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Fitch Assigns RMBS Servicer Ratings to BAC Home Loans Servicing Ratings

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Fitch Ratings-New York-22 December 2009: Fitch Ratings has assigned U.S. residential mortgage servicer ratings to BAC Home Loans Servicing, LP (BACHLS) as follows:

- Residential primary servicer rating for Prime product at 'RPS1-';
- Residential primary servicer rating for Alt-A product at 'RPS2+';
- Residential primary servicer rating for Subprime product at 'RPS2+';
- Residential primary servicer rating for HELOC product at 'RPS2+';
- Residential primary specialty servicer rating for Second Lien product at 'RPS2+';
- Residential special servicer rating at 'RSS2+'.

The primary and special servicer rating actions are based on BACHLS's experienced management team, sophisticated servicing technology, vertical integration strategy, and comprehensive risk management practices. The rating actions also incorporate the financial strength of BACHLS' parent Bank of America, N.A. (BANA). Fitch rates BANA's long-term Issuer Default Rating (IDR) 'A+'; Outlook Stable. The IDR for BANA is dependent on support from the U.S. government. In addition, the ratings were determined in accordance with Fitch's criteria 'Rating U.S. Residential Mortgage Servicers' and 'Global Rating Criteria for Structured Finance Servicers'.

In July 2008 Bank of America Corporation (BAC) acquired Countrywide Financial Corporation and its subsidiaries (collectively, Countrywide) and began the process of integrating the mortgage operations with BAC's subsidiary BANA. In November 2008, Countrywide transferred substantially all of its remaining mortgage servicing operations to Countrywide Home Loans Servicing, LP (CHLS). In April 2009, CHLS' name was changed to BACHLS. The combined BACHLS and BANA servicing portfolio totaled over \$2 trillion and 13.8 million loans as of Aug. 31, 2009 making it the largest servicer of residential mortgage loans in the U.S.

The integrated servicing operation will leverage BACHLS' vertically integrated captive service providers and sophisticated servicing technology. Subsequent to Fitch's review, BANA converted over 3.3 million accounts to the BACHLS servicing system. In addition, new default applications including a workout model that incorporates business rules and calculations for decisioning modification requests was implemented. The integrated servicing operation will continue to utilize BACHLS's outsourcing strategies, including resources in India and Costa Rica to handle a portion of collections calls for loans up to 60 days delinquent that may be included in nonagency residential mortgage-backed securities (RMBS) transactions.

Fitch's review of BACHLS's servicing operations confirmed that the company has a capable servicing platform with the capacity, systems, and staff necessary to support its servicing portfolio. However, Fitch will continue to monitor BACHLS's ability to maintain its servicing performance while continuing to integrate its operations with BANA in a high delinquency environment.

Fitch rates residential mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within some of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-) as well as the flat rating. For more information on Fitch's residential servicer rating program, please see Fitch's report 'Rating U.S. Residential Mortgage Servicers', dated Nov. 29, 2006 and 'Global Rating Criteria for Structured Finance Servicers' dated Sept. 30, 2009, which are available on the Fitch Ratings web site at 'www.fitchratings.com'.

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