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Senior Vice President
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October 1, 2013

VIA EMAIL

John W. Suthers
Attorney General for the State of Colorado
Ralph L. Carr Colorado Judicial Center
1300 Broadway, 10th Floor
Denver, Colorado 80203

Re: National Mortgage Settlement

Dear General Suthers:

We are writing to provide an update on recent events with respect to the National Mortgage Settlement (“NMS”).

We greatly appreciate the substantial attention and leadership you and your office have provided on the NMS throughout the negotiation, execution and implementation of the settlement. We in particular note the extensive efforts that your office has put in 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 to look for common themes for us to focus collectively on.

Moreover, the support that you and other members of the NMS Monitoring Committee have provided to assist servicers in improving the experience of borrowers in the loss mitigation process has been highly valuable. As you are aware, four newly created NMS metrics will be added to the existing twenty-nine. These new metrics, developed in consultation with the servicers participating in the NMS, address areas of recent concern and, in certain instances, require servicers to go beyond the terms of the NMS in an effort to assist homeowners.

As part of these ongoing efforts, Bank of America has devoted substantial resources to improving communications and engagement with borrowers who are seeking loan modification under the NMS. We are taking these steps as part of a collaborative engagement with state attorneys general and the NMS Monitoring Committee designed to refine our performance in the loan modification process above and beyond what is required under the NMS.

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As we are working to implement these new enhancements, we wanted to take this opportunity to respond to some of the questions and concerns that your office has raised with us based on a review of borrower feedback.

I. Document Collection

One of the issues that you raised concerned the document collection process for loan modification applications.

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 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. We are working to address your concerns as follows:

After receiving the first modification-relevant document from a borrower, Bank of America initiates a series of designated steps (routines) 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 borrowers about missing documents and document deficiencies.

The Incomplete Information Notice, which is to be 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 be made by 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 affording borrowers an additional 30 days of protection each time additional information is requested.

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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.

II. Dual Tracking

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

In accordance with investor guidelines, and consistent with the NMS, 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 to prevent a borrower from going to foreclosure sale in error. Leading to a sale date, we have implemented multiple checkpoints to ensure appropriate steps are taken to exhaust all foreclosure alternatives in home retention or home transition.

III. SPOCs

You also raised the provision of Single Points of Contact (“SPOCs”) to borrowers seeking loan modifications.

As you will recall, new NMS metric 32 seeks to improve the implementation and effectiveness of SPOCs (or CRMs). Among other things, it tracks whether the servicer identified and provided updated contact information to borrowers upon assigning a new SPOC and whether the servicer implemented management routines or other processes to review the results of performance evaluation tools. We believe that this enhanced focus on the utilization of SPOCs will help address your concerns.

IV. Servicing Borrowers in Litigation

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

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In that regard, we have been improving the training for our CRMs who deal with borrowers who are 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.

V. Denial Notices

Another topic you raised relates to the provision of notice to borrowers who have been denied loan modifications.

New NMS metric 31 tracks whether a denial notice specifies the reason for denial, the factual information considered by the servicer, and a timeframe for the borrower to provide evidence that the eligibility determination was in error. We are also reviewing all of our decline reasons and are undertaking to enhance the clarity and detail of our decline notifications.

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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 future. In this regard, we greatly appreciate the ongoing dialogue and collaboration with your office. We look forward to the opportunity to continue working together to assist Colorado borrowers.

Sincerely,



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