

BofA Finance LLC
Form 424B2
November 09, 2016
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Registration No. 333-213265

This pricing supplement, which is not complete and may be changed, relates to an effective Registration Statement under the Securities Act of 1933. This pricing supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these notes in any country or jurisdiction where such an offer would not be permitted.

Preliminary Pricing Supplement - Subject to Completion
(To Prospectus dated November 4, 2016

and Series A Prospectus Supplement dated November 4, 2016)

November 7, 2016

\$ _____

BofA Finance LLC

Step Up Callable Notes, due November 28, 2031

Fully and Unconditionally Guaranteed by Bank of America Corporation

The notes are unsecured senior debt securities issued by BofA Finance LLC (“BofA Finance”), which are fully and unconditionally guaranteed by Bank of America Corporation (“BAC”). All payments and the return of the principal amount on the notes are subject to our credit risk, as issuer of the notes, and the credit risk of BAC, as guarantor. The notes will mature on November 28, 2031. At maturity, if the notes have not been previously redeemed, you will receive a cash payment equal to 100% of the principal amount of the notes, plus any accrued and unpaid interest. Interest will be paid on May 28 and November 28 of each year, commencing on May 28, 2017, with the final interest payment date occurring on the maturity date.

The notes will accrue interest at the following rates per annum during the indicated year of their term:

- o Years 1-5: 3.00%;
- o Years 6-10: 3.50%;
- o Years 11-12: 4.00%;
- o Years 13-14: 5.00%; and
- o Year 15: 7.00%

We have the right to redeem all, but not less than all, of the notes on November 28, 2019, and on each subsequent interest payment date (other than the maturity date). The redemption price will be 100% of the principal amount of the notes, plus any accrued and unpaid interest.

The notes are issued in minimum denominations of \$1,000 and whole multiples of \$1,000. Application will be made to the New York Stock Exchange (the “NYSE”) for the notes to be listed and admitted to trading on the NYSE. No assurance can be given as to the approval of the notes for the listing or, if listed, the

continued listing for the term of the notes.

The CUSIP number for the notes is 09709TAA9.

The notes and the related guarantee:

Are Not FDIC Insured Are Not Bank Guaranteed May Lose Value

| | Per Note | Total |
|-----------------------|----------|-------|
| Public Offering Price | 100.00% | \$ |
| Underwriting Discount | 3.00%* | \$ |

| | | |
|--|--------|----|
| Proceeds (before expenses) to BofA Finance | 97.00% | \$ |
|--|--------|----|

* We or one of our affiliates may pay varying selling concessions of up to 3.00% in connection with the distribution of the notes to other registered broker-dealers.

The notes and the related guarantees of the notes by BAC are unsecured and are not savings accounts, deposits, or other obligations of a bank. The notes are not guaranteed by Bank of America, N.A. or any other bank, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, and involve investment risks. Potential purchasers of the notes should consider the information in "Risk Factors" beginning on page PS-5 of this pricing supplement, page S-4 of the attached prospectus supplement, and page 7 of the attached prospectus.

None of the Securities and Exchange Commission, any state securities commission, or any other regulatory body has approved or disapproved of these notes or the guarantee, or passed upon the adequacy or accuracy of this pricing supplement, the accompanying prospectus supplement, or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We will deliver the notes in book-entry form only through The Depository Trust Company on or about November 28, 2016 against payment in immediately available funds.

[Series A MTN prospectus supplement dated November 4, 2016 and prospectus dated November 4, 2016](#)

BofA Merrill Lynch

SUMMARY OF TERMS

This pricing supplement supplements the terms and conditions in the prospectus, dated November 4, 2016, as supplemented by the Series A prospectus supplement, dated November 4, 2016 (as so supplemented, together with all documents incorporated by reference, the “prospectus”), and should be read with the prospectus.

- **Issuer:** BofA Finance LLC
- **Guarantor:** Bank of America Corporation
- **Title of the Series:** Step Up Callable Notes, due November 28, 2031
- **Aggregate Principal Amount** \$ _____
- Initially Being Issued:**
 - **Issue Date:** November 28, 2016
 - **CUSIP No.:** 09709TAA9
 - **Maturity Date:** November 28, 2031
 - **Minimum Denominations:** \$1,000 and multiples of \$1,000 in excess of \$1,000
 - **Ranking of Notes and Guarantee:** Senior, unsecured
 - **Day Count Fraction:** 30/360
- **Interest Periods:** Semi-annually. Each interest period (other than the first interest period, which will begin on the issue date) will begin on, and will include, an interest payment date, and will extend to, but will exclude, the next succeeding interest payment date (or the maturity date, as applicable).
- **Interest Payment Dates:** May 28 and November 28 of each year, beginning on May 28, 2017, with the final interest payment date occurring on the maturity date.
- **Interest Rates:** The notes will accrue interest during the following periods at the following rates per annum:

| Dates: | Annual Rate: |
|--|--------------|
| November 28, 2016 to but excluding November 28, 2021 | 3.00% |
| November 28, 2021 to but excluding November 28, 2026 | 3.50% |
| November 28, 2026 to but excluding November 28, 2028 | 4.00% |
| November 28, 2028 to but excluding November 28, 2030 | 5.00% |
| November 28, 2030 to but excluding November 28, 2031 | 7.00% |

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- **Optional Early Redemption:** We have the right to redeem all, but not less than all, of the notes on November 28, 2019, and on each subsequent interest payment date (other than the maturity date). The redemption price will be 100% of the principal amount of the notes, plus any accrued and unpaid interest. In order to call the notes, we will give notice at least five business days but not more than 60 calendar days before the specified early redemption date.
- **Business Days:** If any interest payment date, any early redemption date, or the maturity date occurs on a day that is not a business day in New York, New York, then the payment will be postponed until the next business day in New York, New York. No additional interest will accrue on the notes as a result of such postponement, and no adjustment will be made to the length of the relevant interest period.
- **Repayment at Option of Holder:** None
- **Record Dates for Interest Payments:** For book-entry only notes, one business day in New York, New York prior to the payment date. If notes are not held in book-entry only form, the record dates will be the fifteenth calendar day preceding such interest payment day, whether or not such record date is a business day.
- **Calculation Agent:** Merrill Lynch Capital Services, Inc.
- **Listing:** Application will be made to the NYSE for the notes to be listed and admitted to trading on the NYSE. No assurance can be given as to the approval of the notes for the listing or, if listed, the continued listing for the term of the notes.
- **ERISA Considerations:** See “ERISA Considerations” beginning on page 73 of the accompanying prospectus.

Certain capitalized terms used and not defined in this document have the meanings ascribed to them in the prospectus supplement and prospectus. Unless otherwise indicated or unless the context requires otherwise, all references in this product supplement to “we,” “us,” “our,” or similar references are to BofA Finance LLC, and not to Bank of America Corporation (or any other affiliate of ours).

RISK FACTORS

Your investment in the notes entails significant risks, many of which differ from those of a conventional security. Your decision to purchase the notes should be made only after carefully considering the risks of an investment in the notes, including those discussed below, with your advisors in light of your particular circumstances. The notes are not an appropriate investment for you if you are not knowledgeable about significant elements of the notes or financial matters in general.

The notes are subject to our early redemption. We may redeem all, but not less than all, of the notes on any interest payment date on or after November 28, 2019. If you intend to purchase the notes, you must be willing to have your notes redeemed as early as that date. We are generally more likely to elect to redeem the notes during periods when the remaining interest to be accrued on the notes is to accrue at a rate that is greater than that which we would pay on our other interest bearing debt securities having a maturity comparable to the remaining term of the notes. No further payments will be made on the notes after they have been redeemed.

If we redeem the notes prior to the maturity date, there is no guarantee that you will be able to reinvest your proceeds from the redemption in an investment with a comparable return that is as high as the return on the notes would have been if they had not been redeemed, or that has similar level of risk.

Step-up notes present different investment considerations than fixed-rate notes. The rate of interest paid by us on the notes will increase upward from the initial stated rate of interest on the notes. The notes are callable by us, in whole but not in part, prior to maturity and, therefore, contain the redemption risk described above. If we do not call the notes, the interest rate will step up as described on the cover of this pricing supplement. Unless general interest rates rise significantly, you should not expect to earn the highest scheduled interest rate set forth on the cover of this pricing supplement because the notes are likely to be called prior to maturity if interest rates remain the same or fall during their term. When determining whether to invest in a step-up fixed rate note, you should not focus on the highest stated interest rate, which usually is the final step-up rate of interest. You should instead consider, among other things, the overall annual percentage rate of interest to maturity or the various potential redemption dates as compared to other investment alternatives.

An investment in the notes may be more risky than an investment in notes with a shorter term. The notes have a term of 15 years, subject to our right to call the notes as set forth in this pricing supplement. By purchasing notes with a relatively longer term, you are more exposed to fluctuations in interest rates than if you purchased a note with a shorter term. In particular, you may be negatively affected if interest rates begin to rise, because the likelihood that we will redeem your notes will decrease and the interest rate on the notes may be less than the amount of interest you could earn on other investments with a similar level of risk available at that time. In addition, if you tried to sell your notes at such time, their value in any secondary market transaction would also be adversely affected.

Payments on the notes are subject to our credit risk and the credit risk of BAC, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes. The notes are our senior unsecured debt securities, the payments on which will be fully and unconditionally guaranteed by BAC as described in the attached prospectus. As a result, your receipt of all payments of interest and principal on the notes is dependent upon our ability and BAC's ability to repay amounts due on the applicable payment date. No assurance can be given as to what our financial condition or the financial condition of BAC, will be at any time during the term of the notes or on the maturity date. If we and BAC default on our financial obligations, you may not receive the amounts payable under the terms of the notes.

Our credit ratings and the credit ratings of BAC are assessments by ratings agencies of our respective ability to pay our respective obligations. Consequently, our and BAC's respective perceived creditworthiness and actual or anticipated decreases in our or BAC's credit ratings or increases in our credit spreads prior to the maturity date of the notes may adversely affect the market value of the notes. However, because your return on the notes depends upon factors in addition to our ability to pay our and BAC's respective obligations, such as the difference between the interest rates accruing on the notes and current market interest rates, an improvement in our credit ratings or those of BAC will not reduce the other investment risks related to the notes.

We are a finance subsidiary and will have limited assets and operations. We are a finance subsidiary of BAC and will have no assets, operations or revenues other than those related to the issuance, administration and repayment of our debt securities that are guaranteed by BAC. As a finance subsidiary, to meet our obligations under the notes, we are dependent upon payment or contribution of funds and/or repayment of outstanding loans from BAC and/or its other subsidiaries. Therefore, our ability to make payments on the notes may be limited. In addition, we will have no independent assets available for distributions to holders of the notes if they make claims in respect of the notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders may be limited to those available under the related guarantee by BAC, and that guarantee will rank equally with all other unsecured senior obligations of BAC.

We have included in the terms of the notes the costs of developing, hedging, and distributing them, and the price, if any, at which you may sell the notes in any secondary market transaction will likely be lower than the public offering price due to, among other things, the inclusion of these costs. In determining the economic terms of the notes, and consequently the potential return on the notes to you, a number of factors are taken into account. Among these factors are certain costs associated with developing, hedging, and offering the notes.

Assuming there is no change in market conditions or any other relevant factors, the price, if any, at which the selling agent or another purchaser might be willing to purchase the notes in a secondary market transaction is expected to be lower than the price that you paid for them. This is due to, among other things, the inclusion of these costs, and the costs of unwinding any relating hedging.

The quoted price of any of our affiliates for the notes could be higher or lower than the price that you paid for them.

We cannot assure you that a trading market for the notes will ever develop or be maintained and you may not be able to sell the notes prior to maturity. We intend to list the notes on the NYSE. However, no assurance can be given as to the approval of the notes for the listing or, if listed, the continued listing for their term, or the liquidity or trading market for them. Even if the notes are listed, there can be no assurance that a secondary market for the notes will develop. We are not required to maintain any listing of the notes on the NYSE or any other securities exchange. In addition, even if there is a secondary market for the notes, it may not provide enough liquidity to allow you to trade or sell the notes when you wish to do so easily at a price advantageous to you. We cannot predict how the notes will trade in any secondary market, or whether that market will be liquid or illiquid.

The number of potential buyers of the notes in any secondary market may be limited. We anticipate that our affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") will act as a market-maker for the notes, but neither MLPF&S nor any of our other affiliates is required to do so. MLPF&S may discontinue its market-making activities as to the notes at any time. To the extent that MLPF&S engages in any market-making activities, it may bid for or offer the notes. Any price at which MLPF&S may bid for, offer, purchase, or sell any notes may differ from the values determined by pricing models that it may use, whether as a result of dealer discounts, mark-ups, or other transaction

costs. These bids, offers, or completed

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transactions may affect the prices, if any, at which the notes might otherwise trade in the market.

In addition, if at any time MLPF&S were to cease acting as a market-maker for the notes, it is likely that there would be significantly less liquidity in the secondary market and there may be no secondary market at all for the notes. In such a case, the price at which the notes could be sold likely would be lower than if an active market existed and you should be prepared to hold the notes until maturity.

Many economic and other factors will impact the market value of the notes. The market for, and the market value of, the notes may be affected by a number of factors that may either offset or magnify each other, including:

- the time remaining to maturity of the notes;
- the aggregate amount outstanding of the notes;
- our right to redeem the notes on the dates set forth above;
- the level, direction, and volatility of market interest rates generally (in particular, increases in U.S. interest rates, which may cause the market value of the notes to increase);
- general economic conditions of the capital markets in the United States;
- geopolitical conditions and other financial, political, regulatory, and judicial events that affect the capital markets generally;
- our and BAC's financial condition and creditworthiness; and
- any market-making activities with respect to the notes.

Our trading and hedging activities may create conflicts of interest with you. We or one or more of our affiliates, including MLPF&S, may engage in trading activities related to the notes that are not for your account or on your behalf. We expect to enter into arrangements to hedge the market risks associated with our obligation to pay the amounts due under the notes. We may seek competitive terms in entering into the hedging arrangements for the notes, but are not required to do so, and we may enter into such hedging arrangements with one of our affiliates. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but which could also result in a loss for the hedging counterparty. These trading and hedging activities may present a conflict of interest between your interest in the notes and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions for our other customers, and in accounts under our management.

In addition, we, the Guarantor or one or more of our other affiliates, including MLPF&S, may purchase or otherwise acquire a long or short position in the notes and may hold or resell the notes. For example, MLPF&S may enter into these transactions in connection with any market making activities in which it engages. We cannot assure you that these activities will not adversely affect the value of the notes prior to maturity.

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U.S. FEDERAL INCOME TAX SUMMARY

The following summary of the material U.S. federal income tax considerations of the acquisition, ownership, and disposition of the notes is based upon the advice of Morrison & Foerster LLP, our tax counsel. The following discussion is not exhaustive of all possible tax considerations. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (the “IRS”), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

The following discussion supplements, is subject to the same qualifications and limitations as, and should be read in conjunction with the discussion in the prospectus supplement under the caption “U.S. Federal Income Tax Considerations,” and in the prospectus under the caption “U.S. Federal Income Tax Considerations.” To the extent inconsistent, the following discussion supersedes the discussion in the prospectus supplement and the prospectus.

This discussion only applies to U.S. holders (as defined in the accompanying prospectus) that are not excluded from the discussion of U.S. federal income taxation in the accompanying prospectus. In particular, this summary is directed solely to U.S. holders that will purchase the notes upon original issuance and will hold the notes as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment. This summary assumes that the issue price of the notes, as determined for U.S. federal income tax purposes, equals the principal amount thereof.

The notes will be treated as debt instruments for U.S. federal income tax purposes. The notes provide for an initial fixed rate of interest that increases in subsequent periods. In addition, the notes provide us with the right to redeem the notes on November 28, 2019 and on each subsequent interest payment date at a redemption price equal to 100% of the principal amount of the notes, plus any accrued and unpaid interest. Solely for purposes of computing the yield and maturity of a debt instrument, applicable Treasury regulations generally deem an issuer to exercise a call option in a manner that minimizes the yield on the debt instrument. This assumption is made solely for U.S. federal income tax purposes of determining whether the notes are issued with original issue discount (“OID”) and is not an indication of our intention to call or not to call the notes at any time. The yield on the notes would be minimized if we call the notes on November 28, 2021. Accordingly, solely for purposes of determining the yield and maturity of the notes we are deemed to exercise our right to redeem the notes on such date and the notes should be treated as maturing on that date. Therefore, the notes should not be treated as having been issued with OID. If we do not call the notes on such date, solely for purposes of determining the yield and maturity of the notes, the notes should be deemed to be retired and reissued for an amount equal to their adjusted issue price on that date. This deemed retirement and reissuance should not result in any taxable gain or loss to you. Solely for purposes of determining yield and maturity, the deemed reissued notes should be subject to the rules discussed above. By application of those rules, the deemed reissued notes should be treated as fixed rate debt instruments not bearing OID. The same analysis would apply to each subsequent interest rate step up date.

You should consult the discussion under “U.S. Federal Income Tax Considerations—Taxation of Debt Securities—Consequences to U.S. Holders” as it relates to fixed rate debt instruments not bearing OID in the accompanying prospectus for a description of the consequences to you of the ownership and disposition of the notes.

Upon the sale, exchange, retirement, or other disposition of a note, a U.S. holder will recognize gain or loss equal to the difference between the amount realized upon the sale,

exchange, retirement, or other disposition (less an amount equal to any accrued interest not previously included in income if the note is disposed of between interest payment dates, which will be included in income as interest income for U.S. federal income tax purposes) and the U.S. holder's adjusted tax basis in the note. A U.S. holder's adjusted tax basis in a note generally will be the cost of the note to such U.S. holder, increased by any OID, market discount, de minimis OID, or de minimis market discount previously included in income with respect to the note, and decreased by the amount of any premium previously amortized to reduce interest on the note and the amount of any payment (other than a payment of qualified stated interest) received in respect of the note.

Except as discussed in the prospectus with respect to market discount, gain or loss realized on the sale, exchange, retirement, or other disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if the note has been held for more than one year. The ability of U.S. holders to deduct capital losses is subject to limitations under the Code.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

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SUPPLEMENTAL PLAN OF DISTRIBUTION—Conflicts of interest

Our broker-dealer affiliate, MLPF&S, will act as our selling agent in connection with the offering of the notes. The selling agent is a party to the Distribution Agreement described in the “Supplemental Plan of Distribution (Conflicts of Interest)” beginning on page S-15 of the accompanying prospectus supplement.

The selling agent will receive the compensation set forth on the cover page of this pricing supplement as to the notes sold through its efforts. The selling agent is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Accordingly, the offering of the notes will conform to the requirements of FINRA Rule 5121.

The selling agent is not acting as your fiduciary or advisor solely as a result of the offering of the notes, and you should not rely upon any communication from the selling agent in connection with the notes as investment advice or a recommendation to purchase the notes. You should make your own investment decision regarding the notes after consulting with your legal, tax, and other advisors.

Under the terms of our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us on the issue date as principal at the purchase price indicated on the cover of this pricing supplement, less the indicated underwriting discount.

MLPF&S may sell the notes to other broker-dealers that will participate in the offering and that are not affiliated with us, at an agreed discount to the principal amount. Each of those broker-dealers may sell the notes to one or more additional broker-dealers. MLPF&S has informed us that these discounts may vary from dealer to dealer and that not all dealers will purchase or repurchase the notes at the same discount.

MLPF&S and any of our other broker-dealer affiliates may use this pricing supplement, and the accompanying prospectus supplement and prospectus for offers and sales in secondary market transactions and market-making transactions in the notes. However, they are not obligated to engage in such secondary market transactions and/or market-making transactions. Our affiliates may act as principal or agent in these transactions, and any such sales will be made at prices related to prevailing market prices at the time of the sale.

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