

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

In the Matter of

BANK OF AMERICA CORPORATION  
Charlotte, North Carolina

Docket No. 12-007-CMP-HC

Order of Assessment of a Civil  
Money Penalty Issued Upon Consent  
Pursuant to the Federal Deposit  
Insurance Act, as Amended

WHEREAS, Bank of America Corporation, Charlotte, North Carolina (“BAC”), a registered bank holding company, owns and controls Bank of America, N.A., Charlotte, North Carolina (the “Bank”), a national bank;

WHEREAS, BAC, through the Bank, indirectly engages in the business of servicing residential mortgage loans for the Bank, U.S. government-sponsored entities (the “GSEs”), and various investors;

WHEREAS, with respect to the residential mortgage loans it services, the Bank initiates and handles foreclosure proceedings and loss mitigation activities involving nonperforming residential mortgage loans, including activities related to special forbearances, repayment plans, modifications, short refinances, short sales, cash-for-keys, and deeds-in-lieu of foreclosure (collectively, “Loss Mitigation”);

WHEREAS, as part of a horizontal review of various major residential mortgage servicers conducted by the Board of Governors of the Federal Reserve System (the “Board of Governors”), the Federal Deposit Insurance Corporation, the Office of the Comptroller of the

Currency (the “OCC”), and the Office of Thrift Supervision, examiners from the Federal Reserve Bank of Richmond (the “Reserve Bank”) and the OCC reviewed certain residential mortgage loan servicing and foreclosure-related practices at the Bank;

WHEREAS, on April 13, 2011, the Bank and the OCC entered into a consent order to address areas of alleged weakness identified by the OCC in loan servicing, Loss Mitigation, foreclosure activities, and related functions (the “OCC Consent Order”);

WHEREAS, in the OCC Consent Order, the OCC made findings, which the Bank neither admitted nor denied, that there were unsafe or unsound practices with respect to the manner in which the Bank handled various foreclosure and related activities.

WHEREAS, the OCC’s findings also raised concerns that BAC did not adequately assess the potential risks associated with these activities;

WHEREAS, as evidenced by the findings in the OCC Consent Order, BAC allegedly failed to provide effective oversight with respect to the loan servicing, Loss Mitigation, foreclosure activities, and related functions of the Bank, including the Bank’s risk management, audit, and compliance programs, vendor management, document execution practices, and staffing and managerial resources as they pertain to those activities and related functions;

WHEREAS, on April 13, 2011, the Board of Governors and BAC entered into a Consent Order to address the concerns raised by the OCC Consent Order and requiring BAC to take specific measures to address those concerns (the “Board Consent Order”);

WHEREAS, the conduct which was the subject of the Board Consent Order allegedly constitutes unsafe or unsound practices in conducting the affairs of BAC within the meaning of section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818) (the “FDI Act”);

WHEREAS, the Board of Governors issues this Order of Assessment of a Civil Money Penalty Issued Upon Consent (the “Consent Assessment Order”) against BAC in conjunction with the Board Consent Order;

WHEREAS, BAC has taken steps to comply with the Board Consent Order and continues to take additional steps;

WHEREAS, on February 9, 2012, BAC and/or certain of its affiliates (the “BAC Parties”) entered into an agreement with the United States, acting through the United States Department of Justice, and with the Attorneys General of various states to settle certain potential civil claims against the BAC Parties for their conduct, among other things, in connection with the servicing of mortgage loans by the Bank (the “Settlement Agreement”);

WHEREAS, as part of the Settlement Agreement, the BAC Parties agreed to provide consumer relief, which may include mortgage principal reductions or refinancing, and other assistance to certain residential mortgage borrowers (the “Borrower Assistance”). As part of the Settlement Agreement, the BAC Parties also agreed that certain payments would be made to the United States (the “Hard Dollar Payments”). Portions of those payments may go directly to various agencies of the federal government (the “Federal Payments”). The amount of Borrower Assistance provided by the BAC Parties, together with the Hard Dollar Payments made pursuant to the Settlement Agreement, is expected to be equal to or greater than \$10.5 billion;

WHEREAS, BAC has consented to the assessment of a civil money penalty in the amount of \$175,500,000 by the Board of Governors (the “CMP”) pursuant to section 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. § 1818(i)(2)(B)) for allegedly unsafe or unsound practices described above, which penalty shall be remitted by the Board of Governors to the extent, in compliance with this Consent Assessment Order: (i) the BAC Parties provide the Borrower

Assistance pursuant to the Settlement Agreement or make the Federal Payments pursuant to the Settlement Agreement; or (ii) BAC provides funding for nonprofit housing counseling organizations pursuant to a plan acceptable to the Reserve Bank;

WHEREAS, the board of directors of BAC, at a duly constituted meeting, adopted a resolution authorizing and directing Edward O'Keefe to enter into this Consent Assessment Order on behalf of BAC, and consenting to compliance with each and every applicable provision of this Consent Assessment Order by BAC and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), and waiving any and all rights that BAC may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of assessment of civil money penalty; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Consent Assessment Order; (iii) judicial review of this Consent Assessment Order; (iv) contest the issuance of this Consent Assessment Order by the Board of Governors; and (v) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Consent Assessment Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Consent Assessment Order constituting an admission by BAC of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ORDERED by the Board of Governors, pursuant to sections 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. §§ 1818(b)(3) and 1818(i)(2)(B)), that:

1. BAC is hereby assessed a CMP in the amount of \$175,500,000 to be paid as provided in this Consent Assessment Order.

2. Pursuant to section 8(i)(2)(F) of the FDI Act (12 U.S.C. § 1818(i)(2)(F)), the Board of Governors shall remit up to \$175,500,000 of the CMP by an amount equivalent to the aggregate dollar value of the Borrower Assistance provided and Federal Payments made by the BAC Parties pursuant to the Settlement Agreement (with crediting to be determined pursuant to the same mechanism used in the Settlement Agreement, provided that no amount shall be remitted for bonuses or incentives received by or credited to the BAC Parties), under the following conditions:

(i) The Borrower Assistance is provided for the remedial programs specified in the Settlement Agreement in accordance with the terms and conditions specified in the Settlement Agreement for such programs;

(ii) Any documents associated with the Borrower Assistance provided and Federal Payments made by the BAC Parties pursuant to the Settlement Agreement are made available to the Reserve Bank upon request;

(iii) On a quarterly basis and until the earlier of the date on which the Settlement Agreement's requirements pertaining to the Borrower Assistance and Federal Payments are fully satisfied or on which the CMP has been fully satisfied, BAC submits to the Reserve Bank a detailed report and accounting on the Borrower Assistance provided and Federal Payments made pursuant to the Settlement Agreement and a certification by BAC that any such Borrower Assistance provided and Federal Payments made were provided and made in full compliance with the terms and conditions of the Settlement Agreement; and

(iv) Within the earlier of 30 days of full satisfaction of the terms and conditions of the Settlement Agreement's requirements pertaining to Borrower Assistance and Federal Payments or two years after the date of execution of this Consent Assessment Order, BAC submits to the Reserve Bank a certification that any Borrower Assistance provided and Federal Payments made pursuant to the Settlement Agreement were provided and made in full compliance with the terms and conditions of the Settlement Agreement.

3. Pursuant to section 8(i)(2)(F) of the FDI Act (12 U.S.C. § 1818(i)(2)(F)), the Board of Governors shall also remit up to \$175,500,000 of the CMP, to the extent not remitted pursuant to paragraph 2, by an amount equivalent to the aggregate amount of funds expended by BAC on funding for nonprofit housing counseling organizations, approved by the U.S. Department of Housing and Urban Development, to provide counseling to borrowers who are at risk of or are in default or foreclosure or assistance to borrowers in connection with the independent foreclosure reviews required by the Board Consent Order, under the following conditions:

(i) Within 30 days prior to the making of any expenditures pursuant to this paragraph 3, BAC submits to the Reserve Bank an acceptable written plan for making such expenditures, including the manner by which such expenditures shall be credited to BAC; and

(ii) BAC fully complies with the accepted plan.

4. No later than two years after the date of execution of this Consent Assessment Order, BAC shall pay any portion of the CMP that has not been remitted pursuant to paragraphs 2 or 3 of this Consent Assessment Order as of such date, plus interest on such portion calculated from the date of execution of this Consent Assessment Order at the rate set forth in 28 U.S.C. § 1961.

5. Payment of the CMP pursuant to paragraph 4 of this Consent Assessment Order shall be made by a Fedwire transfer to the Federal Reserve Bank of Richmond, ABA No. 051000033, to the order of the Board of Governors General Fund, FRB General Ledger Account number 220 400 010, which penalties the Board of Governors shall deposit on behalf of the Board of Governors into the United States Treasury as required by section 8(i)(2)(J) of the FDI Act (12 U.S.C. § 1818(i)(2)(J)).

### **Notices**

6. All communications regarding this Order shall be sent to:

- (a) Mr. John A. Beebe  
Assistant Vice President  
Federal Reserve Bank of Richmond  
P.O. Box 27622  
Richmond, Virginia 23261-7622
- (b) Mr. Edward O'Keefe  
General Counsel  
Bank of America Corporation  
100 N. Tryon Street  
Charlotte, North Carolina 29255

### **Miscellaneous**

7. The provisions of this Consent Assessment Order shall be binding on BAC and its institution-affiliated parties in their capacities as such, and their successors and assigns.

8. Each provision of this Consent Assessment Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

9. Notwithstanding any provision of this Consent Assessment Order, the Reserve Bank may, in its sole discretion, grant written extensions of time to BAC to comply with any provision of this Consent Assessment Order.

10. Except as provided for in this Consent Assessment Order, the Board of Governors hereby releases and discharges BAC and its affiliates, successors, and assigns from all potential liability that has been or might have been asserted by the Board of Governors based on the conduct that is the subject of this Consent Assessment Order, to the extent known to the Board of Governors as of the effective date of this Consent Assessment Order. The foregoing release and discharge shall not preclude or affect any right of the Board of Governors to determine and ensure compliance with the Board Consent Order or this Consent Assessment Order, or any proceedings brought by the Board of Governors to enforce the terms of the Board Consent Order or this Consent Assessment Order.

By Order of the Board of Governors effective this 9<sup>th</sup> day of February, 2012.

BANK OF AMERICA CORPORATION

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: /s/ Edward O'Keefe  
Edward O'Keefe  
General Counsel

By: /s/ Jennifer J. Johnson  
Jennifer J. Johnson  
Secretary of the Board