



Report: Countrywide Used 'VIP' Loan Deals to Influence Lawmakers

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Lawmakers released a [damning report](#) Thursday that found Countrywide Mortgage deployed 17,979 loans to peddle influence with elected officials, stall GSE reform, and solicit exclusive access for [Fannie Mae](#) and the ultimately doomed mortgage unit over the course of more than a decade.

The 136-page report ties off an investigation into the so-called “Friends of Angelo” circle that in some cases allegedly supplied mortgages free of upfront fees, origination points, and default penalties to influential insiders and power-brokers, including members of Congress, senior executives with Fannie Mae, and high-ranking congressional staffers.

The findings offer a sweeping indictment against the defunct mortgage unit, which [Bank of America](#) acquired in 2008.

According to the report, Angelo Mozilo, then-CEO of Countrywide, instructed staff members and lobbyists to offer deals in order to deliberately curry favor with elected officials and their staffers. Staffers were instructed to approve loans for VIP borrowers “regardless of documentation or qualifying challenges” in some instances.

The investigation found that Countrywide often waived points and offered discounts on loans to those who received VIP home loans. Waiving so-called “junk fees,” or upfront fees, could mean anywhere from \$350 to \$400 in savings for these borrowers.

A VIP unit separate from the normal complaints process offered “enhanced customer service” to people forwarded by Mozilo and others.

Among those who received sweetheart deals: former Sen. [Chris Dodd](#) (D-Connecticut), who later helped shepherd through the Dodd-Frank Act, along with two HUD secretaries, three former CEOs with Fannie Mae, and many others.

The investigation found that former Fannie Mae CEO Jim Johnson, a longtime political figure who briefly chaired the vice-presidential search committee for President Barack Obama, forwarded HUD secretaries Henry Cisneros and Alphonso Jackson to the VIP unit, among others.

Countrywide – the likes of which later bore losses for acquirer Bank of America and transferred loss to the taxpayer during the financial crisis – also shielded certain loans from the typical foreclosure process and other penalties.

For example, the mortgage unit took a loss on a loan for former Fannie Mae CEO Daniel Mudd, advising staffers to conceal any “derogatory information” related to his loan in order to continue “any benefit we generate,” according to the report. Mudd later left the mortgage giant before it entered conservatorship in 2008.

The report delineated a close relationship between Countrywide and Fannie Mae. In one instance, the GSE fronted 70 lobbyists for the [House Financial Services Committee](#), helping kill four bills introduced by members to reform the mortgage companies.

The companies also lobbied extensively with the [Senate Banking Committee](#).

According to the report, Dodd – who served as chairman and left Congress in 2010 after clearing an ethics investigation over any links to Countrywide’s VIP unit – made a VIP referral for Mary Jane Collipriest, communications director for former Sen. Robert Bennett (R-Utah).

Speaking with *MReport*, [Mark Calabria](#), a former Senate Banking Committee staffer, now with the Cato Institute, says that “it was generally known” that Countrywide “was running a very extensive lobbying campaign,” with VIP loans “a crucial feature of it.”

He tells us that the House and Senate committees “were a particular target.” He also reveals that he turned down such a loan from a Countrywide lobbyist sometime in 2005.

A spokesperson for the House Financial Services Committee did not immediately return requests for comment.

Richard Simon, a spokesperson with Bank of America, which cooperated with the investigation, declined to comment, saying that the bank “is not in an appropriate position to comment on the findings.”