

Anthony T. Meola
Senior Vice President
Mortgage Servicing & Operations Executive

October 1, 2013

VIA EMAIL

Pam Bondi
Attorney General for the State of Florida
The Capitol PL-01
Tallahassee, Florida 32399-1050

Re: National Mortgage Settlement

Dear General Bondi:

We write to provide an update on the constructive ongoing engagement we have been having with your office to address the issues that you raised in your letter of June 4, 2013. We believe that our regular interactions with your office have provided us useful information about the experiences of Florida borrowers. Following the leadership role taken by you and your office in negotiating the historic National Mortgage Settlement (NMS) approximately 18 months ago, you and your office have provided wise counsel, both independently and as part of the NMS Monitoring Committee, that has helped shape the improvements to our processes that we are presently implementing. We appreciate both the cooperative approach that your office has taken and the level of expertise and substance that your office brings to the table on borrower-assistance issues.

We also appreciate the extensive efforts that your office has put forth since the execution of the agreement, especially over the last six months, including attending numerous meetings, both in-person and by telephone, spending countless hours reviewing and revising the new metrics and related items, and analyzing feedback from borrowers and housing counselors to look for common themes for us to focus collectively on.

We also want to make clear that Bank of America remains committed to improving the loss mitigation process for our borrowers. As part of this process, we have increased our engagement with individual state attorneys general such as yourself and the NMS Monitoring Committee.

We are taking these steps as part of a collaborative engagement with state attorneys general and the NMS Monitoring Committee designed to increase our performance in the loan

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modification process above and beyond what is required under the NMS. Indeed, we believe that the NMS is working as intended, including with respect to the servicing standard metric testing requirements and the remediation provisions for metrics where the testing results exceed the permitted threshold error rates.

Borrower Communications

One question that you raised concerned borrower communications relating to loan modifications. We are also working to address any issues in this area.

As an initial matter, our analysis shows that the vast majority of borrowers receive a loan modification decision in a relatively short period of time. As a result of missing document letters, improved document management processes, and the efforts of the Single Points of Contact (known as Customer Relationship Managers (CRMs) at Bank of America), most borrowers are moving quickly through loan modification document collection and decisioning. That said, we recognize that there are sometimes situations where delays occur, particularly where underwriting is complex due to, for example, the borrower being self-employed or experiencing changes in marital circumstances. We are committed both to continue to move the vast majority of the borrowers through the loan modification application process promptly while also lessening the amount of time that it sometimes takes to collect documents (and then make a decision) in these more complex applications.

There are multiple means of communication with borrowers in the loan modification process. Our CRMs are required to have contact with borrowers every seven days while a loan is being evaluated for a retention solution. A series of defined welcome and status call routines seek to ensure that a borrower is kept informed throughout the process and is afforded opportunities to ask questions directly to his or her assigned CRM.

In addition to our verbal communication routines, written communications are a key aspect of our communication strategy. In an ongoing effort to continuously improve borrower experience, we recently reviewed our loss mitigation letters based on feedback from our CRMs, borrowers, the Monitoring Committee, and other NMS signatories. We identified a population of approximately 600 letters that will be changed or eliminated through this work. A significant number of these letters will be retired from use by the end of the year, and another substantial number will see changes to improve the clarity of their content.

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One particular area of focus has been our communications with borrowers when we are collecting documents in connection with the loss mitigation process. After receiving the first modification-relevant document from a borrower, a series of designated steps (routines) begins in order to review documents while keeping borrowers informed of document deficiencies or additional documents required. Our process of sending acknowledgements, incomplete information notices, and requests for additional information are designed to keep the borrower informed of document collection status. In addition to the significant improvements we have made in uploading and tracking documents, we are also enhancing the level of detail provided to customers about missing documents and document deficiencies.

The Incomplete Information Notice, which is sent to the borrower within five days of receiving a modification document, is being augmented to present more specific information regarding any document deficiency. Requests for additional information beyond the Incomplete Information Notice will begin using the Additional Document Request Letter (provided for by one of the new NMS metrics), which will parallel the Incomplete Information Notice in the level of detail and clarity provided. These letters communicate deficiencies while borrowers are afforded 30 additional days of protection each time additional information is requested.

Both the Incomplete Information Notice and the Additional Document Request Letter will be generated using an interactive checklist tool. Document lists and deficiency detail will be based on borrower circumstances, RMA answers, and a list of QA reasons that the associate must validate. This additional automation is expected to increase the completeness of information requests, ultimately reducing the number of required follow-up communications.

In addition to these improvements to the Incomplete Information Notice and Additional Document Request Letter, our Evaluation Notices and decline reasons will also be enhanced. All approvals and declines will be provided in one Evaluation Notice. The notice will include all decline reasons and indicate programs for which the borrower was not considered. Additionally, we have reviewed all of our decline reasons and improved the text where needed to ensure that the denial reason is clear and that factual information is provided.

Dual Tracking

A second area that you have raised involves when the foreclosure process is suspended while a borrower is in the loss mitigation process.

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In accordance with investor guidelines, Bank of America proceeds with foreclosure activities until the borrower provides a complete document package required for loan modification. When a full package for loan modification has been received from the borrower, the foreclosure process is suspended, including: scheduling sales or causing judgments to be entered and cancelling a scheduled sale date when a borrower has been offered a loss mitigation option, where permissible by state law.

We have strong controls, account level reviews and reporting designed to prevent a borrower from going to foreclosure sale in error. Leading up to a sale date, we have implemented multiple checkpoints to ensure that appropriate steps are taken to exhaust all foreclosure alternatives in home retention or home transition.

Servicing Borrowers in Litigation

You also raised with us the challenges that arise when borrowers in litigation with the Bank seek loss mitigation.

Following your letter, we have engaged in a series of calls with your office to address these challenges. As a result, we have been improving the training for our CRMs who deal with borrowers in litigation with the Bank so that they can better engage with borrowers represented by counsel. We have also been creating new letters to address borrowers who are in litigation with the Bank.

Because we are hopeful that these changes will substantially improve the loss mitigation experience for borrowers in litigation, we intend to roll out the strategies that we have developed with your office to all borrowers nationwide. In that regard, the input from your office will benefit not only Florida borrowers, but also borrowers beyond your state line.

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We appreciate the ongoing partnership with your office and the Florida housing counselors who help to guide our borrowers through this challenging time in their financial lives. As part of our commitment to assist borrowers struggling to meet their mortgage payments, Bank of America is continuing to invest resources to refine its loss mitigation practices and procedures. These efforts include the items discussed in this letter, activities to ensure Bank of America adheres to the NMS servicing standards, and additional opportunities that we will identify in the

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future. We look forward to the opportunity to continue working together to assist Florida borrowers.

Sincerely,



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