

Independent Review

Wells Fargo Bankruptcy Settlement

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Overseeing Compliance with Settlement Between the
United States Trustee Program and Wells Fargo Bank, N.A.

Final Report
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EXECUTIVE SUMMARY

On November 5, 2015, the United States Trustee Program entered into a Settlement Agreement with Wells Fargo Bank to resolve issues relating to Wells Fargo's mortgage servicing practices in Chapter 13 consumer bankruptcy cases. In the Settlement Agreement, Wells Fargo acknowledged that it failed to timely file payment change notices ("PCNs") and failed to timely perform escrow analyses for homeowners in Chapter 13 bankruptcy cases. Lucy Morris was appointed as the Independent Reviewer ("IR") to oversee and assess Wells Fargo's compliance with the Settlement Agreement. The IR has concluded her work and submits this Final Report to the Court.

There were three primary components to the IR's mandate under the Settlement Agreement: (1) evaluate Wells Fargo's operational enhancements related to timely filing and service of PCNs and escrow analyses; (2) assess whether Wells Fargo provided required credits or refunds to Chapter 13 debtors; and (3) ensure that Wells Fargo's estimated populations for credits and refunds were substantially accurate.

This Final Report addresses these three components in order. For each component, the Final Report describes the IR's mandate, testing protocol, and conclusions and observations. In summary, Wells Fargo passed the Metrics relating to its operational enhancements and provision of credits or refunds, but it failed to estimate the populations eligible for credits and refunds with substantial accuracy. During the IR process, Wells Fargo came into compliance and properly identified the populations eligible for credits and refunds.

The Final Report describes the IR's role in assessing the impacted populations and ensuring that Wells Fargo provided all required credits and refunds. Among other things, the IR:

- Established and oversaw the process for independent certification of the accuracy and completeness of the debtors entitled to relief, and Wells Fargo's provision of credits and refunds required by the Settlement Agreement;
- Discovered that Wells Fargo's mailing vendor was not timely serving PCNs, resulting in additional remediation of \$7,691,150;
- Identified certain service-transferred accounts entitled to \$1,657,346 in refunds for PCN practices that occurred prior to transfer;

- Determined that Wells Fargo calculated certain escrow-related credits and refunds using a formula that under-paid debtors, and directed Wells Fargo to provide additional remediation of \$658,344 to correct the error; and
- Engaged in inquiries that led to the reimbursement of an additional \$60,000 to debtors for reasonable attorneys' fees for PCN objections.

In total, Wells Fargo provided \$78,719,153 in remediation to the populations certified as eligible for credits or refunds. More than \$10,000,000 was paid as a direct result of the IR's findings and determinations. In addition, for business efficiency reasons, Wells Fargo paid more remediation than was required in certain instances. Ultimately, Wells Fargo paid remediation to consumers in the amount of \$88,301,336.

As required by the Settlement Agreement, the Final Report also discusses the operational enhancements implemented by Wells Fargo and their impact on Wells Fargo's ability to properly file PCNs. The IR concluded that Wells Fargo implemented the required enhancements, but observed that there was still need for improvement to ensure properly filed PCNs. Over time, Wells Fargo has made additional improvements to its PCN process. Although these improvements were not specifically required by the Settlement Agreement, the IR believes that independent review process helped ensure that Wells Fargo continued to prioritize and improve its PCN process.

In sum, the IR believes that the monitoring process accomplished its objectives, including obtaining maximum remediation for debtors under the Settlement Agreement, independently overseeing Wells Fargo's compliance with the Settlement Agreement requirements, focusing Wells Fargo on the need to continue to prioritize and improve its operational processes, and assuring that Wells Fargo is positioned to adhere to its obligations to consumers after the completion of the IR's appointment.

I. INTRODUCTION

This is the final report (“Final Report”) submitted by the Independent Reviewer (“IR”) on the status of Wells Fargo Bank, N.A.’s (“Wells Fargo”) compliance with the Settlement Agreement entered in *In re Green*, Case No. 11-33377-TJC (D. Md.), between the Department of Justice’s United States Trustee Program (“USTP”) and Wells Fargo.¹ The USTP and Wells Fargo are sometimes referred to herein as the “Parties.” References to the Settlement Agreement include modifications thereof as agreed to by the Parties.² Further, references to the IR sometimes include the IR’s Professionals.³

The IR previously submitted a first report (“First Report”), filed with the Court on August 30, 2016, and a second report (“Second Report”), filed on May 12, 2017. In the First Report, the IR discussed the circumstances leading to the Settlement Agreement, Wells Fargo’s obligations under the Settlement Agreement, the IR’s role and mandate under the Settlement Agreement, the IR’s work progress, including the establishment of the work plan that dictated the testing protocol (“Work Plan”), findings through the date of the submission, and the IR’s anticipated future action with respect to overseeing and assessing Wells Fargo’s compliance with the Settlement Agreement.

In the Second Report, the IR discussed the evaluation by Wells Fargo Audit Services (“WFAS”) of the population of debtors covered by the Settlement Agreement, including the DataMart, which is the central repository constructed by Wells Fargo of the debtor accounts that may have been impacted by the Settlement Agreement, the revisions and additions to the testing requirements and protocol (referred to as “Metrics”), the USTP’s agreement with respect to certificate of service issues identified by the COS Agreement and the January Letter Agreement, the status and progress of test plan development and related testing, the IR’s findings through the date of the submission related to credits and refunds and servicing transfers, and the IR’s anticipated future action with respect to overseeing and assessing Wells

¹ The Settlement Agreement is attached to the First Report as Exhibit 1.

² The Settlement Agreement has been amended by: (i) the Letter Agreement, dated March 17, 2016, between Wells Fargo and the USTP, which is attached to the First Report as Exhibit 2 (the “March Letter Agreement”); (ii) the Letter Agreement, dated March 29, 2016, between Wells Fargo and the USTP, clarifying the method to calculate the Reconciliation Amount under Metric 5 (as discussed further in this Report); (iii) the Letter Agreement, dated August 24, 2016, between Wells Fargo and the USTP regarding a deficiency in Wells Fargo’s processes and procedures relating to the preparation and filing of certificates of service accompanying payment change notice filings, which is attached to the First Report as Exhibit 3 (the “COS Agreement”); and (iv) the Letter Agreement, dated January 20, 2017, between Wells Fargo and the USTP clarifying Wells Fargo’s debtor account crediting obligation, which is attached to the Second Report as Exhibit 1 (the “January Letter Agreement”).

³ See First Report for identification of the IR’s Professionals.

Fargo’s compliance with the Settlement Agreement. A list of the Metrics is included in Appendix 1 to this Final Report.

II. WELLS FARGO’S SETTLEMENT OBLIGATIONS TO DEBTORS IN CHAPTER 13 BANKRUPTCY CASES

A. Policy, Procedure and Process Enhancements

1. Overview

As part of the Settlement Agreement, Wells Fargo disclosed that it had failed to file, or timely file and serve, payment change notices (“PCNs”) as required by Bankruptcy Rule 3002.1 (the “Rule”) for debtors in Chapter 13 bankruptcy cases, and that its policies, procedures and processes required enhancements to ensure its future compliance with the Rule. Wells Fargo also determined that it had failed to conduct annual escrow analyses on a 12-month cycle and did not reduce monthly payments when debtors in Chapter 13 bankruptcy cases made lump sum payments to satisfy escrow shortages. In addition, Wells Fargo acknowledged that enhancements to its policies, procedures, processes and systems were required to ensure its future compliance in timely completing annual escrow analyses and properly applying and reducing monthly payments after debtors make lump sum payments to satisfy escrow shortages.

To this end, Wells Fargo agreed to implement certain operational enhancements to its PCN practices, including: (1) a comprehensive training program for PCN reviewers and signers, (2) a certification and monitoring process for authority to sign and file PCNs, (3) a consistent, documented process for properly completing, reviewing, signing, filing, and serving PCNs, (4) a monitoring process to validate the authority of PCN reviewers and signers to execute PCNs and file them with the court, and (5) a control process for evaluating whether PCNs were properly completed, filed and served. These changes to the policies, procedures and practices are collectively referred to as “PCN Operational Enhancements.” Further, the operational changes Wells Fargo agreed to implement to ensure that escrow analyses were performed on a 12-month cycle and monthly payments were automatically reduced when a debtor made a lump sum payment are referred to as “Escrow Process Enhancements.” Collectively, the “PCN Operational Enhancements” and “Escrow Process Enhancements” are referred to as “Operational Enhancements.”

Pursuant to Paragraphs 45(a) and Article V of the Settlement Agreement, the IR was required to evaluate whether Wells Fargo implemented the Operational Enhancements. The IR established a detailed Work Plan describing the testing methods and procedures to assess Wells Fargo’s compliance with the requirements of the Settlement Agreement as measured by the Metrics. Metrics 1 and 1A assess evidence demonstrating the existence of policies and procedures and implementation of the relevant Operational Enhancements detailed in the Settlement Agreement.

The IR’s testing protocol for Metrics 1 and 1A examined whether Wells Fargo had documented policies, procedures, and processes sufficient to provide reasonable assurances that Wells Fargo implemented the Operational Enhancements by the required deadline. The IR’s review and findings for Metrics 1 and 1A were also informed by the IR’s extensive testing in Metric 2 (Annual Escrow Analysis), Metric 3 (Timeliness of PCN Filings), and Metric 11 (Timely Service of PCNs), which evaluated whether Wells Fargo complied with certain escrow and PCN requirements after its implementation of the Operational Enhancements.

The IR determined that Wells Fargo implemented the Operational Enhancements as required by the Settlement Agreement and provides her observations about the Operational Enhancements as part of this Final Report.

2. Payment Change Notices

a. Legal Requirements

In Chapter 13 bankruptcy cases, the Rule applies to claims that are secured by a security interest in the debtor’s principal residence and provided for in the debtor’s plan under Section 1322(b)(5) of the Bankruptcy Code.⁴ The Rule requires the holder of the claim — typically the lender or servicer for the debtor’s home mortgage — to file and serve on the debtor, debtor’s counsel, and the trustee “a notice of any change in the payment amount, including any change that results from an interest rate or escrow account adjustment, no later than 21 days before a payment in the new amount is due.” Timely notice of changes to post-petition payment obligations permits the debtor or trustee to challenge the validity of any such changes or, if appropriate, adjust post-petition mortgage payments to cover any undisputed claimed adjustment. A PCN that was filed and served, but not within the required 21-day period, is

⁴ Bankruptcy Code Section 1322(b)(5) provides for bankruptcy plans that allow a debtor to cure a default and maintain regular payments to a creditor during the plan.

referred to in this Final Report as an “Untimely PCN” and a PCN that was not filed and served is referred to as a “Missed PCN.”

b. Obligations Related to PCN Enhancements

(1) PCN Operational Enhancements [Metrics 1 and 1A]

(a) Mandate in the Settlement Agreement

The Settlement Agreement required the IR to evaluate whether Wells Fargo implemented the PCN Operational Enhancements by November 30, 2015, to ensure that Wells Fargo is properly filing and timely serving PCNs.

During the IR’s review, the IR made certain inquiries of Wells Fargo relating to the filing and service of PCNs. While gathering information to respond to the IR’s inquiries, Wells Fargo discovered a deficiency in its policies and procedures relating to the preparation and filing of certificates of service accompanying its PCN filings. This resulted in the filing of PCNs with inaccurate dates of mailing in the certificate of service. The Settlement Agreement was amended to require Wells Fargo to implement additional Operational Enhancements by May 9, 2016 to ensure the accuracy of the certificates of service dates filed with the PCN and timely service of PCNs.

(b) Testing Protocol

For the purposes of testing whether Wells Fargo implemented the PCN Operational Enhancements, the IR performed the following:

- The IR attended in-person presentations and meetings in February 2016 on the PCN Operational Enhancements in effect as of November 30, 2015. Presentations were made by Wells Fargo’s Operational Initiatives Manager for Bankruptcy Operations, a Loan Administration Manager for PCNs (WFHM⁵), a Loan Administration Manager for PCNs (WFHE⁶), and a Business Liaison Consultant. Numerous other Wells Fargo employees connected to the PCN processes were present to provide information in response to questions from the IR.

⁵ Wells Fargo Home Mortgage, which predominantly services Wells Fargo’s first-lien mortgage portfolio.

⁶ Wells Fargo Home Equity, which predominantly services Wells Fargo’s HELOC and junior lien portfolio.

- The IR reviewed Wells Fargo’s written policies, procedures, training materials, training attendance certifications, quality assurance testing results, internal audit testing results, sample reports to management, and numerous other documents related to the PCN process.
- The IR conducted two days of on-site interviews in August 2017 regarding the PCN process with a Wells Fargo Loan Verification Analyst (WFHM), a Loan Verification Analyst (WFHE), a Business Liaison Associate, an Operations Analyst, a Bankruptcy Manager (WFHM), a Bankruptcy Manager (WFHE), and a Loan Administration Manager.

(i) Presentation by Wells Fargo

The February 2016 presentations on PCN Operational Enhancements generally informed the IR on: (i) the organizational structure of the PCN team, (ii) the process and system functionality used to identify future payment changes, (iii) the process and system functionality through which payment changes are matched to bankruptcy cases, (iv) the assignment of PCNs to Wells Fargo employees, (v) the review/approval of PCNs that preceded filing when the PCNs were auto-populated with information extracted from the system of record, (vi) the PCN exception process detailing the scenarios that Wells Fargo identified as not covered by the Rule, (vii) the jurisdictional limitations or restrictions on filing of PCNs, (viii) the limited debtor-driven scenarios that made it impossible for Wells Fargo to file a PCN 21 days in advance of the next payment due date, and (ix) an overview of the servicing systems and enhanced system functionality used in the processing and filing of PCNs.

The presentations described the training program, the monitoring process for signing and electronic filing credentials, the control process for filing PCNs, the testing for properly filed PCNs, reports on future payment changes, reports to management, and the PCN reconciliation procedure for Missed or Untimely PCNs.

During the presentations, the IR had the opportunity to inquire about the PCN Operational Enhancements and request follow-up information and documents. The IR found the presentations beneficial as an overview of Wells Fargo’s PCN policies, procedures and processes, and informative of the scope of Wells Fargo’s written policies and procedures, monitoring and reporting process.

(ii) Written Policies, Procedures and Documentation

The IR ultimately reviewed over 110 written policies, procedures, job aids, training materials, and sample quality assurance and audit reports related to the preparation, filing, training, testing, reporting and signing of PCNs between November 2015 and June 2016.

The policies and procedures generally recited the Rule, the purpose of the policy, and general function of the policy. The PCN procedures outlined the steps for performing the evaluation and process for the preparation of PCNs, exceptions, and Wells Fargo's process for reconciling accounts to provide credits or refunds when PCNs were not timely filed or served (the "Reconciliation Process"). Other documentation included job aids and checklists for completing PCNs and assessing exceptions. Sample training materials, attendance records, and other documentation relating to training were also included in the documents produced for review.

The sample quality assurance and internal audit manuals and reports demonstrated that Wells Fargo has a routine process in place to track, test, and validate the accuracy of the information on the PCN, as well as the timely filing and service of the PCNs. Documentation shows that the reports are produced to managers for evaluation. There were sample reports for tracking, testing, and validating the PCN inventory and timing for completion of PCNs.

The IR observed that the policies, procedures and job aids are not organized in a way that allows for easy cross-referencing or understanding in how the procedures and job aids fit together. Although the employees interviewed discussed the inclusion of job aids in a shared folder, the IR did not have visibility into the shared folder referenced by the analysts to reach any conclusions about whether the job aid folder could be easily navigated. The IR also observed that the written training materials for new hires and the annual training have little information about the PCN process specifically. Instead, the new hire training focused primarily on the bankruptcy process and the annual training materials had only one question related to PCNs. Further, although an employee training outline on the WFHM mortgage servicing platform (MSP) was provided, there was little documentation on any training with respect to the 4S platform⁷ or the WFHE systems of record. However, during the in-person interviews with Wells Fargo employees, the employees discussed side-by-side training sessions and other informal trainings that allowed the PCN team to address questions, issues, and updates, as needed.

⁷ Wells Fargo used a vendor, 4S Technologies, LLC ("4S"), to electronically file PCNs, prepare and file the certificates of service, and mail the PCNs to the debtors.

Finally, the dates included on the policies and procedures and the lack of dates on job aids made it difficult to determine which documentation was in place during various time periods. However, the interviewees uniformly stated that they had access only to current information, and outdated information was archived. Consequently, as a practical matter in performing their job functions, it did not appear that the Wells Fargo employees had difficulty in determining which job aids related to which policies and procedures.

(iii) Personnel Interviews

In August 2017, the IR conducted interviews with seven Wells Fargo employees regarding the PCN Operational Enhancements. The IR conducted these interviews after the IR had an opportunity to conduct sufficient testing of PCNs under Metric 3 that would allow the IR to make appropriate inquiries based on the questions that arose during the testing that related to the PCN Operational Enhancements.⁸

For these interviews, the IR requested that Wells Fargo make available employees who were actively involved in the preparation, filing and service of PCNs, who would be able to comment on the training, policies and procedures, Reconciliation Process, and quality assurance and testing. Wells Fargo produced seven employees for interviews, including Loan Verification Analysts for WFHM and WFHE, and an Operations Analyst who addressed training, the signing authority and process, job functions related to preparation, filing and service of PCNs, PCN exceptions, the Reconciliation Process, and access to policies and procedures.

The IR interviewed a Business Liaison Associate who addressed trainings on the PCN process as well as the 4S system and process. The Bankruptcy Managers for WFHM and WFHE, as well as the Loan Administration Manager, provided information regarding the PCN oversight process, their employee training requirements, signing authority and credentialing of PCN team members, and access to policies, procedures and job aids. The Bankruptcy Managers also explained the various reports that track PCN production, reconciliations, and quality control and audits.

⁸ WFAS completed its testing in April 2017, which was followed by a period of testing by the IR. The IR had conducted sufficient testing by August 2017 to conduct the interviews and request additional documentation.

(c) Conclusion

The IR concluded that Wells Fargo implemented the PCN Operational Enhancements by November 30, 2015, which were subsequently updated and implemented as required by the COS Letter Agreement as of May 9, 2016. The IR observed that the PCN team has continued to update and enhance the written procedures and job aids to assist in the PCN process.

The IR notes that the IR was not permitted to observe the live system accessible by Wells Fargo's employees to review and evaluate the PCN-related policies, procedures and job aids. During interviews, however, the IR learned that the documentation was in two places for employee access: an online portal, and a shared drive with job aids. This was not clear from the way in which the documents were produced to the IR by WFAS and Wells Fargo. Further, the policies and procedures did not cross-reference the job aids in a way that would inform employees where to go for additional information about issues related to the PCN process.

Further, the IR notes that the training related to the Operational Enhancements appeared to be somewhat informal in nature, and was often not formalized based on job function. Based upon the documentation produced and the employee interviews, it was not clear that a formal training program specific to the PCN Operational Enhancements had been fully incorporated in the Wells Fargo Learning Center, which is the source for all required trainings.

Finally, the IR notes that although Wells Fargo implemented the required enhancements, there were opportunities for improvement to ensure Properly Filed PCNs. Over the course of the IR review, Wells Fargo has made additional improvements, such as implementing a comprehensive PCN checklist as a job aid, instituting a peer review process in the business line to perform a second review of certain PCNs and reconciliations, enhancing certificate of service mailing processes, and improving tracking reports. The IR also observed that the internal tracking of PCNs had become more centralized and automated during the independent review process. During the February 2016 presentations, PCN tracking was described as a manual process with voluminous daily spreadsheets that were updated for continuous monitoring. By August 2017, the tracking process had been centralized and automated, which was an improvement upon the manual process. These and other improvements were not specifically required by the Settlement Agreement, but the IR believes that the ongoing independent review process helped ensure that Wells Fargo continued to prioritize and improve its PCN process, which may have contributed to its success in passing the PCN-related Metrics described below.

(2) Testing of Ongoing Compliance with PCN Requirements [Metric 3]

(a) Mandate in the Settlement Agreement

Pursuant to Paragraphs 45(k)(b) and 45(m) of the Settlement Agreement, the IR was required to evaluate whether, after March 31, 2015, Wells Fargo timely filed PCNs with the bankruptcy court for debtors in Chapter 13 bankruptcy cases, which stated the correct payment change amount, correct payment change effective date, and otherwise complied with the requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure, including for debtors whose accounts involved loan modifications.

Pursuant to Paragraph 45(i) of the Settlement Agreement, the IR was also required to evaluate whether Wells Fargo was complying with its policies, described in Paragraph 23, not to impose additional fees, penalties, or charges, including late fees, on debtors in Chapter 13 bankruptcy cases as a result of Untimely or Missed PCNs (“Fee Policies”). Because Paragraphs 45(k)(b), 45(m), and 45(i) impose ongoing requirements on Wells Fargo, the IR tested whether Wells Fargo timely filed PCNs and complied with its Fee Policies between April 1, 2015 and May 31, 2016 (“Review Period A”).

Further, pursuant to the COS Agreement, the IR was required to evaluate whether, after May 8, 2016, Wells Fargo timely served PCNs on debtors in Chapter 13 bankruptcy cases, which included correctly dated certificates of service, and otherwise complied with the requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure. Because the COS Agreement imposes an ongoing requirement on Wells Fargo, the IR tested whether Wells Fargo timely filed and served PCNs and complied with its Fee Policies between June 1, 2016 and July 31, 2016 (“Review Period B”).

Compliance with this mandate was tested under Metric 3.

(b) Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the requirement to timely file and serve PCNs and to comply with its Fee Policies.

For purposes of Metric 3 testing, the population was selected on the basis of individual occurrences of payment changes (“PCN Occurrences”). The Metric 3 population consisted of two review periods: Review Period A included a primary population of 160,462 PCN Occurrences with payment changes unrelated to a loan modification with an effective payment

change date between April 1, 2015 and May 31, 2016 (“Primary Review Period A Population”) and a secondary population of 4,268 PCN Occurrences with payment changes related to a loan modification with an effective payment change date between April 1, 2015 and May 31, 2016 (“Loan Modification Review Period A Population”); and Review Period B included 28,888 PCN Occurrences with an effective payment change date between June 1, 2016 and July 31, 2016 (“Review Period B Population”). From these populations, WFAS drew the following samples: 499 PCN Occurrences from the Primary Review Period A Population; 448 PCN Occurrences from the Loan Modification Review Period A Population; and 492 PCN Occurrences from the Review Period B Population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error for each of these populations. The PCN Occurrence samples for each population were selected on a random basis, without stratification.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to timely file and serve a PCN as required by the Rule, or if Wells Fargo imposed additional fees, penalties, or charges, including late fees, on a debtor in a Chapter 13 bankruptcy case as a result of an Untimely or a Missed PCN in violation of its Fee Policies. The IR applied a 4% threshold error, which meant that if the number of samples tested in which an error was identified exceeded 4% of the total number of samples tested, then Wells Fargo would fail Metric 3.

(c) Conclusion

The IR concluded that Wells Fargo passed Metric 3. The PCN Occurrence samples tested under Metric 3 demonstrated that Wells Fargo complied with the requirement to timely file and serve PCNs as required by the Rule and complied with its Fee Policies during the Review Periods A and B.

The testing for Primary Review Period A resulted in an error rate of 3.81%, which was below the threshold error rate of 4.00%. The results of the Metric 3 Primary Review Period A testing are set forth in the table below.

Primary Review Period A Population	
Population	160,462
Sample Size	499
Samples Passed	480
Samples Failed	19
Threshold Error Rate	4.00%
Error Rate	3.81%
Result	Pass

The testing for Loan Modification Review Period A resulted in an error rate of 3.35%, which was below the threshold error rate of 4.00%. The results of the Metric 3 Loan Modification Review Period A testing are set forth in the table below.

Loan Modification Review Period A Population	
Population	4,268
Sample Size	448
Samples Passed	433
Samples Failed	15
Threshold Error Rate	4.00%
Error Rate	3.35%
Result	Pass

The testing for Review Period B resulted in an error rate of 3.05%, which was below the threshold error rate of 4.00%. The results of the Metric 3 Review Period B testing are set forth in the table below.

Review Period B Population	
Population	28,888
Sample Size	492
Samples Passed	477
Samples Failed	15
Threshold Error Rate	4.00%
Error Rate	3.05%
Result	Pass

3. Escrow Analyses

a. Legal Requirements

The Real Estate Settlement Procedures Act and its implementing Regulation X (“RESPA”) require a servicer to perform an escrow analysis on an annual basis to determine the amount necessary for the debtor to fund his or her escrow account and to apportion the projected annual total due for taxes, insurance and other similar advances made on behalf of the debtor, over the 12 monthly mortgage payments for the upcoming year. Upon completion of the escrow analysis, RESPA requires the servicer to prepare and send to the borrower an annual escrow account statement within 30 days of the completion of the escrow account computation year.

RESPA also specifies the particular options available to the servicer to collect shortages and deficiencies in the escrow account, including allowing the borrower to pay shortages and deficiencies in the escrow account in a lump sum or in equal monthly payments over a 12-month period.

b. Obligations Related to Escrow Process Enhancements

(1) Escrow Process Enhancements [Metrics 1 and 1A]

(a) Mandate in the Settlement Agreement

Pursuant to Paragraphs 45(a) and (14) of the Settlement Agreement, the IR was required to evaluate whether Wells Fargo implemented certain changes to its policies, procedures and processes to ensure that escrow analyses are run on a 12-month cycle, and any customers in bankruptcy who pay their escrow shortage in a lump sum have their monthly payments automatically reduced pursuant to the escrow analysis.

(b) Testing Protocol

The IR testing consisted of: (i) in-person presentations in February and September 2016 on Wells Fargo’s escrow operations by Wells Fargo’s Vice President of Escrow Operations, (ii) Wells Fargo’s written escrow policies and procedures, and (iii) in-person interviews with Wells Fargo escrow operation employees, an Escrow Research Analyst and an Escrow Business Systems Consultant, regarding job functions and Escrow Process Enhancements.

(i) Presentations by Wells Fargo

The escrow operations presentation generally informed the IR on: (i) the organizational structure of the escrow operations team, (ii) Wells Fargo's understanding of its escrow account obligations under RESPA, including the requirement to perform an annual escrow account analysis, the administration of escrow account overages and shortages, and the requirement to prepare and deliver, including the mailing process, annual escrow account statements, (iii) the escrow account calculations Wells Fargo uses to prepare annual escrow account statements and to determine overages and shortages in an escrow account and the details of how and where escrow account data is stored and displayed in Wells Fargo's system of record, and (iv) Wells Fargo's implementation of Escrow Process Enhancements. During the presentation, the IR made inquiries to Wells Fargo's Vice President of Escrow Operations regarding the escrow operation process and implemented enhancements and requested follow-up information and documents. The IR found the presentation beneficial as a general overview of Wells Fargo's escrow operations and informative of the scope of Wells Fargo's written policies and procedures.

(ii) Written Policies, Procedures and Documentation

Wells Fargo's escrow-related documents included both archived and extant escrow policies and procedures to enable the IR to determine the changes made to implement the Escrow Process Enhancements. Each policy and procedure generally informed the IR of: (i) the purpose of the policy and procedure, (ii) the roles and responsibilities of the employees relevant to the process, (iii) the timing for performance of the process, (iv) the procedural steps for performing the process, (v) related corporate policies and procedures and applicable laws and regulations, (vi) relevant management tools and corporate departments with oversight or quality assurance responsibilities, (vii) the publication and effective date of the policy and procedure, and the next review, certification, and expiration dates, and (viii) the policy and procedure revision history. In reviewing the policies and procedures, the IR requested additional information for related policies and procedures germane to the IR's testing, and Wells Fargo responded by either identifying such other information or documents or informing the IR that no further information or documentation was available.

(iii) Personnel Interviews

In August 2017, the IR conducted interviews with an Escrow Research Analyst and an Escrow Business Systems Consultant from Wells Fargo's escrow operation team. The Escrow

Research Analyst described his employment history with Wells Fargo, current job description, and relevant training provided by Wells Fargo to effectively perform the function of an Escrow Research Analyst. The IR inquired into the formal and informal policies and procedures that are used to perform the function of an Escrow Research Analyst and further inquired into the changes in his job function and the related policies and procedures resulting from the implementation of the escrow-related enhancements. Specifically, the IR questioned the Escrow Research Analyst on his understanding of the process for the preparation of annual escrow analyses for accounts in Chapter 13 bankruptcy cases, whether he was aware of exceptions to that process and the nature of those exceptions, the process for handling lump sum payments of escrow shortages, training on changes related to the preparation of annual escrow analyses and application of lump sum payments of escrow shortages in Wells Fargo's system of record, and the use of written escrow policies and procedures in performing his job function.

The Escrow Business Systems Consultant described her role and responsibilities at Wells Fargo. The Consultant indicated that her primary responsibility with respect to the Settlement Agreement was to oversee the process by which Wells Fargo effected the Escrow Process Enhancements in Wells Fargo's system of record to prevent the overwriting of escrow analyses, remove the system flag that excluded the preparation of annual escrow analyses for accounts in Chapter 13 bankruptcy cases, and automated the adjustment process to recognize lump sum payments of escrow shortages.

(c) Conclusion

The IR concluded that Wells Fargo implemented the Escrow Process Enhancements by November 30, 2015.

The IR notes that the policies and procedures related to the escrow process ranged from high-level digests of regulatory requirements to very technical directions for a specific singular process and the IR found difficulty in assembling related policies and procedures in a linear job function approach. Although this may be attributable, in part, to the way in which the documents were delivered to the IR, the IR believes that the written escrow policies and procedures could be improved by reorganization.

(2) Testing of Ongoing Compliance with Escrow Requirements [Metric 2]

(a) Mandate in the Settlement Agreement

Wells Fargo had disclosed a technical issue with MSP that limited the storage of annual escrow analyses for debtors in Chapter 13 bankruptcy cases to two analyses. As a result of this limitation, Wells Fargo disclosed that it had not always prepared and communicated annual escrow analyses in accordance with RESPA. Wells Fargo reported that it had implemented a policy to delay the preparation of such annual escrow analyses for these debtors until the technical issue was resolved. As part of the Settlement Agreement, Wells Fargo represented that it made changes to MSP in November 2013 to correct the issue, which eliminated the need for its escrow preparation delay policy. In December 2013, Wells Fargo began the process of performing annual escrow analyses for debtors who had not received an analysis because of its prior delay policy, and these analyses were completed by March 2015.

Pursuant to Paragraph 45(k)(a) of the Settlement Agreement, the IR was required to evaluate whether after March 31, 2015, Wells Fargo timely performed and communicated annual escrow analyses for debtors in Chapter 13 bankruptcy cases as required by RESPA. Because Paragraph 45(k)(a) imposes an ongoing requirement on Wells Fargo, the IR tested whether Wells Fargo timely performed and communicated annual escrow analyses for these debtors with respect to those accounts that had a 12-month escrow analysis anniversary between April 1, 2015 and June 30, 2016 (the “Review Period”). Compliance with this mandate was tested under Metric 2.

(b) Testing Protocol

For purposes of Metric 2 testing, the population was selected on the basis of individual occurrences of annual escrow analyses (“Analysis Occurrences”) for accounts in Chapter 13 Bankruptcy Cases that had a 12-month escrow analysis anniversary between April 1, 2015 and June 30, 2016 as projected on the immediately preceding annual escrow analysis performed by Wells Fargo. The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the requirement to timely perform annual escrow analyses during the Review Period. The Metric 2 population consisted of three periods: Period 1 included 84,188 Analysis Occurrences occurring from April 1, 2015 through April 30, 2016; Period 2 included 7,147 Analysis Occurrences occurring from May 1, 2016 through May 31, 2016; and Period 3 included 7,753 Analysis Occurrences occurring from June 1, 2016 through June 30, 2016. WFAS identified a Metric 2 population of 99,088 Analysis Occurrences and sampled from that population, by period, as follows: 432 Analysis Occurrences from Period 1; 33 Analysis

Occurrences from Period 2; and 33 Analysis Occurrences from Period 3. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The Analysis Occurrence samples were selected on a random basis, without stratification.

Employing this sampling approach and methodology, WFAS selected a statistical sample of 498 Analysis Occurrences from the Review Period, which was the combined sum of the samples drawn from each of the three periods.

(c) Conclusion

The IR concluded that Wells Fargo passed Metric 2. The testing resulted in an error rate of 2.81%, which was below the threshold error rate of 4.00%. The results of Metric 2 testing for the combined periods are set forth in the table below.

Annual Escrow Analysis	
Population	99,088
Sample Size	498
Samples Passed	484
Samples Failed	14
Threshold Error Rate	4.00%
Error Rate	2.81%
Result	Pass

4. Attorney Fee Reimbursement [Metric 1]

Paragraph 25 of the Settlement Agreement requires Wells Fargo to reimburse debtors for reasonable attorneys’ fees in Chapter 13 Bankruptcy Cases in which: (1) there was a Missed or Untimely PCN, in connection with a payment change between December 1, 2011 and March 31, 2015, (2) the Bankruptcy Case is still pending as of the date of the Settlement Agreement (November 19, 2015), (3) the debtor (or bankruptcy trustee) has disputed a payment increase or fees, charges, and costs imposed in connection therewith as of November 19, 2015, and (4) the overall result was successful (“Successful PCN Objections”). To identify such instances, Paragraph 25 required Wells Fargo to review its internally maintained list of bankruptcy matters and to request its outside bankruptcy counsel to bring any such cases to its attention. Paragraph 45(j) required the IR to ensure that Wells Fargo paid reasonable attorney’s fees to the debtor. Compliance with this mandate was tested under Metric 1.

The IR evaluated whether Wells Fargo had documented policies and procedures, including maintenance of an internal list, sufficient to provide reasonable assurance that it met its obligations under Paragraph 25. Specifically, the IR reviewed Wells Fargo's policies, procedures and processes to ensure that debtors were being reimbursed for reasonable attorneys' fees for Successful PCN Objections. In addition, the IR requested, and Wells Fargo provided, a list of the cases it maintains as part of its regular business records detailing any dispute or objection to a payment increase following a Missed or Untimely PCN. The IR further reviewed Wells Fargo's internally maintained list and sampled objections on the list by checking bankruptcy court filings on PACER, an electronic public access service that allows users to obtain case and docket information online from bankruptcy courts. Wells Fargo also provided the form of notice it sent to outside bankruptcy counsel to solicit known incidences of Successful PCN Objections.

At the IR's request, Wells Fargo provided information about attorneys' fees it reimbursed pursuant to Paragraph 25 of the Settlement Agreement. Wells Fargo explained that it had paid fees in 12 instances, for a total of \$6,110. Upon further inquiry by the IR, including during in-person interviews of Wells Fargo's bankruptcy operations, the IR determined that Wells Fargo had interpreted Paragraph 25 to only require reimbursement of attorneys' fees if such fees were specifically ordered in the debtor's bankruptcy case. In the 12 instances where Wells Fargo reported it had paid attorneys' fees, the bankruptcy court specifically ordered the payment of the fees and, in at least ten of these instances, the fees ordered were unrelated to Successful PCN Objections.

The IR disagreed with Wells Fargo's interpretation of Paragraph 25. The plain language of Paragraph 25 did not require a court to order the payment of attorney fees. Wells Fargo's interpretation would make Paragraph 25 superfluous because Wells Fargo would already be required under a separate court order to pay the attorneys' fees. For these reasons, the IR concluded that Wells Fargo did not meet Metric 1's requirement of documented policies and procedures sufficient to provide reasonable assurance that Wells Fargo implemented a process for the reimbursement of attorneys' fees for Successful PCN Objections. Wells Fargo disagreed with the IR's conclusion and interpretation of Paragraph 25.

To resolve the disagreement, in October 2017, Wells Fargo agreed to send checks in the amount of \$1,000 to each debtor having a PCN objection using its internally maintained list of PCN objections in connection with a payment change between December 1, 2011 and March 31, 2015. The IR agreed that \$1,000 represented reasonable attorneys' fees for PCN objections. As a result, Wells Fargo reimbursed \$1,000 each to 60 additional debtors for a total of \$60,000.

In response to the IR's request, Wells Fargo confirmed that it provided the required remediation to the debtors on October 23, 2017. The IR has determined that no additional corrective action plan was necessary because Wells Fargo issued checks to all debtors on its list who fall within the Settlement Agreement's population, regardless of whether the PCN objection was ultimately successful.

The IR concluded that Wells Fargo met the requirements of Paragraph 25 of the Settlement Agreement after completing its corrective action.

B. Credits and Refunds

1. Payment Increase Credits for Missed or Untimely PCNs [Metric 4]

a. Mandate in the Settlement Agreement

As part of the Settlement Agreement, Wells Fargo disclosed that it had identified approximately 42,756 accounts where there were Untimely or Missed PCNs and where the associated monthly payment on the account increased between December 1, 2011 and March 31, 2015 (the "Paragraph 16(a) Accounts"). Wells Fargo also determined that, during the same time period, for an additional 4,750 accounts, PCNs were timely filed with the applicable bankruptcy court, but were not timely served on the debtors (the "Added Accounts"). Further, Wells Fargo agreed to include accounts that it had service-transferred after March 31, 2015 and before December 4, 2015 (the "Transferred Accounts") where there were Untimely or Missed PCNs and where the associated monthly payment on such accounts increased between December 1, 2011 and March 31, 2015 (the "Relevant Period").⁹ Wells Fargo agreed to provide a credit to the debtors for these accounts based upon the debtor's unpaid principal balance as of March 31, 2015 (the "Payment Increase Credit") and to provide notice to the debtor, debtor's counsel, and bankruptcy trustee, as applicable, of the Payment Increase Credit.

Pursuant to Paragraph 45(d) of the Settlement Agreement, the IR evaluated whether, for each of the Paragraph 16(a) Accounts, Wells Fargo credited the Payment Increase Credit to the debtor on or before March 31, 2017. Further, the IR evaluated whether, for each of the Added Accounts and the Transferred Accounts, Wells Fargo credited the Payment Increase

⁹ Wells Fargo's agreement to include the Transferred Accounts was memorialized in the Independent Reviewer's May 2017 Interim Progress Report.

Credit to the debtor on or before March 31, 2017. Finally, pursuant to Paragraph 45(i) of the Settlement Agreement, the IR also evaluated whether Wells Fargo was complying with its Fee Policies. Compliance with this mandate was tested under Metric 4.

b. Testing Protocol

For purposes of testing Metric 4, the IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the crediting and notice requirements for the Paragraph 16(a) Accounts and the Added Accounts. WFAS selected a sample from 54,904 accounts consisting of the Paragraph 16(a) Accounts and the Added Accounts. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 519 account samples using the above sampling approach and methodology.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to provide the proper Payment Increase Credit, adhere to its Fee Policies, send the required notices, or provide an accurate reason for the credit. The IR applied a 3% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 3% of the total number of samples tested, then Wells Fargo would fail Metric 4.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 4. The testing resulted in an error rate of 2.70%, which was below the threshold error rate of 3.00%. The results of Metric 4 testing are set forth in the table below.

Settlement Population	47,506 (approximation)
Sampling Population	54,904
Sample Size	519
Samples Passed	505
Samples Failed	14
Threshold Error Rate	3.00%
Error Rate	2.70%
Result	Pass

The IR required that Wells Fargo confirm that it provided the credit to debtors who did not receive a proper credit for the Payment Increase Credit, and Wells Fargo confirmed that such credits were provided.

The IR made several observations during Metric 4 testing. As discussed in the First Report, during meetings and reviews with Wells Fargo, the IR requested specific information to evidence the timely service of PCNs, in addition to evidence of timely filing. As a result of this inquiry, Wells Fargo discovered a deficiency in its processes and procedures relating to the preparation and filing of certificates of service accompanying its PCN filings. Specifically, Wells Fargo discovered that the service of some PCNs on debtors by mail was delayed, which rendered the certificates of service inaccurate. Because of this delayed mailing issue, Wells Fargo served untimely PCNs between December 1, 2011 and May 8, 2016. Wells Fargo identified approximately 4,750 accounts for which there were delayed mailings of PCNs between December 1, 2011 and March 31, 2015 and the associated monthly payment amount increased on the account. For these accounts, Wells Fargo provided the Payment Increase Credit due under Metric 4.

The IR discussed in the Second Report that Wells Fargo sometimes issued refund checks to debtors or bankruptcy trustees, as opposed to providing a credit to the debtor's account as required by Paragraph 16(a) of the Settlement Agreement. The IR concluded that "... Wells Fargo failed to comply with the account crediting requirements of Paragraph 16(a) by providing refund checks as opposed to account credits." The IR determined that no additional corrective action plan was required with respect to this issue because Wells Fargo paid and the debtor received the benefit of the Payment Increase Credit, as tested under Metric 4, albeit in the form of a refund rather than a credit to the debtor's account.

In addition, as also discussed in the Second Report, the IR determined that Transferred Accounts should have been included in Wells Fargo's estimates of Paragraph 16(a) Accounts under the Settlement Agreement and should have received remediation under Metric 4. Wells Fargo agreed to include these Transferred Accounts in the Metric 4 population, which resulted in an additional 1,241 accounts receiving remediation totaling \$1,657,346.

2. Credits for Untimely Served PCNs [Metric 11]

a. Mandate in the Settlement Agreement

As discussed above, because of the delayed mailing issue, many of the certificates of service accompanying PCNs filed by Wells Fargo between December 1, 2011 and May 8, 2016

contained dates of mailing that were not consistent with the date the PCN was actually mailed. As a result, some debtors were served by mail less than 21 days before the effective date of the PCN, in violation of the Rule (“Untimely Served PCNs”). Specifically, Wells Fargo disclosed that there were approximately 4,750 accounts that had Untimely Served PCNs with a payment increase during the Relevant Period, which accounts were included in Metric 4. In addition, Wells Fargo identified approximately 1,800 accounts for which there were Untimely Served PCNs between April 1, 2015 and May 8, 2016 (the “PCN Service Relevant Period”).

For Untimely Served PCNs in the PCN Service Relevant Period, Wells Fargo agreed to credit the debtor’s account or provide a refund to the debtor or trustee, as appropriate, (the “Untimely Served PCN Credit”) in the amount of the sum of the aggregate differences between the monthly payment amount properly in effect before each Untimely Served PCN and the new monthly payment amount stated in the related Untimely Served PCN multiplied by the number of months between the properly noticed payment change prior to each Untimely Served PCN and the first payment due date occurring 21 days or more after the date of the related Untimely Served PCN.

Pursuant to the Settlement Agreement, the IR evaluated whether Wells Fargo credited to the debtor’s account or refunded to the debtor or trustee, as appropriate, the Untimely Served PCN Credit on or before April 17, 2017.¹⁰

Compliance with this mandate was tested under Metric 11.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the Untimely Served PCN Credit evaluation, crediting, and notice requirements for the PCN Service Relevant Period. WFAS identified a Metric 11 population of 3,181 accounts and sampled from that population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. WFAS and the IR tested 433 account samples using the above sampling approach and methodology.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to provide the Untimely Served PCN Credit, send the required notices, or provide an accurate reason for the credit or

¹⁰ Pursuant to Article VIII of the Settlement Agreement Wells Fargo was required to complete all credits before March 31, 2017. Wells Fargo discovered that it did not fully remediate the Untimely Served PCN accounts and, on March 30, 2017, requested and was granted an extension until April 17, 2017 to complete the remediation of these accounts.

refund. The IR applied a 4% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 4% of the total number of samples tested, then Wells Fargo would fail Metric 11.

c. Conclusion

The IR delivered an initial assessment with preliminary findings to Wells Fargo on Metric 11 and made a preliminary finding that Wells Fargo had not provided credits or refunds to all required debtors. Wells Fargo objected to the IR’s preliminary findings. In accordance with Paragraph 49 of the Settlement Agreement, the IR considered, in good faith, the information provided by Wells Fargo.

The IR determined that Wells Fargo had a differing interpretation of how certain factual scenarios should be treated under the COS Letter Agreement. More specifically, Wells Fargo posited that the payment change date should be measured by the system of record change date, and the IR believed that the payment change date should be measured by the payment change date disclosed on the PCN. The IR determined that the dispute over the interpretation could be resolved if Wells Fargo agreed to provide Metric 11 credits to debtors who had been excluded to the extent that such debtors had not already been fully remediated through Wells Fargo’s Reconciliation Process. Wells Fargo agreed to provide the additional remediation and to provide notice to the IR upon completion of the additional remediation.

The IR concluded that Wells Fargo passed Metric 11. The testing resulted in an error rate of 2.08%, which was below the threshold error rate of 4.00%. The results of Metric 11 testing are set forth in the table below.

Settlement Population	1,800 (approximation)
Sampling Population	3,181
Sample Size	433
Samples Passed	424
Samples Failed	9
Threshold Error Rate	4.00%
Error Rate	2.08%
Result	Pass

3. Reconciliation Credits [Metric 5]

a. Mandate in the Settlement Agreement

Wells Fargo agreed to undertake an account reconciliation for those debtors who were entitled to receive a Payment Increase Credit under Metric 4 when the earliest of one of the following events occurred: (1) Wells Fargo filed a motion for relief from stay with the bankruptcy court; (2) the Bankruptcy Case was dismissed or converted; or (3) the debtor received a discharge (these events are referred to as “Milestone Events”). Wells Fargo agreed to provide a credit (the “Reconciliation Credit”) in the amount of: (a) the aggregate difference between the prior properly noticed payment amount and the payment amount associated with the Untimely or Missed PCN through the earlier of the date a PCN was properly filed and the date the Milestone Event occurred (the “Reconciliation Amount”); less (b) the Payment Increase Credit and any other credits previously paid under Paragraph 16(c) (collectively referred to as the “Prior Credits”). Wells Fargo also agreed to provide notice of the Reconciliation Credit to the debtor, debtor’s counsel, and bankruptcy trustee, as applicable.

Pursuant to Paragraph 45(b) of the Settlement Agreement, the IR evaluated whether Wells Fargo implemented the account Reconciliation Process required under Paragraph 16(b). Specifically, for accounts where the Payment Increase Credit did not exceed the Reconciliation Amount, Wells Fargo agreed in Paragraph 16(b) to an ongoing requirement to consider each debtor who reaches a Milestone Event for a Reconciliation Credit. Because Paragraph 16(b) imposes an ongoing requirement on Wells Fargo, the IR tested Wells Fargo’s implementation of the account Reconciliation Process required under Paragraph 16(b) with respect to those accounts that reached a Milestone Event between July 1, 2016 and August 31, 2016.

Compliance with this mandate was tested under Metric 5.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the Reconciliation Credit evaluation, crediting and notice requirements. WFAS identified a Metric 5 population of 1,869 accounts that reached a Milestone Event and sampled from that population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 408 account samples using the above sampling approach and methodology.

The IR applied a 5% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 5% of the total number of samples tested, then Wells Fargo would fail Metric 5.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 5. The testing resulted in an error rate of 1.72%, which was below the threshold error rate of 5.00%. The Metric 5 testing results are set forth in the table below.

Settlement Population	Not applicable
Sampling Population	1,869
Sample Size	408
Samples Passed	401
Samples Failed	7
Threshold Error Rate	5.00%
Error Rate	1.72%
Result	Pass

The IR required that Wells Fargo confirm that it provided the credit to debtors who did not receive a proper Reconciliation Credit, and Wells Fargo confirmed that such credits were provided.

4. Payment Decrease Credit [Metric 6]

a. Mandate in the Settlement Agreement

As part of the Settlement Agreement, Wells Fargo disclosed that it had identified approximately 3,000 accounts where there were Untimely or Missed PCNs and the associated monthly payment on the account decreased between December 1, 2011 and March 31, 2015 and Wells Fargo determined that, during the same time period, there were an additional 1,400 accounts with a payment decrease for which PCNs were timely filed, but not timely served on the debtors (collectively the “Payment Decrease Accounts”). Wells Fargo agreed to provide a refund to the debtor or trustee, as appropriate, in an amount equal to the aggregate amount paid in excess of the new actual monthly payment due through the earliest of one of the following events: the filing of a properly filed PCN, filing a motion for relief from stay with the

bankruptcy court, dismissal, discharge or conversion of the bankruptcy case (the “Payment Decrease Refund”). Wells Fargo also agreed to provide notice of the Payment Decrease Credit to the debtor, debtor’s counsel, and bankruptcy trustee, as applicable.

Pursuant to Paragraph 45(h) of the Settlement Agreement, the IR evaluated whether Wells Fargo provided the Payment Decrease Refund to the debtor or trustee, as appropriate, for each of the Payment Decrease Accounts.

Compliance with this mandate was tested under Metric 6.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the refunding and notice requirements for the Payment Decrease Accounts. WFAS identified a Metric 6 population of 21,269 accounts and selected a primary and a secondary sample from that population. Because payment change decreases being evaluated under Metric 6 included all accounts with a payment decrease, an associated Missed or Untimely PCN, and an aggregate overpayment, the initial testing population excluded accounts where there was no aggregate overpayment. In order for the IR to have adequate visibility regarding the accounts with refunds and the accounts that were excluded because there was no aggregate overpayment, two sample populations were used to ensure that the exclusions were appropriate and the refunds were accurate. As a result, this sampling protocol was unique to Metric 6.

A primary sample was selected to ensure that the IR could evaluate whether accounts for which a Payment Decrease Refund was not provided were properly omitted from receiving a Payment Decrease Refund. The sampling methodology for the primary sample was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. A secondary sample was selected in order to ensure that the sample of Payment Decrease Accounts included an adequate number of accounts for which Wells Fargo actually provided a Payment Decrease Refund and notice. The sampling methodology for the secondary sample was performed with a 92% confidence level,¹¹ a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 625 account samples using the above sampling approach and methodology.

¹¹ The IR used a 92% confidence level for the secondary sample to increase the number of testable accounts.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to provide the proper Payment Decrease Refund, send the required notices, or provide an accurate reason for the refund. The IR applied a 5% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 5% of the total number of samples tested, then Wells Fargo would fail Metric 6.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 6. The testing resulted in an error rate of 1.57%, which was below the threshold error rate of 5.00%. The Metric 6 testing results are set forth below.

Settlement Population	4,400
Primary Sample Population	21,269
Secondary Sample Population	2,654
Primary Sample Size	504
Secondary Sample Size	131
Combined Samples Passed	625
Combined Samples Failed	10
Threshold Error Rate	5.00%
Error Rate	1.57%
Result	Pass

The IR required that Wells Fargo confirm that it provided the Payment Decrease Refunds to debtors who did not receive a proper refund, and Wells Fargo confirmed that such credits were provided.

5. Pro Forma Escrow Account Credit or Refund [Metric 7]

a. Mandate in the Settlement Agreement

As part of the Settlement Agreement, Wells Fargo disclosed that it had identified approximately 18,538 accounts in which one or more annual escrow analyses were not prepared within the normal 12-month cycle for such analyses (“Delayed Escrow Cases”). Wells Fargo agreed to complete an annual escrow analysis for each Delayed Escrow Case as if the annual escrow analysis had been prepared at the 12-month mark (the “Pro Forma Analysis”)

and compare the Pro Forma Analysis to any other later prepared annual escrow analysis (the “Delayed Escrow Analysis”). Further, Wells Fargo agreed to provide a credit or refund to the debtor or trustee, as appropriate, based upon whether the Pro Forma Analysis shows a shortage or surplus in the escrow account. Specifically, if the Pro Forma Analysis shows a shortage in the escrow account and that shortage was less than the shortage shown in the Delayed Escrow Analysis, then Wells Fargo agreed to provide a credit to the debtor’s escrow account equal to the difference between the shortage shown in the Delayed Escrow Analysis and the shortage shown in the Pro Forma Analysis (“Shortage Credit”). If the Pro Forma Analysis showed a surplus in the escrow account of \$50 or more and the debtor was either current under a confirmed plan in the Chapter 13 Bankruptcy Case or current as of the conversion or dismissal of the Bankruptcy Case, then Wells Fargo agreed to provide a refund in the amount of the surplus to the debtor or trustee, as appropriate (“Surplus Refund”).

Pursuant to Paragraph 45(e), the IR evaluated whether, for each of the Delayed Escrow Cases, Wells Fargo provided the Shortage Credit or the Surplus Refund on or before March 31, 2017.

Compliance with this mandate was tested under Metric 7.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the Delayed Escrow Cases crediting, refunding, and notice requirements. WFAS identified a Metric 7 population of 17,683 accounts, and sampled from that population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 487 account samples using the above sampling approach and methodology.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to provide the Shortage Credit or the Surplus Refund, send the required notices, or provide an accurate reason for the credit. The IR applied a 5% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 5% of the total number of samples tested, then Wells Fargo would fail Metric 7.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 7. The testing resulted in an error rate of 3.29%, which was below the threshold error rate of 5.00%. The Metric 7 testing results are set forth in the table below.

Settlement Population	18,538 (approximation)
Sampling Population	17,683
Sample Size	487
Samples Passed	471
Samples Failed	16
Threshold Error Rate	5.00%
Error Rate	3.29%
Result	Pass

The IR notes that during the course of evaluating the test plans, the IR determined that Wells Fargo used a 14-month time-period for preparing the Pro Forma Analysis under Metric 7, rather than the normal 12-month cycle. This had an impact of reducing some credits or refunds to certain debtors. Before testing commenced, Wells Fargo agreed to provide additional credits or refunds to debtors using the 12-month cycle. Wells Fargo further agreed to provide debtors' notice of the additional credits and refunds and to provide the IR the dates such notices were sent to the debtors who received the additional credits and refunds. As a result of the IR's determination, Wells Fargo provided additional credits and refunds totaling \$658,344, which included an additional 568 debtors receiving Shortage Credits or Surplus Refunds, that Wells Fargo had determined were not entitled to relief.

6. Delayed Escrow PCN Account Credit [Metric 8]

a. Mandate in the Settlement Agreement

As part of the Settlement Agreement, Wells Fargo disclosed that it had identified approximately 12,000 accounts of 18,538 Delayed Escrow Cases (cases in which one or more escrow analyses exceeded the normal 12-month requirement for such analyses) where the payment amount would have changed if the escrow analysis was not delayed and Wells Fargo would have filed a payment change notice ("Delayed Escrow PCN Cases"). Wells Fargo agreed to provide a \$333.33 credit to the debtors for these accounts. These Delayed Escrow PCN Cases were not already included in the Paragraph 16(a) crediting population for Metric 4.

Pursuant to Paragraph 45(f), the IR evaluated whether, for each of the accounts described in Paragraph 19, Wells Fargo credited \$333.33 to the debtor on or before March 31, 2017.

Compliance with this mandate was tested under Metric 8.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the Delayed Escrow PCN Cases crediting and notice requirements. WFAS identified a Metric 8 population of 7,180 accounts, and sampled from that population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 470 account samples using the above sampling approach and methodology.

The IR applied a 3% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 3% of the total number of samples tested, then Wells Fargo would fail Metric 8.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 8. The testing resulted in an error rate of 0.64%, which was below the threshold error rate of 3.00%. The Metric 8 testing results are set forth in the table below.

Settlement Population	12,000 (approximation)
Sampling Population	7,180
Sample Size	470
Samples Passed	467
Samples Failed	3
Threshold Error Rate	3.00%
Error Rate	0.64%
Result	Pass

7. Lump Sum Escrow Account Refund [Metric 9]

a. Mandate in the Settlement Agreement

As part of the Settlement Agreement, Wells Fargo agreed to refund all amounts overpaid by the debtor with respect to the approximately 2,400 accounts where a lump sum escrow shortage payment was made between January 1, 2014 and June 30, 2015 (the “Lump Sum Escrow Cases”). In these cases, Wells Fargo failed to reduce each debtor’s monthly mortgage payment after the debtor paid the lump sum escrow shortage. Wells Fargo agreed to provide a refund to each debtor in an amount equal to the difference between the aggregate escrow payment(s) made by the debtor and the amount the debtor would have paid if Wells Fargo applied the lump sum payment (the “Escrow Overpayment”).

Pursuant to Paragraph 45(g), the IR was required to evaluate whether, for each of the accounts described in Paragraph 20, Wells Fargo made the appropriate refund to the debtor on or before March 31, 2017.

Compliance with this mandate was tested under Metric 9.

b. Testing Protocol

The IR used a sampling approach and methodology to assess Wells Fargo’s compliance with the Lump Sum Escrow Cases refunding and notice requirements. WFAS identified a Metric 9 population of 2,128 accounts, and sampled from that population. The sampling methodology was performed with a 98% confidence level, a 5% estimated error rate, and a 2% margin of error. The account samples were selected on a random basis, without stratification. WFAS and the IR tested 406 account samples using the above sampling approach and methodology.

Pursuant to the Work Plan, an error existed if Wells Fargo failed to refund the Escrow Overpayment, send the required notices, or provide an accurate reason for the refund. The IR applied a 5% threshold error rate, which meant that if the number of samples tested in which an error was identified exceeded 5% of the total number of samples tested, then Wells Fargo would fail Metric 9.

c. Conclusion

The IR concluded that Wells Fargo passed Metric 9. The testing resulted in an error rate of 2.96%, which was below the threshold error rate of 5.00%. The Metric 9 testing results are set forth in the table below.

Settlement Population	2,400 (approximation)
Sampling Population	2,128
Sample Size	406
Samples Passed	394
Samples Failed	12
Threshold Error Rate	5.00%
Error Rate	2.96%
Result	Pass

The IR required that Wells Fargo confirm that it provided the Escrow Overpayment refund to debtors who did not receive a proper refund, and Wells Fargo confirmed that such credits were provided.

8. Late Fees and Additional Fees, Penalties, and Charges

In Paragraph 22 of the Settlement Agreement, Wells Fargo asserted that, as a matter of practice, it does not impose post-petition late fees on debtors during a Chapter 13 bankruptcy case. Further, in Paragraph 23 of the Settlement Agreement Wells Fargo represented that it did not impose late fees, additional fees, penalties or charges on debtors in Chapter 13 bankruptcy cases as a result of Untimely PCNs, and would provide a credit or refund, as appropriate, for all amounts assessed or imposed against a debtor in contravention of these policies. These policies are collectively referred to as Fee Policies.

The IR evaluated Wells Fargo’s adherence to its Fee Policies during the course of testing in Metrics 3 and 4, as discussed in detail above. In addition, the IR evaluated whether Wells Fargo had written policies and procedures regarding its assertions in Paragraphs 22 and 23 of the Settlement Agreement.

The IR reviewed a “Payment Change Notification (PCN) Process Policy” (the “Policy”), which states that no late fee will be charged for any Untimely PCN. The Policy further states that if a PCN was not filed timely, then Wells Fargo would review the account to determine whether credits need to be issued. The Policy further provides, by way of example, that if there is a rate adjustment to an account resulting in a payment increase and a PCN was not timely

filed, then Wells Fargo would credit the account for the difference in payment to ensure the debtor was compensated for the delay and waive any late fees. Based on the Policy and the testing in Metrics 3 and 4, the IR determined that Wells Fargo had documented a policy and procedure for its Fee Policies prior to November 30, 2015, as represented in the Settlement Agreement.

9. Notices of Credits and Refunds

Pursuant to Paragraph 45(l) of the Settlement Agreement, the IR evaluated whether Wells Fargo sent proper written notice to the debtor, the debtor’s attorney, and the bankruptcy trustee, if necessary, as part of testing in Metrics 4, 5, 6, 7, 8, 9 and 11 (the “Credit and Refund Metrics”). The IR evaluated whether the written notice included the amount of the credit or refund and the reason for the credit or refund. The IR also evaluated whether notice was sent to the debtor’s counsel and bankruptcy trustee if the debtor’s Chapter 13 bankruptcy case was still pending. During testing the Credit and Refund Metrics, the IR noted that a number of the failed samples were caused by Wells Fargo’s failure to send notices to the debtor’s attorney or the bankruptcy trustee when the debtor’s bankruptcy case was still pending. However, the IR did not find that the notice issues resulted in the failure of any single Metric.

C. Determination of Population for Credits and Refunds [Metrics 10 and 10A]

1. Mandate in the Settlement Agreement

Pursuant to Paragraph 45(c) of the Settlement Agreement, the IR was required to assess whether Wells Fargo’s estimated population of the number of debtors entitled to relief for the PCN and escrow deficiencies was substantially accurate. As mandated by the Settlement Agreement, the IR established a process whereby WFAS would independently certify to the IR: the accuracy and completeness of the debtors entitled to relief under the Settlement Agreement; and Wells Fargo’s provision of credits and refunds to debtors under Paragraphs 16(a) and 17-20 of the Settlement Agreement.

Compliance with this mandate was tested under Metrics 10 and 10A.

2. Testing Protocol

Metrics 10 and 10A assessed whether Wells Fargo's estimated populations were substantially accurate. The IR measured two population components under Metrics 10 and 10A, which included:

- i. The estimated populations: The estimated total number of accounts within each applicable Metric as referenced by Wells Fargo in Paragraphs 16(a) and 17 – 20 of the Settlement Agreement, and enumerated in Exhibits A to the Settlement Agreement and the COS Letter Agreement.
- ii. The certified populations: The total respective Metrics population of accounts identified by WFAS during the crediting and refund testing for each Metric, which WFAS certified to the IR as to the accuracy and completeness of those Metric populations, with further validation and confirmation through the IR's review.

Specifically, Metric 10 assessed the accuracy and completeness of the certified populations under Metrics 4, 6, 7, 8, and 9, compared to the estimated populations for each such Metric as represented by Wells Fargo in the Settlement Agreement. Metric 10A assessed the accuracy and completeness of the certified populations under Metrics 4, 6, and 11, as compared to the estimated populations for each such Metric as represented by Wells Fargo in Exhibit A to the COS Letter Agreement.

Pursuant to the Work Plan, the IR applied a 10% threshold error rate to determine whether Wells Fargo passed or failed the Metric 10 and 10A assessment with respect to each Metric population. Under this approach, if the certified population was 10% greater than the estimated population, then Wells Fargo would fail as to the applicable Metric population.

During development of the Work Plan, Wells Fargo informed the IR that it had provided only high-level estimates of the number of debtors potentially entitled to relief under Metrics 4, 6, 7, 8, and 9, and, therefore, the IR was aware and understood that Wells Fargo would not meet the 10% error threshold for most, if not all, of the metrics before testing began. As such, the IR and Wells Fargo agreed that Wells Fargo would provide remediation to all impacted debtors under the appropriate Metric. The IR and Wells Fargo also agreed that Wells Fargo would provide a written explanation for the inaccurate estimates and would confirm that impacted debtors received remediation equal to or greater than the amount provided for under the appropriate Metric.

3. Conclusion

The IR concluded that Wells Fargo failed the Metric 10 population estimates for Metrics 4, 6, 8, and 9. The IR also concluded that Wells Fargo failed the Metric 10A population estimates for Metrics 4, 6 and 11. Finally, the IR determined that Wells Fargo passed the Metric 10 population estimate for Metric 7 only.

a. Comparison of Certified Population to Estimated Population

The following two tables compare the population certified in accordance with the Settlement Agreement to the population estimated in the Settlement Agreement, and illustrate the basis for the population failures.

**Metric 10 Comparison of
Certified Population to Estimated Population**

Metric	Certified Population as Determined by WFAS	Estimated Population from Settlement	Variance	Percentage Variance	Conclusion (Pass / Fail)
Metric 4	49,732	42,756	6,976	16.32%	Fail
Metric 6	2,428	3,000	(572)	19.07%	Fail
Metric 7	17,683	18,538	(855)	4.61%	Pass
Metric 8	7,180	12,000	(4,820)	40.17%	Fail
Metric 9	2,128	2,400	(272)	11.33%	Fail

**Metric 10A Comparison of
Certified Population to Estimated Population**

Metric	Certified Population as Determined by WFAS	Estimated Population from Settlement	Variance	Percentage Variance	Conclusion (Pass / Fail)
Metric 4	6,449	4,750	1,699	35.77%	Fail
Metric 6	172	1,400	(1,228)	87.71%	Fail
Metric 11	3,181	1,800	1,381	76.72%	Fail

The basis for each Metric population failure is described in more detail below:

Metric 4: Pursuant to Metric 10, WFAS certified a Metric 4 population of 49,732 accounts.¹² The WFAS-certified Metric 4 population exceeded the estimated population of 42,756 by more than the 10% threshold error rate and, therefore, Metric 10 failed with respect to the Metric 4 population.

Pursuant to Metric 10A, WFAS certified a Metric 4 population of 6,449 accounts. The WFAS-certified Metric 4 population exceeded the estimated population of 4,750 by more than the 10% threshold error rate and, therefore, Metric 10A failed with respect to the Metric 4 population.

Metric 6: Pursuant to Metric 10, WFAS certified a Metric 6 population of 2,428 accounts. The WFAS-certified Metric 6 population was less than the estimated population of 3,000 by more than the 10% threshold error rate and, therefore, Metric 10 failed with respect to the Metric 6 population.

Pursuant to Metric 10A, WFAS certified a Metric 6 population of 172 accounts. The WFAS-certified Metric 6 population was less than the estimated population of 1,400 by more than the 10% threshold error rate and, therefore, Metric 10A failed with respect to the Metric 6 population.

Metric 7: Pursuant to Metric 10, WFAS certified a Metric 7 population of 17,683 accounts. The variance in total number of accounts between the WFAS-certified Metric 7 population and estimated population of 18,538 accounts as represented by Wells Fargo in the Settlement Agreement did not exceed the 10% threshold error rate and, therefore, Metric 10 passed with respect to the Metric 7 population.

Metric 8: Pursuant to Metric 10, WFAS certified a Metric 8 population of 7,180 accounts. The WFAS-certified Metric 8 population was less than the estimated population of 12,000 by more than the 10% threshold error rate and, therefore, Metric 10A failed with respect to the Metric 8.

Metric 9: Pursuant to Metric 10, WFAS certified a Metric 9 population of 2,128 accounts. The WFAS-certified Metric 9 population was less than the estimated population of 2,400 by more than the 10% threshold error rate and, therefore, Metric 10 failed with respect to the Metric 9 population.

¹² Note that this certified number included 1,241 Transferred Accounts.

Metric 11: Pursuant to Metric 10A, WFAS certified a Metric 11 population of 3,181 accounts. The WFAS-certified Metric 11 population exceeded the estimated population of 1,800 by more than the 10% threshold error rate and, therefore, Metric 10A failed with respect to the Metric 11 population.

b. Comparison of Certified Population to Actual Population Receiving Credits or Refunds

For each Metric that failed, Wells Fargo provided the IR with an explanation for the difference between the estimated population and the certified population, which was satisfactory to the IR. For example, Wells Fargo’s Metric 6 and 8 population estimates included certain accounts that should have been included in the population estimate for Metric 4. This caused an over-estimate in Metrics 6 and 8, and an under-estimate in Metric 4. However, Wells Fargo noted that the combined estimated populations for Metrics 4, 6, and 8 only had a variance of 2.74% from the combined certified populations for those Metrics and that debtors received more remediation by being included in Metric 4 rather than Metrics 6 or 8. The IR confirmed that Wells Fargo provided the remediation required for each failure during metric testing; this confirmation is also supported by the total population that received remediation and the total amount of remediation paid to debtors, as evidenced in the charts below.

The following two tables compare the certified population to the actual population for which remediation was provided.

Metric 10 Comparison of Certified Population to Actual Population

Metric	Certified Population as Determined by WFAS	Wells Fargo Remediation Population	Population Variance	Percentage Variance
Metric 4	49,732	57,197	7,465	15.01%
Metric 6	2,428	2,369	(59)	2.43%
Metric 7	17,683	9,372	(8,311)	47%
Metric 8	7,180	6,749	(431)	6%
Metric 9	2,128	2,591	463	21.76%

**Metric 10A Comparison of
Certified Population to Actual Population**

Metric	Certified Population as Determined by WFAS	Wells Fargo Remediation Population	Population Variance	Percentage Variance
Metric 4	6,449	7,371	922	14.30%
Metric 6	172	290	118	68.60%
Metric 11	3,181	3,300	119	3.74%

c. Comparison of Remediation Provided to Certified Population to Actual Population Receiving Credits or Refunds

The following charts show the difference in the remediation paid between the certified populations as determined by WFAS and the Wells Fargo remediation populations. The payment amounts shown below demonstrate that Wells Fargo paid more remediation under Metrics 4, 6, 7, 9 and 11 than was required according to the certified population. For Metric 8, less remediation was paid than certified because Wells Fargo included some of the Metric 8 accounts in the population remediated under Metric 4 (as discussed above).

**Metric 10 Comparison of
Remediation Paid to Certified Population to
Actual Remediation Paid by Wells Fargo**

Metric	Remediation Required for Certified Population as Determined by WFAS	Remediation Actually Paid by Wells Fargo	Remediation Variance	Percentage Variance
Metric 4	\$59,814,246	\$67,849,539	\$8,035,293	13.43%
Metric 6	\$388,139	\$374,751	(\$13,388)	3.45%
Metric 7	\$8,647,892	\$9,502,124	\$854,232	9.88%
Metric 8	\$2,366,310	\$2,250,977	(\$115,333)	4.87%
Metric 9	\$471,662	\$632,795	\$161,133	34.16%
Total	\$71,688,249	\$80,610,186	\$8,921,937	12.45%

**Metric 10A Comparison of
Remediation Paid to Certified Population to
Actual Remediation Paid by Wells Fargo**

Metric	Remediation Required for Certified Population as Determined by WFAS	Remediation Actually Paid by Wells Fargo	Remediation Variance	Percentage Variance
Metric 4	\$6,854,373	\$7,475,885	\$621,512	9.07%
Metric 6	\$25,307	\$42,907	\$17,600	69.55%
Metric 11	\$151,224	\$172,358	\$7,966	5.27%
Total	\$7,030,904	\$7,691,150	\$647,078	9.20%

In summary, Wells Fargo failed to estimate the populations eligible for credits and refunds with substantial accuracy, and therefore failed Metrics 10 and 10A. However, during the IR process, Wells Fargo came into compliance and properly identified the populations eligible for credits and refunds. In total, Wells Fargo provided \$78,719,153 in remediation to the populations certified as eligible for credits or refunds. In addition, for business efficiency reasons, Wells Fargo paid more remediation than was required in certain instances. Ultimately, Wells Fargo paid remediation to consumers in the amount of \$88,301,336.

III. CONCLUSION

In sum, the IR believes the established monitoring process accomplished its objectives, including obtaining the full amount of remediation to debtors entitled to relief under the Settlement Agreement, identifying additional debtors who were entitled to relief, independently overseeing Wells Fargo’s compliance with the Settlement Agreement requirements, focusing Wells Fargo on the need to continue to prioritize and improve its operational processes, and assuring that Wells Fargo is positioned to adhere to its obligations to consumers after the completion of the IR’s appointment.

Appendix 1 Metrics

Metric Number	Items Covered
Metric #1:	<ul style="list-style-type: none"> Operational Enhancements (Policy and Procedure) Attorneys' fees reimbursement
Metric #1A	<ul style="list-style-type: none"> Operational Enhancements related to the preparation of the Certificate of Service and timely service
Metric #2:	<ul style="list-style-type: none"> Timely preparation and communication of escrow analyses after March 31, 2015
Metric #3:	<ul style="list-style-type: none"> Timely filing of PCNs after March 31, 2015 Timely filing of PCNs for loan modifications after March 31, 2015 Timely filing and service of PCNs after June 1, 2016 Adherence to late fee policy after March 31, 2015
Metric #4:	<ul style="list-style-type: none"> Credits or refunds for missed or late filed or served PCNs (Credit Based on UPB) Credits or refunds for late fees Notice of Credit
Metric #5:	<ul style="list-style-type: none"> Milestone Reconciliation credit for missed or late filed or served PCNs Notice of Credit
Metric #6:	<ul style="list-style-type: none"> Credit or refund for missed or late filed or served PCNs with payment decreases Notice of Credit
Metric #7:	<ul style="list-style-type: none"> Credit or refund for delayed annual escrow analysis Notice of Credit
Metric #8:	<ul style="list-style-type: none"> Credit or refund for delayed escrow analysis with no missed or late PCNs Notice of Credit
Metric #9:	<ul style="list-style-type: none"> Credit or refund for payment of escrow shortage as a lump sum Notice of Credit
Metric #10:	<ul style="list-style-type: none"> Population Validation
Metric #10A:	<ul style="list-style-type: none"> Population Validation for Untimely Served PCNs
Metric #11:	<ul style="list-style-type: none"> Credit or refund for untimely served PCNs April 1, 2015 to May 8, 2016 Notice of Credit