
Groups seek congressional hearings on Countrywide

By Jonathan Stempel

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NEW YORK (Reuters) - Four U.S. consumer groups called on the U.S. Congress to hold hearings to ensure that Countrywide Financial Corp customers do not lose their homes after the nation's largest mortgage lender is acquired by Bank of America Corp, the second-largest U.S. bank.

In a letter Friday to Sen. Christopher Dodd and Rep. Barney Frank, the respective chairs of the Senate Banking Committee and House Financial Services Committee, the groups said they want Bank of America to offer Countrywide borrowers on the verge of foreclosure a chance to refinance into 30-year, fixed-rate mortgages with interest rates of 6 percent or less.

The groups, the California Reinvestment Coalition, the Community Reinvestment Association of North Carolina, New Jersey Citizen Action and New York's Neighborhood Economic Development Advocacy Project, also demanded that the bank not conduct big layoffs in Countrywide's 50,600-person workforce.

"As the acquirer of Countrywide, Bank of America is responsible for rebuilding the broken dreams of Countrywide borrowers," the letter said. "This merger offers all the aspects of the mortgage crisis and potential solutions in one messy package."

Bank of America spokesman Scott Silvestri said: "We are in active discussions with a wide range of community organizations as well as members of Congress, as we all seek solutions to help borrowers in the current environment."

Countrywide has said it helped more than 81,000 borrowers avert foreclosure in 2007, and has a \$16 billion plan to help people who face higher payments on adjustable-rate mortgages.

On January 11, Bank of America, based in Charlotte, North Carolina, agreed to buy Countrywide in an all-stock transaction now valued at about \$4.7 billion.

The combined company would make roughly one in four U.S. home loans and collect payments on more than \$1.9 trillion of mortgages.

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Countrywide, based in Calabasas, California, agreed to sell itself after delinquencies and foreclosures in its loan portfolio soared to the highest on record, and more than one in three borrowers with "subprime" mortgages fell behind on payments. The lender lost \$1.62 billion from July to December.

"Anyone who can afford a reasonable loan should be able to get one," Alan Fisher, the executive director of the California Reinvestment Coalition, said in an interview. "Congress, through open hearings, can ensure a full dialogue." The community groups are not now opposing the merger, he said.

Bank of America and Countrywide expect the merger to close in the third quarter. On Thursday, the hedge fund SRM Global, which has a 5.19 percent stake in Countrywide, said it opposed the merger because the purchase price is too low.

On Friday, shares of Bank of America closed up 68 cents at \$45.03, while Countrywide rose 64 cents to \$7.60. The merger terms now value Countrywide at \$8.20 per share.

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