Bank of America

March 11, 2014

Ms. Susan M. Cosper
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, *Classification of Certain Government-Guaranteed Residential Mortgage Loans upon Foreclosure* (File Reference No. EITF-13F)

Dear Ms. Cosper:

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, *Classification of Certain Government-Guaranteed Residential Mortgage Loans upon Foreclosure* (the Proposed Update). Bank of America Corporation (BAC) provides a diverse range of banking and non-banking financial services and products domestically and internationally. As one of the world's largest financial institutions, we hold over $900 billion of loans on the balance sheet, including approximately $348 billion of first lien residential mortgages.

We appreciate the FASB's effort to address the classification and measurement of foreclosed residential mortgages that are government-guaranteed and fully support the issuance of the Proposed Update. Due to the elevated level of residential properties going through the process of foreclosure in recent years, including those guaranteed by the government, it is important to ensure consistency amongst creditors. Existing accounting guidance does not specifically address the classification or measurement of foreclosed residential mortgages that are government guaranteed, and the guidance in the Proposed Update will eliminate any differences in interpretation.

We have provided further detail in our responses to the questions presented in the Proposed Update in Appendix A.

We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Randall Shearer (980.388.8433) or me (980.387.4997).

Sincerely,

John M. James
Senior Vice President and Corporate Controller

cc: Neil A. Cotty, Chief Accounting Officer
Randall J. Shearer, Accounting Policy Executive

Questions for Respondents

Question 1: Do you agree with limiting the scope of the guidance in the proposed Update to government-guaranteed residential mortgage loans for which the government guarantee is not separable from the loan and the creditor has the intent and ability to recover the full unpaid principal balance of the loan upon foreclosure? If not, please explain why and discuss the types of guaranteed mortgage loans that also should be addressed.

Response: We agree with limiting the scope of the guidance to government-guaranteed residential mortgages for which the guarantee is not separable from the loan and the creditor has the intent and ability to recover the full unpaid principal balance through the guarantee. We acknowledge that this will predominantly apply to mortgage loans guaranteed by the Federal Housing Administration ("FHA"). Other government guarantees may not provide coverage of the full unpaid principal balance. Some guarantees provided by other parties represent a separate instrument that does not transfer with the loan in the event of a loan transfer. In other cases, the existence of a guarantee does not always result in the creditor recovering through the guarantee as the creditor may instead choose to sell the real estate property. In summary, we agree with the proposed criteria for determining the scope of the guidance and do not believe expanding the scope is appropriate.

We believe that an update to paragraph 310-40-40-6 is necessary to include a reference to the new guidance covering foreclosed residential mortgage loans with a government guarantee in paragraphs 310-40-40-7A and -7B.

Question 2: Do you agree that a guaranteed residential mortgage loan within the scope of this proposed Update should be reclassified from loans to other receivables upon foreclosure (foreclosure as determined by paragraph 310-40-40-6)? If not, please explain why.

Response: We agree that a guaranteed residential mortgage loan within the scope of the Proposed Update should be reclassified from loans to other receivables upon foreclosure. Even though the creditor obtains legal title to the property, the creditor recovers their investment through the guarantee and not through the sale of the underlying property as with other foreclosures involving residential mortgages not guaranteed by the FHA.

Question 3: The proposed amendments require a single unit of account to be recognized as other receivables upon foreclosure of loans within the scope of the proposed Update. The Task Force decided not to require disclosure of the amount expected to be recovered under the guarantee and the fair value less cost to sell of the real estate for such foreclosed loans. Would it be decision-useful for an entity to provide recurring disclosure of both the amount expected to be received under the government guarantee and the fair value less cost to sell of the foreclosed residential real estate? If yes, please explain why.

Response: We do not believe that a disclosure of the fair value less cost to sell of the foreclosed property provides decision-useful information. As the Task Force has determined, the fair value of the property does not affect the amount the creditor expects to receive under the guarantee, and therefore we do not see the usefulness of this information to users of the financial statements. The amount expected to be received under the guarantee, if material, may be deemed to be decision-useful. If any disclosures are to be reconsidered by the Task Force, we would agree with a disclosure of the amount expected to be received under the guarantee.

Question 4: Do you agree that the proposed amendments should be applied using the same method of transition applied for Update 2014-04, that is, either under the modified retrospective transition method (requiring a cumulative-effect adjustment as of the beginning of the annual reporting period in which the guidance is effective) or under the prospective transition method? If not, please explain why.

Response: While the transition provisions do not impact us as we currently follow the proposed guidance, we believe that using the same transition method as for Update 2014-04 is appropriate due to the close nature of the two topics. Additionally, using the same transition method may result in operational efficiencies for the entities that will have to adopt the new guidance.

Question 5: Do you agree that the proposed amendments should apply to both public entities and nonpublic entities? If not, please explain why.

Response: We agree that the proposed amendments should apply to both public and nonpublic entities. We would like to further add that we do not agree with the continued development of separate accounting standards for nonpublic companies as we believe that consistent application of GAAP is most appropriate and helps ensure comparability.

Question 6: Do you agree that an entity should be permitted to early adopt the proposed amendments?

Response: We agree that an entity should be permitted to early adopt the proposed amendments.

Question 7: The Private Company Decision-Making Framework states that, generally, amendments should be effective one year after the first annual period for which public companies are required to adopt them and for interim periods thereafter. Should nonpublic entities have one additional year for implementation? Please explain why or why not.

Response: While we do not agree with the development of separate accounting standards for nonpublic companies, as noted in our response to Question 5 above, we agree that nonpublic entities should have one additional year for implementation of amendments due to the limited resources they may have.