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BILL KELLER
Executive Editor

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Mr. Herbert Sandler

Dear Mr. Sandler:

In reply to your latest message, yes, we are going to run a correction on Mr. Eakes's position on prepayment penalties, and thank you for your help in pointing out the error. We have been in close touch with the Center for Responsible Lending to sort this matter out.

On the other point, about the 1% minimum rate, I respectfully suggest that you are just splitting hairs. Our article says that your bank, World Savings, suffered a drop in lending volume in 2006, shortly after its sale to Wachovia was initiated. Then it goes on to say that the bank took a step it had been resisting for years: "It allowed borrowers to make monthly payments based on an annual interest rate of just 1 percent." It adds that World Savings continued to scrutinize its borrowers' ability to manage increased payments, though the low rates attracted customers whose financial reliability was harder to verify.

That sentence I quoted is completely correct. The bank did allow borrowers to make monthly payments based on an annual interest rate of just 1 percent. That the rate got to 1 percent only in March of 2007, after the sale to Wachovia was finalized, does not change the facts, and the article does not say that it was 1 percent in 2006, or that it was you who lowered it to 1 percent.

You did lower the rate before the sale went through, according to your own figures. The minimum rate was 2.85% in April of 2006, 1.95% in May and 1.50% from June, 2006 until March 26, 2007. You are reading an error into the statement that does not exist there, in my humble opinion, with all appreciation for your understandable sensitivity about the article.

Sincerely yours,

Bill Keller