

TESTIMONY OF

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DOMESTIC POLICY SUBCOMMITTEE
of the
U. S. HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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Chairman Kucinich, Ranking Member Jordan, and members of the Subcommittee, thank you for the opportunity to testify today on Bank of America's ongoing efforts to work with individuals impacted by the residential foreclosure crisis.

I am Robert Grossinger, Senior Vice President, with Bank of America's Community Affairs department. I coordinate the Bank's real estate owned (REO) sales process with the cities, counties and states that receive funds under the HUD Neighborhood Stabilization Program (NSP), and work on pilot projects designed to increase outreach to troubled mortgage borrowers. Prior to assuming this role, I worked in community reinvestment and have held positions with various state and national housing and legal assistance organizations.

Today I will provide you with an update on Bank of America's efforts to assist borrowers with mortgage loan modifications and will also discuss other efforts to assist borrowers and tenants who live in homes that cannot be saved by a loan modification and ultimately go into foreclosure.

Bank of America strongly supports the Administration's Making Home Affordable programs, as evidenced by our industry leadership position in completing the highest number of refinances under the Home Affordable Refinance Program (HARP) and the highest number of both active trial modifications and offers extended under the Home Affordable Modification Program (HAMP).

Since January 2008, Bank of America has helped more than 600,000 customers with a loan modification through our own programs and with trial modifications through HAMP. This includes over 150,000 customers who have entered into HAMP trial modifications and an additional 450,000 customers we have helped through other non-HAMP loan modification programs.

As the country's largest mortgage servicer, we are a major partner in the Home Affordable Modification Program and understand the responsibilities that are associated with that leadership role. To that end, we are fully committed to supporting HAMP and have made it the centerpiece of our loan modification efforts. Bank of America continues to work on transitioning at risk homeowners into trial modifications and converting existing trial modifications to completed permanent modifications. Last week, Bank of America notified more than 50,000 of our own customers who have made their trial period payments that we have not yet received all required documents. We have also employed representatives of Bank of America in key markets to attempt face to face outreach to customers who have failed to send in required documents.

We continue to strongly encourage Bank of America customers to respond to our attempts to contact them. This includes carefully reviewing mail from Bank of America and responding to attempts from a notary to schedule an appointment for document signatures on Bank of America's behalf. There are no fees for these services and our customers will incur no costs.

In cases where customers cannot meet the requirements of the government programs, Bank of America will make every effort to complete a modification through our own programs. As noted earlier, Bank of America has completed non-HAMP loan modifications for more than 450,000 customers since January 2008. This includes our National Homeownership Retention Program (NHRP), announced in October 2008, created to assist nearly 400,000 Countrywide borrowers with subprime and pay option adjustable rate mortgage products. This program alone has already provided mortgage relief to 100,000 eligible customers. According to the bank's most recent quarterly progress report, more than 31,000 customers received assistance under this program in the third quarter -- the largest three-month program total so far. We have dedicated substantial resources to these efforts including the expansion of our default management staffing to nearly 13,000 -- a 40% increase since the beginning of the year.

We have increased our other customer outreach efforts as well. Since January of this year, Bank of America has participated in more than 215 community outreach events to assist distressed borrowers in 30 states. We also have partnered with three national nonprofits, the National Council of La Raza, the National Urban League, and the National Coalition for the Asian Pacific American Community, in the creation of the Alliance for Stabilizing Communities. We provided funding in support of this national coalition and its work to hold 40 housing rescue fairs over the next two years in 24 communities hardest hit by the foreclosure crisis.

Further, we have implemented innovative new methods to reach borrowers, including door-to-door campaigns and a pilot Customer Assistance Center to provide face-to-face counseling.

In September, we launched a Bank of America Home Loans Assistance website to provide our customers easy online access to gain answers to their questions about the loan modification process -- <http://homeloans.bankofamerica.com/homeloanhelp>.

We continue to critically look at our loan modification process, and to listen to our customers, community partners, and other stakeholders about how we can improve.

It is important to note that in cases where a borrower is not eligible for any type of loan modification, we consider whether they are eligible for some other workout program that will allow them to continue to own the home. Our goal is to keep as many customers in their homes as possible. We will exhaust every available option including HAMP, our NHRP and other loan modification solutions, as well as short sales and deeds in lieu, when a homeowner chooses to sell their property or has no other option except foreclosure.

We recognize that some borrowers will not be able to avoid a foreclosure and; therefore, we are also developing programs to assist the occupants of those homes. We are addressing both tenants living in foreclosed properties as well as current owner occupants.

You also asked that we speak to pilot programs designed to “rentback” foreclosed properties. I will provide you with an explanation of some of the programs we are piloting. These programs are in their infancy, and we plan to build upon the lessons learned from each as we develop additional programs to assist these individuals.

Recognizing the negative impact on tenants when the property they rent goes into foreclosure, Bank of America recently began a pilot program with the City of Boston to identify 2 to 4 unit properties within a certain neighborhood where the lawful tenants were present in a property recently foreclosed upon by the bank. The City has agreed to purchase these properties from the bank using either city funds or Neighborhood Stabilization Program funds with the specific intent of maintaining the property as rental and keeping those lawful tenants in place. This is a new partnership and we cannot point to specific results. Nevertheless, we anticipate this process will result in multiple buildings being retained as rental housing while saving the current tenants from dislocation.

In Chicago, many buildings were fraudulently converted to condominium buildings while the tenants living in the building were totally unaware of the conversion. Bank of America has recently agreed to sell one of these condominiums at a reduced price to a community development organization hoping to jump start a process that will permit the owners to “de-convert” the property back into a rental property and keep the current tenants in place.

Recognizing the need for increased rental options and the likelihood of certain properties in certain neighborhoods to remain unsold for extended periods of time, the bank has begun a pilot effort to set aside 20 REO properties in parts of California to serve as rental properties for the foreseeable future. Tenants are currently being sought for these properties.

To accommodate the 309 jurisdictions throughout the country receiving Neighborhood Stabilization Program funding, the bank has established a separate staff within its REO department to work with these communities to efficiently and cost effectively purchase our REOs within the regulatory framework of NSP. Working both directly with NSP recipients and sub-recipients and through the National Community Stabilization Trust, the bank now partners with over 270 different NSP recipients. To date, under NSP, the bank has sold over 200 REO properties and currently has over 200 more in escrow. The bank offers these properties both listed and pre-listed to NSP recipients and provides training to all partners on both use of the bank’s tools and on the general workings of the REO market.

Here in Cleveland, the bank has entered into a partnership with the REO Clearinghouse, the City, the County and many community organizations to address the issue of abandoned, REO properties. Bank of America works with the Clearinghouse to identify properties desirable to the city or county that have little or no value on the market, and transfer these properties by sale or donation to the city, the county, the land bank or other

organizations designated by the governmental entity. To date, Bank of America has offered 9 properties through the clearinghouse.

Included with my testimony is a copy of Bank of America's latest Lending and Investing Initiative Quarterly Impact Report, which details work we are doing in communities across the country to support the economic recovery. This report touches on several important areas. In addition, to our home loan modification efforts, which I have already covered, this report highlights efforts to support municipalities and nonprofits, small business lending, and ongoing efforts to provide clear and fair consumer products to our customers. This report highlights over \$130 billion in consumer lending this year to date, while serving one out of every two U. S. households. It also references more than \$4 billion in credit extended to small businesses, and more than \$41 billion in total credit outstanding. And through a combination of lending, investments, and philanthropy, we continue to support vital community resources including nonprofits and government entities. This is in addition to other loans and investments helping revitalize low to moderate income areas through our community development banking.

In closing, Bank of America is committed to driving economic growth, strengthening our communities and supporting our customers. Our pledge is to always be a responsible lender and help create successful homeowners - to ensure that our customers can enjoy their homes with confidence today and far into the future. Thank you for the opportunity to speak today.