

SETTLEMENT TERMS (03/03/11)

The Remedies outlined below are intended to apply to loans secured by owner-occupied properties that serve as the primary residence of the borrower. References to Servicers shall include Servicers' agents, successors, and assignees. References to Third Parties shall include Servicer affiliates.

I. Foreclosure and Bankruptcy Information and Documentation

These provisions apply to non-judicial foreclosure states to the maximum extent possible. In states where foreclosure affidavits are not required by law, Servicer shall provide borrowers with a sworn statement setting forth facts supporting Servicer's or holder's right to foreclose and containing the information required in paragraphs I.B.12 (account statement), I.C.1 and 2 (ownership certification), and II.B.4 (loss mitigation affidavit) herein. Servicer shall provide this statement to the borrower as part of the first notice of foreclosure. These provisions also apply to bankruptcy proceedings to the maximum extent possible, including proofs of claim and motions for relief from stay filed by or on behalf of Servicer. The terms "affidavit" and "sworn statement" shall apply to foreclosure affidavits, sworn statements in non-judicial foreclosure states, and affidavits and sworn statements filed in bankruptcy proceedings.

A. Standards for Affidavits and Sworn Statements in Foreclosure and Bankruptcy Proceedings

1. Affidavits and sworn statements shall set forth a detailed description of the basis of affiant's claimed personal knowledge of information contained in the affidavit or sworn statement, including sources of all information recited and a statement as to why the sources are accurate, complete and reliable.
2. All affidavits and sworn statements shall be based on the affiant's review and personal knowledge of the accuracy and completeness of the assertions in the affidavit or sworn statement, set out facts that would be admissible in evidence, and show that the affiant is competent to testify on the matters stated. Affiants shall confirm that they have reviewed competent and reliable evidence to substantiate the borrower's default and the right to foreclose, including the borrower's loan history and required ownership documentation, and that Servicer has investigated the borrower's complaints. If a document or part of a document is referred to in an affidavit or sworn statement, a sworn or certified copy of the document shall be attached to or served with the affidavit or sworn statement (if filed with a court, redacted to delete personally identifiable information consistent with applicable law, rules and court procedure).

3. Separate affidavits or sworn statements shall be used where one affiant does not have requisite personal knowledge of all required information.
4. Servicer shall have standards for qualifications, training, and supervision of employees and agents who prepare or execute affidavits and sworn statements. Employees shall sign a certification that he or she has received the training and Servicer shall certify in writing that the employee has completed the training and the subjects covered by the training. These standards and certifications, along with training materials, videotaped copies of standard training sessions, and related operational manuals, shall be made available to the Attorneys General, the CFPB, and their designated third-party monitors.
5. Servicer shall review and approve template affidavits and sworn statements prepared by foreclosure counsel, bankruptcy counsel, and foreclosure trustees to ensure compliance with applicable law, rules, court procedure, and the terms of the Agreement with the States (“the Agreement”).
6. All affidavits and sworn statements shall accurately identify the affiant’s employer and his or her position or title with the employer. If the affiant is executing the document on behalf of a party other than the affiant’s employer, the affiant shall identify his or her authority to execute the affidavit or sworn statement.
7. Affidavits and sworn statements, including their notarization, shall fully comply with all state law requirements.
8. Affidavits and sworn statements shall not contain information that is false or unsubstantiated.
9. Servicer shall maintain adequate staffing to ensure reasonable time to prepare, verify, and execute affidavits and sworn statements.
10. Servicer shall not use incentives that encourage robo-signing, undue haste or lack of due diligence by employees or third-party agents or trustees.
11. Affiants shall be individuals, not entities, and affidavits and sworn statements shall be signed by hand signature of the affiant. Signature stamps and any other means of electronic or mechanical signature are prohibited.
12. When using a form affidavit or sworn statement, affiants shall not leave blanks or incomplete statements in the affidavit or sworn statement.

13. Affiants shall date their signatures on affidavits or sworn statements.
14. Notaries utilized by Servicer and, if applicable, foreclosure trustees, shall maintain a log or other written record that identifies all notarizations executed by each notary.
15. In any pending judicial foreclosure proceeding (prior to confirmation of sale) or bankruptcy court proceeding, Servicer shall notify the borrower in writing if Servicer has knowledge that any filing or document presented in court, including any affidavit, sworn statement, or proof of claim, contained inaccurate information, or that state laws or regulations may have been violated during the preparation, signing, notarization or filing of the document. Servicer shall wait 30 days after notifying borrower before proceeding.
16. Servicer shall be required, at Servicer's expense, to take appropriate action, consistent with state law and court procedure, to correct robo-signed or other improper filings or documents presented in a judicial foreclosure proceeding or bankruptcy court proceeding, including affidavits, sworn statements and proofs of claim, by withdrawing and, if appropriate, resubmitting such filings or documents, or, as to foreclosure cases, dismissing the cases where such affidavits were submitted.

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

1. Servicer shall maintain procedures to ensure accuracy and timely updating of borrower's account information, including posting of payments and imposition of fees. Servicer shall also maintain adequate documentation, including maintenance of the original loan files.
2. For any loan on which interest is calculated based on a daily accrual or daily interest method, Servicer shall promptly accept and apply all borrower payments, including cure payments (where authorized by law or contract), trial modification payments, and payments by or on behalf of a borrower in bankruptcy to cure any pre-petition default and to maintain payments while the case is pending, as well as non-conforming payments. Payments shall be posted no more than two business days after receipt and credited as of the date received to borrower's account. Each monthly payment shall be applied first to interest and then to principal, provided that where mortgage insurance premiums, taxes and insurance or other payments must, statutorily or contractually, be paid prior to interest and principal, such application shall continue.

3. For all other loans, Servicer shall promptly accept and apply all borrower payments, including cure payments (where authorized by law or contract), trial modification payments, and payments by or on behalf of a borrower in bankruptcy to cure any pre-petition default and to maintain payments while the case is pending, as well as non-conforming payments to the extent provided in the next paragraph. Payments shall be posted no more than two business days after receipt and credited as of the date received to borrower's account. Each monthly payment shall be applied as of the scheduled due date and will be applied first to interest and then to principal, provided that where mortgage insurance premiums, taxes and insurance or other payments must, statutorily or contractually, be paid prior to interest and principal, such application shall continue.
4. Except to the extent prohibited by existing agreements, Servicer shall accept and apply non-conforming payments when the payment, whether on its own or when combined with a payment from another source, comes within \$50.00 of the scheduled principal and interest amount.
5. For payments that are not within \$50.00 of the scheduled principal and interest payment amount, Servicer may post such payment to a suspense or unapplied funds account, provided that Servicer (1) discloses to the borrower the existence of and any activity in the suspense or unapplied funds account; (2) credits the borrower's account with a full payment of principal and interest as of the date that the funds in the suspense or unapplied funds account are sufficient to cover such full payment; and (3) applies payments from the suspense or unapplied funds account as outlined above. Servicer shall not take funds from suspense or unapplied funds accounts to pay fees until all unpaid contractual interest, principal, and escrow amounts are paid and brought current.
6. Notwithstanding the provisions above, Servicer shall not be required to accept payments which are insufficient to pay the full balance due after the borrower has been provided written notice that the contract has been declared in default and the remaining payments due under the contract have been accelerated.
7. Servicer shall provide adequate information on monthly billing and other account statements to show in clear and conspicuous language:
 - a. total amount due;
 - b. allocation of payments, including to any suspense or unapplied funds account;

- c. unpaid principal;
 - d. itemization of any fees and charges;
 - e. current escrow balance;
 - f. protective advances, *e.g.*, taxes and force placed insurance;
 - g. reasons for any payment changes, including an interest rate or escrow account adjustment, no later than 21 days before the new amount is due; and
 - h. for borrowers in bankruptcy, continuing to provide the annual escrow statement, including showing any escrow shortage or deficiency.
8. With respect to borrowers in bankruptcy, Servicer shall:
- a. Document proofs of claim by attaching:
 - i. a copy of the loan instruments;
 - ii. a detailed itemization of all amounts claimed, including any amounts required to cure a default;
 - iii. the attachment prescribed by the official bankruptcy form; and
 - iv. if appropriate, an escrow statement as of the petition date.
 - b. Transmit notices to borrowers in bankruptcy and bankruptcy trustees in accordance with the provisions of paragraph 12 below; and
9. Collect only those charges, fees, and claims incurred or assessed during a borrower's bankruptcy case that are timely allowed by the bankruptcy court or noticed to the borrower during the bankruptcy case. Servicer shall adopt enhanced billing dispute procedures, including:
- a. Establishing readily available methods for customers to lodge complaints, resolve disputes, and pose questions, such as by providing toll-free numbers and accepting disputes by email;
 - b. Providing adequate and competent staff to answer and respond to consumer disputes promptly, and shortening time lines for responses from those mandated by RESPA;
 - c. Establishing an ombudsman's office for dispute escalation; and
 - d. Tracking the resolution of complaints.

10. Servicer shall take appropriate action to promptly remediate any inaccuracies in borrowers' account information, including:
 - a. Correcting the account information;
 - b. Compensating injured borrowers; and
 - c. Correcting inaccurate reports to consumer credit reporting agencies.
11. Servicer's systems to record account information shall be audited for accuracy and completeness by Servicer's independent auditor with results available to the Attorneys General and CFPB upon request. Service Organizations Controls Reports (formerly SAS 70) and all Reg AB compliance statements and attestations shall be provided to the Attorneys General and CFPB upon request.
12. No later than 45 days prior to the filing of a foreclosure pleading, issuance of a notice of trustee's sale (whether in an acceleration notice, default notice, or by separate notice), or motion for relief from stay in a bankruptcy proceeding, Servicer shall provide borrowers with an itemized, plain language account summary identifying payments made, period of delinquency, late fees, and advances assessed to a borrower's account for at least the previous 36 months, along with a statement of the total amount needed to reinstate or bring the account current. Any fee assessed or incurred more than 45 days prior to the filing of a foreclosure pleading or issuance of a notice of trustee's sale or a motion for relief from stay in a bankruptcy proceeding but not listed on this account summary shall be deemed to be waived and shall not be claimed in a foreclosure, bankruptcy proceeding, or any subsequent collection action, or submitted for credit reporting purposes.

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

1. Servicer shall set forth in a pleading, motion in a bankruptcy proceeding for relief from stay, or affidavit the basis for asserting that the foreclosing party has the right to foreclose. Servicer shall attach a copy of the note with all required endorsements. If no court process is required, Servicer shall set forth this information in a separate certification to be provided to the borrower with the notice of foreclosure, along with the note with all required endorsements.
2. In the same manner as in the preceding paragraph, Servicer shall also identify the holder, custodian and location of the original note, mortgage, and any interim assignments and/or allonges. Servicer shall identify all

custodians or recording systems used to identify the holder of the note and assignments of the mortgage or deed of trust. Servicer shall attach documentation of all assignments of mortgage (if filed with a court, redacted to delete personally identifiable information consistent with applicable law, rules and court procedure), with all employment affiliation of the parties executing such assignments clearly identified. The requirements of this paragraph shall also apply to proofs of claim filed in a bankruptcy proceeding.

3. If the original note or any interim assignment or allonge is lost or otherwise unavailable, Servicer shall comply with applicable law in any attempt to establish ownership of the note and the right to enforcement. In addition, Servicer shall recite the good faith efforts it has made to obtain or locate the note or interim assignment(s) or allonge(s).
4. Servicer shall be prohibited from intentionally destroying or disposing of original notes or other like documents.
5. If requested by a borrower at any time, Servicer shall identify the trust or other entity in which the borrower's loan is held, and provide contact information for such entity.

D. Mortgage Electronic Registration Systems (MERS)

Issues relating to the use and performance of MERS are reserved for further discussion.

E. Quality Assurance Systems/Audits

1. Servicer shall conduct regular audits of a statistically valid sample of documents prepared by staff and agents in furtherance of foreclosure and in bankruptcy proceedings to ensure that the documents and their preparation comply with the loan instruments, prevailing law and the Agreement. The audit reviews shall also verify the accuracy of each factual allegation in each affidavit or sworn statement, account summary described in paragraph I.B.12, ownership certification described in paragraph I.C.1, loss mitigation affidavit described in paragraph II.B.4, adverse action notice described in paragraph II.D.3, and other pleading, filing or document, by reviewing the underlying documentation/information. Servicer shall take appropriate remedial steps if any deficiencies are identified, including remediation in individual cases, revision of procedures, retraining, and disciplinary action.

2. Servicer shall adopt policies and processes to oversee and manage foreclosure firms, law firms, foreclosure trustees, and other agents, independent contractors, entities and third parties (including subsidiaries and affiliates) that provide foreclosure or bankruptcy processing services (“Third-Party Providers”), including:
 - a. Servicer shall perform appropriate due diligence of Third-Party Providers’ qualifications, expertise, capacity, complaints, information systems, quality assurance plans, and financial viability. Servicer shall ensure that attorneys are licensed to practice in the relevant jurisdiction, have the experience and competence necessary to perform the services requested, and that their services comply with applicable rules and regulations (including prohibitions on fee splitting);
 - b. Servicer shall amend agreements or engagement letters with Third-Party Providers to require them to comply with their contractual obligations to Servicer, Servicer’s policies and procedures, the loan instruments, the Agreement, and local laws and rules;
 - c. Servicer shall conduct regular reviews of a sample of the foreclosure and bankruptcy documents prepared by each foreclosure firm, law firm, foreclosure trustee and other Third-Party Providers it uses to ensure compliance. Servicer shall take appropriate remedial steps if any problems are identified through this review or otherwise, including terminating its relationship with the firm or trustee;
 - d. Servicer shall track any instance where an adversary requests the imposition of sanctions against a law firm, foreclosure firm, trustee or other Third-Party Provider, or where the court imposes such sanctions, and shall take appropriate action, including termination of its relationship with any Third-Party Provider that has been sanctioned by a court on multiple occasions;
 - e. Servicer shall adopt standards for documentation of Third-Party Providers’ fees and charges;
 - f. Servicer shall adopt processes for reviewing customer complaints about Third-Party Providers; and
 - g. Servicer shall adopt and provide to Third-Party Providers escalation procedures to allow attorneys and other Third Party Providers to communicate directly with Servicer.

3. The quality assurance steps set forth above shall be conducted by a division of Servicer that is separate and independent of the division(s) that prepares foreclosure or bankruptcy affidavits, sworn statements, or other foreclosure or bankruptcy documents, subject to review by an independent third party.
4. Servicer shall regularly review and assess the adequacy of internal controls and procedures, and implement appropriate procedures to address deficiencies.
5. Servicer shall provide the Attorneys General and CFPB with confidential quarterly reports describing audits conducted, results, and any remedial actions taken.

II. Loss Mitigation Requirements

These requirements are intended to apply to both government-sponsored and proprietary loss mitigation programs.

A. Loss Mitigation Duty

1. Servicer shall have an affirmative duty to thoroughly evaluate borrowers for all available loss mitigation options prior to foreclosure referral. Servicer shall also have an affirmative duty to promptly offer and provide appropriate loss mitigation options to all eligible borrowers, including borrowers in bankruptcy, and to assist borrowers in the preparation of loss mitigation applications.
2. Servicer shall offer and facilitate loan modifications rather than initiate foreclosure when such loan modifications result in a greater net present value (NPV) than foreclosure. The NPV formula used by Servicer shall be made available to CFPB upon request.
3. If a borrower requests a modification and Servicer believes that a pooling and servicing agreement (PSA) prohibits modification, Servicer shall nevertheless perform the appropriate NPV test. If the NPV test is positive, Servicer shall send the NPV test results to the trustee or any other parties authorized under the terms of the PSA in order to obtain the necessary consent(s) allowing Servicer to offer the modification.
4. For all borrowers enrolled in a trial period plan under prior HAMP guidelines (where borrowers were not pre-qualified) and who made all required trial period payments, but were later denied a permanent modification, Servicer shall suspend any foreclosure-related activity, including the filing of a motion for relief from stay in a bankruptcy

proceeding, and re-evaluate such borrowers for a HAMP or proprietary loan modification using current financial information.

5. All borrowers enrolled in a trial period plan under current HAMP guidelines or similar proprietary modification programs and who have made three timely trial period payments shall immediately be converted by Servicer to a permanent modification under the applicable program guidelines, absent evidence of fraud in the modification application. The effective conversion date of the permanent modification shall be the first month following receipt of the third trial period payment. For borrowers in bankruptcy who subsequently enter into a trial period plan, Servicer shall work with borrower to obtain any required court or trustee approvals.

B. Dual Track Prohibited

1. Servicer shall not refer or initiate foreclosure, file a motion for relief from stay in a bankruptcy proceeding, object to confirmation of the borrower's chapter 13 bankruptcy plan, or move to dismiss the borrower's bankruptcy case while a good faith HAMP or proprietary trial modification evaluation is in process or the borrower's application for any loss mitigation program is pending. Servicer shall not make a referral to foreclosure or file a motion for relief from stay in a bankruptcy proceeding until borrower/applicant has been sent a written denial by registered mail of all loss mitigation programs for which the borrower is potentially eligible.
2. Where borrower submits a substantially completed application for loss mitigation relief after foreclosure has been initiated, Servicer shall not schedule or conduct a sale, obtain a judgment, file a motion from stay in a bankruptcy proceeding, object to confirmation of the borrower's chapter 13 bankruptcy plan, or move to dismiss the borrower's bankruptcy case until Servicer has reviewed and made a decision on the request, and has communicated the result to the borrower in writing. Servicer shall provide written notice of any required documents that are missing from the borrower's written submission within 10 business days of receiving the submission. The notice shall list all the specific documents that are missing and describe any deficiencies in the documents included in the borrower's initial submission.
3. If a foreclosure or trustee's sale is continued (rather than canceled) to provide time to evaluate loss mitigation options, Servicer shall immediately upon each continuance notify borrower in writing of the new date of sale.
4. In judicial foreclosure states or where any foreclosure filing is required, Servicer shall submit an affidavit summarizing all loss mitigation efforts

offered and undertaken prior to the foreclosure filing and the results of such efforts, including the basis for denying a request for a loan modification. In non-judicial foreclosure states, Servicer shall send such an affidavit or sworn statement to the borrower prior to recording notice of the foreclosure or trustee's sale, or, if the initial notice was previously recorded, at least 30 days prior to holding a foreclosure or trustee's sale. If no loss mitigation efforts were offered or if there was no communication with the borrower, Servicer shall state the reasons for such lack of loss mitigation or contact with the borrower.

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

C. Single Point of Contact (SPOC) and Single Electronic Record (SER)

1. Servicer shall provide borrower with an email address and direct toll-free telephone number with a voicemail box for a single point of contact (SPOC), a designated employee(s) with primary responsibility to handle all loss mitigation communications with such borrower. Servicer shall promptly provide updated contact information to the borrower if the designated employee is reassigned, no longer employed by Servicer, or otherwise not able to act as the primary point of contact.
2. Servicer shall allow borrowers to speak with a supervisory or management level employee if a borrower makes that request to his/her SPOC.
3. Servicer shall designate a specific management level employee to be the primary contact for the Attorneys General, state financial regulators, and CFPB for communication regarding complaints and inquiries from individual borrowers who are in default and/or have applied for loan modifications, including borrowers in bankruptcy. Servicer shall provide a substantive written response to all such inquiries within 10 business days. Servicer shall provide loan file information for such borrowers if requested by an attorney general or state financial regulator.
4. Servicer shall create a Single Electronic Record (SER) for each account, the contents of which shall be accessible throughout the servicer, including to the SPOC, all loss mitigation staff, all foreclosure staff, and all bankruptcy staff.

D. Loss Mitigation Communications with Borrowers

1. Servicer shall commence outreach efforts to communicate loss mitigation options to all delinquent borrowers beginning on timelines that are in accordance with HAMP borrower solicitation guidelines, Directive 10-2, regardless of whether the borrower is eligible for a HAMP modification. Servicer shall provide borrowers with notices that include contact information for national or state foreclosure assistance hotlines and state housing counseling resources, as appropriate. The use of recorded auto-dialed messages alone in loss mitigation communications with borrowers shall not be sufficient in those instances in which it fails to result in contact between the borrower and one of Servicer's loss mitigation specialists.
2. Servicer shall disclose and provide accurate information to borrowers relating to the qualification process and eligibility factors for loss mitigation programs.
3. When a trial or permanent loan modification is denied, Servicer shall send a written adverse action notice to the borrower identifying specific reasons for denial, the calculations made and factual information used, including, but not limited to, disclosure of property value and discount rate. The notice shall inform the borrower that he or she has 30 days from the date of declination to provide evidence that the NPV or eligibility calculation was in error. If the internal review designated in Section II.H below has not occurred, the notice shall also state that the denial will be reviewed before initiation of foreclosure or continuation of any foreclosure activity. No foreclosure sale or other foreclosure activity, including the filing of a motion for relief from stay in a bankruptcy proceeding, an objection to confirmation of the borrower's chapter 13 bankruptcy plan, or a motion to dismiss the borrower's bankruptcy case shall occur prior to expiration of this 30 day period or while the internal review is pending. If Servicer is required to request approval from investors for a loan modification, and such approval is not provided within the required timeframe, Servicer shall notify the borrower in writing within the required timeframe that a request for approval has been submitted to the investor and provide the name of the relevant investor. If the modification is denied because disallowed by investor, Servicer shall disclose the name of the investor, state reasons for investor denial, and cite to and provide documentation showing investor denial, including a copy of the limiting language in the PSA and, if requested, electronic access to a complete and unaltered copy of the PSA.

4. After the review, Servicer shall send a final denial notice to the borrower that shall explain all available alternative loss mitigation options such as short sale, deed in lieu, and cash for keys. The notice shall also explain when foreclosure proceedings, or the filing of a motion for relief from stay in a bankruptcy proceeding, will be initiated or resumed and the new date of sale if the sale has been rescheduled. The new sale date shall not be scheduled earlier than 30 days from the final denial notice.
5. Servicer's communications with borrowers shall include a duty to communicate with the borrower's authorized representatives, including housing counselors and representatives from state attorneys general and financial regulatory agencies acting upon a complaint filed by the borrower.
6. Servicer shall cease all collection efforts, including the filing or prosecution of a motion for relief from stay in a bankruptcy proceeding, an objection to confirmation of the borrower's chapter 13 bankruptcy plan, or a motion to dismiss the borrower's bankruptcy case while the borrower is making timely payments under a trial loan modification or has a pending trial or permanent loan modification application.
7. Servicer shall extend a trial loan modification period as necessary to accommodate delays in obtaining bankruptcy court approvals or receiving a full remittance of the borrower's trial period payments when they are made to a bankruptcy trustee. In the event of a trial period extension, the borrower in bankruptcy shall make a trial period payment for each month of the trial period including any extension month.
8. When a borrower in an active Chapter 13 bankruptcy is in a trial period plan and the borrower has made post-petition payments on the first lien mortgage in the amount required by the trial period plan, Servicer shall not object to confirmation of a borrower's Chapter 13 plan, move for relief from the automatic bankruptcy stay, or move for dismissal of the Chapter 13 case on the basis that the borrower paid only the amounts due under the trial period plan, as opposed to the non-modified mortgage payments.

E. Protections for Military Personnel

1. Servicer shall comply with all applicable provisions of the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. Appx. § 501 *et seq.*, and any applicable state law offering protections to servicemembers, and shall engage an independent consultant to conduct an independent review of a sample of foreclosure actions to determine whether the foreclosures were in compliance with the SCRA. Servicer shall provide the results of

that review and supporting information to the Attorney General of the United States and shall remediate all direct or indirect financial injury to borrowers caused by any such violations.

2. Servicer shall designate special employees who have been trained about the protections in the SCRA to act as points of contact for borrowers who are in military service.
3. Servicer shall determine whether the secured property is owned by a servicemember covered under SCRA, including through use of the Defense Manpower Data Center (DMDC), before initiating foreclosure.
4. Whenever Servicer has reason to believe that the secured property is owned by a servicemember covered under SCRA, either as the result of the required DMDC search or other indicia of military service, Servicer shall inform the borrower that the borrower may be entitled to certain protections under the SCRA regarding the borrower's interest rate and foreclosure.
5. Whenever Servicer has reason to believe that the secured property is owned by a servicemember either as the result of the required DMDC search or other indicia of military service, Servicer shall refer the borrower to Military OneSource, Armed Forces Legal Assistance, a HUD-certified housing counselor, or other entity known to provide appropriate assistance to military personnel.

F. Development of Comprehensive Loan Portals

1. Direct to Borrower Loan Portal: Servicer shall develop or contract with a third-party vendor to implement loan servicing technology to enhance tracking of, and to provide a direct borrower link to, loss mitigation information. This portal system shall:
 - a. Operate in real time;
 - b. Allow borrowers to submit documents electronically;
 - c. Accept and confirm receipt of documents;
 - d. Provide information and eligibility factors for proprietary loss mitigation programs; and
 - e. Operate at no cost to the borrower.

2. Housing Counselor Loan Portal: Servicer shall cooperate in the development, funding and implementation of a neutral, nationwide loan portal system such as Hope LoanPort to enhance communications with housing counselors. This portal system shall:
 - a. Be the primary method of submission of borrower documents by housing counselors;
 - b. Automate and significantly decrease loan modification decision time frames for HAMP applications;
 - c. Provide an opportunity for standardization and streamlining of proprietary modifications, including decreased decision time frames;
 - d. Operate in real time;
 - e. Accept and confirm receipt of documents;
 - f. Provide information and eligibility factors for proprietary loss mitigation programs; and
 - g. Operate at no cost to the housing counselor.
3. Servicer shall update the status of each pending loan modification on these portals at least every 10 days.
4. Servicer shall respond promptly to escalation requests made through these portals.

G. Loss Mitigation Timelines

1. Servicer shall provide written acknowledgement of the receipt of documentation submitted by the borrower in connection with a loan modification application within 10 days. In its initial acknowledgment, Servicer shall briefly describe the loan modification process and identify deadlines and expiration dates for submitted documents. If any additional documents are required, Servicer shall identify such documents and notify the borrower within 30 days of the receipt of the initial application documentation.
2. Continued applicability of borrower financial information: for all proprietary loan modification programs, Servicer shall allow properly

submitted borrower financials to be used for 120 days, unless there is a material change in circumstances.

3. Servicer shall make the initial loan modification decision within 30 days of receiving all required documentation from the borrower.
4. If a HAMP modification is denied and the review process has been completed, Servicer shall evaluate and determine the borrower's eligibility for a proprietary loan modification within 15 days of the HAMP denial.
5. Servicer shall notify borrowers of the denial of any loss mitigation request within ten business days of the denial decision. The notification shall be in the form of the adverse action notice required in paragraph II.D.3 above.

H. Independent Review of Loss Mitigation Denials

1. Servicer shall implement an automatic internal review process to review all loss mitigation denials, which shall include review by an ombudsman or review panel that is independent of the group that conducted the loss mitigation evaluation and that has authority to obtain files with servicing notes and overrule Servicer's decision.
2. Borrowers shall have the opportunity to provide evidence that the NPV or eligibility calculation was in error. If a borrower disagrees with the property value used by Servicer in the NPV test, the borrower can request that a full appraisal be conducted of the property by an independent licensed appraiser consistent with HAMP directive 10-15 and that such value be used in the NPV calculation.
3. Initiation or advancement of foreclosure shall await outcome of the internal review process.
4. Servicer shall promptly make available account history notes to the borrower upon request.
5. The internal review process shall be subject to monitoring by the Attorneys General and CFPB.

I. Support of State-Based Foreclosure Prevention Hotlines

1. Servicer shall support and assist in the development and funding of state efforts to create and maintain consumer hotlines that would provide information on foreclosure relief options and/or link borrowers with housing counselors.

J. Consideration of FHA Short Refinance Program

1. Where warranted based on facts and circumstances, including borrower eligibility, Servicer shall utilize this program and apply it to agency and non-agency loans.

K. General Loss Mitigation Requirements

1. Servicer shall maintain adequate staffing and systems for tracking borrower documents and information that are relevant to foreclosure, loss mitigation, bankruptcy, and other servicer operations.
2. Servicer shall maintain adequate staffing and caseload limits for employees responsible for handling foreclosure, loss mitigation, bankruptcy, and related communications with borrowers and housing counselors. (Specific standards reserved for further discussion.)
3. Servicer shall set reasonable minimum experience, educational and training requirements for loan modification staff.
4. Servicer shall document electronically each action taken on a foreclosure, loan modification, bankruptcy, or other servicing file, including all communications with the borrower and other parties.
5. Servicer shall adopt incentives and compensation plans that encourage appropriate loss mitigation over foreclosure.
6. Servicer shall not make inaccurate payment delinquency reports to credit reporting agencies when the borrower is making timely reduced payments pursuant to a trial or other loan modification agreement. Servicer shall provide the borrower, prior to entering into a trial loan modification, with clear and conspicuous written information about any adverse credit reporting consequences that may result from the borrower making reduced payments during the trial period.
7. Servicer shall provide the borrower with a copy of a fully executed loan modification agreement no later than 10 days from receipt of an executed copy submitted by the borrower.
8. Servicer's employees shall not instruct, advise or recommend that borrowers go into default in order to qualify for loss mitigation relief.
9. Servicer shall not discourage borrowers from working or communicating with legitimate non-profit housing counseling services.

L. Proprietary Loan Modifications

1. Transparency: Servicer shall disclose qualification processes and eligibility factors for all proprietary loan modifications.
2. Servicer shall standardize inputs for NPV analysis at least to the extent required by HAMP.
3. Servicer shall design proprietary loan modifications that are sustainable. Servicer shall offer rate reductions for at least five years and any rate adjustments after the initial five year period shall not exceed comparable HAMP rate adjustment standards. Servicer shall not impose any balloon payment requirements until the end of the loan payment period.
4. Servicer shall not charge any application or processing fees for proprietary loan modifications.

M. Principal Reduction Loan Modifications

Note: the provisions in this subsection are in addition to the loan modification initiative that is referenced in Section VI and reserved for further discussion.

1. Servicer shall consider and apply principal reductions in appropriate circumstances to provide for sustainable modifications.
2. Performance-based reductions: In lieu of forbearance of principal, Servicer shall implement conditional forgiveness of principal based on the borrower's performance under the loan modification. Standard shall be that one-third of forborne amount is forgiven for each successive year that the borrower complies with loan modification terms over a three year period.
3. If principal is forborne, Servicer shall not charge servicing fees on the forborne amount.
4. Servicer shall evaluate all delinquent mortgages with a loan to value ratio (LTV) of greater than 100%, or a combined LTV (CLTV) of greater than 115% using both a standard modification waterfall and a waterfall that includes principal reduction as the required first or second step in the waterfall. Where the NPV test result is better using the principal reduction waterfall than that realized using the standard modification waterfall, Servicer shall offer the borrower a modification that includes a principal reduction.

5. The parties will discuss and agree upon the terms of Servicer's principal reduction modification waterfall as well as the values used by Servicer in its NPV test for the principal reduction modification waterfall, including the redefault rate.
6. Servicer shall consider implementation of a special loan modification process for bankruptcy cases where the borrower (a) is considered for voluntary principal reduction to fair market value of property while other unsecured debt is discharged; or (b) as part of a Chapter 13 plan, the interest on the borrower's first lien is reduced to zero for five years and then reamortized at a market rate for 25 years at the conclusion of the five year payment plan.

N. Second Lien Relief

1. Servicer's loan modification programs, including principal reductions, shall cover second liens so that second liens are modified at least proportionately to the first lien or extinguished at the time of the offer of the permanent loan modification.

O. Initiatives to Assist Borrowers in Submission of Documents

1. Servicer shall consider partnering with national chain retailers such as FedEx Kinko's, Staples, Office Depot, and Wal-Mart, or through use of bank branches affiliated with Servicer, to allow borrowers to copy, fax, scan and mail or email documents to Servicer free of charge.

P. Consideration of Borrower's Ability to Pay and Sustainability

1. Servicer shall review the borrower's total debt situation (*i.e.*, back-end DTI) when considering a loan modification application.

Q. Short Sales

1. Servicer shall consider appropriate monetary incentives to underwater borrowers to facilitate short sale options,
2. Servicer shall develop a cooperative short sale process which allows the borrower to engage with Servicer and obtain a short sale evaluation prior to putting home on the market.
3. Servicer shall provide written confirmation of the borrower's submission of the first document in support of any request for a short sale within 30

days of receipt. The confirmation shall include basic information about the short sale process and Servicer's requirements, and shall state clearly and conspicuously whether Servicer or any investor will demand a deficiency and the approximate amount of that deficiency.

4. Servicer shall provide written notice of any required documents that are missing from the borrower's written short sale submission within 10 business days of receiving the submission. The notice shall list all of the specific documents that are missing and describe any deficiencies in, and required updates to, the documents included in the borrower's initial submission.
5. Servicer shall make a decision on any short sale request and provide written notice of approval or denial of the short sale to the borrower within 30 days following receipt of all required information. If the short sale request is denied, Servicer shall provide reasons for the denial in the written notice.
6. If Servicer is required to request approval from investors for a short sale, and such approval is not provided within the required timeframe, Servicer shall notify the borrower in writing within the required timeframe that a request for approval has been submitted to the investor and provide the name of the relevant investor.
7. Servicer shall waive deficiencies from short sales unless contractually prohibited from doing so and shall not require monetary contributions from borrowers as a condition of approving a short sale. If the deficiency cannot be waived, Servicer shall clearly and conspicuously disclose to the borrower that the borrower may be liable for the deficiency, the amount of the deficiency, and the contractual provision that prevents waiver. Servicer shall ensure that the investor has waived all rights to a deficiency judgment.

R. Other Loss Mitigation-Related Relief

1. Ordinary Transfer of Servicing to Successor Servicer or Subservicer
 - a. At time of transfer, Servicer shall inform successor servicer (including a subservicer) whether a loan mod is pending.
 - b. Servicer shall ensure, by contract or otherwise, that successor servicer shall accept and continue processing prior loan modification requests.

- c. Servicer shall ensure, by contract or otherwise, that successor servicer shall honor trial and permanent loan modification agreements entered into by prior servicer.
 - d. Any successor servicer shall agree to the loss mitigation requirements of this Agreement.
2. Transfer of Default Servicing
- a. Servicer shall consider referral on a pilot basis of loans 60 plus days delinquent to an independent, performance-based special servicer or subservicer.
 - b. Any special servicer shall agree to the loss mitigation requirements of this Agreement and have the ability to make independent loss mitigation decisions.
3. Investors' access to loss mitigation information: Servicer shall honor the contractual rights of investors to obtain servicing and loss mitigation performance information and to obtain access to loan files.
4. Servicer Conflict of Interest in Residual Interest in the MBS Trust

Servicer shall disclose to investors and the third-party monitor on a quarterly basis any private-label mortgage-backed security (MBS) transaction in which Servicer, its parent company or an affiliate holds an equity interest or other investment position in the certificates, notes or bonds issued by the trust. Investments held in a "street name" on behalf of unaffiliated entities are exempt from such reporting.

III. Restrictions on Servicing Fees

A. General Requirements

- 1. All default and foreclosure-related service fees, including third-party fees, assessed on the borrower by Servicer shall be bona fide, reasonable in amount, and disclosed in detail to the borrower as provided in paragraphs I.B.12 and III.B.1.
- 2. Servicer shall not assess any default, foreclosure-related or bankruptcy-related fees while a completed loan modification application is under consideration or being performed as a trial modification.
- 3. Servicer shall not impose its own mark-ups on any third-party fees.

B. Specific Fee Provisions

1. **Schedule of Fees.** Servicer shall maintain and keep current a schedule of standard or common fees, such as nonsufficient fund fees. Servicer shall make its schedule available on its website and to the borrower or borrower's authorized representative upon request. The schedule shall identify each fee, provide a plain language explanation of the fee, and state the amount of the fee or range of amounts or, if there is no standard fee, how the fee is calculated or determined.
2. **Authorized Fees.** Servicer shall collect a fee only if the fee is for reasonable and necessary services actually rendered and one of the following conditions is met: (1) the fee is expressly authorized and clearly and conspicuously disclosed by the loan instruments and not prohibited by law; (2) the fee is expressly permitted by law and not prohibited by the loan instruments; or (3) the fee is not prohibited by law or the loan instruments and is a reasonable fee for a specific service requested by the borrower that is assessed only after clear and conspicuous disclosure of the fee is provided to the borrower and the borrower expressly consents to pay the fee in exchange for the services.
3. **Attorneys' Fees.** In addition to the limitations in paragraph III.B.2 above, attorneys' fees charged in connection with a foreclosure action shall only be for work actually performed and shall not exceed reasonable and customary fees for such work. In the event a foreclosure action is terminated prior to the final judgment and/or sale for a loss mitigation option, a reinstatement, or payment in full, the borrower shall be liable only for reasonable and customary fees for work actually performed.
4. **Late Fees.**
 - a. **No pyramiding of late fees:** Servicer shall not impose any late fee or delinquency charge when the only delinquency is attributable to late fees or delinquency charges assessed on an earlier payment, and the payment is otherwise a full payment for the applicable period and is paid on or before its due date or within any applicable grace period. For purposes of this provision, and solely to determine whether a late fee may be assessed, Servicer shall apply payments first to current installments, then to delinquent installments and then to delinquency and other charges.
 - b. Servicer shall not assess or attempt to collect late fees (1) based on an amount greater than the past due amount; (2) collected from the

escrow account or from escrow surplus without the approval of the borrower; or (3) deducted from any regular payment. Servicer shall not impose late charges more than once with respect to a single delinquent installment.

- c. Servicer shall not impose late fees when the borrower makes timely trial modification payments calculated by Servicer, even though these trial modification amounts are less than the full payment amount under the terms of the loan.

C. Third-Party Fees

1. Servicer shall limit the amounts and frequency of third-party fees imposed on the borrower, including, but not limited to, the following:
 - a. No property preservation or inspection fees shall be imposed unless Servicer has a reasonable belief that the property is vacant after making good faith attempts to determine whether it is occupied (*e.g.* calling the homeowner, etc.); and
 - b. Servicer shall be limited to imposing property valuation fees (*e.g.* BPO) to once every 12 months (unless other valuations are required by Servicer's Primary Federal Regulator or requested by the borrower to facilitate a short sale or to support a loan modification as outlined in paragraph II.H.2).
2. Servicer shall ensure that foreclosure and bankruptcy attorneys and foreclosure trustees are permitted to integrate their systems with those of any outsourcing companies and third-party vendors utilized by Servicer without any cost to the attorneys, trustees, or borrowers.
3. Subsidiaries or affiliates of Servicer (or other entities where Servicer or related entity has an interest in such third party) shall be prohibited from collecting third-party fees.
4. Servicer shall be prohibited from splitting fees, giving or accepting kickbacks or referral fees, or accepting anything of value in relation to third-party default or foreclosure-related services.

IV. Force-Placed Insurance

A. General Requirements for Force-Placed Insurance

1. Servicer shall be prohibited from placing hazard, homeowner's or flood insurance on the mortgaged property when Servicer knows or has reason to know that the borrower has a policy in effect for such insurance that meets the minimum requirements of the loan documents.
2. Servicer shall provide written notice to a borrower upon taking action to place hazard, homeowner's or flood insurance on the mortgaged property, including a clear and conspicuous statement of the procedures by which the borrower may demonstrate that he or she has the required insurance coverage and by which Servicer shall terminate the insurance coverage placed by it and refund or cancel any insurance premiums and related fees paid by or charged to the borrower. Servicer shall provide the borrower reasonable time to demonstrate that he or she has the required insurance coverage.
3. Servicer shall not place hazard, homeowner's or flood insurance on a mortgaged property, or require a borrower to obtain or maintain such insurance, in excess of the replacement cost of the improvements on the mortgaged property.
4. Servicer shall provide the borrower with a refund of unearned premiums paid by a borrower or charged to the borrower for hazard, homeowner's or flood insurance placed by a mortgage lender or Servicer if the borrower provides reasonable proof that the borrower has obtained coverage such that the forced placement of insurance is not necessary and the property is insured. Servicer shall pay to the borrower any refunds Servicer receives as a result of duplicative or unnecessary force-placed insurance.
5. Servicer shall be prohibited from placing force-placed insurance with a subsidiary or affiliated company or any other entity in which Servicer has an ownership interest. Servicer shall be prohibited from splitting fees, giving or accepting kickbacks or referral fees, or accepting anything of value in relation to purchase or placement of force-placed insurance.

B. No Force-Placed Insurance where Borrower's Policy Can Be Maintained

1. Servicer shall make reasonable efforts to continue or reestablish the existing homeowner's policy if there is a lapse in payment.

2. Servicer may require borrower to provide updated premium payment information to Servicer, so Servicer can continue the existing policy if there is a lapse.
3. Servicer shall advance the premium fee if there is no escrow or insufficient escrow.
4. If Servicer cannot maintain borrower's existing policy it shall purchase force-placed insurance for a commercially reasonable price.

V. General Servicer Duties and Prohibitions

A. Servicer Duties to Borrowers

1. Servicer shall have a general duty of good faith and fair dealing in its communications, transactions, and course of dealing with each borrower in connection with the servicing of the borrower's mortgage loan.

B. Servicer Duties to Communities

1. Servicer shall develop and implement policies and procedures to ensure that vacant, abandoned, REO, and charged-off properties do not become blighted.
2. If Servicer knows that the borrower's property has been abandoned and the borrower has either indicated an intent to permanently vacate the property or has been nonresponsive to Servicer's efforts to communicate with the borrower, Servicer shall not unreasonably delay the final foreclosure disposition and subsequent recordation of the transfer of title.

C. Prohibited Conduct

1. Servicer shall be prohibited from:
 - a. Engaging in unfair or deceptive business practices or misrepresenting or omitting any material information in connection with the servicing of the loan, including, but not limited to, misrepresenting the amount, nature or terms of any fee or payment due or claimed to be due on a loan, the terms and conditions of the servicing agreement, loss mitigation options, or the borrower's obligations under the loan;

- b. Requiring funds to be remitted by means more costly to the consumer than a bank or certified check or attorney's check from an attorney's account; and
- c. Refusing to communicate with an authorized representative of the borrower who provides a written authorization signed by the borrower, provided that Servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

VI. Monetary Relief

Servicer shall provide monetary relief as compensation or penalties for unlawful conduct, to settle claims owed to the government, and/or to fund programs to help homeowners avoid foreclosure, including support of non-profit housing counseling, legal aid assistance, hotlines, web portal access, borrower education and outreach, mediation, post-foreclosure relocation assistance and similar efforts.

Servicer shall establish and fund a process to provide compensation for borrowers who have been victims of servicer misconduct.

A substantial portion of monetary relief shall be dedicated by Servicer to support an enhanced program of sustainable loan modifications including principal reductions. (Reserved for further discussion.)

VII. Compliance Review and Monitoring

A. Data Reporting

- 1. Servicer shall adopt enhanced corporate governance procedures to monitor and coordinate Servicer's compliance with the Agreement. These procedures may include establishment of a compliance committee comprised of members of Servicer's board of directors, a majority of which are independent and not employees or officers of Servicer or its subsidiaries or affiliates. In addition, Servicer's board of directors or executive level management shall have timely and complete access to relevant information.
- 2. Servicer shall provide the Attorneys General and CFPB with regular state-specific data reports on compliance with this Agreement, particularly on loan modification efforts, including remedial actions taken.

3. Servicer shall report in the compliance report or in a separate report, all instances (and provide copies of all rulings/opinions) where a court: (1) determined that Servicer submitted faulty affidavits or other submissions in a foreclosure, or other judicial proceeding; (2) dismissed the foreclosure or ruled in favor of the borrower in a foreclosure proceeding or other judicial proceeding because Servicer or Servicer's third-party principal or agent bringing the foreclosure did not have the legal right to foreclose; or (3) dismissed the foreclosure or ruled in favor of the borrower in a foreclosure proceeding or other judicial proceeding because Servicer failed to initiate or complete loss mitigation efforts before foreclosing.

B. Third-Party Monitoring

1. Servicer's compliance with this Agreement shall be monitored by an independent third party selected by the Attorneys General and CFPB funded by Servicer with authority to access records and audit Servicer's performance. The monitor's findings shall be included in Servicer's regular reporting to the Attorneys General and CFPB.

C. Penalties for Non-Compliance

1. The Agreement will set forth specific, quantitative target performance measures that Servicer shall be required to meet to be in compliance with the Agreement. A failure to meet these performance measures shall result in monetary penalties and additional remedial actions, including possible revisions to this Agreement.
2. Servicer shall be subject to automatic penalties for material failure to meet timelines, as documented by the third-party monitor.
3. The parties shall consider a special master or referee to resolve violations, including assessment of penalties.
4. Servicer shall establish procedures in cooperation with the Attorneys General and CFPB to resolve borrowers' complaints about alleged noncompliance with the Agreement.
5. A material violation of this Agreement constitutes an unfair and deceptive trade practice and a breach of the duty of good faith and fair dealing.