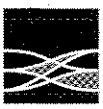
Wachovia Corporation
Legal Division
NC0630
One Wachovia Center
301 South College Street
Charlotte, NC 28288

Tel 704 374-6611

Eugene M. Katz
Senior Vice President and
Assistant General Counsel
Direct Dial: 704 383-7707
Fax: 704 715-4496
Email: gene.katz@wachovia.com



WACHOVIA

November 9, 2007

SUBMITTED TO FEDERAL E-RULEMAKING PORTAL AND BY FIRST CLASS MAIL

Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attn: Regulation Comments
Chief Counsel's Office

Re: Docket ID OTS-2007-0015
ANPR: Unfair or Deceptive Acts or Practices

Dear Sir or Madam:

This letter is submitted on behalf of Wachovia Corporation and its subsidiaries, including World Savings Bank, FSB and World Savings Bank, FSB (Texas), (collectively referred to as "Wachovia"). Wachovia appreciates the opportunity to provide its comments to the Office of Thrift Supervision ("OTS") concerning the OTS' Advanced Notice of Proposed Rulemaking ("ANPR") regarding Unfair or Deceptive Acts or Practices. Wachovia shares the OTS' concerns that customers of institutions under the OTS' supervision be treated fairly.

Wachovia supports the comments submitted to the OTS by several financial services trade associations on three key points: (1) Wachovia respectfully submits that any initiatives undertaken by the federal financial institution regulatory agencies with regard to unfair and deceptive practices should be coordinated efforts resulting in a consistent and uniform set of standards: (2) Wachovia also respectfully submits that the end result of any such initiative should be in the form of guidelines rather than rules; and (3) Wachovia respectfully submits that the OTS should follow a principles-based approach rather than a "targeted practices" approach.

Wachovia believes that the appropriateness of the first two points is self-evident: a consistent, uniform approach to addressing unfair and deceptive acts and practices clearly benefits both consumers and suppliers of financial products and services; and addressing this area by way of guidelines rather than through a set of rules provides both

the financial institutions and their regulators the flexibility to ensure that customers are both adequately served and well protected.

Further, a principles-based approach would be consistent with the approaches taken by other agencies on this topic. In that regard, both the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System, in issuances addressing this area, have set forth standards that they consider to be unfair or deceptive, discussed the laws that pertain to these issues and offered guidance on strategies for managing the risk arising from these activities. The Office of the Comptroller of the Currency ("OCC") also has taken a principles-based approach in its guidelines on Residential Mortgage Lending Practices, 2005-3. It incorporated many predatory lending principles closely tied to deceptive practices, such as equity stripping, loan flipping via frequent refinancing, fee packing, and several practices inconsistent with sound lending practices. We respectfully suggest that the OTS follow this model in implementing its initiative.

In addition, an attempt to address the issue of unfair and deceptive acts and practices through a proscribed set of targeted practices would be inappropriate because, we submit, it is not possible to conclude that each of the targeted practices is unfair or deceptive in each and every case, irrespective of the facts and circumstances. To illustrate our concern on this point, we will discuss here a few of the practices set forth in the ANPR as potentially being unfair or deceptive.

1. Credit Card Lending

    e. Applying payments first to balances subject to a lower rate of interest before applying to balances subject to higher rates of interest.

Comment: We agree that some uniformity is needed in this area, whether by way of uniform national legislation or uniform regulatory guidelines. However, that uniformity is needed throughout the industry, and should apply equally to all institutions involved in credit card lending. To create this requirement exclusively for OTS regulated institutions would create a competitive disadvantage for those institutions.

2. Residential Mortgage Lending

    a. Repetitive financing of the same mortgage by the same institution.

Comment: This section focuses on a requirement for a net tangible benefit test as required by HOEPA and several state anti-predatory lending laws. However, there is danger in adopting a proscriptive rule with specific parameters for net tangible benefit, such as those found in the some states, which do not provide for reasonable consideration of other factors unique to the borrower. The OCC has addressed this issue in its 2005-3

Residential Mortgage Lending Practices for National Banks. We recommend the OTS adopt a similar approach in establishing this refinancing benefit criterion for OTS consumers.

c. Imposing changes in loan terms upon default such as imposing significant interest rate increases or a balloon payment

Comment: Under most circumstances, a loan is in technical default when its terms and conditions are not met, for example, if a payment is not received when due. Although such a loan is technically in default, most institutions in such circumstances would make every effort to work with the borrower to resolve a problem and avoid any recurrence of the default. However, in the event it cannot be resolved, the institution must retain the ability to enforce collection by calling the note due and accelerating the balance. If the default continues, the institution must rely on the ability to enforce the terms of the contract. We therefore urge the OTS to use caution in adopting hard and fast limits on an institutions' ability to effect collection upon default.

f. Failing to employ reasonable loss mitigation measures prior to initiating foreclosure.

Comment: It goes without saying that every institution desires to avoid litigation and foreclosure. To that end, most institutions implement a loss mitigation and collection process that seeks to resolve a problem and arrive at a viable alternative to foreclosure. Nevertheless, while the institution attempts to work with the borrower, any unnecessary delay in taking action may impact the institution's ability effectively to mitigate its losses. Given the lengthy foreclosure process in some states, a delay in initiating a foreclosure action could put the collateral in jeopardy. Thus, we urge that any guidance issued by the OTS focus on protecting both the borrower and the bank's assets.

3. Deposit Accounts

Freezing accounts containing federal benefit payments upon receipt of attachment or garnishment orders.

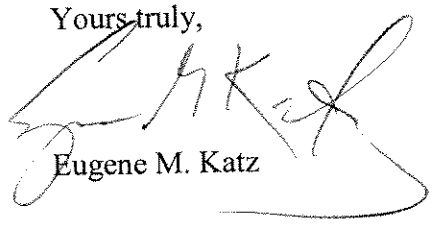
Comment: The deposit servicing and accounting systems used by most institutions are not designed to identify the source of funds with this level of particularity. In a commingled account, it is particularly difficult to determine which funds may have come from or can be attributed to a federal benefit payment, especially as checks and POS debits are processed through the account. It is even more difficult to try to determine how much of the remaining balance involves these type funds. Implementing this requirement by rule will result in a significant cost for system automation, development and implementation.

Two other statements in the ANPR call for our general comment. First, in discussing the concept of converting guidance into rules, the ANPR states in Section III.B.: "OTS could identify, as a principle, that failing to consider and implement reasonable workout arrangements is an unfair practice and incorporate such a finding into a rulemaking." We first would note the inherent difficultly of developing a rule-based "reasonableness" standard in this context. Further, although each institution implements the action it believes necessary to resolve a problem in every workout situation, these attempts at resolution must be done in the context of the time limitations set by the regulatory agencies for moving an account into a non-accrual and subsequently a charge-off status. Thus, any definition of "reasonableness" would have to conform to the agencies' expectations of the timing of such actions. In addition, the ability to offer workout arrangements may be limited by contractual agreements with servicers or investors, in both whole loan purchases and securitizations. Thus, any rules imposed would need to accommodate a balance between contractual restrictions and necessary flexibility to work with borrowers.

Finally, in discussing state law models in Section III.D., the ANPR states: "For mortgage lending, OTS could also prohibit specific unfair or deceptive acts or practices of the types listed in various state predatory lending laws." It is our opinion that requiring compliance with provisions selected form the laws of various states would undercut the uniformity of regulation of federal savings associations that the OTS has long promoted and implemented. This has the potential of subjecting institutions with identical federal charters to vastly different standards. This well may result in an unleveled playing field for OTS-regulated lenders and would almost certainly further complicated the lending environment in all states.

Wachovia appreciates this opportunity to comment on this advance notice of proposed rulemaking. If you have any questions, please contact me.

Yours truly,



Eugene M. Katz