CITI MONITORSHIP

FOURTH REPORT JANUARY 2016

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I. INTRODUCTION

This is the fourth report of the Monitor pursuant to the July 11, 2014 agreement (the "Settlement Agreement") among Citigroup, Inc. ("Citi"), the U.S. Department of Justice ("DOJ"), and the states of California, New York, Illinois, Delaware, and the Commonwealth of Massachusetts (collectively, "the Settling States").[1] As explained in the Monitor's prior reports, Citi agreed as part of the Settlement Agreement to pay $4.5 billion to the settling governmental entities, acknowledged a statement of facts attached to the Settlement Agreement as Annex 1, and agreed to provide consumer relief valued at $2.5 billion under the principles set forth in Annex 2 of the Settlement Agreement.[2] In addition, the Settlement Agreement appointed Thomas J. Perrelli to serve as an independent monitor ("Monitor") to determine Citi's compliance with the consumer relief and corresponding requirements of Annex 2 of the Settlement Agreement.

This fourth report includes:

- An assessment of Citi's consumer relief efforts through June 30, 2015;
- A description of the Monitor's work with Citi on issues related to statutes of limitations and bankruptcy; and
- An update on the consumer outreach events that Citi has conducted.

II. PRIOR REPORTS AND CREDIT EARNED

The Monitor issued his first report in January 2015,[3] his second report in May 2015,[4] and his third report in September 2015.[5] These reports provide, among other things, an overview of the Settlement Agreement and its various consumer relief provisions, a description of the Monitor and Citi's agreed-upon testing procedures to validate submissions for credit, and the Monitor's determinations regarding the amount of consumer relief credit that Citi has earned thus far—a summary of which is set forth below in Table 1.

Table 1: Creditable Relief Earned for Prior Reporting Periods

Reporting Period	Number of Transactions	Validated Credit Amount Earned
April 30, 2014 – Nov. 21, 2014	100	$13,971,004
Nov. 22, 2014 – March 31, 2015	3,368	$162,704,754
Total	**3,468**	**$176,675,758**

[1] The text of the Settlement Agreement can be found at the Monitor's website, http://citigroupmonitorship.com/.
[2] Settlement Agreement, Annex 2 at 2, 4, *available at* http://citigroupmonitorship.com/wp-content/uploads/2015/06/annex_2.pdf ("First Report").
[3] *See* Citi Monitorship First Report, January 2015, *available at* http://www.citigroupmonitorship.com/wp-content/uploads/2015/06/citi_monitorship_initial_report_2015-01-21.pdf ("Second Report").
[4] *See* Citi Monitorship Second Report, May 2015, *available at* http://www.citigroupmonitorship.com/wp-content/uploads/2015/06/second_citi_monitor_report_051515.pdf.
[5] *See* Citi Monitorship Third Report, September 2015, *available at* http://www.citigroupmonitorship.com/wp-content/uploads/2015/09/Citigroup-Monitorship-Third-Report.pdf ("Third Report").

As explained in the Monitor's third report, the relief provided thus far has been credited pursuant to three different Menu Items—or categories of relief—under the Settlement Agreement: Menu Items 1A, 2A, and 4A.[6] Broadly speaking, these Menu Items provide relief for (i) first lien principal forgiveness, (ii) rate reductions and refinancing, and (iii) community investment and neighborhood stabilization, respectively.[7] As explained further below, the relief validated by the Monitor for the period ending June 30, 2015 similarly corresponds to these Menu Items.

III. CONSUMER RELIEF CREDIT EARNED

A. Overview

On August 14, 2015, Citi submitted a claim to the Monitor for consumer relief pursuant to Menu Items 1A, 2A, 4A, and 5 of the Settlement Agreement, for the time period of April 1, 2015 through June 30, 2015. As discussed in greater detail below, the Monitor has determined that Citi earned consumer relief credit for this period in the amount of $512,456,710. The Menu Item breakdown of the credit for this time period is set forth below in Table 2.

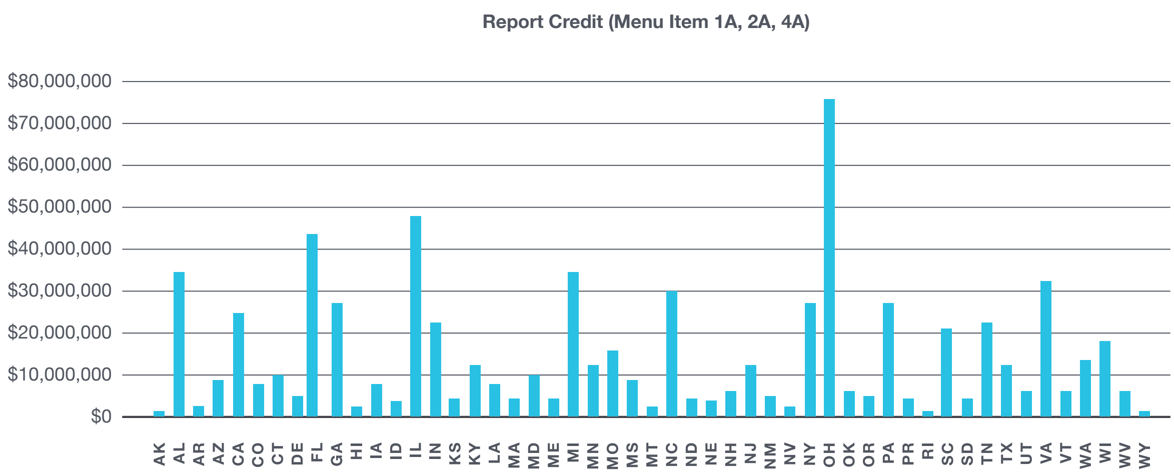
Table 2: Consumer Relief Credit Earned Between April 1, 2015 – June 30, 2015

Menu	Category	Transactions in Total Population	Validated Credit Amount Earned
1A	First lien principal forgiveness	70	$3,953,440
2A[8]	Rate reductions/refinancing	2002	$78,489,281
4A	Principal forgiveness where foreclosure is not pursued	10,260	$430,013,989
Total		**12,332**	**$512,456,710**

The Monitor has determined that, including prior reporting periods, Citi has cumulatively earned consumer relief credit in the amount of $689,132,468. The cumulative consumer relief credited so far has been distributed across the country. Chart 1 below identifies the cumulative credit earned to date in each state and Puerto Rico.

[6] *Id.* at 3-4.
[7] *Id.* at 4 (containing a breakdown of the relief provided by Citi for each Menu Item).
[8] As discussed further *infra*, *see* n. 25, the Monitor has determined that 134 transactions originally submitted under Menu Item 2A for relief are more appropriately categorized as transactions eligible under Menu Item 1G because—while Citi provided balance forgiveness or paid costs to facilitate a refinancing—the refinancing did not result in creditable rate reductions under Menu Item 2A. Accordingly, while the Monitor includes the relief associated with these transactions in the total credit amounts for this period, these transactions will not be credited toward the Menu Item 2A minimum of $299 million or the Menu Item 2A maximum of $74 million associated with balance forgiveness, as required by the Settlement Agreement. For future reports, transactions in which Citi seeks credit for costs paid or balance forgiveness without creditable rate reductions will be counted in the Menu Item 1G total.

Chart 1: Cumulative Consumer Relief Credit Earned to Date, by State



In addition, Citi has submitted 91 loans to affordable rental housing projects for credit under Menu Item 5 with a purported valuation in excess of $500 million. The Monitor is working with Citi to validate the credit submitted for these transactions and will report on them in future reports.

B. Testing Procedures and Methodologies

As with previous submissions, Citi performed the consumer relief activities for which it seeks credit and submitted them to its Internal Review Group ("IRG"). The IRG is a group of Citi employees and vendors who, at all times, is required to be fully independent of Citi's mortgage loan servicing operations. The IRG tested and confirmed the eligibility of Citi's consumer relief activities and the amount of credited relief through a review of a statistically valid sample of the loans submitted for credit ("Satisfaction Review"). This Satisfaction Review was guided by the "Testing Definitions," approved by the Monitor and discussed in previous reports. For the time period that ended on June 30, 2015, the IRG reported the results of its Satisfaction Review through a certification to the Monitor on August 14, 2015. The certification indicated, as did previous certifications, that the IRG reviewed Citi's claimed credit and determined that it complied with the Settlement Agreement's requirements. The IRG's Satisfaction Review is discussed in additional detail below, as is the Monitor's subsequent review and evaluation of the transactions submitted by Citi for credit.[9]

[9] Based on discussions with Citi regarding crediting and testing decisions, *see, e.g.,* Section C, the Monitor requested that Citi revise its August 14, 2015 certification, Citi resubmitted its certification on January 7, 2016, and the figures referenced herein correspond to that the latter certification.

1. IRG Satisfaction Review

IRG's testing of Citi's claimed credit for the period that ended on June 30, 2015, was similar to the testing used to validate Citi's claimed credit for the period that ended on March 31, 2015, and that was discussed in the Monitor's third report.[10] In brief, the testing encompassed a random, statistically valid sampling of each Menu Item reported for credit (*i.e.*, a statistically valid sampling of each of Menu Items 1A, 2A, and 4A). As agreed upon with the Monitor, the IRG used a 99% confidence level testing for the possibility that the credit was overstated, and used a 2.5% estimated error rate in the population with a 2% margin of error. For each of the samples, the IRG conducted an independent review of the sample to determine whether the transactions were eligible for credit and, if so, whether the amount of credit claimed by Citi was calculated correctly. As part of its review, the IRG captured and saved screenshots from Citi's System of Record ("SOR") and other documentary evidence.

2. The Monitor's Review

At the Monitor's direction, BDO Consulting ("BDO")[11] conducted an extensive analysis of the IRG's Satisfaction Review. This analysis included re-testing all of the transactions tested by the IRG for Menu Items 1A, 2A, and 4A, following the processes and procedures set out in the Testing Definitions and IRG Test Plans.

To conduct its analysis, BDO was given access to a list of, and accompanying detail for, all 672 transactions tested by the IRG. These transactions represent a statistically significant sample of 5.4% of the total transactions submitted. BDO was also provided access to the loan-level SOR screenshots and documentary evidence saved by the IRG in the course of performing its Satisfaction Review. For each transaction tested, the IRG provided the data elements and evidence necessary for validating credits in accordance with the Settlement Agreement and the applicable Testing Definitions.

BDO also examined the Menu Item files for the total loan population—provided by Citi and from which the IRG samples had been drawn—in order to verify the credit totals as shown in Table 2. BDO documented its findings and reported them to the Monitor.

Finally, the Monitor's review included an in-depth testing to ensure that Citi does not receive credit for loans where (a) the statute of limitations has run and Citi no longer can take action against the consumer or (b) the loan for which Citi seeks credit has been discharged in bankruptcy.[12] The Monitor and Citi's agreed-upon procedures to test for these circumstances are discussed in greater detail below.

C. Testing for Time-Barred and Discharged Debts

The Settlement Agreement does not address time-barred debts or debts that are discharged in bankruptcy. In such circumstances, a lender, such as Citi, has no right to enforce the debt and the consumer has no obligation

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[10] *See generally* Third Report.
[11] As described in previous reports, the Monitor retained BDO Consulting, a division of BDO USA, LLP, to assist in determining whether Citi has complied with the specific obligations set forth in Annex 2 of the Settlement Agreement.
[12] As explained below, the Monitor will credit Citi for forgiving debts discharged in bankruptcy only in the limited circumstance where the debt is secured by property and the following conditions are met: (i) Citi can still take action to enforce that secured interest; and (ii) Citi has no plans presently to foreclose on the property securing the debt.

to repay it. For that reason, the Monitor has determined that Citi should not receive credit for consumer relief where the debt is time-barred or, with limited exceptions, where the debt has been discharged in bankruptcy. This should not be controversial, but, especially when it comes to statutes of limitations, it can be complex to implement in practice.

1. Loans for Which the Statute of Limitations Has Run

After the passage of time, a debt can cease to be enforceable against the consumer. Mortgages are no different from other debts in many respects, but they present numerous complexities in the operation of statutes of limitations. State law differs widely both on the length of the statute of limitations and the events that may trigger its running. In some states, the commencement of the running of a statute of limitations is triggered by acceleration of the debt (such as through the filing of a foreclosure action); in others, the statute of limitations is often measured from the borrower's last payment; in still others, the statute of limitations is linked to the date the mortgage was recorded. Most states have hybrid or multiple statutes of limitations that apply in different circumstances.

Testing for compliance, so that no time-barred debts are credited for consumer relief, is complex because (a) each state is different; (b) the individual factual circumstances of each borrower is critical to analyzing the statute of limitations; and (c) there remain unanswered questions regarding the application of state law to the facts.

Rather than attempting to predict the types of issues that would arise prior to examining actual loans, the Monitor and Citi examined loans after Citi had begun to submit them for credit, in order to consider the best approach to testing for issues related to the statute of limitations. In the vast majority of circumstances, the loans that Citi has submitted for credit raise no question about Citi's right to enforce and the consumer's obligation to repay the debt. As the Monitor and Citi began examining individual cases, however, it became clear that, for a small subset of loans, Citi's rights were less clear and required further analysis. As a result, Citi agreed to withdraw certain loans that it had previously submitted for credit and to either (a) re-submit them after additional analysis had been completed to demonstrate that the statute of limitations had not run or (b) not re-submit them for credit.

To develop a testing plan relevant to the loans submitted for credit in this quarter, the Monitor and Citi worked together to reach a common understanding on some basic state law issues in each of the fifty states related to the statute of limitations for both secured and unsecured loans. Citi agreed to submit loans during this reporting period that met a conservative approach to the statute of limitations (*i.e.*, likely to be favorable to the borrower) and that did not require detailed factual examination to ascertain whether the debt was time-barred. Thus, Citi committed to submitting loans during this time period where Citi's SOR demonstrated that the earliest possible date for any potential Citi cause of action to foreclose on or recover the debt was such that the applicable limitations period would not have run under state law.

By using a conservative "trigger" date, the Monitor and Citi have reasonably ensured that: (1) each loan submitted for credit is not unenforceable under the applicable statute of limitations; (2) Citi gets credit for principal forgiveness in circumstances when it relinquishes a legally enforceable right to take action; and (3) consumers are thereby relieved of the threat of legal action and provided a practical benefit by the Settlement Agreement. It is possible, however, that applying this conservative "trigger" date plus the agreed-upon period of years may screen out some loans for which Citi nonetheless may have been able to take action to enforce at the time it provided relief (*e.g.*, if a later trigger date applies or because the statute of limitations period was tolled). For such loans, which present more complexity, the Monitor and Citi are working together to develop testing procedures in the event that Citi submits such loans for credit.

2. Loans That Were Previously Discharged in Bankruptcy Proceedings

When an unsecured loan has been discharged in bankruptcy, Citi can no longer hold the borrower personally liable for the outstanding amount. Citi and the Monitor have agreed that Citi may not seek credit for unsecured loans discharged in bankruptcy.

To reasonably ensure that Citi does not seek such credit, the Monitor and Citi have agreed on a testing regime that excludes these types of loans from the total population of creditable relief.[13] Institutions such as Citi regularly must conduct bankruptcy reviews in order to ensure that they are complying with federal bankruptcy and other laws by, among other things, not enforcing against consumers who are protected by an automatic bankruptcy stay, and filing relevant documents in bankruptcy proceedings. The Monitor's team conducted interviews of employees in Citi's Default Operations and General Counsel departments, as well as Citi employees dedicated to the selection of transactions for creditable relief under the Settlement Agreement. The goal of these interviews was to understand Citi's processes for maintaining up-to-date bankruptcy information for its borrowers, and to ensure that Citi's selection and validation processes are sufficient to reasonably assure that Citi is not seeking credit for forgiving debt that has been fully discharged. In addition, Citi uses a bankruptcy monitoring application as an additional bankruptcy review of loans being submitted for credit in order to eliminate those that are the subject of bankruptcy proceedings.

3. Foreclosed Properties Submitted to the Monitor for Credit

The Monitor also addressed with Citi whether it would seek credit for forgiving the balance of a secured junior lien discharged in bankruptcy, while simultaneously foreclosing on that borrower's home to recover Citi's interest in a more senior loan. The Monitor is not aware of any instance in which Citi pursued such a course of action, and the Monitor recognizes that Citi's provision of consumer relief under the Settlement Agreement does not immunize borrowers from adverse actions if any of their loans with Citi subsequently become delinquent. Nonetheless, the practical value to the borrower of Citi's forgiving a discharged junior loan is to remove the immediate threat of losing his or her home to Citi, and the Monitor believes that it would significantly undermine the value of forgiveness if Citi provided such relief while planning simultaneously to foreclose on the same home based upon its more senior lienholder status in the property. Citi has agreed not to submit forgiven second liens under such circumstances for credit. In addition, Citi has agreed not to pursue foreclosure on any property associated with the forgiveness of a junior loan discharged in bankruptcy for at least 180 days after Citi provides such relief.

[13] In practice, Citi has not yet submitted transactions under the relevant Menu Items of the Settlement Agreement that would present bankruptcy concerns (the relevant consumer relief—unsecured or junior liens—would be submitted under Menu Items 1D and 1H).

IV. RESULTS OF CITI'S CONSUMER RELIEF CREDIT ACTIVITIES FOR THE PERIOD ENDING JUNE 30, 2015

As noted, Citi's consumer relief activities for the period ending June 30, 2015 focused on Menu Items 1A, 2A, 4A, and 5. This portion of the Monitor's report describes the creditable relief activities for each Menu Item, including available data on the general characteristics of the relief provided.

A. Menu Item 1A

1. Overview

Pursuant to the Settlement Agreement, Citi receives credit for principal forgiveness under Menu Item 1A. As explained in the Monitor's previous reports, modifying loans with principal forgiveness addresses the problem that many homeowners faced coming out of the financial crisis—they had taken out mortgages based on inflated home prices, and were underwater with their homes worth less than their mortgages.[14]

For the previous period for which Citi received credit—ending March 31, 2015—the Monitor confirmed the eligibility of Citi's modifications and a total of $13,143,520 in credit under Menu Item 1A. For this period, ending June 30, 2015:

- Citi provided $3,375,295 in principal forgiveness.
- This relief comprised modifications to 70 loans.
- Each loan modification submitted reduced the borrower's loan-to-value ratio ("LTV") from above 100% to 95%. Specifically, the average pre-modification LTV was 146% with the median LTV at 130%. As in past efforts, Citi's reduction of LTV to 95% ensures that each borrower gains some equity in their property
- Every loan submitted by Citi was thus eligible for both the early incentive credit[15] and the credit for incremental LTV reductions below 100%.[16]
- Citi earned $578,145 in incentive credit for the 70 loan modifications.[17]

The Monitor has confirmed the eligibility of Citi's modifications and a total of $3,953,440 in credit under Menu Item 1A for this period. In addition, Table 4 represents the cumulative amount of credit that Citi has earned under Menu Item 1A.

[14] *See* Third Report at 7-8 (including a lengthier description of the Menu Item 1A requirements).
[15] *See* First Report at 7-8 (explaining that Citi may receive a bonus credit of 15% for all consumer relief activity offered or completed by October 1, 2015).
[16] *See* Annex 2, at 2.
[17] First Report at 7-8 (explaining the credits).

Table 4: Overview of Credit under Menu Item 1A Earned as of June 30, 2015 (Cumulative Amount)

Period End Date	Amount of Credit Earned
Mar. 31, 2015	$13,143,520
June 30, 2015	$3,953,440
Total	**$17,096,960**

2. General Characteristics of Relief Provided

Although it is difficult to draw conclusions about the distribution and characteristics of Citi's overall consumer relief efforts until later in the term of the Settlement Agreement, the Monitor makes the following observations about the relief provided under Menu Item 1A analyzed in this report:

- **Geographic Distribution.** Citi modified loans in 24 states, including four of the five Settling States: California, Illinois, Massachusetts, and New York. Borrowers in the Settling States received 33.9% of the total relief given during this reporting period. Apart from these states, borrowers in Florida, Maryland, and New Jersey received the next largest percentages of relief (at 12.1%, 9.9%, and 7.3%, respectively).[18]

- **Hardest Hit Areas.** Each of the loans Citi submitted for credit to the Monitor was modified by CitiMortgage, Inc. (CMI)[19] as a Home Affordable Modification Program (HAMP) modification. As described in previous reports, the Settlement Agreement requires that at least 50% of CMI-modified loans under Menu Item 1 be for homes in census tracts classified by HUD as "hardest hit areas" ("HHAs"). Citi reported that 52 of the 70 modifications were made to loans on homes in HHA census tracts. These 52 loans were given $2,620,187[20] in principal reductions and earned Citi $3,065,012 in credit, which is 78% of the total credit for this submission under 1A.

- **Average Forgiveness.** Citi forgave, on average, $48,219 per loan, reducing the average unpaid principal balance ("UPB") from $161,275 to $113,057. The median forgiveness amount was $39,194, reducing the median UPB from $121,580 to $85,500. The largest amount of principal reduction for a single loan was $160,019, which was for a loan that had a pre-modification UPB of $383,174 and a pre-modification LTV of 163%. The smallest amount forgiven was $8,725, which was for a loan that had a pre-modification UPB of $106,575 and a pre-modification LTV of 103%.

[18] In terms of cumulative relief, Citi has modified loans in 35 states since the beginning of the Settlement Agreement, with 31.6% of the total credit provided to borrowers in the Settling States.
[19] As described in the Monitor's first report, CMI is one of Citi's two primary entities that engage in consumer relief activities—the other is CitiFinancial Servicing (CFS). CMI is the sixth largest mortgage servicer in the United States and is a top-ten mortgage lender, now servicing approximately $260 billion in loans. *See* First Report at 15.
[20] The Monitor's third report stated that, for the period ending March 31, 2015, the 172 loans on houses in HHA census tracts were given $7,636,403 in principal reductions. The correct amount of principal reductions was $7,634,603.

- **LTV Starting Point for Borrowers Receiving Relief.** The average pre-modification LTV was 146% with the median LTV at 130%. The smallest LTV on a loan that received forgiveness was 103% and the largest LTV was 277%. In all, 9 loans had LTVs at or above 200%.

- **Reduction in Monthly Mortgage Payments.** Citi's principal forgiveness not only creates positive equity for the borrowers by reducing LTV to 95%, it also decreases borrowers' monthly mortgage payments. Borrowers who received the principal forgiveness under Menu Item 1A received on average a reduction of 49% on their monthly mortgage payments (from $1,020 to $522). This monthly reduction is not solely attributable to principal forgiveness. Most of the modifications (84%) credited under Menu Item 1 also received reductions in interest rates, which also reduced monthly payments. Approximately 64% of the average payment reduction is attributable to the reduction in principal.[21] In the end, balance forgiveness—whether or not coupled with other action benefiting the borrower, reduced borrower monthly payments for each of the credited loans.

As Citi continues to submit loans for creditable relief under Menu Item 1A in the coming months and years, the characteristics of the relief provided will likely change, and the results to date should be considered preliminary. These preliminary results are set forth below in Table 5.

Table 5: Summary—Overview of Cumulative Credit Earned Under Menu Item 1A as of June 30, 2015 (Cumulative Amount)

Category	Result
Number of Modifications	304
Total Amount of UPB Forgiven	$14,577,326
Amount Forgiven in HHAs	$10,254,790[22]
Percentage of Forgiveness in HHAs	70%
Total Incentive Credit	$2,519,634
Average Pre-Modification UPB	$168,617
Average Post-Modification UPB	$120,665
Average Amount of UPB Forgiven	$47,952
Median Pre-Modification UPB	$148,373
Median Post-Modification UPB	$106,638
Median UPB Forgiveness	$39,488

[21] The remaining reduction in average monthly payments is a result of a combination of factors, including the reduction of the interest rate on 59 loans and changes to the term of the loans. Citi modified the length of the term of 69 of the 70 credited loans. It extended the term of 39 of the loans, which has the effect of decreasing monthly payments while increasing the life of the loan, and shortened the term of 30 of the loans, which had the inverse effect. Each of the credited loans resulted in reduced monthly payments due to some combination of principal forgiveness, interest rate reduction, and change in term.
[22] The Monitor's third report indicated that for the period ending March 31, 2015, the amount forgiven in HHAs was $8,961,423. This amount represented the total credit for HHAs, not the amount forgiven in HHAs for that period. The correct amount forgiven in HHAs for that period was $7,634,603.

Category	Result
Average Pre-Modification LTV	144%
Average Post-Modification LTV	95%
Average Percentage Reduction in LTV	29%
Median Pre-Modification LTV	129%
Median Post-Modification LTV	95%
Median Percentage Reduction in LTV	26%
Total Amount Credited to Citi	**$17,096,960**

B. Menu Item 2A

1. Overview

A detailed explanation of the requirements and policy rationale for credit received pursuant to Menu Item 2A was provided in the Monitor's third report.[23] Under Menu Item 2A, Citi receives credit based on a reduction of a borrower's interest rate, "regardless of loan performance status," provided that such relief is offered at no cost to the borrower other than any tax consequences incurred as a result of the relief received.[24] If a borrower receives a rate reduction greater than 200 basis points, Citi receives credit based on a formula that seeks to estimate the amount of future interest payments foregone. If the rate reduction is greater than 400 basis points, Citi receives an additional 25% credit. Citi can provide a rate reduction through a Citi loan modification or it can facilitate a refinancing through a third party to reduce the borrower's current interest rate with Citi.

For the previous period for which Citi received credit—ending March 31, 2015—the Monitor confirmed that Citi was entitled to a total of $119,910,186 in credit under Menu Item 2A. For this period, ending June 30, 2015:

- Citi provided $60,773,207 in consumer relief under Menu Item 2A.
- Citi is entitled to several adjustments under the Settlement Agreement, including (i) a 15% early incentive credit, as discussed in prior reports, (ii) a 25% credit for rate reductions greater than 400 basis points; and (iii) a 15% credit for LTV reductions where the final LTV is below 100% (*e.g.*, reducing a borrower's LTV from 95% to 85%).[25]

With these adjustments factored in, the Monitor has validated that Citi is entitled to a total of $78,489,281 in credit under Menu Item 2A for this time period.[26] Table 6 represents the cumulative amount of credit that Citi has earned under Menu Item 2A to date.

[23] *See* Third Report at 12-13.
[24] Settlement Agreement, Annex 2 at 8 nn.12-13.
[25] Credit for LTV reductions is based on the LTV percentage point difference between 100% and the final LTV.
[26] As noted previously, *see* n.8, the Monitor and Citi agree that 134 transactions submitted under Menu Item 2A are more appropriately categorized as relief under Menu Item 1G—Menu Item 2A, by its terms, requires a rate reduction of greater than 200 basis points, and loans associated with these transactions do not meet that requirement. The Monitor has determined that Citi is entitled to approximately $4.10 million in creditable relief for these transactions under Menu Item 1G. For purposes of this report, the transactions are included in the Menu Item 2A figures, with the understanding that they will not be credited toward the Menu Item 2A minimum of $299 million or the Menu Item 2A maximum of $74 million for balance forgiveness. Furthermore, those transactions are not entitled to the incentive credit available under Menu Item 2A for LTV reductions below 100%, reducing the total amount of credit to approximately $3.99 million. For future transactions of this type (where there is no creditable rate reduction under Menu Item 2A), Citi will submit those transactions pursuant to Menu Item 1G.

Table 6: Summary - Overview of Credit Earned Under Menu Item 2A as of June 30, 2015 (Cumulative Amount)

Period End Date	Amount of Credit Earned
Mar. 31, 2015	$119,910,186
June 30, 2015	$78,489,281
Total	**$198,399,467**

In addition, Table 7 represents the types of claims submitted under Menu Item 2A, both for the current reporting period and on a cumulative basis.

Table 7A: Summary - Overview of Menu Item 2A Relief (Rate Reduction)

Type of Credit	Period End Date	Number of Claims	Total Credit	Average Pre-Action Interest Rate	Median Pre-Action Interest Rate	Average Post-Action Interest Rate	Median Post-Action Interest Rate
Citi loan rate reduction	Mar. 31, 2015	664	$36,067,282	10.66%	10.59%	5.62%	5.00%
Citi loan rate reduction	June 30, 2015	610	$29,021,603	10.54%	10.55%	5.59%	5.00%
Total		**1,274**	**$65,088,885**	**10.60%**	**10.57%**	**5.61%**	**5.00%**

Type of Credit	Period End Date	Number of Claims	Total Credit	Average Pre-Action Interest Rate	Median Pre-Action Interest Rate	Average Post-Action Interest Rate	Median Post-Action Interest Rate
Rate Reduction with 1st Alliance	Mar. 31, 2015	480	$37,859,930	10.12%	10.14%	5.78%	5.75%
Rate Reduction with 1st Alliance	June 30, 2015	472	$28,906,486	10.05%	10.01%	5.75%	5.75%
Total		**952**	**$66,766,416**	**10.09%**	**10.12%**	**5.77%**	**5.75%**

Table 7B: Summary - Overview of Menu Item 2A Relief (Costs Paid and Balance Forgiveness)

Type of Credit	Period End Date	Number of Claims	Total Credit	Average Amount Paid by Citi per Borrower	Median Amount Paid or Forgiven by Citi per Borrower
Other Costs Paid	Mar. 31, 2015	727	$15,095,684	$18,056	$15,463
Other Costs Paid	June 30, 2015	549	$8,079,218	$12,797	$10,619
Total		**1,276**	**$23,174,902**	**$15,793**	**$13,491**

Type of Credit	Period End Date	Number of Claims	Total Credit	Average Amount Paid by Citi per Borrower	Median Amount Paid or Forgiven by Citi per Borrower
Balance Forgiveness	Mar. 31, 2015	627	$30,887,289	$42,675	$35,653
Balance Forgiveness	June 30, 2015	371	$12,481,974	$29,217	$23,267
Total		**998**	**$43,369,263**	**$37,672**	**$29,810**

2. General Characteristics of the Relief Provided

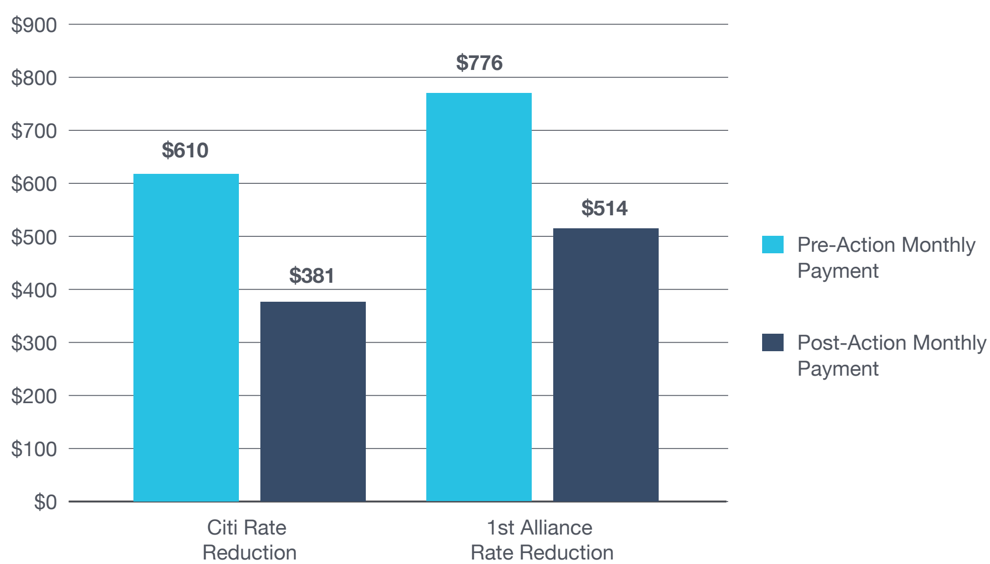
The Monitor makes the following observations about the relief provided under Menu Item 2A analyzed in this report, as well as the cumulative relief provided to date under Menu Item 2A:

- **Geographic Distribution.** Citi provided Menu Item 2A relief across 47 states plus Puerto Rico for this reporting period. Approximately 12.02% of the relief (or $9,447,333, including Citi's eligible bonus credit) was provided in the five Settling States. Other states that received a significant portion of relief include Ohio (12.74% of the relief), Virginia (9.47% of the relief), and Michigan (7.35% of the relief). Cumulatively, Citi has provided Menu Item 2A relief across 48 states and in Puerto Rico to date. For the five Settling States, total credit to date, including eligible bonus credit, is $25,724,697—or 12.91% of the total Menu Item 2A credit provided.

- **Reductions in Monthly Mortgage Payments.** As illustrated in Chart 3, for this reporting period, the average borrower who received a creditable rate reduction from Citi had his or her monthly mortgage payment decreased by $229 or 38% (assuming a 30-year mortgage and no balance forgiveness). These borrowers, across reporting periods, have averaged a monthly payment decrease of $243 or 38%. The average borrower this reporting period who received a creditable rate reduction, without an associated balance forgiveness, from 1st Alliance had his or her monthly mortgage payment reduced by $262 or 34% (assuming a 30-year mortgage). These borrowers, across reporting periods, have averaged a monthly payment decrease of $303 or 34%.

- **1st Alliance Refinancings.** For eligible consumers, the end result of the arrangement between Citi and 1st Alliance is a no-cost refinancing—the benefit of which, in many cases, is an overall rate reduction. That rate reduction can be significant. For example, as Charts 4 and 5 illustrate, in this reporting period, 472 borrowers received no cost refinancings with 1st Alliance products that reduced their interest rates by greater than 200 basis points, and 313 of these borrowers also received balance forgiveness. These refinancings reduced borrowers' rates on average from 10.05% to 5.75%. Across reporting periods, 952 borrowers have received no cost refinancings with 1st Alliance reducing their rates by greater than 200 basis points, and 699 of these borrowers received balance forgiveness. On average, refinancings creditable under Menu Item 2A have reduced borrower rates from 10.09% to 5.77%. For a hypothetical consumer with a 10% interest rate on a $100,000 mortgage, the impact of a 4% reduction in rate and a principal write-down of $30,000 would be a decrease in monthly mortgage payment from $878 to $420.

Chart 2: Hypothetical, Illustrative Average Creditable Rate Reduction in Monthly Mortgage Payment for Rate Reductions by Citi and 1st Alliance (Assuming Fixed 30-Year Mortgage Before and After Modification/ Refinancing and No Balance Forgiveness).[27]



[27] Whereas Citi provided pre- and post-action monthly payment of principal and interest for its Menu Item 1A loans, the Monitor does not have similar information for Menu Item 2A. Accordingly, Charts 2-4 are based on hypothetical, illustrative average creditable rate reductions in monthly mortgage payments.

Chart 3: Hypothetical, Illustrative Average Creditable Rate Reduction in Monthly Mortgage Payment for Creditable Rate Reductions by 1st Alliance, for Which Citi Also Provided Balance Forgiveness (Assuming Fixed 30-Year Mortgages Before and After Refinancing).

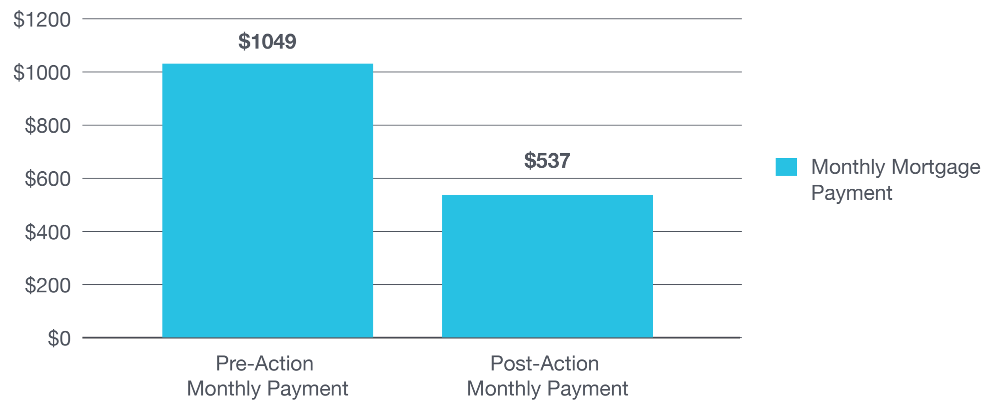
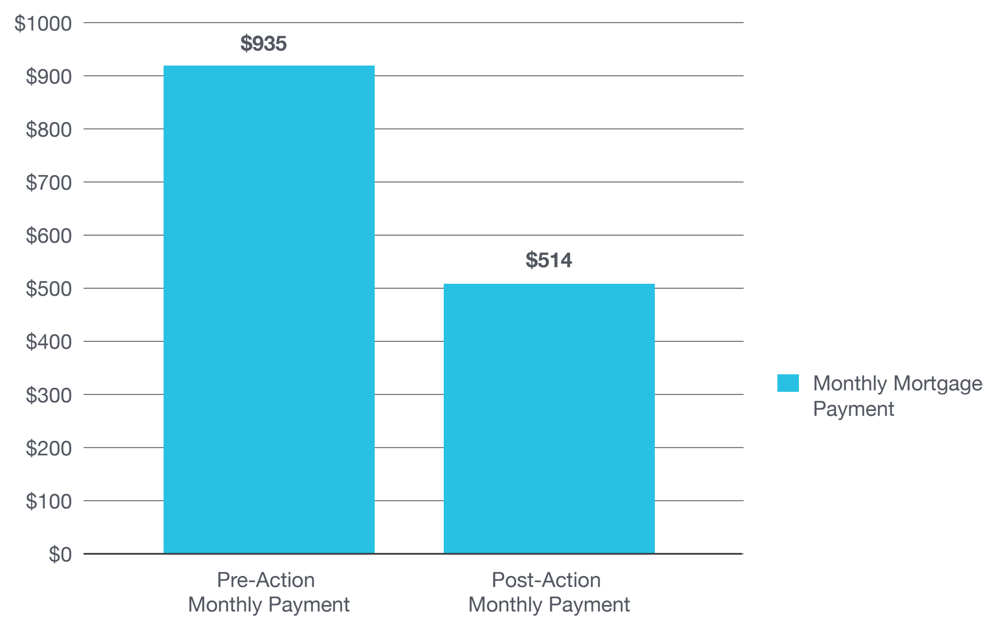


Chart 4: Hypothetical, Illustrative Average Creditable Rate Reduction in Monthly Mortgage Payment for All Creditable Rate Reductions by 1st Alliance Including Loans Whether or Not They Received Balance Forgiveness (Assuming Fixed 30-Year Mortgages Before and After Refinancing).



C. Menu Item 4A

1. Overview

As described in the Monitor's earlier reports, under Menu Item 4A, Citi may seek credit when it (i) forgoes its right to foreclose on a property; (ii) forgives all principal associated with the property; and (iii) releases the Citi-held liens associated with the property.[28]

For the previous two periods for which Citi submitted credit—the periods ending November 21, 2014 and March 31, 2015—the Monitor confirmed that Citi was entitled to a total of $43,622,052 in credit under Menu Item 4A. For this period—ending June 30, 2015:

- Citi provided $373,925,208 in consumer relief under Menu Item 4A, and is entitled to $430,013,989 in credit on that relief after taking into account early incentive credit of 15% for consumer relief activity completed by October 1, 2015.
- Citi submitted 10,260 transactions for credit under Menu Item 4A, 9,537 of which came from CFS and 723 of which came from CMI.

Table 8: Summary - Overview of Credit Earned Under Menu Item 4A as of June 30, 2015 (Cumulative)

Period End Date	Amount of Credit Earned
Nov. 21, 2014	$13,971,004
Mar. 31, 2015	$29,651,048
June 30, 2015	$430,013,989
Total	**$473,636,041**

2. General Characteristics of the Relief Provided

The Monitor makes the following observations about the relief provided under Menu Item 4A analyzed in this report, as well as the cumulative relief provided under Menu Item 4A:

[28] Settlement Agreement, Annex 2 at 11. Citi has clarified that, when it provides relief under 4A, it releases not only the lien in the first position, but also all Citi-held liens associated with the property.

- **Average Value and Median Loan.** The value of the loans forgiven this reporting period averaged $36,445 per loan and the median loan was $28,947. Cumulatively, value of the loans forgiven has averaged $37,455 per loan and the median loan was $29,791.

- **Geographic Location.** Citi provided Menu Item 4A relief for the quarter that ended on June 30, 2015, across all 50 states, with 17 states accounting for approximately 79% of the total submission amount. Each of these states received in excess of $9 million in principal forgiveness. Borrowers in Ohio were the largest recipients of Menu Item 4A relief, with 1,096 residents receiving a total of approximately $45.5 million in forgiveness. In addition, eight states (OH, IL, AL, FL, MI, NC, GA, and CA) account for nearly half of the credit submitted this quarter. A separate, but largely overlapping, group of eight states (OH, IL, FL, MI, AL, NC, GA, TN) account for nearly half of all credit submitted to date. The five Settling States received approximately $67.2 million of the $430 million of consumer relief credit this reporting period. The cumulative relief to date for the Settling States, including eligible bonus credit, is approximately $74.6 million of the $473.6 million of consumer relief credit to date.

V. UPDATE ON CONSUMER OUTREACH EVENTS

As reported previously, the Settlement Agreement requires Citi to host four "Road to Recovery" events each year for the term of the Settlement Agreement (from 2014 to 2018), and eight events in 2015. These events are intended to provide outreach to Citi borrowers that may be eligible for programs that Citi offers, some of which relief may qualify as creditable consumer relief under the terms of the Settlement Agreement.

Citi ultimately hosted nine "Road to Recovery" events in 2015—one more than the minimum required by the Settlement Agreement. In the last report, the Monitor assessed Citi's compliance with the Settlement Agreement's Road to Recovery requirements for the first five events held in 2015. The Monitor also reported on the results of these events in terms of providing relief to borrowers.

Citi has provided the Monitor with information related to the four most recent Road to Recovery events, which were held in Chicago, Atlanta, Philadelphia, and New York. The Monitor is reviewing that information and will address Citi's compliance in the next report. The Monitor will also report on the overall effectiveness of the Road to Recovery events in 2015, in terms of both Citi borrowers' attendance at such events and, ultimately, receiving some form of relief under the Settlement Agreement.

VI. CONCLUSION

Citi earned the following consumer relief credit for the time period April 1, 2015 through June 30, 2015: $3,953,440 under Menu Item 1A; $78,489,281 under Menu Item 2A; and $430,013,989 under Menu Item 4A, for a total of $512,456,710. Citi had previously earned $176,675,758 in consumer relief credit under Menu Items 1A, 2A, and 4A. Accordingly, to date Citi has cumulatively earned $689,132,468 in consumer relief. This sum does not include the Menu Item 5 transactions submitted but not yet credited. The Monitor's next report to the public on Citi's consumer relief activity will address the Menu Item 5 transactions, Road to Recovery events, and relief efforts submitted for the third quarter of 2015.