

### **Consumer Relief**

**Eligibility**: The Consumer Relief eligibility criteria shall reflect only the terms set forth below and the following principles and conditions: (1) Consumer Relief will not be implemented through any policy that violates the Fair Housing Act or the Equal Credit Opportunity Act; (2) Consumer Relief will not be conditioned on a waiver or release by a borrower, provided that waivers and releases shall be permitted in the case of a contested claim where the borrower would not otherwise have received as favorable terms or consideration; and (3) Eligible modifications may be made under the Making Home Affordable Program (including the Home Affordable Modification Program and the Housing Finance Agency Hardest Hit Fund) and any proprietary or other modification program. Nothing herein shall preclude the implementation of pilot programs in particular geographic areas that do not violate the Fair Housing Act, the Equal Opportunity Credit Act, or any other federal or state civil rights law.

Menu<sup>1</sup>

<u>Menu Item<sup>2</sup></u>	<u>Credit Towards Settlement</u>	<u>Minimum/Cap</u>
1. <u>Modification – Forgiveness/Forbearance<sup>3,4</sup></u>		
A. First Lien – Principal Forgiveness <sup>5,6</sup>	\$1.00 Forgiveness = \$1.00 Credit	<b>Menu Item 1.A Minimum = \$2.15 Billion Credit</b>

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<sup>1</sup> Start date of crediting is July 1, 2014 (based on first payment date for completed modifications and other actions under this Menu). Consumer Relief to be completed no later than August 31, 2018. No Credit will be provided for a modification if payments are required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). With respect to earned forgiveness principal reduction modifications, Credit can be immediate, provided the borrower makes the required payments (to include any trial payments) and the earned forgiveness period is a maximum of 3 years. If a borrower receives more than one form of Consumer Relief, Credit shall be provided for each form of relief, provided that the forms of relief must be segregated for purposes of determining Credit. The Credits for principal forgiveness modifications shall be net of any state or federal funds paid to Bank of America, such netting calculated on a basis consistent with the National Mortgage Servicing Settlement Consent Judgment entered into by Bank of America and various government parties on April 4, 2012 and filed in the U.S. District Court for the District of Columbia (“National Mortgage Settlement”). Credit can be earned for all forms of relief in the 50 states, the District of Columbia, and the U.S. territories.

<sup>2</sup> Credit will be provided for any Consumer Relief completed by any subservicer pursuant to this Annex 2 and for loans sold to other servicers (including sales of servicing rights) where a modification is completed by the deadline set forth in footnote 1 for Bank of America to complete its Consumer Relief obligations, and provided that the agreement providing for such sale of servicing allows for the tracking and reporting of such subsequent Consumer Relief to the satisfaction of the Monitor. With respect to loans held in securitizations, Consumer Relief shall be credited in accordance with this Annex 2 from July 1, 2014 for all eligible modifications described in this “Menu,” provided that all principal forgiveness modifications performed on loans in securitizations shall be eligible only where Bank of America has confirmed that: (1) the modification is permitted under the operative documents for the securitization; or (2) Bank of America has permission from the relevant investors and/or trustees to provide the principal reduction under the operative documents for the securitization or another agreement with trustees/investors. In addition, Credit will be provided for Consumer Relief completed pursuant to this Annex 2 with respect to loans serviced by Bank of America as well as loans owned by Bank of America with servicing rights owned by others (“SBO”) unless otherwise limited under the Menu.

<sup>3</sup> For Menu Item 1.A, eligibility is limited to non-performing loans and loans in imminent default (as defined by Bank of America in its written policies with respect to its implementation of the Home Affordable Modification Program). With respect to all other categories, Credit is available for Consumer Relief provided to all borrowers unless otherwise limited under the Menu.

<sup>4</sup> With respect to Credits achieved under Menu Items 1.A, 1.B, and 1.C, modifications must be for loans with an unpaid principal balance prior to capitalization at or below the local GSE conforming loan limit cap as of July 1, 2014.

<sup>5</sup> With respect to any principal forgiveness modification performed on Bank of America held-for-investment loans (including SBO) pursuant to Menu Item 1.A, the non-adjustable post-modification interest rate on the remaining first lien unpaid principal balance shall be no greater than 2% and the post-modification LTV must be equal to or less than 75% LTV. With respect to any principal forgiveness modification performed on loans serviced by Bank of America (excluding loans in subservicing) pursuant to Menu Item 1.A, the post-modification LTV must be reduced to equal to or less than 100% or principal must be reduced in order to achieve a post-modification debt-to-income ratio of 25%. As used in this Menu, “LTV” shall refer to loan-to-value ratio. Subject to any applicable investor or contractual requirements, the property value used to calculate the LTV under this Menu shall be based upon a property valuation meeting the standards acceptable under the Making Home Affordable programs received within three months of the transaction.

<sup>6</sup> With respect to any borrower who is eligible for the Home Affordable Modification Program or any of its component programs (“HAMP”) and, with the written consent of the borrower (it being understood that, so long as the borrower states he or she consents to be evaluated for a principal modification consistent with that of Menu Item 1.A of this Annex 2 in lieu of HAMP and such statement is reflected by Bank of America in its servicing system or mortgage file, such written consent will be obtained only from borrowers who enter into a final modification agreement), Bank of America may, in lieu of any evaluation of such borrower under HAMP, evaluate such borrower for a principal modification under Menu Item 1.A of this Annex 2, should Bank of America obtain the appropriate HAMP Waiver from the Department of the Treasury (“Treasury”). Such waiver will not be contained within this Settlement Agreement.

**Menu Item<sup>2</sup>**

**Credit Towards Settlement**

**Minimum/Cap**

\$1.00 Forgiveness on FHA-insured Loans<sup>7</sup> or VA-guaranteed Loans<sup>8</sup> = \$1.75 Credit

150% Enhanced Early Incentive Credit<sup>9</sup>

115% Early Incentive Credit<sup>10</sup>

115% Credit for incremental LTV reduction between 90% and 100%

120% Credit for incremental LTV reduction between 76% and 90%

If post-modification LTV equal to or less than 75%, 125% Credit for entire amount of principal forgiven.

115% Credit for incremental relief in Hardest Hit Areas (“HHA”) beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA<sup>11</sup>

\$1.00 Forgiveness on loans serviced by Bank of America but owned by other

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<sup>7</sup> Credit at the \$1.75 level may not be earned for any indemnified loan or for any loan listed on the schedule attached hereto as Exhibit 1. No Credit may be given for Title I or HECM loans. With respect to FHA-insured loans, Credit may only be earned where the following conditions are met: the loan is a Bank of America held for investment loan, the pre-modification LTV is equal to or greater than 90%, Bank of America is not compensated for the actions taken (i.e., where no loss mitigation claim is filed with the Federal Housing Administration (“FHA”)), and where Bank of America receives no loss mitigation incentives from FHA in connection with these actions.

<sup>8</sup> With respect to VA-guaranteed loans, Credit can only be earned where the following conditions are met: the loan is a Bank of America held-for-investment loan; principal reductions are completed in accordance with 38 C.F.R. § 36.4311; and Bank of America executes an indemnification agreement as set forth in Exhibit 2. Subject to the foregoing conditions, the Department of Veterans Affairs (“VA”) grants prior approval, pursuant to 38 C.F.R. § 36.4315, for modification of the VA-guaranteed loans that meet these conditions. To earn Credit under this Menu Item, modifications of VA-guaranteed loans must be reported to VA in accordance with 38 C.F.R. § 36.4317. Bank of America only agrees to execute an indemnification agreement with respect to loans for which a modification has been completed. Bank of America agrees to provide notice to VA within 30 days of any solicitation concerning a VA-guaranteed loan. That notice will include the VA Loan Number, Servicer Loan Number, Borrower Name and Property Address for each loan.

<sup>9</sup> Enhanced Early Incentive Credit applies to all Consumer Relief activity under Menu Item 1.A completed by May 31, 2015 (based upon the first payment date, excluding trial payments, for modifications requiring a payment), provided that no Enhanced Early Incentive Credit will be provided for a modification if payments are required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). Enhanced Early Incentive Credit and other Credits are cumulative (e.g., \$1.00 of principal forgiveness as part of a modification resulting in an LTV of 75% completed prior to May 31, 2015 would receive \$1.875 Credit), except that no Early Incentive Credit applies to consumer relief activity receiving Enhanced Early Incentive Credit.

<sup>10</sup> Early Incentive Credit applies to all Consumer Relief activity offered or completed by August 31, 2015. Early Incentive Credit and other Credits are cumulative (e.g., \$1.00 of principal forgiveness as part of a modification resulting in an LTV of 75% completed prior to August 31, 2015 in a Participating State (as described below under “State-Specific Consumer Relief”) where Bank of America has already met its state-specific minimum in an amount beyond that state-specific minimum would receive \$1.653125 Credit).

<sup>11</sup> Hardest Hit Areas or “HHA” are defined as the hardest hit census tracts in the “Distressed Census Tracts only.csv” file provided by the Department of Justice to Bank of America on August 11, 2014.

<u>Menu Item<sup>2</sup></u>	<u>Credit Towards Settlement</u>	<u>Minimum/Cap</u>
	investors = \$0.50 Credit	
	\$1.00 Investor incentive payments (when paid) consistent with those paid in HAMP (if applicable) = \$1.00 Credit <sup>12</sup>	
B. Principal Forgiveness of Forbearance	\$1.00 Forgiveness = \$1.00 Credit	
	115% Early Incentive Credit 115% Credit for incremental LTV reduction below 100% 115% Credit for incremental relief in HHA beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA	
	\$1.00 Forgiveness on loans serviced by Bank of America but owned by other investors = \$0.50 Credit	
	\$1.00 Investor incentive payments (when paid) consistent with those paid in HAMP for principal reduction of first liens (if applicable) = \$1.00 Credit	
	Credit limited to principal reduction that reduces LTV to equal to or less than 100% LTV	
C. First Lien – Forbearance (Payment Forgiveness)	\$Forgiveness = Pre Mod Rate x Forborne UPB x Avg Life <sup>13</sup>	
	115% Early Incentive Credit 115% Credit for incremental relief in HHA beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA	
	\$1.00 Forgiveness on loans serviced by Bank of America but owned by other investors = \$0.50 Credit	
	\$1.00 Investor incentive payments (when paid) consistent with those paid in HAMP (if applicable) = \$1.00 Credit	
D. Second Lien Extinguishments <sup>14,15</sup>	<u>Performing (90 days or less past due on the related Second Lien)</u> <sup>16</sup> :	<b>Menu Items 1.D + 1.E Cap = \$2.5 Billion Credit</b>

<sup>12</sup> With respect to investor incentive payments under Menu Item 1, Bank of America can apply for servicer and investor incentive payments under HAMP, but Credit cannot be earned for these incentives.

<sup>13</sup> Based on an average life of 8 years.

<sup>14</sup> Bank of America may not earn Credit under Menu Items 1.D and 1.E for extinguishment of a second lien, junior lien, or unsecured mortgage debt where Bank of America owns or services the first lien and Bank of America initiates or

**Menu Item<sup>2</sup>**

**Credit Towards Settlement**

**Minimum/Cap**

\$1.00 Forgiveness = \$1.00 Credit

115% Early Incentive Credit  
115% Credit for incremental relief in HHA beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA

\$1.00 Forgiveness on loans serviced by Bank of America but owned by other investors = \$0.50 Credit

\$1.00 Investor incentive payments (when paid) consistent with those paid in HAMP (if applicable) = \$1.00 Credit

**Seriously Delinquent & Non-Performing (> 90 days past due on the related Second Lien):**

\$1.00 Forgiveness = \$0.40 Credit

115% Early Incentive Credit  
115% Credit for incremental relief in HHA beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA

\$1.00 Investor incentive payments (when paid) consistent with those paid in HAMP (if applicable) = \$1.00 Credit

E. Junior Liens (Liens less than Second Lien position)

\$1.00 Forgiveness = \$0.40 Credit

Outstanding Unsecured Mortgage Debt Principal Forgiveness/ Extinguishment

115% Early Incentive Credit  
115% Credit for incremental relief in HHA beyond the minimum of deriving 50% of Menu Item 1 Credit from HHA

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prosecutes a foreclosure with respect to the first lien within 6 months of the extinguishment of the second lien. Bank of America may not earn Credit under Menu Items 1.D and 1.E for debt that has become unenforceable by operation of state law (e.g., California Code of Civil Procedure sections 580b and 580d). To the extent that any form of relief under Menu Items 1.D or 1.E is offered on an opt-out basis, the opt-out period must be at least 90 days in length.

<sup>15</sup> Eligibility under Menu Items 1.D and 1.E is limited to borrowers with second lien UPBs at or below \$208,500 nationwide with the exception of Alaska, Guam, Hawaii and Virgin Islands, where eligibility is limited to borrowers with second lien UPBs at or below \$312,750. Credit can only be earned under Menu Items 1.D and 1.E for extinguishment of second liens, junior liens, or unsecured mortgage debt.

<sup>16</sup> As used in this Menu, delinquency will be determined using either the MBA or OTS definition of delinquency depending upon the method reflected in Bank of America's applicable system of record. "MBA" refers to the Mortgage Bankers Association definition of delinquency. "OTS" refers to the Office of Thrift Supervision definition of delinquency.

**Menu Item<sup>2</sup>**

**Credit Towards Settlement**

**Minimum/Cap**

With respect to Menu Item 1, 50% of the Credit must be from HHA.

**2. Low to Moderate Income and Other Lending**

- A. Low to Moderate Income and Other Lending
- \$10,000 Credit for purchase money loans to credit worthy borrowers: (1) in HHA; (2) who lost a primary residence to foreclosure or short sale; or (3) who are first time LMI homebuyers<sup>17</sup>
- 115% Early Incentive Credit

**3. Community Reinvestment and Neighborhood Stabilization**

- A. Forgiveness of principal associated with a property where foreclosure is not pursued and liens are released<sup>18</sup>
- \$1.00 Forgiveness = \$1.00 Credit
- B. Cash costs paid for demolition and property remediation of abandoned and uninhabitable residential properties as part of a comprehensive local strategy to stabilize neighborhoods
- \$1.00 Payment = \$1.00 Credit
- \$1.00 Reasonable Remediation Costs = \$1.00 Credit
- C. Mortgages or REO properties donated to accepting municipalities, land banks, or non-profits or to servicemembers with disabilities or relatives of deceased servicemembers
- \$1.00 Property Value<sup>19</sup> = \$1.00 Credit
- \$1.00 Reasonable Rehabilitation Costs = \$1.00 Credit

**Menu Item 3.A Cap = \$2.5 Billion Credit**

**Menu Items 1.D + 1.E + 3.A Cap = \$3 Billion Credit**

<sup>17</sup> Any LMI loan must be made to borrowers with income at or below 100% of the area median income (“AMI”) and originated after July 1, 2014. AMI shall be as calculated in accordance with the parameters used by the U.S. Department of Housing and Urban Development (“HUD”).

<sup>18</sup> Credit can only be earned for extinguishment on occupied properties. To the extent that any relief provided under Menu Item 3.A is offered on an opt-out basis, the opt-out period must be at least 90 days in length.

<sup>19</sup> Subject to any applicable investor or contractual requirements, any property value used to calculate Credits for this provision shall have a property valuation meeting the standards acceptable under the Making Home Affordable programs received within three months of the transaction.

<u>Menu Item<sup>2</sup></u>	<u>Credit Towards Settlement</u>	<u>Minimum/Cap</u>
D. Donations to non-profits to facilitate reduction, rehabilitation, or maintenance of abandoned and uninhabitable residential properties donated under Menu Item 3C	D. \$1.00 Payment = \$2.00 Credit	
E. Donations to capitalize certified Community Development Financial Institutions (“CDFIs”) <sup>20</sup> , land banks subject to state or local regulation, or community development funds administered by non-profits or local governments	\$1.00 Payment = \$2.00 Credit	<b>Menu Item 3.E Minimum = \$50 Million Payment</b>
F. Donations to state-based Interest on Lawyers’ Trust Account (IOLTA) organizations (or other statewide bar-association affiliated intermediaries) that provide funds to legal aid organizations, to be used for foreclosure prevention legal assistance and community redevelopment legal assistance <sup>21</sup>	\$1.00 Payment = \$2.00 Credit	<b>Menu Item 3.F Minimum = \$30 Million Payment</b>
G. Donations to HUD-approved housing counseling agencies to provide foreclosure prevention assistance and other housing counseling activities <sup>22</sup>	\$1.00 Payment = \$2.00 Credit	<b>Menu Item 3.G Minimum = \$20 Million Payment</b>
	115% Early Incentive Credit for Menu Items 3.A-G	

<sup>20</sup> The list of Community Development Institutions certified by the CDFI Fund of the U.S. Treasury is available on the Treasury Department website at [http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=9](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=9).

<sup>21</sup> For purposes of Menu Item 3.F, to the extent practicable, “state-based” IOLTA organizations includes those in the 50 states, the District of Columbia, and all U.S. territories or possessions. A minimum amount of \$200,000 will be provided to the IOLTA or other eligible organization in each jurisdiction, with all remaining donation funds under this Menu Item 3.F to be distributed pro rata among all jurisdictions based on poverty population data, in the manner employed for funding distribution by the Legal Services Corporation based on data collected by the U.S. Census Bureau.

<sup>22</sup> The list of HUD-approved housing counseling agencies is available on the HUD website at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>.

#### 4. Affordable Rental Housing

For Critical Need Family Housing<sup>23</sup> developments: \$1.00 Loss<sup>24</sup> = \$3.75 Credit

For other developments: \$1.00 Loss = \$3.25 Credit

115% Early Incentive Credit

Credits for Critical Need Family Housing developments and for other developments will be given for developments that are equivalent to affordable housing developed through LIHTC. For example, developments eligible for Credits (i) must have at least 20% of the residential units affordable up to 50% AMI or at least 40% of the units affordable up to 60% AMI, (ii) must have a Land Use Restriction Agreement for at least 30 years, and (iii) must agree to accept Housing Choice vouchers. Other features also must be equivalent to affordable housing developed through LIHTC.

**Menu Item 4 Minimum = \$100 Million Loss**

With respect to Menu Item 4, at least 50% of units generating Credit must be in Critical Family Need Housing developments. Each year, at least 40% of all units generating credit in Critical Need Family Housing developments must have 2 or more bedrooms. Each year, at least 10% of all units generating Credit in Critical Need Family Housing developments must have 3 or more bedrooms.

To earn Credit, developments must meet the same affirmative marketing standards as are set forth in 24 C.F.R. § 200.620.

**Total Credit Minimum (Menu Items 1+2+3+4) =**

**\$7 Billion Credit**

<sup>23</sup> “Critical Need Family Housing” is defined as affordable low-income rental housing developments selected by Bank of America that (i) are located within Small Area DDAs or State-Defined High Opportunity/Low Poverty Areas, and (ii) none of the units have age restrictions for any of the occupants. For these purposes, “Small Area DDAs” are Small Area Difficult Development Areas defined by HUD as set forth in 78 Fed. Reg. 69,113 (Nov. 18, 2013), and “State-Defined High Opportunity/Low Poverty Areas” refers to “high opportunity” or “low poverty” areas as defined in State Qualified Allocation Plans (for those states that use such designations). The list of Small Area DDAs for 2014 for purposes of this agreement shall be the list of Hypothetical Small Area DDAs for 2014 that was transmitted to Bank of America by the Department of Justice on August 8, 2014. The list of Small Area DDAs for subsequent years will be available on HUD’s website.

<sup>24</sup> Loss is measured as the difference between the fair value and par value, as reflected on the books and records of Bank of America, on the origination date of the subordinated loan made to facilitate the construction, rehabilitation, or preservation of affordable low-income rental housing. Credit will only be given up to \$100,000 per affordable housing unit. Origination date is defined as the date the commitment to lend is issued. For crediting purposes, origination date is the determinative date for crediting as described above. If Bank of America’s Loss is substantially reversed due to circumstances such as cancellation of the project during the term of this Annex 2, Bank of America’s Credit shall be calculated on the actual Loss incurred. The Credit shall be reduced to \$3.25 for \$1.00 Loss if the location of the project is moved outside a Small Area DDA or State-Defined High Opportunity/Poverty Area.



## State-Specific Consumer Relief

Minimum Credit, which can be derived from any Menu Item (1-4 above), must be earned in the following Participating States and denominations (which shall be known as the “Participating State Minimum Amounts”): \$500 million for California<sup>25</sup>, \$500 million for New York<sup>26</sup>, \$100 million for Illinois, and \$150 million for Delaware, Maryland, and Kentucky combined.

115% Additional Credit (which shall be known as “Participating State Additional Credit”) for Credit Amounts in Menu Items 1, 2, and 3.A-C in excess of the Participating State Minimum Amounts for each Participating State.

## Required Outreach

Bank of America agrees to hold eight events each year until Bank of America has achieved the Total Credit Minimum. These events will be carried out on a rotational basis to provide geographically dispersed borrower access, with priority given to the Hardest Hit Areas and Participating States. In preparation for each event, Bank of America will conduct targeted borrower outreach through personalized invitational letters, emails and/or outbound phone calls with eligible customers. The multi-lingual event team will conduct this outreach in English and Spanish, and, on a best efforts basis, other languages to encourage customers to make appointments in advance. As part of this preparation, Bank of America will notify the State Attorneys General, State Housing Finance Authorities, and local not-for-profits of the schedule of events to build further awareness and encourage increased participation. Specialists in both loss mitigation and refinancing programs will be on-site at each event to provide a setting where a customer can be guided across the full range of consumer relief alternatives. In addition, specialists in new mortgage origination will be available to assist any borrowers in Hardest Hit Areas, borrowers who lost homes to foreclosure or short sales, and first time low-to-moderate income homebuyers who may be interested in purchasing a new home. Multilingual translation and interpretation services for Spanish and, on a best efforts basis, other languages will be offered and available to customers requesting such support. In addition to Bank of America-sponsored events, Bank of America will continue to provide a qualified staff of agents to participate in and support additional events annually across the nation sponsored by national intermediaries and local not-for-profits throughout the term of the agreement, as invited. Finally, within 90 days of execution of this Settlement Agreement, Bank of America will prepare a short, plain-language document (translated into Spanish, Chinese, Tagalog, Vietnamese, and Korean), available online, that can be distributed by third parties to explain to customers the forms of relief available under this agreement. Bank of America shall translate this document into other languages as appropriate on a best efforts basis.

The Monitor will evaluate and certify Bank of America’s compliance with the Required Outreach set forth above using a methodology similar to the methodology employed to determine Bank of America’s compliance with the remainder of this Annex 2.

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<sup>25</sup> Within California, the following minimums also apply (which shall be referred to as the “California-Specific Minimum Amount”): Menu Items 1.A + 1.B Credit Minimum = \$380 Million. Participating State Additional Credit can only be earned in California once the California-Specific Minimum Amount has been achieved.

<sup>26</sup> Within New York, the following minimums also apply (which shall be referred to as the “New York-Specific Minimum Amounts”): Menu Item 1.A Credit Minimum = \$60 Million; Menu Item 3.C Credit Minimum = \$20 Million (provided that to be creditable for purposes of this Menu 3.C Credit Minimum, any donation must be accompanied by a donation under Menu Item 3.D); Menu Item 3.E Payment Minimum = \$8.1 Million; Menu Item 3.F Payment Minimum = payment as determined by the methodology set forth in footnote 19 of this Annex 2; Menu Item 3.G Payment Minimum = \$8.1 Million; and Menu Item 4 Loss Minimum = \$35.7 Million. Participating State Additional Credit can only be earned in New York once the New York-Specific Minimum Amount has been achieved.

## **Additional Parameters**

Bank of America shall not be responsible for any tax consequences to borrowers of the Consumer Relief described in the Menu beyond that described in Annex 3, but Bank of America is required to clearly disclose to borrowers the tax consequences of any relief offered or provided, and recommend that borrowers seek appropriate counsel as needed.

## **Credit Minimums, Reporting Requirements, and Liquidated Damages**

Bank of America shall endeavor to satisfy the Consumer Relief obligations set forth in this Annex 2 by August 31, 2017, but shall have until August 31, 2018 to complete all Consumer Relief obligations set forth in this Annex 2. An independent Monitor acceptable to the parties and paid for by Bank of America shall be appointed to publicly: 1) report progress towards completion of Consumer Relief, including reporting on overall progress on a quarterly basis commencing no later than 180 days after the date of this Agreement; 2) report on Credits earned as promptly as practicable following the date the Monitor has confirmed the methodology for validation of Credits under this Menu (including a description of the distribution of Credits at the census block level); 3) ultimately determine and certify Bank of America's compliance with the terms of this Annex 2; and 4) report on the Tax Relief Payments under Annex 3. If the Monitor determines that a shortfall in that obligation remains as of August 31, 2018, Bank of America shall make a compensatory payment in cash in an amount equal to the shortfall (the "Liquidated Damages"), 25% of which shall be to Neighborworks America, to provide housing counselling, neighborhood stabilization, foreclosure prevention or similar programs, and 75% of which shall be to state-based Interest on Lawyers' Trust Account (IOLTA) organizations (or other statewide bar-association affiliated intermediaries) that provide funds to legal aid organizations, to be used for foreclosure prevention legal assistance and community redevelopment legal assistance.<sup>27</sup> The payment of Liquidated Damages shall be the sole remedy for any failure to complete the Consumer Relief. The calculations regarding the Credit Minimums shall be performed by the Monitor and the Monitor shall determine at the end of the period whether there are Liquidated Damages and, if so, the amount due.

In the event that Bank of America is unable to satisfy the Credit Minimums set forth in this Menu despite using its best efforts (as confirmed by the Monitor) to solicit every eligible borrower, barring any legal limitations on its ability to contact a given borrower, for the applicable consumer relief program, Bank of America may apply any Credits earned in excess of any of the Credit Minimums or any Credit earned in any Menu Item as to which neither a Credit Minimum nor a Credit Cap applies to offset any deficiency in respect of any of the other Menu Items to which a Credit Minimum applies.

The Monitor shall provide Bank of America with flexibility on the evidencing requirements for loans not serviced by Bank of America where the standard evidence is unavailable and Bank of America is able to provide alternative evidence that enables the Monitor to satisfactorily carry out his duties under this Annex 2. For example, the Monitor may (but is not required to) determine that balance forgiveness may be evidenced by transaction screenshots, before and after statements and/or 1099C statements.

For Menu Items 1, 2, 3.A, 3.B, and 3.C, Bank of America is required to report data to the Monitor at the census block level. For Menu Items 1.A, 1.B, 1.D, 1.E, and 3.A, Bank of America is required to provide the Monitor with a copy of the Internal Revenue Service ("IRS") Form 1099C issued to each individual for each item of relief provided.

Credit will not be given for any item of relief provided pursuant to this Menu where the Monitor determines that Bank of America has failed to satisfactorily report data (including census block level data) for that relief as required in this Annex 2. In the event that the Monitor determines that Bank of America has failed to perform the outreach required in this Annex 2, Bank of America shall make a Liquidated Damages payment in the amount of \$100 million.

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<sup>27</sup> For purposes of the Liquidated Damages, to the extent practicable, 75% of the Liquidated Damages will be distributed pro rata among all jurisdictions based on poverty population data, in the manner employed for funding distribution by the Legal Services Corporation based on data collected by the U.S. Census Bureau.