compliance 2 PLUS, I've seen it's always capitalized. Have you 3 noticed that as well? 4 A Probably. 5 Q Do you know if the plus is an -- do you know 6 what it stands for, is it an acronym for? What is the 7 plus? 8 A I couldn't tell you. As long as I've managed 9 the program there's been Compliance PLUS and Hazard PLUS. 10 Q Have you ever asked anyone what's the PLUS for? 11 A No. Each of the insurance carriers, the ones 12 that write their own private insurance, have got their 13 own programs and filings. 14 Q And, you know, going back to the agreement that 15 we've touched upon. Master Service Agreement, 16 Schedule 1, the Compliance PLUS Insurance Agreement, the 17 agency agreement, the amended versions of those 18 agreements, the letter agreement, we've talked about all 19 of those here today, right? 20 A Yes. 21 Q Were each of those agreements thoroughly 22 negotiated at arm's length? 23 MR. MEINERTZHAGEN: Object to form. 24 THE WITNESS: I don't understand the question. To 25 separate servicing in those negotiations and discussions,</p>
<p style="text-align: right;">Page 139</p> <p>1 think there's a reference there to the Compliance PLUS 2 Program. The actual forms that Assurant uses I can't say 3 whether or not it says Compliance PLUS on that or not. I 4 don't recall seeing that. 5 Q I guess that's what I'm trying to get at. I've 6 seen documents called a procedures manual, I have seen 7 references to a procedures manual. I've seen Schedule 1, 8 seen the Master Agreement, seen the Compliance PLUS 9 Assurance Agreement, seen the agency agreement, but I've 10 never seen something called Compliance PLUS Insurance 11 Program that's been produced in this case. 12 I'm trying to figure out is that a different 13 document -- number 1, whether you know, and, if so, yes 14 or no. 15 A It's not a document. That's their flood 16 program. That's what they call their flood program. The 17 hazard program is referred to as Hazard Plus, the wind 18 program is Wind Plus, so it's the name for their 19 lender-placed program and the amendments, the agreements, 20 the documents that are attached to it either procedurally 21 or contractually, whether the forms themselves say 22 Compliance Plus, Hazard Plus, I couldn't say for certain. 23 I believe the filings -- I believe the filings that 24 Assurant has, the master policies for these programs I 25 believe have Compliance PLUS.</p>	<p style="text-align: right;">Page 141</p> <p>1 is that the question? 2 MR. RICHTER: Q I think my question is more 3 fundamental. Each of the agreements that we've gone 4 over, were those agreements that were reached as a result 5 of arm's length negotiations? 6 MR. MEINERTZHAGEN: Object to the form. 7 THE WITNESS: Were they negotiated effectively on a 8 stand alone basis? Clarify for me -- 9 MR. RICHTER: Q Were they negotiated -- let me ask 10 you this. Maybe it's just a term of art that maybe 11 you're not familiar with or maybe you are. I don't know. 12 Are you familiar with the term arm's length 13 negotiations? 14 A I guess not because I don't understand where 15 you're coming from in terms of the question. That's why 16 I'm asking for some clarity. 17 Q Were the agreements that we've gone over 18 earlier today, were they reached as a result of 19 bargaining by two separate sides? 20 MR. MEINERTZHAGEN: Object to the form. 21 THE WITNESS: There was no bargaining involved in 22 negotiations. There was no -- if you're looking at quid 23 pro quo, there was no -- we negotiated the individual 24 contracts based upon the merit of, you know, the programs 25 and what we were looking to achieve, you know. Hazard is</p>

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<p>1 different than flood is different than wind, you know. 2 There wasn't, you know -- I'm not really getting where 3 you're trying to go with this. What we do with one 4 agreement had nothing to do with what we were doing in 5 another agreement be it compensation or anything else. 6 MR. RICHTER: Q I don't want -- 7 A I don't know what else to say. We negotiated 8 on the merits of the program and what our needs were, you 9 know, from a servicing perspective. 10 Q Fair enough. Were each of the agreements that 11 were negotiated, were they negotiated on their merits? 12 A Yes. 13 Q Okay. And those agreements include all of the 14 material terms between the parties? 15 A Yes. 16 Q Are there any other agreements between Chase or 17 any Chase affiliate on the one hand and ASIC or Assurant 18 on the other hand relating to flood insurance or 19 force-placed flood insurance? 20 A Other than what we've discussed here today, not 21 to my knowledge. 22 Q Do any of the agreements that we discussed 23 contain terms that put a specific dollar price on the 24 lender-placed policies that are to be issued? 25 A Can you please repeat that?</p>	<p>1 expensive? 2 A On flood, I don't. I know that the Assurant 3 flood policy it below the NFIP policy, write your own 4 policy by some 30 to 40 cents. I know lender-placed 5 carriers are all pretty close in terms of the rate per 6 hundred because that's something I've looked at. 7 Q When you say by 40 cents, 40 cents per -- 8 A The rate is per hundred dollars of coverage. I 9 was going to say we make every effort, you know, to avoid 10 lender placement, not only encouraging the borrower to 11 obtain their own insurance but that the insurance is 12 likely to be cheaper if they purchase it on their own, 13 and the limitations of the coverage, and we send them 14 multiple notices. 15 Q Do you -- 16 A We want to avoid lender placement as an 17 organization. Assurant is simply program provided. 18 We're not marketing the product. 19 Q Do you think Chase has any obligation to 20 negotiate a competitive program on lender-placed policies 21 for its customers? 22 A We don't establish the rates. There's one base 23 rate for all clients. 24 MR. MEINERTZHAGEN: Going to get a belated objection 25 to form and to scope.</p>
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<p>1 (Whereupon, the following was read back: 2 "Q Do any of the agreements that we 3 discussed contain terms that put a specific 4 dollar price on the lender-placed policies that 5 are to be issued?") 6 MR. MEINERTZHAGEN: Object to the form. 7 THE WITNESS: No. 8 MR. RICHTER: Q Why not? 9 A That is included in the borrower disclosures. 10 Notification that is sent to the borrower advising them 11 of their requirement to maintain adequate flood 12 insurance, also provides them with specific premium 13 that's going to be charged, the fact that it's limited 14 coverage. You probably have seen the borrower 15 disclosures. 16 Q Are you aware that the ASIC policies that are 17 lender-placed are generally more expensive than policies 18 that a borrower would be able to obtain on his or her 19 own? 20 MR. MEINERTZHAGEN: Object to the form, outside the 21 scope. 22 THE WITNESS: Lender place in general is typically 23 going to be more expensive than insurance that, you know, 24 one can obtain on their own. 25 MR. RICHTER: Q Do you know how much more</p>	<p>1 THE WITNESS: I mentioned we approached Assurant to 2 see if they could, you know, pass that savings on to onto 3 the borrower. They can't have two separate programs. 4 They're exactly the same with different rate levels. 5 That would be rate discrimination. 6 MR. RICHTER: Q Has Chase ever investigated or 7 conducted any research to determine whether other 8 companies would be capable of issuing comparable 9 coverage, flood insurance coverage to Chase customers at 10 a better price for the customer? 11 MR. MEINERTZHAGEN: Object to the form, outside the 12 scope. 13 THE WITNESS: We've gone through in years passed 14 consistent with the last -- the 2007 agreements, an RFP 15 process, request for proposal. During the course of that 16 proposal is the time when we get the rate information 17 from the carriers, and it was all in line and the rates 18 were all very similar. And when we look at lender-placed 19 carrier, we look at any number of different criteria, the 20 most important probably being the financial stability of 21 that organization, make sure they're around to pay 22 claims. When we look at rates we want to make sure the 23 rates are adequate. 24 MR. RICHTER: Q Who else responded to the 2007 25 request for proposal or the request for proposal I guess</p>

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<p style="text-align: right;">Page 146</p> <p>1 it would have been 2006?</p> <p>2 A I think it was 2005, 2006. I'm not exactly</p> <p>3 sure of the timeframe. It would have been ZC Sterling,</p> <p>4 it would have been Balboa, SafeCo. Assurant has since</p> <p>5 acquired SafeCo's financial institution.</p> <p>6 Q Looking at Chase 1815 back in the letter</p> <p>7 agreement, very last paragraph, it says, Chase looks</p> <p>8 forward to completing a definitive agreement with</p> <p>9 Assurant. We believe that the RFP waiver was key to</p> <p>10 facilitating a successful negotiations during the very</p> <p>11 challenging business environment.</p> <p>12 Do you see that?</p> <p>13 A I do.</p> <p>14 Q What does that refer to?</p> <p>15 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>16 THE WITNESS: We waived the RFP process in</p> <p>17 negotiating the new agreement with Assurant.</p> <p>18 MR. RICHTER: Q Why?</p> <p>19 A Because everything that was going on within the</p> <p>20 organization relative to the acquisition, merging of --</p> <p>21 and migration of the WaMu business and the EMC business,</p> <p>22 and as that business has migrated it's being done so in</p> <p>23 phases. Whenever we looked at an RFP. We also have to</p> <p>24 examine the devil we know versus the devil we don't know,</p> <p>25 and we know what Assurant's capabilities are, not just</p>	<p style="text-align: right;">Page 148</p> <p>1 to deductibles, relative to any program nuances, and that</p> <p>2 information, you know, is also utilized in our decision</p> <p>3 matrix.</p> <p>4 Q Is there any term in any of the agreements, the</p> <p>5 2007 agreement, the 2010 agreements or the letter</p> <p>6 agreement that placed any limit on what ASIC could charge</p> <p>7 for lender-placed coverage?</p> <p>8 A No. We don't set the rates. The insurance</p> <p>9 carrier sets the rates and the rates are filed and</p> <p>10 reviewed and/or approved by the state regulators. The</p> <p>11 borrower has an option clearly to go down the street to</p> <p>12 their independent agent, see if they can provide flood</p> <p>13 insurance, and then, okay -- if they're in special flood</p> <p>14 hazard area, they can go to the NFIP and they can be put</p> <p>15 in contact with an agent that can write a program, you</p> <p>16 know, using their paper. Failure to do either will</p> <p>17 necessitate lender placement.</p> <p>18 It's not a program that's designed -- it's not</p> <p>19 a program that's designed to be competitive. We don't</p> <p>20 design it. It's to protect the collateral that's used to</p> <p>21 secure a loan.</p> <p>22 Q Why did Chase change its coverage requirements</p> <p>23 for home equity loans and lines at the end of '09?</p> <p>24 MR. MEINERTZHAGEN: Object to the scope. It's</p> <p>25 outside of what this witness is being produced to testify</p>
<p style="text-align: right;">Page 147</p> <p>1 what they tell us they are in terms of their ability to</p> <p>2 perform and execute. That was another consideration in</p> <p>3 waiving the RFP.</p> <p>4 Assurant has 67 percent market share. They're</p> <p>5 clearly the 800 pound gorilla. Balboa is number 2 with</p> <p>6 about 24 percent market share, 19 percent of which</p> <p>7 roughly is Countrywide, so there aren't a lot of options</p> <p>8 out there today. Probably their closest competitor would</p> <p>9 be -- I think it's now Sterling National, the former ZC</p> <p>10 Sterling, and they were primarily a -- for a very long</p> <p>11 time -- we did business with them at one time, a nonprime</p> <p>12 insurance carrier. It's the resource availability as</p> <p>13 well.</p> <p>14 Q Was any research conducted leading up to the</p> <p>15 letter agreement or the 2010 series of agreements</p> <p>16 concerning the cost of the lender-placed policies issued</p> <p>17 by competitors of ASIC/Assurant?</p> <p>18 A No.</p> <p>19 Q Under the --</p> <p>20 A The process is an ongoing process. It doesn't</p> <p>21 happen monthly or necessarily quarterly. But as part of</p> <p>22 what I do, you know, I gather market intelligence, I</p> <p>23 speak with, you know, whether it be counterparts or</p> <p>24 Assurant peer companies in the contacts I have with those</p> <p>25 companies to get information relative to rates, relative</p>	<p style="text-align: right;">Page 149</p> <p>1 to.</p> <p>2 You can go ahead and answer in your own</p> <p>3 personal knowledge, if you know.</p> <p>4 THE WITNESS: I wasn't involved in a decision and</p> <p>5 found out about it after the decision was made, but it</p> <p>6 was based upon -- I do know that it was based upon the</p> <p>7 complexity of both acquiring and maintaining an accurate</p> <p>8 first mortgage balance for the life of the loan and</p> <p>9 because of that the decision was made to eliminate a</p> <p>10 combined UPB and the calculation of flood coverage,</p> <p>11 required flood coverage. And in so doing, you know,</p> <p>12 that's what put Chase's requirement above the minimum</p> <p>13 regulatory requirement, NFIP maximum or replacement cost.</p> <p>14 MR. RICHTER: Q Who -- Do you know who</p> <p>15 participated in the decision to make that change in the</p> <p>16 insurance requirement?</p> <p>17 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>18 THE WITNESS: I would know some that participated.</p> <p>19 I don't know all that would have participated. I didn't</p> <p>20 participate. Legal would have been involved, the --</p> <p>21 servicing team that we talked about, Jeff Nack, Brent</p> <p>22 Miller, Terry Smith would have been involved in that</p> <p>23 decision. They would have presented it to either --</p> <p>24 again timing, December of '09, it would either have been</p> <p>25 Kim Greaves or it would have been David Schneider.</p>

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<p style="text-align: right;">Page 150</p> <p>1 MR. RICHTER: Q How did you learn about the change?</p> <p>2 A I received -- probably the first notification</p> <p>3 was probably from Assurant, and then I started</p> <p>4 questioning the minimum requirements and was provided</p> <p>5 with a document that broke down what the minimum</p> <p>6 requirements were for Chase, what they were, the minimum</p> <p>7 requirements for regulators, what they were for</p> <p>8 investors, comments that were made as to why we were</p> <p>9 doing what we were doing.</p> <p>10 Q Was there any e-mail, notice, memo, anything in</p> <p>11 writing that went out from either Chase or Assurant/ASIC</p> <p>12 regarding that change to notify you or other persons?</p> <p>13 MR. MEINERTZHAGEN: Object to the scope.</p> <p>14 THE WITNESS: The best way I can answer that is that</p> <p>15 I learned of that process change after the fact, and as I</p> <p>16 recall, I first learned about it, as I said, from</p> <p>17 Assurant when I asked the question regarding flood, you</p> <p>18 know, specifically what are the business rules, and they</p> <p>19 may have reached out to servicing and gotten a copy, sent</p> <p>20 it to me. It may have even surfaced initially, you know,</p> <p>21 with counsel because we began talking about --</p> <p>22 MR. MEINERTZHAGEN: I don't want you to go into the</p> <p>23 substance of communications with counsel.</p> <p>24 You're talking about inhouse counsel with</p> <p>25 Chase?</p>	<p style="text-align: right;">Page 152</p> <p>1 Q When you say you are familiar with the monthly</p> <p>2 experience claims paid report, what type of information</p> <p>3 is on there? Is there any information relating to</p> <p>4 commissions?</p> <p>5 A No. It's a claims report. It's by --</p> <p>6 typically low level, would include property address,</p> <p>7 insured's name, loss amount.</p> <p>8 Q I want to go through a few other reports to</p> <p>9 determine whether you're familiar with them at all.</p> <p>10 (Exhibit 53 marked as requested)</p> <p>11 Q Let's start with Deposition Exhibit 53, monthly</p> <p>12 management book for home equity, Bates number Chase 1819</p> <p>13 through 27.</p> <p>14 Are you familiar with this report at all?</p> <p>15 A No, I'm not.</p> <p>16 Q Let's go on to another one.</p> <p>17 (Exhibit 54 marked as requested)</p> <p>18 Q Deposition Exhibit 54, Chase 1828 through 43.</p> <p>19 Do you have that in front of you?</p> <p>20 A I do.</p> <p>21 Q This is the Assurant Home Equity Score Card.</p> <p>22 Are you familiar with this?</p> <p>23 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>24 THE WITNESS: I don't receive a copy of this. I'm</p> <p>25 familiar with what it is. I think they track -- I think</p>
<p style="text-align: right;">Page 151</p> <p>1 THE WITNESS: Yes.</p> <p>2 MR. RICHTER: Q Mr. Wheeler, I'm handing you what</p> <p>3 was previously marked as Plaintiff Exhibit 8, and I just</p> <p>4 want you to turn for a minute -- this document is Bates</p> <p>5 number Chase 284 through 331. I'd like for you to turn</p> <p>6 just a moment to Chase 320.</p> <p>7 Mr. Wheeler, do you have page 320 in front of</p> <p>8 you?</p> <p>9 A I do.</p> <p>10 Q All right. Last row there references PMS</p> <p>11 management reports. And in that row it says on the</p> <p>12 right, sent by document control department to John</p> <p>13 Marazzo in Delaware and copy to Dan Wheeler.</p> <p>14 Do you see that?</p> <p>15 A I do.</p> <p>16 Q What's a PMS management report?</p> <p>17 A These are reports produced by Assurant. I'm</p> <p>18 not familiar with this document. It's 2002 document.</p> <p>19 Assurant's tracking services for mobile home equity. I</p> <p>20 know what a monthly experience claims paid report is</p> <p>21 which is the report description. I think that Assurant</p> <p>22 may just reference MIS management information system type</p> <p>23 reports as PMS.</p> <p>24 Q Do you know what the acronym stands for?</p> <p>25 A Again I don't.</p>	<p style="text-align: right;">Page 153</p> <p>1 servicing tracks Assurant's performance in a number of</p> <p>2 different categories then attaches a score based upon</p> <p>3 actual performance and that's --</p> <p>4 MR. RICHTER: Q Under schedule -- Exhibit A to</p> <p>5 Schedule 1?</p> <p>6 A I'm guessing.</p> <p>7 Q Why don't you turn to 1836 of this document.</p> <p>8 It's got lender-placed on the left-hand side then scores</p> <p>9 on the right-hand side. This is a report for January,</p> <p>10 2010. So just the scores for 2010 are filled in.</p> <p>11 Do you have that page in front of you?</p> <p>12 A I do.</p> <p>13 Q Okay. And on the left-hand side there's a</p> <p>14 column called criteria.</p> <p>15 Do you see that?</p> <p>16 A I do.</p> <p>17 Q And in both the first and second cells -- in</p> <p>18 the second half of each of those cells in that column it</p> <p>19 says, Chase is responsible for reviewing a random</p> <p>20 selection of loan monthly to ensure compliance to Chase</p> <p>21 policies and procedures as well as regulatory</p> <p>22 requirements.</p> <p>23 Do you see that?</p> <p>24 A I do.</p> <p>25 Q Is that an accurate statement that it -- as</p>

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<p>1 written?</p> <p>2 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>3 THE WITNESS: I have no knowledge of that</p> <p>4 requirement.</p> <p>5 MR. RICHTER: Q Would it be fair to say that</p> <p>6 Assurant and ASIC do for Chase what Chase asks it to do?</p> <p>7 A Yes, that would be fair.</p> <p>8 Q Chase follows up and monitors Assurant/ASIC to</p> <p>9 make sure they're doing exactly what Chase wants them to</p> <p>10 do?</p> <p>11 A They micro manage.</p> <p>12 MR. MEINERTZHAGEN: Objection to the form, outside</p> <p>13 the scope.</p> <p>14 MR. RICHTER: Q Let's go on to another one.</p> <p>15 Monthly escrow business review, Chase 1845 to 72 which</p> <p>16 will be marked as Exhibit 55.</p> <p>17 (Exhibit 55 marked as requested)</p> <p>18 Q Do you have -- Mr. Wheeler, do you have</p> <p>19 Exhibit 55, Chase 1845 through 72 in front of you?</p> <p>20 A Yes, I do.</p> <p>21 Q This one on the first page it says Core</p> <p>22 Servicing at the top.</p> <p>23 Do you see that?</p> <p>24 A Yes, I do.</p> <p>25 Q Are you familiar with this report?</p>	<p>1 MR. RICHTER: Q Then turning to page 1867, this is</p> <p>2 the page headed escrow administration, escalated research</p> <p>3 team.</p> <p>4 Do you see that?</p> <p>5 A Yes.</p> <p>6 Q Then there are some codes on the right-hand</p> <p>7 side.</p> <p>8 Do you see that?</p> <p>9 A Yes.</p> <p>10 Q It's code under executive office issues for</p> <p>11 insurance, dash, flood gap lender-placed insurance, dash,</p> <p>12 forced-placed?</p> <p>13 A I'm sorry. I don't see where you're</p> <p>14 referencing. I thought we were over here.</p> <p>15 Q On the right-hand side, executive office</p> <p>16 issues, it looks about ten or so down, insurance-flood</p> <p>17 gap lender placed.</p> <p>18 A Okay.</p> <p>19 Q Then another couple down insurance-forced</p> <p>20 placed.</p> <p>21 Do you see that?</p> <p>22 A Yes.</p> <p>23 Q Are you familiar at all with the coding for</p> <p>24 complaints or escalations relating to flood insurance</p> <p>25 disputes or force-placed insurance disputes?</p>
<p>Page 155</p> <p>1 A No, I'm not.</p> <p>2 Q I'll just tell you there's a reference in here</p> <p>3 to something called the MSP Hazard and Flood Functional</p> <p>4 Advisory Committee. It's on page 1849.</p> <p>5 Do you know what that committee is or who</p> <p>6 serves on it?</p> <p>7 A No. I do not, although it references here Jeff</p> <p>8 Nack and Brent Miller.</p> <p>9 Q Then on page 1856 there's some lender-placed</p> <p>10 insurance figures.</p> <p>11 Do you see that?</p> <p>12 A Yes.</p> <p>13 Q And there's some client numbers, client 465 and</p> <p>14 156 in the first box and client 589 in the second box.</p> <p>15 Do you see that?</p> <p>16 A Yes, I do.</p> <p>17 Q Do you know what those client numbers refer to?</p> <p>18 A 465 is Heritage-Chase, 156 is -- I'm sorry.</p> <p>19 Yes. That's right. 156 is Heritage-WaMu, and 589 would</p> <p>20 be Heritage-EMC.</p> <p>21 Q Do you know if the figures here include home</p> <p>22 equity?</p> <p>23 MR. MEINERTZHAGEN: Objection, outside the scope,</p> <p>24 lack of foundation.</p> <p>25 THE WITNESS: I don't know. I would assume so.</p>	<p>Page 157</p> <p>1 A No, I'm not.</p> <p>2 Q Let's move on to another report.</p> <p>3 (Exhibit 56 marked as requested)</p> <p>4 Q Mr. Wheeler, the court reporter has just handed</p> <p>5 you what's been marked as Exhibit 56, Bates number Chase</p> <p>6 1873 to 91.</p> <p>7 Do you have that in front of you?</p> <p>8 A I do.</p> <p>9 Q Are you familiar with this report at all?</p> <p>10 A No, I'm not.</p> <p>11 Q Then I'm going to hand you just one more.</p> <p>12 Class 1892 to 1913 which has been marked Deposition</p> <p>13 Exhibit 57.</p> <p>14 (Exhibit 57 marked as requested)</p> <p>15 Q Do you have that in front of you?</p> <p>16 A I do.</p> <p>17 Q Are you familiar with that report?</p> <p>18 A No, I'm not.</p> <p>19 Q Now, you indicated -- you testified about there</p> <p>20 was a change in Chase's flood insurance requirements</p> <p>21 around December of 2008. Do you recall that?</p> <p>22 A Yes, I do.</p> <p>23 Q Are Chase's flood insurance requirements the</p> <p>24 same for all borrowers regardless of where the borrower</p> <p>25 lives?</p>

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<p>1 MR. MEINERTZHAGEN: Objection, outside the scope. 2 THE WITNESS: To my knowledge, yes. 3 MR. RICHTER: Q Are Chase's flood insurance 4 requirements the same for all borrowers regardless of the 5 language of the borrower's underlying security 6 instrument? 7 MR. MEINERTZHAGEN: Objection, outside the scope. 8 THE WITNESS: Repeat that please. 9 MR. RICHTER: Q Are Chase's flood insurance 10 requirements the same for all borrowers regardless of the 11 language of their underlying deed of trust or mortgage? 12 MR. MEINERTZHAGEN: Objection, outside the scope. 13 THE WITNESS: To my knowledge, yes. 14 MR. RICHTER: Let's take a short break. I think we 15 can clean it up and get everybody out of here. 16 (Off the record) 17 MR. RICHTER: Q Back on the record. 18 Q How long have Assurant and ASIC performed their 19 current functions for Chase? 20 MR. MEINERTZHAGEN: Object to the form as to current 21 functions. 22 THE WITNESS: They have been the provider of our 23 lender-placed program and provided outsource functions 24 since at least 2000. The outsourcing may have been a 25 little bit beyond that.</p>	<p>1 A I have no idea. 2 Q Would it surprise you? 3 MR. MEINERTZHAGEN: Object to the form, outside the 4 scope. 5 THE WITNESS: I guess nothing would surprise me. 6 MR. RICHTER: Q Do Assurant and ASIC perform any 7 other functions for Chase relating to flood insurance 8 other than those we've covered already? 9 MR. MEINERTZHAGEN: Objection, asked and answered. 10 THE WITNESS: Not to my knowledge. 11 MR. RICHTER: Q You indicated that JP Morgan 12 Insurance Agency merged with Chase Insurance Agency at 13 the end of 2008, correct? 14 A That's correct. 15 Q What precipitated that merger? 16 A I don't know. 17 Q Is there a written merger agreement? 18 A I don't believe so. I believe I requested that 19 and was advised that, you know, there was no such 20 agreement. 21 Q Who did you make that request to? 22 A I did it through our Delaware operation. I may 23 have inquired through legal counsel as well. 24 Q Whether or not there was a written merger 25 agreement was there an understood set of terms relating</p>
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<p>1 MR. RICHTER: Q Not with -- go ahead. 2 A I just recall I think we had a contract in 3 place that was around 2000, and I think 1990s, we 4 probably had a program with them. We go way back with 5 the organization I guess in different venues and 6 products. 7 Q Notwithstanding that fact, Chase still sent out 8 a request for proposal in 2007? 9 A Or '05 or '06, yes, around that period of time, 10 yes. 11 Q But not prior to 2010? 12 A Not prior to 2010, that's correct. 13 Q Do you know why Assurant and ASIC were 14 initially chosen? 15 A No, I don't. 16 Q Do you know if the servicing and lender 17 placement functions were bid out at the time Assurant and 18 ASIC were initially chosen? 19 A No, I don't. I would expect they were, but I 20 don't know. 21 Q Do you know who at Chase decided upon Assurant 22 when the decision was made to go with Assurant? 23 A I can only speculate. No. 24 Q Is it true that Chase owned over 3 million 25 shares in Assurant at the beginning of 2010?</p>	<p>1 to the merger? 2 A I haven't seen any document regarding the 3 merger or the name change other than the dates that it 4 took place. 5 Q Are you aware of any substantive changes other 6 than a name change as a result of that merger? 7 MR. MEINERTZHAGEN: Object to the form. 8 THE WITNESS: No, I'm not aware. 9 MR. RICHTER: Q Are you aware that some of the 10 notices that go out to borrowers in connection with 11 force-placed coverage indicate that a licensed affiliate 12 of Chase may obtain a commission in connection with 13 coverage that is force-placed? 14 MR. MEINERTZHAGEN: Objection, outside the scope. 15 THE WITNESS: Yes. 16 MR. RICHTER: Q And that licensed affiliate is 17 Chase Insurance Agency and previously JP Morgan Insurance 18 Agency, correct? 19 A That's correct. 20 Q What license is referred to in those notices? 21 MR. MEINERTZHAGEN: Objection, outside the scope. 22 THE WITNESS: There is no specific reference. 23 MR. RICHTER: Q Do Chase Insurance Agency or JP 24 Morgan Insurance Agency -- did they carry any type of 25 insurance license?</p>

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<p>1 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>2 THE WITNESS: They have to have a license with</p> <p>3 individual states. I don't know -- I was never involved</p> <p>4 in the compliance. I did state filings.</p> <p>5 MR. RICHTER: Q Are there any licensed insurance</p> <p>6 agents that work for Chase Insurance Agency or formerly</p> <p>7 worked for JP Morgan Insurance Agency?</p> <p>8 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>9 THE WITNESS: Years ago there were a number of</p> <p>10 licensed agents. We used to have our own agency with</p> <p>11 licensed P and C agents.</p> <p>12 MR. RICHTER: Q How about since 2005?</p> <p>13 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>14 THE WITNESS: No, not to my knowledge.</p> <p>15 MR. RICHTER: Q No licensed insurance agents</p> <p>16 working for Chase Insurance Agency or JP Morgan Insurance</p> <p>17 Agency, correct?</p> <p>18 A Well, we have licensed agents. I'm sure that,</p> <p>19 you know, there are employees that hold a license whether</p> <p>20 it be P and C or life insurance. Whether or not they,</p> <p>21 you know, are utilized in any capacity, I couldn't tell</p> <p>22 you. Not employed with Chase Insurance Agency to my</p> <p>23 knowledge.</p> <p>24 Q Do you have any knowledge concerning what, if</p> <p>25 any, licenses held by Chase Insurance Agency or formerly</p>	<p>1 Agency, was it a party to any agreements with JP Morgan</p> <p>2 Chase Bank, Chase Home Finance or any other Chase</p> <p>3 affiliate?</p> <p>4 MR. MEINERTZHAGEN: Same objections.</p> <p>5 THE WITNESS: Not to my knowledge.</p> <p>6 MR. RICHTER: Q To your knowledge was JP Morgan</p> <p>7 Insurance Agency or is Chase Insurance Agency a party to</p> <p>8 any other agreements other than those we've previously</p> <p>9 covered relating to force-placed insurance or flood</p> <p>10 insurance?</p> <p>11 A No.</p> <p>12 Q Now, there's a reference in some of the</p> <p>13 documents to Standard Guaranty Insurance Company. What</p> <p>14 is SGIC?</p> <p>15 A They're one of Assurant's underwriting</p> <p>16 companies wholly owned by Assurant. They're a party to,</p> <p>17 I believe, all of the lender-placed Compliance PLUS</p> <p>18 Agreements along with ASIC.</p> <p>19 Q Do they perform different functions than ASIC?</p> <p>20 A Not to my knowledge. Just a different</p> <p>21 underwriting company. I couldn't speak to the states</p> <p>22 they may write business.</p> <p>23 Q Is Chase Home Finance, JP Morgan Bank or any</p> <p>24 Chase affiliate part of any other agreement other than</p> <p>25 what we've covered relating to flood insurance or</p>
<p>Page 163</p> <p>1 Chase Insurance -- or formerly JP Morgan Insurance</p> <p>2 Agency?</p> <p>3 A No.</p> <p>4 MR. MEINERTZHAGEN: Objection, outside the scope.</p> <p>5 THE WITNESS: Legal counsel has been directly</p> <p>6 involved in licensing.</p> <p>7 MR. RICHTER: Q I'm sorry.</p> <p>8 A I was saying our legal counsel and former</p> <p>9 compliance officer make sure licenses are maintained,</p> <p>10 renewed. I just don't know who those individuals are</p> <p>11 within the organization.</p> <p>12 Q Does Chase Insurance Agency or before that</p> <p>13 JP Morgan Insurance Agency hold a -- have any type of</p> <p>14 license agreement with Chase or any company in the Chase</p> <p>15 family of companies?</p> <p>16 MR. MEINERTZHAGEN: Object to the form and outside</p> <p>17 the scope.</p> <p>18 THE WITNESS: I have no idea.</p> <p>19 MR. RICHTER: Q Is Chase Insurance Agency a party</p> <p>20 to any agreements with JP Morgan Chase Bank or Chase Home</p> <p>21 Finance or any other Chase affiliate?</p> <p>22 MR. MEINERTZHAGEN: Objection, outside the scope, to</p> <p>23 form.</p> <p>24 THE WITNESS: I have no idea.</p> <p>25 MR. RICHTER: Q How about JP Morgan Insurance</p>	<p>Page 165</p> <p>1 force-placed insurance?</p> <p>2 A No.</p> <p>3 Q Does Chase Home Finance, JP Morgan Chase Bank</p> <p>4 or any Chase affiliate have any other financial ties to</p> <p>5 any other party relating to flood insurance or</p> <p>6 force-placed insurance?</p> <p>7 MR. MEINERTZHAGEN: Object to the form.</p> <p>8 MR. RICHTER: Q Other than what we've covered.</p> <p>9 A Not to my knowledge.</p> <p>10 Q Has Chase Home Finance, JP Morgan Chase Bank or</p> <p>11 any Chase affiliate received any other financial</p> <p>12 compensation relating to flood insurance or force-placed</p> <p>13 insurance other than what we've already covered?</p> <p>14 A No.</p> <p>15 Q Has Chase Home Finance, JP Morgan Chase Bank or</p> <p>16 any Chase affiliate received any nonfinancial</p> <p>17 consideration or benefits separate and apart from the</p> <p>18 commissions relating to flood insurance or force-placed</p> <p>19 insurance?</p> <p>20 MR. MEINERTZHAGEN: Object to the form, outside the</p> <p>21 scope.</p> <p>22 THE WITNESS: Could you repeat that please?</p> <p>23 MR. RICHTER: Q Has Chase Home Finance, JP Morgan</p> <p>24 Chase Bank or any Chase affiliate received any</p> <p>25 nonfinancial consideration or benefits relating to flood</p>

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<p>1 insurance or force-placed insurance separate and apart 2 from the commissions? 3 A Not to my knowledge. 4 MR. MEINERTZHAGEN: Same objections. 5 MR. RICHTER: Q Have you spoken with anybody other 6 than counsel regarding this suit? 7 A No. 8 Q Anybody from Assurant? 9 A Only to request commission information on the 10 specific account in question or the plaintiff. 11 Q What was the amount of commission earned on the 12 Hofstetter account? 13 A I couldn't tell you. My guess is 20 percent on 14 the written amount. I don't recall that -- I remember 15 producing the document, but I don't recall the amount. 16 Q So there's a document that sets forth the 17 amount of the commission on the Hofstetter account? 18 A It's paid at 20 percent so I think -- 19 MR. MEINERTZHAGEN: Kai, what he was doing is at 20 direction of counsel, it was work product, but it was 21 used to respond to your discovery request where you 22 asked -- where basically you asked us to confirm what the 23 percentage of the commission was on Hofstetter's account. 24 I think it was in response to your first request for 25 documents or interrogatories.</p>	<p>1 obviously not agreeing to produce Mr. Wheeler again. 2 I have just a couple point to clarify. 3 EXAMINATION 4 By Mr. Meinertzhagen: 5 Q Mr. Wheeler, at the beginning of your 6 deposition you indicate that had you're employed by Chase 7 Insurance Agency, Inc., is that correct? 8 A That's correct. 9 Q Are you also an officer of Chase Home Finance, 10 LLC? 11 A Yes, I am. 12 Q Do you know what title you hold? 13 A Vice president. 14 Q You said at one point during your testimony 15 that the force-placed flood commissions for home equity 16 loans from 2009 were higher than they had been for 2008 17 and prior years, do you recall that testimony, that Chase 18 Insurance Agency received? 19 A Yes. 20 Q You indicated that one of the reasons was the 21 change in the minimum flood insurance requirements that 22 Chase put in place in late 2009. 23 Do you recall that? 24 A I do. 25 Q Now, can you explain to me how if those new</p>
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<p>1 MR. RICHTER: Q Would your expectation be the same 2 with respect to the Modersbach? 3 A I don't know anything about that. 4 Q You testified earlier that you were aware of 5 other cases or claims or allegations -- I can't remember 6 the exact word that you used -- regarding quid pro quo 7 arrangements between banks and insurance servicers or 8 issuers of lender-placed policies and then you -- do you 9 recall generally -- 10 A Generally. I don't have any specific 11 information on any case, just what's been published. 12 Q Has Chase been a party to any prior litigation 13 involving claims that it was not treating borrowers 14 fairly with respect to flood insurance or force-placed 15 insurance? 16 MR. MEINERTZHAGEN: Object to the form, outside the 17 scope. 18 THE WITNESS: I have no idea. 19 MR. RICHTER: Those are all the questions we have at 20 this time subject to our reservation of rights to 21 reconvene this deposition at a later date to question 22 Mr. Wheeler regarding documents that were requested prior 23 to his deposition, but were not produced. 24 MR. MEINERTZHAGEN: And we will take that issue up 25 when the time is appropriate. At this point we are</p>	<p>1 requirements were put in place at the end of 2009 they 2 would have resulted in an increased premium or increased 3 commission payments to Chase Insurance Agency in 2009? 4 A I misspoke. I was thinking -- 5 MR. RICHTER: Asked and answered. 6 MR. MEINERTZHAGEN: Q Go ahead. 7 A It would have impacted 2010, which it did. We 8 saw an increase in 2010 as a result of the action taken 9 in 2009, and I think I might have mentioned in the 10 deposition that I believe the reason for the spike in 11 2009 was attributed new procedures implemented for flood 12 gap. 13 Q When you say there was an increase in 2010, I 14 thought your testimony was that CI didn't make any 15 commissions on home -- 16 MR. RICHTER: Objection, asked and answered. 17 THE WITNESS: I'm sorry. Not commissions, but 18 premium. We saw a spike in premium. I thought we were 19 talking about premium, both for 2009 and 2010. 20 MR. MEINERTZHAGEN: That's all I have. 21 MR. RICHTER: Nothing further at this time. 22 MR. MEINERTZHAGEN: Signature is reserved. 23 ----- 24 25</p>

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