

## **Agreement Between Attorney General Eric Schneiderman and Bank of America October 2, 2013**

New York Attorney General Eric Schneiderman has agreed to suspend filing litigation against Bank of America for a period of 120 days giving the Bank an opportunity to implement significant systemic reforms that will ensure they meet their obligations under the National Mortgage Settlement.

The Office of the Attorney General believes these system changes within Bank of America will bring substantial relief to New York homeowners, specifically by improving the processes and minimizing the time it takes for Bank of America to review and decide on mortgage modification requests

If the new system works, it is anticipated that Bank of America will roll the changes out nationwide.

### **Clearing the Backlog:**

Not unlike with other banks, Housing Counselors and Legal Service Providers funded through the Attorney General's Homeowner Protection Program (HOPP) contend that they rarely have access to Bank of America staff with decision making power, or staff who can solve problems with regard to loan modification applications.

Bank of America will assign high-level employees with decision-making authority, called Resolution Managers, to every housing counseling and legal service agency funded under the Attorney General's HOPP program (80 primary agencies serving every county across the state of New York).

Every HOPP organization will be given the option to have daily communication with its Resolution Manager, who will also be responsible for making sure loan modification applications are expedited in a timely and responsible manner.

### **Simplifying Document Requests:**

Consumers and their advocates have consistently complained that banks, including Bank of America, send confusing and repetitive document requests in response to loan modification applications.

To address this, Bank of America has agreed to create a new "missing document" letter which will clearly state what documents are missing and what additional information is needed to move forward with a loan modification request. Bank of America will confer with Office of the Attorney General and other relevant stakeholders on the creation of template missing document letters.

### **Streamlining Communication With Borrowers :**

Under current practice, homeowners who are in foreclosure must negotiate loan modification requests through Bank of America's outside legal counsel. Foreclosure firms often know little about the loan modification process and fail to transmit loan modification documentation to Bank of America in a timely fashion.

Going forward Bank of America will grant consumers, and/or their advocates, permission to deal directly with Bank of America staff regarding loan modification requests, thereby avoiding the costly delays that stem from dealing with outside third parties.

### **Expediting Complicated Loan Modification Requests:**

Many families facing foreclosure have complex sources of income that factor in to their ability to afford a loan modification. These cases usually require special income documentation that the bank's Loan Underwriters must specify. Historically, banks, including Bank of America, do not assign these specialized underwriters until fairly late in the process.

Going forward, Bank of America will assign a Loan Underwriter upon submission of an initial loan modification application for cases where complex sources of income are identified by either the bank or the consumer/advocate.

### **Ending “Do-Overs”**

Bank of America has been selling large portions of their servicing business to private companies, including non-bank servicers. For consumers who are deep into the loan modification application process, these transfers are extremely disruptive, and often require that the borrower start the process over with the new mortgage servicer.

Going forward, unless contractually obligated to do so, Bank of America will stop selling mortgage servicing contracts on loans belonging to New York consumers who are in the process of negotiating a loan modification.

### **Preventing Unnecessary Foreclosures:**

Families who were at some point denied a loan modification request by Bank of America based on income, may experience a change in their financial circumstances that could present a new opportunity to save their home from foreclosure.

To ensure these opportunities are not missed, Bank of America will not proceed to foreclosure sale on any New York homeowner who has had a change in financial circumstances and who wishes to reapply for a loan modification, even if that borrower’s application was previously rejected.

### **Resolving Existing Complaints**

HOPP grantees worked with the Office of the Attorney General to document cases where it believed Bank of America violated their obligations under the National Mortgage Settlement.

Many of those cases have now been resolved. For those cases that remain unresolved, Bank of America will conduct a good faith review of those cases to determine if additional documents are necessary and if any modification requests were improperly denied. If such cases are identified, Bank of America will reopen those cases and promptly inform borrowers or their representatives what further documentation is needed to reconsider the modification request.

### **Reporting**

Starting in 120 days, Bank of America will provide the Office of the Attorney General with a report every 60 days on all the active cases brought to them through the Office of the Attorney General HOPP network, and on all consumer complaints raised with Bank of America by the Office of the Attorney General. The reports will contain modification information including, number of modification requests pending, number of modifications requests granted, the median number of days it took Bank of America to make a decision on loan modification requests, and the median number of days it took Bank of America to convert trial modifications to permanent modifications.