IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, *et al.*,	)	
Plaintiffs,	)	
v.	)	Civil Action No. 14-01028 (RMC)
SUNTRUST MORTGAGE, INC.,	)	
Defendant.	)	

MONITOR'S REPORT REGARDING COMPLIANCE BY DEFENDANT SUNTRUST MORTGAGE, INC. FOR THE MEASUREMENT PERIODS ENDED SEPTEMBER 30, 2016 AND DECEMBER 31, 2016
AND
AMENDMENT OF MONITOR'S REPORTS FOR THE MEASUREMENT PERIODS ENDED SEPTEMBER 30, 2015 AND DECEMBER 31, 2015 AND THE MEASUREMENT PERIODS ENDED MARCH 31, 2016 AND JUNE 30, 2016

The undersigned, Joseph A. Smith, Jr., in my capacity as Monitor under the Consent Judgment (Case 1:14-cv-01028-RMC; Document 65) filed in the above-captioned matter on September 30, 2014 (Judgment), respectfully files this Report regarding compliance by SunTrust Mortgage, Inc. with the terms of the Judgment, as set forth in Exhibits A and E thereto, for the measurement periods ending September 30, 2016, and December 31, 2016. This Report also amends the reports I filed with the Court regarding compliance by SunTrust Mortgage, Inc. with the terms of the Judgment for the measurement periods ending December 31, 2015, March 31, 2016 and June 30, 2016. This Report is filed pursuant to Paragraph D.3 of Exhibit E to the Judgment. This Report is the fourth report filed under the Judgment.

I. Definitions

This Section defines words or terms that are used throughout this Report. Words and terms used and defined elsewhere in this Report will have the meanings given them in the Sections of this Report where defined. Any capitalized terms used and not defined in this Report will have the meanings given them in the Judgment or the Exhibits attached thereto, as applicable. For convenience, the Judgment, without the signature pages of the Parties, and Exhibits A, E and E-1 are attached to this Report as an appendix (Appendix – Judgment/Exhibits).

In this Report:

i) *Compliance Report* means a report I file with the Court regarding compliance by Servicer with the Servicing Standards – the *First Compliance Report* filed under the Judgment was for the calendar quarters ended March 31, 2015 and June 30, 2015, the *Second Compliance Report* was for the calendar quarters ended September 30, 2015 and December 31, 2015, the *Third Compliance Report* was for the calendar quarters ended March 31, 2016 and June 30, 2016 (collectively referred to as the *Prior Compliance Reports*) and this Report, which is the *Fourth Compliance Report* filed under the Judgment, is for the calendar quarters ended September 30, 2016 and December 31, 2016;

ii) *Compliance Review* means a compliance review conducted by the IRG as required by Paragraph C.7 of Exhibit E;

iii) *Corrective Action Plan* or *CAP* means a plan prepared and implemented pursuant to Paragraph E.3 of Exhibit E as the result of a Potential Violation;

iv) *Court* means the United States District Court for the District of Columbia;

v) *Cure Period* means the Test Period following satisfactory completion of a CAP, or if a CAP's completion is during a Test Period, the remaining part of that Test Period, as described in Paragraph E.3 of Exhibit E;

vi) *Enforcement Terms* means the terms and conditions of the Judgment in Exhibit E;

vii) *Exhibit* or *Exhibits* means any one or more of the exhibits to the Judgment;

viii) *Internal Review Group* or *IRG* means an internal quality control group established by Servicer that is required to be independent from Servicer's mortgage servicing operations, as set out in Paragraph C.7 of Exhibit E;

ix) *Judgment* means the Consent Judgment (Case 1:14-cv-01028-RMC; Document 65) filed in the above-captioned civil matter on September 30, 2014;

x) *Metric* means any one of the thirty-four metrics, and *Metrics* means any two or more of the thirty-four metrics, referenced in Paragraph C.11 of Exhibit E, and specifically described in Exhibit E-1;

xi) *Monitor* means and is a reference to the person appointed under the Judgment to oversee, among other obligations, Servicer's compliance with the Servicing Standards, and the Monitor is Joseph A. Smith, Jr., who will be referred to in this Report in the first person;

xii) *Monitoring Committee* means the Monitoring Committee referred to in Paragraph B of Exhibit E;

xiii) *Potential Violation* has the meaning given to such term in Paragraph E.1 of Exhibit E and a Potential Violation occurs when Servicer exceeds a Threshold Error Rate set for a Metric or otherwise fails a Metric;

xiv) *Professionals* means the Primary Professional Firm, or *PPF*, which is BDO Consulting, a division of BDO USA, LLP, the Secondary Professional Firm, or *SPF*, which is Crowe Horwath LLP, and any other professional persons, together with their respective firms, I engage from time to time to represent or assist me in carrying out my duties under the Judgment;

xv) *Quarterly Report* means Servicer's report to me that includes, among other information, the results of the IRG's Compliance Reviews for the calendar quarter covered by the report, as required by Paragraph D.1 of Exhibit E;

xvi) *Servicer* means SunTrust Mortgage, Inc.;

xvii) *Servicing Standards* means the mortgage servicing standards contained in Exhibit A;

xviii) *System of Record* or *SOR* means Servicer's business records pertaining primarily to its mortgage servicing operations and related business operations;

xix) *Test Period* means a calendar quarter in which Servicer was subject to Metric testing to assess its compliance with the Servicing Standards;

xx) *Threshold Error Rate* means the percentage error rate established under Exhibit E-1 which, when exceeded, is a Potential Violation, and for Metrics that are tested on an overall yes/no basis, a fail on such a Metric is also a Potential Violation;

xxi) *Work Papers* means the documentation of the test work and assessments of the IRG with regard to the Metrics, which documentation is required to be sufficient for the SPF and PPF to substantiate and confirm the accuracy and validity of the work and conclusions of the IRG; and

xxii) *Work Plan* means the work plan established by agreement between Servicer and me, and not objected to by the Monitoring Committee, pursuant to Paragraphs C.11 through C.14 of Exhibit E.

II. Background

A. Scope of Report

Under the Judgment, I am required to report periodically to the Court regarding Servicer's compliance with the Servicing Standards. This Report is the fourth report that I am filing with the Court relative to Servicer's compliance with the Servicing Standards. This report covers the calendar quarter ended September 30, 2016 and the calendar quarter ended December 31, 2016. Also, as set

out below in Section V.B., this report amends the Second Compliance Report and the Third Compliance Report.

B. Testing Procedures

In the First Compliance Report, which I filed with the Court on December 17, 2015, I explained the processes, procedures and protocols involved in testing Servicer's compliance with those Servicing Standards that are mapped to Metrics. In this Report, I will only touch on those processes, procedures and protocols as necessary to explain my work, and the work of the IRG and the SPF and PPF, for the Test Periods encompassing the third and fourth calendar quarters of 2016.

Under the terms of the Judgment I am not charged with reviewing the SOR for the purpose of determining the accuracy and completeness of information in the SOR, or the functional integrity of the SOR. The Settlement requires, however, that an independent third party periodically review those parts of the SOR that pertain to account information for accuracy and completeness.[1]

III. Internal Review Group and Quarterly Reports

A. IRG Testing

1. Testing. With the exception of Metrics 8, 15, 16 and 17, all of the Metrics in effect under the Enforcement Terms were tested by the IRG for the calendar quarters ended September 30, 2016 and December 31, 2016; however, as discussed below in Section V, the IRG's tests for Metric 4 were rejected by me after I determined that there was not a valid testing population for Metric 4 in either calendar quarter. With respect to Metrics 8, 15, 16 and 17, Metric 8 was not tested because it was identified by the IRG as a Potential Violation in the first calendar quarter of 2016, and Metrics 15, 16 and 17 are policy and procedure (P&P) Metrics that are required to be tested only annually and will be tested again in the first calendar quarter of 2017. Tables 1 and 2 in Section

[1] Exhibit A, Paragraph I.B.9. This Servicing Standard is not mapped to one of the Metrics.

III.B of this Report set out the results of the IRG's testing for the third and fourth calendar quarters of 2016 for the Metrics tested by the IRG, with the exception of Metric 4.

2. Sampling. The IRG uses a statistical sampling approach to evaluate Servicer's compliance with the Metrics subject to loan-level testing and documents its sampling procedures and protocols in its monthly loan testing population documents, which are part of the Work Papers. This statistical sampling approach was explained in the First Compliance Report. Under the Work Plan, the size of the samples selected by the IRG from each of the loan testing populations (i.e., populations of mortgage loans used by the IRG to test each of the Metrics) must be statistically significant or a minimum sample size of 100. If a Metric loan testing population is comprised of 100 loans or fewer in any Test Period, the Work Plan requires the IRG to test the entire Metric loan testing population in that Test Period. Pursuant to the Work Plan, the IRG was required to test the entire loan testing populations for Metrics 5, 18 and 21 for both the third and fourth calendar quarters of 2016.

B. Quarterly Reports

1. Third Quarter of 2016. In November 2016, Servicer submitted to me a Quarterly Report containing the results of the Compliance Reviews conducted by the IRG for the Test Period applicable to the calendar quarter ended September 30, 2016. After Servicer submitted this Quarterly Report, the IRG became aware that certain eligible loans had inadvertently been excluded from the testing population for Metric 10. At my direction, following the IRG's revision of its data provisioning query for the Metric 10 population, the IRG undertook additional test work on the Metric 10 population for the Test Period applicable to the third quarter of 2016. Based on this additional test work, the IRG determined that the results reported for Metric 10 were accurate in the

Quarterly Report Servicer had submitted for the third quarter of 2016.[2] As a consequence, the Quarterly Report did not need to be amended. On May 12, 2017, however, Servicer did submit an amended Quarterly Report for the calendar quarter ended September 30, 2016. This amended Quarterly Report reflected my rejection of the IRG's test results for Metric 4 and showed the IRG had determined that the Threshold Error Rate had not been exceeded for the remaining Metrics the IRG tested for the third quarter of 2016.

Table 1: Servicer's Metric Compliance Results for the Third Quarter of 2016

Metric No.	Metric	Threshold Error Rate	Result
Third Quarter of 2016			
1 (1.A)	Foreclosure Sale in Error	1%	Pass
2 (1.B)	Incorrect Modification Denial	5%	Pass
3 (2.A)*	Was Affidavit of Indebtedness (AOI) Properly Prepared	5% Pass/Fail	Pass
4 (2.B)	Proof of Claim (POC)	5%	Test Rejected
5 (2.C)	Motion for Relief from Stay (MRS) Affidavits	5%	Pass
6 (3.A)	Pre-foreclosure Initiation	5%	Pass
7 (3.B)	Pre-foreclosure Initiation Notifications	5%	Pass
8 (4.A)	Fee Adherence to Guidance	5%	**Under CAP**
9 (4.B)	Adherence to Customer Payment Processing	5%	Pass
10 (4.C)	Reconciliation of Certain Waived Fees	5%	Pass
11 (4.D)	Late Fees Adhere to Guidance	5%	Pass
12 (5.A)**	Third Party Vendor Management	Pass/Fail	Pass
13 (5.B)**	Customer Portal	Pass/Fail	Pass

[2] The IRG became aware of the exclusions from the population for Metric 10 during testing for the Test Period applicable to the calendar quarter ended December 31, 2016. In addition to the extra work the IRG performed on Metric 10 for the third quarter of 2016, the IRG, on my instructions, revised its data provisioning query for the fourth quarter of 2016, and re-pulled the Metric 10 population to select a new sample to perform the required test work for the fourth quarter of 2016.

Metric No.	Metric	Threshold Error Rate	Result
	Third Quarter of 2016		
14 (5.C)***	Single Point of Contact (SPOC)	5%[3] Pass/Fail	Pass
15 (5.D)****	Workforce Management	Pass/Fail	Not Tested
16 (5.E)****	Affidavit of Indebtedness (AOI) Integrity	Pass/Fail	Not Tested
17 (5.F)****	Account Status Activity	Pass/Fail	Not Tested
18 (6.A)	Complaint Response Timeliness	5%	Pass
19 (6.B.i)	Loan Modification Document Collection Timeline Compliance	5%	Pass
20 (6.B.ii)	Loan Modification Decision/Notification Timeline Compliance	10%	Pass
21 (6.B.iii)	Loan Modification Appeal Timeline Compliance	10%	Pass
22 (6.B.iv)	Short Sale Decision Timeline Compliance	10%	Pass
23 (6.B.v)	Short Sale Document Collection Timeline Compliance	5%	Pass
24 (6.B.vi)	Charge of Application Fees for Loss Mitigation	1%	Pass
25 (6.B.vii.a)	Short Sales – Inclusion of Notice of Whether or Not a Deficiency Will Be Required	5%	Pass
26 (6.B.viii.a)	Dual Track – Referred to Foreclosure in Violation of Dual Track Provisions	5%	Pass
27 (6.B.viii.b)	Dual Track – Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	5%	Pass
28 (6.C.i)	Force-Placed Insurance (FPI) Timeliness of Notices	5%	Pass
29 (6.C.ii)	FPI Termination	5%	Pass
30 (7.A)	Loan Modification Process	5%	Pass
31 (7.B)	Loan Modification Denial Notice Disclosures	5%	Pass
32 (7.C)*****	SPOC Implementation and Effectiveness	5%[4] Pass/Fail	Pass
33 (7.D)	Billing Statement Accuracy	5%	Pass

[3] Test Question 4 only.
[4] Test Question 1 only.

Metric No.	Metric	Threshold Error Rate	Result
Third Quarter of 2016			
34 (2.D)	Disclosure of Personally Identifiable Information in POC	3.5%	Pass

**Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis)*

***Indicates a P&P Metric that is tested quarterly on an overall yes/no basis*

****Indicates a Metric with four questions, three of which are tested quarterly on an overall yes/no basis*

*****Indicates a P&P Metric that is required to be tested only annually on an overall yes/no basis*

******Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis*

2. Fourth Quarter of 2016. In February 2017, Servicer submitted to me a Quarterly Report containing the results of the Compliance Reviews conducted by the IRG for the Test Period applicable to the calendar quarter ended December 31, 2016, and on May 12, 2017, Servicer submitted an amended Quarterly Report for the calendar quarter ended December 31, 2016. This amended Quarterly Report reflected my rejection of the IRG's test results for Metric 4 and showed the IRG had determined that the Threshold Error Rate had not been exceeded for the remaining Metrics the IRG tested for the fourth quarter of 2016.

Table 2: Servicer's Metric Compliance Results for the Fourth Quarter of 2016

Metric No.	Metric	Threshold Error Rate	Result
Fourth Quarter of 2016			
1 (1.A)	Foreclosure Sale in Error	1%	Pass
2 (1.B)	Incorrect Modification Denial	5%	Pass
3 (2.A)*	Was Affidavit of Indebtedness (AOI) Properly Prepared	5% Pass/Fail	Pass
4 (2.B)	Proof of Claim (POC)	5%	Test Rejected
5 (2.C)	Motion for Relief from Stay (MRS) Affidavits	5%	Pass
6 (3.A)	Pre-foreclosure Initiation	5%	Pass
7 (3.B)	Pre-foreclosure Initiation Notifications	5%	Pass
8 (4.A)	Fee Adherence to Guidance	5%	Under CAP
9 (4.B)	Adherence to Customer Payment Processing	5%	Pass
10 (4.C)	Reconciliation of Certain Waived Fees	5%	Pass
11 (4.D)	Late Fees Adhere to Guidance	5%	Pass
12 (5.A)**	Third Party Vendor Management	Pass/Fail	Pass
13 (5.B)**	Customer Portal	Pass/Fail	Pass
14 (5.C)***	Single Point of Contact (SPOC)	5%[5] Pass/Fail	Pass
15 (5.D)****	Workforce Management	Pass/Fail	Not Tested
16 (5.E)****	Affidavit of Indebtedness (AOI) Integrity	Pass/Fail	Not Tested
17 (5.F)****	Account Status Activity	Pass/Fail	Not Tested
18 (6.A)	Complaint Response Timeliness	5%	Pass
19 (6.B.i)	Loan Modification Document Collection Timeline Compliance	5%	Pass
20 (6.B.ii)	Loan Modification Decision/Notification Timeline Compliance	10%	Pass
21 (6.B.iii)	Loan Modification Appeal Timeline Compliance	10%	Pass
22 (6.B.iv)	Short Sale Decision Timeline Compliance	10%	Pass

[5] Test Question 4 only.

Metric No.	Metric	Threshold Error Rate	Result
Fourth Quarter of 2016			
23 (6.B.v)	Short Sale Document Collection Timeline Compliance	5%	Pass
24 (6.B.vi)	Charge of Application Fees for Loss Mitigation	1%	Pass
25 (6.B.vii.a)	Short Sales – Inclusion of Notice of Whether or Not a Deficiency Will Be Required	5%	Pass
26 (6.B.viii.a)	Dual Track – Referred to Foreclosure in Violation of Dual Track Provisions	5%	Pass
27 (6.B.viii.b)	Dual Track – Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	5%	Pass
28 (6.C.i)	Force-Placed Insurance (FPI) Timeliness of Notices	5%	Pass
29 (6.C.ii)	FPI Termination	5%	Pass
30 (7.A)	Loan Modification Process	5%	Pass
31 (7.B)	Loan Modification Denial Notice Disclosures	5%	Pass
32 (7.C)*****	SPOC Implementation and Effectiveness	5%[6] Pass/Fail	Pass
33 (7.D)	Billing Statement Accuracy	5%	Pass
34 (2.D)	Disclosure of Personally Identifiable Information in POC	3.5%	Pass

**Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis)*

***Indicates a P&P Metric that is tested quarterly on an overall yes/no basis*

****Indicates a Metric with four questions, three of which are tested quarterly on an overall yes/no basis*

*****Indicates a P&P Metric that is required to be tested only annually on an overall yes/no basis*

******Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis*

[6] Test Question 1 only.

IV. Monitor and Confirmation of Quarterly Reports

A. Monitor and Professionals – Independence

The Enforcement Terms provide that the Professionals and I may not have any prior relationships with any of the Parties to the Judgment that would undermine public confidence in the objectivity of our work under the Judgment or any conflicts of interest with any of the Parties to the Judgment.[7] In connection with the work summarized in this Report, each of the Professionals and I submitted a conflicts of interest analysis on the basis of which I determined that no such prohibited relationships or conflicts of interest existed.

B. Due Diligence

1. Review of Internal Review Group. I am required to undertake periodic due diligence regarding the IRG in the context of my reviews of the Quarterly Reports and the work of the IRG associated therewith. I undertook this due diligence with the assistance of the Professionals. This due diligence included quarterly interviews of the head of the IRG and other key members of the IRG by the SPF and PPF, as well as the SPF's and PPF's interaction with the IRG in the course of their confirmation of the work of the IRG for the third and fourth calendar quarters of 2016. Based on this due diligence and the SPF's and PPF's reports regarding such due diligence, and the fact that no material changes occurred in the make-up of the IRG since the most recent previous two Test Periods, I found that the IRG's qualifications and performance during the third and fourth calendar quarters of 2016 conformed in all material respects to the requirements set out in the Enforcement Terms and the Work Plan. This finding was made by me notwithstanding the IRG's issue with the population for Metric 10 referenced above in Section III.B.1, and my rejection of the IRG's tests for Metric 4 for the third and fourth calendar quarters of 2016.

[7] Exhibit E, Paragraph C.3.

2. Confirmatory Testing.

a. Background. Servicer's compliance with the Servicing Standards is determined primarily through the IRG's testing of the Metrics and my confirmation of such testing, in part through the SPF and PPF. The Metrics are either P&P Metrics in which the testing and confirmation of testing is performed through a review of Servicer's policies and procedures, or loan-level Metrics in which the testing and confirmation of testing is performed through a review of loan-level data from the SOR. With respect to Metrics tested on a loan-level basis, for each quarterly Test Period, my confirmatory work includes confirmation that loan testing populations used by the IRG and the IRG's selection of samples of loans from such loan testing populations conform to the requirements of the Work Plan and the Enforcement Terms.

b. Loan Testing Populations. For the third and fourth calendar quarters of 2016, the SPF undertook a review and evaluation of all relevant loan testing populations. The SPF's reviews and evaluations were undertaken through the SPF's analysis of the documentation in the Work Papers pertaining to loan testing populations, and through the SPF's in-person meetings and walk-throughs with the IRG relative to loan testing populations. These reviews were completed by the SPF after the IRG had finalized its reevaluation of the IRG's data provisioning queries for all of the relevant loan testing populations for the third and fourth calendar quarters of 2016. This reevaluation was at my direction after the IRG informed me about the issue with the population for Metric 10, which is discussed above in Section III.B.1.

Subsequent to the SPF's in-person meetings and walk-throughs with the IRG, there were several discussions between Servicer, IRG and the SPF relating to the loan testing populations used in the third and fourth calendar quarters of 2016. After performing additional research, the IRG determined that the loan testing populations for Metrics 2 and 29 had inadvertently omitted testable transactions. The IRG performed additional test work and determined the results reported for Metrics

2 and 29 were accurate for the third and fourth calendar quarters of 2016. The SPF reviewed the additional test work and concurred with the IRG's test results.

Based on the foregoing, and the SPF's knowledge of Servicer's business environment and its understanding of the components of the SOR relevant to the Metrics being tested, using information provided by the IRG and incorporating the IRG's additional work on populations necessitated by the issues with the population for Metrics 2, 10 and 29, the SPF satisfied itself and reported to me that it was reasonable to conclude that the relevant loan testing populations used by the IRG in the third and fourth calendar quarters of 2016 conformed in all material respects to the requirements of the Work Plan and the Enforcement Terms.

c. Sampling. For the third and fourth calendar quarters of 2016, the IRG provided the SPF with access to information regarding processes, procedures and protocols the IRG used in randomly selecting samples for Metrics subject to loan-level testing. This included providing the SPF with access to the samples selected for testing before commencement of any testing, rather than at the end after all the testing was completed. The SPF then independently determined the appropriateness of the sample sizes used by the IRG by recalculating the sample sizes for each of the loan testing populations for Metrics subject to loan-level testing in each of the relevant Test Periods. Based on this work, the SPF was able to satisfy itself and report to me that the sample sizes used by the IRG conformed in all material respects to the Work Plan and the Enforcement Terms.

d. Confirmatory Testing.

1) Confirmatory testing of the IRG's work relative to Metrics is conducted primarily through the SPF and secondarily through the PPF. The PPF operates in a supervisory capacity to review the SPF's work in assessing Servicer's compliance with the Servicing Standards. This review is accomplished, in part, through the PPF's confirmatory testing of a selection of the

samples of loans tested by the SPF. For the third and fourth calendar quarters of 2016, the PPF concurred with the SPF's assessments, which are discussed below.

2) The SPF's confirmatory testing of Metrics is conducted through a review of the IRG's Work Papers applicable to all relevant P&P Metrics and the IRG's Work Papers applicable to a sub-sample of loans or items tested by the IRG for Metrics subject to loan-level testing. Consistent with the procedures described in the Prior Compliance Reports, for the third and fourth calendar quarters of 2016, the SPF reviewed evidence provided by the IRG for each relevant P&P Metric and evidence provided by the IRG for each sub-sample loan or item selected for review by the SPF. The purpose of this review was to independently evaluate whether each loan or item, or each of the policies and procedures reviewed, passed or failed a relevant Metric's test questions. Based on this process, the SPF determined that it concurred with the IRG's conclusions regarding Servicer's compliance with the Servicing Standards for the Metrics whose test results are set out above in Section III.B, Tables 1 and 2.

C. Confirmation of Quarterly Reports

I am required to undertake confirmatory testing of the results reported by Servicer in its Quarterly Reports. This confirmatory testing is undertaken, in part, through the SPF's review and evaluation of evidence provided by the IRG in its Work Papers and the PPF's review of a subset of the evidence reviewed by the SPF. Based on the confirmatory testing of the IRG's work for the Test Periods applicable to the calendar quarters ended September 30, 2016 and December 31, 2016, as described above in Section IV.B.2, the SPF and PPF reported to me that the work of the IRG was accurate and complete in all material respects. Based on this review, and discussions with the SPF and PPF, I agreed with the conclusions reached by the IRG, the SPF and the PPF concerning the results of the testing for the third and fourth calendar quarters of 2016 as set out above in Section

III.B, Tables 1 and 2. Table 3 below sets out the total number of loans tested by the IRG and the total number of loans on which the SPF performed confirmatory testing.

Table 3: Number of Loans Tested for Each Metric

Metric	IRG	SPF
Third Quarter of 2016		
1 (1.A)	180	132
2 (1.B)	262	176
3 (2.A)	129	103
4 (2.B)	Test Rejected	Test Rejected
5 (2.C)	57	57
6 (3.A)	225	158
7 (3.B)	225	158
8 (4.A)	Under CAP	Under CAP
9 (4.B)	321	196
10 (4.C)	158	136
11 (4.D)	100	83
12 (5.A)	P&P	P&P
13 (5.B)	P&P	P&P
14 (5.C)	300	188
15 (5.D)	Not Tested	Not Tested
16 (5.E)	Not Tested	Not Tested
17 (5.F)	Not Tested	Not Tested
18 (6.A)	4	4
19 (6.B.i)	266	174
20 (6.B.ii)	251	168
21 (6.B.iii)	95	80
22 (6.B.iv)	165	129
23 (6.B.v)	136	107
24 (6.B.vi)	100	83
25 (6.B.vii.a)	136	108

Metric	IRG	SPF
Third Quarter of 2016		
26 (6.B.viii.a)	219	153
27 (6.B.viii.b)	222	154
28 (6.C.i)	267	175
29 (6.C.ii)	224	157
30 (7.A)	150	116
31 (7.B)	215	151
32 (7.C)	293	185
33 (7.D)	321	196
34 (2.D)	132	105

Metric	IRG	SPF
Fourth Quarter of 2016		
1 (1.A)	162	123
2 (1.B)	273	181
3 (2.A)	107	90
4 (2.B)	Test Rejected	Test Rejected
5 (2.C)	35	35
6 (3.A)	221	154
7 (3.B)	221	154
8 (4.A)	Under CAP	Under CAP
9 (4.B)	321	196
10 (4.C)	150	117
11 (4.D)	100	83
12 (5.A)	P&P	P&P
13 (5.B)	P&P	P&P
14 (5.C)	300	188
15 (5.D)	Not Tested	Not Tested
16 (5.E)	Not Tested	Not Tested
17 (5.F)	Not Tested	Not Tested
18 (6.A)	4	4

Metric	IRG	SPF
Fourth Quarter of 2016		
19 (6.B.i)	271	176
20 (6.B.ii)	252	168
21 (6.B.iii)	99	83
22 (6.B.iv)	144	112
23 (6.B.v)	123	99
24 (6.B.vi)	100	83
25 (6.B.vii.a)	107	89
26 (6.B.viii.a)	200	144
27 (6.B.viii.b)	226	156
28 (6.C.i)	239	163
29 (6.C.ii)	222	156
30 (7.A)	143	111
31 (7.B)	214	150
32 (7.C)	305	190
33 (7.D)	321	196
34 (2.D)	146	113

V. Metric 4 Population / Amendment of Second and Third Compliance Reports

A. Metric 4 Population

Metric 4 tests the accuracy of Proofs of Claim (POCs) filed in the relevant review period. Specifically, Metric 4 tests the accuracy of certain information contained in the United States Bankruptcy Court's official form known as the Mortgage Proof of Claim Attachment. There is a single test question for Metric 4, which question is as follows: Are the correct amounts set forth in the form, with respect to pre-petition missed payments, fees, expenses charges and escrow shortages or deficiencies? [8]

[8] *See* Exhibit E-1, Section 2.B.

After reviewing information that the Servicer provided to me in April 2017, and discussing this information with Servicer, the IRG, the Professionals and others, I determined that Servicer did not have testable populations of Proofs of Claim for the third and fourth calendar quarters of 2016. For that reason, I rejected the IRG's test results for Metric 4 for those quarters. The reason the POCs filed by Servicer in the third and fourth quarters of 2016 were not testable is that Servicer changed official Bankruptcy Form 410A (i.e., Mortgage Proof of Claim Attachment to the POC) to provide information differently than contemplated by official Bankruptcy Form 410A. Specifically, Servicer changed line 1 of Part 3 of Form 410A to read "Principal, Int & esc due" and then included in line 1 of Part 3 for each changed Bankruptcy Form 410A it filed a dollar amount representing unpaid principal, interest and escrow. The official Bankruptcy Form 410A, in line 1 of Part 3, reads "Principal & interest due." This line 1 on the official form is supposed to be completed with a dollar amount representing only principal and interest outstanding at the time the relevant bankruptcy petition is filed, with escrow deficiency reported on line 3 of Part 3, and escrow shortage reported on line 4 of Part 3 of official Bankruptcy Form 410A).

B. Amendment of Second and Third Compliance Reports

Servicer's change of the official Bankruptcy Form 410A to provide information in a manner different than required by the form began in December 2015 and continued until early 2017. As a consequence, the populations tested for Metric 4 and reported on in the Third Compliance Report were not testable, and the population tested for Metric 4 in the fourth calendar quarter of 2015 and reported on in the Second Compliance Report was not testable for the month of December 2015, which meant that a statistically significant sample of loans was not tested in the fourth calendar quarter of 2015.[9] Because of this, I have rejected the IRG's test results for Metric 4 for both of the

[9] Servicer filed an amended Quarterly Report for the fourth calendar quarter of 2015 to remove the loans that were not testable from the month of December 2015. Although the amended Quarterly Report showed an error rate below the

Test Periods that were the subject of the Third Compliance Report (the first and second calendar quarters of 2016), and I have rejected the test results for Metric 4 for the Test Period encompassed by the fourth calendar quarter of 2015, which were included in the Second Compliance Report. By filing this Report, I am amending the Third Compliance Report to reflect that the IRG's test results for Metric 4 are and have been rejected by me, and I am amending the Second Compliance Report to reflect that the IRG's test results for Metric 4 for the Test Period encompassed by the fourth calendar quarter of 2015 are and have been rejected by me.

C. Analysis of POCs

As of the filing of this Report, I am requiring Servicer to perform an analysis of all POCs filed during the relevant Test Periods. In this analysis, Servicer, among other things, is completing POCs using official Bankruptcy Form 410A and determining the extent to which there were differences in the information in the POCs filed by Servicer during the just mentioned periods of time. In my next Compliance Report, I will provide an update on Servicer's completion of this analysis and my findings regarding that analysis. I will also provide any conclusions I have reached based on my findings and any actions I will take as a consequence thereof.

VI. Potential Violations

A. Background

Under the Enforcement Terms, Servicer has a right to cure a Potential Violation.[10] The cure is accomplished through Servicer's development of a CAP, which I must approve, and subsequent completion of the corrective actions set out in the CAP. Also, Servicer is required to remediate any

threshold error rate of 5%, the total sample size from the months of October and November was only 107 loans, and the number of loans required for a statistically significant sample based on the population for October and November was 133. Therefore, I rejected the IRG's test results for Metric 4 from the fourth calendar quarter of 2015.

[10] Exhibit E, Paragraph E.2.

material harm to particular borrowers identified through the IRG's work in the Test Period in which the Metric failed. If the Potential Violation so far exceeds the Threshold Error Rate for the Metric that the error is deemed by me to be widespread, Servicer, under my supervision, is required to identify other borrowers who may have been harmed by such noncompliance and remediate all such harm to the extent that the harm has not otherwise been remediated.[11] For any Potential Violation that is deemed widespread, the time period for which Servicer is required to identify any additional borrowers who may have been harmed extends from the time that Servicer implemented the Servicing Standards associated with the failed Metric through the CAP completion date.

In its Quarterly Report for the first calendar quarter of 2016, based on the IRG's testing, Servicer reported that it had failed Metric 8. In the following section below, I provide an update on the current status of Servicer's cure and remediation efforts with respect to the Potential Violation of Metric 8.

B. Metric 8

1. Background. The objective of Metric 8 is to test whether Servicer complied with the Servicing Standards regarding the propriety of property preservation fees, valuation fees, attorneys' fees and other default-related fees collected from customers. A loan-level error under Metric 8 occurs when the frequency of the fees collected exceeds what is consistent with state guidelines or fee provisions under the Servicing Standards, or the amount of the fee collected is higher than the allowable amount under Servicer's fee schedule, unless within the tolerance specified in the Metric or pursuant to a valid exception. Based on the IRG's testing of Metric 8, Servicer reported in its Quarterly Report for the first calendar quarter of 2016 that the number of errors exceeded the

[11] Exhibit E, Paragraph E.5.

Metric's Threshold Error Rate of 5%, thereby resulting in a Potential Violation. The SPF confirmed Servicer's failure when performing its confirmatory work.

2. Nature of Errors. In its CAP, Servicer identified four root causes for the Potential Violation. The root causes for the Potential Violation were: (i) misinterpretation of Servicing Standards regarding applicability of exceptions to GSE guidelines for property inspection frequency; (ii) misinterpretation of Servicing Standards regarding acceptable valuation completion and billing frequency, and applicability of exceptions for certain borrower activity; (iii) misclassification of foreclosure sale related fees following a sale rescission; and (iv) collection of default related fees not directly linked to an invoice or specific fee assessment which resulted in the creation of credit balances that were not timely returned to the borrowers.

3. Corrective Action Plan, Implementation and Remediation.

a. Corrective Action Plan. In December 2016, Servicer submitted to me a proposed CAP for Metric 8 detailing the nature and root causes of the errors and Servicer's proposed correction action plan and remediation steps. After Servicer revised its proposed CAP to reflect changes requested by the Professionals, I determined, with the assistance of the Professionals, that the CAP was appropriately comprehensive and, provided it was properly implemented by Servicer, could reasonably be expected to lower Servicer's error rate during the Cure Period to a level below the 5% Threshold Error Rate. Accordingly, in February 2017, I approved the corrective action aspects of the Servicer's CAP, which are summarized as follows:

1) making adjustments to its property inspection ordering procedures to ensure that borrowers are not charged for property inspections more frequently than allowed by the Servicing Standards;

2) making adjustments to its valuation ordering procedures to ensure that borrowers are not charged for valuations more frequently than allowed by the Servicing Standards;

3) enhancing controls to ensure that any default related fees incurred as a result of conducting a foreclosure sale are reclassified as non-borrower recoverable if the sale is subsequently rescinded; and

4) enhancing controls to check for receipt of invoices supporting any default related fee collected in a payoff or reinstatement, implementing a process change to ensure that fees collected that exceed the supporting invoice amount, thereby creating a credit balance, will be returned to the borrower within 90 days of payment, and taking steps to minimize the creation of credit balances by no longer capitalizing fees that have not yet been invoiced at the time a permanent loan modification is completed.

b. Implementation. During Servicer's implementation of the CAP, Servicer regularly engaged in discussions with the Professionals regarding its progress, findings and observations. Servicer notified me in April 2017 that it had completed implementation of the Metric 8 CAP. Following Servicer's notification that it had completed its CAP, the SPF reviewed Servicer's documentation regarding completion of its corrective action steps. Based on the SPF's reviews, and with the assistance of other Professionals, I determined that Servicer had satisfactorily completed the CAP in all material respects as of April 30, 2017. By agreement with Servicer, the Cure Period for Servicer's Potential Violation of Metric 8 will be an abbreviated second calendar quarter of 2017 covering the months of May and June 2017. In my next report filed under the Judgment, I will report on the IRG's testing and the SPF's confirmation of the IRG's testing of Servicer's compliance with Metric 8 during the Cure Period.

c. Remediation. Based on my examination of various factors, including the actual error rate of 7.88% compared to the Threshold Error Rate of 5%, I determined that Servicer's noncompliance was not widespread. Because of this determination, the Judgment requires Servicer to remediate any material harm to particular borrower identified through the IRG's work in the Test

Period in which the Metric failed. Consequently, Servicer's CAP included an analysis of material harm caused to the borrowers associated with each loan determined to have failed Metric 8 during the first calendar quarter of 2016, along with Servicer's proposed remediation of such harm. Additionally, Servicer elected to conduct a review of all loans that had preservation, valuation or attorney fees charged to borrowers on or after the metric capability implementation date, along with loans that had a credit balance as a result of collected default related fees that were not tied to an invoice or specific fee assessment. By doing so, Servicer effectively treated the Potential Violation as a widespread error and sought to reimburse or reclassify any default related fee charged to borrowers on or after capability implementation date that were not assessed in accordance with the allowable Servicing Standard frequency and fee schedule. Servicer communicated that this review had been completed in April 2017 and summarized the total amount of default related fees that were identified and reimbursed or reclassified as follows:

Root Cause	Type	No. of Loans	Amount Reimbursed
Misinterpretation of Servicing Standard regarding applicability of exceptions to GSE guidelines for property inspection frequency	Check	118	$2,372.25
	Reclass	2,020	$55,731.26
Misinterpretation of Servicing Standard regarding acceptable valuation completion and billing frequency, and applicability of exceptions for certain borrower activity	Check	146	$33,762.54
	Reclass	1,401	$671,488.77
Misclassification of foreclosure sale related fees following a sale rescission	Reclass	1	$4,150.00
Collection of default related fees not tied to an invoice or specific fee assessment which resulted in the creation of credit balances that were not timely returned to the borrower	Check	1,085	$343,110.55
	Total	**4,771**	**$1,110,615.37**

After I was notified that Servicer had completed remediation, the Professionals undertook a review of Servicer's remediation efforts with respect to the borrowers in the IRG's sample. The Professionals review consisted of evidence that Servicer issued refund checks or account credits to remediate each impacted borrower in the IRG's sample. Based on the SPF's reviews, and with the assistance of my other Professionals, I determined Servicer's remediation efforts to be satisfactory. As described above, my approval of Servicer's satisfactory completion of the CAP included these remediation efforts.

VII. Summary and Conclusion

A. Conflicts

On the basis of my review of such documents and information as I have deemed necessary, as set forth above in Section IV.A, I find that I do not have, as Monitor, and the Professionals engaged by me under the Judgment do not have, any prior relationships with Servicer or any of the other Parties to the Judgment that would undermine public confidence in our work and that we do not have any conflicts of interest with any Party.[12]

B. Internal Review Group

With respect to the Internal Review Group and its work, based on the information set out in this Report and on a review of such other documents and information as I have deemed necessary, I find that the Internal Review Group:

1) was independent from the line of business whose performance was being measured by the IRG in that it did not perform operational work on mortgage servicing and reports to the Chief Risk Officer of SunTrust Banks, Inc., who is independent from any direct operational responsibility for mortgage servicing;[13]

[12] Exhibit E, Paragraph C.3.
[13] Exhibit E, Paragraph C.7.

2) has the appropriate authority, privileges and knowledge to effectively implement and conduct the reviews and Metric assessments contemplated in the Judgment and under the terms and conditions of the Work Plan; [14] and

3) has personnel skilled at evaluating and validating processes, decisions and documentation utilized through the implementation of the Servicing Standards.[15]

The above findings were made by me notwithstanding the IRG's issue with the populations for Metrics 2, 10 and 29 referenced above in Sections III and IV, and my rejection of the IRG's tests for Metric 4 for the third and fourth calendar quarters of 2016, discussed above in Section V.

C. Review of Quarterly Reports

The Servicer amended its Quarterly Reports for the Test Periods encompassed by the third and fourth calendar quarters of 2016. These Quarterly Reports were amended to reflect my rejection of the IRG's test results for Metric 4. With respect to these amended Quarterly Reports and the Metrics reported on in such reports after my rejection of the IRG's test results for Metric 4, based on the information set out in this Report and on a review of such other documents and information as I have deemed necessary, I find that:

1) for Metrics where the Threshold Error Rate is based on a percentage of the total sample tested by the IRG, the Threshold Error Rate was not exceeded for any of the Metrics that were reported on in the Quarterly Reports for the calendar quarters ended September 30, 2016 and December 31, 2016; and

2) for P&P Metrics that are tested on an overall yes/no basis, Servicer did not fail any of those Metrics that were reported on in the Quarterly Reports for the calendar quarters ended September 30, 2016 and December 31, 2016.

[14] Exhibit E, Paragraph C.8.
[15] Exhibit E, Paragraph C.9.

D. Potential Violations

In December 2016, Servicer submitted to me a proposed CAP for Metric 8. After Servicer revised its proposed CAP to reflect changes requested by the Professionals, I determined, with the assistance of the Professionals, that the CAP was appropriately comprehensive and, provided it was properly implemented by Servicer, could reasonably be expected to lower Servicer's error rate during the Cure Period to a level below the 5% Threshold Error Rate. Accordingly, in February 2017, I approved the correction action aspects of Servicer's CAP and concluded that Servicer's noncompliance was not widespread. As set forth in Section VI above, I determined, with the assistance of the Professionals, that Servicer's remediation efforts had been satisfactory completed in all material respects. In a subsequent Compliance Report, I will provide an update on the status of Metric 8 in the Cure Period.

E. Metric 4

With respect to Metric 4, because Servicer changed the official Bankruptcy Form 410A to provide information differently than contemplated by the form, I rejected the IRG's test results for the Test Periods during which the changed form was used by Servicer. As of the filing of this Report, I am requiring Servicer to perform an analysis of all POCs filed during the relevant Test Periods. In this analysis, Servicer, among other things, is completing POCs using official Bankruptcy Form 410A and determining the extent to which there were differences in the information in the POCs filed by Servicer during the relevant Test Periods. In my next Compliance Report, I will provide an update on Servicer's completion of this analysis and will provide any conclusions I have reached based on my findings regarding that analysis and any actions I will take as a consequence thereof.

F. Amendment of Second and Third Compliance Reports

The populations tested for Metric 4 and reported on in the Third Compliance Report were not testable, and the population tested for Metric 4 in the fourth calendar quarter of 2015 and reported on in the Second Compliance Report was not testable for the month of December 2015, which meant that a statistically significant sample of loans was not tested in that calendar quarter. Because of this, I rejected the IRG's test results for the Test Periods that were the subject of the Third Compliance Report and the test results for the Test Period encompassed by the fourth calendar quarter of 2015, which test results were included in the Second Compliance Report. By filing this Report, I am amending the Third Compliance Report to reflect that the IRG's test results for Metric 4 are and have been rejected by me, and I am amending the Second Compliance Report to reflect that the IRG's test results for the Test Period encompassed by the fourth calendar quarter of 2015 are and have been rejected by me.

G. Review of Compliance Report

Prior to the filing of this Report, I have conferred with Servicer and the Monitoring Committee about my findings and I have provided each with a copy of this Report. Immediately after filing this Report, I will provide a copy of this Report to Servicer's Board of Directors or a committee of such Board designated by Servicer.[16]

[16] Exhibit E, Paragraph D.4.

I respectfully file this Report with the United States District Court for the District of Columbia on this, the 10th day of August 2017.

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CERTIFICATE OF SERVICE

I hereby certify that on this date I have filed a copy of the foregoing using the Court's CM/ECF system, which will send electronic notice of filing to the persons listed below at their respective email addresses.

This the 10th day of August, 2017.

s/ Joseph A. Smith, Jr.
Joseph A. Smith, Jr.

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representing **STATE OF LOUISIANA** *(Plaintiff)*

Appendix – Judgment/Exhibits

See attached.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
et al.,
555 4th Street, NW
Washington, D.C. 20530

Plaintiffs,

v.

SUNTRUST MORTGAGE, INC.
901 Semmes Ave
Richmond, Virginia 23224

Defendant.

Civil Action No. 14-1028 (RMC)

CONSENT JUDGMENT

WHEREAS, Plaintiffs, the United States of America, the Consumer Financial Protection Bureau (the CFPB or Bureau) and the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, the Commonwealths of Kentucky, Massachusetts, Pennsylvania and Virginia, and the District of Columbia filed their complaint on June 17, 2014, alleging that SunTrust Mortgage, Inc. ("Defendant") either itself or through its affiliates or subsidiaries violated, among other laws, the Unfair and Deceptive Acts

and Practices laws of the Plaintiff States, the Consumer Financial Protection Act of 2010, the False Claims Act, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and the Bankruptcy Code and Federal Rules of Bankruptcy Procedure;

WHEREAS, the parties have agreed to resolve their claims without the need for litigation;

WHEREAS, Defendant, by its attorneys, has consented to entry of this Consent Judgment without trial or adjudication of any issue of fact or law and to waive any appeal if the Consent Judgment is entered as submitted by the parties;

WHEREAS, Defendant, by entering into this Consent Judgment, does not admit any allegations other than those facts of the Complaint deemed necessary to the jurisdiction of this Court and the facts set forth in Attachment A to Exhibit J;

WHEREAS, the intention of the United States, the Bureau, and the States in effecting this settlement is to remediate harms allegedly resulting from the alleged unlawful conduct of the Defendant, either itself or through its affiliates or subsidiaries;

AND WHEREAS, Defendant has agreed to waive service of the complaint and summons and hereby acknowledges the same;

NOW THEREFORE, without trial or adjudication of issues of fact or law, without this Consent Judgment constituting evidence against Defendant except as otherwise noted, and upon consent of Defendant, the Court finds that there is good and sufficient cause to enter this Consent Judgment, and that it is therefore ORDERED, ADJUDGED, AND DECREED:

I. JURISDICTION

1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1345, 1355(a), and 1367, 12 U.S.C. § 5565(a)(1), and under 31 U.S.C. § 3732(a) and (b), and over Defendant. The Complaint states a claim upon which relief may be granted against Defendant. Venue is appropriate in this District pursuant to 28 U.S.C. § 1391(b)(2) and 31 U.S.C. § 3732(a).

II. SERVICING STANDARDS

2. Defendant shall comply with the Servicing Standards, attached hereto as Exhibit A, in accordance with their terms and Section A of Exhibit E, attached hereto.

III. FINANCIAL TERMS

3. *Payment Settlement Amounts.* Defendant shall pay or cause to be paid into an interest bearing escrow account to be established for this purpose the sum of fifty million dollars ($50,000,000), which shall be known as the "Direct Payment Settlement Amount" as specified in Exhibit F, and which shall be distributed in the manner and for the purposes specified in Exhibit B. Defendant shall further pay to the United States Department of Justice the sum of four hundred and eighteen million dollars ($418,000,000), which shall be known as the "Exhibit J Settlement Amount" as specified in Exhibit J, plus simple interest on the Settlement Amount at a rate of 2.375% per annum accruing from March 5, 2014 through March 15, 2014, for a total of $418,271,986, as described in Exhibit J. Defendant's payment of the Direct Payment Settlement Amount shall be made by electronic funds transfer within ten days of receiving notice that the escrow account referenced in this Paragraph 3 is established or within ten days of the Effective Date of this Consent Judgment, whichever is later. Defendant's payment of the Exhibit J

Settlement Amount shall be made by electronic funds transfer, pursuant to written instructions to be provided by the United States Department of Justice, within ten days of receiving the written instructions from the United States Department of Justice. After Defendant has made the required payments, Defendant shall no longer have any property right, title, interest or other legal claim in any funds held in escrow. The interest bearing escrow account established by this Paragraph 3 is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation Section 1.468B-1 of the U.S. Internal Revenue Code of 1986, as amended. The Monitoring Committee established in Paragraph 8 shall, in its sole discretion, appoint an escrow agent ("Escrow Agent") who shall hold and distribute funds as provided herein. All costs and expenses of the Escrow Agent, including taxes, if any, shall be paid from the funds under its control, including any interest earned on the funds.

4. *Payments to Foreclosed Borrowers.* In accordance with written instructions from the State members of the Monitoring Committee, for the purposes set forth in Exhibit C, the Escrow Agent shall transfer from the escrow account to the Administrator appointed under Exhibit C forty million dollars ($40,000,000) (the "Borrower Payment Amount") to enable the Administrator to provide cash payments to borrowers whose homes were finally sold or taken in foreclosure by Defendant between and including January 1, 2008 and December 31, 2013; who submit claims allegedly arising from the Covered Conduct (as that term is defined in Exhibit G hereto); and who otherwise meet criteria set forth by the State members of the Monitoring Committee; and to pay the reasonable costs and expenses of a Settlement Administrator, including taxes and fees for tax counsel, if any. Defendant shall also pay or cause to be paid any additional amounts necessary to pay claims, if any, of borrowers whose data is provided to the Settlement Administrator by Defendant after Defendant warrants that the data is complete and

accurate pursuant to Paragraph 3 of Exhibit C. The Borrower Payment Amount and any other funds provided to the Administrator for these purposes shall be administered in accordance with the terms set forth in Exhibit C.

5. *Consumer Relief.* Defendant itself and through its affiliates and subsidiaries, shall provide five hundred million dollars ($500,000,000) of relief to consumers who meet the eligibility criteria in the forms and amounts described in Paragraphs 1-9 of Exhibit D, as amended by Exhibit I, to remediate harms allegedly caused by the alleged unlawful conduct of Defendant. Defendant shall receive credit towards such obligation as described in Exhibit D as amended by Exhibit I.

IV. ENFORCEMENT

6. The Servicing Standards and Consumer Relief Requirements, attached as Exhibits A and D, are incorporated herein as the judgment of this Court and shall be enforced in accordance with the authorities provided in the Enforcement Terms, attached hereto as Exhibit E.

7. The Parties agree that Joseph A. Smith, Jr. shall be the Monitor and shall have the authorities and perform the duties described in the Enforcement Terms, attached hereto as Exhibit E.

8. The Parties agree that the Monitoring Committee established pursuant to certain Consent Judgments entered in *United States, et al. v. Bank of America Corp., et al.*, No. 12-civ-00361-RMC (April 4, 2012) (Docket Nos. 10-14) and referenced specifically in paragraph 8 of those Consent Judgments, shall be designated as the committee responsible for performing the role of the Administration and Monitoring Committee, as described in the Enforcement Terms. References to the "Monitoring Committee" in this Consent Judgment and related documents shall be understood to refer to the same Monitoring Committee as that established in the *Bank of*

America Corp. case referenced in the preceding sentence, with the addition of a CFPB Member, and the Monitoring Committee shall serve as the representative of the participating state and federal agencies in the administration of all aspects of this Consent Judgment and the monitoring of compliance with it by the Defendant.

V. RELEASES

9. The United States, the Bureau, and Defendant have agreed, in consideration for the terms provided herein, for the release of certain claims, and remedies, as provided in the Federal Release, attached hereto as Exhibit F and in the Origination Release, attached hereto as Exhibit J. The United States, the Bureau, and Defendant have also agreed that certain claims and remedies are not released, as provided in Paragraph 11 of Exhibit F and as provided in paragraph 3 of Exhibit J. The releases contained in Exhibit F and Exhibit J shall become effective on the dates and pursuant to the terms provided in those documents.

10. The Department of Housing and Urban Development and Defendant have agreed, in consideration for the terms provided herein, for the release of certain claims, and remedies, as provided in the Administrative Release, attached hereto as Exhibit K. The release contained in Exhibit K shall become effective on the date and pursuant to the terms provided in that document.

11. The State Parties and Defendant have agreed, in consideration for the terms provided herein, for the release of certain claims and remedies, as provided in the State Release, attached hereto as Exhibit G. The State Parties and Defendant have also agreed that certain claims and remedies are not released, as provided in Part IV of Exhibit G. The releases contained in Exhibit G shall become effective upon payment of the Direct Payment Settlement Amount by Defendant.

VII. OTHER TERMS

12. In the event that the Defendant (a) does not complete certain consumer relief activities as set forth in Exhibit D, as amended by Exhibit I ("Consumer Relief Requirements"), and (b) does not make the Consumer Relief Payments (as that term is defined in Exhibit F (Federal Release)) and fails to cure such non-payment within thirty days of written notice by the party, the United States, the Bureau, and any State Party may withdraw from the Consent Judgment and declare it null and void with respect to the withdrawing party. Nothing in this paragraph shall be interpreted to affect the releases in Exhibit J, or the release of civil and administrative claims, remedies, and penalties based on Covered Origination Conduct in Exhibit K.

13. This Court retains jurisdiction for the duration of this Consent Judgment to enforce its terms. The parties may jointly seek to modify the terms of this Consent Judgment, subject to the approval of this Court. This Consent Judgment may be modified only by order of this Court.

14. The Effective Date of this Consent Judgment shall be the date on which the Consent Judgment has been entered by the Court and has become final and non-appealable. An order entering the Consent Judgment shall be deemed final and non-appealable for this purpose if there is no party with a right to appeal the order on the day it is entered.

15. This Consent Judgment shall remain in full force and effect for three and one-half years from the date it is entered ("the Term"), at which time the Defendant's obligations under the Consent Judgment shall expire, except that, pursuant to Exhibit E, Defendant shall submit a final Quarterly Report for the last quarter or portion thereof falling within the Term and cooperate with the Monitor's review of said report, which shall be concluded no later than six

months after the end of the Term. The duration of the Servicer's obligations under the Servicing Standards set forth in Exhibit A shall be reduced to a period of three years from the date of the entry of the Consent Judgment, if at the end of the third year, the Monitor's two servicing standard compliance reports immediately prior to that date reflect that the Servicer had no Potential Violations during those reporting periods, or any Corrective Action Plans that the Monitor had not yet certified as completed. Defendant shall have no further obligations under this Consent Judgment six months after the expiration of the Term, but the Court shall retain jurisdiction for purposes of enforcing or remedying any outstanding violations that are identified in the final Monitor Report and that have occurred but not been cured during the Term.

16. Except as otherwise agreed in Exhibit B, each party to this litigation will bear its own costs and attorneys' fees associated with this litigation.

17. Nothing in this Consent Judgment shall relieve Defendant of their obligation to comply with applicable state and federal law.

18. The sum and substance of the parties' agreement and of this Consent Judgment are reflected herein and in the Exhibits attached hereto. In the event of a conflict between the terms of the Exhibits and paragraphs 1-18 of this summary document, the terms of the Exhibits shall govern.

SO ORDERED this 30 day of September, 2014

Rosemary M Collyer

UNITED STATES DISTRICT JUDGE

EXHIBIT A

Settlement Term Sheet

The provisions outlined below are intended to apply to loans secured by owner-occupied properties that serve as the primary residence of the borrower unless otherwise noted herein.

I. FORECLOSURE AND BANKRUPTCY INFORMATION AND DOCUMENTATION.

Unless otherwise specified, these provisions shall apply to bankruptcy and foreclosures in all jurisdictions regardless of whether the jurisdiction has a judicial, non-judicial or quasi-judicial process for foreclosures and regardless of whether a statement is submitted during the foreclosure or bankruptcy process in the form of an affidavit, sworn statement or declarations under penalty of perjury (to the extent stated to be based on personal knowledge) ("Declaration").

A. Standards for Documents Used in Foreclosure and Bankruptcy Proceedings.

1. Servicer shall ensure that factual assertions made in pleadings (complaint, counterclaim, cross-claim, answer or similar pleadings), bankruptcy proofs of claim (including any facts provided by Servicer or based on information provided by the Servicer that are included in any attachment and submitted to establish the truth of such facts) ("POC"), Declarations, affidavits, and sworn statements filed by or on behalf of Servicer in judicial foreclosures or bankruptcy proceedings and notices of default, notices of sale and similar notices submitted by or on behalf of Servicer in non-judicial foreclosures are accurate and complete and are supported by competent and reliable evidence. Before a loan is referred to non-judicial foreclosure, Servicer shall ensure that it has reviewed competent and reliable evidence to substantiate the borrower's default and the right to foreclose, including the borrower's loan status and loan information.

2. Servicer shall ensure that affidavits, sworn statements, and Declarations are based on personal knowledge, which may be based on the affiant's review of Servicer's books and records, in accordance with the evidentiary requirements of applicable state or federal law.

3. Servicer shall ensure that affidavits, sworn statements and Declarations executed by Servicer's affiants are based on the affiant's review and personal knowledge of the accuracy and completeness of the assertions in the affidavit, sworn statement or Declaration, set out facts that Servicer reasonably believes would be admissible in evidence, and show that the affiant is competent to testify on the matters stated. Affiants shall confirm that they have reviewed competent and reliable evidence to substantiate the borrower's default and the right to foreclose, including the borrower's loan status and required loan ownership information. If an affiant relies on a review of business records for the basis of its affidavit, the referenced business record shall be attached if required by applicable state or federal law or court rule. This provision does not apply to affidavits, sworn statements and Declarations signed by counsel based solely on counsel's personal knowledge (such as affidavits of counsel relating to service of process, extensions of time, or fee petitions) that are not based on a review of Servicer's books and records. Separate affidavits, sworn statements or

Declarations shall be used when one affiant does not have requisite personal knowledge of all required information.

4. Servicer shall have standards for qualifications, training and supervision of employees. Servicer shall train and supervise employees who regularly prepare or execute affidavits, sworn statements or Declarations. Each such employee shall sign a certification that he or she has received the training. Servicer shall oversee the training completion to ensure each required employee properly and timely completes such training. Servicer shall maintain written records confirming that each such employee has completed the training and the subjects covered by the training.

5. Servicer shall review and approve standardized forms of affidavits, standardized forms of sworn statements, and standardized forms of Declarations prepared by or signed by an employee or officer of Servicer, or executed by a third party using a power of attorney on behalf of Servicer, to ensure compliance with applicable law, rules, court procedure, and the terms of this Agreement ("the Agreement").

6. Affidavits, sworn statements and Declarations shall accurately identify the name of the affiant, the entity of which the affiant is an employee, and the affiant's title.

7. Affidavits, sworn statements and Declarations, including their notarization, shall fully comply with all applicable state law requirements.

8. Affidavits, sworn statements and Declarations shall not contain information that is false or unsubstantiated. This requirement shall not preclude Declarations based on information and belief where so stated.

9. Servicer shall assess and ensure that it has an adequate number of employees and that employees have reasonable time to prepare, verify, and execute pleadings, POCs, motions for relief from stay ("MRS"), affidavits, sworn statements and Declarations.

10. Servicer shall not pay volume-based or other incentives to employees or third-party providers or trustees that encourage undue haste or lack of due diligence over quality.

11. Affiants shall be individuals, not entities, and affidavits, sworn statements and Declarations shall be signed by hand signature of the affiant (except for permitted electronic filings). For such documents, except for permitted electronic filings, signature stamps and any other means of electronic or mechanical signature are prohibited.

12. At the time of execution, all information required by a form affidavit, sworn statement or Declaration shall be complete.

13. Affiants shall date their signatures on affidavits, sworn statements or Declarations.

14. Servicer shall maintain records that identify all notarizations of Servicer documents executed by each notary employed by Servicer.

15. Servicer shall not file a POC in a bankruptcy proceeding which, when

filed, contained materially inaccurate information. In cases in which such a POC may have been filed, Servicer shall not rely on such POC and shall (a) in active cases, at Servicer's expense, take appropriate action, consistent with state and federal law and court procedure, to substitute such POC with an amended POC as promptly as reasonably practicable (and, in any event, not more than 30 days) after acquiring actual knowledge of such material inaccuracy and provide appropriate written notice to the borrower or borrower's counsel; and (b) in other cases, at Servicer's expense, take appropriate action after acquiring actual knowledge of such material inaccuracy.

16. Servicer shall not rely on an affidavit of indebtedness or similar affidavit, sworn statement or Declaration filed in a pending pre-judgment judicial foreclosure or bankruptcy proceeding which (a) was required to be based on the affiant's review and personal knowledge of its accuracy but was not, (b) was not, when so required, properly notarized, or (c) contained materially inaccurate information in order to obtain a judgment of foreclosure, order of sale, relief from the automatic stay or other relief in bankruptcy. In pending cases in which such affidavits, sworn statements or Declarations may have been filed, Servicer shall, at Servicer's expense, take appropriate action, consistent with state and federal law and court procedure, to substitute such affidavits with new affidavits and provide appropriate written notice to the borrower or borrower's counsel.

17. In pending post-judgment, pre-sale cases in judicial foreclosure proceedings in which an affidavit or sworn statement was filed which was required to be based on the affiant's review and personal knowledge of its accuracy but may not have been, or that may not have, when so required, been properly notarized, and such affidavit or sworn statement has not been re-filed, Servicer, unless prohibited by state or local law or court rule, will provide written notice to borrower at borrower's address of record or borrower's counsel prior to proceeding with a foreclosure sale or eviction proceeding.

18. In all states, Servicer shall send borrowers a statement setting forth facts supporting Servicer's or holder's right to foreclose and containing the information required in paragraphs I.B.6 (items available upon borrower request), I.B.10 (account statement), I.C.2 and I.C.3 (ownership statement), and IV.B.13 (loss mitigation statement) herein. Servicer shall send this statement to the borrower in one or more communications no later than 14 days prior to referral to foreclosure attorney or foreclosure trustee. Servicer shall provide the Monitoring Committee with copies of proposed form statements for review before implementation.

B. Requirements for Accuracy and Verification of Borrower's Account Information.

1. Servicer shall maintain procedures to ensure accuracy and timely updating of borrower's account information, including posting of payments and imposition of fees. Servicer shall also maintain adequate documentation of borrower account information, which may be in either electronic or paper

format.

2. For any loan on which interest is calculated based on a daily accrual or daily interest method and as to which any obligor is not a debtor in a bankruptcy proceeding without reaffirmation, Servicer shall promptly accept and apply all borrower payments, including cure payments (where authorized by law or contract), trial modification payments, as well as non-conforming payments, unless such application conflicts with contract provisions or prevailing law. Servicer shall ensure that properly identified payments shall be posted no more than two business days after receipt at the address specified by Servicer and credited as of the date received to borrower's account. Each monthly payment shall be applied in the order specified in the loan documents.

3. For any loan on which interest is not calculated based on a daily accrual or daily interest method and as to which any obligor is not a debtor in a bankruptcy proceeding without reaffirmation, Servicer shall promptly accept and apply all borrower conforming payments, including cure payments (where authorized by law or contract), unless such application conflicts with contract provisions or prevailing law. Servicer shall continue to accept trial modification payments consistent with existing payment application practices. Servicer shall ensure that properly identified payments shall be posted no more than two business days after receipt at the address specified by Servicer. Each monthly payment shall be applied in the order specified in the loan documents.

   a. Servicer shall accept and apply at least two non-conforming payments from the borrower, in accordance with this subparagraph, when the payment, whether on its own or when combined with a payment made by another source, comes within $50.00 of the scheduled payment, including principal and interest and, where applicable, taxes and insurance.

   b. Except for payments described in paragraph I.B.3.a, Servicer may post partial payments to a suspense or unapplied funds account, provided that Servicer (1) discloses to the borrower the existence of and any activity in the suspense or unapplied funds account; (2) credits the borrower's account with a full payment as of the date that the funds in the suspense or unapplied funds account are sufficient to cover such full payment; and (3) applies payments as required by the terms of the loan documents. Servicer shall not take funds from suspense or unapplied funds accounts to pay fees until all unpaid contractual interest, principal, and escrow amounts are paid and brought current or other final disposition of the loan.

4. Notwithstanding the provisions above, Servicer shall not be required to accept payments which are insufficient to pay the full balance due after the borrower has been provided written notice that the contract has been declared in default and the remaining payments due under the contract have been accelerated.

5. Servicer shall provide to borrowers (other than borrowers in bankruptcy or borrowers who have been referred to or are going through foreclosure) adequate information on monthly billing or other account statements to show in clear and conspicuous language:
   a. total amount due;
   b. allocation of payments, including a notation if any payment has been posted to a "suspense or unapplied funds account";
   c. unpaid principal;
   d. fees and charges for the relevant time period;
   e. current escrow balance; and
   f. reasons for any payment changes, including an interest rate or escrow account adjustment, no later than 21 days before the new amount is due (except in the case of loans as to which interest accrues daily or the rate changes more frequently than once every 30 days);

   Statements as described above are not required to be delivered with respect to any fixed rate residential mortgage loan as to which the borrower is provided a coupon book.
6. In the statements described in paragraphs I.A.18 and III.B.1.a, Servicer shall notify borrowers that they may receive, upon written request:
   a. A copy of the borrower's payment history since the borrower was last less than 60 days past due;
   b. A copy of the borrower's note;
   c. If Servicer has commenced foreclosure or filed a POC, copies of any assignments of mortgage or deed of trust required to demonstrate the right to foreclose on the borrower's note under applicable state law; and
   d. The name of the investor that holds the borrower's loan.
7. Servicer shall adopt enhanced billing dispute procedures, including for disputes regarding fees. These procedures will include:
   a. Establishing readily available methods for customers to lodge complaints and pose questions, such as by providing toll-free numbers and accepting disputes by email;
   b. Assessing and ensuring adequate and competent staff to answer and respond to consumer disputes promptly;
   c. Establishing a process for dispute escalation;
   d. Tracking the resolution of complaints; and
   e. Providing a toll-free number on monthly billing statements.
8. Servicer shall take appropriate action to promptly remediate any inaccuracies in borrowers' account information, including:

a. Correcting the account information;

b. Providing cash refunds or account credits; and

c. Correcting inaccurate reports to consumer credit reporting agencies.

9. Servicer's systems to record account information shall be periodically independently reviewed for accuracy and completeness by an independent reviewer.

10. As indicated in paragraph I.A.18, Servicer shall send the borrower an itemized plain language account summary setting forth each of the following items, to the extent applicable:

a. The total amount needed to reinstate or bring the account current, and the amount of the principal obligation under the mortgage;

b. The date through which the borrower's obligation is paid;

c. The date of the last full payment;

d. The current interest rate in effect for the loan (if the rate is effective for at least 30 days);

e. The date on which the interest rate may next reset or adjust (unless the rate changes more frequently than once every 30 days);

f. The amount of any prepayment fee to be charged, if any;

g. A description of any late payment fees;

h. A telephone number or electronic mail address that may be used by the obligor to obtain information regarding the mortgage; and

i. The names, addresses, telephone numbers, and Internet addresses of one or more counseling agencies or programs approved by HUD (http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm).

11. In active chapter 13 cases, Servicer shall ensure that:

a. prompt and proper application of payments is made on account of (a) pre-petition arrearage amounts and (b) post-petition payment amounts and posting thereof as of the successful consummation of the effective confirmed plan;

b. the debtor is treated as being current so long as the debtor is making payments in accordance with the terms of the then-effective confirmed plan and any later effective payment change notices; and

c. as of the date of dismissal of a debtor's bankruptcy case, entry of an order granting Servicer relief from the stay, or entry of an order granting the debtor a discharge, there is a reconciliation of payments received with respect to the debtor's obligations during the case and appropriately update the Servicer's systems of record. In connection with such reconciliation, Servicer shall reflect the waiver of any fee, expense or charge pursuant to paragraphs III.B.1.c.i or III.B.1.d.

C. Documentation of Note, Holder Status and Chain of Assignment.

1. Servicer shall implement processes to ensure that Servicer or the foreclosing entity has a documented enforceable interest in the promissory note and mortgage (or deed of trust) under applicable state law, or is otherwise a proper party to the foreclosure action.

2. Servicer shall include a statement in a pleading, affidavit of indebtedness or similar affidavits in court foreclosure proceedings setting forth the basis for asserting that the foreclosing party has the right to foreclose.

3. Servicer shall set forth the information establishing the party's right to foreclose as set forth in I.C.2 in a communication to be sent to the borrower as indicated in I.A.18.

4. If the original note is lost or otherwise unavailable, Servicer shall comply with applicable law in an attempt to establish ownership of the note and the right to enforcement. Servicer shall ensure good faith efforts to obtain or locate a note lost while in the possession of Servicer or Servicer's agent and shall ensure that Servicer and Servicer's agents who are expected to have possession of notes or assignments of mortgage on behalf of Servicer adopt procedures that are designed to provide assurance that the Servicer or Servicer's agent would locate a note or assignment of mortgage if it is in the possession or control of the Servicer or Servicer's agent, as the case may be. In the event that Servicer prepares or causes to be prepared a lost note or lost assignment affidavit with respect to an original note or assignment lost while in Servicer's control, Servicer shall use good faith efforts to obtain or locate the note or assignment in accordance with its procedures. In the affidavit, sworn statement or other filing documenting the lost note or assignment, Servicer shall recite that Servicer has made a good faith effort in accordance with its procedures for locating the lost note or assignment.

5. Servicer shall not intentionally destroy or dispose of original notes that are still in force.

6. Servicer shall ensure that mortgage assignments executed by or on behalf of Servicer are executed with appropriate legal authority, accurately reflective of the completed transaction and properly acknowledged.

D. Bankruptcy Documents.

1. **Proofs of Claim ("POC")**. Servicer shall ensure that POCs filed on behalf of Servicer are documented in accordance with the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and any applicable local rule or order ("bankruptcy law"). Unless not permitted by statute or rule, Servicer shall ensure that each POC is documented by attaching:

a. The original or a duplicate of the note, including all indorsements; a copy of any mortgage or deed of trust securing the notes (including, if applicable, evidence of recordation in the applicable land records); and copies of any assignments of mortgage or deed

of trust required to demonstrate the right to foreclose on the borrower's note under applicable state law (collectively, "Loan Documents"). If the note has been lost or destroyed, a lost note affidavit shall be submitted.

b. If, in addition to its principal amount, a claim includes interest, fees, expenses, or other charges incurred before the petition was filed, an itemized statement of the interest, fees, expenses, or charges shall be filed with the POC (including any expenses or charges based on an escrow analysis as of the date of filing) at least in the detail specified in the current draft of Official Form B 10 (effective December 2011) ("Official Form B 10"**)** Attachment A.

c. A statement of the amount necessary to cure any default as of the date of the petition shall be filed with the POC.

d. If a security interest is claimed in property that is the debtor's principal residence, the attachment prescribed by the appropriate Official Form shall be filed with the POC.

e. Servicer shall include a statement in a POC setting forth the basis for asserting that the applicable party has the right to foreclose.

f. The POC shall be signed (either by hand or by appropriate electronic signature) by the responsible person under penalty of perjury after reasonable investigation, stating that the information set forth in the POC is true and correct to the best of such responsible person's knowledge, information, and reasonable belief, and clearly identify the responsible person's employer and position or title with the employer.

2. **Motions for Relief from Stay ("MRS")**. Unless not permitted by bankruptcy law, Servicer shall ensure that each MRS in a chapter 13 proceeding is documented by attaching:

a. To the extent not previously submitted with a POC, a copy of the Loan Documents; if such documents were previously submitted with a POC, a statement to that effect. If the promissory note has been lost or destroyed, a lost note affidavit shall be submitted;

b. To the extent not previously submitted with a POC, Servicer shall include a statement in an MRS setting forth the basis for asserting that the applicable party has the right to foreclose.

c. An affidavit, sworn statement or Declaration made by Servicer or based on information provided by Servicer ("MRS affidavit" (which term includes, without limitation, any facts provided by Servicer that are included in any attachment and submitted to establish the truth of such facts) setting forth:

i. whether there has been a default in paying pre-petition arrearage or post-petition amounts (an "MRS delinquency");

ii. if there has been such a default, (a) the unpaid principal balance, (b) a description of any default with respect to the pre-petition arrearage, (c) a description of any default with respect to the post-petition amount (including, if applicable, any escrow shortage), (d) the amount of the pre-petition arrearage (if applicable), (e) the post-petition payment amount, (f) for the period since the date of the first post-petition or pre-petition default that is continuing and has not been cured, the date and amount of each payment made (including escrow payments) and the application of each such payment, and (g) the amount, date and description of each fee or charge applied to such pre-petition amount or post-petition amount since the later of the date of the petition or the preceding statement pursuant to paragraph III.B.1.a; and

iii. all amounts claimed, including a statement of the amount necessary to cure any default on or about the date of the MRS.

d. All other attachments prescribed by statute, rule, or law.

e. Servicer shall ensure that any MRS discloses the terms of any trial period or permanent loan modification plan pending at the time of filing of a MRS or whether the debtor is being evaluated for a loss mitigation option.

E. Quality Assurance Systems Review.

1. Servicer shall conduct regular reviews, not less than quarterly, of a statistically valid sample of affidavits, sworn statements, Declarations filed by or on behalf of Servicer in judicial foreclosures or bankruptcy proceedings and notices of default, notices of sale and similar notices submitted in non-judicial foreclosures to ensure that the documents are accurate and comply with prevailing law and this Agreement.

a. The reviews shall also verify the accuracy of the statements in affidavits, sworn statements, Declarations and documents used to foreclose in non-judicial foreclosures, the account summary described in paragraph I.B.10, the ownership statement described in paragraph I.C.2, and the loss mitigation statement described in paragraph IV.B.13 by reviewing the underlying information. Servicer shall take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases.

b. The reviews shall also verify the accuracy of the statements in affidavits, sworn statements and Declarations submitted in bankruptcy proceedings. Servicer shall take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases.

2. The quality assurance steps set forth above shall be conducted by Servicer

employees who are separate and independent of employees who prepare foreclosure or bankruptcy affidavits, sworn statements, or other foreclosure or bankruptcy documents.

3. Servicer shall conduct regular pre-filing reviews of a statistically valid sample of POCs to ensure that the POCs are accurate and comply with prevailing law and this Agreement. The reviews shall also verify the accuracy of the statements in POCs. Servicer shall take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases. The pre-filing review shall be conducted by Servicer employees who are separate and independent of the persons who prepared the applicable POCs.

4. Servicer shall regularly review and assess the adequacy of its internal controls and procedures with respect to its obligations under this Agreement, and implement appropriate procedures to address deficiencies.

II. THIRD-PARTY PROVIDER OVERSIGHT.

A. *Oversight Duties Applicable to All Third-Party Providers.*

Servicer shall adopt policies and processes to oversee and manage foreclosure firms, law firms, foreclosure trustees, subservicers and other agents, independent contractors, entities and third parties (including subsidiaries and affiliates) retained by or on behalf of Servicer that provide foreclosure, bankruptcy or mortgage servicing activities (including loss mitigation) (collectively, such activities are "Servicing Activities" and such providers are "Third-Party Providers"), including:

1. Servicer shall perform appropriate due diligence of Third-Party Providers' qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability.

2. Servicer shall amend agreements, engagement letters, or oversight policies, or enter into new agreements or engagement letters, with Third-Party Providers to require them to comply with Servicer's applicable policies and procedures (which will incorporate any applicable aspects of this Agreement) and applicable state and federal laws and rules.

3. Servicer shall ensure that agreements, contracts or oversight policies provide for adequate oversight, including measures to enforce Third-Party Provider contractual obligations, and to ensure timely action with respect to Third-Party Provider performance failures.

4. Servicer shall ensure that foreclosure and bankruptcy counsel and foreclosure trustees have appropriate access to information from Servicer's books and records necessary to perform their duties in preparing pleadings and other documents submitted in foreclosure and bankruptcy proceedings.

5. Servicer shall ensure that all information provided by or on behalf of Servicer to Third-Party Providers in connection with providing Servicing Activities is accurate and complete.

6. Servicer shall conduct periodic reviews of Third-Party Providers. These reviews shall include:

   a. A review of a sample of the foreclosure and bankruptcy documents prepared by the Third-Party Provider, to provide for compliance with applicable state and federal law and this Agreement in connection with the preparation of the documents, and the accuracy of the facts contained therein;

   b. A review of the fees and costs assessed by the Third-Party Provider to provide that only fees and costs that are lawful, reasonable and actually incurred are charged to borrowers and that no portion of any fees or charges incurred by any Third-Party Provider for technology usage, connectivity, or electronic invoice submission is charged as a cost to the borrower;

   c. A review of the Third-Party Provider's processes to provide for compliance with the Servicer's policies and procedures concerning Servicing Activities;

   d. A review of the security of original loan documents maintained by the Third-Party Provider;

   e. A requirement that the Third-Party Provider disclose to the Servicer any imposition of sanctions or professional disciplinary action taken against them for misconduct related to performance of Servicing Activities; and

   f. An assessment of whether bankruptcy attorneys comply with the best practice of determining whether a borrower has made a payment curing any MRS delinquency within two business days of the scheduled hearing date of the related MRS.

The quality assurance steps set forth above shall be conducted by Servicer employees who are separate and independent of employees who prepare foreclosure or bankruptcy affidavits, sworn documents, Declarations or other foreclosure or bankruptcy documents.

7. Servicer shall take appropriate remedial steps if problems are identified through this review or otherwise, including, when appropriate, terminating its relationship with the Third-Party Provider.

8. Servicer shall adopt processes for reviewing and appropriately addressing customer complaints it receives about Third-Party Provider services.

9. Servicer shall regularly review and assess the adequacy of its internal controls and procedures with respect to its obligations under this Section, and take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases

B. *Additional Oversight of Activities by Third-Party Providers.*

1. Servicer shall require a certification process for law firms (and recertification of existing law firm providers) that provide residential mortgage foreclosure and bankruptcy services for Servicer, on a periodic

basis, as qualified to serve as a Third-Party Provider to Servicer, including that attorneys have the experience and competence necessary to perform the services requested.

2. Servicer shall ensure that attorneys are licensed to practice in the relevant jurisdiction, have the experience and competence necessary to perform the services requested, and that their services comply with applicable rules, regulations and applicable law (including state law prohibitions on fee splitting).

3. Servicer shall ensure that foreclosure and bankruptcy counsel and foreclosure trustees have an appropriate Servicer contact to assist in legal proceedings and to facilitate loss mitigation questions on behalf of the borrower.

4. Servicer shall adopt policies requiring Third-Party Providers to maintain records that identify all notarizations of Servicer documents executed by each notary employed by the Third-Party Provider.

III. BANKRUPTCY.

A. General.

1. The provisions, conditions and obligations imposed herein are intended to be interpreted in accordance with applicable federal, state and local laws, rules and regulations. Nothing herein shall require a Servicer to do anything inconsistent with applicable state or federal law, including the applicable bankruptcy law or a court order in a bankruptcy case.

2. Servicer shall ensure that employees who are regularly engaged in servicing mortgage loans as to which the borrower or mortgagor is in bankruptcy receive training specifically addressing bankruptcy issues.

B. Chapter 13 Cases.

1. In any chapter 13 case, Servicer shall ensure that:

a. So long as the debtor is in a chapter 13 case, within 180 days after the date on which the fees, expenses, or charges are incurred, file and serve on the debtor, debtor's counsel, and the trustee a notice in a form consistent with Official Form B10 (Supplement 2) itemizing fees, expenses, or charges (1) that were incurred in connection with the claim after the bankruptcy case was filed, (2) that the holder asserts are recoverable against the debtor or against the debtor's principal residence, and (3) that the holder intends to collect from the debtor.

b. Servicer replies within time periods established under bankruptcy law to any notice that the debtor has completed all payments under the plan or otherwise paid in full the amount required to cure any pre-petition default.

c. If the Servicer fails to provide information as required by paragraph III.B.1.a with respect to a fee, expense or charge within 180 days of the incurrence of such fee, expense, or charge, then,

i. Except for independent charges ("Independent charge") paid by the Servicer that is either (A) specifically authorized by the borrower or (B) consists of amounts advanced by Servicer in respect of taxes, homeowners association fees, liens or insurance, such fee, expense or charge shall be deemed waived and may not be collected from the borrower.

ii. In the case of an Independent charge, the court may, after notice and hearing, take either or both of the following actions:

(a) preclude the holder from presenting the omitted information, in any form, as evidence in any contested matter or adversary proceeding in the case, unless the court determines that the failure was substantially justified or is harmless; or

(b) award other appropriate relief, including reasonable expenses and attorney's fees caused by the failure.

d. If the Servicer fails to provide information as required by paragraphs III.B.1.a or III.B.1.b and bankruptcy law with respect to a fee, expense or charge (other than an Independent Charge) incurred more than 45 days before the date of the reply referred to in paragraph III.B.1.b, then such fee, expense or charge shall be deemed waived and may not be collected from the borrower.

e. Servicer shall file and serve on the debtor, debtor's counsel, and the trustee a notice in a form consistent with the current draft of Official Form B10 (Supplement 1) (effective December 2011) of any change in the payment amount, including any change that results from an interest rate or escrow account adjustment, no later than 21 days before a payment in the new amount is due. Servicer shall waive and not collect any late charge or other fees imposed solely as a result of the failure of the borrower timely to make a payment attributable to the failure of Servicer to give such notice timely.

IV. LOSS MITIGATION.

These requirements are intended to apply to both government-sponsored and proprietary loss mitigation programs and shall apply to subservicers performing loss mitigation services on Servicer's behalf.

A. Loss Mitigation Requirements.

1. Servicer shall be required to notify potentially eligible borrowers of currently available loss mitigation options prior to foreclosure referral. Upon the timely receipt of a complete loan modification application, Servicer shall evaluate borrowers for all available loan modification options for which they are eligible prior to referring a borrower to foreclosure and shall facilitate the submission and review of loss

mitigation applications. The foregoing notwithstanding, Servicer shall have no obligation to solicit borrowers who are in bankruptcy.

2. Servicer shall offer and facilitate loan modifications for borrowers rather than initiate foreclosure when such loan modifications for which they are eligible are net present value (NPV) positive and meet other investor, guarantor, insurer and program requirements.

3. Servicer shall allow borrowers enrolled in a trial period plan under prior HAMP guidelines (where borrowers were not pre-qualified) and who made all required trial period payments, but were later denied a permanent modification, the opportunity to reapply for a HAMP or proprietary loan modification using current financial information.

4. Servicer shall promptly send a final modification agreement to borrowers who have enrolled in a trial period plan under current HAMP guidelines (or fully underwritten proprietary modification programs with a trial payment period) and who have made the required number of timely trial period payments, where the modification is underwritten prior to the trial period and has received any necessary investor, guarantor or insurer approvals. The borrower shall then be converted by Servicer to a permanent modification upon execution of the final modification documents, consistent with applicable program guidelines, absent evidence of fraud.

B. Dual Track Restricted.

1. If a borrower has not already been referred to foreclosure, Servicer shall not refer an eligible borrower's account to foreclosure while the borrower's complete application for any loan modification program is pending if Servicer received (a) a complete loan modification application no later than day 120 of delinquency, or (b) a substantially complete loan modification application (missing only any required documentation of hardship) no later than day 120 of delinquency and Servicer receives any required hardship documentation no later than day 130 of delinquency. Servicer shall not make a referral to foreclosure of an eligible borrower who so provided an application until:

   a. Servicer determines (after the automatic review in paragraph IV.G.1) that the borrower is not eligible for a loan modification, or

   b. If borrower does not accept an offered foreclosure prevention alternative within 14 days of the evaluation notice, the earlier of (i) such 14 days, and (ii) borrower's decline of the foreclosure prevention offer.

2. If borrower accepts the loan modification resulting from Servicer's evaluation of the complete loan modification application referred to in paragraph IV.B.1 (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days of Servicer's offer of a loan modification, then the Servicer shall delay referral to foreclosure until (a) if the Servicer fails timely to receive the

first trial period payment, the last day for timely receiving the first trial period payment, and (b) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

3. If the loan modification requested by a borrower as described in paragraph IV.B.1 is denied, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

   a. expiration of the 30-day appeal period; and

   b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the Servicer fails timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

4. If, after an eligible borrower has been referred to foreclosure, the Servicer receives a complete application from the borrower within 30 days after the Post Referral to Foreclosure Solicitation Letter, then while such loan modification application is pending, Servicer shall not move for foreclosure judgment or order of sale (or, if a motion has already been filed, shall take reasonable steps to avoid a ruling on such motion), or seek a foreclosure sale. If Servicer offers the borrower a loan modification, Servicer shall not move for judgment or order of sale, (or, if a motion has already been filed, shall take reasonable steps to avoid a ruling on such motion), or seek a foreclosure sale until the earlier of (a) 14 days after the date of the related offer of a loan modification, and (b) the date the borrower declines the loan modification offer. If the borrower accepts the loan modification offer (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days after the date of the related offer of loan modification, Servicer shall continue this delay until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

5. If the loan modification requested by a borrower described in paragraph IV.B.4 is denied, then, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

   a. expiration of the 30-day appeal period; and

b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the failure of the Servicer timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

6. If, after an eligible borrower has been referred to foreclosure, Servicer receives a complete loan modification application more than 30 days after the Post Referral to Foreclosure Solicitation Letter, but more than 37 days before a foreclosure sale is scheduled, then while such loan modification application is pending, Servicer shall not proceed with the foreclosure sale. If Servicer offers a loan modification, then Servicer shall delay the foreclosure sale until the earlier of (i) 14 days after the date of the related offer of loan modification, and (ii) the date the borrower declines the loan modification offer. If the borrower accepts the loan modification offer (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days, Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

7. If the loan modification requested by a borrower described in paragraph IV.B.6 is denied and it is reasonable to believe that more than 90 days remains until a scheduled foreclosure date or the first date on which a sale could reasonably be expected to be scheduled and occur, then, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3.a, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

   a. expiration of the 30-day appeal period; and

   b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the Servicer fails timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

8. If, after an eligible borrower has been referred to foreclosure, Servicer receives a complete loan modification application more than 30 days after

the Post Referral to Foreclosure Solicitation Letter, but within 37 to 15 days before a foreclosure sale is scheduled, then Servicer shall conduct an expedited review of the borrower and, if the borrower is extended a loan modification offer, Servicer shall postpone any foreclosure sale until the earlier of (a) 14 days after the date of the related evaluation notice, and (b) the date the borrower declines the loan modification offer. If the borrower timely accepts the loan modification offer (either in writing or by submitting the first trial modification payment), Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

9. If, after an eligible borrower has been referred to foreclosure, the Servicer receives a complete loan modification application more than 30 days after the Post Referral to Foreclosure Solicitation Letter and less than 15 days before a scheduled foreclosure sale, Servicer must notify the borrower before the foreclosure sale date as to Servicer's determination (if its review was completed) or inability to complete its review of the loan modification application. If Servicer makes a loan modification offer to the borrower, then Servicer shall postpone any sale until the earlier of (a) 14 days after the date of the related evaluation notice, and (b) the date the borrower declines the loan modification offer. If the borrower timely accepts a loan modification offer (either in writing or by submitting the first trial modification payment), Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

10. For purposes of this section IV.B, Servicer shall not be responsible for failing to obtain a delay in a ruling on a judgment or failing to delay a foreclosure sale if Servicer made a request for such delay, pursuant to any state or local law, court rule or customary practice, and such request was not approved.

11. Servicer shall not move to judgment or order of sale or proceed with a foreclosure sale under any of the following circumstances:

    a. The borrower is in compliance with the terms of a trial loan modification, forbearance, or repayment plan; or

    b. A short sale or deed-in-lieu of foreclosure has been approved by all parties (including, for example, first lien investor, junior lien holder and mortgage insurer, as applicable), and proof of funds or financing has been provided to Servicer.

12. If a foreclosure or trustee's sale is continued (rather than cancelled) to provide time to evaluate loss mitigation options, Servicer shall promptly notify borrower in writing of the new date of sale (without delaying any related foreclosure sale).

13. As indicated in paragraph I.A.18, Servicer shall send a statement to the borrower outlining loss mitigation efforts undertaken with respect to the borrower prior to foreclosure referral. If no loss mitigation efforts were offered or undertaken, Servicer shall state whether it contacted or attempted to contact the borrower and, if applicable, why the borrower was ineligible for a loan modification or other loss mitigation options.

14. Servicer shall ensure timely and accurate communication of or access to relevant loss mitigation status and changes in status to its foreclosure attorneys, bankruptcy attorneys and foreclosure trustees and, where applicable, to court-mandated mediators.

C. Single Point of Contact.

1. Servicer shall establish an easily accessible and reliable single point of contact ("SPOC") for each potentially-eligible first lien mortgage borrower so that the borrower has access to an employee of Servicer to obtain information throughout the loss mitigation, loan modification and foreclosure processes.

2. Servicer shall initially identify the SPOC to the borrower promptly after a potentially-eligible borrower requests loss mitigation assistance. Servicer shall provide one or more direct means of communication with the SPOC on loss mitigation-related correspondence with the borrower. Servicer shall promptly provide updated contact information to the borrower if the designated SPOC is reassigned, no longer employed by Servicer, or otherwise not able to act as the primary point of contact.

   a. Servicer shall ensure that debtors in bankruptcy are assigned to a SPOC specially trained in bankruptcy issues.

3. The SPOC shall have primary responsibility for:

   a. Communicating the options available to the borrower, the actions the borrower must take to be considered for these options and the status of Servicer's evaluation of the borrower for these options;

   b. Coordinating receipt of all documents associated with loan modification or loss mitigation activities;

   c. Being knowledgeable about the borrower's situation and current status in the delinquency/imminent default resolution process; and

   d. Ensuring that a borrower who is not eligible for MHA programs is considered for proprietary or other investor loss mitigation options.

4. The SPOC shall, at a minimum, provide the following services to borrowers:

   a. Contact borrower and introduce himself/herself as the borrower's SPOC;

   b. Explain programs for which the borrower is eligible;

   c. Explain the requirements of the programs for which the borrower is eligible;

d. Explain program documentation requirements;

e. Provide basic information about the status of borrower's account, including pending loan modification applications, other loss mitigation alternatives, and foreclosure activity;

f. Notify borrower of missing documents and provide an address or electronic means for submission of documents by borrower in order to complete the loan modification application;

g. Communicate Servicer's decision regarding loan modification applications and other loss mitigation alternatives to borrower in writing;

h. Assist the borrower in pursuing alternative non-foreclosure options upon denial of a loan modification;

i. If a loan modification is approved, call borrower to explain the program;

j. Provide information regarding credit counseling where necessary;

k. Help to clear for borrower any internal processing requirements; and

l. Have access to individuals with the ability to stop foreclosure proceedings when necessary to comply with the MHA Program or this Agreement.

5. The SPOC shall remain assigned to borrower's account and available to borrower until such time as Servicer determines in good faith that all loss mitigation options have been exhausted, borrower's account becomes current or, in the case of a borrower in bankruptcy, the borrower has exhausted all loss mitigation options for which the borrower is potentially eligible and has applied

6. Servicer shall ensure that a SPOC can refer and transfer a borrower to an appropriate supervisor upon request of the borrower.

7. Servicer shall ensure that relevant records relating to borrower's account are promptly available to the borrower's SPOC, so that the SPOC can timely, adequately and accurately inform the borrower of the current status of loss mitigation, loan modification, and foreclosure activities.

8. Servicer shall designate one or more management level employees to be the primary contact for the Attorneys General, state financial regulators, the Executive Office of U.S. Trustee, each regional office of the U.S. Trustee, and federal regulators for communication regarding complaints and inquiries from individual borrowers who are in default and/or have applied for loan modifications. Servicer shall provide a written acknowledgment to all such inquiries within 10 business days. Servicer shall provide a substantive written response to all such inquiries within 30 days. Servicer shall provide relevant loan information to borrower and to Attorneys General, state financial regulators, federal regulators, the Executive Office of the U.S. Trustee, and each U.S. Trustee upon written

request and if properly authorized. A written complaint filed by a borrower and forwarded by a state Attorney General or financial regulatory agency to Servicer shall be deemed to have proper authorization.

9. Servicer shall establish and make available to Chapter 13 trustees a toll-free number staffed by persons trained in bankruptcy to respond to inquiries from Chapter 13 trustees.

D. Loss Mitigation Communications with Borrowers.

1. Servicer shall commence outreach efforts to communicate loss mitigation options for first lien mortgage loans to all potentially eligible delinquent borrowers (other than those in bankruptcy) beginning on timelines that are in accordance with HAMP borrower solicitation guidelines set forth in the MHA Handbook version 3.2, Chapter II, Section 2.2, regardless of whether the borrower is eligible for a HAMP modification. Servicer shall provide borrowers with notices that include contact information for national or state foreclosure assistance hotlines and state housing counseling resources, as appropriate. The use by Servicer of nothing more than prerecorded automatic messages in loss mitigation communications with borrowers shall not be sufficient in those instances in which it fails to result in contact between the borrower and one of Servicer's loss mitigation specialists. Servicer shall conduct affirmative outreach efforts to inform delinquent second lien borrowers (other than those in bankruptcy about the availability of payment reduction options. The foregoing notwithstanding, Servicer shall have no obligation to solicit borrowers who are in bankruptcy.

2. Servicer shall disclose and provide accurate information to borrowers relating to the qualification process and eligibility factors for loss mitigation programs.

3. Servicer shall communicate, at the written request of the borrower, with the borrower's authorized representatives, including housing counselors. Servicer shall communicate with representatives from state Attorneys General and financial regulatory agencies acting upon a written complaint filed by the borrower and forwarded by the state Attorney General or financial regulatory agency to Servicer. When responding to the borrower regarding such complaint, Servicer shall include the applicable state Attorney General on all correspondence with the borrower regarding such complaint.

4. Servicer shall cease all collection efforts while the borrower (i) is making timely payments under a trial loan modification or (ii) has submitted a complete loan modification application, and a modification decision is pending. Notwithstanding the above, Servicer reserves the right to contact a borrower to gather required loss mitigation documentation or to assist a borrower with performance under a trial loan modification plan.

5. Servicer shall consider partnering with third parties, including national chain retailers, and shall consider the use of select bank branches affiliated

with Servicer, to set up programs to allow borrowers to copy, fax, scan, transmit by overnight delivery, or mail or email documents to Servicer free of charge.

6. Within five business days after referral to foreclosure, the Servicer (including any attorney (or trustee) conducting foreclosure proceedings at the direction of the Servicer) shall send a written communication ("Post Referral to Foreclosure Solicitation Letter") to the borrower that includes clear language that:

   a. The Servicer may have sent to the borrower one or more borrower solicitation communications;

   b. The borrower can still be evaluated for alternatives to foreclosure even if he or she had previously shown no interest;

   c. The borrower should contact the Servicer to obtain a loss mitigation application package;

   d. The borrower must submit a loan modification application to the Servicer to request consideration for available foreclosure prevention alternatives;

   e. Provides the Servicer's contact information for submitting a complete loan modification application, including the Servicer's toll-free number; and

   f. Unless the form of letter is otherwise specified by investor directive or state law or the borrower is not eligible for an appeal under paragraph IV.G.3.a, states that if the borrower is contemplating or has pending an appeal of an earlier denial of a loan modification application, that he or she may submit a loan modification application in lieu of his or her appeal within 30 days after the Post Referral to Foreclosure Solicitation Letter.

E. Development of Loan Portals.

1. Servicer shall develop or contract with a third-party vendor to develop an online portal linked to Servicer's primary servicing system where borrowers can check, at no cost, the status of their first lien loan modifications.

2. Servicer shall design portals that may, among other things:

   a. Enable borrowers to submit documents electronically;

   b. Provide an electronic receipt for any documents submitted;

   c. Provide information and eligibility factors for proprietary loan modification and other loss mitigation programs; and

   d. Permit Servicer to communicate with borrowers to satisfy any written communications required to be provided by Servicer, if borrowers submit documents electronically.

3. Servicer shall participate in the development and implementation of a neutral, nationwide loan portal system linked to Servicer's primary

servicing system, such as Hope LoanPort to enhance communications with housing counselors, including using the technology used for the Borrower Portal, and containing similar features to the Borrower Portal.

4. Servicer shall update the status of each pending loan modification on these portals at least every 10 business days and ensure that each portal is updated on such a schedule as to maintain consistency.

F. Loan Modification Timelines.

1. Servicer shall provide written acknowledgement of the receipt of documentation submitted by the borrower in connection with a first lien loan modification application within 3 business days. In its initial acknowledgment, Servicer shall briefly describe the loan modification process and identify deadlines and expiration dates for submitted documents.

2. Servicer shall notify borrower of any known deficiency in borrower's initial submission of information, no later than 5 business days after receipt, including any missing information or documentation required for the loan modification to be considered complete.

3. Subject to section IV.B, Servicer shall afford borrower 30 days from the date of Servicer's notification of any missing information or documentation to supplement borrower's submission of information prior to making a determination on whether or not to grant an initial loan modification.

4. Servicer shall review the complete first lien loan modification application submitted by borrower and shall determine the disposition of borrower's trial or preliminary loan modification request no later than 30 days after receipt of the complete loan modification application, absent compelling circumstances beyond Servicer's control.

5. Servicer shall implement processes to ensure that second lien loan modification requests are evaluated on a timely basis. When a borrower qualifies for a second lien loan modification after a first lien loan modification in accordance with Section 2.c.i of the General Framework for Consumer Relief Provisions, the Servicer of the second lien loan shall (absent compelling circumstances beyond Servicer's control) send loan modification documents to borrower no later than 45 days after the Servicer receives official notification of the successful completion of the related first lien loan modification and the essential terms.

6. For all proprietary first lien loan modification programs, Servicer shall allow properly submitted borrower financials to be used for 90 days from the date the documents are received, unless Servicer learns that there has been a material change in circumstances or unless investor requirements mandate a shorter time frame.

7. Servicer shall notify borrowers of the final denial of any first lien loan modification request within 10 business days of the denial decision. The notification shall be in the form of the non-approval notice required in

paragraph IV.G.1 below.

G. Independent Evaluation of First Lien Loan Modification Denials.

1. Except when evaluated as provided in paragraphs IV.B.8 or IV.B.9, Servicer's initial denial of an eligible borrower's request for first lien loan modification following the submission of complete loan modification application shall be subject to an independent evaluation. Such evaluation shall be performed by an independent entity or a different employee who has not been involved with the particular loan modification.

2. Denial Notice.

a. When a first lien loan modification is denied after independent review, Servicer shall send a written non-approval notice to the borrower identifying the reasons for denial and the factual information considered. The notice shall inform the borrower that he or she has 30 days from the date of the denial letter declination to provide evidence that the eligibility determination was in error.

b. If the first lien modification is denied because disallowed by investor, Servicer shall disclose in the written non-approval notice the name of the investor and summarize the reasons for investor denial.

c. For those cases where a first lien loan modification denial is the result of an NPV calculation, Servicer shall provide in the written non-approval notice the monthly gross income and property value used in the calculation.

3. Appeal Process.

a. After the automatic review in paragraph IV.G.1 has been completed and Servicer has issued the written non-approval notice, in the circumstances described in the first sentences of paragraphs IV.B.3, IV.B.5 or IV.B.7, except when otherwise required by federal or state law or investor directives, borrowers shall have 30 days to request an appeal and obtain an independent review of the first lien loan modification denial in accordance with the terms of this Agreement. Servicer shall ensure that the borrower has 30 days from the date of the written non-approval notice to provide information as to why Servicer's determination of eligibility for a loan modification was in error, unless the reason for non-approval is (1) ineligible mortgage, (2) ineligible property, (3) offer not accepted by borrower or request withdrawn, or (4) the loan was previously modified.

b. For those cases in which the first lien loan modification denial is the result of an NPV calculation, if a borrower disagrees with the property value used by Servicer in the NPV test, the borrower can request that a full appraisal be conducted of the property by an independent licensed appraiser (at borrower expense) consistent with HAMP directive 10-15. Servicer shall comply with the

process set forth in HAMP directive 10-15, including using such value in the NPV calculation.

c. Servicer shall review the information submitted by borrower and use its best efforts to communicate the disposition of borrower's appeal to borrower no later than 30 days after receipt of the information.

d. If Servicer denies borrower's appeal, Servicer's appeal denial letter shall include a description of other available loss mitigation, including short sales and deeds in lieu of foreclosure.

H. General Loss Mitigation Requirements.

1. Servicer shall maintain adequate staffing and systems for tracking borrower documents and information that are relevant to foreclosure, loss mitigation, and other Servicer operations. Servicer shall make periodic assessments to ensure that its staffing and systems are adequate.

2. Servicer shall maintain adequate staffing and caseload limits for SPOCs and employees responsible for handling foreclosure, loss mitigation and related communications with borrowers and housing counselors. Servicer shall make periodic assessments to ensure that its staffing and systems are adequate.

3. Servicer shall establish reasonable minimum experience, educational and training requirements for loss mitigation staff.

4. Servicer shall document electronically key actions taken on a foreclosure, loan modification, bankruptcy, or other servicing file, including communications with the borrower.

5. Servicer shall not adopt compensation arrangements for its employees that encourage foreclosure over loss mitigation alternatives.

6. Servicer shall not make inaccurate payment delinquency reports to credit reporting agencies when the borrower is making timely reduced payments pursuant to a trial or other loan modification agreement. Servicer shall provide the borrower, prior to entering into a trial loan modification, with clear and conspicuous written information that adverse credit reporting consequences may result from the borrower making reduced payments during the trial period.

7. Where Servicer grants a loan modification, Servicer shall provide borrower with a copy of the fully executed loan modification agreement within 45 days of receipt of the executed copy from the borrower. If the modification is not in writing, Servicer shall provide the borrower with a written summary of its terms, as promptly as possible, within 45 days of the approval of the modification.

8. Servicer shall not instruct, advise or recommend that borrowers go into default in order to qualify for loss mitigation relief.

9. Servicer shall not discourage borrowers from working or communicating

with legitimate non-profit housing counseling services.

10. Servicer shall not, in the ordinary course, require a borrower to waive or release claims and defenses as a condition of approval for a loan modification program or other loss mitigation relief. However, nothing herein shall preclude Servicer from requiring a waiver or release of claims and defenses with respect to a loan modification offered in connection with the resolution of a contested claim, when the borrower would not otherwise be qualified for the loan modification under existing Servicer programs.

11. Servicer shall not charge borrower an application fee in connection with a request for a loan modification. Servicer shall provide borrower with a pre-paid overnight envelope or pre-paid address label for return of a loan modification application.

12. Notwithstanding any other provision of this Agreement, and to minimize the risk of borrowers submitting multiple loss mitigation requests for the purpose of delay, Servicer shall not be obligated to evaluate requests for loss mitigation options from (a) borrowers who have already been evaluated or afforded a fair opportunity to be evaluated consistent with the requirements of HAMP or proprietary modification programs, or (b) borrowers who were evaluated after the date of implementation of this Agreement, consistent with this Agreement, unless there has been a material change in the borrower's financial circumstances that is documented by borrower and submitted to Servicer.

I. Proprietary First Lien Loan Modifications.

1. Servicer shall make publicly available information on its qualification processes, all required documentation and information necessary for a complete first lien loan modification application, and key eligibility factors for all proprietary loan modifications.

2. Servicer shall design proprietary first lien loan modification programs that are intended to produce sustainable modifications according to investor guidelines and previous results. Servicer shall design these programs with the intent of providing affordable payments for borrowers needing longer term or permanent assistance.

3. Servicer shall track outcomes and maintain records regarding characteristics and performance of proprietary first lien loan modifications. Servicer shall provide a description of modification waterfalls, eligibility criteria, and modification terms, on a publicly-available website.

4. Servicer shall not charge any application or processing fees for proprietary first lien loan modifications.

J. Proprietary Second Lien Loan Modifications.

1. Servicer shall make publicly available information on its qualification processes, all required documentation and information necessary for a complete second lien modification application.

2. Servicer shall design second lien modification programs with the intent of providing affordable payments for borrowers needing longer term or permanent assistance.

3. Servicer shall not charge any application or processing fees for second lien modifications.

4. When an eligible borrower with a second lien submits all required information for a second lien loan modification and the modification request is denied, Servicer shall promptly send a written non-approval notice to the borrower.

K. Short Sales.

1. Servicer shall make publicly available information on general requirements for the short sale process.

2. Servicer shall consider appropriate monetary incentives to underwater borrowers to facilitate short sale options.

3. Servicer shall develop a cooperative short sale process which allows the borrower the opportunity to engage with Servicer to pursue a short sale evaluation prior to putting home on the market.

4. Servicer shall send written confirmation of the borrower's first request for a short sale to the borrower or his or her agent within 10 business days of receipt of the request and proper written authorization from the borrower allowing Servicer to communicate with the borrower's agent. The confirmation shall include basic information about the short sale process and Servicer's requirements, and will state clearly and conspicuously that the Servicer may demand a deficiency payment if such deficiency claim is permitted by applicable law.

5. Servicer shall send borrower at borrower's address of record or to borrower's agent timely written notice of any missing required documents for consideration of short sale within 30 days of receiving borrower's request for a short sale.

6. Servicer shall review the short sale request submitted by borrower and communicate the disposition of borrower's request no later than 30 days after receipt of all required information and third-party consents.

7. If the short sale request is accepted, Servicer shall contemporaneously notify the borrower whether Servicer or investor will demand a deficiency payment or related cash contribution and the approximate amount of that deficiency, if such deficiency obligation is permitted by applicable law. If the short sale request is denied, Servicer shall provide reasons for the denial in the written notice. If Servicer waives a deficiency claim, it shall not sell or transfer such claim to a third-party debt collector or debt buyer for collection.

L. Loss Mitigation During Bankruptcy.

1. Servicer may not deny any loss mitigation option to eligible borrowers on the basis that the borrower is a debtor in bankruptcy so long as borrower

and any trustee cooperates in obtaining any appropriate approvals or consents.

2. Servicer shall, to the extent reasonable, extend trial period loan modification plans as necessary to accommodate delays in obtaining bankruptcy court approvals or receiving full remittance of debtor's trial period payments that have been made to a chapter 13 trustee. In the event of a trial period extension, the debtor must make a trial period payment for each month of the trial period, including any extension month.

3. When the debtor is in compliance with a trial period or permanent loan modification plan, Servicer will not object to confirmation of the debtor's chapter 13 plan, move to dismiss the pending bankruptcy case, or file a MRS solely on the basis that the debtor paid only the amounts due under the trial period or permanent loan modification plan, as opposed to the non-modified mortgage payments.

M. Transfer of Servicing of Loans Pending for Permanent Loan Modification.

1. Ordinary Transfer of Servicing from Servicer to Successor Servicer or Subservicer.

a. At time of transfer or sale, Servicer shall inform successor servicer (including a subservicer) whether a loan modification is pending.

b. Any contract for the transfer or sale of servicing rights shall obligate the successor servicer to accept and continue processing pending loan modification requests.

c. Any contract for the transfer or sale of servicing rights shall obligate the successor servicer to honor trial and permanent loan modification agreements entered into by prior servicer.

d. Any contract for transfer or sale of servicing rights shall designate that borrowers are third party beneficiaries under paragraphs IV.M.1.b and IV.M.1.c, above.

2. Transfer of Servicing to Servicer. When Servicer acquires servicing rights from another servicer, Servicer shall ensure that it will accept and continue to process pending loan modification requests from the prior servicer, and that it will honor trial and permanent loan modification agreements entered into by the prior servicer.

V. PROTECTIONS FOR MILITARY PERSONNEL.

A. Servicer shall comply with all applicable provisions of the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. Appx. § 501 *et seq*., and any applicable state law offering protections to servicemembers.

B. When a borrower states that he or she is or was within the preceding 9 months (or the then applicable statutory period under the SCRA) in active military service or has received and is subject to military orders requiring him or her to commence active military service, Lender shall determine whether the borrower may be eligible for the protections of the SCRA or for the protections of the provisions of paragraph V.F. If Servicer determines the borrower is so eligible, Servicer shall,

until Servicer determines that such customer is no longer protected by the SCRA,

1. if such borrower is not entitled to a SPOC, route such customers to employees who have been specially trained about the protections of the SCRA to respond to such borrower's questions, or
2. if such borrower is entitled to a SPOC, designate as a SPOC for such borrower a person who has been specially trained about the protections of the SCRA (Servicemember SPOC).

C. Servicer shall, in addition to any other reviews it may perform to assess eligibility under the SCRA, (i) before referring a loan for foreclosure, (ii) within seven days before a foreclosure sale, and (iii) the later of (A) promptly after a foreclosure sale and (B) within three days before the regularly scheduled end of any redemption period, determine whether the secured property is owned by a servicemember covered under SCRA by searching the Defense Manpower Data Center (DMDC) for evidence of SCRA eligibility by either (a) last name and social security number, or (b) last name and date of birth.

D. When a servicemember provides written notice requesting protection under the SCRA relating to interest rate relief, but does not provide the documentation required by Section 207(b)(1) of the SCRA (50 USC Appx. § 527(b)(1)), Servicer shall accept, in lieu of the documentation required by Section 207(b)(1) of the SCRA, a letter on official letterhead from the servicemember's commanding officer including a contact telephone number for confirmation:

1. Addressed in such a way as to signify that the commanding officer recognizes that the letter will be relied on by creditors of the servicemember (a statement that the letter is intended to be relied upon by the Servicemember's creditors would satisfy this requirement);
2. Setting forth the full name (including middle initial, if any), Social Security number and date of birth of the servicemember;
3. Setting forth the home address of the servicemember; and
4. Setting forth the date of the military orders marking the beginning of the period of military service of the servicemember and, as may be applicable, that the military service of the servicemember is continuing or the date on which the military service of the servicemember ended.

E. Servicer shall notify customers who are 45 days delinquent that, if they are a servicemember, (a) they may be entitled to certain protections under the SCRA regarding the servicemember's interest rate and the risk of foreclosure, and (b) counseling for covered servicemembers is available at agencies such as Military OneSource, Armed Forces Legal Assistance, and a HUD-certified housing counselor. Such notice shall include a toll-free number that servicemembers may call to be connected to a person who has been specially trained about the protections of the SCRA to respond to such borrower's questions. Such telephone number shall either connect directly to such a person or afford a caller the ability to identify him- or herself as an eligible servicemember and be routed to such persons. Servicers hereby confirm that they intend to take reasonable steps to ensure the dissemination of such toll-free number to customers who may be

eligible servicemembers.

F. Irrespective of whether a mortgage obligation was originated before or during the period of a servicemember's military service, if, based on the determination described in the last sentence and subject to Applicable Requirements, a servicemember's military orders (or any letter complying with paragraph V.D), together with any other documentation satisfactory to the Servicer, reflects that the servicemember is (a) eligible for Hostile Fire/Imminent Danger Pay and (b) serving at a location (i) more than 750 miles from the location of the secured property or (ii) outside of the United States, then to the extent consistent with Applicable Requirements, the Servicer shall not sell, foreclose, or seize a property for a breach of an obligation on real property owned by a servicemember that is secured by mortgage, deed of trust, or other security in the nature of a mortgage, during, or within 9 months after, the period in which the servicemember is eligible for Hostile Fire/Imminent Danger Pay, unless either (i) Servicer has obtained a court order granted before such sale, foreclosure, or seizure with a return made and approved by the court, or (ii) if made pursuant to an agreement as provided in section 107 of the SCRA (50 U.S.C. Appx. § 517). Unless a servicemember's eligibility for the protection under this paragraph can be fully determined by a proper search of the DMDC website, Servicer shall only be obligated under this provision if it is able to determine, based on a servicemember's military orders (or any letter complying with paragraph V.D), together with any other documentation provided by or on behalf of the servicemember that is satisfactory to the Servicer, that the servicemember is (a) eligible for Hostile Fire/Imminent Danger Pay and (b) serving at a location (i) more than 750 miles from the location of the secured property or (ii) outside of the United States.

G. Servicer shall not require a servicemember to be delinquent to qualify for a short sale, loan modification, or other loss mitigation relief if the servicemember is suffering financial hardship and is otherwise eligible for such loss mitigation. Subject to Applicable Requirements, for purposes of assessing financial hardship in relation to (i) a short sale or deed in lieu transaction, Servicer will take into account whether the servicemember is, as a result of a permanent change of station order, required to relocate even if such servicemember's income has not been decreased, so long as the servicemember does not have sufficient liquid assets to make his or her monthly mortgage payments, or (ii) a loan modification, Servicer will take into account whether the servicemember is, as a result of his or her under military orders required to relocate to a new duty station at least seventy five mile from his or her residence/secured property or to reside at a location other than the residence/secured property, and accordingly is unable personally to occupy the residence and (a) the residence will continue to be occupied by his or her dependents, or (b) the residence is the only residential property owned by the servicemember.

H. Servicer shall not make inaccurate reports to credit reporting agencies when a servicemember, who has not defaulted before relocating under military orders to a new duty station, obtains a short sale, loan modification, or other loss mitigation relief.

VI. RESTRICTIONS ON SERVICING FEES.

A. General Requirements.

1. All default, foreclosure and bankruptcy-related service fees, including third-party fees, collected from the borrower by Servicer shall be bona fide, reasonable in amount, and disclosed in detail to the borrower as provided in paragraphs I.B.10 and VI.B.1.

B. Specific Fee Provisions.

1. Schedule of Fees. Servicer shall maintain and keep current a schedule of common non-state specific fees or ranges of fees that may be charged to borrowers by or on behalf of Servicer. Servicer shall make this schedule available on its website and to the borrower or borrower's authorized representative upon request. The schedule shall identify each fee, provide a plain language explanation of the fee, and state the maximum amount of the fee or how the fee is calculated or determined.

2. Servicer may collect a default-related fee only if the fee is for reasonable and appropriate services actually rendered and one of the following conditions is met:

   a. the fee is expressly or generally authorized by the loan instruments and not prohibited by law or this Agreement;

   b. the fee is permitted by law and not prohibited by the loan instruments or this Agreement; or

   c. the fee is not prohibited by law, this Agreement or the loan instruments and is a reasonable fee for a specific service requested by the borrower that is collected only after clear and conspicuous disclosure of the fee is made available to the borrower.

3. Attorneys' Fees. In addition to the limitations in paragraph VI.B.2 above, attorneys' fees charged in connection with a foreclosure action or bankruptcy proceeding shall only be for work actually performed and shall not exceed reasonable and customary fees for such work. In the event a foreclosure action is terminated prior to the final judgment and/or sale for a loss mitigation option, a reinstatement, or payment in full, the borrower shall be liable only for reasonable and customary fees for work actually performed.

4. Late Fees.

   a. Servicer shall not collect any late fee or delinquency charge when the only delinquency is attributable to late fees or delinquency charges assessed on an earlier payment, and the payment is otherwise a full payment for the applicable period and is paid on or before its due date or within any applicable grace period.

   b. Servicer shall not collect late fees (i) based on an amount greater than the past due amount; (ii) collected from the escrow account or from escrow surplus without the approval of the borrower; or (iii) deducted from any regular payment.

c. Servicer shall not collect any late fees for periods during which (i) a complete loan modification application is under consideration; (ii) the borrower is making timely trial modification payments; or (iii) a short sale offer is being evaluated by Servicer.

C. Third-Party Fees.

1. Servicer shall not impose unnecessary or duplicative property inspection, property preservation or valuation fees on the borrower, including, but not limited to, the following:

a. No property preservation fees shall be imposed on eligible borrowers who have a pending application with Servicer for loss mitigation relief or are performing under a loss mitigation program, unless Servicer has a reasonable basis to believe that property preservation is necessary for the maintenance of the property, such as when the property is vacant or listed on a violation notice from a local jurisdiction;

b. No property inspection fee shall be imposed on a borrower any more frequently than the timeframes allowed under GSE or HUD guidelines unless Servicer has identified specific circumstances supporting the need for further property inspections; and

c. Servicer shall be limited to imposing property valuation fees (*e.g.*, BPO) to once every 12 months, unless other valuations are requested by the borrower to facilitate a short sale or to support a loan modification as outlined in paragraph IV.G.3.a, or required as part of the default or foreclosure valuation process.

2. Default, foreclosure and bankruptcy-related services performed by third parties shall be at reasonable market value.

3. Servicer shall not collect any fee for default, foreclosure or bankruptcy-related services by an affiliate unless the amount of the fee does not exceed the lesser of (a) any fee limitation or allowable amount for the service under applicable state law, and (b) the market rate for the service. To determine the market rate, Servicer shall obtain annual market reviews of its affiliates' pricing for such default and foreclosure-related services; such market reviews shall be performed by a qualified, objective, independent third-party professional using procedures and standards generally accepted in the industry to yield accurate and reliable results. The independent third-party professional shall determine in its market survey the price actually charged by third-party affiliates and by independent third party vendors.

4. Servicer shall be prohibited from collecting any unearned fee, or giving or accepting referral fees in relation to third-party default or foreclosure-related services.

5. Servicer shall not impose its own mark-ups on Servicer initiated third-party default or foreclosure-related services.

6.

D. Certain Bankruptcy Related Fees.

1. Servicer must not collect any attorney's fees or other charges with respect to the preparation or submission of a POC or MRS document that is withdrawn or denied, or any amendment thereto that is required, as a result of a substantial misstatement by Servicer of the amount due.

2. Servicer shall not collect late fees due to delays in receiving full remittance of debtor's payments, including trial period or permanent modification payments as well as post-petition conduit payments in accordance with 11 U.S.C. § 1322(b)(5), that debtor has timely (as defined by the underlying Chapter 13 plan) made to a chapter 13 trustee.

VII. FORCE-PLACED INSURANCE.

A. General Requirements for Force-Placed Insurance.

1. Servicer shall not obtain force-placed insurance unless there is a reasonable basis to believe the borrower has failed to comply with the loan contract's requirements to maintain property insurance. For escrowed accounts, Servicer shall continue to advance payments for the homeowner's existing policy, unless the borrower or insurance company cancels the existing policy. For purposes of this section VII, the term "force-placed insurance" means hazard insurance coverage obtained by Servicer when the borrower has failed to maintain or renew hazard or wind insurance on such property as required of the borrower under the terms of the mortgage.

2. Servicer shall not be construed as having a reasonable basis for obtaining force-placed insurance unless the requirements of this section VII have been met.

3. Servicer shall not impose any charge on any borrower for force-placed insurance with respect to any property securing a federally related mortgage unless:

a. Servicer has sent, by first-class mail, a written notice to the borrower containing:

i. A reminder of the borrower's obligation to maintain hazard insurance on the property securing the federally related mortgage;

ii. A statement that Servicer does not have evidence of insurance coverage of such property;

iii. A clear and conspicuous statement of the procedures by which the borrower may demonstrate that the borrower already has insurance coverage;

iv. A statement that Servicer may obtain such coverage at the borrower's expense if the borrower does not provide such demonstration of the borrower's existing coverage in a timely manner;

v. A statement that the cost of such coverage may be

significantly higher than the cost of the homeowner's current coverage;

vi. For first lien loans on Servicer's primary servicing system, a statement that, if the borrower desires to maintain his or her voluntary policy, Servicer will offer an escrow account and advance the premium due on the voluntary policy if the borrower: (a) accepts the offer of the escrow account; (b) provides a copy of the invoice from the voluntary carrier; (c) agrees in writing to reimburse the escrow advances through regular escrow payments; (d) agrees to escrow to both repay the advanced premium and to pay for the future premiums necessary to maintain any required insurance policy; and (e) agrees Servicer shall manage the escrow account in accordance with the loan documents and with state and federal law; and

vii. A statement, in the case of single interest coverage, that the coverage may only protect the mortgage holder's interest and not the homeowner's interest.

b. Servicer has sent, by first-class mail, a second written notice, at least 30 days after the mailing of the notice under paragraph VII.A.3.a that contains all the information described in each clause of such paragraph.

c. Servicer has not received from the borrower written confirmation of hazard insurance coverage for the property securing the mortgage by the end of the 15-day period beginning on the date the notice under paragraph VII.A.3.b was sent by Servicer.

4. Servicer shall accept any reasonable form of written confirmation from a borrower or the borrower's insurance agent of existing insurance coverage, which shall include the existing insurance policy number along with the identity of, and contact information for, the insurance company or agent.

5. Servicer shall not place hazard or wind insurance on a mortgaged property, or require a borrower to obtain or maintain such insurance, in excess of the greater of replacement value, last-known amount of coverage or the outstanding loan balance, unless required by Applicable Requirements, or requested by borrower in writing.

6. Within 15 days of the receipt by Servicer of evidence of a borrower's existing insurance coverage, Servicer shall:

a. Terminate the force-placed insurance; and

b. Refund to the consumer all force-placed insurance premiums paid by the borrower during any period during which the borrower's insurance coverage and the force placed insurance coverage were each in effect, and any

related fees charged to the consumer's account with respect to the force-placed insurance during such period.

7. Servicer shall make reasonable efforts to work with the borrower to continue or reestablish the existing homeowner's policy if there is a lapse in payment and the borrower's payments are escrowed.
8. Any force-placed insurance policy must be purchased for a commercially reasonable price.
9. No provision of this section VII shall be construed as prohibiting Servicer from providing simultaneous or concurrent notice of a lack of flood insurance pursuant to section 102(e) of the Flood Disaster Protection Act of 1973.

VIII. GENERAL SERVICER DUTIES AND PROHIBITIONS.

A. Measures to Deter Community Blight.

1. Servicer shall develop and implement policies and procedures to ensure that REO properties do not become blighted.
2. Servicer shall develop and implement policies and procedures to enhance participation and coordination with state and local land bank programs, neighborhood stabilization programs, nonprofit redevelopment programs, and other anti-blight programs, including those that facilitate discount sale or donation of low-value REO properties so that they can be demolished or salvaged for productive use.
3. As indicated in I.A.18, Servicer shall (a) inform borrower that if the borrower continues to occupy the property, he or she has responsibility to maintain the property, and an obligation to continue to pay taxes owed, until a sale or other title transfer action occurs; and (b) request that if the borrower wishes to abandon the property, he or she contact Servicer to discuss alternatives to foreclosure under which borrower can surrender the property to Servicer in exchange for compensation.
4. When the Servicer makes a determination not to pursue foreclosure action on a property with respect to a first lien mortgage loan, Servicer shall:
   a. Notify the borrower of Servicer's decision to release the lien and not pursue foreclosure, and inform borrower about his or her right to occupy the property until a sale or other title transfer action occurs; and
   b. Notify local authorities, such as tax authorities, courts, or code enforcement departments, when Servicer decides to release the lien and not pursue foreclosure.

B. Tenants' Rights.

1. Servicer shall comply with all applicable state and federal laws governing the rights of tenants living in foreclosed residential properties.
2. Servicer shall develop and implement written policies and procedures to ensure compliance with such laws.

IX. GENERAL PROVISIONS, DEFINITIONS, AND IMPLEMENTATION.

A. Applicable Requirements.

1. The servicing standards and any modifications or other actions taken in accordance with the servicing standards are expressly subject to, and shall be interpreted in accordance with, (a) applicable federal, state and local laws, rules and regulations, including, but not limited to, any requirements of the federal banking regulators, (b) the terms of the applicable mortgage loan documents, (c) Section 201 of the Helping Families Save Their Homes Act of 2009, and (d) the terms and provisions of the Servicer Participation Agreement with the Department of Treasury, any servicing agreement, subservicing agreement under which Servicer services for others, special servicing agreement, mortgage or bond insurance policy or related agreement or requirements to which Servicer is a party and by which it or its servicing is bound pertaining to the servicing or ownership of the mortgage loans, including without limitation the requirements, binding directions, or investor guidelines of the applicable investor (such as Fannie Mae or Freddie Mac), mortgage or bond insurer, or credit enhancer (collectively, the "Applicable Requirements").

2. In the event of a conflict between the requirements of the Agreement and the Applicable Requirements with respect to any provision of this Agreement such that the Servicer cannot comply without violating Applicable Requirements or being subject to adverse action, including fines and penalties, Servicer shall document such conflicts and notify the Monitor and the Monitoring Committee that it intends to comply with the Applicable Requirements to the extent necessary to eliminate the conflict. Any associated Metric provided for in the Enforcement Terms will be adjusted accordingly.

B. Definitions.

1. In each instance in this Agreement in which Servicer is required to ensure adherence to, or undertake to perform certain obligations, it is intended to mean that Servicer shall: (a) authorize and adopt such actions on behalf of Servicer as may be necessary for Servicer to perform such obligations and undertakings; (b) follow up on any material non-compliance with such actions in a timely and appropriate manner; and (c) require corrective action be taken in a timely manner of any material non-compliance with such obligations.

2. References to Servicer shall mean SunTrust Mortgage, Inc. and shall include Servicer's successors and assignees in the event of a sale of all or substantially all of the assets of Servicer or of Servicer's division(s) or major business unit(s) that are engaged as a primary business in customer-facing servicing of residential mortgages on owner-occupied properties. The provisions of this Agreement shall not apply to those divisions or major business units of Servicer that are not engaged as a primary business in customer-facing servicing of residential mortgages on owner-occupied one-to-four family properties on its own behalf or on behalf of investors.

EXHIBIT E

Enforcement Terms

A. Implementation Timeline. Servicer anticipates that it will phase in the implementation of the Servicing Standards using a grid approach that prioritizes implementation based upon: (i) the importance of the Servicing Standard to the borrower; and (ii) the difficulty of implementing the Servicing Standard. In addition to the Servicing Standards that have been implemented upon entry of this Consent Judgment, the periods for implementation will be: (a) within 60 days of entry of this Consent Judgment; (b) within 90 days of entry of this Consent Judgment; and (c) within 180 days of entry of this Consent Judgment. Servicer will agree with the Monitor chosen pursuant to Section C, below, on the timetable in which the Servicing Standards will be implemented. In the event that Servicer, using reasonable efforts, is unable to implement certain of the standards on the specified timetable, Servicer may apply to the Monitor for a reasonable extension of time to implement those standards or requirements.

B. Monitoring Committee. The Monitoring Committee established pursuant to certain Consent Judgments entered in *United States, et al. v. Bank of America Corp., et al.*, No. 12-civ-00361-RMC (April 4, 2012) (Docket Nos. 10-14) and referenced specifically in paragraph 8 of those Consent Judgments, shall monitor Servicer's compliance with this Consent Judgment (the "Monitoring Committee"). References to the "Monitoring Committee" in this Exhibit and related documents shall be understood to refer to the same Monitoring Committee as that established in the *Bank of America Corp.* case referenced in the preceding sentence with the addition of a CFPB member, and the Monitoring Committee shall serve as the representative of the participating state and federal agencies in the administration of all aspects of this and all similar Consent Judgments and the monitoring of compliance with it by the Defendant. The Monitoring Committee may substitute representation, as necessary. Subject to Section F, the Monitoring Committee may share all Monitor Reports, as that term is defined in Section D.3 below, with any releasing party.

C. Monitor

Retention and Qualifications and Standard of Conduct

1. Pursuant to an agreement of the parties, Joseph A. Smith Jr. is appointed to the position of Monitor under this Consent Judgment. If the Monitor is at any time unable to complete his or her duties under this Consent Judgment, Servicer and the Monitoring Committee shall mutually agree upon a replacement in accordance with the processes and standards set forth in Section C of Exhibit E.

2. Such Monitor shall be highly competent and highly respected, with a reputation that will garner public confidence in his or her ability to

perform the tasks required under this Consent Judgment. The Monitor shall have the right to employ an accounting firm or firms or other firm(s) with similar capabilities to support the Monitor in carrying out his or her duties under this Consent Judgment. Monitor and Servicer shall agree on the selection of a "Primary Professional Firm" or "Firm," which must have adequate capacity and resources to perform the work required under this agreement. The Monitor shall also have the right to engage one or more attorneys or other professional persons to represent or assist the Monitor in carrying out the Monitor's duties under this Consent Judgment (each such individual, along with each individual deployed to the engagement by the Primary Professional Firm, shall be defined as a "Professional"). The Monitor and Professionals will collectively possess expertise in the areas of mortgage servicing, loss mitigation, business operations, compliance, internal controls, accounting, and foreclosure and bankruptcy law and practice. The Monitor and Professionals shall at all times act in good faith and with integrity and fairness towards all the Parties.

3. The Monitor and Professionals shall not have any prior relationships with the Parties that would undermine public confidence in the objectivity of their work and, subject to Section C.3(e), below, shall not have any conflicts of interest with any Party.

   (a) The Monitor and Professionals will disclose, and will make a reasonable inquiry to discover, any known current or prior relationships to, or conflicts with, any Party, any Party's holding company, any subsidiaries of the Party or its holding company, directors, officers, and law firms.

   (b) The Monitor and Professionals shall make a reasonable inquiry to determine whether there are any facts that a reasonable individual would consider likely to create a conflict of interest for the Monitor or Professionals. The Monitor and Professionals shall disclose any conflict of interest with respect to any Party.

   (c) The duty to disclose a conflict of interest or relationship pursuant to this Section C.3 shall remain ongoing throughout the course of the Monitor's and Professionals' work in connection with this Consent Judgment.

   (d) All Professionals shall comply with all applicable standards of professional conduct, including ethics rules and rules pertaining to conflicts of interest.

(e) To the extent permitted under prevailing professional standards, a Professional's conflict of interest may be waived by written agreement of the Monitor and Servicer.

(f) Servicer or the Monitoring Committee may move the Court for an order disqualifying any Professional on the grounds that such Professional has a conflict of interest that has inhibited or could inhibit the Professional's ability to act in good faith and with integrity and fairness toward all Parties.

4. The Monitor must agree not to be retained by any Party, or its successors or assigns, for a period of two years after the conclusion of the terms of the engagement. Any Professionals who work on the engagement must agree not to work on behalf of Servicer, or its successor or assigns, for a period of 1 year after the conclusion of the term of the engagement (the "Professional Exclusion Period"). Any Firm that performs work with respect to Servicer on the engagement must agree not to perform work on behalf of Servicer, or its successor or assigns, that consists of advising Servicer on a response to the Monitor's review during the engagement and for a period of six months after the conclusion of the term of the engagement (the "Firm Exclusion Period"). The Professional Exclusion Period, Firm Exclusion Period, and terms of exclusion may be altered on a case-by-case basis upon written agreement of Servicer and the Monitor. The Monitor shall organize the work of any Firms so as to minimize the potential for any appearance of, or actual, conflicts.

Monitor's Responsibilities

5. It shall be the responsibility of the Monitor to determine whether Servicer is in compliance with the Servicing Standards and whether Servicer has satisfied the Consumer Relief Requirements in accordance with the authorities provided herein and to report his or her findings as provided in Section D.3, below.

6. The manner in which the Monitor will carry out his or her compliance responsibilities under this Consent Judgment and, where applicable, the methodologies to be utilized shall be set forth in a work plan agreed upon by Servicer and the Monitor, and not objected to by the Monitoring Committee (the "Work Plan").

Internal Review Group

7. Servicer will designate an internal quality control group that is independent from the line of business whose performance is being measured (the "Internal Review Group") to perform compliance reviews each calendar quarter ("Quarter") in accordance with the terms and conditions of the Work Plan (the "Compliance Reviews") and satisfaction

of the Consumer Relief Requirements after the (A) end of each calendar year (and, in the discretion of the Servicer, any Quarter) and (B) earlier of the Servicer assertion that it has satisfied its obligations thereunder and the third anniversary of the Effective Date (the "Satisfaction Review"). For the purposes of this provision, a group that is independent from the line of business shall be one that does not perform operational work on mortgage servicing, and ultimately reports to a Chief Risk Officer, Chief Audit Executive, Chief Compliance Officer, or another employee or manager who has no direct operational responsibility for mortgage servicing.

8. The Internal Review Group shall have the appropriate authority, privileges, and knowledge to effectively implement and conduct the reviews and metric assessments contemplated herein and under the terms and conditions of the Work Plan.

9. The Internal Review Group shall have personnel skilled at evaluating and validating processes, decisions, and documentation utilized through the implementation of the Servicing Standards. The Internal Review Group may include non-employee consultants or contractors working at Servicer's direction.

10. The qualifications and performance of the Internal Review Group will be subject to ongoing review by the Monitor. Servicer will appropriately remediate the reasonable concerns of the Monitor as to the qualifications or performance of the Internal Review Group.

Work Plan

11. Servicer's compliance with the Servicing Standards shall be assessed via metrics identified and defined in Schedule E-1 hereto (as supplemented from time to time in accordance with Section C.22, below, the "Metrics"). The threshold error rates for the Metrics are set forth in Schedule E-1 (as supplemented from time to time in accordance with Section C.22, below, the "Threshold Error Rates"). The Internal Review Group shall perform test work to compute the Metrics each Quarter, and report the results of that analysis via the Compliance Reviews. The Internal Review Group shall perform test work to assess the satisfaction of the Consumer Relief Requirements within 45 days after the (A) end of each calendar year (and, in the discretion of the Servicer, any Quarter) and (B) earlier of (i) the end of the Quarter in which Servicer asserts that it has satisfied its obligations under the Consumer Relief Provisions and (ii) the Quarter during which the third anniversary of the Effective Date occurs, and report that analysis via the Satisfaction Review.

12. Servicer and the Monitor shall reach agreement on the terms of the Work Plan within 90 days of the Monitor's appointment, which time can be extended for good cause by agreement of Servicer and the Monitor. If such Work Plan is not objected to by the Monitoring Committee within 20 days, the Monitor shall proceed to implement the Work Plan. In the event that Servicer and the Monitor cannot agree on the terms of the Work Plan within 90 days or the agreed upon terms are not acceptable to the Monitoring Committee, Servicer and Monitoring Committee or the Monitor shall jointly petition the Court to resolve any disputes. If the Court does not resolve such disputes, then the Parties shall submit all remaining disputes to binding arbitration before a panel of three arbitrators. Each of Servicer and the Monitoring Committee shall appoint one arbitrator, and those two arbitrators shall appoint a third.

13. The Work Plan may be modified from time to time by agreement of the Monitor and Servicer. If such amendment to the Work Plan is not objected to by the Monitoring Committee within 20 days, the Monitor shall proceed to implement the amendment to the Work Plan. To the extent possible, the Monitor shall endeavor to apply the Servicing Standards uniformly across all Servicers.

14. The following general principles shall provide a framework for the formulation of the Work Plan:

    (a) The Work Plan will set forth the testing methods and agreed procedures that will be used by the Internal Review Group to perform the test work and compute the Metrics for each Quarter.

    (b) The Work Plan will set forth the testing methods and agreed procedures that will be used by Servicer to report on its compliance with the Consumer Relief Requirements of this Consent Judgment, including, incidental to any other testing, confirmation of state-identifying information used by Servicer to compile state-level Consumer Relief information as required by Section D.2.

    (c) The Work Plan will set forth the testing methods and procedures that the Monitor will use to assess Servicer's reporting on its compliance with the Consumer Relief Requirements of this Consent Judgment.

    (d) The Work Plan will set forth the methodology and procedures the Monitor will utilize to review the testing work performed by the Internal Review Group.

(e) The Compliance Reviews and the Satisfaction Review may include a variety of audit techniques that are based on an appropriate sampling process and random and risk-based selection criteria, as appropriate and as set forth in the Work Plan.

(f) In formulating, implementing, and amending the Work Plan, Servicer and the Monitor may consider any relevant information relating to patterns in complaints by borrowers, issues or deficiencies reported to the Monitor with respect to the Servicing Standards, and the results of prior Compliance Reviews.

(g) The Work Plan should ensure that Compliance Reviews are commensurate with the size, complexity, and risk associated with the Servicing Standard being evaluated by the Metric.

(h) Following implementation of the Work Plan, Servicer shall be required to compile each Metric beginning in the first full Quarter after the period for implementing the Servicing Standards associated with the Metric, or any extension approved by the Monitor in accordance with Section A, has run.

Monitor's Access to Information

15. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards, Servicer shall provide the Monitor with its regularly prepared business reports analyzing Executive Office servicing complaints (or the equivalent); access to all Executive Office servicing complaints (or the equivalent) (with appropriate redactions of borrower information other than borrower name and contact information to comply with privacy requirements); and, if Servicer tracks additional servicing complaints, quarterly information identifying the three most common servicing complaints received outside of the Executive Office complaint process (or the equivalent). In the event that Servicer substantially changes its escalation standards or process for receiving Executive Office servicing complaints (or the equivalent), Servicer shall ensure that the Monitor has access to comparable information.

16. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards, Servicer shall notify the Monitor promptly if Servicer becomes aware of reliable information indicating Servicer is engaged in a significant pattern or practice of noncompliance with a material aspect of the Servicing Standards.

17. Servicer shall provide the Monitor with access to all work papers prepared by the Internal Review Group in connection with determining compliance with the Metrics or satisfaction of the Consumer Relief Requirements in accordance with the Work Plan.

18. If the Monitor becomes aware of facts or information that lead the Monitor to reasonably conclude that Servicer may be engaged in a pattern of noncompliance with a material term of the Servicing Standards that is reasonably likely to cause harm to borrowers, the Monitor shall engage Servicer in a review to determine if the facts are accurate or the information is correct.

19. Where reasonably necessary in fulfilling the Monitor's responsibilities under the Work Plan to assess compliance with the Metrics or the satisfaction of the Consumer Relief Requirements, the Monitor may request information from Servicer in addition to that provided under Sections C.15-18. Servicer shall provide the requested information in a format agreed upon between Servicer and the Monitor.

20. Where reasonably necessary in fulfilling the Monitor's responsibilities under the Work Plan to assess compliance with the Metrics or the satisfaction of the Consumer Relief Requirements, the Monitor may interview Servicer's employees and agents, provided that the interviews shall be limited to matters related to Servicer's compliance with the Metrics or the Consumer Relief Requirements, and that Servicer shall be given reasonable notice of such interviews.

Monitor's Powers

21. Where the Monitor reasonably determines that the Internal Review Group's work cannot be relied upon or that the Internal Review Group did not correctly implement the Work Plan in some material respect, the Monitor may direct that the work on the Metrics (or parts thereof) be reviewed by Professionals or a third party other than the Internal Review Group, and that supplemental work be performed as necessary.

22. If the Monitor becomes aware of facts or information that lead the Monitor to reasonably conclude that Servicer may be engaged in a pattern of noncompliance with a material term of the Servicing Standards that is reasonably likely to cause harm to borrowers or tenants residing in foreclosed properties, the Monitor shall engage Servicer in a review to determine if the facts are accurate or the information is correct. If after that review, the Monitor reasonably concludes that such a pattern exists and is reasonably likely to cause material harm to borrowers or tenants residing in foreclosed properties, the Monitor may propose an additional Metric and associated Threshold Error Rate relating to Servicer's compliance with the associated term or requirement. Any additional Metrics and associated Threshold Error Rates (a) must be similar to the Metrics and associated Threshold Error Rates contained in Schedule E-1, (b) must relate to material terms of the Servicing Standards, (c) must

either (i) be outcome based or (ii) require the existence of policies and procedures required by the Servicing Standards, in a manner similar to Metrics 5.B-E, and (d) must be distinct from, and not overlap with, any other Metric or Metrics. Notwithstanding the foregoing, the Monitor may add a Metric that satisfies (a)-(c) but does not satisfy (d) of the preceding sentence if the Monitor first asks the Servicer to propose, and then implement, a Corrective Action Plan, as defined below, for the material term of the Servicing Standards with which there is a pattern of noncompliance and that is reasonably likely to cause material harm to borrowers or tenants residing in foreclosed properties, and the Servicer fails to implement the Corrective Action Plan according to the timeline agreed to with the Monitor.

23. If Monitor proposes an additional Metric and associated Threshold Error Rate pursuant to Section C.22, above, Monitor, the Monitoring Committee, and Servicer shall agree on amendments to Schedule E-1 to include the additional Metrics and Threshold Error Rates provided for in Section C.22, above, and an appropriate timeline for implementation of the Metric. If Servicer does not timely agree to such additions, any associated amendments to the Work Plan, or the implementation schedule, the Monitor may petition the court for such additions.

24. Any additional Metric proposed by the Monitor pursuant to the processes in Sections C.22 or C.23 and relating to provision VIII.B.1 of the Servicing Standards shall be limited to Servicer's performance of its obligations to comply with (1) the federal Protecting Tenants at Foreclosure Act and state laws that provide comparable protections to tenants of foreclosed properties; (2) state laws that govern relocation assistance payments to tenants ("cash for keys"); and (3) state laws that govern the return of security deposits to tenants.

D. Reporting

Quarterly Reports

1. Following the end of each Quarter, Servicer will report the results of its Compliance Reviews for that Quarter (the "Quarterly Report"). The Quarterly Report shall include: (i) the Metrics for that Quarter; (ii) Servicer's progress toward meeting its payment obligations under this Consent Judgment; and (iii) general statistical data on Servicer's overall servicing performance described in Schedule Y. Except where an extension is granted by the Monitor, Quarterly Reports shall be due no later than 45 days following the end of the Quarter and shall be provided to: (1) the Monitor and (2) the Board of Servicer or a committee of the Board designated by Servicer. The first Quarterly Report shall cover the first full Quarter after this Consent Judgment is entered.

2. Following the end of each Quarter, Servicer will transmit to each state a report (the "State Report") including general statistical data on Servicer's servicing performance, such as aggregate and state-specific information regarding the number of borrowers assisted and credited activities conducted pursuant to the Consumer Relief Requirements, as described in Schedule Y. The State Report will be delivered simultaneously with the submission of the Quarterly Report to the Monitor. Servicer shall provide copies of such State Reports to the Monitor and Monitoring Committee.

Monitor Reports

3. The Monitor shall report on Servicer's compliance with this Consent Judgment in periodic reports setting forth his or her findings (the "Monitor Reports"). The first three Monitor Reports will each cover at least two Quarterly Reports. The first Monitor's Report may, at the Monitor's discretion, include more than two Quarterly Reports but shall not exceed three Quarterly Reports. If the first three Monitor Reports do not find Potential Violations (as defined in Section E.1, below), each successive Monitor Report will cover four Quarterly Reports, unless and until a Quarterly Report reveals a Potential Violation (as defined in Section E.1, below). In the case of a Potential Violation, the Monitor may (but retains the discretion not to) submit a Monitor Report after the filing of each of the next two Quarterly Reports, provided, however, that such additional Monitor Report(s) shall be limited in scope to the Metric or Metrics as to which a Potential Violation has occurred.

4. Prior to issuing any Monitor Report, the Monitor shall confer with Servicer and the Monitoring Committee regarding its preliminary findings and the reasons for those findings. Servicer shall have the right to submit written comments to the Monitor, which shall be appended to the final version of the Monitor Report. Final versions of each Monitor Report shall be provided simultaneously to the Monitoring Committee and Servicer within a reasonable time after conferring regarding the Monitor's findings. The Monitor Reports shall be filed with the Court overseeing this Consent Judgment and shall also be provided to the Board of Servicer or a committee of the Board designated by Servicer.

5. The Monitor Report shall: (i) describe the work performed by the Monitor and any findings made by the Monitor during the relevant period, (ii) list the Metrics and Threshold Error Rates, (iii) list the Metrics, if any, where the Threshold Error Rates have been exceeded, (iv) state whether a Potential Violation has occurred and explain the nature of the Potential Violation, and (v) state whether any Potential Violation has been cured. In addition, following each Satisfaction Review, the Monitor Report shall report on the Servicer's satisfaction of the Consumer Relief Requirements,

including regarding the number of borrowers assisted and credited activities conducted pursuant to the Consumer Relief Requirements, and identify any material inaccuracies identified in prior State Reports. Except as otherwise provided herein, the Monitor Report may be used in any court hearing, trial, or other proceeding brought pursuant to this Consent Judgment pursuant to Section J, below, and shall be admissible in evidence in a proceeding brought under this Consent Judgment pursuant to Section J, below. Such admissibility shall not prejudice Servicer's right and ability to challenge the findings and/or the statements in the Monitor Report as flawed, lacking in probative value or otherwise. The Monitor Report with respect to a particular Potential Violation shall not be admissible or used for any purpose if Servicer cures the Potential Violation pursuant to Section E, below.

Satisfaction of Payment Obligations

6. Upon the satisfaction of any category of payment obligation under this Consent Judgment, Servicer, at its discretion, may request that the Monitor certify that Servicer has discharged such obligation. Provided that the Monitor is satisfied that Servicer has met the obligation, the Monitor may not withhold and must provide the requested certification. Any subsequent Monitor Report shall not include a review of Servicer's compliance with that category of payment obligation.

Compensation

7. Within 120 days of entry of this Consent Judgment, the Monitor shall, in consultation with the Monitoring Committee and Servicer, prepare and present to Monitoring Committee and Servicer an annual budget providing its reasonable best estimate of all fees and expenses of the Monitor to be incurred during the first year of the term of this Consent Judgment, including the fees and expenses of Professionals and support staff (the "Monitoring Budget"). On a yearly basis thereafter, the Monitor shall prepare an updated Monitoring Budget providing its reasonable best estimate of all fees and expenses to be incurred during that year. The Monitor, at his discretion, may alter the timing of the budgeting process so that Servicer may be incorporated into the same billing cycle as signatories to the Consent Judgments filed in the *Bank of America Corp* case referenced above. Absent an objection within 20 days, a Monitoring Budget or updated Monitoring Budget shall be implemented. Consistent with the Monitoring Budget, Servicer shall pay all fees and expenses of the Monitor, including the fees and expenses of Professionals and support staff. The fees, expenses, and costs of the Monitor, Professionals, and support staff shall be reasonable. Servicer may apply to the Court to reduce or disallow fees, expenses, or costs that are unreasonable.

E. Potential Violations and Right to Cure

1. A "Potential Violation" of this Consent Judgment occurs if the Servicer has exceeded the Threshold Error Rate set for a Metric in a given Quarter. In the event of a Potential Violation, Servicer shall meet and confer with the Monitoring Committee within 15 days of the Quarterly Report or Monitor Report indicating such Potential Violation.

2. Servicer shall have a right to cure any Potential Violation.

3. Subject to Section E.4, a Potential Violation is cured if (a) a corrective action plan approved by the Monitor (the "Corrective Action Plan") is determined by the Monitor to have been satisfactorily completed in accordance with the terms thereof; and (b) a Quarterly Report covering the Cure Period (as defined herein) reflects that the Threshold Error Rate has not been exceeded with respect to the same Metric and the Monitor confirms the accuracy of said report using his or her ordinary testing procedures. The Cure Period shall be the first full quarter after completion of the Corrective Action Plan or, if the completion of the Corrective Action Plan occurs within the first month of a Quarter and if the Monitor determines that there is sufficient time remaining, the period between completion of the Corrective Action Plan and the end of that Quarter (the "Cure Period").

4. If after Servicer cures a Potential Violation pursuant to the previous section, another violation occurs with respect to the same Metric, then the second Potential Violation shall immediately constitute an uncured violation for purposes of Section J.3, provided, however, that such second Potential Violation occurs in either the Cure Period or the quarter immediately following the Cure Period.

5. In addition to the Servicer's obligation to cure a Potential Violation through the Corrective Action Plan, Servicer must remediate any material harm to particular borrowers identified through work conducted under the Work Plan. In the event that a Servicer has a Potential Violation that so far exceeds the Threshold Error Rate for a metric that the Monitor concludes that the error is widespread, Servicer shall, under the supervision of the Monitor, identify other borrowers who may have been harmed by such noncompliance and remediate all such harms to the extent that the harm has not been otherwise remediated.

6. In the event a Potential Violation is cured as provided in Sections E.3, above, then no Party shall have any remedy under this Consent Judgment (other than the remedies in Section E.5) with respect to such Potential Violation.

F. Confidentiality

1. These provisions shall govern the use and disclosure of any and all information designated as "CONFIDENTIAL," as set forth below, in documents (including email), magnetic media, or other tangible things provided by the Servicer to the Monitor in this case, including the subsequent disclosure by the Monitor to the Monitoring Committee of such information. In addition, it shall also govern the use and disclosure of such information when and if provided to the participating state parties or the participating agency or department of the United States whose claims are released through this settlement ("participating state or federal agency whose claims are released through this settlement").

2. The Monitor may, at his discretion, provide to the Monitoring Committee or to a participating state or federal agency whose claims are released through this settlement any documents or information received from the Servicer related to a Potential Violation or related to the review described in Section C.18; provided, however, that any such documents or information so provided shall be subject to the terms and conditions of these provisions. Nothing herein shall be construed to prevent the Monitor from providing documents received from the Servicer and not designated as "CONFIDENTIAL" to a participating state or federal agency whose claims are released through this settlement.

3. The Servicer shall designate as "CONFIDENTIAL" that information, document or portion of a document or other tangible thing provided by the Servicer to the Monitor, the Monitoring Committee or to any other participating state or federal agency whose claims are released through this settlement that Servicer believes contains a trade secret or confidential research, development, or commercial information subject to protection under applicable state or federal laws (collectively, "Confidential Information"). These provisions shall apply to the treatment of Confidential Information so designated.

4. Except as provided by these provisions, all information designated as "CONFIDENTIAL" shall not be shown, disclosed or distributed to any person or entity other than those authorized by these provisions. Participating states and federal agencies whose claims are released through this settlement agree to protect Confidential Information to the extent permitted by law.

5. This agreement shall not prevent or in any way limit the ability of a participating state or federal agency whose claims are released through this settlement to comply with any subpoena, Congressional demand for documents or information, court order, request under the Right of Financial Privacy Act, or a state or federal public records or state or

federal freedom of information act request; provided, however, that in the event that a participating state or federal agency whose claims are released through this settlement receives such a subpoena, Congressional demand, court order or other request for the production of any Confidential Information covered by this Order, the state or federal agency shall, unless prohibited under applicable law or unless the state or federal agency would violate or be in contempt of the subpoena, Congressional demand, or court order, (1) notify the Servicer of such request as soon as practicable and in no event more than ten (10) calendar days of its receipt or three calendar days before the return date of the request, whichever is sooner, and (2) allow the Servicer ten (10) calendar days from the receipt of the notice to obtain a protective order or stay of production for the documents or information sought, or to otherwise resolve the issue, before the state or federal agency discloses such documents or information. In all cases covered by this Section, the state or federal agency shall inform the requesting party that the documents or information sought were produced subject to the terms of these provisions.

G. Dispute Resolution Procedures. Servicer, the Monitor, and the Monitoring Committee will engage in good faith efforts to reach agreement on the proper resolution of any dispute concerning any issue arising under this Consent Judgment, including any dispute or disagreement related to the withholding of consent, the exercise of discretion, or the denial of any application. Subject to Section J, below, in the event that a dispute cannot be resolved, Servicer, the Monitor, or the Monitoring Committee may petition the Court for resolution of the dispute. Where a provision of this agreement requires agreement, consent of, or approval of any application or action by a Party or the Monitor, such agreement, consent or approval shall not be unreasonably withheld.

H. Consumer Complaints. Nothing in this Consent Judgment shall be deemed to interfere with existing consumer complaint resolution processes, and the Parties are free to bring consumer complaints to the attention of Servicer for resolution outside the monitoring process. In addition, Servicer will continue to respond in good faith to individual consumer complaints provided to it by State Attorneys General or State Financial Regulators in accordance with the routine and practice existing prior to the entry of this Consent Judgment, whether or not such complaints relate to Covered Conduct released herein.

I. Relationship to Other Enforcement Actions. Nothing in this Consent Judgment shall affect requirements imposed on the Servicer pursuant to Consent Orders issued by the appropriate Federal Banking Agency (FBA), as defined in 12 U.S.C. § 1813(q), against the Servicer. In conducting their activities under this Consent Judgment, the Monitor and Monitoring Committee shall not impede or otherwise interfere with the Servicer's compliance with the requirements imposed pursuant

to such Orders or with oversight and enforcement of such compliance by the FBA.

J. Enforcement

1. **Consent Judgment.** This Consent Judgment shall be filed in the U.S. District Court for the District of Columbia (the "Court") and shall be enforceable therein. Servicer and the Releasing Parties shall waive their rights to seek judicial review or otherwise challenge or contest in any court the validity or effectiveness of this Consent Judgment. Servicer and the Releasing Parties agree not to contest any jurisdictional facts, including the Court's authority to enter this Consent Judgment.

2. **Enforcing Authorities.** Servicer's obligations under this Consent Judgment shall be enforceable solely in the U.S. District Court for the District of Columbia. An enforcement action under this Consent Judgment may be brought by any Party to this Consent Judgment or the Monitoring Committee. Monitor Report(s) and Quarterly Report(s) shall not be admissible into evidence by a Party to this Consent Judgment except in an action in the Court to enforce this Consent Judgment. In addition, unless immediate action is necessary in order to prevent irreparable and immediate harm, prior to commencing any enforcement action, a Party must provide notice to the Monitoring Committee of its intent to bring an action to enforce this Consent Judgment. The members of the Monitoring Committee shall have no more than 21 days to determine whether to bring an enforcement action. If the members of the Monitoring Committee decline to bring an enforcement action, the Party must wait 21 additional days after such a determination by the members of the Monitoring Committee before commencing an enforcement action.

3. **Enforcement Action.** In the event of an action to enforce the obligations of Servicer and to seek remedies for an uncured Potential Violation for which Servicer's time to cure has expired, the sole relief available in such an action will be:

   (a) Equitable Relief. An order directing non-monetary equitable relief, including injunctive relief, directing specific performance under the terms of this Consent Judgment, or other non-monetary corrective action.

   (b) Civil Penalties. The Court may award as civil penalties an amount not more than $1 million per uncured Potential Violation; or, in the event of a second uncured Potential Violation of Metrics 1.a, 1.b, or 2.a (*i.e.*, a Servicer fails the specific Metric in a Quarter, then fails to cure that Potential Violation, and then in subsequent Quarters, fails the same Metric again in a Quarter and fails to cure

that Potential Violation again in a subsequent Quarter), where the final uncured Potential Violation involves widespread noncompliance with that Metric, the Court may award as civil penalties an amount not more than $5 million for the second uncured Potential Violation.

Nothing in this Section shall limit the availability of remedial compensation to harmed borrowers as provided in Section E.5.

(c) Any penalty or payment owed by Servicer pursuant to the Consent Judgment shall be paid to the clerk of the Court or as otherwise agreed by the Monitor and the Servicer and distributed by the Monitor as follows:

1. In the event of a penalty based on a violation of a term of the Servicing Standards that is not specifically related to conduct in bankruptcy, the penalty shall be allocated, first, to cover the costs incurred by any state or states in prosecuting the violation, and second, among the participating states according to the same allocation as the State Payment Settlement Amount.

2. In the event of a penalty based on a violation of a term of the Servicing Standards that is specifically related to conduct in bankruptcy, the penalty shall be allocated to the United States or as otherwise directed by the Director of the United States Trustee Program.

3. In the event of a payment due under Paragraph 10.d of the Consumer Relief requirements, 50% of the payment shall be allocated to the United States, and 50% shall be allocated to the State Parties to the Consent Judgment, divided among them in a manner consistent with the allocation in Exhibit B of the Consent Judgment.

K. **Sunset.** This Consent Judgment and all Exhibits shall retain full force and effect for three and one-half years from the date it is entered (the "Term"), unless otherwise specified in the Exhibit. The duration of the Servicer's obligations under the Servicing Standards set forth in Exhibit A shall be reduced to a period of three years from the date of the entry of the Consent Judgment, if at the end of the third year, the Monitor's two servicing standard compliance reports immediately prior to that date reflect that the Servicer had no Potential Violations during those reporting periods, or any Corrective Action Plans that the Monitor had not yet certified as completed. Servicer shall submit a final Quarterly Report

for the last quarter or portion thereof falling within the Term, and shall cooperate with the Monitor's review of said report, which shall be concluded no later than six months following the end of the Term, after which time Servicer shall have no further obligations under this Consent Judgment.

Exhibit E1

Servicing Standards Quarterly Compliance Metrics

Executive Summary

Sampling: (a) A random selection of the greater of 100 loans and a statistically significant sample. (b) Sample will be selected from the population as defined in column E.

Review and Reporting Period: Results will be reported Quarterly and 45 days after the end of the quarter.

Errors Definition: An error is a measurement in response to a test question related to the Servicing Standards that results in the failure of the specified outcome. Errors in response to multiple questions with respect to a single outcome would be treated as only a single error.

Metrics Tested

A	B	C	D	E	F
Metric	**Measurements**	**Loan Level Tolerance for Error[1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
1. Outcome Creates Significant Negative Customer Impact					
A. Foreclosure sale in error	Customer is in default, legal standing to foreclose, and the loan is not subject to active trial, or BK.	n/a	1%	**Population Definition**: Foreclosure Sales that occurred in the review period. **Sample (A)**: # of Foreclosure Sales in the review period that were tested **Error Definition (B)**: # of loans that went to foreclosure sale in error due to failure of any one of the test questions for this metric Error Rate = B/A	1. Did the foreclosing party have legal standing to foreclose? 2. Was the borrower in an active trial period plan (unless the servicer took appropriate steps to postpone sale)? 3. Was the borrower offered a loan modification fewer than 14 days before the foreclosure sale date (unless the borrower declined the offer or the servicer took appropriate steps to postpone the sale)? 4. Was the borrower not in default (unless the default is cured to the satisfaction of the Servicer or investor within 10 days before the foreclosure sale date and the Servicer took appropriate steps to postpone sale)? 5. Was the borrower protected from foreclosure by Bankruptcy (unless Servicer had notice of such protection fewer than 10 days before the foreclosure sale date and Servicer took appropriate steps to postpone sale)?

B. Incorrect Mod denial	Program eligibility, all documentation received, DTI test, NPV test	5% On income errors	5%	**Population Definition:** Modification Denied In the Review Period. **Error Definition:** # of loans that were denied a modification as a result of failure of anyone of the test questions for this metric.	1. Was the evaluation of eligibility Inaccurate (as per HAMP, Fannie, Freddie or proprietary modification criteria)? 2. Was the income calculation Inaccurate? 3. Were the inputs used in the decision tool (NPV and Waterfall test) entered in error or inconsistent with company policy? 4. Was the loan NPV positive? 5. Was there an inaccurate determination that the documents received were incomplete? 6. Was the trial inappropriately failed?
2. Integrity of Critical Sworn Documents					
A. Was AOI properly prepared?	Based upon personal knowledge, properly notarized, amounts agree to system of record within tolerance if overstated.	Question # 1: Y/N; Question # 2: Amounts overstated (or, for question on Escrow Amounts, understated) by the greater of $99 or 1% of the Total Indebtedness Amount	5%	**Population Definition:** Affidavits of indebtedness filed in the review period. **Error Definition:** For question 1, yes; for question 2, the # of Loans where the sum of errors exceeds the allowable threshold.	1. Taken as a whole and accounting for contrary evidence provided by the Servicer, does the sample indicate systemic issues with either affiants lacking personal knowledge or improper notarization? 2. Verify all the amounts outlined below against the system of record. a. Was the correct principal balance used ? b. Was the correct interest amount (and per diem) used? c. Was the escrow balance correct? d. Were correct other fees used? e. Was the correct corporate advance balance used? f. Was the correct late charge balance used? g. Was the suspense balance correct? h. Was the total indebtedness amount on the Affidavit correct?
B. POC	Accurate statement of pre-petition arrearage to system of record	Amounts over stated by the greater of $50 or 3% of the correct Pre-Petition Arrearage	5%	**Population Definition:** POCs filed in the review period. **Error Definition:** # of Loans where sum of errors exceeds the allowable threshold.	1. Are the correct amounts set forth in the form, with respect to pre-petition missed payments, fees, expenses charges, and escrow shortages or deficiencies?

C. MRS Affidavits	Customer is in default and amount of arrearage is within tolerance.	Amounts overstated (or for escrows amounts, understated) by the greater of $50 or 3% of the correct Post Petition Total Balance.	5%	**Population Definition:** Affidavits supporting MRS's filed in the review period. **Error Definition:** # of Loans where the sum of errors exceeds the allowable threshold.	1. Verify against the system of record, within tolerance if overstated: a. The post-petition default amount; b. The amount of fees or charges applied to such pre- petition default amount or post-petition amount since the later of the date of the petition or the preceding statement; and c. Escrow shortages or deficiencies.
D. Disclosure of Personally Identifiable Information in POC	POC complies with privacy protection and public access provisions of the United States Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and any applicable local rule or order.	n/a	3.5%	**Population Definition:** POCs filed in the review period. **Error Definition:** # of POCs with an error in any subpart of the test question.	1. Does the POC and all attachments fully and permanently redact: a. All but the last 4 digits of any individual's social security number or taxpayer identification number? b. All but the year of any individual's birth? c. The full name of any individual known to be and identified as a minor (such minor's initials may be displayed)? d. All but the last 4 digits of any individual's financial account number?

3. Pre-foreclosure Initiation					
A. Pre Foreclosure Initiation	Accuracy of Account information	Amounts over stated by the greater of $99 or 1% of the Total balance.	5%	**Population Definition:** Loans with a Foreclosure referral date in the review period. **Error Definition:** # of Loans that were referred to foreclosure with an error in any one of the foreclosure initiation test questions**.**	** Verify all the amounts outlined below against the system of record. 1. Was the loan delinquent as of the date the first legal action was filed? 2. Was information contained in the Account Statement completed accurately? a. The total amount needed to reinstate or bring the account current, and the amount of the principal; b. The date through which the borrower's obligation is paid; c. The date of the last full payment; d. The current interest rate in effect for the loan; e. The date on which the interest rate may next reset or adjust; f. The amount of any prepayment fee to be charged, if any; g. A description of any late payment fees; and h. A telephone number or electronic mail address that may be used by the obligor to obtain information regarding the mortgage.
B. Pre Foreclosure Initiation Notifications	Notification sent to the customer supporting right to foreclose along with: Applicable information upon customers request, Account statement information, Ownership statement, and Loss Mitigation statement. Notifications required before 14 days prior to referral to foreclosure.	N/A	5%	**Population Definition:** Loans with a Foreclosure referral date in the review period. **Error Definition:** # of Loans that were referred to foreclosure with an error in any one of the foreclosure initiation test questions.	1. Were all the required notifications statements mailed no later than 14 days prior to first Legal Date (i) Account Statement; (ii) Ownership Statement; and (iii) Loss Mitigation Statement? 2. Did the Ownership Statement accurately reflect that the servicer or investor has the right to foreclose? 3. Was the Loss Mitigation Statement complete and did it accurately state that a. The borrower was ineligible (if applicable); or b. The borrower was solicited, was the subject of right party contact routines, and that any timely application submitted by the borrower was evaluated?

4. Accuracy and Timeliness of Payment Application and Appropriateness of Fees					
A. Fees adhere to guidance (Preservation fees, Valuation fees and Attorney's fees)	Services rendered, consistent with loan instrument, within applicable requirements.	Amounts over stated by the greater of $50 or 3% of the Total Default Related Fees Collected.	5%	**Population Definition:** Defaulted loans (60 +) with borrower payable default related fees* collected. **Error Definition:** # of loans where the sum of default related fee errors exceeds the threshold. * Default related fees are defined as any fee collected for a default-related service after the agreement date.	For fees collected in the test period: 1. Was the frequency of the fees collected (in excess of what is consistent with state guidelines or fee provisions in servicing standards? 2. Was amount of the fee collected higher than the amount allowable under the Servicer's Fee schedule and for which there was not a valid exception?
B. Adherence to customer payment processing	Payments posted timely (within 2 business days of receipt) and accurately.	Amounts understated by the greater $50.00 or 3% of the scheduled payment.	5%	**Population Definition:** All subject payments posted within review period. **Error Definition:** # of loans with an error in any one of the payment application test questions.	1. Were payments posted to the right account number? 2. Were payments posted in the right amount? 3. Were properly identified conforming payments posted within 2 business days of receipt and credited as of the date of receipt? 4. Did servicer accept payments within $50.00 of the scheduled payment, including principal and interest and where applicable taxes and insurance as required by the servicing standards? 5. Were partial payments credited to the borrower's account as of the date that the funds cover a full payment? 6. Were payments posted to principal interest and escrow before fees and expenses?

C. Reconciliation of certain waived fees. (I.b.11.C)	Appropriately updating the Servicer's systems of record in connection with the reconciliation of payments as of the date of dismissal of a debtor's Chapter 13 bankruptcy case, entry of an order granting Servicer relief from the stay under Chapter 13, or entry of an order granting the debtor a discharge under Chapter 13, to reflect the waiver of any fee, expense or charge pursuant to paragraphs III.B.1.c.i or III.B.1.d of the Servicing Standards **(within applicable tolerances)**.	Amounts over stated by the greater of $50 or 3 % of the correct reconciliation amount.	5%	**Population Definition:** All accounts where in-line reconciliation routine is completed within review period. **Error Definition:** # of loans with an error in the reconciliation routine resulting in overstated amounts remaining on the borrower account.	1. Were all required waivers of Fees, expense or charges applied and/or corrected accurately as part of the reconciliation?
D. Late fees adhere to guidance	Late fees are collected only as permitted under the Servicing Standards (**within applicable tolerances**).	Y/N	5%	**Population Definition:** All late fees collected within the review period. **Error Definition:** # of loans with an error on any one of the test questions.	1. Was a late fee collected with respect to a delinquency attributable solely to late fees or delinquency charges assessed on an earlier payment?

5. Policy/Process Implementation					
A. Third Party Vendor Management	Is periodic third party review process in place? Is there evidence of remediation of identified issues?	Y/N	N	Quarterly review of vendors providing Foreclosure Bankruptcy, Loss Mitigation and other Mortgage services. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented oversight policies and procedures demonstrating compliance with vendor oversight provisions: (i) adequate due diligence procedures, (ii) adequate enforcement procedures (iii) adequate vendor performance evaluation procedures (iv) adequate remediation procedures?[3] 2. Is there evidence of periodic sampling and testing of foreclosure documents (including notices of default and letters of reinstatement) and bankruptcy documents prepared by vendors on behalf of the servicer? 3. Is there evidence of periodic sampling of fees and costs assessed by vendors to; (i) substantiate services were rendered (ii) fees are in compliance with servicer fee schedule (iii) Fees are compliant with state law and provisions of the servicing standards? 4. Is there evidence of vendor scorecards used to evaluate vendor performance that include quality metrics (error rate etc)? 5. Evidence of remediation for vendors who fail metrics set forth in vendor scorecards and/or QC sample tests consistent with the servicer policy and procedures?
B. Customer Portal	Implementation of a customer portal.	Y/N	N	Quarterly testing review of Customer Portal.	1. Does the portal provide loss mitigation status updates?

C. SPOC	Implement single point of contact ("SPOC")	Y/N Question #4: 5%	N Question #4: 5%	Quarterly review of SPOC program per provisions in the servicing standard. **Population Definition (for Question 4):** Potentially eligible borrowers who were identified as requesting loss mitigation assistance. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented policies and procedures demonstrating compliance with SPOC program provisions? 2. Is there evidence that a single point of contact is available for applicable borrowers? 3. Is there evidence that relevant records relating to borrower's account are available to the borrower's SPOC? 4. Is there evidence that the SPOC has been identified to the borrower and the method the borrower may use to contact the SPOC has been communicated to the borrower?
D. Workforce Management	Training and staffing adequacy requirements	Y/N	N	Loss mitigation, SPOC and Foreclosure Staff. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented oversight policies and procedures demonstrating effective forecasting, capacity planning, training and monitoring of staffing requirements for foreclosure operations? 2. Is there evidence of periodic training and certification of employees who prepare Affidavits sworn statements or declarations.
E. Affidavit of Indebtedness Integrity	Affidavits of Indebtedness are signed by affiants who have personal knowledge of relevant facts and properly review the affidavit before signing it.	Y/N	N	Annual Review of Policy	1. Is there evidence of documented policies and procedures sufficient to provide reasonable assurance that affiants have personal knowledge of the matters covered by affidavits of indebtedness and have reviewed affidavit before signing it?
F. Account Status Activity	System of record electronically documents key activity of a foreclosure, loan modification, or bankruptcy.	Y/N	N	Annual Review of Policy	1. Is there evidence of documented policies and procedures designed to ensure that the system of record contains documentation of key activities?

6. Customer Experiences					
A. Complaint response timeliness	Meet the requirements of Regulator complaint handling.	N/A	5%	**Population Definition:** Government submitted complaints and inquiries from individual borrowers who are in default and/or have applied for loan modifications received during the three months prior to 40 days prior to the review period. (To allow for response period to expire). **Error Definition:** # of loans that exceeded the required response timeline.	1. Was written acknowledgment regarding complaint/inquires sent within 10 business days of complaint/inquiry receipt?** 2. Was a written response ("Forward Progress") sent within 30 calendar days of complaint/inquiry receipt?** **receipt= from the Attorney General, state financial regulators, the Executive Office for United States Trustees/regional offices of the United States Trustees, and the federal regulators and documented within the System of Record.
B. Loss Mitigation					
i. Loan Modification Document Collection timeline compliance		N/A	5%	**Population Definition:** Loan modifications and loan modification requests (packages) that were missing documentation at receipt and received more than **40** days prior to the end of the review period. **Error Definition:** The total # of loans processed outside the allowable timelines as defined under each timeline requirement tested.	1. Did the Servicer notify borrower of any known deficiency in borrower's initial submission of information, no later than 5 business days after receipt, including any missing information or documentation? 2. Was the Borrower afforded 30 days from the date of Servicer's notification of any missing information or documentation to supplement borrower's submission of information prior to making a determination on whether or not to grant an initial loan modification?

ii. Loan Modification Decision/Notification timeline compliance			10%	**Population Definition:** Loan modification requests (packages) that are denied or approved in the review period. **Error Definition:** The total # of loans processed outside the allowable timelines as defined under each timeline requirement tested.	1. Did the servicer respond to request for a modification within 30 days of receipt of all necessary documentation? 2. Denial Communication: Did the servicer notify customers within 10 days of denial decision?
iii. Loan Modification Appeal timeline compliance			10%	**Population Definition:** Loan modification requests (packages) that are borrower appeals in the review period. **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Did Servicer respond to a borrowers request for an appeal within 30 days of receipt?

iv. Short Sale Decision timeline compliance			10%	**Population Definition:** Short sale requests (packages) that are complete in the three months prior to 30 days prior to the end of the review period. (to allow for short sale review to occur). **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Was short sale reviewed and a decision communicated within 30 days of borrower submitting completed package?
v. Short Sale Document Collection timeline compliance			5%	**Population Definition:** Short sale requests (packages) missing documentation that are received in the three months prior to 30 days prior to the end of the review period (to allow for short sale review to occur). **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Did the Servicer provide notice of missing documents within 30 days of the request for the short sale?

vi. Charge of application fees for Loss mitigation			1%	**Population Definition:** loss mitigation requests (packages) that are Incomplete, denied , approved and borrower appeals in the review period. (Same as 6.B.i) **Error Definition:** The # of loss mitigation applications where servicer collected a processing fee.	1. Did the servicer assess a fee for processing a loss mitigation request?

vii. Short Sales					
a. Inclusion of notice of whether or not a deficiency will be required	Provide information related to any required deficiency claim	n/a	5%	**Population Definition:** Short sales approved in the review period. **Error Definition:** The # of short sales that failed any one of the deficiency test questions.	1. If the short sale was accepted, did borrower receive notification that deficiency or cash contribution will be needed? 2. Did borrower receive, in this notification, approximate amounts related to deficiency or cash contribution?
viii. Dual Track					
a. Referred to foreclosure in violation of Dual Track Provisions.	Loan was referred to foreclosure in error.	n/a	5%	**Population Definition:** Loans with a first legal action date in the review period. **Error Definition:** The # of loans with a first legal filed in the review period that failed any one of the dual tracking test questions.	1. Was the first legal action taken while the servicer was in possession of an active, complete loan modification package (as defined by the Servicing Standards) that was not decisioned as required by the standards? 2. Was the first legal commenced while the borrower was approved for a loan modification but prior to the expiration of the borrower acceptance period, borrower decline of offer or while in an active trial period plan?
b. Failure to postpone foreclosure proceedings in violation of Dual Track Provisions.	Foreclosure proceedings allowed to proceed in error.	n/a	5%	**Population Definition:** Active foreclosures during review period. **Error Definition**: # of active foreclosures that went to judgment as a result of failure of any one on of the active foreclosure dual track test question.	1. Did the servicer proceed to judgment or order of sale upon receipt of a complete loan modification package within 30 days of the Post-Referral to Foreclosure Solicitation Letter?** **Compliance of Dual tracking provisions for foreclosure sales are referenced in 1.A
C. Forced Placed Insurance					

i. Timeliness of notices	Notices sent timely with necessary information.	n/a	5%	**Population Definition:** Loans with forced placed coverage initiated in review period. **Error Definition**: # of loans with active forced place insurance resulting from an error in any one of the forced place insurance test questions.	1. Did Servicer send all required notification letters (ref. V 3a i-vii) notifying the customer of lapse in insurance coverage? 2. Did the notification offer the customer the option to have the account escrowed to facilitate payment of all insurance premiums and any arrearage by the servicer prior to obtaining forced place insurance? 3. Did the servicer assess forced place insurance when there was evidence of a valid policy?
ii Termination of Forced place Insurance	Timely termination of forced placed insurance		5%	**Population Definition:** Loans with forced placed coverage terminated in review period. **Error Definition**: # of loans terminated forced place insurance with an error in any one of the forced place insurance test questions.	1. Did Servicer terminate FPI within 15 days of receipt of evidence of a borrower's existing insurance coverage and refund the pro-rated portion to the borrower's escrow account?

#30	Loan Modification Process	Questions # 1 – 3: Y/N	5%	**Population Definition**: 1st lien borrowers declined in the review period for incomplete or missing documents in their loan modification application.[4i] **Error Definition**: Loans where the answer to any one of the test questions is a No.	1. Is there evidence Servicer or the assigned SPOC notified the borrower in writing of the documents required for an initial application package for available loan modification programs? 2. Provided the borrower timely submitted all documents requested in initial notice of incomplete information ("5 day letter") or earlier ADRL letters, did the Servicer afford the borrower at least 30 days to submit the documents requested in the Additional Document Request Letter ("ADRL") before declining the borrower for incomplete or missing documents? 3. Provided the borrower timely submitted all documents requested in the initial notice of incomplete information ("5-day letter") and earlier ADRL letters, did the Servicer afford the borrower at least 30 days to submit any additional required documents from the last ADRL before referring the loan to foreclosure or proceeding to foreclosure sale? [5]
#31 Standards: IV.C.4.g IV.G.2.a	Loan Modification Denial Notice Disclosure	Questions #1 – 2: Y/N	5%	**Population Definition:** 1st lien borrowers declined in the review period for a loan modification application. **Error Definition:** Loans where the answer to any one of the test questions is a No.	1. Did first lien loan modification denial notices sent to the borrower provide: a. The reason for denial; b. The factual information considered by the Servicer ; and c. A timeframe for the borrower to provide evidence that the eligibility determination was in error? 2. Following the Servicer's denial of a loan modification application, is there evidence the Servicer or the assigned SPOC communicated the availability of other loss mitigation alternatives to the borrower in writing?

#32 Standards: IV.C.2	SPOC Implementation and Effectiveness	Questions # 1 – 3: Y/N	5% for Question # 1 Y/N for Questions #2 - 3	**Population Definition**: For Question 1: 1st lien borrowers who were reassigned a SPOC for loss mitigation assistance in the review period. For Question 2 and 3: Quarterly review of policies or procedures **Error Definition**: Failure on any one of the test questions for this Metric.	1. Is there evidence that Servicer identified and provided updated contact information to the borrower upon assignment of a new SPOC if a previously designated SPOC is unable to act as the primary point of contact? 2. Is there evidence of implementation of management routines or other processes to review the results of departmental level SPOC scorecards or other performance evaluation tools? [6] 3. Is there evidence of the use of tools or management routines to monitor remediation, when appropriate, for the SPOC program if it is not achieving targeted program metrics?[6]
#33 Standards: I.B.5	Billing Statement Accuracy	Question # 1: Amounts overstated by the greater of $99 or 1% of the correct unpaid principal balance. Questions # 2 and 3: Amounts overstated by the greater of $50 or 3% of the total balance for the test question.	5%	**Population Definition:** Monthly billing statements sent to borrowers in the review period. [7] **Error Definition:** The # of Loans where the net sum of errors on any one of the test questions exceeds the applicable allowable tolerance.	1. Does the monthly billing statement accurately show, as compared to the system of record at the time of the billing statement, the unpaid principal balance? 2. Does the monthly billing statement accurately show as compared to the system of record at the time of the billing statement each of the following: a. Total payment amount due; and b. Fees and charges assessed for the relevant time period? 3. Does the monthly billing statement accurately show as compared to the system of record at the time of the billing statement the allocation of payments, including a notation if any payment has been posted to a "suspense or unapplied funds account"?

[1] Loan Level Tolerance for Error: This represents a threshold beyond which the variance between the actual outcome and the expected outcome on a single test case is deemed reportable.

[2] Threshold Error Rate: For each metric or outcome tested if the total number of reportable errors as a percentage of the total number of cases tested exceeds this limit then the Servicer will be determined to have failed that metric for the reported period.

[3] For purposes of determining whether a proposed Metric and associated Threshold Error Rate is similar to those contained in this Schedule, this Metric 5.A shall be excluded from consideration and shall not be treated as representative.

[4] The population includes only borrowers who submitted the first document on or before the day 75 days before the scheduled or expected foreclosure sale date.

- This Metric is subject to applicable investor rule requirements.
- Nothing in this Metric shall be deemed to prejudice the right of a Servicer to decline to evaluate a borrower for a modification in accordance with IV.H.12. Specifically, Servicer shall not be obligated to evaluate requests for loss mitigation options from (a) borrowers who have already been evaluated or afforded a fair opportunity to be evaluated consistent with the requirements of HAMP or proprietary modification programs, or (b) borrowers who were evaluated after the date of implementation of this Agreement, consistent with this Agreement, unless there has been a material change in the borrower's financial circumstances that is documented by borrower and submitted to Servicer.

[5] If the Servicer identifies an incomplete document submitted by the borrower before, or in response to the 5-day letter, the Servicer may request a complete document via the 5-day letter or an ADRL. An incomplete document is one that is received and not complete or that is not fully completed per the requirements (e.g. missing signature, missing pages etc.). A missing document is one that is not received by Servicer.

[6] The following evidence is considered appropriate using a qualitative assessment:

- Documents that provide an overview of the program, policy or procedures related to periodic performance evaluations, including the frequency thereof; or
- Sample departmental level SPOC scorecard or other performance evaluation tools that reflect performance and quality metrics, evidence of the use of thresholds to measure non-performance, identifiers when remediation is required and evidence that such remediation was identified by management, when appropriate.

[7] This Metric is N/A for borrowers in bankruptcy or borrowers who have been referred to or are going through foreclosure.