

INVESTMENT BANKING

A Deal With Bank of America Is in Their Prayers

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Bank of America is facing the power of prayer over foreclosures.

Bank officials will be squaring off on Tuesday night with leaders of several faith-based community organizations who are angry about the bank's role in the growing number of foreclosures across the country. If their demands are not met, the groups are threatening to encourage people to pull millions of dollars in deposits out of Bank of America.

The groups plan to hold a prayer vigil while the negotiations proceed at a parish center in Northern California.

"We are tired of receiving empty promises from Bank of America," said Elias Portales, a member of the San Jose chapter of the Pico National Network, the group that organized the meeting with the bank. "Our families' homes are being taken from them even though they qualify for loan modifications," he told reporters on a conference call.

Pico, which represents more than 1,000 religious congregations with more than one million members from 40 denominations throughout the United States, has met with Bank of America officials on and off since late 2008 to discuss ways to decrease the number of foreclosures. The two sides have yet to come to any concrete agreements to alleviate the foreclosure crisis. At present, Pico says, nearly one out of seven mortgages in the United States is in delinquency or in some stage of foreclosure.

On Tuesday night, leaders of Pico and other community action groups, along with representatives from the [Service Employees International Union](#), will meet with nine high-level Bank of America officials, including Michael Drawdy, senior vice president of home retention, and Janet Lamkin, senior vice president of the California market. The meeting is scheduled to start at 6 p.m. Pacific time.

The meeting will take place in a recreation room at St. Ignatius Catholic Church in Antioch, Calif., where last month its pastor, the Rev. Robert Rien, said his parish had decided to pull its money out of Bank of America for what he said was "their horrific track record for failing to keep families in their homes and for the widespread human suffering that their actions have caused." About 400 to 500 families, some of whom are facing foreclosure, will be in the next room holding a prayer vigil to support Pico's efforts.

Some of Pico's proposals could have a big impact on Bank of America's bottom line. Among the most controversial of the group's demands are that Bank of America suspend all auctions and foreclosure proceedings across the country for at least 90 days; that it incorporate principal reductions in the loans, which are allowable under the government's Home Affordable Modification Program, known as HAMP, not just interest rate reductions; and that it establish a 45-day maximum time period to respond to loan modification request from bank customers.

Pico leaders say they have singled out Bank of America because the bank has the most loans that are eligible for HAMP but has made the lowest number of modifications by percentage of any other bank. The group contends that Bank of America, as of Nov. 30, had performed just 98 permanent loan modifications out of more than one million eligible homeowners.

Ahead of the meeting, Bank of America defended its record on foreclosures and disputed Pico's figures on loan modifications. "We have completed nearly 500,000 modifications in 2008 and 2009, including more than 250,000 completed modifications in 2009 alone," Dan B. Frahm, a senior vice president, said in an e-mail to DealBook.

Mr. Frahm said the group's proposal for a 90-day blanket moratorium on foreclosures was unnecessary and could put vacant properties at risk of vandalism.

"Today, we hope to make clear to the organization that Bank of America has not and is not proceeding with foreclosure sales for customers who may be eligible for a modification under HAMP or our other modification programs and with whom we have been able to establish contact," he said.

The prayer vigil and updates on the meeting can be [seen online at the Pico Web site](#).

– *Cyrus Sanati*

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