

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 (“HAMP”) and the Housing Finance Agency Hardest Hit Fund) and any proprietary or other modification program.

Menu¹

<u>Menu Item²</u>	<u>Credit Towards Settlement</u>	<u>Minimum/Credit Cap</u>
1. <u>Modification – Forgiveness/Forbearance</u>		
A. First Lien – Principal Forgiveness ³	\$1.00 Write down = \$1.00 Credit 125% Credit for hardest hit areas ⁴ 115% Early incentive Credit 50% Credit loans serviced for others	\$1.2 Billion Minimum (A+B)
B. Principal Forgiveness of Forbearance	\$1.00 Write down = \$1.00 Credit 125% Credit for hardest hit areas 115% Early incentive Credit 50% Credit loans serviced for others	\$ 300 million Cap
C. First Lien – Forbearance (Payment Forgiveness)	\$Forgiveness = Pre Mod Rate x Forborne UPB x Avg Life ⁵ 125% Credit for hardest hit areas 115% Early Incentive Credit 50% Credit loans serviced for others	\$300 million Cap

¹ Start date of crediting is 10/1/2013 (based on first payment date for completed modifications). Consumer Relief to be completed no later than 12/31/2017. 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 first three payments (including 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 JPMorgan, such netting calculated on a basis consistent with the National Mortgage Servicing Settlement Consent Judgment entered into by JPMorgan and various government parties on April 4, 2012 and filed in the U.S. District Court for the District of Columbia.

² Credit will be provided for any consumer relief completed by any servicer pursuant to this Annex 2 and for loans sold to other servicers (including sales of servicing rights) where a modification is offered or completed within one year of the sale, 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 10/1/2013 for all eligible modifications described in this “Menu,” provided that all principal forgiveness modifications performed on loans in securitizations shall be eligible only where: (1) the modification is permitted under the operative documents for the securitization; or (2) JPMorgan 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.

³ With respect to Credits achieved in Parts 1.A and 1.B, modifications must be for loans with an unpaid principal balance prior to capitalization at or below the highest national GSE conforming loan limit cap as of January 1, 2010.

⁴ Hardest Hit Areas are defined by HUD as set forth in Appendix A. Early Incentive Credit and other credits (including Hardest Hit) are cumulative (e.g., \$1.00 of principal forgiveness in a hardest hit area on a portfolio loan completed prior to 12/31/2014 would receive \$1.4375 Credit). Early incentive applies to all consumer relief activity offered or completed by 10/1/2014.

<u>Menu Item²</u>	<u>Credit Towards Settlement</u>	<u>Minimum/Credit Cap</u>
D. Second Lien –Principal Forgiveness (including extinguishments)	<u>Performing:</u> \$1.00 Write down = \$1.00 Credit 125% Credit for hardest hit areas 115% Early incentive Credit 50% Credit loans serviced for others <u>Seriously Delinquent & Non-Performing (> 90 days past due on the related Second Lien) (MBA):</u> \$1.00 Write down = 40% Credit 125% Credit for hardest hit areas 115% Early incentive Credit	
		Part 1 Credit Minimum (A+B+C+D) = \$2 billion
2. <u>Rate Reduction/Refinancing</u>		
A. Rate Reduction	$\$Credit = Rate\ Reduction \times Avg.\ Life^6 \times \UPB (post mod interest bearing UPB) 125% Credit for hardest hit areas 115% Early incentive Credit 50% Credit loan serviced for others	
B. Cross-Servicer HARP	$\$Credit = Rate\ Reduction \times Avg.\ Life^7 \times \UPB 125% Credit for hardest hit areas 115% Early incentive Credit 50% Credit loan serviced for others	

⁵ Based on an average life of 8 years.

⁶ Based on an average life of 8 years if the modified rate applies for the life of the loan; otherwise based on an average life of 5 years.

⁷ Based on an average life of 5 years.

3. **Low to Moderate Income and Disaster Area Lending**

- | | |
|---|--|
| A. Low to Moderate Income and Other Lending | <p>\$10,000 Credit for purchase money loans to credit worthy borrowers: (1) in Hardest Hit Areas; (2) in areas declared as Major Disasters by FEMA between 10/1/2012 and 11/19/2013, provided the borrower receives a cash payment, credit or waiver of fees with a total value of not less than \$1,500,⁸ (3) who lost homes to foreclosure or short sales; or (4) to first time LMI homebuyers⁹</p> <p>125% Credit for hardest hit areas.</p> <p>115% Early incentive Credit</p> |
|---|--|

4. **Anti-Blight**

- | | |
|---|--|
| A. Forgiveness of principal associated with a property where foreclosure is not pursued | i. \$1.00 write down = \$1.00 Credit |
| B. Cash costs paid for demolition of dilapidated properties | ii. \$1.00 payment = \$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 | iii. \$1.00 property value ¹⁰ = \$1.00 Credit |
| D. Funds donated to capitalize community equity restoration funds or substantially similar community redevelopment activities. | iv. \$1.00 payment = \$1.00 Credit |

“Total Credit Minimum”=
1.+2.+3+4. = \$4 billion

⁸ Credit for this FEMA sub-category is capped at \$165 million.

⁹ Any LMI loan must be made to borrowers with income at or below 100% of the area median income (“AMI”) and originated after 10/1/2013. AMI shall be as calculated in accordance with the parameters used by the U.S. Department of Housing and Urban Development.

¹⁰ 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.

Credit Minimums and Liquidated Damages

JPMorgan shall endeavor to satisfy the Consumer Relief obligations set forth in this Annex 2 by December 31, 2016, but shall have until December 31, 2017 to complete all Consumer Relief. An independent Monitor acceptable to the parties and paid for by JPMorgan, shall be appointed to publicly: 1) report progress towards completion, 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; and 3) ultimately determine and certify JPMorgan compliance with the terms of this Borrower Relief obligation. If the Monitor determines that a shortfall in that obligation remains as of December 31, 2017, JPMorgan shall make a compensatory payment in cash in an amount equal to the shortfall (the “Liquidated Damages”) to NeighborWorks America, to provide housing counselling, neighborhood stabilization, foreclosure prevention or similar programs. 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.

Appendix A

List of HUD Hardest Areas by Distressed Census Tract

This list is available on the HUD website at [to be posted soon]