EXHIBIT 16

Collection & Credit Risk

February 2011

SECTION: NEWS; Pg. 4 Vol. 16 No. 2

LENGTH: 388 words

HEADLINE: Bank Of America Settles With Fannie, Freddie

BYLINE: Andrew Johnson

BODY:

Bank of America Corp. will take a $3 billion fourth-quarter charge stemming from settlements with Freddie Mac and Fannie Mae over poorly underwritten mortgages the bank sold to the government-sponsored enterprises.

B of A said in a press release on Monday that the settlements address "its remaining exposure to repurchase obligations for residential mortgage loans sold directly to the GSEs."

The Federal Housing Finance Agency, the conservator for Fannie and Freddie, said in a separate announcement that it had approved three settlements worth a total of $3.3 billion that B of A and Ally Financial Inc. made with Freddie and Fannie. Ally, formerly known as GMAC, said last week that it had agreed to pay $465.1 million to Fannie to resolve all mortgage repurchase liabilities with the GSE.

FHFA Acting Director Edward DeMarco said in the regulator's release that the agreements are part of its "ongoing efforts to ensure the Enterprises enforce claims for violations of representations and warranties incurred by Enterprises or breaches of other legal obligations."

B of A's settlements pertain to mortgages that Countrywide Financial Corp. sold to Fannie and Freddie. The bank bought Countrywide in 2008.

"These actions resolve substantial legacy issues in the best interest of our shareholders," Brian Moynihan, B of A's president and chief executive, said in a press release.

The company's agreement with Freddie, worth $1.28 billion, resolves outstanding and potential mortgage repurchase claims for mortgages sold to Freddie through 2008, which totals 787,000 loans with an unpaid principal balance of $127 billion.

Its agreement with Fannie, worth $1.52 billion, addresses repurchase claims outstanding as of Sept. 20 for 12,045 loans with about $2.7 billion of unpaid principal balances. It also addresses other claims on an additional 5,760 loans with $1.3 billion of unpaid principal.

B of A still faces potential litigation from investors who bought private-label mortgage securities from Countrywide. Last month the company said it was holding "constructive" talks with a small group of highly influential holders of these securities, who had accused B of A of failing to uphold its obligations as a servicer. The group includes BlackRock Inc., Pacific Investment Management Co., and the Federal Reserve Bank of New York.

URL: http://www.creditcollectionsworld.com/

LOAD-DATE: February 1, 2011

15-Feb-11 18:33 PIMCO, BlackRock and BofA settlement could bind other CFC RMBS investors -- UPDATE Story

PIMCO, **BlackRock** and **Bank of America** could try to make their settlement of poor servicing allegations binding on other investors in **Countrywide** RMBS, whether the other investors agree to the terms or not, said David Grais, a partner at Grais & Ellsworth.

The parties are attempting to encompass all Countrywide RMBS into the deal - which could be finalized in as little as 30 days - two sources with knowledge of the situation said. Grais said it was too soon to speculate on the quality of the settlement, but that his firm is advising investors about how they can object to it, should the terms be meager.

Grais & Ellsworth, which represented Greenwich Financial Services in an earlier buyback case against Countrywide, is looking into the potential for recourse against the trustee for the affected deals, Bank of New York Mellon, in case it participates in the settlement, Grais said.

The settlement would coincide with BofA's plans to shift its legacy assets into a separate unit and is likely to pay out "pennies on the dollar," to RMBS investors, one of the sources with knowledge said. The agreement could include promises to change servicing practices and a one-time payment to settle representation and warrant breaches, the sources said.

Reaching a settlement will likely hinge on Bank of New York's involvement, the second source said. The trustee could agree to a pre-packaged settlement, for example, that would implicate a wide range of Countrywide trusts, on top of those the investors have standing in, said the source.

"I'm concerned this could be a sell-out," the second source with knowledge of the situation said.

A lawyer for the investors, Kathy Patrick, a partner at Houston, Texas-based firm Gibbs & Bruns, sent a notice of non-compliance to BofA's Countrywide servicing unit on 18 October. Patrick cited USD 47bn in affected RMBS (see the list below). On 2 February, the investor group agreed to extend BofA's time period to respond for a second time.

Patrick declined to comment on the timeline for the settlement, or its terms. "We don't have a deal yet," she said. Bank of America spokesperson Jerry Dubrowski said only that the bank was in ongoing discussions with the investor group.

A Bank of New York spokesperson declined to comment.

Broader implications

The settlement could be used as a roadmap for resolving similar buyback and servicing challenges pending against the nation's largest banks, the sources said. In January, GSEs Fannie Mae and Freddie Mac agreed to settle Countrywide RMBS buyback claims against BofA for under USD 3bn. The figure represents about 70%-75% of the bank's buyback exposure to the GSEs, Barclays analysts estimated at the time.

Georgetown University professor Adam Levitin suggested US banks come to a global settlement on mortgage issues in November testimony to Congress. Such a deal would involve a restructuring of bank balance sheets, special servicing and a quieting of title on securitized properties.

Last week, BofA announced it would separate its legacy asset servicing from the rest of its operations. Similarly, JPMorgan Chase, embroiled in buyback suits involving its EMC and WaMu portfolios, today told employees that its Chief Administrative Officer Frank Bisignano would be overseeing its servicing unit, according to an internal memo.

"If they have a separate unit, they can put some money in it and hopefully get a court to say 'this is all fair and good,'" the first source with knowledge said.

Double agents

Investors hoping for a greater reimbursement of securities-gone-bad said they are concerned that light settlements for servicing wrongs – including failure to disclose breaches of representations and warranties – could stall the return of a new issue non-agency RMBS market and allow poor servicing practices to continue.

More parties are getting involved in the dispute, said Greenwich Financial Services CEO Bill Frey. A growing number of foreign investors are joining the RMBS Investors Clearing House, a consortium of investors facilitated by Talcott Franklin PC, he said.

The letter sent by the Gibbs & Bruns group was signed by BlackRock, Freddie Mac, Kore Advisors, the Federal Reserve Bank of New York (on behalf of the Maiden Lane funds), Metropolitan Life Insurance Company, Neuberger Berman Europe, PIMCO and Western Asset Management Company. The relationships the entities maintain with BofA and the US Government led some – including BofA – to question the seriousness of the buyback pursuit.

BlackRock holds an estimated USD 3.4bn in BofA equity alone. Moreover, BlackRock, PIMCO and fellow signatory Western Asset Management Co. run PPIP funds, as previously reported.

Patrick denied allegations that the firms' pursuit lacked teeth. "I don't know how anybody could look at the list of institutions that has previously been published … and conclude that they were pursuing discussions in anything other than a good faith effort," Patrick said.

Part of the group represented by Gibbs & Bruns participated in an earlier effort to displace BofA as servicer of the Countrywide RMBS but shifted gears on disagreement over how aggressively to pursue the nation's largest bank. The group is rumored to have proof that places BofA in default of its servicing duties – specifically that it modified first lien mortgages while leaving the associated second lien intact, as previously reported.

The Gibbs & Bruns letter did not prove the impact of alleged servicing wrongs on specific loans. Patrick declined to comment on whether the group had such evidence.

In order to prove a servicer default, specific loan level evidence proving a breach of contractual duties is typically needed at the onset because it is challenging to obtain even in the course of litigation, as previously reported. Once a servicer is labeled in default, the trustee is obligated to pursue a replacement servicer and/or potential representation and warranty breaches under the "prudent person" clause of the US Trustee Act.

by Allison Pyburn

Source Debtwire

Legacy Countrywide mortgage investors rally against potential settlement with Bank of America

Print

By Allison Pyburn, Edited by Adelene Lee

Published: February 23 2011 06:31 | Last updated: February 23 2011 06:31

This article is provided to FT.com readers by **Debtwire**—the most informed news service available for financial professionals in fixed income markets across the world. **www.debtwire.com**

DEBTWIRE

A growing faction of mortgage bond investors are rallying to fight a potential "sweetheart" deal between Bank of America and a handful of friendly funds related to Countrywide Financial's mortgage buyback saga, Debtwire reports.

The investors fear talks led by some of the nation's largest fund managers, including PIMCO and BlackRock, along with Freddie Mac and the New York Federal Reserve, could bind them to pennies-on-the-dollar payouts even though contractually Countrywide's owner is required to repurchase all flawed mortgages at par, said two sources involved in the negotiations. A deal could materialise in as little as 30 days, they said.

Investors looking to be refunded for loans that don't meet the criteria they were promised accuse the bank of selling them Pintos instead of Ferraris. In Countrywide deals, the number of mortgages that differ substantially from their descriptions is estimated between 40%-45% to as high as 70% of the balance, according to one of the sources involved and a source familiar with the lender's collateral.

Attempts to reach a side-deal with BofA reflect underlying fears the US retail and investment bank could be forced to re-absorb billions of the non-conforming loans at par to settle a mounting chorus of buyback challenges, the sources said.

The US government extended the bank a multi-billion dollar lifeline in 2008 as it tee-tolled from heavy losses at Merrill Lynch. Countrywide was taken over in a USD 4.1bn stock deal in 2008, making BofA the largest US mortgage lender. Shortly after, BofA infused Countrywide with billions as it struggled against mortgage losses, securities investor lawsuits and the largest predatory lending settlement in the nation's history.

An agreement struck between the big boys could bind all non-agency mortgage backed securities issued by Countrywide, BofA and potentially Merrill Lynch, should trustees for the deals participate, said David Grais, a partner in New York law firm Grais & Ellsworth, which represented Greenwich Financial in a buyback case against Countrywide in 2007. Such a deal would likely prevent mortgage bond investors from pursuing a higher payout in the future, Grais said. Between 2004 and 2007 Merrill Lynch and Countrywide issued at least 491 deals totaling USD 414bn.

The agreement would mirror the USD 3bn deal BofA arranged with Freddie and Fannie Mae in January. Opponents say it would allow poor servicing practices to continue and hamper investor confidence in the mortgage bond market at a time when government lending is beginning to contract.

'Double agents'

All of the mortgage bond investors, including PIMCO and BlackRock, initially banded together to pursue full reimbursements for bad mortgages sold into the Countrywide mortgage deals they bought, the second source involved said. The investors compiled evidence that Countrywide was granting first lien mortgage modifications to consumers, but denying them a second lien modification when BofA stood to take a loss from the work-out, the source said. The first mortgages Countrywide services were already sold to RMBS investors, but BofA holds more than USD 100bn in second lien mortgages on its balance sheet and it would be forced to write them down following a modification, the sources said. The investors found evidence of the so-called servicer self-dealing in 200 RMBS deals holding USD 200bn in mortgages, the sources said.

The evidence would have armed bond investors with the arsenal to declare BofA in default of its Countrywide servicing contracts, stripping it of its servicing rights, while revealing information that would have resulted in untold amounts of repurchase requests, the source said. BlackRock and PIMCO, however, switched course.

The BlackRock and PIMCO-led faction turned to Kathy Patrick, a partner in Houston, Texas-based law firm Gibbs and Bruns, and employed several tactics to recover their losses – but balked at using the evidence, according to the source.

The funds eventually sent Countrywide a non-compliance notice on 18 October, demanding it cure a number of servicing breaches, but did not provide specific evidence, according to a copy of the letter obtained by Debtwire. The funds agreed to extend the 60-day cure window twice, most recently on 2 February, according to Patrick.

In order to prove a servicer has breached its contractual duties, specific evidence is required at the onset because it becomes challenging to obtain it during litigation. Once a servicer defaults, the trustee is obligated to pursue a replacement servicer and/or potential representation and warranty breaches under the "prudent person" clause of the US Trustee Act.

Because it declined to use the allegedly damming evidence, the PIMCO group's attempts to negotiate with BofA has been labeled as "unleashing a dog with no teeth"- - partly to fulfill their fiduciary duties to their own investors while also ensuring BofA's financial strength, the two sources, a third with knowledge of the situation and a lawyer following the dispute said.

The letter dispatched by Patrick was signed by BlackRock, Freddie, Kore Advisors, the New York Fed (on behalf of the Maiden Lane funds), Metropolitan Life Insurance Company, Neuberger Berman Europe, PIMCO and Western Asset Management Company.

BlackRock holds an estimated USD 3.4bn of BofA equity, and BlackRock, PIMCO and fellow signatory Western Asset Management Co. maintain significant government ties through the Public-Private Investment Program (PPIP) funds they run.

Patrick denies allegations that the firms' pursuit was for show. "I don't know how anybody could look at the list of institutions that has previously been published ... and conclude that they were pursuing discussions in anything other than a good faith effort," she said.

Bank of America spokesperson Jerry Dubrowski said the bank is still in talks with the investor group. Representatives from Bank of New York and BlackRock declined to comment. A PIMCO representative did not return a request for comment.

Majority rule

The original bond investor group, organized through the Dallas, Texas-based RMBS Investors Clearing House, now encompasses a number of anonymous investors with holdings amounting to one-third of the USD 1.5 trillion RMBS market – including foreign banks representing USD 100bn in RMBS, said Greenwich Financial CEO Bill Frey, who belongs to the Clearing House and opposes the settlement.

Winning the conflict depends on which group can accumulate like-minded investors fast enough. When it comes to exercising contractual rights to oppose servicing practices or put back a bad mortgage to the originator, at least 25% of investors of a given mortgage pool must approve.

The faction led by PIMCO and BlackRock purport to have at least that much standing in USD 47bn of Countrywide mortgage bonds. The opposition, meanwhile, is gaining momentum by soliciting more foreign banks to join the movement, Frey said.

The settlement could be used as a roadmap for resolving similar buyback and servicing challenges pending against the nation's largest banks, the sources said.

Georgetown University professor Adam Levitin suggested US banks should come to a global settlement on mortgage issues in November testimony to Congress. This would involve restructuring bank balance sheets, special servicing and perfecting titles on securitized properties.

Last week, BofA announced it would separate its legacy asset servicing from the rest of its operations. Similarly, JPMorgan Chase, embroiled in buyback law suits involving its EMC and WaMu portfolios, recently told employees that its Chief Administrative Officer Frank Bisignano would be overseeing its servicing unit, according to an internal memo. "If they have a separate unit, they can put some money in it and hopefully get a court to say 'this is all fair and good,'" the first source said.

Bloomberg

BofA Mortgage-Bond Investors Hold $84 Billion Connected to Buyback Dispute

By Jody Shenn - Feb 28, 2011

A bondholder group seeking reimbursements from Bank of America Corp. over soured home-loan securities said the amount of debt it holds grew to $84 billion after more investors joined the dispute.

The number climbed from about $46 billion in October, according to the group's lawyer. The investors have had "enough progress" in negotiations with Bank of America and Bank of New York Mellon Corp., which acts as trustee of the debt, to warrant continued talks, Kathy Patrick, a partner at Houston-based Gibbs & Bruns LLP, said today in a telephone interview.

Bank of America said Feb. 25 there were 225 mortgage deals in dispute, up from 115 in October. It didn't provide a dollar value for the securities. Investors challenging the bank include Pacific Investment Management Co., BlackRock Inc. and the Federal Reserve Bank of New York, people familiar with the matter said in October.

The bank is seeking to limit losses on mortgages originated by Countrywide Financial Corp., which the Charlotte, North Carolina-based lender purchased in 2008. So-called mortgage putbacks may cost banks and lenders as much as $90 billion, JPMorgan Chase & Co. bond analysts said in an October report.

The "careful approach" of Patrick's investor group doesn't mean it will accept less than it's entitled to, she said, dismissing the idea that her clients will limit their settlement goals because of their other business dealings with Bank of America.

Mortgage Trust's Role

Growing membership is a "vote of confidence" in the group's seriousness, she said. The investors have only considered a settlement that pays through the mortgage trust, a channel that would serve even the bondholders Patrick doesn't represent, she said.

Bill Frey, head of Greenwich, Connecticut-based Greenwich Financial Services LLC, which also advises mortgage bondholders seeking buybacks, said many investors he has spoken to “are not expecting a terribly aggressive settlement,” from Patrick’s clients.

“Our clients will let any results they achieve speak for themselves,” Patrick said.

In October, Bank of America said the dispute with Patrick’s clients covered bonds with a face value of about $46 billion and original balances of $105 billion. The original balance of the securities now involved totals $182 billion and the group has grown from eight to more than 20 institutions, Patrick said. New members include insurers, investment managers and banks, she said.

BofA Questions Validity

“The amount of unpaid principal balance doesn’t reflect what ultimately might be paid if, in fact, there were valid claims,” said Jerry Dubrowski, a Bank of America spokesman. “At this point we have a number of questions about the validity of the assertions, including whether the investors are qualified to bring claims.”

Kevin Heine, a spokesman for BNY Mellon, declined to comment.

David Grais, a New York-based lawyer, on Feb. 23 sued Bank of America on behalf of investors holding more than $700 million of mortgage securities. BNY Mellon, the debt’s trustee, refused to sue Bank of America after the lender declined to buy back loans the investors deemed faulty, according to the complaint.

“This is the strategy for investors who are serious,” Grais said Feb. 24 in a telephone interview. “This is the best strategy for investors who actually want teeth in their dogs.”

The plaintiffs in his case are a group of limited liability companies with variations of the name Walnut Place. Grais declined to identify the investors behind the companies.

BNY Mellon, which was named as a nominal defendant in that case, has “a limited role that is distinct from the seller and the servicer and contractually limited by the pooling and servicing agreements,” Heine said.

“We have been fulfilling our obligations under these agreements,” he said.

To contact the reporter on this story: Jody Shenn in New York at jshenn@bloomberg.net

To contact the editor responsible for this story: Alan Goldstein at agoldstein5@bloomberg.net

LexisNexis®

Dow Jones Factiva

THE WALL STREET JOURNAL. ONLINE

The Wall Street Journal Online

March 1, 2011

SECTION: BUSINESS; Pg. Business

LENGTH: 461 words

HEADLINE: BofA, Countrywide-Loan Investors to Continue Talks

BYLINE: By Ruth Simon And Dan Fitzpatrick

BODY:

Bank of America Corp. and mortgage-bond investors have agreed to continue discussions over efforts by the investors to recoup losses on troubled mortgage loans packaged by Countrywide Financial Corp.

The investor group, which includes the Federal Reserve Bank of New York, government-owned mortgage company Freddie Mac, and asset managers BlackRock Inc. and Allianz SE's Pacific Investment Management Co. challenged in October the handling of 115 bond deals issued by affiliates of Countrywide.

The Calabasas, Calif., lender was acquired by Bank of America in 2008. The investor group, which hasn't filed a lawsuit against Bank of America, has expanded to now include more than 20 investors and 225 bond deals with an original face value of $182 billion, according to Kathy Patrick, a lawyer with Gibbs & Bruns LLP, a Houston law firm representing the investors.

The group is seeking to have Bank of America, the largest U.S. bank in assets, buy back loans that didn't meet underwriting requirements. Investors also want the bank to compensate them for losses due to inadequate mortgage servicing.

"The size of the group is growing," Ms. Patrick said in an interview Monday. "We think that's a sign that the group is pursuing the right strategy and is perceived to be moving forward."

A Bank of America spokesman said that "as long as the conversations are productive, we will continue to have a discussion with the group." The Charlotte, N.C., bank said in a securities filing Friday that "there are a number of questions about the validity of the assertions" made by this group.

The talks between the bank and investors were set to expire Monday but will now be extended for 30 days.

Bank of America faces pressure from other investors holding securities that were created by Countrywide affiliates. Last week, a group of unidentified investors calling themselves Walnut Place filed a lawsuit seeking to force Bank of America to buy back more than 1,400 soured home loans issued by Countrywide as part of a 2006 bond deal. A bank spokesman said the investors are trying to shift the blame for their own losses.

Bank of America is more exposed than any other U.S. bank to potential losses related to investor revolts over troubled mortgage loans.The bank services one out of every five U.S. mortgages, many inherited as part of the Countrywide acquisition.

The company has disclosed losses of $1.7 billion on loan-buyback requests from private investors, and Bank of America has paid mortgage firms Fannie Mae and Freddie Mac nearly $3 billion to cover bad mortgages that they bought from Countrywide. Bank of America has set aside $5.4 billion in reserves for any future repurchases.

Write to Ruth Simon at ruth.simon@wsj.com and Dan Fitzpatrick at dan.fitzpatrick@wsj.com

NOTES:
PUBLISHER: Dow Jones & Company, Inc.

LOAD-DATE: March 1, 2011