

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA, *et. al.*,

Plaintiffs,

v.

BANK OF AMERICA CORP., *et. al.*,

Defendants.

Civil Action No. 12-00361 (RMC)

**MONITOR'S INTERIM CONSUMER RELIEF REPORT REGARDING DEFENDANTS
WELLS FARGO & COMPANY AND WELLS FARGO BANK, N.A.**

The undersigned, Joseph A. Smith, Jr., in my capacity as Monitor under the Consent Judgment (Case 1:12-cv-00361-RMC; Document 14) filed in the above-captioned matter on April 4, 2012 (Judgment), respectfully files this Interim Consumer Relief Report (Report) regarding the satisfaction by Wells Fargo & Company and Wells Fargo Bank, N.A., as of December 31, 2012, of their Consumer Relief obligations under the Judgment, as such obligations are set forth with more particularity in Exhibits D, D-1, and E thereto. This Report is filed pursuant to paragraph D.5 of Exhibit E. This Report is not filed under paragraph D.6 of Exhibit E and as such, this Report is not a determination by me that Wells Fargo & Company and Wells Fargo Bank, N.A. have satisfied their obligations under the Judgment relative to Consumer Relief.

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 to 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, a copy of the Judgment, without the signature pages of the Parties and including only Exhibit D, Exhibit D-1, and Exhibit E, is attached to this Report as Attachment 1.

In this Report:

i) *Actual Credit Amount* has the meaning given to the term in Section III.E.2. of this Report;

ii) *Consumer Relief* has the meaning given to the term in Section II.A. of this Report and consists of one or more of the forms of Consumer Relief and a refinancing program set out in Exhibit D;

iii) *Consumer Relief Report* means Servicer's formal, written assertion as to the amount of Consumer Relief credit earned, which report is given to the IRG and is the basis on which the IRG performs a Satisfaction Review;

iv) *Consumer Relief Requirements* means Servicer's obligations in reference to Consumer Relief as set forth in Exhibits D and D-1;

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

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

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

viii) *Exhibit D* means Exhibit D to the Judgment;

ix) *Exhibit D-1* means Exhibit D-1 to the Judgment;

x) *Exhibit E* means Exhibit E to the Judgment;

xi) *Internal Review Group* or *IRG* means an internal quality control group established by Servicer that is independent from Servicer's mortgage servicing operations, as required by paragraph C.7 of Exhibit E;

xii) *IRG Assertion*, which is more fully defined in Section III.A. of this Report, refers to a certification given to me by the IRG regarding the credit amounts reported in Servicer's Consumer Relief Report;

xiii) *LTV* means loan-to-value ratio and is the quotient of the relevant mortgage loan amount divided by the appraised fair market value of property that is subject to a mortgage;

xiv) *Monitor* means and is a reference to the person appointed under the Judgment to oversee, among other obligations, Servicer's satisfaction of the Consumer Relief Requirements, and the Monitor is Joseph A. Smith, Jr., who will be referred to in this Report in the first person;

xv) *Monitor Report* or *Report* means this report, and *Monitor Reports* or *Reports* is a reference to any additional reports required under paragraph D.3 of Exhibit E or required under the other judgments that comprise the Settlement, as the context indicates;

xvi) *Monitoring Committee* means the Monitoring Committee referred to in Section B of Exhibit E;

xvii) *Non-Creditable Requirements* mean Servicer's additional obligations or commitments pertaining to Consumer Relief pursuant to Exhibit D that are not subject to crediting;

xviii) *Participating Servicer* means one of the Servicers other than Wells Fargo & Company and Wells Fargo Bank, N.A.;

xix) *Primary Professional Firm* or *PPF* means BDO Consulting, a division of BDO USA, LLP, and the Primary Professional Firm will sometimes be referred to as BDO;

xx) *Professionals* mean the Primary Professional Firm and any other accountants, consultants, attorneys and 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;

xxi) *Reported Credit Amount* has the meaning given to the term in Section III.E.2. of this Report;

xxii) *Satisfaction Review* means a review conducted by the IRG to determine Servicer's satisfaction of the Consumer Relief Requirements, as required in paragraph C.7 of Exhibit E;

xxiii) *Secondary Professional Firm* or *SPF* means McGladrey, LLP, and references to *Secondary Professional Firms* or *SPFs* are to the five professional firms engaged by me and assigned by me, one to each of the Servicers;

xxiv) *Servicer* means Wells Fargo & Company and Wells Fargo Bank, N.A., individually and collectively as the context requires or indicates in this Report, and *Servicers* mean the following: (i) J.P. Morgan Chase Bank, N.A.; (ii) Ocwen Loan Servicing, LLC and Green Tree Servicing LLC, successors by assignment to Residential Capital, LLC and GMAC Mortgage, LLC; (iii) Bank of America, N.A.; (iv) CitiMortgage, Inc.; and (v) Wells Fargo & Company and Wells Fargo Bank, N.A.;

xxv) *Settlement* means the Judgment and the four other consent judgments entered into by the Servicers to settle the claims described in the Judgment and the other consent judgments;

xxvi) *System of Record* or *SOR* means Servicer's business records pertaining primarily to its mortgage servicing operations and related business operations, which records are primarily electronic but also include non-electronic data and other information storage systems;

xxvii) *Testing Population* has the meaning given to the term in Section III.E.1. of this Report;

xxviii) *Total Consumer Relief Funds* means the sum of the credit earned by Servicer as a result of the types of Consumer Relief set forth in Exhibit D-1, which Exhibit does not include relief through refinancing of loans;

xxix) *Work Papers* mean the documentation of the test work and assessments by the IRG with regard to Servicer's satisfaction of the Consumer Relief Requirements, which documentation is required to be sufficient for the PPF to substantiate and confirm the accuracy and validity of the work and conclusions of the IRG; and

xxx) *Work Plan* means the work plan established by agreement between Servicer and me pursuant to paragraphs C.11 through C.15 of Exhibit E.

II. Introduction

A. *Forms of Consumer Relief*

Under the terms of the Judgment, Servicer is required to provide mortgage loan relief to distressed borrowers and a refinancing program to current borrowers who would not otherwise qualify for a refinance. The mortgage loan relief and refinancing program are required to be through one or more of the forms of Consumer Relief and a refinancing program set out in Exhibit D (Consumer Relief). These forms of Consumer Relief consist of:

- First Lien Mortgage Modifications¹
- Second Lien Portfolio Modifications²
- Enhanced Borrower Transitional Funds³
- Short Sales and Deeds-in Lieu⁴

¹ Exhibit D, ¶ 1; Exhibit D-1, ¶ 1. Creditable First Lien Mortgage Modifications include: Standard Principal Reduction Modifications (Exhibit D-1, ¶ 1.i); Forbearance Conversions (Exhibit D-1, ¶ 1.ii); Conditional Forgiveness Modifications (Exhibit D, ¶ 1.i); 180 DPD Modifications (Exhibit D, ¶ 1.f); FHA Principal Reductions (Exhibit D, ¶ 1.j(i)); and Government Modifications (Exhibit D, ¶ 1.j(ii)).

² Exhibit D, ¶ 2; Exhibit D-1, ¶ 2. Creditable Second Lien Portfolio Modifications include proprietary (non-MHA) second lien principal reductions, also known as "2.b Modifications" (Exhibit D, ¶ 2.b); second lien principal reductions based upon a completed non-HAMP first lien modification by a Participating Servicer in the Settlement, also known as "2.c Modifications" (Exhibit D, ¶ 2.c); second lien modifications conducted through the Making Home Affordable Program (including 2MP), the FHA Short Refinance Second Lien Program (FHA2LP) or the HFA Hardest Hit Fund (or any other appropriate governmental program), also known "2.d Modifications" or "second lien government modifications" (Exhibit D, ¶ 2.d); and second lien extinguishments to support the future ability of individuals to become homeowners, also known as "2.e Extinguishments" (Exhibit D, ¶ 2.e).

³ Exhibit D, ¶ 3; Exhibit D-1, ¶ 3.

⁴ Exhibit D, ¶ 4; Exhibit D-1, ¶ 4. Creditable loss mitigation transaction types in the context of Short Sales and Deeds-in-Lieu include payments made to an unrelated second lien holder for release of a second lien in connection with a completed Short Sale or Deed-in-Lieu (Exhibit D-1, ¶ 4.i.); acceptance of a short sale, forgiveness of a deficiency and release of lien on a first lien loan or second lien loan (including extinguishment of an owned second lien) in connection with a successful short sale or deed-in-lieu (Exhibit D, ¶ 4.b and c; Exhibit D-1, ¶ 4.ii, iii and iv); and extinguishment of an owned second lien to facilitate a short sale or deed-in-lieu successfully conducted by a Participating Servicer (Exhibit D, ¶ 4.d; Exhibit D-1, ¶ 4.iv).

- Deficiency Waivers⁵
- Forbearance for Unemployed Borrowers⁶
- Anti-Blight Loss Mitigation Activities⁷
- Benefits for Servicemembers⁸
- Refinancing Program⁹

B. Consumer Relief – Eligibility Criteria and Earned Credits

1. Variation in Criteria/Requirements. As reflected in Exhibit D, each of the forms of Consumer Relief has unique eligibility criteria and modification requirements. In order for Servicer to receive credit with respect to Consumer Relief activities on any mortgage loan, these eligibility criteria and modification requirements must be satisfied with respect to such mortgage loan and such satisfaction has to be validated by me in accordance with Exhibits D, D-1 and E. As set out in Exhibit D-1, the credits earned can vary based on timing, the form of Consumer Relief, and the transaction type within each form. The differences and variations in eligibility criteria and modification requirements, and the credits earned are meant to encourage prompt implementation of Consumer Relief by Servicer and implementation of certain forms of Consumer Relief over other forms. Illustrations of these differences and variations are set out in the following three paragraphs of this Section II.B. These illustrations highlight how the differences and variations are constructed to achieve their intended purposes, and, as evidenced later in this Report, the differences and variations appear to be achieving their intended purposes.

2. Timing. With respect to the requirements pertaining to timing, Servicer may receive additional credit against its Consumer Relief Requirements for amounts credited

⁵ Exhibit D, ¶ 5; Exhibit D-1, ¶ 5.

⁶ Exhibit D, ¶ 6; Exhibit D-1, ¶ 6.

⁷ Exhibit D, ¶ 7; Exhibit D-1, ¶ 7. Creditable Anti-Blight Loss Mitigation Activities include forgiveness of principal associated with a property where Servicer does not pursue foreclosure (Exhibit D-1, ¶ 7.i); payment of cash for demolition of property (Exhibit D-1, ¶ 7.ii); and REO properties donated to accepting municipalities, nonprofits, disabled servicemembers or relatives of deceased servicemembers (Exhibit D-1, ¶ 7.iii).

⁸ Exhibit D, ¶ 8.

⁹ Exhibit D, ¶ 9.

pursuant to its refinancing program and for principal forgiveness in First Lien Mortgage Modifications and Second Lien Portfolio Modifications. This additional credit is in the amount of 25% of the actual credits earned on the foregoing activities completed on and between March 1, 2012, and February 28, 2013.¹⁰ In contrast to the foregoing incentive for promptness, Servicer will incur a penalty of 125% of its unmet Consumer Relief Requirements if it does not meet all of its Consumer Relief Requirements within three years of March 1, 2012. That penalty will increase to 140% of its unmet Consumer Relief Requirements in cases in which Servicer also had failed to complete 75% of its total Consumer Relief Requirements within two years of March 1, 2012.

3. Minimums and Caps. With respect to the requirements applicable to the forms of Consumer Relief and the transaction types within each form, on an aggregate basis, at least 85% of the first lien mortgages on occupied properties for which Servicer may get credit for First Lien Mortgage Modifications must have an unpaid principal balance before capitalization at or below the highest GSE conforming loan limit caps as of January 1, 2010;¹¹ at least 30% of Servicer's Total Consumer Relief Funds must be through first lien principal forgiveness modifications; and at least 60% of Servicer's Total Consumer Relief Funds must be through a combination of first lien principal forgiveness modifications and second lien portfolio modifications.¹² In contrast, no more than 12.5%, 5%, 10% and 12% of Servicer's Total Consumer Relief Funds may be through forgiveness of forbearance amounts on existing modifications, enhanced borrower transitional funds, deficiency waivers and anti-blight loss mitigation activities, respectively.

¹⁰ Under the Judgment, March 1, 2012, is Servicer's "Start Date" for its Consumer Relief activities.

¹¹ GSE conforming loan limit caps as of January 1, 2010 are: 1 Unit - \$729,750; 2 Units - \$934,200; 3 Units - \$1,129,250; and 4 Units - \$1,403,400.

¹² The requirement that at least 30% of Servicer's Total Consumer Relief Funds be through first lien modifications can be adjusted by 2.5% for excess refinancing program credits above the minimum amount required, and the requirement that at least 60% of Servicer's Total Consumer Relief Funds be through first and second lien modifications can be adjusted by 10% for excess refinancing program credits above the minimum amounts required. Exhibit D, ¶9.f; Exhibit D-1, ¶¶1, 2.

4. Eligibility Requirements and Credits for Different Activities. With respect to the requirements applicable to the forms of Consumer Relief on the basis of transaction types, there are differences in eligibility requirements and crediting methodology for transaction types within each of the forms of Consumer Relief; there are also differences in eligibility requirements and crediting methodology among the various forms of Consumer Relief. Under Exhibits D and D-1, there are twenty different transaction types of Consumer Relief within the nine forms of Consumer Relief, and the amount of credit earned in each transaction type depends on a number of variables that differ for each transaction type. In general, credit for relief in the various transaction types depends on a variety of factors, including the type of relief given, the loan's pre-modification LTV, the borrower's delinquency status and whether Servicer owns the loan or is servicing it for a third party investor; and the amount of credit earned is derived by multiplying the actual relief afforded to the borrower by a multiplier of between \$0.05 and \$1.00. As an illustration of the variety of factors in transaction types, there are differences in eligibility requirements and credits available among the different transaction types of creditable activities that fall within the form of Consumer Relief known as First Lien Mortgage Modifications, and there are differences in eligibility requirements and credits available among the different transaction types of creditable activities that fall within the form of Consumer Relief known as Second Lien Portfolio Modifications. Additionally, the eligibility requirements and crediting methodology for First Lien Modifications differ from those for Second Lien Portfolio Modifications. First Lien Mortgage Modifications are creditable through six different transaction types.¹³ One of these six is a Standard Principal Reduction Modification. If the relief is provided through a Standard Principal Reduction Modification and the loan is held for investment by Servicer, \$1.00 of principal forgiveness will equal a credit of \$1.00 or \$0.50, depending on the

¹³ See, footnote 1, above.

LTV of the loan. If, on the other hand, the first lien mortgage loan is serviced by Servicer for a third party investor, Servicer will only receive a credit of \$0.45 for each \$1.00 of principal forgiveness. With respect to Second Lien Portfolio Modifications, no second lien modification can receive a credit of \$1.00 for forgiveness of \$1.00. Rather, credits vary from \$0.90 for each \$1.00 of forgiveness on a performing second lien modification to only \$0.10 for each \$1.00 of forgiveness on a non-performing second lien modification. Also, Servicer can only earn credit for second lien modifications that are held for investment. No credit is available for modifications of second lien mortgages that are serviced for other investors.

C. Consumer Relief – Servicer’s Obligations

Under the terms of the Judgment, Servicer is obligated to provide \$4,337,000,000 in Consumer Relief. Servicer’s Consumer Relief Requirements are allocated as follows: \$3,434,000,000 of relief to consumers who meet the eligibility requirements in paragraphs 1-8 of Exhibit D and \$903,000,000 of refinancing relief to consumers who meet the eligibility requirements of paragraph 9 of Exhibit D. In addition to Servicer’s obligations regarding creditable Consumer Relief, Servicer has certain Non-Creditable Requirements, as more fully discussed in Section IV below.

D. Consumer Relief – Monitor’s Obligations

The Judgment requires that I determine whether Servicer has satisfied the Consumer Relief Requirements in accordance with the authorities provided in the Judgment and report my findings to the Court in accordance with the provisions of Sections D.3 through D.5 of Exhibit E.¹⁴ Under Section D.5 of Exhibit E, I am required to file my report with the Court after each Satisfaction Review and I am required to include in my report the number of borrowers assisted and credited activities conducted by Servicer pursuant to the Consumer Relief Requirements. I

¹⁴ Exhibit E, ¶ C.5.

am also required to include in my report any material inaccuracies identified in prior State Reports filed by Servicer.¹⁵

E. Consumer Relief – Servicer’s Request

On February 14, 2013, after completing a Satisfaction Review, the IRG submitted to me an IRG Assertion on the amount of Consumer Relief credit that Servicer had claimed to have earned from March 1, 2012, through December 31, 2012. Servicer has requested that, in addition to reporting on the IRG Assertion, I review its crediting activity through December 31, 2012, and validate that the amount of credit claimed in the IRG Assertion is accurate and in accordance with Exhibits D and D-1. In other words, Servicer has requested that I perform an interim review of Servicer’s partial satisfaction of its Consumer Relief Requirements.

III. Review – Partial Satisfaction

A. Overview

The IRG is charged with performing, among other reviews, a Satisfaction Review after the end of each calendar year and at other times during the term of the Judgment. In a Satisfaction Review, the IRG performs test work to assess whether Servicer has reported the correct amount of Consumer Relief credit under the terms of the Judgment for the period covered by the review. Once the IRG completes its test work, the IRG is required to report the results of that work to me through an IRG Assertion. When I receive an IRG Assertion, it is my responsibility to review the IRG Assertion. I undertake this review with the assistance of my Primary Professional Firm. After completing the necessary confirmatory due diligence and validation of Servicer’s claimed Consumer Relief credits as reflected in the IRG Assertion, I am required to file with the Court a report regarding my findings. As noted above in Section II.E,

¹⁵ Exhibit E, ¶ D.5. The Judgment requires that the Servicer, following the end of each quarter, “transmit to each state a report (‘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.” Exhibit E, ¶ D.2.

this Report pertains to my findings regarding an IRG Assertion covering the period extending from March 1, 2012, to December 31, 2012. Also, as noted above, at Servicer's request, this Report includes an interim review of Servicer's partial satisfaction of its Consumer Relief Requirements as reflected in the IRG Assertion.

B. Consumer Relief Satisfaction Review Process

1. Work Plan. As required by Exhibit E and in order to better accomplish the processes outlined in Section III.A, above, Servicer and I agreed upon, and the Monitoring Committee did not object to, a Work Plan that, among other things, sets out the testing methods, procedures and methodologies that are to be used relative to confirmatory due diligence and validation of Servicer's claimed Consumer Relief under Exhibits D and D-1.

2. Testing Definition Templates. As contemplated in, and in furtherance of, the Work Plan, Servicer and I also agreed upon Testing Definition Templates that outline the testing methods and process flows to be utilized to assess whether, and the extent to which, the credits Servicer would be claiming for its Consumer Relief activities were earned credits, that is, credits that could be applied toward satisfaction of Servicer's Consumer Relief Requirements. The testing methods and process flows in each of these Testing Definition Templates are complex and complete. They require the examination and testing of significant loan level detail, together with calculations based on the results of those examinations; and for some types of Consumer Relief transaction types, the review of state laws relative to the transaction types and the relief claimed by Servicer. By way of illustration, the Testing Definition Template for First Lien Mortgage Modifications requires that a reviewer who is determining the eligibility for credit and actual credit calculation in relation to a loan for which Servicer is seeking credit to access and input into the Work Papers more than twenty-one items of pre- and post-modification loan-level information and to navigate through a process flow that can include in excess of thirty test steps

which are supported by testing routines, formulas for calculations and approximately sixty definitions of key terms used throughout the test steps. As another illustration, the Testing Definition Template applicable to Deficiency Waivers includes detailed test steps that access and require the review of data on state laws relative to foreclosures, short sales, deeds-in-lieu and claims for deficiencies.

3. Test Plans. Based upon these Testing Definition Templates, the IRG developed detailed test plans, tailored to Servicer's System of Record and business practices in the areas of mortgage loan servicing. These test plans offered a step-by-step approach to testing mortgage loans in each of the different Consumer Relief transaction types. These test plans were more complex and detailed than the Testing Definition Templates since they were based on the Testing Definition Templates and had the added function of setting out "click by click" processes and procedures that reviewers had to undertake to access and review a number of both interrelated and separate electronic and other data systems. These test plans were reviewed and commented on by me and other Professionals engaged by me.

4. Additional Preparatory Due Diligence. In addition to assisting in preparing the Work Plan and the Testing Definition Templates and reviewing the IRG's test plans, as set out in Sections III.B.1, 2 and 3 above, the PPF and some of my other Professionals undertook both in-person and web-based meetings with the IRG during which the IRG explained, and responded to questions relative to, the IRG's testing methodologies to be used in applying the Testing Definition Templates and the test plans based on the Testing Definition Templates. During its own testing, the PPF had unfettered access to the IRG and the Work Papers the IRG developed in undertaking its confirmatory due diligence and validation of Servicer's assertions relative to its Consumer Relief activities. This access included the ability to make inquiries and request additional supporting information as questions arose, and to resolve those questions on a regular

basis in a manner that strengthened the overall review process. It also included access to databases reflecting total populations and loan-level information on loans in these populations, and access to other information the PPF deemed reasonably necessary to properly perform its work, including the IRG's calculations relative to Consumer Relief credits.

C. Servicer's Assertions

1. Consumer Relief Obligations. In Servicer's Consumer Relief Report submitted to the IRG, Servicer claimed that, as of December 31, 2012, it was entitled to claim credit in the amount of \$2,996,218,744 pursuant to Exhibit D and Exhibit D-1.¹⁶ All of Servicer's claimed \$2,996,218,744 credit was a result of relief afforded to borrowers on loans in Servicer's mortgage loan portfolio that are held for investment. Approximately 37% of Servicer's claimed credit was through First Lien Mortgage Modifications and approximately 37% was through Refinancing relief. Short-sales and other types of Consumer Relief, excluding Second Lien Portfolio Modifications, made up approximately 25% of Servicer's claimed credit. Second Lien Portfolio Modifications made up approximately 1% of Servicer's claimed credit. Without taking into account any minimums or caps applicable to creditable activity or the allocation of excess relief under Servicer's Refinance program,¹⁷ on a claimed credit basis only, Servicer's Consumer Relief Report as of December 31, 2012, shows that it has met its Consumer Relief Requirements for a Refinancing program and has met 55% of its Total Consumer Relief Funds obligations. The

¹⁶ The methodology for the calculation of credit for all types of eligible relief other than the refinancing of first lien loans is set forth in Exhibit D-1. In general, credit amounts for these types of relief are derived by multiplying the actual relief afforded to the borrower by a multiplier of between \$0.05 and \$1.00, depending upon a variety of factors, including, for example, the type of relief given, the loan's pre-modification LTV, the borrower's delinquency status and whether Servicer owns the loan or is servicing it for third party investors. *See*, Exhibit D-1. The methodology for the calculation of credit for the refinancing of first lien loans is set forth in paragraph 9.e of Exhibit D. The credit amount for a refinanced loan is calculated by multiplying the difference between the pre-modification and post-modification interest rates by the unpaid principal balance and then multiplying the resulting product by a multiplier based upon the period of time during with the loans reduced interest rate is to be in effect. *See*, Exhibit D, ¶ 9.e. In addition, under Exhibit D, Servicer receives an additional 25% credit for any first or second lien principal reductions and refinances implemented on or before February 28, 2013. Exhibit D, ¶ 10.b.

¹⁷ *See*, footnote 12, above.

table immediately below sets out a breakdown of the Consumer Relief credit claimed by Servicer by type of relief:

Type of Relief	Loan Count	Claimed Credit Amount
First Lien Mortgage Modifications	16,744	\$1,111,423,320
Principal Forgiveness	254	\$27,510,870
Forbearance Forgiveness	8,079	\$163,030,234
Conditional Forgiveness	393	\$36,023,238
180 Days Past Due with Forgiveness	218	\$22,962,716
Federal Program Forgiveness	7,782	\$861,896,262
Second Lien Portfolio Modifications	3,569	\$35,598,590
2.e Modifications	3,569	\$35,598,590
Refinancing Program	22,143	\$1,105,510,531
Other Creditable Items	25,156	\$743,686,303
Enhanced Borrower Transitional Funds	4,873	\$8,396,631
Short Sales/Deeds-in-Lieu	19,238	\$724,861,417
Payment to an Unrelated 2nd Lien Holder	789	\$5,484,794
Payment of Cash for Demolition of Property	20	\$82,463
REO Properties Donated	236	\$4,860,998
Total Consumer Relief Programs	67,612	\$2,996,218,744

D. Internal Review Group's Satisfaction Review

After submitting its IRG Assertion on February 14, 2013, the IRG reported to me the results of its Satisfaction Review, which report concluded that:

i) the Consumer Relief asserted by Servicer was based on completed transactions that were correctly reported by Servicer;

ii) Servicer had correctly credited such Consumer Relief activities, so that the claimed amount of credit is correct; and

iii) the claimed Consumer Relief correctly reflected the requirements, conditions and limitations, as currently applicable, set forth in Exhibits D and D-1.

According to the IRG's report to me, its Satisfaction Review was based on a detailed review of Servicer's relevant records and on statistical sampling to a 99% confidence level.¹⁸ The report of the IRG with regard to its Satisfaction Review was accompanied by the IRG's Work Papers reflecting its review and analysis.

E. IRG Testing and Confirmation as to Consumer Relief Credit Earned

1. Population Definition/Sampling Approach. The IRG's testing of Servicer's Consumer Relief Report as to the amount of Consumer Relief credit earned first involved the IRG randomly selecting four statistically valid samples from all mortgage loans receiving Consumer Relief for which Servicer sought credit as of December 31, 2012. Each of these samples was drawn from one of four separate and distinct categories, each of which was treated as a testing population (Testing Population). These Testing Populations were: (i) First Lien Mortgage Modifications,¹⁹ including standard principal reduction modifications, forbearance conversions, conditional forgiveness modifications, 180 DPD modifications and government modifications; (ii) Second Lien Portfolio Modifications,²⁰ including second lien principal extinguishments; (iii) Refinancing Program;²¹ and, (iv) Other Credits, including short sales, deeds-in-lieu, enhanced borrower transitional funds, payments to unrelated second lien holders and anti-blight loss mitigation activities.²² The samples for each of these Testing Populations were selected utilizing Audit Command Language (ACL), which is a well-established and well-known licensed data extraction and analysis software product. In determining the sample size,

¹⁸ Confidence level is a measure of the reliability of the outcome of a sample. A confidence level of 99% in performing a test on a sample means there is a probability of at least 99% that the outcome from the testing of the sample is representative of the outcome that would be obtained if the testing had been performed on the entire population.

¹⁹ Exhibit D, ¶ 1

²⁰ Exhibit D, ¶ 2

²¹ Exhibit D, ¶ 9.

²² Exhibit D, ¶¶ 3, 4 and 7.

the IRG, in accordance with the Work Plan, utilized at least a 99% confidence level (one-tailed), 2.5% estimated error rate and 2% margin of error approach. The following table sets forth the total number of loans in each Testing Population and the number of loans tested by the IRG, which number was equal to the number the Servicer and I had contemplated when developing the Work Plan:

Testing Population	Number of Loans in Credit Population	Total Reported Credit Amount	Number of Loans in IRG Sample	Total Reported Credit Amount in IRG Sample
First Lien Mortgage Modifications	16,744	\$1,111,423,320	323	\$21,991,674
Second Lien Portfolio Modifications	3,569	\$35,598,590	302	\$3,037,342
Refinancing Program	22,143	\$1,105,510,531	325	\$15,493,326
Other Credits	25,156	743,686,303	326	\$9,195,458
Total Loans	67,612	\$2,996,218,744	1,276	\$49,717,800

2. Approach to Testing Loans. For each of the loans in the samples drawn from the four Testing Populations, the IRG conducted an independent review to determine whether the loan was eligible for credit and the amount of credit reported by Servicer was calculated correctly. The IRG executed this review pursuant to and in accordance with the Testing Definition Templates and related test plans for each of the four Testing Populations by accessing from Servicer's System of Record the various data inputs required to undertake the eligibility determination and credit calculation for each loan. Additionally, the IRG captured and saved in its Work Papers available screenshots from the SOR evidencing the relevant data. For each loan in a sample, the IRG determined whether it was eligible for credit based upon the assembled data for that loan, again following the appropriate Testing Definition Template and related test plans.

If a loan was determined to be ineligible for credit, the IRG would conclude that Servicer should receive no credit for that loan. For each loan it determined to be eligible for credit, the IRG would recalculate the credit amount.

After verifying the eligibility and recalculating credit for all loans in the sample for each Testing Population, the IRG calculated the sum of the recalculated credits for the sample for each Testing Population (Actual Credit Amount) and compared that amount against the amount of credit claimed by Servicer for the sample of the respective Testing Population (Reported Credit Amount). According to the Work Plan, if the Actual Credit Amount equals the Reported Credit Amount or if the Reported Credit Amount is not more than 2.0% greater or less than the Actual Credit Amount for any of the four Testing Populations, the Reported Credit Amount will be deemed correct and Servicer's Consumer Relief Report will be deemed to have passed the Satisfaction Review and will be certified by the IRG to the Monitor. If, however, the IRG determined that the Reported Credit Amount for any of the four Testing Populations exceeded the Actual Credit Amount by more than 2.0%, the IRG would inform Servicer, which would then be required to perform an analysis of the data of all loans in the Testing Population from which the sample had been drawn, identify and correct any errors and provide an updated Consumer Relief Report to the IRG. The IRG would then select a new sample and test the applicable Testing Population or Testing Populations against the new report in accordance with the process set forth above. If the IRG determined that the Actual Credit Amount was greater by more than 2.0% than the Reported Credit Amount for a particular Testing Population, Servicer had the option of either (i) taking credit for the amount it initially reported to the IRG or (ii) correcting

any underreporting of Consumer Relief credit and resubmitting the entire population of loans to the IRG for further testing in accordance with the process set forth above.²³

3. Results of IRG Testing of Reported Consumer Relief Credit. Utilizing the steps set forth above, the IRG determined that the difference between the Reported Credit Amount and the Actual Credit Amount for each sample of the four Testing Populations was within the 2.0% error threshold described above. The table below summarizes these findings by Testing Population:

Testing Population	Loans Sampled	Servicer Reported Credit Amount	IRG Calculated Actual Credit Amount	Amount Overstated/ (Understated)	% Difference
First Lien Mortgage Modifications	323	\$21,991,674	\$22,000,836	(\$9,162)	(0.04%)
Second Lien Portfolio Modifications	302	\$3,037,342	\$3,037,342	-0-	0.00%
Refinancing Program	325	\$15,493,326	\$15,493,537	(\$211)	(0.00%)
Other Credits	326	\$9,195,458	\$9,176,889	\$18,569	0.20%

Based upon the results set forth above, the IRG certified that the amount of Consumer Relief credit claimed by Servicer was accurate and conformed to the requirements in Exhibits D and D-1. This certification was evidenced in the IRG Assertion attached to this Report as Attachment 2, which assertion is in the form required by the Work Plan.

F. Monitor's Review of the IRG's Qualifications and Performance

The IRG's qualifications and performance is subject to ongoing review by me. I conduct this ongoing review in-person and through the PPF and Servicer's SPF.

²³ Exhibits D and D-1 also contain certain caps, minimums and other requirements the compliance with which can only be assessed once Servicer has asserted that it has fully satisfied its Consumer Relief Requirements pursuant to Exhibits D and D-1. Because Servicer is not asserting that it has fully satisfied its Consumer Relief Requirements, neither the IRG nor I have assessed Servicer's compliance with those caps, minimums and other requirements.

The IRG was established pursuant to and in accordance with the provisions of paragraph C.7 of Exhibit E. I have determined that the IRG is substantially independent from Servicer's mortgage servicing business, including Servicer's mortgage servicing operational units. As of February 14, 2013, the head of the IRG (the IRG Manager) is a Senior Audit Manager. The IRG Manager is supported by a team of three Audit Managers, five Audit Leaders, twenty-four Auditors, one Administrative Assistant and six contractors. The IRG Manager reports to the Audit Director of Wells Fargo Home Mortgage, a division of Wells Fargo Bank, N.A. Both the IRG Manager and the Audit Director ultimately report to Wells Fargo & Company's Chief Audit Executive. The Chief Audit Executive reports functionally to the Audit and Examination Committee of Wells Fargo & Company's Board of Directors and administratively to Wells Fargo & Company's Chief Executive Officer. Supporting the IRG are three Data Analysts responsible for population identification and generation of random samples used within the testing process. These Data Analysts report to a separate Senior Audit Manager who ultimately reports to the Chief Audit Executive for Wells Fargo & Company.

The PPF and SPF interviewed the Chief Audit Executive, the Audit Director of Wells Fargo Home Mortgage, the head of the IRG and one of the IRG managers on October 9, 2012. On an ongoing basis, the PPF and SPF have interacted with the IRG and have observed and assessed its independence, competence and performance.

G. Monitor's Review of the IRG's Assertion on Consumer Relief Credit

1. Preliminary Review. Preliminary to the PPF's review of the IRG's Consumer Relief testing, I, along with the PPF and some of my other Professionals, met with representatives of Servicer to gain an understanding of its mortgage banking operations, SOR and IRG program, and the IRG's proposed approach for Consumer Relief testing, among other things. During those meetings, Servicer provided an overview and walkthrough of its SOR and

described its core servicing systems (MSP, SUPREME, SHAW, ECaR), imaging systems (View 2, LIV, Web Query, E-Image, CLIPR, EDM), real estate owned SOR (Aspen), originations SOR (Horizon) and underwriting decisioning tools (IAM, HPA, WOPT, HASP), as well as the interrelationship with its other key systems, including those pertaining to loan boarding, payment technologies, lien release, call center, records management, default, bankruptcy/foreclosure, loss mitigation, and investor and master servicing. Servicer also provided me, together with the PPF and some of my other Professionals, with an overview of the IRG program, the professionals assigned to the IRG, and the IRG's training approach, team management and internal controls designed to ensure the IRG's Work Papers appropriately document and support the conclusions of the IRG's work. Additionally, they described the testing approach the IRG planned to employ to, among other things, evaluate the eligibility of the loans for which credit is claimed and verify the accuracy of the credit calculation.

2. Review. At my direction, the PPF conducted an extensive review of the testing conducted by the IRG relative to Consumer Relief crediting. This review of Consumer Relief crediting began in late February 2013, and continued, with only minimal interruption, until the filing of this Report.

The principal focus of the reviews was the PPF's testing of the entire sample of loans in each of the four Testing Populations, following the processes and procedures set out in the Testing Definition Templates and the IRG's test plans. These reviews also included, among other due diligence: (i) follow-up meetings with the IRG; (ii) web-based walkthroughs and reviews of the IRG's approach to Consumer Relief testing; (iii) in-person walkthroughs and reviews of the IRG's approach to Consumer Relief and on-site testing as necessary or appropriate at the IRG's location in Charlotte, North Carolina; and (iv) numerous email and telephonic communications

between the PPF and the IRG during which the PPF requested additional evidence and made inquiries concerning the IRG's testing methodologies and results.

With respect to the PPF's testing, the PPF was afforded access to a list of all loans for which credit was claimed by the Servicer, not just those that the IRG tested; and the PPF was provided remote access via the IRG's VERA platform for testing conducted by the PPF. Additionally, for each loan that it had tested, the IRG provided all the data elements necessary for validating credits in accordance with Exhibits D and D-1 and the relevant Testing Definition Templates. The PPF, using those data elements, went through each of the test steps and related analyses and calculations in the Testing Definition Templates for each of the mortgage loans in the samples of loans. In other words, the PPF replicated in full the IRG's testing. During this process, the IRG cooperated fully with the PPF.

3. Results of the PPF's Testing of Reported Consumer Relief Credit. In its review of the IRG's work, as explained above, the PPF conducted detailed re-testing of the entire sample of loans originally tested by the IRG. The following table sets forth the total number of loans in each Testing Population and the number of loans tested by the PPF:

Testing Population	Number of Loans in IRG Sample	Servicer Reported Credit Amount in IRG Sample	Loans Reviewed by PPF	Servicer Reported Credit Amount in PPF Sample	% of IRG Tested Credit Amount Tested by PPF
First Lien Mortgage Modifications	323	\$21,991,674	323	\$21,991,674	100%
Second Lien Portfolio Modifications	302	\$3,037,342	302	\$3,037,342	100%
Refinancing Program	325	\$15,493,326	325	\$15,493,326	100%
Other Credits	326	\$9,195,458	326	\$9,195,458	100%
Total Consumer Relief Programs	1,276	\$49,717,800	1,276	\$49,717,800	100%

As described above, throughout its testing process, the PPF interacted extensively with the IRG to resolve issues that arose during the testing process. These issues included the following, among others: (i) the correct method for calculating Consumer Relief credit for the Enhanced Borrower Transition Fund relief category; (ii) the type of evidence required to demonstrate that certain borrowers were in imminent default based upon Servicer's own policies and processes; (iii) the type of evidence required to demonstrate that all loans in the Wells Fargo Financial portfolio were held for investment; (iv) the type of evidence required to demonstrate that second liens for which Servicer was seeking second lien extinguishment credit had been intact before being extinguished; and (v) the type of evidence required to demonstrate that Servicer did not capitalize late fees as part of the transactions for which it sought credit. These issues and any others generally were resolved by the IRG providing additional evidence demonstrating that loans were eligible for credit or explanations concerning its testing methodology.

After completing the loan-level testing, the PPF determined that the IRG had correctly validated the Consumer Relief credit amounts reported by Servicer in the four Testing Populations. The following table sets forth the results of the PPF's loan-level testing:

Type of Relief	Loans Reviewed	Servicer Reported Credit Amount	PPF Calculated Actual Credit Amount	Amount Overstated/ (Understated)	% Difference
First Lien Mortgage Modifications	323	\$21,991,674	\$22,002,611	(\$10,937)	(0.05%)
Second Lien Portfolio Modifications	302	\$3,037,342	\$3,026,188	\$11,155	0.37%
Refinancing Program	325	\$15,493,326	\$15,496,690	(\$3,364)	(0.02%)
Other Credit	326	\$9,195,458	\$9,113,766	\$81,692	0.89%

For each of the samples tested, the difference between the Reported Credit Amount and the credit amount as calculated by the PPF was within the margin of error in the Work Plan. In addition, other than the PPF's finding that two second lien extinguishments were ineligible because the evidence presented for each loan did not establish that the subject lien was intact when the extinguishment was implemented and isolated instances of Servicer and the IRG miscalculating the amount of credit due to the Servicer in reference to a particular Consumer Relief transaction, the PPF's credit calculation and the IRG's credit calculation are substantially the same.

The PPF documented its findings in its work papers and has reported them to me. I then undertook an in-depth review of the IRG's Work Papers with the PPF, as well as the PPF's Work Papers.

IV. Monitor's Review of Non-Creditable Requirements of Exhibit D

As part of my interim review of Servicer's Consumer Relief activities, I undertook an inquiry into whether Servicer complied with certain Non-Creditable Requirements of Exhibit D. Specifically, under Exhibit D, Servicer agreed that:

i) Servicer "will not implement any of the Consumer Relief Requirements described [in Exhibit D to the Judgment] through policies that are intended to (1) disfavor a specific geography within or among states that are a party to the Judgment or (2) discriminate against any protected class of borrowers";²⁴

ii) Servicer "shall not, in the ordinary course, require a borrower to waive or release legal claims and defenses as a condition of approval for loss mitigation activities under these Consumer Relief Requirements";²⁵

iii) Servicer shall modify second lien mortgages pursuant to Section 2.c.i of Exhibit D when a Participating Servicer reduces principal on a first lien mortgage via its proprietary, non-HAMP modification process;²⁶

iv) Servicer shall "extinguish a second lien owned by Servicer behind a successful short sale/deed-in-lieu conducted by a Participating Servicer ... where the first lien is greater than 100% LTV and has an unpaid principal balance at or below the Applicable Limits, until the Servicer's Consumer Relief Requirement credits are fulfilled";²⁷

²⁴ Exhibit D, Introduction.

²⁵ Exhibit D, Introduction. The Judgment contains an exception to this requirement that permits Servicer to require a waiver or release of legal claims and defenses with respect to a Consumer Relief activity offered in connection with the resolution of a contested claim, when the borrower would not otherwise have received as favorable terms or when the borrower receives additional consideration.

²⁶ Exhibit D, ¶ 1.h.

²⁷ Exhibit D, ¶ 4.d.

v) Servicer will adjust the credits it claimed for Consumer Relief implemented pursuant to the Settlement by any incentive payments (federal or state funds) that are “the source of the Servicer’s credit claim”;²⁸

vi) Servicer will implement a refinancing program for all borrowers who meet the minimum eligibility criteria in Section 9.a of Exhibit D, and “use reasonable efforts to identify active servicemembers in its owned portfolio who would qualify and to solicit those individuals for the refinancing program”;²⁹

vii) Servicer will, in the case of an owned portfolio first lien, waive any deficiency amount remaining after an eligible servicemember sells his or her principal residence in a short sale conducted in accordance with Servicer’s then customary short sale process, so long as the deficiency amount is less than \$250,000.³⁰

In order to assess Servicer’s compliance with the Non-Creditable Requirements, the PPF, at my direction, interviewed the Senior Vice President for Servicing Operations at Wells Fargo Home Mortgage and a Managing Counsel at Servicer. The focus of this interview process was an inquiry into the processes and procedures that Servicer utilized to (i) select the borrowers to whom it provided the Consumer Relief for which it now seeks and will in the future seek credit pursuant to the Judgment and (ii) ensure that it is complying with the Non-Creditable Requirements.

Throughout my tenure as Monitor, my Professionals and I have interacted with both of the persons who were interviewed and know them to have responsibilities related to Servicer’s day-to-day compliance with the Consumer Relief requirements of the Judgment. As a result, I believe them to possess the requisite knowledge concerning Servicer’s compliance with the Non-

²⁸ Exhibit D, ¶¶ 1.j.ii. and 2.d.i.

²⁹ Exhibit D, ¶¶ 8.c. and 9.a.

³⁰ Exhibit D, ¶ 8.b.i.

Creditable Requirements and have concluded that their responses to our inquiries have been credible and consistent with information obtained through the Consumer Relief credit testing and other procedures undertaken by my Professionals and me to ensure Servicer's compliance with the Judgment.

Based upon the interview of the foregoing persons, in conjunction with the above-described loan-level testing undertaken by the PPF, I have no reason to believe that Servicer has, as of December 31, 2012:

i) Implemented any of the Consumer Relief Requirements through policies that are intended to (1) disfavor a specific geography within or among states that are a party to the Judgment or (2) discriminate against any protected class of borrowers;

ii) Required borrowers to waive or release legal claims and defenses as a condition of approval for loss mitigation activities under these Consumer Relief requirements;

iii) Failed to modify second lien mortgages pursuant to Section 2.c.i of Exhibit D when a Participating Servicer reduces principal on a first lien mortgage via its proprietary, non-HAMP modification process;

iv) Failed to extinguish a second lien owned by Servicer behind a successful short sale/deed-in-lieu conducted by a Participating Servicer where the first lien is greater than 100% LTV and has an unpaid principal balance at or below the Applicable Limits;

v) Failed to adjust the credits it claimed for Consumer Relief implemented pursuant to the Settlement by any incentive payments (federal or state funds) that are the source of the Servicer's credit claim;

vi) Failed to implement a refinancing program for all borrowers who meet the minimum eligibility criteria in Section 9.a of Exhibit D and use reasonable efforts to identify

active servicemembers in its owned portfolio who would qualify and solicit them for the program; or

vii) In the case of an owned portfolio first lien, failed to waive any deficiency amount remaining after an eligible servicemember sells his or her principal residence in a short sale conducted in accordance with Servicer's then customary short sale process, so long as the deficiency amount is less than \$250,000.

V. State Reports/Reported Credit Amounts

In order to meet my obligation of identifying any material inaccuracies in prior State Reports filed by Servicer, I conducted a comparison of the information contained in Servicer's Consumer Relief Report regarding Consumer Relief granted to the program-to-date data contained in Servicer's State Report filed for the quarter ending December 31, 2012. This comparison revealed that there were some apparent differences between the aggregate amount of relief in certain categories of relief as reported by Servicer in its Consumer Relief Report submitted to the IRG and the amount of relief for those categories as reported by Servicer in its State Reports filed for the quarter ending December 31, 2012. Those apparent differences are set forth in the following table:

Testing Population	Aggregate Amount of Relief Reported in Servicer's State Report for Quarter Ending December 31, 2012	Aggregate Amount of Relief Reported in Servicer's Consumer Relief Report as of December 31, 2012	Difference
2nd Lien Principal Reduction	\$5,094,331	-0-	\$5,094,331
Short Sales	\$1,804,864,119	\$1,804,920,110	(\$55,991)
REO Properties Donated	\$17,418,951	\$4,860,998	\$12,557,953

At my direction, the PPF has made inquiry of Servicer and the IRG regarding these differences. As a result of those inquiries, I have determined that the difference in aggregate

amount of Consumer Relief afforded to borrowers through completed second lien principal reductions of their loans resulted because Servicer elected not to seek credit for \$5,094,331 of the relief that was afforded to borrowers.

Regarding the difference in aggregate relief for short sales, one loan was incorrectly omitted from the State report with relief of \$136,127, and one loan was incorrectly included with relief of \$80,136, yielding a net difference of \$55,991.

The \$12,557,953 difference in aggregate Consumer Relief through REO Properties Donated is due to Servicer choosing two different methodologies for calculating relief. On the State Report, Servicer calculated relief based on the unpaid principal balance of the loan. On Servicer's Consumer Relief Report, relief was calculated utilizing the valuation of the property. The methodology used in Servicer's Consumer Relief Report for calculating relief through REO Properties Donated was the correct methodology, and is the one Servicer should have used in the State Report.

I have concluded that none of the differences mentioned above are material and therefore, I have not identified any material inaccuracies in the State Reports filed by Servicer for the quarter ending December 31, 2012.

VI. Summary and Conclusions

On the basis of the information submitted to me and the work of the IRG, the PPF and other Professionals that is referred to above and otherwise reflected in this Report, I make the following findings, which findings are made pursuant to the provisions of paragraph C.5 of Exhibit E:

i) I find, after a detailed review and testing by the IRG and the PPF, as described in this Report, that the amount of Consumer Relief set out in Servicer's Consumer Relief Report for

the period extending from March 1, 2012, to December 31, 2012, is correct and accurate within the tolerances permitted under the Work Plan;

ii) I have no reason to believe that Servicer has failed to comply with all of the requirements of Exhibit D to the Judgment for the period extending from March 1, 2012, to December 31, 2012, including the Non-Creditable Requirements; and

iii) I have not identified any material inaccuracies in the State Reports filed by Servicer for the quarter ending December 31, 2012.

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 my Report. Immediately after filing this Report, I will provide a copy of this Report to the Board of Directors of Wells Fargo & Company, or a committee of the Board designated by Servicer.³¹

I respectfully submit this Report to the United States District Court for the District of Columbia, this 16th day of October, 2013.

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³¹ Exhibit E, ¶ D.4.

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 16th day of October, 2013.

/s/ Joseph A. Smith, Jr.

Joseph A. Smith, Jr.

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**ALLY FINANCIAL,
INC.**
(Defendant)

**GMAC MORTGAGE,
LLC**
(Defendant)

**GMAC RESIDENTIAL
FUNDING CO., LLC**
(Defendant)

**RESIDENTIAL
CAPITAL, LLC**
(Defendant)

**OCWEN LOAN
SERVICING, LLC**
*(successors by assignment
to Residential Capital, LLC
and GMAC Mortgage, LLC)*

**GREEN TREE
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CITIBANK, N.A.
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WELLS FARGO BANK
NATIONAL
ASSOCIATION
(Defendant)

ATTACHMENT 1

Judgment and Exhibits D, D-1 and E

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FILED

APR 4 2012

Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia

UNITED STATES OF AMERICA,
et al.,

Plaintiffs,

v.

BANK OF AMERICA CORP. *et al.*,

Defendants.

12 0361

Civil Action No. _____

CONSENT JUDGMENT

WHEREAS, Plaintiffs, the United States of America 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 March 12, 2012, alleging that Wells Fargo & Company and Wells Fargo Bank, N.A. (collectively, "Defendant") violated, among other laws, the Unfair and Deceptive Acts and Practices laws of the Plaintiff States, the False Claims Act, the Financial

Institutions Reform, Recovery, and Enforcement Act of 1989, the Servicemembers Civil Relief Act, 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 the allegations of the Complaint other than those facts deemed necessary to the jurisdiction of this Court;

WHEREAS, the intention of the United States and the States in effecting this settlement is to remediate harms allegedly resulting from the alleged unlawful conduct of the Defendant;

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 issue of fact or law, without this Consent Judgment constituting evidence against Defendant, 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, 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 into an interest bearing escrow account to be established for this purpose the sum of \$1,005,233,716, which sum shall be added to funds being paid by other institutions resolving claims in this litigation (which sum shall be known as the “Direct Payment Settlement Amount”) and which sum shall be distributed in the manner and for the purposes specified in Exhibit B. Defendant’s payment shall be made by electronic funds transfer no later than seven days after the Effective Date of this Consent Judgment, pursuant to written instructions to be provided by the United States Department of Justice. After Defendant has made the required payment, 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 \$1,489,813,925.00 (the “Borrower Payment Amount”) to enable the Administrator to provide cash payments to borrowers whose homes were finally sold or taken in foreclosure between and including January 1, 2008 and December 31, 2011; who submit claims for harm 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. 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 shall provide \$3,434,000,000 of relief to consumers who meet the eligibility criteria in the forms and amounts described in Paragraphs 1-8 of Exhibit D, and \$903,000,000 of refinancing relief to consumers who meet the eligibility criteria in the forms and amounts described in Paragraph 9 of Exhibit D, to remediate harms allegedly caused by the alleged unlawful conduct of Defendant. Defendant shall receive credit towards such obligation as described in Exhibit D.

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. Within fifteen (15) days of the Effective Date of this Consent Judgment, the participating state and federal agencies shall designate an Administration and Monitoring Committee (the “Monitoring Committee”) as described in the Enforcement Terms. 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.

V. RELEASES

9. The United States 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. The United States and Defendant have also agreed that certain claims, and remedies are not released, as provided in Paragraph 11 of Exhibit F. The releases contained in Exhibit F shall become effective upon payment of the Direct Payment Settlement Amount by Defendant.

10. 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.

VI. SERVICEMEMBERS CIVIL RELIEF ACT

11. The United States and Defendant have agreed to resolve certain claims arising under the Servicemembers Civil Relief Act (“SCRA”) in accordance with the terms provided in Exhibit H. Any obligations undertaken pursuant to the terms provided in Exhibit H, including any obligation to provide monetary compensation to servicemembers, are in addition to the obligations undertaken pursuant to the other terms of this Consent Judgment. Only a payment to

an individual for a wrongful foreclosure pursuant to the terms of Exhibit H shall be reduced by the amount of any payment from the Borrower Payment Amount.

VII. OTHER TERMS

12. The United States and any State Party may withdraw from the Consent Judgment and declare it null and void with respect to that party if the Defendant does not make the Consumer Relief Payments (as that term is defined in Exhibit F (Federal Release)) required under this Consent Judgment and fails to cure such non-payment within thirty days of written notice by the party.

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 Defendants’ obligations under the Consent Judgment shall expire, except that, pursuant to Exhibit E, Defendants 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. Defendant shall have no further obligations under this Consent Judgment six months after the expiration of the Term, but the Court shall retain

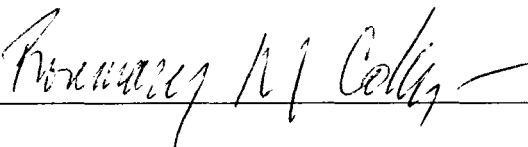
jurisdiction for purposes of enforcing or remedying any outstanding violations that are identified in the final Monitor Report and that have occurred but not been cured during the Term.

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 its 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 4 day of April, 2012



UNITED STATES DISTRICT JUDGE

EXHIBIT D

Consumer Relief Requirements

Any Servicer as defined in the Servicing Standards set forth in Exhibit A to this Consent Judgment (hereinafter “Servicer” or “Participating Servicer”) agrees that it will not implement any of the Consumer Relief Requirements described herein through policies that are intended to (i) disfavor a specific geography within or among states that are a party to the Consent Judgment or (ii) discriminate against any protected class of borrowers. This provision shall not preclude the implementation of pilot programs in particular geographic areas.

Any discussion of property in these Consumer Relief Requirements, including any discussion in Table 1 or other documents attached hereto, refers to a 1-4 unit single-family property (hereinafter, “Property” or collectively, “Properties”).

Any consumer relief guidelines or requirements that are found in Table 1 or other documents attached hereto, are hereby incorporated into these Consumer Relief Requirements and shall be afforded the same deference as if they were written in the text below.

For the avoidance of doubt, subject to the Consumer Relief Requirements described below, Servicer shall receive credit for consumer relief activities with respect to loans insured or guaranteed by the U.S. Department of Housing and Urban Development, U.S. Department of Veterans Affairs, or the U.S. Department of Agriculture in accordance with the terms and conditions herein, provided that nothing herein shall be deemed to in any way relieve Servicer of the obligation to comply with the requirements of the U.S. Department of Housing and Urban Development, U.S. Department of Veterans Affairs, and the U.S. Department of Agriculture with respect to the servicing of such loans.

Servicer shall not, in the ordinary course, require a borrower to waive or release legal claims and defenses as a condition of approval for loss mitigation activities under these Consumer Relief Requirements. However, nothing herein shall preclude Servicer from requiring a waiver or release of legal claims and defenses with respect to a Consumer Relief activity offered in connection with the resolution of a contested claim, when the borrower would not otherwise have received as favorable terms or when the borrower receives additional consideration.

Programmatic exceptions to the crediting available for the Consumer Relief Requirements listed below may be granted by the Monitoring Committee on a case-by-case basis.

To the extent a Servicer is responsible for the servicing of a mortgage loan to which these Consumer Relief Requirements may apply, the Servicer shall receive credit for all consumer relief and refinancing activities undertaken in connection with such

mortgage loan by any of its subservicers to the same extent as if Servicer had undertaken such activities itself.*

1. First Lien Mortgage Modifications

- a. Servicer will receive credit under Table 1, Section 1, for first-lien mortgage loan modifications made in accordance with the guidelines set forth in this Section 1.
- b. First liens on occupied¹ Properties with an unpaid principal balance (“UPB”) prior to capitalization at or below the highest GSE conforming loan limit cap as of January 1, 2010 shall constitute at least 85% of the eligible credits for first liens (the “Applicable Limits”).
- c. Eligible borrowers must be at least 30 days delinquent or otherwise qualify as being at imminent risk of default due to borrower’s financial situation.
- d. Eligible borrowers’ pre-modification loan-to-value ratio (“LTV”) is greater than 100%.
- e. Post-modification payment should target a debt-to-income ratio (“DTI”)² of 31% (or an affordability measurement consistent with HAMP guidelines) and a modified LTV³ of no greater than 120%, provided that eligible borrowers receive a modification that meets the following terms:
 - i. Payment of principal and interest must be reduced by at least 10%.
 - ii. Where LTV exceeds 120% at a DTI of 31%, principal shall be reduced to a LTV of 120%, subject to a minimum DTI of 25% (which minimum may be waived by Servicer at Servicer’s sole

* If a Servicer holds a mortgage loan but does not service or control the servicing rights for such loan (either through its own servicing operations or a subservicer), then no credit shall be granted to that Servicer for consumer relief and refinancing activities related to that loan.

¹ Servicer may rely on a borrower’s statement, at the time of the modification evaluation, that a Property is occupied or that the borrower intends to rent or re-occupy the property.

² Consistent with HAMP, DTI is based on first-lien mortgage debt only. For non-owner-occupied properties, Servicer shall consider other appropriate measures of affordability.

³ For the purposes of these guidelines, LTV may be determined in accordance with HAMP PRA.

discretion), provided that for investor-owned loans, the LTV and DTI need not be reduced to a level that would convert the modification to net present value (“NPV”) negative.

- f. DTI requirements may be waived for first lien mortgages that are 180 days or more delinquent as long as payment of principal and interest is reduced by at least 20% and LTV is reduced to at least 120%.
- g. Servicer shall also be entitled to credit for any amounts of principal reduction which lower LTV below 120%.
- h. When Servicer reduces principal on a first lien mortgage via its proprietary modification process, and a Participating Servicer owns the second lien mortgage, the second lien shall be modified by the second lien owning Participating Servicer in accordance with Section 2.c.i below, provided that any Participating Servicer other than the five largest servicers shall be given a reasonable amount of time, as determined by the Monitor, after that Participating Servicer’s Start Date to make system changes necessary to participate in and implement this requirement. Credit for such second lien mortgage write-downs shall be credited in accordance with the second lien percentages and cap described in Table 1, Section 2.
- i. In the event that, in the first 6 months after Servicer’s Start Date (as defined below), Servicer temporarily provides forbearance or conditional forgiveness to an eligible borrower as the Servicer ramps up use of principal reduction, Servicer shall receive credit for principal reduction on such modifications provided that (i) Servicer may not receive credit for both the forbearance and the subsequent principal reduction and (ii) Servicer will only receive the credit for the principal reduction once the principal is actually forgiven in accordance with these Consumer Relief Requirements and Table 1.
- j. Eligible modifications include any modification that is made on or after Servicer’s Start Date, including:
 - i. Write-offs made to allow for refinancing under the FHA Short Refinance Program;
 - ii. Modifications under the Making Home Affordable Program (including the Home Affordable Modification Program (“HAMP”) Tier 1 or Tier 2) or the Housing Finance Agency Hardest Hit Fund (“HFA Hardest Hit Fund”) (or any other federal program) where principal is forgiven, except to the extent that state or federal funds paid to Servicer in its capacity as an investor are the source of a Servicer’s credit claim.

- iii. Modifications under other proprietary or other government modification programs, provided that such modifications meet the guidelines set forth herein.⁴

2. Second Lien Portfolio Modifications

- a. Servicer is required to adhere to these guidelines in order to receive credit under Table 1, Section 2.
- b. A write-down of a second lien mortgage will be creditable where such write-down facilitates either (a) a first lien modification that involves an occupied Property for which the borrower is 30 days delinquent or otherwise at imminent risk of default due to the borrower’s financial situation; or (b) a second lien modification that involves an occupied Property with a second lien which is at least 30 days delinquent or otherwise at imminent risk of default due to the borrower’s financial situation.

⁴ Two examples are hereby provided. Example 1: on a mortgage loan at 175% LTV, when a Servicer (in its capacity as an investor) extinguishes \$75 of principal through the HAMP Principal Reduction Alternative (“PRA”) modification in order to bring the LTV down to 100%, if the Servicer receives \$28.10 in PRA principal reduction incentive payments from the U.S. Department of the Treasury for that extinguishment, then the Servicer may claim \$46.90 of principal reduction for credit under these Consumer Relief Requirements:

LTV Reduction Band:	HAMP-PRA Incentive Amount Received:	Allowable Settlement Credit:
175% LTV to 140% LTV	\$10.50 (35% LTV * \$0.30)	\$24.50 ((35% LTV-\$10.50) * \$1.00)
140% LTV to 115% LTV	\$11.30 (25% LTV * \$0.45)	\$13.70 ((25% LTV-\$11.30) * \$1.00)
115% LTV to 105% LTV	\$6.30 (10% LTV * \$0.63)	\$3.70 ((10% LTV-\$6.30) * \$1.00)
105% LTV to 100% LTV	None (no credit below 105% LTV)	\$5.00 (5% LTV * \$1.00)
Total:	\$28.10	\$46.90

Example 2: on a mortgage loan at 200% LTV, when a Servicer (in its capacity as an investor) extinguishes \$100 of principal through a HAMP-PRA modification in order to bring the LTV down to 100%, if the Servicer receives \$35.60 in PRA principal reduction incentive payments from Treasury for that extinguishment, then although the Servicer would have funded \$64.40 in principal reduction on that loan, the Servicer may claim \$55.70 of principal reduction for credit under these Consumer Relief Requirements:

LTV Reduction Band:	HAMP-PRA Incentive Amount Received:	Allowable Settlement Credit:
200% LTV to 175% LTV	\$7.50 (25% LTV * \$0.30)	\$8.80 ((25% LTV-\$7.50) * \$0.50)
175% LTV to 140% LTV	\$10.50 (35% LTV * \$0.30)	\$24.50 ((35% LTV-\$10.50) * \$1.00)
140% LTV to 115% LTV	\$11.30 (25% LTV * \$0.45)	\$13.70 ((25% LTV-\$11.30) * \$1.00)
115% LTV to 105% LTV	\$6.30 (10% LTV * \$0.63)	\$3.70 ((10% LTV-\$6.30) * \$1.00)
105% LTV to 100% LTV	None (no credit below 105% LTV)	\$5.00 (5% LTV * \$1.00)
Total:	\$35.60	\$55.70

c. Required Second Lien Modifications:

i. Servicer agrees that it must write down second liens consistent with the following program until its Consumer Relief Requirement credits are fulfilled:

1. A write-down of a second lien mortgage will be creditable where a successful first lien modification is completed by a Participating Servicer via a servicer's proprietary, non-HAMP modification process, in accordance with Section 1, with the first lien modification meeting the following criteria:

- a. Minimum 10% payment reduction (principal and interest);
- b. Income verified;
- c. A UPB at or below the Applicable Limits; and
- d. Post-modification DTI⁵ between 25% and 31%.

2. If a Participating Servicer has completed a successful proprietary first lien modification and the second lien loan amount is greater than \$5,000 UPB and the current monthly payment is greater than \$100, then:

- a. Servicer shall extinguish and receive credit in accordance with Table 1, Section 2.iii on any second lien that is greater than 180 days delinquent.
- b. Otherwise, Servicer shall solve for a second lien payment utilizing the HAMP Second Lien Modification Program ("2MP") logic used as of January 26, 2012.
- c. Servicer shall use the following payment waterfall:
 - i. Forgiveness equal to the lesser of (a) achieving 115% combined loan-to-value ratio ("CLTV") or (b) 30% UPB (subject to minimum forgiveness level); then
 - ii. Reduce rate until the 2MP payment required by 2MP logic as of January 26, 2012; then

⁵ Consistent with HAMP, DTI is based on first-lien mortgage debt only. For non-owner-occupied properties, Servicer shall consider other appropriate measures of affordability.

by the Monitor, after their Start Date to make system changes necessary to participate in and implement this requirement) where the first lien is greater than 100% LTV and has a UPB at or below the Applicable Limits, until Servicer's Consumer Relief Requirement credits are fulfilled. The first lien holder would pay to the second lien holder 8% of UPB, subject to a \$2,000 floor and an \$8,500 ceiling. The second lien holder would then release the note or lien and waive the balance.

5. Deficiency Waivers

- a. Servicer may receive credit for waiving deficiency balances if not eligible for credit under some other provision, subject to the cap provided in the Table 1, Section 5.i.
- b. Credit for such waivers of any deficiency is only available where Servicer has a valid deficiency claim, meaning where Servicer can evidence to the Monitor that it had the ability to pursue a deficiency against the borrower but waived its right to do so after completion of the foreclosure sale.

6. Forbearance for Unemployed Borrowers

- a. Servicer may receive credit for forgiveness of payment of arrearages on behalf of an unemployed borrower in accordance with Table 1, Section 6.i.
- b. Servicer may receive credit under Table 1, Section 6.ii., for funds expended to finance principal forbearance solutions for unemployed borrowers as a means of keeping them in their homes until such time as the borrower can resume payments. Credit will only be provided beginning in the 7th month of the forbearance under Table 1, Section 6.ii.

7. Anti-Blight Provisions

- a. Servicer may receive credit for certain anti-blight activities in accordance with and subject to caps contained in Table 1, Section 7.
- b. Any Property value used to calculate credits for this provision shall have a property evaluation meeting the standards acceptable under the Making Home Affordable programs received within 3 months of the transaction.

8. Benefits for Servicemembers

- a. Short Sales
 - i. Servicer shall, with respect to owned portfolio first liens, provide servicemembers who qualify for SCRA benefits ("Eligible Servicemembers") a short sale agreement containing a predetermined minimum net proceeds amount ("Minimum Net Proceeds") that Servicer will accept for short sale transaction upon receipt of the listing agreement and all required third-party approvals. The Minimum Net Proceeds may be expressed as a

fixed dollar amount, as a percentage of the current market value of the property, or as a percentage of the list price as approved by Servicer. After providing the Minimum Net Proceeds, Servicer may not increase the minimum net requirements above the Minimum Net Proceeds amount until the initial short sale agreement termination date is reached (not less than 120 calendar days from the date of the initial short sale agreement). Servicer must document subsequent changes to the Minimum Net Proceeds when the short sale agreement is extended.

- ii. Eligible Servicemembers shall be eligible for this short sale program if: (a) they are an active duty full-time status Eligible Servicemember; (b) the property securing the mortgage is not vacant or condemned; (c) the property securing the mortgage is the Eligible Servicemember's primary residence (or, the property was his or her principal residence immediately before he or she moved pursuant to a Permanent Change of Station ("PCS") order dated on or after October 1, 2010; (d) the Eligible Servicemember purchased the subject primary residence on or after July 1, 2006 and before December 31, 2008; and (e) the Eligible Servicemember relocates or has relocated from the subject property not more than 12 months prior to the date of the short sale agreement to a new duty station or home port outside a 50-mile radius of the Eligible Servicemember's former duty station or home port under a PCS. Eligible Servicemembers who have relocated may be eligible if the Eligible Servicemember provides documentation that the property was their principal residence prior to relocation or during the 12-month period prior to the date of the short sale agreement.

b. Short Sale Waivers

- i. If an Eligible Servicemember qualifies for a short sale hereunder and sells his or her principal residence in a short sale conducted in accordance with Servicer's then customary short sale process, Servicer shall, in the case of an owned portfolio first lien, waive the additional amount owed by the Eligible Servicemember so long as it is less than \$250,000.
 - ii. Servicer shall receive credit under Table 1, Section 4, for mandatory waivers of amounts under this Section 8.b.
- c. With respect to the refinancing program described in Section 9 below, Servicer shall use reasonable efforts to identify active servicemembers in its owned portfolio who would qualify and to solicit those individuals for the refinancing program.

9. Refinancing Program

- a. Servicer shall create a refinancing program for current borrowers. Servicer shall provide notification to eligible borrowers indicating that they may refinance under the program described herein. The minimum occupied Property eligibility criteria for such a program shall be:
 - i. The program shall apply only to Servicer-owned first lien mortgage loans.
 - ii. Loan must be current with no delinquencies in past 12 months.
 - iii. Fixed rate loans, ARMS, or I/Os are eligible if they have an initial period of 5 years or more.
 - iv. Current LTV is greater than 100%.
 - v. Loans must have been originated prior to January 1, 2009.
 - vi. Loan must not have received any modification in the past 24 months.
 - vii. Loan must have a current interest rate of at least 5.25 % or PMMS + 100 basis points, whichever is greater.
 - viii. The minimum difference between the current interest rate and the offered interest rate under this program must be at least 25 basis points or there must be at least a \$100 reduction in monthly payment.
 - ix. Maximum UPB will be an amount at or below the Applicable Limits.
 - x. The following types of loans are excluded from the program eligibility:
 1. FHA/VA
 2. Property outside the 50 States, DC, and Puerto Rico
 3. Loans on Manufactured Homes
 4. Loans for borrowers who have been in bankruptcy anytime within the prior 24 months
 5. Loans that have been in foreclosure within the prior 24 months
- b. The refinancing program shall be made available to all borrowers fitting the minimum eligibility criteria described above in 9.a. Servicer will be free to extend the program to other customers beyond the minimum eligibility criteria provided above and will receive credit under this Agreement for such refinancings, provided that such customers have an

LTV of over 80%, and would not have qualified for a refinance under Servicer's generally-available refinance programs as of September 30, 2011. Notwithstanding the foregoing, Servicer shall not be required to solicit or refinance borrowers who do not satisfy the eligibility criteria under 9.a above. In addition, Servicer shall not be required to refinance a loan under circumstances that, in the reasonable judgment of the Servicer, would result in Troubled Debt Restructuring ("TDR") treatment. A letter to the United States Securities and Exchange Commission regarding TDR treatment, dated November 22, 2011, shall be provided to the Monitor for review.

- c. The structure of the refinanced loans shall be as follows:
 - i. Servicer may offer refinanced loans with reduced rates either:
 1. For the life of the loan;
 2. For loans with current interest rates above 5.25% or PMMS + 100 basis points, whichever is greater, the interest rate may be reduced for 5 years. After the 5 year fixed interest rate period, the rate will return to the preexisting rate subject to a maximum rate increase of 0.5% annually; or
 3. For loans with an interest rate below 5.25% or PMMS + 100 basis points, whichever is greater, the interest rate may be reduced to obtain at least a 25 basis point interest rate reduction or \$100 payment reduction in monthly payment, for a period of 5 years, followed by 0.5% annual interest rate increases with a maximum ending interest rate of 5.25% or PMMS + 100 basis points.
 - ii. The original term of the loan may be changed.
 - iii. Rate reduction could be done through a modification of the existing loan terms or refinance into a new loan.
 - iv. New term of the loan has to be a fully amortizing product.
 - v. The new interest rate will be capped at 100 basis points over the PMMS rate or 5.25%, whichever is greater, during the initial rate reduction period.
- d. Banks fees and expenses shall not exceed the amount of fees charged by Banks under the current Home Affordable Refinance Program ("HARP") guidelines.
- e. The program shall be credited under these Consumer Relief Requirements as follows:

- i. Credit will be calculated as the difference between the preexisting interest rate and the offered interest rate times UPB times a multiplier.
- ii. The multiplier shall be as follows:
 1. If the new rate applies for the life of the loan, the multiplier shall be 8 for loans with a remaining term greater than 15 years, 6 for loans with a remaining term between 10 and 15 years and 5 for loans with a remaining term less than 10 years.
 2. If the new rate applies for 5 years, the multiplier shall be 5.
- f. Additional dollars spent by each Servicer on the refinancing program beyond that Servicer's required commitment shall be credited 25% against that Servicer's first lien principal reduction obligation and 75% against that Servicer's second lien principal reduction obligation, up to the limits set forth in Table 1.

10. Timing, Incentives, and Payments

- a. For the consumer relief and refinancing activities imposed by this Agreement, Servicer shall be entitled to receive credit against Servicer's outstanding settlement commitments for activities taken on or after Servicer's start date, March 1, 2012 (such date, the "Start Date").
- b. Servicer shall receive an additional 25% credit against Servicer's outstanding settlement commitments for any first or second lien principal reduction and any amounts credited pursuant to the refinancing program within 12 months of Servicer's Start Date (e.g., a \$1.00 credit for Servicer activity would count as \$1.25).
- c. Servicer shall complete 75% of its Consumer Relief Requirement credits within two years of the Servicer's Start Date.
- d. If Servicer fails to meet the commitment set forth in these Consumer Relief Requirements within three years of Servicer's Start Date, Servicer shall pay an amount equal to 125% of the unmet commitment amount; except that if Servicer fails to meet the two year commitment noted above, and then fails to meet the three year commitment, the Servicer shall pay an amount equal to 140% of the unmet three-year commitment amount; provided, however, that if Servicer must pay any Participating State for failure to meet the obligations of a state-specific commitment to provide Consumer Relief pursuant to the terms of that commitment, then Servicer's obligation to pay under this provision shall be reduced by the amount that such a Participating State would have received under this provision and the Federal portion of the payment attributable to that

Participating State. The purpose of the 125% and 140% amounts is to encourage Servicer to meet its commitments set forth in these Consumer Relief Requirements.

11. Applicable Requirements

The provision of consumer relief by the Servicer in accordance with this Agreement in connection with any residential mortgage loan is expressly subject to, and shall be interpreted in accordance with, as applicable, the terms and provisions of the Servicer Participation Agreement with the U.S. 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 affiliates are 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, provided, however, that the inability of a Servicer to offer a type, form or feature of the consumer relief payments by virtue of an Applicable Requirement shall not relieve the Servicer of its aggregate consumer relief obligations imposed by this Agreement, i.e., the Servicer must satisfy such obligations through the offer of other types, forms or features of consumer relief payments that are not limited by such Applicable Requirement.

EXHIBIT D-1

Table 1¹

Menu Item	Credit Towards Settlement	Credit Cap
Consumer Relief Funds		
<i>1. First Lien Mortgage Modification²</i>		<i>Minimum 30% for First Lien Mods³ (which can be reduced by 2.5% of overall consumer relief funds for excess refinancing program credits above the minimum amount required)</i>
<u>PORTFOLIO LOANS</u>		
<i>i. First lien principal forgiveness modification</i>	LTV <= 175%: \$1.00 Write-down=\$1.00 Credit LTV > 175%: \$1.00 Write-down=\$0.50 Credit (for only the portion of principal forgiven over 175%)	
<i>ii. Forgiveness of forbearance amounts on existing modifications</i>	\$1.00 Write-down=\$0.40 Credit	<i>Max 12.5%</i>

¹ Where applicable, the number of days of delinquency will be determined by the number of days a loan is delinquent at the start of the earlier of the first or second lien modification process. For example, if a borrower applies for a first lien principal reduction on February 1, 2012, then any delinquency determination for a later second lien modification made pursuant to the terms of this Agreement will be based on the number of days the second lien was delinquent as of February 1, 2012.

² Credit for all modifications is determined from the date the modification is approved or communicated to the borrower. However, no credits shall be credited unless the payments on the modification are current as of 90 days following the implementation of the modification, including any trial period, except if the failure to make payments on the modification within the 90 day period is due to unemployment or reduced hours, in which case Servicer shall receive credit provided that Servicer has reduced the principal balance on the loan. Eligible Modifications will include any modification that is completed on or after the Start Date, as long as the loan is current 90 days after the modification is implemented.

³ All minimum and maximum percentages refer to a percentage of total consumer relief funds.

Menu Item	Credit Towards Settlement	Credit Cap
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| <p>iii. Earned forgiveness over a period of no greater than 3 years – provided consistent with PRA</p> | <p>LTV <= 175%: \$1.00 Write-down=\$.85 Credit</p> <p>LTV > 175%: \$1.00 Write-down=\$0.45 Credit (for only the portion of principal forgiven over 175%)</p> | |
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SERVICE FOR OTHERS

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| <p>iv. First lien principal forgiveness modification on investor loans (forgiveness by investor)</p> | <p>\$1.00 Write-down=\$0.45 Credit</p> | |
| <p>v. Earned forgiveness over a period of no greater than 3 years – provided consistent with PRA</p> | <p>LTV <= 175%: \$1.00 Write-down=\$.40 Credit</p> <p>LTV > 175%: \$1.00 Write-down=\$0.20 Credit (for only the portion of principal forgiven over 175%)</p> | |

2. Second Lien Portfolio Modifications

Minimum of 60% for 1st and 2nd Lien Mods (which can be reduced by 10% of overall consumer relief funds for excess refinancing program credits above the minimum amounts required)

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| <p>i. Performing Second Liens (0-90 days delinquent)</p> | <p>\$1.00 Write-down=\$0.90 Credit</p> | |
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Menu Item	Credit Towards Settlement	Credit Cap
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ii. Seriously Delinquent Second Liens (>90-179 days delinquent)	\$1.00 Write- down=\$0.50 Credit	
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iii. Non-Performing Second Liens (180 or more days delinquent)	\$1.00 Write-down=\$0.10 Credit	
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**3. *Enhanced Borrower
Transitional Funds***

Max 5%

i. Servicer Makes Payment	\$1.00 Payment=\$1.00 Credit (for the amount over \$1,500)	
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ii. Investor Makes Payment (non-GSE)	\$1.00 Payment=0.45 Credit (for the amount over the \$1,500 average payment established by Fannie Mae and Freddie Mac)	
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4. *Short Sales/Deeds in Lieu*

i. Servicer makes payment to unrelated 2 nd lien holder for release of 2 nd lien	\$1.00 Payment=\$1.00 Credit	
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ii. Servicer forgives deficiency and releases lien on 1 st lien Portfolio Loans	\$1.00 Write-down=\$0.45 Credit	
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iii. Investor forgives deficiency and releases lien on 1 st Lien investor loans	\$1.00 Write-down=\$0.20 Credit	
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iv. Forgiveness of deficiency balance and release of lien on		
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Menu Item	Credit Towards Settlement	Credit Cap
Portfolio Second Liens		
Performing Second Liens (0-90 days delinquent)	\$1.00 Write-down=\$0.90 Credit	
Seriously Delinquent Second Liens (>90-179 days delinquent)	\$1.00 Write-down=\$0.50 Credit	
Non-Performing Second Liens (180 or more days delinquent)	\$1.00 Write-down=\$0.10 Credit	
5. Deficiency Waivers		<i>Max 10%</i>
i. Deficiency waived on 1 st and 2 nd liens loans	\$1.00 Write-down=\$0.10 Credit	
6. Forbearance for unemployed homeowners		
i. Servicer forgives payment arrearages on behalf of borrower	\$1.00 new forgiveness=\$1.00 Credit	
ii. Servicer facilitates traditional forbearance program	\$1.00 new forbearance = \$0.05 Credit	
7. Anti-Blight Provisions		<i>Max 12%</i>
i. Forgiveness of principal associated with a property where Servicer does not pursue foreclosure	\$1.00 property value=\$0.50 Credit	

Menu Item	Credit Towards Settlement	Credit Cap
ii. Cash costs paid by Servicer for demolition of property	\$1.00 Payment=\$1.00 Credit	
iii. REO properties donated to accepting municipalities or non-profits or to disabled servicemembers or relatives of deceased servicemembers	\$1.00 property value=\$1.00 Credit	

EXHIBIT E

Enforcement Terms

- A. Implementation Timeline.** Servicer anticipates that it will phase in the implementation of the Servicing Standards and Mandatory Relief Requirements (i) through (iv), as described in Section C.12, 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 and any Mandatory Relief Requirements 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 and Mandatory Relief Requirements (i) through (iv) 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.** A committee comprising representatives of the state Attorneys General, State Financial Regulators, the U.S. Department of Justice, and the U.S. Department of Housing and Urban Development shall monitor Servicer's compliance with this Consent Judgment (the "Monitoring Committee"). 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.2 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 process and standards set forth in Section C of this Consent Judgment.
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," 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 Professionals 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 towards all Parties.

4. The Monitor must agree not to be retained by any Party, or its successors or assigns, for a period of 2 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 and 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 the Mandatory Relief Requirements (as defined in Section C.12) 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 Start 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 Sections C.12 and C.23, 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 Sections C.12 and C.23, 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 Start Date occurs, and report that analysis via the Satisfaction Review.
12. In addition to the process provided under Sections C.23 and 24, at any time after the Monitor is selected, the Monitor may add up to three additional Metrics and associated Threshold Error Rates, all of which (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, or the following obligations of Servicer: (i) after the Servicer asserts that it has satisfied its obligation to provide a refinancing program under the framework of the Consumer Relief Requirements ("Framework"), to provide notification to eligible borrowers indicating

that such borrowers may refinance under the refinancing program described in the Framework, (ii) to make the Refinancing Program available to all borrowers fitting the minimum eligibility criteria described in 9.a of the Framework, (iii) when the Servicer owns the second lien mortgage, to modify the second lien mortgage when a Participating Servicer (as defined in the Framework) reduces principal on the related first lien mortgage, as described in the Framework, (iv) with regard to servicer-owned first liens, to waive the deficiency amounts less than \$250,000 if an Eligible Servicemember qualifies for a short sale under the Framework and sells his or her principal residence in a short sale conducted in accordance with Servicer's then customary short sale process, or (v) without prejudice to the implementation of pilot programs in particular geographic areas, to implement the Framework requirements through policies that are not intended to disfavor a specific geography within or among states that are a party to the Consent Judgment or discriminate against any protected class of borrowers (collectively, the obligations described in (i) through (v) are hereinafter referred to as the "Mandatory Relief Requirements"), (c) must either (i) be outcomes-based (but no outcome-based Metric shall be added with respect to any Mandatory Relief Requirement) or (ii) require the existence of policies and procedures implementing any of the Mandatory Relief Requirements or any material term of 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. In consultation with Servicer and the Monitoring Committee, Schedule E-1 shall be amended by the Monitor to include the additional Metrics and Threshold Error Rates as provided for herein, and an appropriate timeline for implementation of the Metric shall be determined.

13. 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.

14. 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.
15. 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

16. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards and Mandatory Relief Requirements, 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.
17. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards and Mandatory Relief Requirements, 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 or Mandatory Relief Requirements.
18. 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.
19. 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 with any of the Mandatory Relief Requirements, the Monitor shall engage Servicer in a review to determine if the facts are accurate or the information is correct.
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 request information from Servicer in addition to that provided under

Sections C.16-19. Servicer shall provide the requested information in a format agreed upon between Servicer and the Monitor.

21. 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

22. 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.
23. 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 or with any of the Mandatory Relief Requirements, 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 or one of the Mandatory Relief Requirements, (c) must either (i) be outcomes-based (but no outcome-based Metric shall be added with respect to any Mandatory Relief Requirement) or (ii) require the existence of policies and procedures required by the Servicing Standards or the Mandatory Relief Requirements, 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.

24. If Monitor proposes an additional Metric and associated Threshold Error Rate pursuant to Section C.23, 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.23, 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.
25. Any additional Metric proposed by the Monitor pursuant to the processes in Sections C.12, C.23, or C.24 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; (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 simultaneous 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 two 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 Servicers 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's 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. 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 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.

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.19; 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 the 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. 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.

ATTACHMENT 2
IRG Assertion

Work Plan
14 February 2013

F-1. IRG Assertion

IRG Assertion

I am the Manager of the Internal Review Group of Wells Fargo. To the best of my knowledge, after undertaking reasonable due diligence, I certify that the Consumer Relief Report of Servicer for the period ending December 31, 2012 and the outcomes of the Satisfaction Review are based on a complete and accurate performance of the Work Plan by the IRG. This IRG Assertion is given to the Monitor, as identified in the Consent Judgment, pursuant to Section C.7 and D.1 of Exhibit E to the Consent Judgment (Enforcement Terms) and Section I.B.4 and Section III of the Work Plan.

IRG Manager: *Shawn Frankel*
Date: *2-14-13*

Consumer Relief (See Note 1)	Current Reporting Period	Reported to Date
Reported Credits through 12/31/2012 (\$s in Millions)	\$2,996	\$ 2,996

	First Lien Modifications	\$ 1,111	\$ 1,111
	Second Lien Modifications	\$ 36	\$ 36
	Other Programs (See Note 2)		
	i. Other – Short Sales/Deed-in-Lieu	\$ 725	\$ 725
	ii. Other – All Except Short Sales/Deed-in-Lieu	\$ 19	\$ 19
	Refinancing Program	\$ 1,106	\$ 1,106
	Total Consumer Relief	\$ 2,996	\$ 2,996

Work Plan
 14 February 2013

Notes:
1) This report reflects Consumer Relief Credits calculated as required in Appendix D. Actual consumer benefit is reflected in Schedule Y.
2) Other Programs include the following:
a. Enhanced Borrower Transition Funds Paid by Servicer (excess of \$1,500)
b. Short Sales/Deed-in-Lieu
c. Servicer Payments to Unrelated 2 nd Lien Holder for Release of 2 nd Lien
d. Forbearance for Unemployed Borrowers
e. Anti-Blight
i. Forgiveness of Principal Associated with a Property When No FCI
ii. Cash Costs Paid by Servicer for Demolition of Property
iii. REO Properties Donated
f. Deficiency Waivers