FEDERAL RESERVE OF CHICAGO
PUBLIC MEETING REGARDING BANK OF AMERICA
AND COUNTRYWIDE FINANCIAL

TUESDAY, APRIL 22, 2008
CHICAGO, ILLINOIS

WRITTEN TESTIMONY OF TOM FELTNER, POLICY AND COMMUNICATIONS DIRECTOR, WOODSTOCK INSTITUTE

Good morning. My name is Tom Feltner and I am the policy and communications director of the Chicago-based Woodstock Institute a research and policy development organization and the convener of the Chicago CRA Coalition, an association of community organizations working to increase community reinvestment activity in the Chicago metropolitan region.

This acquisition raises several concerns, which Woodstock feels must be adequately addressed before the merger is approved by the Federal Reserve Board. Woodstock Institute respectfully requests that the Federal Reserve Board require Bank of America to have a plan in place and rigorously examine the ability of that plan to resolve the following issues before approving this acquisition:

1. **Bank of America must have a public action plan in place to aggressively modify problem Countrywide loans into 30 year, fixed rate loans.** Discussions with housing counselors in the Chicago region have indicated that, for many Countrywide borrowers, a modification to a fixed rate 30 year loan would represent the best chance to prevent default or foreclosure. In addition, reports show that as many as one in three Countrywide borrowers were improperly placed into subprime mortgages despite credit scores or other factors that would have qualified them for lower-cost prime mortgage loans. An aggressive loan modification strategy targeted to borrowers who currently or potentially may have problems affording their mortgages would best serve both the interests of the borrower and the bank.

2. **Bank of America must commit to ongoing meetings between senior bank staff and community groups to monitor and discuss progress and provide data on loan modifications, community reinvestment, mortgage lending, and retail services.**

3. **Bank of America must maintain existing staffing levels dedicated to identifying problem borrowers and working with them to stay in their homes.** In the past, Bank of America has taken steps to cut costs immediately after a merger has been approved, including the dramatic reduction of staff at the acquired institution. Because Bank of America is expected to absorb a significant amount of problem mortgages after the acquisition of Countrywide, multi-lingual staff must be in place to implement a meaningful foreclosure prevention strategy. Evidence from one local housing counseling provider has shown that, while Countrywide made about 7 percent of loans region wide, Countrywide cases make up about 20 to 25 percent of their overall case load. A dramatic staff reduction is certain to exacerbate this problem.

4. **Bank of America should be accountable for Countrywide's lending practices, particularly those under investigation.** Countrywide's lending practices have come under intense scrutiny from the Illinois Attorney General for alleged racial steering and other discriminatory practices. Countrywide is also under investigation by the U.S. Trustee for improperly handling payments, charging unwarranted fees, and improperly calculating escrow. Recognizing that Countrywide has a considerable number of pending investigations, Bank of America should be accountable for

Countrywide's violations and proactively work with the incoming members of Countrywide's management to eliminate the causes of these violations.

Woodstock Institute and the Chicago CRA Coalition look forward to learning more about Bank of America's long-term plan to help Countrywide's borrowers in distress and address these four concerns.