

ONE HUNDRED ELEVENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Majority (202) 225-5051  
Minority (202) 225-5074

June 2, 2009

Mr. Kenneth D. Lewis  
CEO and President  
Bank of America  
Bank of America Corporate Center  
100 N. Tryon Street  
Charlotte, NC 28255

Re: Countrywide VIP Program Loan Documents

Dear Mr. Lewis:

The Committee on Oversight and Government Reform is investigating numerous aspects of the ongoing mortgage crisis. On December 9, 2008 the Committee held a hearing entitled “The Role of Fannie Mae and Freddie Mac in the Financial Crisis.” The Committee’s investigation into the role of these Government-Sponsored Enterprises in the financial crisis revealed a VIP loan program at Countrywide Financial Corporation, now a wholly-owned subsidiary of Bank of America.

At the direction of Countrywide founder and then-CEO Angelo Mozilo, the VIP program, or “Friends of Angelo” program, used discounts such as waived fees and interest rate reductions to establish relationships with politically influential borrowers. In many cases, Countrywide facilitated and expedited the loan process for VIP’s by ignoring company lending standards.

Preferential treatment for potentially influential borrowers was part of a broad effort by Countrywide to “ingratiate [Countrywide] with people in Washington who might be able to help the company down the road.”<sup>1</sup> According to documents obtained by the Committee, when evaluating whether or not to offer preferential treatment to a potentially influential borrower, Countrywide officers openly weighed the value of

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<sup>1</sup> Daniel Golden, “Angelo Mozilo, former CEO of mortgage lender, Countrywide, gave special deals to the well-connected, including senators,” NBC NEWS, Transcripts, Oct. 30, 2008.

developing a strategic relationship with that borrower against the cost in dollars that would be forfeited by the company to establish that relationship.

One such explicit evaluation took place when Chuck Tooley, Mayor of Billings, Montana, requested a change to the terms of his loan. Countrywide lawyers determined that Tooley, husband of Joan Stapleton Tooley, former publisher and then-director of national advertising for the *New Republic* magazine, was not legally entitled to the term change. Before denying the Mayor's request, a Countrywide attorney checked with the company's Washington lobbyist and others to make sure there were no "non-legal reasons why we would not want to enforce [the loan terms]."<sup>2</sup>

In response, a Countrywide Managing Director weighed the potential value of giving preferential treatment to the Mayor against the cost of waiving the mortgage insurance fee:

I'm usually in favor of settling on the side of the borrower with political influence. However, in this case, I think the...payment for the life of the loan has the potential of being a greater number than the Mayor of Billings Montana influence.<sup>3</sup>

Ultimately, according to a company official, "due to the Mayor's (and his wife's) potential influence and accessibility to media outlets and publications," Countrywide offered him a refinance of his mortgage and the option of either a .25 percent interest rate reduction or a \$500.00 credit toward closing costs.<sup>4</sup>

Documents produced to and interviews conducted by the Committee have given cause for concern about the intent and reach of Countrywide's VIP loan program. To assist the Committee in assessing whether Countrywide's program gave preferential treatment to potentially influential borrowers with the intention of gaining favor, we ask you to produce documents relating to VIP programs, such as the "Friends of Angelo" program.

Specifically, for the time period January 1, 2000 to October 1, 2008, please produce the following:

1. All documents, including e-mails, transmitted between Countrywide officials and potential borrowers related to VIP or "Friends of Angelo" loan benefits, including but not limited to preferential mortgage loan terms such as reduced interest rates, "float downs" and "junk fee" waivers.

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<sup>2</sup> E-mail from Jay Laifman, Countrywide, to Angela Romano, Pete Mills, Sydney Lenz, Melissa Guerra, Janis Allen and Jimmie Williams, June 26, 2002 (Feinberg - 000018).

<sup>3</sup> E-mail from Sidney Lenz, Countrywide, to Jay Laifman, Countrywide, June 26, 2002 (Feinberg - 000018).

<sup>4</sup> E-mail from Cynthia Wortham, Office of the President, Countrywide, to Angela Romano, Customer Contact, Countrywide, June 27, 2002 (Feinberg - 000015-16).

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2. All documents, including e-mails, transmitted between and among Countrywide officials related to borrowers, or potential borrowers, eligible for VIP or "Friends of Angelo" loan terms or otherwise preferential mortgage loan terms such as reduced interest rates, "float downs" and "junk fee" waivers.
3. All documents, including e-mails, transmitted between Countrywide officials assigned to process or oversee VIP loans and Angelo Mozilo relating to VIP or "Friends of Angelo" loans.
4. All documents, including e-mails, transmitted between Countrywide officials and the company's internal or external lobbyists or government relations consultants.

Please produce your written response and requested documents by June 17, 2009.  
We thank you for your attention to this matter.

Sincerely,



Rep. Darrell Issa  
Ranking Member