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June 12, 2008 12:44 PM ET

Wachovia Corporation (WB:NYSE)

LAST \$19.40 USD CHANGE TODAY +0.43 2.27% VOLUME 18.4M [WB On Other Exchanges](#)

As of 12:24 PM 06/12/08 All times are local (Market data by Reuters is [delayed](#) by at least 15 minutes).

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Knight Ridder/Tribune 04/23/2008 4:40 AM ET

text size: T | T

BofA: We'll end some exotic loans [The Charlotte Observer, N.C.]

Apr. 23--BofA: We'll end some exotic loans Bank of America Corp. on Tuesday said once it buys Countrywide Financial Corp. it will stop making some nontraditional loans that had been a staple of the nation's biggest mortgage lender.

The Charlotte bank's consumer credit executive Bruce Hammonds made the announcement at a Federal Reserve Board hearing in Chicago that drew critics and backers of the \$4 billion deal. The Fed is the primary regulator reviewing the acquisition, which is expected to close this summer.

The bank also said it plans to provide \$35 million in grants and low-cost loans to help nonprofit organizations stem foreclosures and to purchase vacant homes in an effort to stabilize hard-hit neighborhoods.

This initiative, as well as the new mortgage guidelines, elicited skepticism from community

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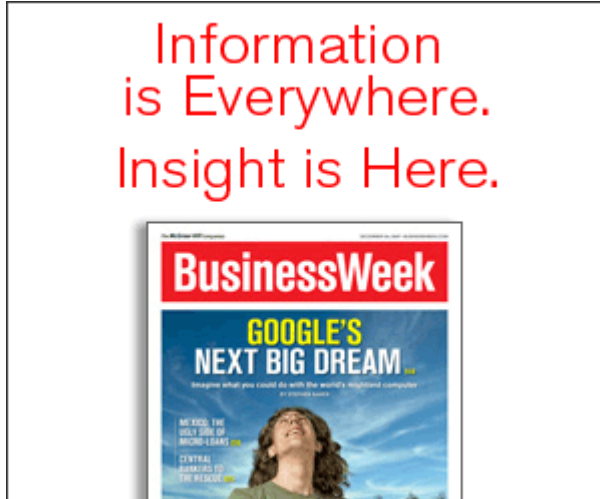
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advocates gathered in Charlotte Tuesday in advance of the bank's shareholder meeting today. The moves come as many lenders are tightening standards amid worries about falling home prices and rising foreclosures.

Bank of America, which would become the nation's biggest mortgage lender in the deal, said the combined company would not make option adjustable rate mortgages, or option ARMs. These loans give borrowers monthly payment choices, including an option that



choosing that option means a borrower's loan

ing these loans last year. At the end of the ARM portfolio that was experiencing spiking, the company said the combined company would continue to offer borrowers with spotty credit.

One concern with option ARMs is that borrowers may not have the worth, particularly in a time of falling home prices. Despite the value of the Countrywide purchase, he

said.

COMPANIES MENTIONED



"We still are very optimistic that we will be able to fulfill our goal of being the No. 1 real estate lender in a responsible manner," said Hammonds, who oversees the bank's real estate businesses.

The company is offering a variety of more traditional mortgages as well as adjustable-rate loans.

Company	1 Year Change
Bank of America Corp	-40.95%
Countrywide Financial Corp	-67.18%
Washington Mutual	-85.17%
Wachovia Corp	-63.83%

Countrywide was the No. 3 originator of option ARMs in 2007, behind No. 1 Washington Mutual Inc. and Charlotte's Wachovia Corp., according to Inside Mortgage Finance.

Wachovia inherited its so-called Pick-A-Payment product through its 2006 acquisition of Golden West Financial Corp.

"We feel we have more consumer protections built into our product," Wachovia spokesman Don Vecchiarello said Tuesday. The bank has noted features such as caps on the amount payments and loan balances can increase.

Bank of America's announcement came the same day that activists held a "stakeholders meeting" at Charlotte's Levine Museum of the New South to raise concerns about the Countrywide deal and the nation's foreclosure crisis. The meeting was anchored by a speech from Vonda Hopkins, a High Point resident who is facing foreclosure.

Peter Skillern, executive director of the Community Reinvestment Association of North Carolina, called Bank of America's lending changes "a step in the right direction" but said they are too vague and don't address borrowers who are already in delinquency. He and other representatives of other advocacy groups want Bank of America to commit to refinancing

all ARMs into fixed-rate mortgages.

As for the \$35 million to help stem foreclosures, from Durham, said it wasn't "even a drop in the bucket" in the neighborhood with that," she added.

A report issued Tuesday criticized subprime lenders haven't translated into a meaningful drop in foreclosures. 10 percent of seriously delinquent borrowers -- many of whom are on their payments -- are not getting their loans modified.

The group that issued the report, called the State Bankers' Association, includes representatives of 11 state attorneys general and two state banking departments, including the N.C. attorney general and the N.C. Banking Commissioner.

Hammonds said Bank of America and Countrywide's efforts to work with struggling borrowers have already kept 138,000 homeowners out of foreclosure. During two days of Fed hearings next week in Los Angeles, the bank's consumer banking head, Liam McGee, will announce additional plans to assist communities dealing with foreclosures, he said.

Annual meeting

Bank of America chief executive Ken Lewis addresses shareholders at the bank's annual meeting today. It starts at 10 a.m. in the N.C. Blumenthal Performing Arts Center, 130 N. Tryon St.

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