

Foreclosure Prevention 101

Solutions for Working Families Conference:
2009 Learning Conference on State and Local Housing Policy

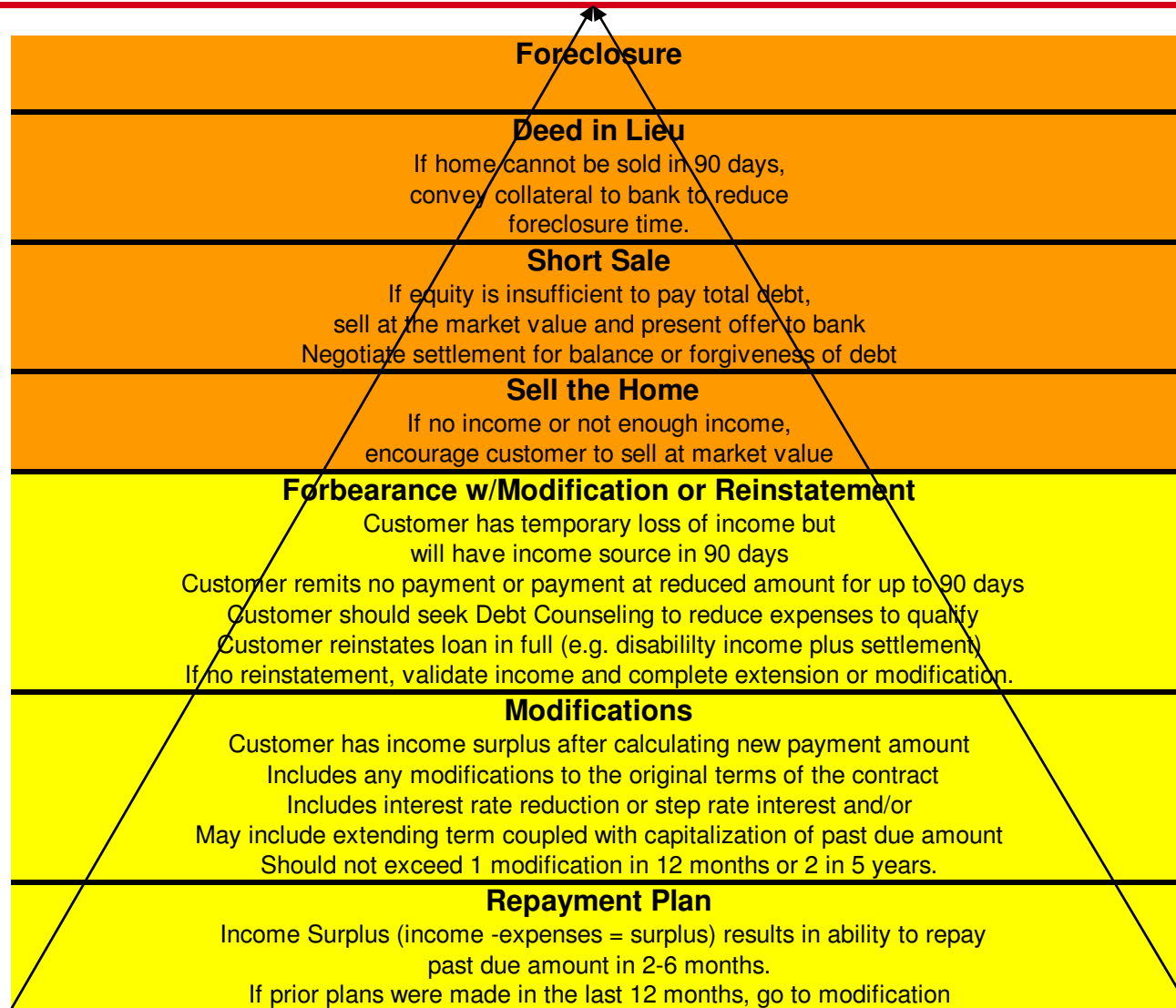
June 28, 2009

Agenda

- Introduction
- Workout Process and Programs
- Helping Homeowners Make Informed Decisions
- Working with Bank of America on Foreclosure Prevention
- Outreach Efforts to Connect with No-Contact Borrowers
- Questions and Answers

Workout Process and Programs

Guide and Overview of Workout Process and Programs



Helping Homeowners Make Informed Decisions

General Expectations in the Workout Process

- Define – What is the hardship?
- Present a true financial picture and the reasons for delinquency
- Create a full disclosure of circumstances
 - Long or short term crisis
 - Severity of crisis
- Develop Crisis Budget
 - Identify all household income for all wage earners in the household
 - Identify all expenses
 - Gather information to verify ability to pay
- Work with the borrower to determine the best solutions
- Be sure to get authorization to act on borrower's behalf
- Forward complete package to home retention unit
- Work with the borrower to get modification documents signed

Helping Homeowners Make Informed Decisions

Borrowers have to take a realistic look at their situation and determine whether or not to keep the home

Keeping the Home:

Home Retention

Income: Does the borrower have ability to make payments, maintain the home as well as other expenses ***Housing ratio (i.e., payment to income ratio) is primary driver in decisions vs. borrower's overall budget and cash flow***

Where to start with assessment? Develop a reasonable budget, help borrower identify necessities versus wants

Discuss options with the borrower: Determine if borrower could qualify for a refinance; evaluate forbearance and modification options

Not Keeping Your Home:

Liquidation

Sell the home: What are the market conditions? Will the house sell for a profit? List the home with a real estate agent.

Short Sale: Sale of property at Fair Market Value but insufficient to satisfy debt.

Deed-In-Lieu of Foreclosure: Homeowners signs deed to lender to avoid foreclosure on record.

Managing Borrowers Expectations

Helping Homeowners Realize Achievable Options

- Borrowers we may be unable to assist with *retention* options
 - No income stream
 - Chapter 7 & 13 bankruptcy – unless reaffirmation of debt
 - Investors with multiple properties in an equity/gain position
 - Insufficient income to pay modified rate
- Borrowers we may be unable to assist with *liquidation* options
 - Financial ability to pay current obligations
 - Multiple property owners
 - Non owner-occupied with inability to prove imminent default
 - Not an arms-length market transaction
 - Offer insufficient to mitigate debt

Quick Facts*

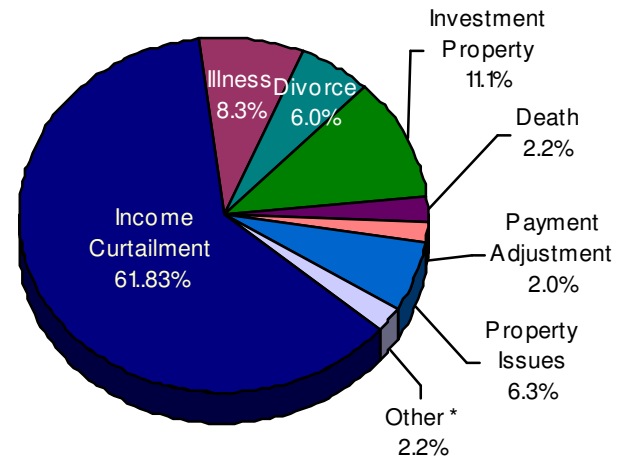
Quick Facts

As of: December, 2008

- In December, 49% of the loans that enter foreclosure do not suffer a completed foreclosure 12 months later.
- Many foreclosures do not involve family homes, but rather involve borrowers that own multiple properties. At origination, nearly 90% claimed occupancy status, while in reality 43% had a mailing address different from the property address
- As of December 2008, 26% of borrowers with loans that completed the foreclosure process paid less than 12 payments on their loans. Less than a quarter of those made 3 payments or less.

Reasons for Default

(As of March 31, 2009)



* Other includes: incarceration, fraud, utility costs

*Based on CFC Portfolio

Working with Bank of America on Foreclosure Prevention

Bank of America Efforts on Foreclosure Prevention

We are aggressively reaching out to customers who are struggling in this challenging economy.

- We have a proven track record of successfully extending loan modifications to struggling homeowners ...
 - **2008** = 230,000 (represents \$44 billion in mortgage financing)
 - **2009 1Q** = 119,000 (\$25 billion)
 - **April 2009** = 38,000 (\$7 billion)
 - **May 2009** = 24,500 (\$4.7 billion)
- Just 90 days after acquiring Countrywide, Bank of America announced the creation of our modification program for nearly 400,000 borrowers with discontinued Countrywide products (subprime, pay option ARM, subprime hybrid). The program launched December 2008.
 - Attorneys General representing 40 states now participate in the program.
 - In the first four months of outreach under the program, we offered more than 100,000 modifications and completed more than 50,000 modifications, providing potential savings of more than \$800 million in principal and interest payments over time.
- Bank of America Home Loans has more than 7,400 associates dedicated to home retention. This team – the industry’s largest – has nearly doubled since this time one year ago.

Bank of America Efforts on Foreclosure Prevention (cont.)

Our active participation and early results demonstrate our deep commitment to assisting customers with the Making Home Affordable refinance and modification programs.

- Bank of America was one of the first lenders to process refinance applications through the Making Home Affordable program.
 - We have taken 83,000 MHA applications (the majority of which have locked) and funded 23,000 refinancings since launching the program.
- We are leveraging the Home Affordable Modification program to extend opportunities for home retention to our customers.
 - We have mailed more than 157,000 solicitations for financial information;
 - We have extended MHA modification offers to 42,000 customers;
 - More than 7000 Bank of America customers are in the modification trial period.
- We have integrated the MHA program with our National Homeownership Retention Program launched in collaboration with state Attorneys General. This provides further improvement in the debt-to-income calculation and overall benefits to as many as 400,000 homeowners nationally.
- Bank of America leadership has been an active participant and advisor in the development of guidelines for these programs.

Workout Waterfall

The primary objective of Home Retention is to provide payment and workout options for customers in the best interest of all parties.

Decisions are based on the customer's individual circumstances including financial hardship, loan to value, etc.

Workout solutions and guidelines vary by investor. Not all programs are listed below, however, following is a general program waterfall:

1. Repayment Plan

- Ability to repay past due payments in 9 months or less (duration may be longer as allowed by the investor)
- Past due payments are added to the customer's current payment over 6-9 months to bring the loan current

2. Making Home Affordable *Refinance* Program

- Loan owned or guaranteed by Fannie Mae or Freddie Mac
- Borrower current or 30 days late only once in last 12 months
- Amount owed or mortgage less than or equal to 105% of current market value of home

3. Making Home Affordable *First Lien* Loan Modification Program

- Significantly lowers First Mortgage Debt-To-Income (31%) target vs. previous programs
- Targets loans with unpaid balances of up to \$729,750 (Jumbo confirming limits)
- Focuses on early intervention (consideration at 60+ days delinquent vs. 90+ days)
- Incentives for Servicer (up to \$1,000), Lender / Investor (Up to \$1,500) and Customer (Up to \$1,000) if certain milestones are met

4. Making Home Affordable *Second Lien* Loan Modification Program

- Makes modification of first lien a trigger even to also modify second lien
- Provides favorable interest rates to borrower (Home Equity Loans – Rate lowered to 1% amortizing; Home Equity Lines -> Rate lowered to 2% interest-only)
- Incentives for Servicer (up to \$500), Lender / Investor (TBD) and Customer (Up to \$250) if certain milestones are met

5. BAC National Home Retention Program

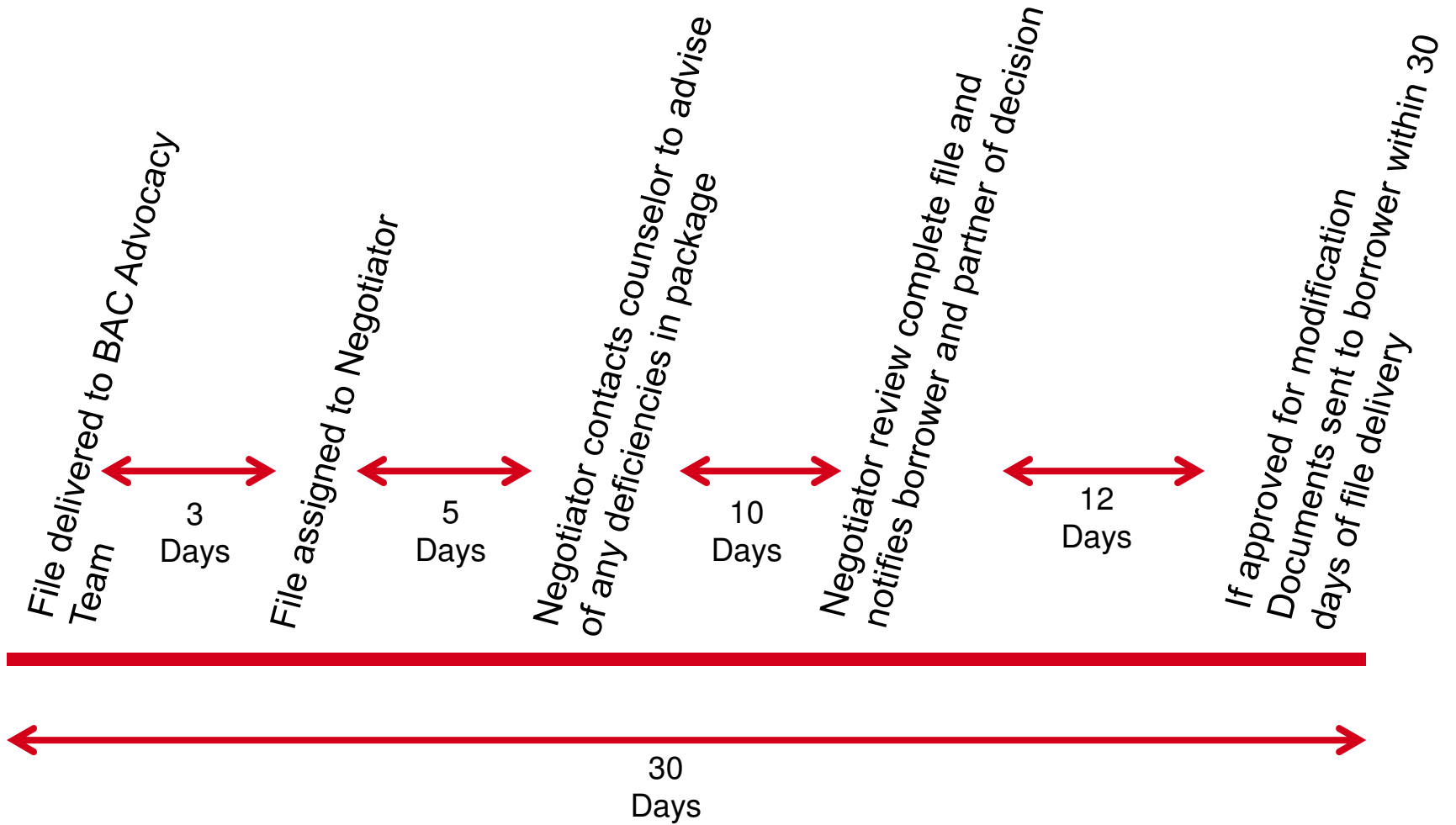
- Provide rate relief loan modifications for Legacy CFC Subprime Hybrids or Pay Option ARM Loans
- Homeowners 60+ days delinquent with LTV at 75% or higher

6. Non-Delegated:

- Requires investor review

Projected Timeline*

*Time frame may change dependent on file circumstances, and may be extended for cases where we do not have delegation to make the decision.



Delivering a Package to Home Retention

Intake Form

Bank of America
 Mail Stop: NY2-001-02-17 Phone Number: 1-800-848-2222
 CrossStreet Plaza Fax: 1-716-426-7222
 Getzville, NY 14668 E-mail: bsmrtg@bna.bankofamerica.com

Borrower Name: _____
 Loan Number: _____
 Event: _____

BORROWER REQUEST FOR HARDSHIP ASSISTANCE
 Sometimes things occur beyond anyone's control that make it difficult, if not impossible, for homeowners to meet their obligations. Bank of America wants to help. To complete your request for hardship assistance, Bank of America must consider your circumstances to determine your eligibility. Please provide the following information:

Property Address: _____
 Home # _____
 Call # _____
 E-mail address: _____

Please check all that apply:
 I live in this house
 Occupants in home: _____
 This is a second house
 This house is vacant
 This is a rental property (monthly rent: \$ _____)
 Active BIC (in pay, Chapter 11 or case #): _____

	PRIMARY HOMEOWNER		ADDITIONAL OCCUPANT(S)	
	Gross	Net after deductions	Gross	Net after deductions
Employment Income	\$	\$	\$	\$
Disability	\$	\$	\$	\$
Rental Income	\$	\$	\$	\$
Unemployment	\$	\$	\$	\$
Child Support / Alimony	\$	\$	\$	\$
Other	\$	\$	\$	\$
TOTAL MONTHLY INCOME				

Current Employment Status Primary Homeowner: please check one
 Employed Full-Time Employed Part-Time Unemployed/Not Working Self-Employed

Current Employment Status Additional Occupant(s): please check one
 Employed Full-Time Employed Part-Time Unemployed/Not Working Self-Employed

HOUSEHOLD
 Net Income: \$ _____ Expenses: \$ _____ Surplus: \$ _____

NEEDS & EXPENSES
 Check Card (Premium Pmt) \$ _____
 Auto Loan (Monthly Payment Per Vehicle) (1) \$ (2) \$ (3) \$
 Auto Insurance \$ _____
 Auto Expenses (gas, maintenance, etc.) \$ _____
 Transportation (tolls, travel fees / bus passes / parking / tolls) \$ _____
 Electricity/ Gas/ Water \$ _____
 Telephone/ Cellular phone \$ _____
 Cable / Satellite Dish / Internet \$ _____
 Groceries / Household Supplies \$ _____
 Childcare / School Tuition \$ _____
 Medical Expenses \$ _____
 Installment Loans (1) \$ (2) \$
 Spending Money \$ _____
 Miscellaneous (please describe) \$ _____
TOTAL MONTHLY EXPENSES \$ _____

Net Income: \$ _____ Expenses: \$ _____ Surplus: \$ _____

CURRENT MORTGAGE INFORMATION
 1st Loan Mortgage Payment (PI) \$ _____ Taxes & Insurance: \$ _____
 2nd Loan Mortgage Payment (PI) \$ _____
 Loan Type: _____
 Are Property Taxes and Homeowners Insurance current (if paid separately)? _____

REASON FOR OCCUPANCY
 2 Months Bank Statements 2 Months Pay Check Stubs Letter of Authorization 1099 (if Self-Employed)

REASON FOR CURRENT OCCUPANCY
 Please provide a brief summary stating the reason for the default or hardship below. Feel free to provide an additional page if necessary.

AUTHORIZATION FORM - WORKING WITH A HOUSING COUNSELOR OR FAMILY MEMBER TO NOT ON THE LOAN
 I hereby authorize Bank of America to discuss my request for payment assistance with the individual(s) that I have identified below as my designee agent(s) (hereinafter the "Designated Agent"). Further, Bank of America is hereby authorized to negotiate the terms of a workout agreement with my Designated Agent and to make payments to the Designated Agent which constitute my request for payment assistance. This Authorization will remain effective until specifically notified by Bank of America's WRAP/Out Department in writing that this Authorization is of no further force and effect.

My Designated Agent(s) are: _____ Agency or family member (circle) (please print) Agency Name (please print) _____
 Date: ____/____/____ Signature (Designated Agent) (please print) Signature (Borrower) (please print) _____
 Bank of America Contact Information: _____
 Bank of America Loan Mitigation 475 Cross Street Plaza Mail Stop: NY2-001-02-17 Phone Number: 1-800-848-2222 CrossStreet Plaza Fax: 1-716-426-7222 Getzville, NY 14668 E-mail: bsmrtg@bna.bankofamerica.com

Notes: _____

I (we) agree that the financial information provided is an accurate statement of my (our) financial status.

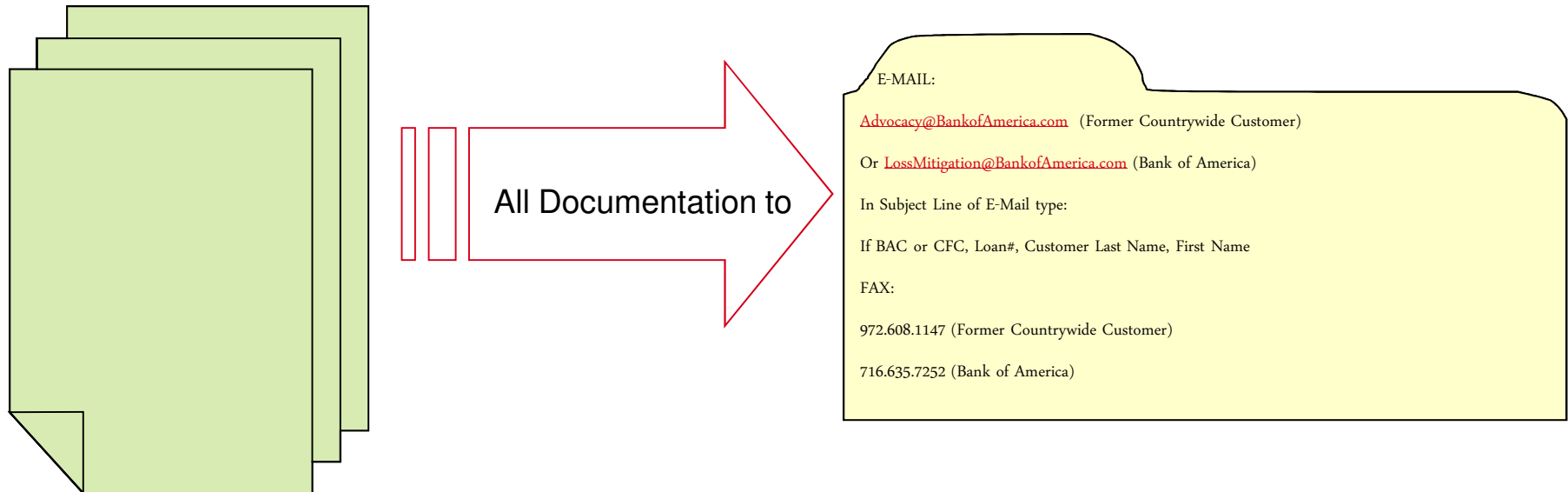
Signature of Borrower _____ Signature of Co-Borrower _____
 Bank of America is required by law to inform you that information provided by you on this form may be used to collect debt.

Documentation

- Completed and signed Intake Form
- Detailed letter of hardship
- Borrower authorization to communicate with lender
- Verification of income for all wage earners in household
 - One month's recent pay stubs
 - Other verifiable sources of income
- Copies of the most recent bank statements
- Self-employed customers must provide
 - a certified Profit & Loss Statement, or
 - copy of their last year's tax return
- Be sure to include contact information on yourself: name, agency, telephone and e-mail as a cover to the package

Document Delivery Information

REFERENCE LOAN NUMBER AND CUSTOMER NAME ON ALL
DOCUMENTS, E-MAILS AND FAXES



All communications should be delivered through the Advocacy@BankofAmerica.com (former Countrywide loan) or LossMitigation@BankofAmerica.com (former Bank of America loan) mailbox or respective fax numbers, even when working directly with our Home Retention Associates. This ensures documents are tracked and recorded.

Counselor Dedicated Team

Legacy Countrywide Home Retention Associates

Primary Points of Contact

Advocacy Hotline – 877.327.9225
Advocacy@BankofAmerica.com
FAX: 1.972.608.1147

Home Retention Specialist Role

- Review's file
- Determines borrower(s) ability to pay
- Determines Investor
- Reviews Guidelines
- Determines borrower's qualification against Guidelines

Escalations

Nairi Gerovian
Team Leader / Manager: 1.661.951.5147
Nairi.Gerovian@BankofAmerica.com

Lynda Golden
Vice President: 1.661.951.5460
Lynda.Golden@BankofAmerica.com

Jerry Durham
Vice President: 1.972.608.2753
Jerry.Durham@BankofAmerica.com

Examples of Escalation Issues

- Imminent sale date
- No responses within agreed upon time
- Drastic change in borrower(s) circumstances

Counselor Dedicated Team

Legacy Bank of America Home Retention Associates

Primary Points of Contact

Dedicated Counselor Hotline –
1.866.731.2686

LossMitigation@BankofAmerica.com

Fax: 1.716.635.7252

Home Retention Specialist Role

- Review's file
- Determines borrower(s) ability to pay
- Determines Investor
- Reviews Guidelines
- Determines borrower's qualification against Guidelines

Escalations

Aimiamia Amadsu: 1.716.635.2804

Aimiamia.Amadasu@BankofAmerica.com

Daneen Sparcino

Vice President: 1.716.635.7056

Daneen.Sparcino@BankofAmerica.com

Examples of Escalation Issues

- Imminent sale date
- No responses within agreed upon time
- Drastic change in borrower(s) circumstances

Going Forward: Our Clarity Commitment™

In response to “Voice of Customer,” we developed this simple one-page home loan summary.

- Available on 90% of first mortgage loan transactions (purchase and refi) and will increase as we add eligible products starting in June
- A one-page summary of the customer’s key loan terms to use in conjunction with the official documents received in their loan package
- Highlights important information about their loan in an easy-to-read format: loan details, payment information, rate, and estimated escrow charges
- For more complex loans, such as an ARM, customers see the maximum rate adjustment, percentage point increase at each adjustment, and maximum payment information specific to when the adjustment occurs
- Written in clear, straightforward language
- Customers receive an initial version in their RESPA packet, a revised version if standard change of terms occur, and then a final version in their Closing packet
- For customers who want additional learning tools and content specific to the loan process, we’ve included the URL for our new Home Loans Consumer Website, bankofamerica.com/homeloans

Outreach Efforts to Connect with No-Contact Borrowers

Overview of Outreach Efforts in 2009

Event Summary	<ul style="list-style-type: none"> • 120 Borrower Outreach Events attended since 01/01/2009 • Nearly 5,000 borrowers seen at events since 01/01/2009 • 32 Counselor Training or Workshop/Panel Discussions in 17 states • 26 States covered YTD (Top 5 – CA, FL, TX, MI, IL) <ul style="list-style-type: none"> – CA – 35, FL – 13 , TX – 10, MI – 8, IL – 5
Objectives	<ul style="list-style-type: none"> • Educating customer and stakeholders about loss mitigation options • Positive customer interaction through the face to face, individualized interaction. • Support for local government leaders and community partners • Bringing back traditional concepts of the “neighborhood” bank and commitment to our customers • Networking with other servicers and best practice opportunities
Event Types	<ul style="list-style-type: none"> • Alliance for Stabilization our Communities events • Bank of America Banking Centers – outreach for BAC customers only • Hope Now Events • Elected Official Sponsored Events • Non Profit Counseling Agency Sponsored Events • Counselor Training on Loss Mitigation Process and Programs • Educational Workshops for Customers • Panelist for various events hosted by government agencies our not for profit agencies
Quick Facts	<ul style="list-style-type: none"> • Results in a very positive customer experience • Increased education for customers and stakeholders • Results in stronger partnerships with not for profit agencies or other key stakeholders when we show our support at events

Outreach Events Attended (June 1, 2008 to May 31, 2009)

