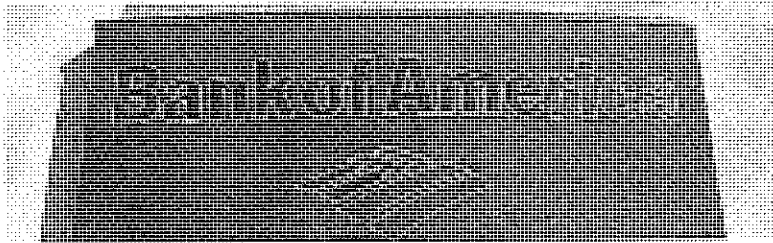


# EXHIBIT 5

# BofA to move high-risk Countrywide mortgages to subservicers

by JON PRIOR



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**Bank of America (BAC: 7.38 +4.68%)** will likely move select high-risk mortgages originated by **Countrywide Financial Corp.** to a handful of smaller servicing specialists, according to the pending settlement with securities investors.

At the end of June, BofA agreed to pay \$8.5 billion to settle soured residential mortgage-backed securities to investors. The bank struck [the agreement](#) with **Bank of New York Mellon (BK: 22.28 +2.34%)**, which was the trustee for 530 MBS trusts with a combined principal balance of \$424 billion in Countrywide loans.

While some of the 22 institutional investors continue to challenge the initial settlement, one portion of the deal should be far along by the time an agreement is finalized. BofA and the investors will tabulate a list of between eight and 10 subservicing companies -- firms that specialize in servicing delinquent and high-risk mortgages.

"We believe that Bank of America's actions to move the servicing of high-risk loans to qualified sub-servicing firms, at Bank of America's expense, are particularly significant," said Laurie Goodman, an analyst at **Amherst Securities**.

BNY Mellon would then approve at least four of the subservicers. In total there are 256,000 mortgages in the trusts. According to Amherst, each firm would be able to handle roughly 30,000 each with the rest being sold off before transferring over.

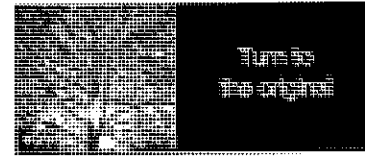
These high-risk loans would include mortgages more than 45 days delinquent without the servicer contacting the borrower, mortgages more than 60 days past due and have been delinquent more than once over the past year, and loans 90-plus days delinquent but have avoided the foreclosure process for more than 90 days.

Mortgages in the foreclosure process but have not been assigned to a sale date and other loans for which the borrower has declared bankruptcy would also qualify as transferable, according to Amherst.

"Very few of these sub-servicers have the ability to service an additional 30,000 loans without building capacity," Goodman said. "We would assume that when a sub-servicer contracts, they will require Bank of America to cover any costs involved in the build-out if the contract is not fulfilled."

Write to [Jon Prior](#).

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