

January 12, 2009

Dear Mr. Keller,

Thank you for your letter of January 8.

In view of the fact that Mr. Eakes "did in fact continue to oppose prepayment penalties on subprime loans by other lenders," I trust that you will now issue a correction. Incidentally, that information has always been available both on the Center for Responsible Lending (CRL) website, in numerous publicly available reports issued by CRL and in speeches and testimony by Eakes and other representatives of CRL.

With respect to the point regarding the minimum payment rate, although Mr. Kettell did say that it "got down to one," he stated that the reduction to "one" was in March 2007, six months after the merger with Wachovia was consummated. Contrary to your earlier statement in the fifth paragraph of your letter, Mr. Kettell never told Moss that the minimum payment rate had gone to 1% in the summer of 2006.

Moreover, Moss' report of our telephone call on December 24 omitted a crucial caveat. When he asked me about the reduction in the minimum payment rate, I told him (as I had told him quite clearly in the earlier in-person interview), that I had no recollection of, if or when minimum payment rates were reduced, but that if they had been reduced, a possible reason might have been to induce brokers to send more high quality loans to the company.

After Moss' article appeared, I obtained a detailed historical list of World Savings' actual minimum payment rates. I have attached a table which sets forth these rates from January 2005 through November 2007. As you can see from the table, prior to the date we executed the agreement to sell Golden West to Wachovia (May 7, 2006), when I was still actively involved in decisions concerning rates, our minimum payment rate was significantly higher than the competition (whose start rates were 1% or lower).

Further, our minimum payment rates had been increased on a regular basis, consistent with both our conservative philosophy and the concerns expressed in our letter to the regulator of March 2006 and totally contrary to one of the central points Moss urges in his article. The fact that we maintained significantly higher minimum payment rates than our competition and that, in fact, those already higher minimum rates were actually further materially increased in 2005 and in 2006, just prior to the Wachovia agreement, gives the lie to a core point urged by Moss, i.e., that we became more aggressive with our lending programs in order to generate increased volume. If Moss' thesis had validity, isn't it obvious that we would have decreased our minimum payment rates in 2005 and the first part of 2006, prior to the Wachovia agreement, rather than raise them?

Please note that the first reduction in the minimum payment rate (from 2.85% to 1.95%) took place in mid-May 2006, only after we entered into the acquisition agreement with Wachovia. Once the agreement was executed, I directed the bulk of my energies to prepare for the combination of these two large companies, including negotiating various complex agreements

incident to the transaction, obtaining necessary approvals, maintaining morale and ensuring that our personnel cooperated closely with our acquirer.

To repeat, the table demonstrates clearly that the change to 1% took place in March 2007, six months after the acquisition, when we were no longer at the company. I might add that there was plenty of data available from rate sheets, etc., which was available, that Moss could have used to confirm the data and thus avoid his critical error.

Based on the foregoing, we respectfully reiterate our request for a correction on this error as well.

In summary, we request correction on the Eakes error and on the 1% (minimum payment rate) errors.

Thank you for your consideration.

Herbert M. Sandler

**Historical Minimum Payment Rate on Pick-A-Payment ARMs
January 2005 Thru November 2007**

Date	Minimum Payment Rate
1/15/2005	1.95
2/15/2005	1.95
3/15/2005	1.95
4/15/2005	1.95
5/15/2005	1.95
6/15/2005	1.95
7/15/2005	1.95
8/15/2005	1.95
9/15/2005	1.95
10/15/2005	2.20
11/15/2005	2.20
12/15/2005	2.65
1/15/2006	2.65
2/15/2006	2.85
3/15/2006	2.85
4/15/2006	2.85
5/15/2006	1.95
6/15/2006	1.50
7/15/2006	1.50
8/15/2006	1.50
9/15/2006	1.50
10/15/2006	1.50
11/15/2006	1.50
12/15/2006	1.50
1/15/2007	1.50
2/15/2007	1.50
3/15/2007	1.50
3/26/2007	1.00
4/15/2007	1.00
5/15/2007	1.00
6/15/2007	1.00
7/15/2007	1.00
8/8/2007	1.50
8/15/2007	1.95
9/15/2007	1.95
10/15/2007	1.95
11/15/2007	2.25