

MEMORANDUM OF AGREEMENT

WHEREAS, in April 2012, the New York Attorney General (“NYAG”), along with forty-eight other state attorneys general, the attorney general for the District of Columbia, the United States Department of Justice, and various other federal and state regulators (“NMS Plaintiffs”) entered into a consent judgment with five servicers, including Bank of America, commonly referred to as the “National Mortgage Settlement” (“NMS” or “Consent Judgment”);

WHEREAS, the NMS Plaintiffs alleged that the five servicers violated various federal and state laws;

WHEREAS, the NMS provided requirements designed to address or prevent the harm that allegedly resulted from these alleged violations;

WHEREAS, as part of the Consent Judgment, Bank of America and the other defendant servicers promised under the terms and conditions of the NMS to reform certain mortgage servicing practices that would seek to ensure that borrowers who applied for loan modifications would receive swift, definitive decisions;

WHEREAS, these commitments were considered necessary by NYAG, who alleged that borrowers had been experiencing protracted loan modification processes with undue delays;

WHEREAS, NYAG allocated \$60 million of its share of payments made to the NMS Plaintiffs under the NMS to launch the Homeowner Protection Program (“HOPP”), an initiative to fund housing counseling and legal services for struggling homeowners throughout New York State;

WHEREAS, NYAG has received persistent complaints from the network of HOPP service providers and individual New York borrowers alleging that Bank of America has failed to comply with the loan modification timeline requirements contained in the NMS Servicing Standards and alleging that, as a result, a number of New York homeowners are still subject to delays and requests for additional paperwork relating to loan modifications;

WHEREAS, on May 6, 2013, pursuant to Exhibit E, Section J(2) of the Consent Judgment, NYAG notified the Monitor and Monitoring Committee of his intention to bring an enforcement action against Bank of America for an alleged pattern of non-compliance with certain Servicing Standards contained in the NMS;

WHEREAS, NYAG and Bank of America have since had numerous discussions and meetings to review the concerns raised by NYAG on behalf of New York borrowers;

WHEREAS, the parties have discussed certain processes and procedures put in place by Bank of America to implement the Servicing Standards under the NMS and whether enhancements to those policies and procedures will better assist borrowers;

WHEREAS, the discussions triggered by NYAG’s May 6 letter have led NYAG and Bank of America to fashion a framework for working together with respect to the inquiries and complaints that NYAG has received to date, as well as any possible future inquiries from New York homeowners relating to the NMS, which includes Bank of America’s agreement to take

specified additional affirmative steps set forth below designed to seek to ensure that the NMS timelines requirements are met;

WHEREAS, Bank of America and NYAG desire to resolve this matter without litigation;

NOW, upon the consent of NYAG and Bank of America, the parties agree to this Memorandum of Agreement:

A. Prompt Access to a Senior Resolution Team for HOPP Housing Counselors and Legal Services

1. The parties believe that improved access to Bank of America employees with greater decision-making authority will allow additional homeowners to achieve timely processing of loan modification applications.

2. To address this issue, Bank of America will provide authorized housing counselor entities or legal service organizations that are members of HOPP funded by NYAG (collectively "Authorized Third Parties" or "ATPs") with a Senior Resolution Manager, who will have decision-making authority to facilitate active and effective participation in the loan modification process for New York borrowers. Senior Resolution Managers will be authorized to resolve outstanding issues, including to identify documentation and information needed by Bank of America to make a decision on the borrower's loan modification request, provide the basis for any decision to deny a homeowner's loan modification request, respond to challenges to any denial, and escalate concerns to the correct supervisor, if those concerns cannot be resolved by the Senior Resolution Manager.

3. As part of this process, Bank of America will provide to any ATP who requests it:

- daily check-in calls between the Senior Resolution Manager and each ATP to address borrower-specific decisions and documentation needs, and/or
- weekly reviews with each ATP of its portfolio of borrowers, and/or
- monthly meetings with each ATP to review trends or systematic issues that either Bank of America or the ATP has observed, and which will provide an opportunity to expedite loan modification reviews for New York homeowners.

4. Bank of America will implement this ATP-Senior Resolution Manager program in New York with the intent of rolling it out to other states.

5. Bank of America will continue to make available on a regular basis a Senior Resolution Manager to NYAG to address any concerns it raises with respect to the NMS and New York borrowers. Bank of America also commits to quarterly leadership meetings with NYAG to address any issues of concern relating to compliance with the NMS that affect New York residents.

6. Bank of America and NYAG will make sufficient resources available to seek to ensure that these processes are effective and productive.

7. In New York, Bank of America will expand the accessibility of its Customer Assistance Centers with the goal of allowing homeowners or their representatives to interact with dedicated Bank of America employees on all aspects of the NMS, on a face-to-face basis if desired.

8. Bank of America and NYAG agree to work cooperatively and diligently with the ATPs to resolve any outstanding issues for the 67 borrower complaints collected by NYAG to date, to the extent not already resolved, and to make concerted efforts to timely and effectively resolve all outstanding requests for loan modifications in accordance with the terms and conditions of the NMS, recognizing that nothing in this memorandum requires Bank of America to make a loan modification that is not appropriate under applicable guidelines.

9. The Bank will continue to conduct a good faith review in those instances in which it is claimed in good faith that a loan modification was improperly denied or that documents were requested that were not necessary for a determination on an application. In such instances, Bank of America will explain the reasons for any denials and identify as promptly as practicable and with specificity what, if any, additional documents are needed to make a determination and will allow the borrower an opportunity to submit such documents.

B. Notification of Provisional Approval

10. Bank of America will inform borrowers and their ATPs when Bank of America has provisionally approved the borrower for a trial loan modification pending investor, insurer, guarantor, or other third-party approval. Bank of America will regularly update borrowers or their ATPs and will escalate provisional approvals to the appropriate party where a decision on approval is not forthcoming.

C. Missing/Incomplete Documents and Communication Reforms

11. NYAG contends that Bank of America's processes for identifying missing or incomplete documents with respect to New York borrowers were unclear, lacked specificity as to the information sought, and led to confusion and unnecessary delays. To address this concern, Bank of America has agreed to the following terms.

12. Bank of America is in the process of reviewing and has committed to revise the form letters that it sends to homeowners requesting missing documents or information needed to complete a loan modification application. As part of this revision process, Bank of America and NYAG will confer on the substance and wording of these letters.

13. Bank of America will assign an underwriter promptly upon identifying a loan modification application by a New York borrower that appears to entail complex or challenging underwriting. This will include, but is not limited to, cases where a borrower is self-employed or has multiple sources of income, or where the application involves a divorce with financial impact. The underwriter will then review the application to identify the necessary documentation needed to complete the application, and Bank of America will promptly notify the borrower or its ATP.

14. The Bank also agrees to assign a loss mitigation specialist upon notification that the borrower is participating in New York's mandatory settlement conference program pursuant

to Rule 3408 of the CPLR. If the settlement conference is continued beyond the first appearance, to the extent practicable, Bank of America will ensure that the same loss mitigation specialist maintains responsibility for the file through completion of the settlement conference process.

D. Submission of Loan Material to the Bank's Agents

15. NYAG contends that delays have occurred in the loan modification application process due to the failure of Bank of America's third-party agents to promptly transmit documents and information to the Bank that were received from the borrower or its ATP.

16. To address this concern, Bank of America will closely monitor the time period between (a) the date that modification-relevant documents are provided by a borrower to one of Bank of America's agents, and (b) the date that those documents are entered into Bank of America's system of record for processing. The system will track the date that the document was initially provided by the borrower as well as the date when it was entered into the system of record.

17. Bank of America will not countenance delays by outside counsel in transmitting communications from and to borrowers or their ATPs. In the event of such delays, foreclosure counsel may be terminated or removed from the approved foreclosure counsel list on a go-forward basis.

18. If situations arise in the future where the Bank determines that loan modification documents for New York borrowers were not forwarded promptly by its third-party agents, the Bank will expedite the loan modification review process for any impacted borrowers.

19. The Bank will direct its foreclosure counsel to provide a borrower's attorney authorization to communicate directly with the Bank regarding the loss mitigation process whenever the borrower's attorney makes such a request to the Bank's foreclosure counsel. The Bank's direction will be that such authorization shall be provided by foreclosure counsel promptly upon request, but not later than five business days after the request is made.

E. Sale of Mortgage Servicing Rights

20. NYAG contends that the sale of servicing rights prior to the completion of a loan modification potentially forces borrowers to restart their loan modification application process and may result in unnecessary delays to homeowners.

21. With respect to the sale of mortgage servicing rights, where permitted by then-current contractual provisions and reasonably practicable:

- Bank of America will exclude loans from the sale of mortgage servicing rights, where the borrower is active in the loan modification process or making trial payments on a loan modification;

- Bank of America will take reasonable steps to seek to: (a) ensure that the transferee servicer is aware that the borrower submitted an application for a loan modification; (b) provide the transferee servicer with all documents and information provided by the borrower in connection with the borrower's most recent request for a loan modification promptly when the

transferee servicer begins servicing the borrower's mortgage loan; (c) require the transferee servicer to continue to process the pending loan modification request; and (d) require that the transferee servicer honor any trial or permanent modification agreement offered to the borrower by Bank of America prior to the transfer of servicing.

F. Avoidance of Foreclosure Sale

22. At any point where a legitimate change of circumstance for the borrower would result in a loan modification application being reconsidered, Bank of America will not proceed to a foreclosure sale.

G. Resolution of NYAG Complaints

23. NYAG has identified 67 borrowers where it contends breaches of NMS servicing standard timelines were found. The Bank agrees that within 30 days of the date of execution of this memorandum, the Bank will resolve these 67 cases to the extent not already resolved and provide to each borrower a final decision on the Bank's part on his or her loan modification application, in accordance with the terms and conditions of the NMS. To the extent NYAG has failed by the time of the execution of this memorandum to provide the Bank with supporting documentation for any of the 67 cases referenced herein, (1) NYAG will promptly provide supporting documentation to the Bank, and (2) the 30-day clock described herein shall for those cases begin to run when NYAG provides the Bank with such documentation.

H. Enforcement

24. NYAG and Bank of America will meet at least every 30 days to discuss the implementation of the provisions set forth above. To provide time to assess the effectiveness of this memorandum, NYAG will not file claims under the NMS for the alleged violations identified in NYAG's letter to the Monitor for 120 days from the date this memorandum is executed. If, after the expiration of 120 days, NYAG determines, in its reasonable sole discretion, that Bank of America is not in material compliance with the provisions set forth herein, including but not limited to final resolution of the 67 borrowers at issue, NYAG may pursue the enforcement remedies it believes it has under the NMS as to the alleged violations identified in NYAG's letter to the Monitor without providing additional notice to the Monitor or the Monitoring Committee. NYAG's pursuit of such purported remedies under the NMS shall be its sole and exclusive remedy for any claimed noncompliance with this memorandum. If NYAG seeks to pursue the enforcement remedies it believes it has under the NMS regarding the subjects of the complaints raised by NYAG, any obligations that Bank of America has under this memorandum shall be extinguished and rendered null and void. Nothing herein shall be deemed to amend or modify the NMS in any respect. This memorandum shall expire upon the expiration of the NMS.

25. Starting 60 days after execution of this memorandum, and then every 60 days after that until the earlier of (i) the expiration of the NMS; and (ii) when NYAG takes legal action to pursue any enforcement remedies it believes it has under the NMS regarding the subjects of the complaints raised by NYAG, Bank of America shall provide a report to NYAG setting forth the following information with respect to (a) the complaints relating to Bank of America borrowers in New York that are forwarded to Bank of America by NYAG ("NYAG

complaint portfolio”); and (b) the active portfolio of all borrowers serviced by Bank of America for every ATP that wishes to participate in this reporting process (“ATP portfolio”):

- Broken out by (a) individual ATP and (b) NYAG, the report will set forth the number of loans in the ATP portfolio and NYAG complaint portfolio that are (i) current; (ii) delinquent; (iii) in the modification process; (iv) in the short sale process; (v) in foreclosure; (vi) in the mandatory settlement conference process; and (vii) subject to a servicing transfer.

- Broken out by (a) individual ATP and (b) NYAG, the report will set forth the number of complaints that (i) have been received during the time period relevant to that report; (ii) have been resolved during the time period relevant to that report; and (iii) are in the total inventory for that ATP or NYAG at the end of the time period relevant to that report.

26. Starting 120 days after execution of this memorandum, and then every 60 days after that until the earlier of (i) the expiration of the NMS; and (ii) when NYAG takes legal action to pursue any enforcement remedies it believes it has under the NMS regarding the subjects of the complaints raised by NYAG, Bank of America shall provide a report to NYAG setting forth the following information:

- Broken out by (a) individual ATP and (b) NYAG, for loans in the ATP portfolio and NYAG complaint portfolio, the report will set forth (i) the manner in which loan modification applications were resolved, including the number approved and the number denied or determined to be ineligible, on an aggregate level; (ii) the median number of days that the applications for loan modifications had been under review; (iii) the median number of days from completed loan modification application to decision; (iv) the median number of written document requests per loan modification application; and (v) the median number of days to convert a borrower from a trial payment plan (“TPP”) to a permanent modification after the borrower makes the third TPP payment.

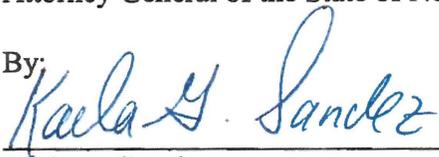
IN WITNESS THEREOF, this Memorandum is executed by the parties hereto on October 1, 2013.

Bank of America, N.A.

Eric T. Schneiderman
Attorney General of the State of New York

By: 

Anthony T. Meola
Mortgage Operations and Fulfillment Executive

By: 

Karla G. Sanchez
Executive Deputy Attorney General