BAC Shareholder Resolution:
Loan Servicing

Bank of America (BAC) serviced $2.0 trillion of single family housing loans on 30 June 2011, of which 20% were owned by the corporation, while the remaining 80% were loans serviced for others but primarily originated by BAC or by or through one of its recent acquisitions, Countrywide and Merrill Lynch.

Many borrowers, especially low income and minority borrowers, are becoming delinquent because of the present economic crisis, causing losses to BAC as well as to the investors, who own the securitized loans serviced by BAC. To reduce defaults and subsequent losses, modifications are made to loans when the modification provides greater value to the owner of the loan than a foreclosure sale.

Assurance is needed that the modifications made to loans serviced for others are the same as modifications made to loans owned by the BAC. Of particular concern are at least $100 billion of loans owned by BAC and $280 billion of loans serviced for others. These loans consist of subprime loans as well as option ARMs, which are adjustable rate mortgages permitting initial low loan payments that increase principal and later payments, and non-agency prime/Alt-A loans, which include loans with unverified incomes, interest only loans, etc.

The OCC-OTS Metrics Report, covering 65% of all servicing, has shown that principal reductions or deferrals result in more successful modifications for loans like Option ARMs, but the Report (2011Q2) shows that only 34.6% of modifications on loans serviced for others, exclusive of government agency and GSE loans, had principal reductions and/or principal deferrals while 46.5% of servicer owned loan modifications had such modifications.

A number of suits have been filed against BAC because of the poor servicing of securitized loans serviced for others. These suits concern primarily loans originated by Countrywide before it was acquired or originated by other lenders but underwritten by BAC for the securitizations.

The Department of Justice in January 2010 created the Fair Lending Unit to enforce fair lending laws for loan originations and loan servicing, and BAC's federal regulator now examines servicing and loss mitigation such as loan modifications to determine potential disparate treatment of protected classes such as low income and minority borrowers.

We believe that BAC should carefully examine its servicing, comparing its performance on loans serviced for others to loans owned by BAC, to ensure equal and adequate treatment for loans, especially those to low income and minority borrowers, in order to protect shareholder value by avoiding possible reputational, litigation and financial risk.

RESOLVED: the shareholders request the Board of Directors to oversee development and enforcement of policies to ensure that loans that are in default or foreseeable default are modified by the similar methods for the same loan types for loans owned by BAC and for those serviced for others, whether serviced directly or by subservicers, subject to valid constraints of pooling and servicing agreements, and report policies and results to shareholders by October 30, 2012.