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ASSOCIATION OF FINANCIAL GUARANTY INSURERS

Unconditional, Irrevocable Guaranty®

BY CERTIFIED MAIL

September 2, 2010

Mr. Brian T. Moynihan
Chief Executive Officer and President
Bank of America Corporation
101 South Tryon Street, NC1-002-29-01
Charlotte, NC 28255

Dear Mr. Moynihan:

I write on behalf of the Association of Financial Guaranty Insurers (“AFGI”), a trade association of the leading financial guaranty insurers and reinsurers. This letter relates to the obligations that Bank of America (including Countrywide Home Loans) (“BOA”) owes to our industry members arising from representations and warranties provided by BOA on securitizations, insured by our industry members, of home equity lines of credit (“HELOCs”) and first and second lien residential mortgage loans. While BOA has publicly announced its intention to contest its representation and warranty obligations on a “loan by loan” basis, AFGI submits that this defensive posture will soon prove ineffective in shielding BOA from the financial, accounting, legal and other implications of its massive obligations to our industry members.

Each of our industry members that has insured BOA securitizations has at this juncture concluded that well more than half of 2005/2006/2007 vintage non-performing HELOCs and first and second lien residential mortgage loans reviewed or sampled qualify for repurchase by BOA in the securitizations insured by them. Our industry members have employed third party experts for file reviews, in many cases using the same firms as those employed by the GSEs for this purpose. We estimate that these BOA repurchase obligations aggregate in the range of \$10 to \$20 billion for our industry members alone. As you may be aware, all the HELOC securitizations and tens of billions of dollars of other residential mortgage (including first lien) securitizations sponsored by BOA were insured by our industry members.

AFGI has observed the quarter to quarter increase in the representation/warranty repurchase liability and related disclosure in BOA’s periodic reports, filed with the Securities and Exchange Commission, over a relatively short period of time. We seek to understand the change in underlying facts giving rising to the quarter to quarter changes,

and the reason(s) why the full magnitude of the liability has not yet been recognized by BOA at this juncture.

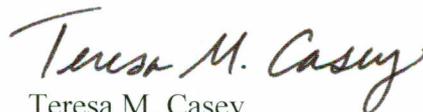
BOA's second quarter 2010 Form 10-Q states that BOA's "protocols and experience" with the monolines has been less "predictable" than with the GSEs, and suggests that this lack of "predictability" diminishes the financial statement liability associated with the obligation. We would like to understand how the protocols and experience have been less predictable with the monolines and why BOA considers this relevant. It appears to us that (i) our industry members have each initially pursued the same avenue as the GSEs, seeking repurchase of ineligible loans from BOA securitizations insured by such members; and (ii) any divergence of BOA's "protocols and experience" with the monolines, compared with the GSEs, has arisen primarily from BOA's different responses to complying with its loan repurchase obligations. In any event, we do not understand how these protocols and experience impact either (i) the probability that BOA will be required to repurchase ineligible loans from securitizations insured by our industry members or (ii) the ability to estimate the ineligible loans in such securitizations. If BOA is contending that the defensive actions by BOA to delay payment of its representation/warranty obligations in turn delays financial statement recognition of the liability owed by BOA, then we would like an explanation as to why this is appropriate. We also observe that BOA's more predictable "protocols and experience" with the GSEs have culminated with document subpoenas issued to BOA by the Federal Housing Finance Agency associated with BOA's lack of cooperation in the loan repurchase process. Our industry members, like the GSEs, are committed to pursuing their rights against BOA for representation and warranty repurchases in connection with our insured securitizations.

BOA is in a position to evaluate the extent of its liability to the monolines, since BOA has access to the loan files, and could engage experts to perform a statistical sampling of those files to estimate the percentage of ineligible loans subject to repurchase from the transactions insured by our industry members. If BOA has already performed such a sampling, AFGI asks why the results have not been disclosed. If BOA has not performed such a sampling, AFGI asks why an explanation for such decision has not been provided. A number of our industry members have pursued a laborious loan by loan representation and warranty put back process. The thousands of loans already repurchased by BOA in this process provide a statistically significant indication of the magnitude of the BOA liability to our industry members.

We write in the hope of resolving BOA's contractual obligations in a manner that will cause the least disruption to BOA while preserving our rights, in advance of BOA's year-end audit and Form 10-K that we expect will put increasing pressure on accounting

and disclosure obligations surrounding this liability. We request the courtesy of a prompt reply.

Very truly yours,



Teresa M. Casey
Executive Director

cc: Mr. Charles O. Rossotti
Chairperson of the Audit Committee of the Board of Directors
Bank of America Corporation

Mr. Bruce Thompson
Chief Risk Officer
Bank of America Corporation

Ms. Kathleen Cawley
Chief Compliance Officer
Bank of America Corporation

Mr. Tom Pirolo
Partner
PricewaterhouseCoopers LLP