

UPDATE 3-Bank of America drops Countrywide name

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- * Countrywide name, dating to 1969, is retired
- * Latest mortgage name to disappear
- * Bank of America launches loan summary, flat-fee mortgage (Recasts first paragraph; adds interview, flat-fee mortgage details, byline)

By Jonathan Stempel

NEW YORK, April 27 (Reuters) - Bank of America Corp (BAC.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) has dropped the Countrywide name from its mortgage operations, shedding a 40-year-old brand that had become synonymous with risky lending practices that helped fuel the U.S. housing boom and subsequent bust.

Founded in 1969 by Angelo Mozilo and David Loeb, Countrywide Financial Corp had been the largest U.S. mortgage lender before Bank of America acquired it last July for \$2.5 billion, after rising defaults and an inability to tap capital markets drove Countrywide near collapse.

Bank of America has renamed the Countrywide business Bank of America Home Loans, and begun changing signs on the company's lending offices. The largest U.S. bank expects to finish integrating Countrywide's operations this year.

Critics have blamed Countrywide for aggressive lending, including offering subprime and adjustable-rate mortgages to borrowers who could neither afford nor understand them.

In a move to distance itself from Countrywide, Bank of America on Monday introduced a one-page plain-English summary, which it calls a "Clarity Commitment," to help borrowers understand their loans, including interest and payment terms.

The bank has also introduced a flat-fee mortgage product designed to protect borrowers from surprise closing costs.

"People who were supposed to be the experts in mortgages didn't know what they were doing," said Robert Passikoff, president of Brand Keys Inc in New York, which specializes in branding strategies for banks.

He said Bank of America must now "make a higher level of engagement with the consumer, beyond the advertising."

Bank of America made \$89.26 billion of mortgage and home equity loans in the first quarter, up 79 percent from the fourth quarter, helped by a boom in refinancings.

But its home loans unit lost \$498 million because of rising loan losses. Wells Fargo & Co (WFC.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) displaced the Charlotte, North Carolina-based bank as the nation's largest mortgage lender, with \$101 billion of home loans in the first quarter.

Countrywide still faces a string of lawsuits over its business practices, as well as a FBI investigation.

The U.S. Securities and Exchange Commission, meanwhile, began an inquiry into Mozilo's systematic sales of the lender's stock, which began shortly before the housing crisis began. Mozilo received several hundred

million dollars of compensation for running Countrywide this decade. Loeb died in 2003.

Other specialists in home loans that proved risky have also disappeared, including the failed Washington Mutual Inc (WAMUQ.PK: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and IndyMac Bancorp Inc (IDMCQ.PK: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), as well as Wachovia Corp, which Wells Fargo bought. (Reporting by Jonathan Stempel; editing by John Wallace and Tim Dobbyn)

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