EXHIBIT 10

Newstex Web Blogs

Action Economics Alerts

October 19, 2010 Tuesday 6:42 PM EST

LENGTH: 112 words

HEADLINE: Action Alert: Pimco, BlackRock and the NY Fed are seeking to force Bank of America to buyback

BODY:

Oct. 19, 2010 (Action Economics delivered by Newstex) --
Action Alert: Pimco, BlackRock and the NY Fed are seeking to force Bank of America to buyback bad $47 bln in soured mortgages from its Countrywide deal, according to a Bloomberg article. Stocks are cratering as that talk makes the rounds, according to sources. Apparently investors are looking to recoup losses resulting from alleged failures of Countrywide to service the loans properly (NY Fed is involved as due to its Maiden Lane holdings). BoA is leading a retreat in financial shares this afternoon and Treasuries are surging (on a shoot first ask questions later trade).

Newstex ID: ACT-0001-49866009

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LOAD-DATE: October 19, 2010

Benzinga.com

October 19, 2010

ACC-NO: 239863796

LENGTH: 52 words

HEADLINE: Bank Of America Killing The Market;
BAC.

BODY:

Byline: Roger Nachman

Bank of America (NYSE:BAC) is killing the market today, as the Dowis now down over 200 points, on news that Pimco and the New York Fed, and perhaps Blackrock (NYSE:BLK) are trying to have Bank of Americarepurchase mortgages. The total amount that is expected to be putback to BAC is $47 billion.

LOAD-DATE: October 21, 2010

BN Pimco, NY Fed Said to Seek BofA Mortgage Repurchases (Update2)
Oct 19 2010 17:27:59

(Updates with Patrick comment on next step in sixth paragraph.)

By Jody Shenn

Oct. 19 (Bloomberg) -- Pacific Investment Management Co., BlackRock Inc. and the Federal Reserve Bank of New York are seeking to force Bank of America Corp. to repurchase soured mortgages packaged into $47 billion of bonds by its Countrywide Financial Corp. unit, people familiar with the matter said.

A group of bondholders wrote a letter to Bank of America and Bank of New York Mellon Corp., the debt's trustee, citing alleged failures by Countrywide to service loans properly, their lawyer said yesterday in a statement that didn't name the firms. The New York Fed acquired mortgage debt through its 2008 rescues of Bear Stearns Cos. and American International Group Inc.

Investors are stepping up efforts to recoup losses on mortgage bonds, which plummeted in value amid the worst slump in home prices since the 1930s. Last month, BNY Mellon declined to investigate mortgage files in response to a demand from the bondholder group, which has since expanded. Countrywide's servicing failures, including insufficient record keeping, may open the door for investors to seek repurchases by bypassing the trustee, said Kathy Patrick, their lawyer at Gibbs & Bruns LLP.

"We now are in a position where we have to start a clock ticking," Patrick, who is based in Houston, said today in a telephone interview.

If the issues aren't fixed within 60 days, BNY Mellon should declare Countrywide in default on its servicing contracts, Patrick said.

What's Next

In its role as a mortgage seller, Countrywide should face more repurchase demands no matter what, Patrick said. The requests may come directly from bondholders or from the loan servicing arm of Countrywide itself or from Bank of New York, which acts as trustee.

Patrick represents investors who own at least 25 percent of so-called voting rights in the deals and stand to recover "many billions of dollars," Patrick said.

MetLife Inc., the biggest U.S. life insurer, is part of the group Gibbs & Bruns is representing, said the people, who declined to be identified because the discussions aren't public. TCW Group Inc., the manager of $110 billion in assets, expects to join BlackRock, the world's largest money manager, and Pimco, which runs the biggest bond fund, in the group, the people said.

The investors are among those who want lenders to buy back home mortgages that they say were marketed with misstatements about quality. One problem can be faulty appraisals that overvalued homes. That matter is separate from an investigation by 50 state attorneys general into whether loan servicers may have improperly foreclosed on homes.

BN Pimco, NY Fed Said to Seek BofA Mortgage Repurchases (Update2)
Oct 19 2010 17:27:59

Most Common Claim

While failing to include documents needed for foreclosures violates so-called representations and warranties by mortgage sellers, it probably won't be the most common issue discovered if investors can access loan files, Isaac Gradman, a San Francisco-based consultant, said yesterday.

"It's surprising that it took this foreclosure crisis to bring the issue to people's attention but people are starting to get it," said Gradman, formerly a lawyer at Howard Rice Nemerovski Canady Falk & Rabkin. He represented mortgage insurer PMI Group Inc. in a settled lawsuit over similar issues against General Electric Co. and its defunct mortgage unit.

Countrywide hasn't met its contractual obligations as a servicer also because it hasn't asked for loan repurchases and is taking too long with foreclosures, Patrick said. The delays stem from missing documents, process mistakes and insufficient staffing to evaluate borrowers for loan modifications, she said.

Legal Action

If Countrywide doesn't correct the servicing problems within a few months, her clients could have the right to pursue legal action against Bank of America, Bank of New York or both, she said. "None of the bondholders are opposed to modifications for deserving borrowers, but you've got to get it done" in a timely fashion, she added.

"The letter states a demand directed to Countrywide to cure the defaults," said Kevin Heine, a spokesman for BNY Mellon. "It does not ask BNY Mellon to take any action. BNY Mellon will continue to perform its duties as trustee."

Charlotte, North Carolina-based Bank of America will "defend our shareholders" by disputing any unjustified demands it buy back defective mortgages, Chief Executive Officer Brian T. Moynihan said today.

Most claims "don't have the defects that people allege," Moynihan said on Bloomberg Television, referring to so-called put-backs, in which guarantors or investors in mortgage-backed securities ask for the return of bad loans. "We end up restoring them, and they go back in the pools."

Jeffrey V. Smith, a spokesman for the New York Fed, declined to comment.

Multiple Efforts

In August, Jack Gutt, another spokesman, said the institution was involved in "multiple efforts related to exercising our rights as investors," which would "support our primary goal of maximizing the value of these portfolios on behalf of the American taxpayer."

Mark Porterfield, a spokesman for Newport Beach, California-based Pimco; Brian Beades, a spokesman for New York-based BlackRock; and Peter Viles, a spokesman for Los Angeles-based TCW, declined to comment. John Calagna, a spokesman for New York-based MetLife, also declined to comment.

"We continue to review and assess the letter, and have a number of question about its content, including whether these investors have standing to bring these claims," Bank of America Chief Financial Officer Charles H. Noski said today on a conference call with analysts. "We continue to believe the servicer is in compliance with the servicing obligations."

115 Deals

The letter covered 115 separate mortgage securitizations, with $105 billion in original balances, from "eight investors purportedly owning interests in these transactions," Noski said.

Banks' costs from repurchasing mortgages in securities without government backing may total as much as $179.2 billion, Compass Point Research and Trading LLC analyst Chris Gamaitoni estimated in August, including expenses related to lawsuits against bond underwriters.

JPMorgan Chase & Co. analysts said in an Oct. 15 report the costs may reach $80 billion, reduced in part by the difficulty investors have getting trustees to act and a typical requirement that misstatements about loan quality must be "material."

Losses on the mortgages packaged into bonds come amid "persistently high unemployment and other economic trends, diminishing the likelihood that any loan defect, should one exist at all, was the cause of the loan's default," Noski said.

Repurchase Requests

Bank of America said in an August securities filing it had been dealing with a "very limited" number of requests to repurchase bad loans out of securities other than from bond guarantors. Capital One Financial Corp. Chief Financial Officer Gary Perlin said on a conference call today it has "seen virtually no repurchase activity from" home loans it sold into uninsured bonds from 2005 through 2008.

Mortgage-bond contracts are explicit in requiring repurchases of loans when their quality fails to match sellers' promises, said Scott Simon, Pimco's head of mortgage bonds. The contracts also call for trustees and servicers to ask lenders to take back debt under those circumstances, he said.

"They're contractually required to enforce the reps and warranties," Simon said today in a telephone interview. He declined to comment on his firm's actions.

Separate Effort

The initiative covered by the letter sent to Bank of America and BNY Mellon yesterday is separate from the effort coordinated through Dallas lawyer Talcott Franklin, Patrick said. That firm is coordinating action for a larger group of mortgage-bond investors holding more than $500 billion of the debt.

Participants in that so-called RMBS Investor Clearing House include BlackRock, Pimco, Fortress Investment Group LLC, Fannie Mae and Federal Home Loan Banks, people familiar with the matter said last month. MetLife isn't part of that group, Calagna said.

Membership in the clearing house has risen to 110 from 65, during the last two weeks, said Bill Frey, head of Greenwich, Connecticut-based securities firm Greenwich Financial Services LLC. Frey this month lost a lawsuit against BofA seeking to force the bank to purchase any modified loans out of bonds.

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BN Pimco, NY Fed Said to Seek BofA Mortgage Repurchases (Update2)
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BN Bank of America Leads Rise in Bank Risk Amid Mortgage Concern
Oct 19 2010 17:55:39

By Mary Childs

Oct. 19 (Bloomberg) -- A benchmark indicator of corporate credit risk rose for the fourth time in six days amid concern banks will have to buy back soured mortgages and China unexpectedly raised its benchmark lending rate for the first time since 2007.

Credit-default swaps on banks led by Bank of America Corp. soared after people familiar with the matter said Pacific Investment Management Co., BlackRock Inc. and the Federal Reserve Bank of New York are among a group seeking to make the largest U.S. lender repurchase loans packaged into $47 billion of bonds.

China's decision to raise interest rates to 5.56 percent from 5.31 percent pushed the index higher earlier today on concern it will damp growth at the world's fastest-growing major economy and could speed up inflation, according to Michael Reiner, a credit strategist at Societe Generale.

"There's still disproportionate downside risk," Reiner said. "On the upside, you have potentially an improving earnings story and a bet on economic recovery. On the downside, you have everything else -- which means a weakening economy, slowing revenue growth, the sovereign issue certainly has not disappeared, China slowdown. You name it, it's on the other side of that scale."

Credit-default swaps on the Markit CDX North America Investment Grade Index, which investors use to hedge against losses on corporate debt or to speculate on creditworthiness, climbed 2.7 basis points to a mid-price of 99.6 as of 5:06 p.m. in New York, according to index administrator Markit Group Ltd.

Alleged Failures

The index, which typically rises as investor confidence deteriorates, closed at the lowest in more than five months on Oct. 13 at 95.5 basis points, after declining from 106.7 on Sept. 30, Markit Data show.

Bank of America credit swaps rose 17.4 basis points to 200, CMA data show. The largest U.S. lender, which today reported a $7.3 billion loss tied to new rules on consumer accounts and credit cards, said it's fighting demands to buy back allegedly faulty loans.

A group of bondholders wrote a letter to Bank of America and Bank of New York Mellon Corp., the debt's trustee, citing alleged failures by Countrywide Financial Corp. to service loans properly, their lawyer said yesterday in a statement that didn't name the firms.

The New York Fed acquired mortgage debt through its 2008 rescues of Bear Stearns Cos. and American International Group Inc.

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T. Moynihan said today.

Debt Surged

Most claims "don't have the defects that people allege," Moynihan said on Bloomberg Television, referring to so-called put-backs, in which guarantors or investors in mortgage-backed securities ask for the return of bad loans. "We end up restoring them, and they go back in the pools."

Jeffrey V. Smith, a spokesman for the New York Fed, declined to comment.

Contracts on Bank of America debt surged 47.8 basis points last week after the bank halted foreclosures on Oct. 8 to review its procedures. A probe by attorneys general in all 50 states focusing on faulty foreclosure documents has raised concern that lenders will be forced to buy back billions of dollars of loans from investors. The bank said yesterday it plans to resume filing foreclosure affidavits.

Goldman Earnings

Credit swaps on Goldman Sachs Group Inc. climbed 3.7 basis points to 146.4 even after the biggest securities firm by revenue had better than expected earnings, according to data provider CMA.

Third-quarter net income fell to $1.9 billion, or $2.98 a share, from $3.19 billion, or $5.25, a year earlier, the New York-based bank said today in a statement. The average estimate of 20 analysts surveyed by Bloomberg was $2.29 a share, with predictions ranging from $1.81 to $3.09.

The Markit iTraxx Europe Index of 125 companies with investment-grade ratings decreased 1.4 basis points to 101, Markit prices show.

Credit swaps pay the buyer face value if a borrower fails to meet its obligations, less the value of the defaulted debt. A basis point, 0.01 percentage point, equals $1,000 annually on a contract protecting $10 million of debt.

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BN Gibbs & Brun’s Patrick Seeks to Enforce Holders’ Rights
Oct 19 2010 15:24:17

By Karen Goldfarb

Oct. 19 (Bloomberg) -- Kathy Patrick, the lead attorney representing investment firms against Bank of America, told CNBC her goal is to “enforce the holders’ contract rights.”

Patrick also said she had asked Bank of America to open an investigation in August but that it had declined.

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-0- Oct/19/2010 19:24 GMT

Canwest News Service

October 19, 2010 Tuesday 03:00 PM EST

LENGTH: 574 words

HEADLINE: Pimco, New York Fed seek BofA repurchase of mortgages

BODY:

Pacific Investment Management Co., BlackRock Inc. and the Federal Reserve Bank of New York are seeking to force Bank of America Corp. to repurchase soured mortgages packaged into US$47-billion of bonds by its Countrywide Financial Corp. unit, people familiar with the matter said.

The bondholders wrote a letter to Bank of America and Bank of New York Mellon Corp., the debt's trustee, citing alleged failures by Countrywide to service the loans properly, their lawyer said yesterday in a statement that didn't name the firms.

Investors are stepping up efforts to recoup losses on mortgage bonds, which plummeted in value amid the worst slump in home prices since the 1930s. Last month, BNY Mellon declined to investigate mortgage files in response to a demand from the bondholder group, which has since expanded. Countrywide's servicing failures, including insufficient record keeping, may open the door for investors to seek repurchases by bypassing the trustee, said Kathy Patrick, their lawyer at Gibbs &Bruns LLP.

"We now are in a position where we have to start a clock ticking," Ms. Patrick, who is based in Houston, said today in a telephone interview.

MetLife Inc., the biggest U.S. life insurer, is part of the group represented by Gibbs &Bruns, said the people, who declined to be identified because the discussions aren't public. TCW Group Inc., the manager of US$110-billion in assets, expects to join BlackRock, the world's largest money manager, and Pimco, which runs the biggest bond fund, in the group, the people said.

Countrywide also hasn't met its contractual obligations as a servicer because it hasn't asked for repurchases itself and is taking too long with foreclosures, either because of document or process mistakes or because it doesn't have enough staff to evaluate borrowers for loan modifications, Ms. Patrick said. If the issues aren't fixed within 60 days, BNY Mellon should declare Countrywide in default of its contracts, she said.

Trustee Duties

"The letter states a demand directed to Countrywide to cure the defaults," said Kevin Heine, a spokesman for BNY

Mellon. "It does not ask BNY Mellon to take any action. BNY Mellon will continue to perform its duties as trustee."

Charlotte, North Carolina-based Bank of America will "defend our shareholders" by disputing any unjustified demands it buy back defective mortgages, Chief Executive Officer Brian T. Moynihan said today.

Most claims "don't have the defects that people allege," Mr. Moynihan said on Bloomberg Television, referring to so-called putbacks, in which guarantors or investors in mortgage-backed securities ask to return bad loans. "We end up restoring them, and they go back in the pools."

Mark Porterfield, a spokesman for Newport Beach, California-based Pimco, Brian Beades, a spokesman for New York- based BlackRock, and Peter Viles, a spokesman for Los Angeles- based TCW, declined to comment.

John Calagna, a spokesman for New York-based MetLife, didn't immediately return messages seeking comments. Jeffrey V. Smith, a spokesman for the New York Fed, declined immediate comment.

"We continue to review and assess the letter, and have a number of question about its content, including whether these investors have standing to bring these claims," Bank of America Chief Financial Officer Charles H. Noski said today on a conference call with analysts. "We continue to believe the servicer is in compliance with the servicing obligations."

Bloomberg.com

LOAD-DATE: October 20, 2010

CNNMoney.com

October 19, 2010 Tuesday 4:39 PM EST

SECTION: MARKETS & STOCKS

LENGTH: 933 words

HEADLINE: Stocks: Worst day in two months

BYLINE: By Hibah Yousuf, staff reporter

BODY:

Stocks fell sharply Tuesday, amid reports that a group of bondholders are trying to force Bank of America to repurchase bad mortgages. Investors also weighed a surprise rate hike by the Chinese government, and mixed data on the housing market and corporate results.

The Dow Jones industrial average lost 165 points, or 1.5%. All but two of the blue chip index's components were laggards, with Bank of America leading the decline.

The S&P 500 slipped 19 points, or 1.6%, and the tech-heavy Nasdaq shed 44 points, or 1.8%.

All three indexes logged their biggest daily drops since Aug. 11.

Stocks were under pressure throughout the session, but the the sell-off picked up steam in the afternoon following a Bloomberg news report that said PIMCO, BlackRock and the Federal Reserve Bank of New York are seeking to force Bank of America to buy back about $47 billion in bad mortgages that were packaged by its Countrywide Financial unit. Shares of Bank of America tumbled 4.4% on the news.

Earlier in the day, stocks drifted in the red after the People's Bank of China raised its benchmark deposit and lending rates for the first time in 3 years.

"The Chinese are basically telling the rest of the world that they're going to slow down their economy," said Mark McCormick, currency strategist for Brown Brothers Harriman. "It's kind of nerve wracking for the global economy, because China has been the key driver of world growth. This was clearly a major surprise."

But other experts said China's move isn't a cause for concern, and markets just needed a reason to take a breather.

"China's real estate values are hot, so they're putting a barrier in front of them. But I see it as a normal part of the economic recovery," said Rob Lutts, chief investment officer at Cabot Money Management. "The markets have been rallying for about 8 weeks, so it's not unusual to see them retreat between 2% and 5% -- and China's rate hike is a good excuse to reap profits."

China boosted its key lending rate to 2.50% from 2.25%, in an effort to help slow the country's rapid growth. With the rate increase, the Chinese central bank's one-year lending rate now sits at a lofty 5.56%.

Stocks ended sharply higher Monday after Citigroup reported upbeat financial results and a report showed improvements in the housing sector.

Companies: Ahead of the opening bell, Bank of America reported a third-quarter net loss of $7.3 billion. The bank said the loss was due to the recently passed financial reform law, for a one-time charge of $10.4 billion in its credit and debit card unit.

Goldman Sachs reported a 40% plunge in profit to $1.9 billion for the third quarter, citing "challenging" market conditions. But it still managed to beat Wall Street's lowered estimates. The financial firm reported revenue of $8.9 billion, a mild increase from the year-earlier quarter. Shares rose 2%.

Johnson and Johnson reported earnings per share of $1.23 on revenue of $14.98 billion. The stock sank 0.9% after company beat on profit but missed on sales.

J&J reported a dip in sales citing the drug recall's effect, saying it has made "considerable progress" to resolve the problem. On Monday, J&J subsidiary McNeil Consumer Healthcare recalled 127,728 bottles of Tylenol 8-hour caplets sold in the United States and Puerto Rico, due to complaints of a musty or moldy odor.

After Monday's close, Apple and IBM also posted results that topped analysts' expectations. But investors weren't satisfied, and shares of both companies fell. Shares of Apple fell by 2.7% and IBM's stock was down 3.4%.

Shares of Yahoo extended declines in after-hours trading Tuesday after the company reported that its quarterly net income more than doubled to $396 million from a year ago but sales missed analysts' forecast. The stock dropped 2.8% Tuesday.

Intel announced Tuesday that is investing up to $8 billion in microchip manufacturing plants, creating up to 1,000 permanent high-tech jobs in Arizona and Oregon. Shares were up 0.1%.

Shares of SuperValu, which operates grocery store chains Albertsons and Shop n' Save, sank 14.9% after the company posted a steep loss in the second quarter.

Economy: A reading on September housing starts blew away expectations, but building permits lagged behind.

The U.S. Census Bureau reported that housing starts edged up in September to an annual rate of 610,000 from the revised August rate of 608,000.

Economists were expecting the report to show new home construction fell in September, with housing starts -- or the number of new homes being built -- falling to a seasonally adjusted annual rate of 579,000. This expectation was based on the previously reported rate of 598,000 in August.

Building permits rose more than 5% to the adjusted annual rate of 539,000 in September. They still fell short of the 565,000 expected.

World markets: European shares ended lower, with the FTSE 100 in Britain sliding 0.6%. The CAC 40 in France fell 0.7% and Germany's DAX slipped 0.4%.

In Asia, markets were more upbeat, but they closed ahead of China's rate hike. The Shanghai Composite rallied 1.6%, the Hang Seng in Hong Kong jumped 1.3% and the Nikkei in Japan added 0.4%.

Commodities and Currencies: The dollar rallied against the British pound, the Japanese yen, and the Euro.

The stronger buck added pressure on commodities like gold and oil, which are priced in dollars.

Gold futures for December delivery settled down $36.10 to $1,336.00 an ounce.

Crude oil for November delivery tumbled $3.59 to settle at $79.49 a barrel.

Bonds: The price fell on the benchmark 10-year U.S. Treasury, pushing the yield up to 2.48% from 2.51% late Monday.

LOAD-DATE: October 20, 2010

Dow Jones Newswires
Dow Jones Chinese Financial Wire

October 19, 2010 Tuesday 4:19 AM GMT

LENGTH: 1065 words

HEADLINE: WSJ: As Foreclosures Restart, Bondholders Pick A Fight With Banks

BODY:

As banks restart foreclosures they had suspended, bondholders are stepping up efforts to recoup losses on soured mortgage portfolios amid concern about sloppy mortgage servicing and underwriting practices.

In a letter Monday, a group of institutional bond investors raised objections to the handling of 115 bond deals issued by affiliates of Countrywide Financial Corp., acquired by Bank of America Corp. (BAC) in 2008.

The investor actions, which seek to have certain loans be repurchased among other things, come as Bank of America on Monday took steps to defuse claims that its foreclosure troubles are deep-seated. The bank on Monday said it was restarting the foreclosure of more than 100,000 homes.

(This story and related background material will be available on The Wall Street Journal Web site, WSJ.com.)

The letter, to Bank of New York Mellon Corp. (BK) and Bank of America, cited Bank of America's 'failure to observe and perform, in material respects' its duties as the servicer for the bond deals. The failure to properly handle the loans 'has materially affected the rights' of bondholders, the letter said.

The institutional investors, who include mutual-fund managers, government-related entities, insurance companies and investment partnerships, are seeking to have loans that didn't meet underwriting requirements repurchased and to be compensated for losses due to inadequate mortgage servicing, says Kathy Patrick, an attorney with Gibbs & Bruns, a Houston law firm representing the investors.

The group says it holds roughly $16.5 billion--or more than 25%--of the $47 billion in outstanding mortgage-backed securities from these deals.

'We are reviewing the letter,' said a Bank of New York spokesman. 'It appears to be directed to Countrywide and does not ask BNY Mellon to take any action. We will continue to perform our duties as trustee.' A Bank of America spokesman declined to comment.

As mortgage servicer, Bank of America is responsible for collecting loan payments and working with troubled borrowers. Bank of New York, the bond trustee, is charged with administering the securitizations, or bond trusts, for the benefit of investors. Investors say they are concerned both about servicing and violations of representations and warranties made when the loans were packaged into bonds.

Monday's action lays the groundwork for what could be one of the first lawsuits by mortgage-bond investors seeking to enforce their contract rights, including loan buybacks, in response to the current foreclosure crisis. Investors have mounted other challenges based on alleged violations of securities laws.

Analysts are trying to tally up the costs of loan buybacks and foreclosure moratoria. In a report issued Friday, Barclays Capital said the current crisis could delay foreclosures by three to six months. Longer timelines could reduce yields on some bonds by as much as one percentage point, it said, and 'drastically' reduce cash flows to some bond holders in the next few months.

In a separate report issued Friday, J.P. Morgan Chase & Co. (JPM) bond analysts estimated that future losses from repurchases of loans that didn't meet sellers' promises could total $55 billion to $120 billion.

Even before the recent furor over 'robo-signers'--back-office employees who approved foreclosure documents without reviewing them--bond investors were raising concerns about servicer practices.

In August, a smaller group of investors in some Countrywide deals sent Bank of New York instructions to investigate whether certain mortgages didn't meet representations made at the time the loans were packaged into securities. The group demanded that some loans be repurchased.

But the August letter, a Bank of New York spokesman says, 'did not comply with multiple requirements for giving direction to BNY Mellon in its role as trustee.'

Recent disclosures of sloppy servicing practices follow questions about whether the processes for conveying loans to the bond trust were properly followed. Together, they 'have exacerbated investor concerns and created delays and added costs that hurt investors,' Ms. Patrick says.

Bond investors have been slow to press their claims, in part because of how the contracts for bond deals, known as pooling and servicing agreements, are written. Typically, these contracts require that bondholders gather 25% of the voting rights in the trust before they can enforce the contracts themselves. These provisions are intended to ensure that the action being requested will benefit bondholders as a group, rather than any one bondholder or subset of holders.

Earlier this month, a New York state justice dismissed a lawsuit by investors who argued they shouldn't bear any of the cost of an $8.4 billion settlement between state attorneys general and Countrywide Financial. The judge said the investors hadn't satisfied terms set out in the pooling and servicing agreements.

The Oct. 18 investor letter formally notifies Bank of New York and Bank of America that investors believe that Bank of America has failed to meet its obligations as a mortgage servicer. The two companies then have 60 days to address the issues, says Ms. Patrick.

If the problems aren't resolved, that would trigger an 'event of default' under the agreement, Ms. Patrick says, which would allow an investor to file a lawsuit against both companies. Investors 'aren't trying to halt loan modifications for troubled borrowers,' she added.

David Grais, a New York securities lawyer, recently announced plans to hold a conference on 'Robosigners and Other Servicing Failures.' Mr. Grais represents Federal Home Loan Banks in San Francisco and Seattle that have sued Wall Street banks, seeking to force them to buy back mortgage-backed bonds. Similar lawsuits were filed last week by Federal Home Loan Banks in Chicago and Indianapolis.

But the time to pursue some of these claims is running out, Mr. Grais says. Under New York contract law, investors generally have six years from the time of a securitization to put back loans that violate representations and warranties, Mr. Grais says. State securities law generally gives investors one to four years after they discover a legal violation to put back bonds that weren't accurately described in disclosure documents.

'If people don't throw their hat in the ring, they are out of luck,' Mr. Grais says.

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HEADLINE: US Stocks Fall On Soured-Mortgage Concerns;
DJIA Off 204

BYLINE: By Steven Russolillo, Of DOW JONES NEWSWIRES

BODY:

NEW YORK (Dow Jones)--U.S. stocks broadly fell Tuesday after a report that Pacific Investment Management Co., BlackRock and Federal Reserve Bank of New York are attempting to force Bank of America to repurchase soured mortgages packaged by Countrywide Financial Group.

The Dow Jones Industrial Average recently dropped 202 points to 10942, plunging through 11000. The blue-chip index had been down more than 100 points earlier in the session, but the losses accelerated after Bloomberg reported the names of the bondholders seeking to force Bank of America to buy back $47 billion in bad mortgages.

The Wall Street Journal reported earlier Tuesday that a group of institutional bond investors are stepping up efforts to recoup losses on soured mortgage portfolios at Bank of America. BlackRock is the world's largest money manager and Pimco runs the biggest bond fund.

"The only difference is that (the report) actually named Pimco and the New York Fed, which obviously are two gorillas that could make this thing have more legs," said Tom Donino, partner and co-head of trading at First New York Securities. "Those are two pretty big heavyweights and that got people a little spooked, especially considering the market was pretty weak to begin with."

The New York Fed said in August it would demand banks take back mortgages sitting in some mortgage-backed securities it owns. The New York Fed came to own the securities through its rescues of Bear Stearns and American

International Group. Bloomberg said the New York Fed is one investor listed in the letter.

Traders said an already-apprehensive market was spooked by more specific news of how banks will be affected by the mortgage concerns.

"Now there's names attached and the market's in a skittish mood," said Steve Sosnick, equity risk manager at Timber Hill LLC/ Interactive Brokers Group LLC. "Who knows where the mortgage crisis ends?"

The Standard & Poor's 500-stock index fell 22 points to 1163 and the technology-heavy Nasdaq Composite dropped 51 to 2430.

The S&P 500 financial sector erased earlier gains and was recently down 1.1%. Bank of America shares were recently down 32 cents, or 2.6%, at $12.01. Earlier Tuesday, the bank said its third-quarter loss widened, though its adjusted results topped analysts' views, as the bank wrote off $10.4 billion related to its credit-card unit.

Stocks earlier were down after China's sudden rate hike and a barrage of corporate earnings that disappointed investors.

China's central bank raised interest rates for the first time in nearly three years, as the Beijing government attempts to contain inflation and soaring property prices. The People's Bank of China said it will raise its benchmark one-year lending and deposit rate by a quarter of a percentage point. The move boosted the dollar but hurt commodities and equities.

A heavy dose of corporate earnings also prompted a mixed reaction among investors, who nitpicked impressive quarters by technology giants Apple and IBM. For Apple, iPad sales fell short of expectations and the company offered a conservative forecast for the current quarter, which drove the stock down 1.9% after hitting an all-time high Monday.

IBM posted better-than-expected earnings and boosted to its full-year guidance. But the stock dropped 3.1% and was the Dow's worst performer. Still, IBM had hit an all-time high on Monday and remains up 2% this month and 5.4% over the past three months.

This week, 11 of the 30 Dow components and more than a fifth of S&P 500 companies are due to report third-quarter results.

"The market was on a one-way street to the upside for six to seven weeks, and now it's time to take a breath," said Peter Boockvar, managing director and equity strategist at Miller Tabak. With earnings season ramping up, he noted investors are paying particular attention to company-specific news rather than broader economic themes.

"The market is starting to splinter and investors are realizing they can't get through earnings season with their eyes closed," Boockvar said.

Additionally, Federal Reserve Bank of Dallas President Richard Fisher said the outcome of the November FOMC meeting is not yet determined, despite the speculation that the central bank will engage in another round of quantitative easing.

On the economic front, U.S. home construction unexpectedly rose in September, reaching its highest level since government home-buying incentives ended in April. Housing starts increased 0.3% to 610,000, the Commerce Department said Tuesday. But building permits, an indicator of future construction, fell 5.6% to 539,000.

The dollar racked up gains across the currency board Tuesday. The U.S. Dollar Index, reflecting the U.S. currency against a basket of six others, rose 1.6% to 78.16.

Treasurys rallied, with the yield on the benchmark 10-year note falling to 2.46%. China's rate rise sent gold prices tumbling down $36.10, to $1,336 an ounce and crude oil futures plunged 4.3% to $79.50 a barrel.

-By Steven Russolillo, Dow Jones Newswires; 212-416-2180; steven.russolillo@dowjones.com

(Kristina Peterson and Marshall Eckblad contributed to this report.) [10-19-10 1539ET]

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Finance Wire

October 19, 2010 Tuesday

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TOM HUDSON, NIGHTLY BUSINESS REPORT ANCHOR: Wall Street heads south on a new worry for the big banks. Stocks have their worst day since August with the Dow back below 11,000.

SUSIE GHARIB, NIGHTLY BUSINESS REPORT ANCHOR: Some big bond investors want to force Bank of America to take back billions of dollars in soured mortgages. You`re watching NIGHTLY BUSINESS REPORT for Tuesday, October 19.

HUDSON: Good evening and thanks for joining us. A sharp sell-off today on Wall Street on reports big bond investors are pressuring Bank of America to buy back billions of dollars of bad mortgages. Susie, this group includes Pimco, Blackrock, as well as the Federal Reserve Bank of New York.

GHARIB: Tom, investors didn`t like what that could mean so they dumped stocks, pushing the Dow back below the 11,000 level. The Dow fell 165 points, the NASDAQ lost 43 and the S&P 500 was off 18. Shares of Bank of America dropped more than 4 percent and that`s even though this morning, it reported better than expected quarterly earnings.

HUDSON: At issue, B of A may be forced to buy back part of a $47 billion pool of mortgages that was bundled and sold by its Countrywide financial unit. Kathy Patrick represents the institutional investors and says her clients will fight to recoup their losses.

KATHY PATRICK, SECURITIES LITIGATOR, GIBBS & BRUNS (BY TELEPHONE): The integrity of the capital markets depends on contracts being enforced and they will be. It takes a long time, it`s sometimes cumbersome, but it happens and this is proof that it happens, because people had doubted, publicly, that bondholders could organize themselves to exercise their rights. We`ve demonstrated that they can and they will.

HUDSON: Bank of America meantime says it is not responsible for the poor performance of loans as a result of the bad economy and that it will vigorously defend itself. Meanwhile, Federal regulators are now trying to get to the bottom of the foreclosure paperwork mess. The White House says an interagency task force is looking into charges of widespread mistakes on foreclosure documents.

GHARIB: Also pressuring U.S. and global markets today -- word that China abruptly raised its interest rate for the first time in three years. As Scott Gurvey reports, the quarter point boost was designed to cool China`s raging real estate market.

SCOTT GURVEY, NIGHTLY BUSINESS REPORT CORRESPONDENT: The Chinese government`s surprise interest rate hike applies the brakes to an economy growing at an annual rate of around 10 percent. Chinese consumer prices are rising at a 3.5 percent rate, with housing prices rising even faster. Scott MacDonald of Aladdin Capital says the Chinese government has good reason to worry about inflation.

SCOTT MACDONALD, CHIEF ECONOMIST, ALADDIN CAPITAL: If they do not allow the Chinese population to have a good life, then they`ve got some problems. And you know, Tiananmen Square, 1989, you had a lot of political agitation, but at the same time, what really pushed, like, workers and unionists into the movement was high inflation. So, there`s definitely historical dimension to how China regards slowing down inflation and their approach to it.

GURVEY: Jing Ulrich, chairman China equities and commodities, a division of JPMorgan, says in spite of today`s market action, the Chinese rate hike will have little effect outside that country.

JING ULRICH, CHAIRMAN, CHINA EQUITIES & COMMODITIES: This one rate hike won`t have a lot of impact on the U.S. economy because if you look at the underlying Chinese economic trajectory, it is still very healthy. So we know a strong China, a fast growing China, is good for the rest of the global economy.

GURVEY: But a string of rate hikes by the Chinese would tend to slow imports which, Ulrich admits, is part of China`s long-term plan to transform its economy.

ULRICH: The Chinese government wants to achieve more of a balancing of the internal economy. They want to have growth driven primarily by domestic consumption, instead of by investments or exports. They also want to make social welfare much more equitable.

GURVEY: While those moves may affect trade between China and the U.S., MacDonald says both nations need to keep each other healthy.

MACDONALD: The U.S. and China are very much interlinked by global trade and finance. And no matter how much either side dislikes or likes it, the U.S. has a deficit that needs financing. China still has exports which need end buyers. You don`t want the U.S. economy to go into another recession and you don`t want China to slow down too much. There`s a delicate balance that needs to be maintained here between the two countries.

GURVEY: We`ll get a better gauge on how China is doing this Thursday when the country releases its latest economic data. Scott Gurvey, NIGHTLY BUSINESS REPORT, New York.

GHARIB: Let`s take a look now at the stories in tonight`s NBR news wheel. A surprise rise in new home construction in September as housing starts rose 0.3 of a percent. While that`s still weak, it`s still the highest point since the tax credit for new buyers ended in April. And hundreds of thousands of French citizens today challenged a proposed change in the country`s retirement age from 60 to 62. The protests came on the sixth day of a national strike, where airline flights have been canceled and garbage pickup abandoned.

HUDSON: Still ahead on the program, an investment for the ages. Tonight`s word on the street is energy -- how investors of different ages should approach oil and energy investing. Dan Dicker of thestreet.com will join us.

GHARIB: Does your doctor take money from drug companies to speak on their behalf? If he or she does, it`s been a closely kept industry secret, until now. The non-profit newsroom Propublica has developed a database of payments to thousands of doctors, so now you can easily find out how much money big pharma companies pay them. It`s a controversial topic. Supporters say paid speakers can keep you healthy. Critics say it`s all about marketing. Tonight, a closer look at the influence of drug company money on health care in "Dollars for Docs." Washington bureau chief Darren Gersh has spent months looking into this issue. Tonight, Darren introduces us to one doctor and the decision he made.

DARREN GERSH, NIGHTLY BUSINESS REPORT CORRESPONDENT: In some ways, this is your classic family practice. Dr. Stuart Stoloff has been practicing medicine in Carson City, Nevada, for over 32 years. But Stoloff is more than your typical family doc. If you have asthma, he likely helped with your diagnosis. That`s because Dr. Stoloff serves on the national expert panel setting asthma treatment guidelines. And that`s a key reason he came to the attention of drug companies like Glaxosmithkline, which asked him to speak to other doctors.

DR. STUART STOLOFF, FAMILY PRACTITIONER: And when you do that, when you`re involved in that task, the pharmaceutical industry really would like to have you as an adviser. The pharmaceutical company wants to know what you know. They want to know what you are thinking, what the evidence is.

GERSH: When he first started speaking to other doctors, Dr. Stoloff says Glaxo paid him to talk about his work and the work of the expert panel.

STOLOFF: That was an absolute joy to me, because I got to raise issues. I got to ask questions where we don`t have answers.

GERSH: A new database compiled by the non-profit newsroom Propublica underscores the extensive financial connections between pharmaceutical companies and the nation`s doctors. The database merges information from seven drug companies that have publicly disclosed payments to physicians. Many of the disclosures were required by legal settlements. These companies represent just over a third of the industry, but since last year, they have paid almost 18,000 doctors speaking, consulting and other fees totaling almost $258 million. In some cases, the pay is substantial. 384 doctors have each earned more than $100,000 from drug companies in the last two years. Dr. Stoloff is one of them, but his ranking in this lucrative and influential group is falling fast. The records that Glaxo put out shows that you made $107,000 in `09 speaking for them. And in 2010, it`s $500.

STOLOFF: Oh, I made $500?

GERSH: That`s what it says.

STOLOFF: Oh, wow.

GERSH: What changed?

STOLOFF: OK. In 2009, the majority of the year, I was invited to speak on guidelines and on the state of asthma.

GERSH: But a year ago, Dr. Stoloff says Glaxo told him there would be changes to his contract. If he wanted to keep speaking for the drug maker, he would have to follow the slide show presentation, or deck, Glaxo had developed.

STOLOFF: You will speak only on the slides that we provide you and we will tell you exactly what you will say, basically, word for word.

GERSH: And that crossed a line for Dr. Stoloff.

STOLOFF: I couldn`t do it. I`m not trying to sell drugs. And the slide decks that have been developed by the companies, not that all of them are the same, but overwhelmingly, it`s to sell their product.

GERSH: Critics say the extensive use of doctors to speak for drug companies inflates the cost of medicine by promoting brand name drugs over cheaper generics. And Cleveland Clinic`s Dr. Steven Nissen argues the problem goes even further.

DR. STEVEN NISSEN, CARDIOLOGY CHAIR, CLEVELAND CLINIC: The minute that physicians become the marketers for drug companies, we are now serving two masters. Which master do we serve, the patient or the drug company? I don`t think you can serve both masters.

GERSH: In an email to NIGHTLY BUSINESS REPORT, Glaxosmithkline writes: We respect Dr. Stoloff`s position, but we cannot waive our policy, which is that GSK reviews all information to be presented to ensure that it is consistent with the approved U.S. label for the products discussed. Dr. Tom Stossel is a long-time advocate of industry cooperation with doctors. He argues that`s critical to developing and implementing treatments that have dramatically improved medicine. Dr. Stossel says there is a good reason companies are asking doctors to stick closely to the slides, which have been submitted to the FDA for review.

DR. TOM STOSSEL, PROFESSOR, HARVARD MEDICAL SCHOOL: But it`s not because the companies are putting subliminal marketing messages in the material; it`s because they are so afraid of legal consequences.

GERSH: Which Stossel considers a shame. He worries about curtailing pharmaceutical company speakers` programs, because doctors are already too slow to adopt treatments that help their patients.

STOSSEL: A much greater problem than physicians getting inappropriate information is physicians not getting information and there are many examples of important products that didn`t penetrate, get to patients who needed them for a very long time.

GERSH: But Nissen says patients are raising uncomfortable questions.

NISSEN: Patients sometimes -- they told me this, are questioning, you know, why was I given this drug? If they question the integrity of our decision-making process, then they will not take the therapies and they may be seriously harmed by that.

GERSH: Dr. Stoloff says the money he earned did not influence what he prescribes and he says the particular drug a patient uses is often dictated by insurance companies anyway.

STOLOFF: Most people now, the first thing they ask is, is this product... Is this medicine on my formulary? Where is it on my formulary? And second, do you have a generic?

GERSH: Dr. Stoloff is still paid to consult on asthma treatments and the development of clinical trials for at least five drug companies. But he says he`ll never agree to give a speech to promote a single drug, a practice he says does not promote sound science.

STOLOFF: Why don`t you just wear a shirt that says the name of the product on the front when you walk in the room? If the only thing you are going to do is talk about that one product, it is a waste of my time.

GERSH: Darren Gersh, NIGHTLY BUSINESS REPORT, Washington.

GHARIB: Tomorrow night, Darren looks at how carefully drug companies are vetting the doctors who speak for their companies. Our partners for this detailed look at the influence of drug company money on health care include Propublica, NPR, the "Chicago Tribune," the "Boston Globe" and "Consumer Reports." Want to know if your doctor is on the list? Check our web site: nbratpbs.org.

HUDSON: We mentioned the market sell-off earlier and stocks backing off five-month highs today. Let`s get you updated in tonight`s "Market Focus." A couple of ingredients adding to the sell-off, the Chinese central bank raising interest rates and renewed worries about banks and mortgages with bondholders wanting Bank of America (BAC) to buy back billions of dollars of bad mortgages. We`ll begin with the China action, really helping the dollar find buyers. This is the dollar index (DXY) bouncing off nine-month lows as you can see on the right-hand side of your screen. That bounce derailed high-flying emerging markets, which have thrived from the dollar`s weakness as of late. The Ishares emerging markets ETF (EEM) for instance fell from its recent new high, dropping 3 percent. The Australian ETF (EWA) dropping almost 3.5 percent; and how about South Korea (EWY), its exchange-traded fund falling 6 percent. Emerging markets have been attracting investors looking for faster growing economies than the U.S. and Europe. The dollar spike also hit commodities that have been rallying on the shoulders of the weak dollar.

Oil (2CLX0) fell more than 4 percent today, down below $80 per barrel. Gold (2GCZ0) dropping 2.5 percent. It was at a record high just on Friday. And copper (2HGZ0) fell 2.5 percent as well. If China is successful at slowing its economy, it may mean less demand for global commodities. Before the market learned of Bank of America in the crosshairs of mortgage bondholders, B of A released its earnings. Let`s get you updated with these digits. They were better than expected, but recall that the bank took a $10.4 billion accounting charge against these profits you see. It wrote down the value of its credit card business, thanks to new Federal regulations over fees. Despite the new rules, Credit Suisse analyst Mosha Orenbuch thinks B of A still has an advantage.

MOSHE ORENBUCH, ANALYST, CREDIT SUISSE: The credit card business has gotten substantially more competitive. The advantage that B of A has is that it has the largest consumer deposit base against which it can market to get additional customers for its card base. And relatively few banks actually have that advantage.

HUDSON: B of A stock was the worst performing Dow component today on the heels of mortgage bondholders trying to force it to buy back billions in bad mortgages. The stock fell 4 percent. This is a new 52-week low for shares of BAC. Meantime, Goldman Sachs (GS) in the banking industry saw a drop in its quarterly earnings, thanks to a drop in trading and investment banking. Still, results as you can see were much better than expected. Goldman was able to buck the weak market adding 2 percent on heavy volume. This is Goldman Sachs` highest share price since April.

Coca-Cola (KO) was only one of two Dow stocks to post a gain today, climbing to a new milestone over $60 per share. Coke stock has been on a tear since its July low of around $50. Tonight a two-year high and on heavier than usual volume with this break out. Earnings could get some of the credit at least today. They came in $0.03 better than expected, with a jump in sales in Brazil and Russia, especially. North American sales also have been improving. Additionally, Coca-Cola`s stock buyback plan this year will wind up being bigger than first estimated.

One other Dow component with earnings -- Johnson & Johnson (JNJ) easily beating the Street, even as sales fell due to recalls of over the counter children`s medicines and Tylenol. J&J also noted that health care spending growth is slowing. The stock was down fractionally though.

Energy was the biggest loser among the sectors, clearly hit by the gain in the dollar we mentioned and the subsequent drop in oil prices. Take a look at a trio here, beginning with Nabors (NBR) falling almost 6 percent on heavy volume. This is a drilling contractor. Independent oil and nat gas company Denbury Resources (DNR) off 5 percent. And Occidental Petroleum (OXY) dropping 5 percent, even though its earnings were better than expected. Oxy profits rose from a year ago, thanks to record production company-wide. But energy production in the key state of California for Oxy actually was down. One energy stock though fighting the weak market, coal producer Massey (MEE). The company is exploring strategic alternatives, according to reports; in other words, a possible sale. Shares hit a five-month high on that speculation. And that is tonight`s "Market Focus."

Oil is hundreds of millions of years old, but how you may want to invest in energy depends on how old you are. Tonight`s word on the street is energy. Daniel Dicker is a senior contributor at thestreet.com. He joins us tonight from the NASDAQ. Dan, welcome to NIGHTLY BUSINESS REPORT, nice to see you.

DANIEL DICKER, SR. CONTRIBUTOR, THESTREET.COM: Thanks, Tom for having me.

HUDSON: Why are energy stocks appropriate for investors of all ages?

DICKER: Well, fully 50 percent of the stocks on the big board down here in New York are either energy companies or they have energy as their primary input costs. So you can`t get away from energy no matter how you slice it. All of us need heat in the wintertime. Not all of us need iPads from Apple. So energy is something that you`re investing, you`ve got to be engaged in.

HUDSON: OK. So let`s take a look and walk through the ages here. Investors in their 20s and 30s, you advise big integrated oil and also alternative energy. And among those big integrated oil that you like here is the biggest of the big, ExxonMobil. What about the growth profile for a stock this large for younger investors. Is there one?

DICKER: Absolutely. First of all, there is a dividend history there that goes for decades. That is something that you want to hook on to early on, dividend stocks that continue to increase dividends across time. It is a great way to start when you`re in your 20s and you really have a stressed paycheck and can only invest a little bit at a time on it.

HUDSON: We`ll talk about dividends also when you get older. But you also like alternative energy for those younger investors, including JA Solar, a Chinese solar company (ph) that has had a heck of a run-up since August. Would you still buy it here?

DICKER: The trouble with JA Solar for younger players, I like to tell younger players they should invest a little bit with their heart and not just with their head. And the younger investors really want to have some of these alternative plays. Now JA Solar, the problem with these small solar stocks like this Chinese one, is it is very volatile. It had a 10 percent move today to the downside. You`ve got to be willing to take a little risk with these. But yeah, over the course, if you`re starting in your 20s and you have decades for an investment to run, something like a JA Solar could be a tremendous investment in your 20s.

HUDSON: Let`s move into middle age, investors in their 30s and 40s here, you also like big integrated oil as well as natural gas producers including Devon Energy, DVN the ticker symbol on this one. Nat gas prices though close to historic lows lately. What is going on here?

DICKER: Absolutely. The fundamentals are really kicking nat gas prices down and have been for a while now. The point is this: natural gas is absolutely our conduit from crude oil to the alternative energy sources that are still decades away. It is cheap and absolutely plentiful in this country and it is domestic, it`s all ours. So even though the Obama administration and in fact Washington in general, can`t see the point of natural gas right now, they`re sure to very soon in the future, maybe a year or two, three four and you need to be positioned in some of these natural gas stocks now while they`re cheap.

HUDSON: Dan, give us 20 seconds for investors in their 60s and older. Here you like dividends again. You like big integrated oil as well as master limited partnerships and these traditionally do pay pretty significant yields including Enterprise Products Partners here, EPD with about a 5.5 percent yield.

DICKER: Yeah. You`re on a fixed income, so you need these distributions coming in. And these (INAUDIBLE) limited partnerships, you can`t really - you can`t shelter tax wise which is OK if you`re in, at retirement years because you don`t need the shelter. You need the money now.

HUDSON: Any disclosures, any ownership positions or shorts here?

DICKER: I own Exxon, I own Conoco, I own Devon. I own some of these (INAUDIBLE) partnerships.

HUDSON: You can read Dan`s article at thestreet.com, also a link to it on our website. Dan, thanks for being with us. Our guest this evening is Daniel Dicker, senior contributor at thestreet.com.

GHARIB: And here`s what we`re watching for tomorrow. The Federal Reserve issues its beige book survey on the economy. The weekly reports on mortgage applications and crude oil and gasoline inventories are also due out. And also tomorrow, the airlines lead the earnings parade. We`ll see results from American Airlines parent AMR Corp, Delta and U.S. Airways.

A big step today for Citigroup to end charges it misled investors. A Federal judge OKd the bank`s deal with regulators, putting conditions on Citi`s future business. Citi`s executives, including the CEO and CFO must personally sign paperwork that earnings are accurate. It must also set up disclosure and earnings committees and pay a $75 million fine. The deal ends allegations that Citi didn`t tell investors about the risks of investing in sub-prime mortgages.

HUDSON: Oregon will soon be in the chips -- computer chips. Intel today said it will build a new development plant there. It`s part of a plan to spend up to $8 billion to upgrade technology at Intel`s chip making facilities in the United States. The investment could create 8,000 construction jobs and nearly a thousand permanent high tech jobs. Intel builds three out of four of its microprocessors in the United States.

GHARIB: And finally tonight, remember the story of the Jetblue flight attendant who swore at a passenger, slid down the emergency chute on a plane at Kennedy airport and fled? Steven Slater had his day in court and he pleaded guilty. He was contrite and agreed to a deal that requires he undergo mental health and substance abuse counseling for a year. And Tom, he also has to pay Jetblue 10 grand. That`s the cost of replacing that emergency chute.

HUDSON: I hope he finds the help that he needs, but an awfully expensive outburst at the end of the day, 10 grand.

GHARIB: It sure was. That`s NIGHTLY BUSINESS REPORT for us for Tuesday, October 19. I`m Susie Gharib. Good night everyone. Good night to you Tom.

HUDSON: Good night, Susie. I`m Tom Hudson. Thanks for joining us. We hope to see you right back here again tomorrow night.

END

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HEADLINE: Bondholders ask BofA to repurchase $47B in mortgages

BYLINE: Mark Calvey

BODY:

Bank of America is being pressured by the Federal Reserve Bank of New York and big bondholders Pimco and BlackRock to repurchase soured mortgages packaged into $47 billion of bonds by BofA's Countrywide Financial unit, Bloomberg News reported Tuesday, citing people familiar with the matter.

The bondholder group cited alleged failures on the part of BofA (NYSE: BAC) and Bank of New York Mellon in servicing the loans properly.

MetLife, the nation's largest life insurer, has joined the bondholder group, Bloomberg reported. TCW Group, which manages $110 billion in assets, is also expected to join BlackRock and Pacific Investment Management Co., better known as Pimco, the news service said.

In August, the New York Fed said it would demand banks take back mortgages sitting in some mortgage-backed securities that it owns, the Wall Street Journal reported Tuesday. The New York Fed owns the securities through its rescues of Bear Stearns and American International Group.

Addressing shareholders this morning on the mortgage-buyback issue before the bondholders' letter became public, BofA CEO Brian Moynihan said Tuesday that the bank will "defend our shareholders" by disputing any unjustified demands to buy back defective mortgages.

He said the bank has no intention of making quick settlements to resolve the matter. But the bank may have no choice but to fight given the size and scope of the buyback requests.

Moynihan said on Bloomberg Television Tuesday that most claims "don't have the defects that people allege."

The move signals the tsunami coming into shore for Bank of America and other lenders facing such repurchase request for tens of billions of mortgages made during the historic credit bubble.

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HEADLINE: NY Fed among investors pressuring Bank of America on mortgages

BYLINE: By Alistair Barr, MarketWatch

BODY:

SAN FRANCISCO _ Bank of America Corp. has been hounded for months by demands to repurchase billions of dollars in home loans backing mortgage securities. On Tuesday, the Federal Reserve Bank of New York emerged as one of the sources of this pressure.

The New York Fed is part of an investor group that owns more than 25 percent of the voting rights in over $47 billion of residential mortgage-backed securities issued by Countrywide Financial, the home loan giant that Bank of America acquired in 2008.

On Monday, the group wrote to Countrywide Home Loan Servicing and Bank of New York Mellon Corp., the trustee of the mortgage securities, saying they haven't been serving the loans backing the securities properly.

The investors asked Bank of New York to demand the repurchase of loans that were originated "in violation of underwriting guidelines," according to a statement Monday by Kathy Patrick of law firm Gibbs & Bruns, which is representing the group.

The seller of any "ineligible or predatory" mortgages should also pay the cost of modifying them for homeowners, or buy those loans back from the pools of collateral backing the securities, she added.

"Ours is a large, determined and cohesive group of bondholders." Patrick said. "We have a clearly defined strategy. We plan to vigorously pursue this initiative."

Bank of America shares fell 4.4 percent to close at $11.80. Earlier in the day, Bank of America reported a big quarterly net loss because of a one-time charge ahead of new financial-reform rules.

For Bank of America, this is the latest source of pressure on the banking giant to repurchase loans backing mortgage securities.

Fannie Mae and Freddie Mac, the government-owned mortgage giants, are demanding that some home loans be bought back by originators.

Bond insurers MBIA Inc. and Ambac Financial are pursuing similar strategies.

If Bank of America is forced to buy back troubled loans from mortgage securities, it will have to pay 100 cents on the dollar. That could leave it with billions of dollars in losses.

The New York Fed ended up owning Countrywide mortgage securities through its bailout of insurer American International Group.

When AIG faced a cash crunch in 2008, the New York Fed set up a special-purpose vehicle known as Maiden Lane II that bought residential mortgage-backed securities from AIG life insurance companies.

The New York Fed lent $19.5 billion to Maiden Lane II for the purchases in November 2008. At the end of June, this loan stood at $14.7 billion.

Other investors in the group including BlackRock Inc., MetLife Inc. and Pimco, the world's largest bond fund manager owned by Germany's Allianz, according to Bloomberg News. Spokesman at those three companies declined to comment.

Bank of America Chief Financial Officer Chuck Noski gave a detailed presentation on the company's potential exposure to loan repurchases during a conference call with analysts on Tuesday.

Noski referred to the letter from the group of investors that includes the New York Fed.

"While we continue to review and assess the letter and have a number of questions about its content, including whether these investors actually have standing to bring these claims, we continue to believe the servicer is in compliance with its servicing obligations," Noski said, according to a transcript of the call.

The 115 mortgage-backed security deals mentioned in the letter have an original principal balance of $104 billion and a current balance of $46 billion, he noted.

"Overall, where we have concluded that a valid basis for repurchase does not exist, we think it is important for investors to know that we will vigorously contest such claims and defend the interest of Bank of America shareholders," Noski added.

From 2004 to 2008, Bank of America and Countrywide sold $1.2 trillion of home loans to government mortgage agencies like Fannie and Freddie. Through September, the bank got about $14 billion of repurchase claims from that group of loans, Noski said.

Bank of America has resolved $11.4 billion of those claims and eaten net losses of roughly $2.5 billion in the process, the CFO reported.

Bank of America has reserved appropriately for any future repurchase claims from these mortgage agencies, he added.

Bank of America and Countrywide sold $160 billion of loans through mortgage-backed securities that were guaranteed by bond insurers. Through September, the bank got $4.8 billion of repurchase claims. The bank has bought back $550 million of these loans and $4.2 billion remains outstanding, Noski said.

Between 2004 and 2008, Bank of America and Countrywide sold roughly $750 billion of home loans in other deals that were bought by other investors and weren't guaranteed by bond insurers. About 40 percent of these loans have been paid off so far.

Through September, Bank of America got about $3.9 billion of repurchase claims related to this group of loans. The company has resolved almost $2.9 billion of those claims, Noski said.

"Until we have a meaningful repurchase experience with these counterparties, we believe is it not possible to reasonably estimate this exposure," Noski added.

LOAD-DATE: October 20, 2010

The New York Times
DealB%k
Edited by Andrew Ross Sorkin

OCTOBER 19, 2010, 4:09 PM

New York Fed Urges BofA to Buy Back Loans

By DEALBOOK

A group of financial institutions demanding that **Bank of America** repurchase $47 billion worth of loans packaged by **Countrywide Financial** has an unusual new member: the Federal Reserve Bank of New York.

The New York Fed, along with **BlackRock**, the **Pacific Investment Management Company** and others, argued in a letter to Bank of America and the **Bank of New York Mellon** that Countrywide failed to properly service the loans. (Read it at the end of the post.)

The mortgages were packaged into bonds, some of which are now owned by the New York Fed through its Maiden Lane portfolios of loans acquired from its rescues of **Bear Stearns** and the **American International Group**.

Countrywide was acquired by Bank of America in 2008.

Bondholders' Letter to Bank of America Over Countrywide Loans (inc. NY Fed)

GIBBS & BRUNS LLP

Kathy D. Patrick
kpatrick@gibbsbruns.com
713.751.5253

October 18, 2010

Facsimile No. 805 520 5623
Countrywide Home Loans Servicing LP
Attn. Mark Wong
400 Countrywide Way
Simi Valley, CA 93065

Facsimile No. 805 520 5623
Countrywide Home Loans Servicing LP
Attn. Mark Wong
7105 Corporate Drive
Plano, TX 75024

Facsimile No. 212 815 3986
The Bank of New York
101 Barclay Street
4 West
Attn: Mortgage Backed Securities Group
for Trusts Listed on Ex. A
New York, NY 10286

Facsimile No. 212 815 3986
The Bank of New York
101 Barclay Street
Attn: Corporate Trust MBS Administration for Trusts Listed on Ex. A
New York, NY 10286

Mr. Leo Crowley
Ms. Jeanne Naughton Carr
Pillsbury LLP
1540 Broadway
New York, NY 10036-4039

Re: HOLDERS' NOTICE TO TRUSTEE AND MASTER SERVICER OF FAILURE OF MASTER SERVICER TO PERFORM GIVEN PURSUANT TO §7.01(ii) OF POOLING AND SERVICING AGREEMENTS PERTAINING TO THE RESIDENTIAL MORTGAGE BACKED SECURITIES LISTED ON THE ATTACHED EXHIBIT "A"

Dear Sir or Madam:

Unless otherwise indicated, all capitalized terms used in this letter have the meaning ascribed to them in those certain Pooling and Servicing Agreements (PSAs) governing

Residential Mortgage-Backed Securities (RMBS) evidenced by the Countrywide Mortgage Pass-Through Certificates (Certificates) listed on the attached Exhibit "A."

The undersigned are the Holders of not less than 25% of the Voting Rights in Certificates issued by the Trusts listed on the enclosed Exhibit A.

Pursuant to Section 7.01(ii) of the applicable PSAs, the Trustee and the Master Servicer are hereby notified of the Master Servicer's failure to observe and perform, in material respects, the covenants and agreements imposed on it by the PSAs. Specifically, the Master Servicer has failed and refused to do the following, which have materially affected the rights of Certificateholders:

1. Section 2.03(c) of the PSAs states that "Upon discovery by any of the parties hereto of a breach of a representation or warranty with respect to a Mortgage Loan made pursuant to Section 2.03(a) … that materially and adversely affects the interests of the Certificateholders in that Mortgage Loan, the party discovering such breach shall give prompt notice thereof to the other parties." The Master Servicer has failed to give notice to the other parties in the following respects:

    a. Although it regularly modifies loans, and in the process of doing so has discovered that specific loans violated the required representations and warranties at the time the Seller sold them to the Trusts, the Master Servicer has not notified the other parties of this breach;
    b. Although it has been specifically notified by MBIA, Ambac, FGIC, Assured Guaranty, and other mortgage and mono-line insurers of specific loans that violated the required representations and warranties, the Master Servicer has not notified any other parties of these breaches of representations and warranties;
    c. Although aware of loans that specifically violate the required Seller representations and warranties, the Master Servicer has failed to enforce the Sellers' repurchase obligations, as is required by Section 2.03; and,
    d. Although there are tens of thousands of loans in the RMBS pools that secure the Certificates, the Trustee has advised the Holders that the Master Servicer has *never* notified it of the discovery of *even one* mortgage that violated applicable representations and warranties at the time it was purchased by the Trusts.

2. In violation of its prudent servicing obligations under Section 3.01 of the applicable PSAs, the Master Servicer has:

    a. Failed to maintain accurate and adequate loan and collateral files in a manner consistent with prudent mortgage servicing standards;
    b. Failed to demand that sellers cure deficiencies in mortgage records when deficient loan files and lien records are discovered;
    c. Exacerbated losses experienced by the Trusts;

d. Incurred wholly avoidable and unnecessary servicing fees and servicing advances to maintain mortgaged property, all as a direct result of the Master Servicer's deficient record-keeping; and,
e. Prejudiced the interests of the Trusts and the Certificateholders in the mortgages by fostering uncertainty as to the timely recovery of collateral.

3. Section 3.11 (a) states that the Master Servicer "use reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments." Despite these covenants, the Master Servicer has continued to keep defaulted mortgages on its books, rather than foreclose or liquidate them, in order to wrongfully maximize its Servicing Fee, at the expense of the Certificateholders' best interests, including rights to recover from pool or financial guaranty insurance policies. In addition, the applicable provisions of the PSAs contemplate that foreclosures and liquidations of defaulted mortgages will proceed forthwith and in accordance with applicable law, provided the documentation is in order, as a matter of fairness to all parties. The Servicers' failure to proceed appropriately and their failure to maintain records in an accurate, appropriate, and adequate manner has impeded this process and caused wholly avoidable delays that have injured investors, borrowers, neighborhoods, and communities. To make matters worse, these delays have also enriched the Servicers, as they have continued to charge unearned and unwarranted servicing fees on mortgages which would have been liquidated but for the Servicers' breach of their duties;

4. Section 3.11 of the PSAs provides that "Countrywide may agree to a modification of any Mortgage Loan" in certain specified circumstances. The Holders do not seek to halt bona fide modifications of troubled loans for borrowers who need them. When, however, modifications are required to remedy predatory lending violations, Section 2.03(c) of the PSAs requires that the offending seller of the mortgage bear the costs to "cure such breach in all material respects...." Nowhere do the PSAs permit the costs of curing predatory loans to be imposed on the Trusts or the Certificateholders. Despite these provisions, the Master Servicer has breached the PSAs by agreeing to modify loans held in the Trusts for the purpose of settling predatory lending claims made by various Attorneys' General against its parent company while breaching its obligation to demand that the offending mortgage seller (its parent company) bear the costs of curing the violation, as well as the expenses reasonably incurred in enforcement of the mortgage seller's obligation to cure predatory mortgages. *Id.* at §2.03(c). The Master Servicer has also unjustly enriched its parent company by using Trust collateral to settle claims that are not, and could never be, made against the Trusts, in a manner that has "materially and adversely affected the interest of the Certificateholders…" *Id.* The Master Servicer has therefore:

a. Failed to perform its obligation to demand that Countrywide *comply* with the requirement that it cure or repurchase predatory and ineligible loans it has agreed to modify in the Attorney General settlement;
b. Failed to track or notify the Trustee concerning which specific loans the Master Servicer has modified pursuant to these provisions, even though the PSAs require that "the Modified Mortgage Loan shall be automatically be deemed transferred and assigned to Countrywide…"; and,
c. Failed to perform its obligation to "deliver to the Trustee a certification of a Servicing Officer to the effect that all requirements of this paragraph have been satisfied with respect to the Modified Mortgage Loan."

5. Section 3.14 of the PSAs provides that the Master Servicer shall be entitled to recover Servicing Advances that are "customary, reasonable and necessary 'out of pocket' costs and expenses incurred in the performance by the Master Servicer of its Servicing Obligations including but not limited to the cost of (i) the preservation, restoration, and protection of a Mortgaged Property…" Despite the requirement that Servicing Advances were to be incurred only for reasonable and necessary out of pocket costs, the Master Servicer instead utilized affiliated vendors--who marked up their services to a level 100% or more above the market price--to provide services related to the preservation, restoration, and protection of" Mortgaged Property, in a fraudulent, unauthorized, and deceptive effort to supplement its Servicing income. *See* ¶ 3(a) and (b), above.

6. Section 3.01 of the PSAs requires that the Master Servicer "shall service and administer the Mortgage Loans in accordance with the terms of this Agreement and customary and usual standards of practice of prudent mortgage servicers." Despite this requirement, the Master Servicer has repeatedly and deliberately failed to perform this covenant by:

   a. Creating Countrywide-affiliated vendors to provide maintenance, inspection, and other services with regard to defaulted mortgages that should have been undertaken *only* if they were in the Certificateholders' best interest. The Federal Trade Commission, however, found that Countrywide repeatedly and deliberately overcharged for these services by as much as 100% or more in order to increase its profits from default-related service fees; and,[1]
   b. As a result of these wrongful practices, Countrywide has increased the losses to the Trusts.

Each of these failures to perform the Master Servicer's covenants and agreements violated the prudent servicing obligations imposed on the Master Servicer by PSA §3.01. Each of these failures to perform the Master Servicer's covenants and agreements also materially affected the rights of the Certificateholders. Each of these failures to perform is continuing. If

[1] The specific details of the Master Servicers' wrongful conduct are available in a press release issued by the Federal Trade Commission, which is accessible at the following website: http://www.ftc.gov/opa/2010/06/countrywide.shtm.

they continue for an additional sixty days from the date of this letter, each of them—independently—will constitute an Event of Default.

[**INTENTIONALLY LEFT BLANK**]

The undersigned Holders therefore demand that the Master Servicer immediately cure these endemic and grievous defaults in its obligations under the PSAs. By this letter, the Holders further notify the Trustee of the Master Servicer's failure to perform its covenants and agreements.

The undersigned Holders also reserve all other rights and remedies they may have, individually and under the PSAs, as a result of the matters described in this letter. We invite you to communicate with our counsel, Ms. Kathy Patrick of Gibbs & Bruns LLP, should you wish to discuss this matter further.

Very truly yours,

BlackRock Financial Management, Inc. and
its advisory affiliates

By: ____________________
Printed Name: John Vibert
Title: Managing Director

Freddie Mac Corporation

By: ____________________
Printed Name: ____________________
Title: ____________________

Kore Advisors, LP

By: ____________________
Printed Name: ____________________
Title: ____________________

The undersigned Holders therefore demand that the Master Servicer immediately cure these endemic and grievous defaults in its obligations under the PSAs. By this letter, the Holders further notify the Trustee of the Master Servicer's failure to perform its covenants and agreements.

The undersigned Holders also reserve all other rights and remedies they may have, individually and under the PSAs, as a result of the matters described in this letter. We invite you to communicate with our counsel on this matter, Ms. Kathy Patrick of Gibbs & Bruns LLP, should you wish to discuss this matter further.

Very truly yours,

Blackrock Financial Management, Inc. and
its advisory affiliates

By: ______________________
Printed Name: ______________________
Title: ______________________

Federal Home Loan Mortgage Corporation in
Conservatorship ("Freddie Mac")

By: Ray Romano
Printed Name: Ray Romano
Title: EVP Chief Credit Officer

Kore Advisors, LP

By: ______________________
Printed Name: ______________________
Title: ______________________

The undersigned Holders therefore demand that the Master Servicer immediately cure these endemic and grievous defaults in its obligations under the PSAs. By this letter, the Holders further notify the Trustee of the Master Servicer's failure to perform its covenants and agreements.

The undersigned Holders also reserve all other rights and remedies they may have, individually and under the PSAs, as a result of the matters described in this letter. We invite you to communicate with our counsel, Ms. Kathy Patrick of Gibbs & Bruns LLP, should you wish to discuss this matter further.

Very truly yours,

Blackrock Financial Management, Inc. and
its advisory affiliates

By: ______________________
Printed Name: ______________________
Title: ______________________

Freddie Mac Corporation

By: ______________________
Printed Name: ______________________
Title: ______________________

Kore Advisors, LP

By: ______________________
Printed Name: J. Gary Kosinski
Title: Principal

Maiden Lane, LLC; Maiden Lane II, LLC; and,
Maiden Lane III, LLC by
Federal Reserve Bank of New York,
Managing Member

By: ______________________
Printed Name: Zachary Taylor
Title: Assistant Vice President

Metropolitan Life Insurance Company

By: ______________________
Printed Name: ______________________
Title: ______________________

Neuberger Berman Europe, Ltd.
as investment manager to a managed account client

By: ______________________
Printed Name: ______________________
Title: ______________________

PIMCO Investment Management Company LLC

By: ______________________
Printed Name: ______________________
Title: ______________________

Western Asset Management Company,
for its clients and managed accounts

By: ______________________
Printed Name: ______________________
Title: ______________________

Maiden Lane, LLC; Maiden Lane II, LLC; and,
Maiden Lane III, LLC by
Federal Reserve Bank of New York,
Managing Member

By: ____________________
Printed Name: ____________________
Title: ____________________

Metropolitan Life Insurance Company

By: Charles Scully
Printed Name: Charles S. Scully
Title: Managing Director

Neuberger Berman Europe, Ltd.
as investment manager to a managed account client

By: ____________________
Printed Name: ____________________
Title: ____________________

PIMCO Investment Management Company LLC

By: ____________________
Printed Name: ____________________
Title: ____________________

Western Asset Management Company,
for its clients and managed accounts

By: ____________________
Printed Name: ____________________
Title: ____________________

Maiden Lane, LLC; Maiden Lane II, LLC; and,
Maiden Lane III, LLC by
Federal Reserve Bank of New York,
Managing Member

By: ________________________
Printed Name: ____________________
Title: ________________________

Metropolitan Life Insurance Company

By: ________________________
Printed Name: ____________________
Title: ________________________

Neuberger Berman Europe, Ltd.
as investment manager to a managed account client

By: [signature]
Printed Name: OPE AGBAJE
Title: EXECUTIVE DIRECTOR

PIMCO Investment Management Company LLC

By: ________________________
Printed Name: ____________________
Title: ________________________

Western Asset Management Company,
for its clients and managed accounts

By: ________________________
Printed Name: ____________________
Title: ________________________

Maiden Lane, LLC; Maiden Lane II, LLC; and,
Maiden Lane III, LLC by
Federal Reserve Bank of New York,
Managing Member

By: ______________________________
Printed Name: ______________________________
Title: ______________________________

Metropolitan Life Insurance Company

By: ______________________________
Printed Name: ______________________________
Title: ______________________________

Neuberger Berman Europe, Ltd.
as investment manager to a managed account client

By: ______________________________
Printed Name: ______________________________
Title: ______________________________

PIMCO Investment Management Company LLC

By: ______________________________
Printed Name: Daniel J. Ivascyn
Title: Managing Director

LEGAL
R. LIEBAUM

BUSINESS
K. SMITH

Western Asset Management Company,
for its clients and managed accounts

By: ______________________________
Printed Name: ______________________________
Title: ______________________________

Maiden Lane, LLC; Maiden Lane II, LLC; and,
Maiden Lane III, LLC by
Federal Reserve Bank of New York,
Managing Member

By: ______________________
Printed Name: ______________________
Title: ______________________

Metropolitan Life Insurance Company

By: ______________________
Printed Name: ______________________
Title: ______________________

Neuberger Berman Europe, Ltd.
as investment manager to a managed account client

By: ______________________
Printed Name: ______________________
Title: ______________________

PIMCO Investment Management Company LLC

By: ______________________
Printed Name: ______________________
Title: ______________________

Western Asset Management Company,
for its clients and managed accounts

By: C. a R.
Printed Name: C. A. Ruiz de Perez
Title: General Counsel

Exhibit "A"

Deal Name
CWALT 2004-32CB
CWALT 2004-6CB
CWALT 2004-J1
CWALT 2005-14
CWALT 2005-21CB
CWALT 2005-24
CWALT 2005-32T1
CWALT 2005-35CB
CWALT 2005-36
CWALT 2005-44
CWALT 2005-45
CWALT 2005-56
CWALT 2005-57CB
CWALT 2005-64CB
CWALT 2005-72
CWALT 2005-73CB
CWALT 2005-74T1
CWALT 2005-81
CWALT 2005-AR1
CWALT 2005-J5
CWALT 2005-J9
CWALT 2006-14CB
CWALT 2006-20CB
CWALT 2006-37R
CWALT 2006-41CB
CWALT 2006-HY12
CWALT 2006-OA11
CWALT 2006-OA16
CWALT 2006-OA17
CWALT 2006-OA6
CWALT 2006-OA9
CWALT 2006-OC10
CWALT 2006-OC2
CWALT 2006-OC4
CWALT 2006-OC5
CWALT 2006-OC6
CWALT 2006-OC7
CWALT 2007-17CB
CWALT 2007-23CB
CWALT 2007-24
CWALT 2007-OA7
CWALT 2008-2R

Deal Name
CWHL 2004-22
CWHL 2004-25
CWHL 2004-29
CWHL 2004-HYB9
CWHL 2005-11
CWHL 2005-14
CWHL 2005-18
CWHL 2005-19
CWHL 2005-2
CWHL 2005-3
CWHL 2005-30
CWHL 2005-9
CWHL 2005-HYB3
CWHL 2005-HYB9
CWHL 2005-R3
CWHL 2006-9
CWHL 2006-HYB2
CWHL 2006-HYB5
CWHL 2006-J2
CWHL 2006-OA5
CWHL 2006-R2
CWHL 2007-12
CWHL 2007-16
CWHL 2008-3R
CWL 2005-10
CWL 2005-11
CWL 2005-13
CWL 2005-16
CWL 2005-2
CWL 2005-4
CWL 2005-5
CWL 2005-6
CWL 2005-7
CWL 2005-8
CWL 2005-9
CWL 2005-AB2
CWL 2005-AB3
CWL 2005-AB4
CWL 2005-BC5
CWL 2005-IM1
CWL 2006-10
CWL 2006-12

Deal Name
CWL 2006-15
CWL 2006-16
CWL 2006-19
CWL 2006-2
CWL 2006-20
CWL 2006-22
CWL 2006-24
CWL 2006-25
CWL 2006-26
CWL 2006-3
CWL 2006-5
CWL 2006-7
CWL 2006-9
CWL 2006-BC2
CWL 2006-BC3
CWL 2006-BC4
CWL 2006-BC5
CWL 2006-SD1
CWL 2006-SD3
CWL 2006-SD4
CWL 2006-SPS2
CWL 2007-2
CWL 2007-5
CWL 2007-6
CWL 2007-7
CWL 2007-9
CWL 2007-BC1
CWL 2007-BC2
CWL 2007-BC3
CWL 2007-QH1
CWL 2007-S3

October 19, 2010 Tuesday 2:07 PM EST

LENGTH: 102 words

HEADLINE: Bank Of America Getting Crushed As NY Fed And PIMCO Join Mortgage Putback Parade (BAC)

BYLINE: Joe Weisenthal

BODY:

Oct. 19, 2010 (The Business Insider delivered by Newstex) --

Interesting! Shares of Bank of America (NYSE:BAC) (BAC) are getting crushed on headlines that the New York Fed and PIMCO are about to jump on the Bank of America mortgage putback bandwagon.

It's particularly surprising to see the NYFED jump in on the action, since that means they'd be actively working to weaken Bank of America.

PIMCO is private, so their only interest is making more money.

The Dow is off 200 points.

Click here to see more about BofA's possible putback exposure

Join the conversation about this story »

Newstex ID: BZIN-5352-49862533

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LOAD-DATE: October 19, 2010

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October 19, 2010 Tuesday 16:35 PM EST

SECTION: NEWS & ANALYSIS; Options/Futures

LENGTH: 500 words

HEADLINE: Stocks Suffer Worst Decline Since August, VIX Moves Higher by 8%

BYLINE: Jill Malandrino, TheStreet's OptionsProfits Team

BODY:

Stocks suffered their steepest one-day decline since August on Tuesday. There were many factors hurting the tape including: A report that a consortium, including the New York Federal Reserve, wants to force Bank of America to buy back $47 billion of mortgage bonds, CNBC reported; Chinese surprise rate hike; continued selling in the banks, negative tech earnings and a stronger U.S. dollar that hit the commodity/energy complex. The Dow Jones Industrial Average ended down 165.07 points, or 1.48%, to close at 10,978. The S&P 500 fell 18.81 points, or 1.59%, to close at 1165, and the Nasdaq was down 43.71 points, or 1.76%, to finish at 2436. All of the major S&P 500 sectors fell, led by energy, materials and health care.

The CBOE Volatility Index closed up $1.55, at $20.64. Overall put volume of 133,000 contracts compared to call volume of 186,000. Traders were active in October 22 calls on speculation that the VIX will rally into October 20 expiration. The SPDR S&P 500 ETF closed down $1.86, at $116.68, with overall put volume of 1.14 million contracts traded compared to call volume of 626,000. SPY October 22 (W) 117 puts were the most active series on 74,700 contracts. November option implied volatility is at 20 and December is at 22, below its four-month average of 25. Traders were actively purchasing puts as the sell off accelerated into the afternoon, resulting in option implied volatility increasing 3%. The PowerShares QQQ Trust closed down $0.46, at $50.84. Overall put volume of 347,000 contracts compared to call volume of 239,000, with November 50 puts as the most active series on 51,300 contracts. QQQQ November put option implied volatility is at 22 and December is at 24, below its three-month average of 26. Wednesday will be a heavy day for corporate earnings reports. The following notable companies are reporting before the bell: Abbott Labs AMR, Boeing, BlackRock, Check Point , Comerica , Delta, Eaton, Genzyme, US Airways, Manpower, Marshall & Ilsley , Altria, Morgan Stanley, Stanley Black & Decker, Textron, U.S. Bancorp, United Technologies, Wells Fargo; **After the close: Alliance Data Systems**, eBay, E TRADE, Fidelity National Financial, LG Display, Netflix, Robert Half Intl, Seagate, Terex, Total System Services, Xilinx. The following economic data are expected for the remainder of the week of October 18: Wednesday: MBA Purchase Applications at 7:00 a.m. EDT, EIA Petroleum Status Report at 10:30 a.m. EDT and the Beige Book at 2:00 p.m. EDT; Thursday: Jobless Claims at 8:30 a.m. EDT, Philadelphia Fed Survey at 10:00 a.m. EDT and the EIA Natural Gas Report at 10:30 a.m. EDT. Friday: G20 finance ministers and central bank governors meet in Seoul, South Korea for the weekend.OptionsProfits For actionable options trade ideas from a team of experts, visit TheStreet's OptionsProfits now.**Readers Also Like:**>>Trina Solar Heats Up**Readers Also Like:**>>Ready for the Post-Options Expiration Sell Off?**Readers Also Like:**>>5 Preferred Stocks With Outsized Yields

LOAD-DATE: October 20, 2010

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October 19, 2010 Tuesday 14:50 PM EST

SECTION: NEWS & ANALYSIS; Financial Services

LENGTH: 480 words

HEADLINE: Bank of America Drops on Mortgage Buyback Woes

BYLINE: Lauren LaCapra, TheStreet.com Staff Reporter.

Disclosure: TheStreet's editorial policy prohibits staff editors, reporters and analysts from holding positions in any individual stocks.

BODY:

NEW YORK (TheStreet) -- Some high-profile mortgage-bond investors reportedly want their money back from **Bank of America** (BAC:NYSE) as pressure intensifies on large mortgage servicers to take back loans that are going bad.On Monday, a group of institutional investors represented by Gibbs & Bruns LLP said they had sent Bank of America a letter asking that it repurchase $47 billion worth of MBS. On Tuesday afternoon, a Bloomberg report indicated that the Federal Reserve Bank of New York, **Pacific Investment Management Co.** (Pimco),**BlackRock** (BLK:NYSE), **TCW Group** and **MetLife** (MET:NYSE) may be among those seeking buyback relief.

>>Bank of America Eyes Mortgage Buybacks The news came after Bank of America detailed its buyback exposure of nearly $13 billion in a conference call that morning. It also helped send stocks down sharply in afternoon trading, with the Dow Jones Industrial Average plunging more than 200 points and BofA shares down 2.8% at $12.The Bloomberg report said Pimco, the New York Fed and BlackRock sent a letter to Bank of America this week seeking to "force" the bank to buy back bad loans. The debt in question had been packaged into a $47 billion mortgage-bond securitization by Countrywide Financial before it was acquired by BofA.During Bank of America's conference call, CFO Chuck Noski referred to a "letter" management had recently received from eight investors."In our capacity as the servicer on 115 private label security transactions, we received a letter from eight investors purportedly owning interest in those transactions," said Noski. "The letter asserts breaches of certain servicing obligations including an alleged failure to provide notice of breaches of reps and warranties. While we continue to review and assess the letter and have a number of questions about its content -- including whether these investors actually have standing to bring these claims

-- we continue to believe the servicer is in compliance with its servicing obligations."Noski said the deals had an original balance of $104 billion, which now stands at $46 billion due to prepayments and defaults.

"We will continue to closely monitor the activities of this group and other developments," he added.The Bloomberg report, which cited anonymous sources, indicated that TCW may join BlackRock in its actions. It also said that MetLife is part of a group represented by the law firm Gibbs & Bruns LLP, which is pursuing action on buybacks from the Countrywide division. A Bank of America spokesman did not immediately respond to a request for comment; a Pimco spokesman said the firm would not comment on the matter.-- Written by Lauren Tara LaCapra in New York.>To contact the writer of this article, click here: Lauren Tara LaCapra.>To follow the writer on Twitter, go to http://twitter.com/laurenlacapra.>To submit a news tip, send an email to: tips@thestreet.com.

LOAD-DATE: October 20, 2010

TheStreet.com

TheStreet.com

October 19, 2010 Tuesday 12:54 PM EST

SECTION: NEWS & ANALYSIS; Mortgages

LENGTH: 1145 words

HEADLINE: Bank of America Eyes Mortgage Buybacks

BYLINE: Lauren LaCapra, TheStreet.com Staff Reporter.

Disclosure: TheStreet's editorial policy prohibits staff editors, reporters and analysts from holding positions in any individual stocks.

BODY:

CHARLOTTE, N.C. (TheStreet) -- **Bank of America** (BAC:NYSE) cleared up one item that had been weighing on its stock when reporting quarterly results on Tuesday: Mortgage buyback demands are nowhere near the $70 billion figure a hedge fund had been tossing around.BofA reported that mortgage buyback demands are less than $13 billion as of Sept. 30.However, CFO Chuck Noski outlined some information that will keep investors scratching their heads about the firm's total liability. The details came hours ahead of a report regarding private investors' repurchase requests that helped push Bank of America's stock down sharply.On a conference call Tuesday morning, Noski expressed comfort with estimates related to government-sponsored enterprises (GSEs)Fannie Mae(FNMA.OB:NYSE) and**Freddie Mac** (FMCC.OB:NYSE). But he noted that numbers for monoline insurers and private label investors were difficult to pin down, due to litigation and fewer requests to-date.Noski characterized Bank of America's experience with monoline insurers so far as "episodic" and "all over the map."

He added that it was "not possible to reasonably estimate" exposure to private-label buyback requests because Bank of America has had only limited experience with a motley crew of litigious counterparties.On Monday, a group of institutional investors represented by Gibbs & Bruns LLP said they had sent Bank of America a letter asking that it repurchase $47 billion worth of MBS. On Tuesday afternoon, a Bloomberg report indicated that the Federal Reserve Bank of New York, Pacific Investment Management Co. (PIMCO),**BlackRock** (BLK:NYSE) and **MetLife** (MET:NYSE) may be among those seeking buyback relief.The buyback issue has gained traction in recent months. Large mortgage lenders, including Bank of America, **JPMorgan Chase** (JPM:NYSE) and **Wells Fargo** (WFC:NYSE), have boosted reserves to cover related losses, even as firm-wide reserves drop by billions. Last week, JPMorgan said it had added $1 billion to reserves against mortgage repurchases, having faced $1.5 billion in related losses during the September quarter.The buyback issue hinges on similar errors as the documentation mess that has crippled the foreclosure process in recent weeks - but at the point of origination rather than default.

When banks sell MBS or whole loans to other parties, they enter contracts - in most cases pledging that the information therein is accurate and that banks have told investors what they're getting into. Those contracts have "representations and warranties," which require banks to repurchase the debt if there has been some kind of error. As mortgage debt continues to turn sour, investors have been sifting through documents to find such errors and pass bad debt back to lenders.GSEs, which dominate the MBS market, have been the most aggressive in pushing back souring debt. More than half of BofA's $12.875 billion in outstanding repurchase requests come from Fannie and Freddie. Roughly one-third comes from monoline insurers, which have exposure to mortgage troubles because they "wrap" debt for private investors, effectively providing guarantees against loss. The remaining buyback requests come from private investors who either bought whole mortgages outright or partnered with others to invest in private-label securitizations. Noski attempted to put the large figures in context on Tuesday, pointing out that the current Bank of America franchise - including Countrywide Financial - sold about $1.2 trillion worth of loans to the GSEs from 2004 to 2008. Through September, Bank of America has agreed to buy back just $11.4 billion, resulting in a $2.5 billion loss.However, new claims have piled up in recent quarters and the government appears to be getting frustrated with banks' refusal to buy back mortgage debt. "One of the drivers of our provision this quarter is an expectation that our repurchase rate with the GSEs will increase," said Noski. He noted that longstanding experience with the GSEs and sorting through $18 billion in requests to-date has helped Bank of America estimate future exposure to GSE buyback demands.Perhaps less certain is BofA's exposure to the monoline and private-investor demands.Roughly $160 billion of mortgage debt - whole and securitized, first-lien and second-lien - had been backed by monoline insurers from 2004 to 2008. Insurers have requested that Bank of America buy back $4.8 billion worth of debt, $550 million of which was approved and $1.5 billion of which is still in review. The other "rep & warranty" claims have been rejected.Two of the largest monoline insurers, MBIA (MBI:NYSE) and **Ambac** (ABK:NYSE), are suing Bank of America over thousands of claims, saying the vast majority of mortgages purchased didn't adhere to purported underwriting guidelines. Noski said the litigation has "further constrains a normal business relationship" and has limited communication between the parties."Without this engagement, we believe it is not possible at at this time to reasonably estimate future repurchase experience and therefore the liability that may exist in connection with these securitizations," said Noski.As far as private investors go, Bank of America sold about $750 billion in mortgage debt to such entities, received $3.9 billion in buyback requests and taken $2.9 billion worth of loans back. Most of the requests have come from whole-loan investors. It's been difficult for the array of counterparties to private-label securitizations to all get on the same page, much less prove that there's a reason to buy back the debt.Noski hinted that the few such claims Bank of America has received have been haphazard and unsustainable. He noted that a judge dismissed one case because the plaintiffs didn't obtain the minimum necessary percentage of bond holders' voting rights to take action. Another group of eight investors have contacted Bank of America over 115 deals, but Noski said management has "a number of questions about its content including whether these investors actually have standing to bring these claims." "However," he noted, "until we have a meaningful repurchase experience with these counter parties, we believe it is not possible to reasonably estimate this exposure."All told, Bank of America estimates that it has $4.4 billion in buyback liabilities as of Sept. 30. Its reps & warranties provision stood at $872 million, down sharply from the $1.2 billion from the second quarter but elevated from the $500 billion range it had been in previous quarters. Noski warned that as the buyback saga continues, that number could remain "lumpy" in the quarters ahead.-- Written by Lauren Tara LaCapra in New York.>To contact the writer of this article, click here: Lauren Tara LaCapra.>To follow the writer on Twitter, go to http://twitter.com/laurenlacapra.>To submit a news tip, send an email to: tips@thestreet.com.

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THE WALL STREET JOURNAL. ONLINE

The Wall Street Journal (Online and Print)

October 19, 2010

SECTION: BUSINESS; Pg. Business

LENGTH: 415 words

HEADLINE: N.Y. Fed Part of Group Pressing BofA on Mortgage Securities

BYLINE: By Alistair Barr

BODY:

Bank of America Corp. has been pressured for months by demands to repurchase billions of dollars in home loans backing mortgage securities. On Tuesday, the Federal Reserve Bank of New York emerged as one of the sources of this pressure.

The New York Fed is part of an investor group that owns more than 25% of the voting rights in over $47 billion of residential mortgage-backed securities issued by Countrywide Financial, the home loan giant that Bank of America acquired in 2008.

On Monday, the group wrote to Countrywide Home Loan Servicing and Bank of New York Mellon Corp., the trustee of the mortgage securities, saying they haven't been serving the loans backing the securities properly.

The investors asked Bank of New York to demand the repurchase of loans that were originated "in violation of underwriting guidelines," according to a statement Monday by Kathy Patrick of law firm Gibbs & Bruns, which is representing the group.

The seller of any "ineligible or predatory" mortgages should also pay the cost of modifying them for homeowners, or buy those loans back from the pools of collateral backing the securities, she added.

"Ours is a large, determined, and cohesive group of bondholders," Ms. Patrick said. "We have a clearly defined strategy. We plan to vigorously pursue this initiative to enforce holders' rights."

For Bank of America, this is the latest source of pressure on the banking giant to repurchase loans backing mortgage securities.

Fannie Mae and Freddie Mac, the government-owned mortgage giants, are demanding that some home loans be bought back by originators. Bond insurers MBIA Inc. and Ambac Financial are pursuing similar strategies.

If Bank of America is forced to buy back troubled loans from mortgage securities, it will have to pay 100 cents on the dollar. That could leave it with billions of dollars in losses.

The New York Fed ended up owning Countrywide mortgage securities through its bail out of insurer American International Group (AIG) .

When AIG faced a cash crunch in 2008, the New York Fed set up a special purpose vehicle known as Maiden Lane II that bought residential mortgage-backed securities from AIG life insurance companies.

The New York Fed lent $19.5 billion to Maiden Lane II for the purchases in November 2008. At the end of June, this loan stood at $14.7 billion.

Bloomberg News reported that the New York Fed, Pacific Investment Management Co. and BlackRock Inc. are part of the group pushing Bank of America to repurchase mortgages.

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THE WALL STREET JOURNAL.
The Wall Street Journal

October 19, 2010 Tuesday

SECTION: Pg. C1

LENGTH: 1041 words

HEADLINE: Bondholders Pick a Fight With Banks --- An Attempt to Recoup Losses as Foreclosures Are Restarted; for BofA, Countrywide Pain Continues

BYLINE: By Ruth Simon

BODY:

As banks restart foreclosures they had suspended, bondholders are stepping up efforts to recoup losses on soured mortgage portfolios amid concern about sloppy mortgage servicing and underwriting practices.

In a letter Monday, a group of institutional bond investors raised objections to the handling of 115 bond deals issued by affiliates of Countrywide Financial Corp., acquired by Bank of America Corp. in 2008.

The investor actions, which seek to have certain loans be repurchased among other things, come as Bank of America on Monday took steps to defuse claims that its foreclosure troubles are deep-seated. The bank on Monday said it was restarting the foreclosure of more than 100,000 homes.

The letter, to Bank of New York Mellon Corp. and Bank of America, cited Bank of America's "failure to observe and perform, in material respects" its duties as the servicer for the bond deals. The failure to properly handle the loans "has materially affected the rights" of bondholders, the letter said.

The institutional investors, who include mutual-fund managers, government-related entities, insurance companies and investment partnerships, are seeking to have loans that didn't meet underwriting requirements repurchased and to be compensated for losses due to inadequate mortgage servicing, says Kathy Patrick, an attorney with Gibbs & Bruns, a

Houston law firm representing the investors.

The group says it holds roughly $16.5 billion -- or more than 25% -- of the $47 billion in outstanding mortgage-backed securities from these deals.

"We are reviewing the letter," said a BNY Mellon spokesman. "It appears to be directed to Countrywide and does not ask BNY Mellon to take any action. We will continue to perform our duties as trustee." A Bank of America spokesman declined to comment.

As mortgage servicer, Bank of America is responsible for collecting loan payments and working with troubled borrowers. BNY Mellon, the bond trustee, is charged with administering the securitizations, or bond trusts, for the benefit of investors. Investors say they are concerned both about servicing and violations of representations and warranties made when the loans were packaged into bonds.

Monday's action lays the groundwork for what could be one of the first lawsuits by mortgage-bond investors seeking to enforce their contract rights, including loan buybacks, in response to the current foreclosure crisis. Investors have mounted other challenges based on alleged violations of securities laws.

Analysts are trying to tally up the costs of loan buybacks and foreclosure moratoria. In a report issued Friday, Barclays Capital said the current crisis could delay foreclosures by three to six months. Longer timelines could reduce yields on some bonds by as much as one percentage point, it said, and "drastically" reduce cash flows to some bond holders in the next few months.

In a separate report issued Friday, J.P. Morgan Chase & Co. bond analysts estimated that future losses from repurchases of loans that didn't meet sellers' promises could total $55 billion to $120 billion.

Even before the recent furor over "robo-signers" -- back-office employees who approved foreclosure documents without reviewing them -- bond investors were raising concerns about servicer practices.

In August, a smaller group of investors in some Countrywide deals sent BNY Mellon instructions to investigate whether certain mortgages didn't meet representations made at the time the loans were packaged into securities. The group demanded that some loans be repurchased.

But the August letter, a BNY Mellon spokesman says, "did not comply with multiple requirements for giving direction to BNY Mellon in its role as trustee."

Recent disclosures of sloppy servicing practices follow questions about whether the processes for conveying loans to the bond trust were properly followed. Together, they "have exacerbated investor concerns and created delays and added costs that hurt investors," Ms. Patrick says.

Bond investors have been slow to press their claims, in part because of how the contracts for bond deals, known as pooling and servicing agreements, are written. Typically, these contracts require that bondholders gather 25% of the voting rights in the trust before they can enforce the contracts themselves.

These provisions are intended to ensure that the action being requested will benefit bondholders as a group, rather than any one bondholder or subset of holders.

Earlier this month, a New York state justice dismissed a lawsuit by investors who argued they shouldn't bear any of the cost of an $8.4 billion settlement between state attorneys general and Countrywide Financial. The judge said the investors hadn't satisfied terms set out in the pooling and servicing agreements.

The Oct. 18 investor letter formally notifies BNY Mellon and Bank of America that investors believe that Bank of America has failed to meet its obligations as a mortgage servicer. The two companies then have 60 days to address the issues, says Ms. Patrick.

If the problems aren't resolved, that would trigger an "event of default" under the agreement, Ms. Patrick says, which would allow an investor to file a lawsuit against both companies. Investors "aren't trying to halt loan modifications for troubled borrowers," she added.

David Grais, a New York securities lawyer, recently announced plans to hold a conference on "Robosigners and Other Servicing Failures." Mr. Grais represents Federal Home Loan Banks in San Francisco and Seattle that have sued Wall Street banks, seeking to force them to buy back mortgage-backed bonds. Similar lawsuits were filed last week by Federal Home Loan Banks in Chicago and Indianapolis.

But the time to pursue some of these claims is running out, Mr. Grais says. Under New York contract law, investors generally have six years from the time of a securitization to put back loans that violate representations and warranties, Mr. Grais says. State securities law generally gives investors one to four years after they discover a legal violation to put back bonds that weren't accurately described in disclosure documents.

"If people don't throw their hat in the ring, they are out of luck," Mr. Grais says.

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BN Fed's 'Weight' Joins Mortgage Investor Bid for Relief (Update1)
Oct 20 2010 10:10:22

(Updates with Freddie Mac joining bondholder group in second paragraph.)

By Jody Shenn

Oct. 20 (Bloomberg) -- The Federal Reserve Bank of New York joined with the biggest bond investors in the U.S. in seeking to force Bank of America Corp. to buy back bad home loans packaged into securities as the battle over who will bear mortgage losses intensifies.

The institution joined a group including Pacific Investment Management Co., BlackRock Inc. and Freddie Mac in a letter to the lender and to Bank of New York Mellon Corp., trustee for $47 billion of bonds created by Bank of America's Countrywide Financial Corp. unit, people familiar with the matter said. Countrywide failed to service loans properly, law firm Gibbs & Bruns LLP said in a statement that didn't name the firms.

The action follows foreclosure freezes that drove bank stocks lower this month as shareholders reconsidered the risks of home loans sold before the housing crash. The New York Fed acquired mortgage debt through its 2008 rescues of Bear Stearns Cos. and American International Group Inc., and its participation may raise the odds of prevailing against Bank of America, said Scott Buchta of Braver Stern Securities LLC.

"Individual investors have been trying for years to get these big banks to buy back loans at par, and haven't had a lot of luck," said Buchta, head of investment strategy for the New York-based securities firm. The New York Fed "in your corner, that adds weight and might give you a better chance for success."

Normal Channels

At the same time, the letter shows the regulator must still "go through the normal channels," he said.

Freddie Mac competitor Fannie Mae joined a separate, larger consortium of bondholders collaborating through a different Texas lawyer, people familiar with matter said last month. In July, the regulator for both government-controlled mortgage companies issued 64 subpoenas seeking information on loans backing securities they bought.

Investors are stepping up efforts to recoup losses on mortgage bonds, which plummeted in value amid the worst slump in home prices since the 1930s. Last month, BNY Mellon declined to investigate mortgage files in response to a demand from the bondholder group represented by Gibbs & Bruns, which has since expanded. Countrywide's servicing failures may open the door for investors to seek repurchases by bypassing the trustee, said Kathy Patrick, their lawyer.

"We now are in a position where we have to start a clock ticking," Patrick said in a telephone interview.

If the issues aren't fixed within 60 days, BNY Mellon should declare Countrywide, which Bank of America bought in

2008, in default on its servicing contracts, Patrick said.

What's Next

In its role as a mortgage seller, Countrywide should face more repurchase demands no matter what, Patrick said. The requests may come directly from bondholders or from the loan servicing arm of Countrywide itself or from Bank of New York, which acts as trustee of the bonds.

Patrick represents investors who own at least 25 percent of so-called voting rights in the deals and stand to recover "many billions of dollars," she said.

MetLife Inc., the biggest U.S. life insurer; Western Asset Management Co., the biggest unit of Legg Mason Inc.; BlackRock, the world's largest money manager; and Pimco, which runs the biggest bond fund, are all part of the group Gibbs & Bruns represents, the people said. TCW Group Inc., the manager of $110 billion in assets, expects to join, they said.

Faulty Appraisals

The investors are among those who want lenders to buy back home mortgages that they say were marketed using misstatements about their quality. One problem can be faulty appraisals that overvalued homes. That matter is separate from an investigation by 50 state attorneys general into whether loan servicers may have improperly foreclosed on homes.

While failing to include documents needed for foreclosures violates so-called representations and warranties by mortgage sellers, it probably won't be the most common issue discovered if investors can access loan files, Isaac Gradman, a San Francisco-based consultant, said yesterday.

"It's surprising that it took this foreclosure crisis to bring the issue to people's attention but people are starting to get it," said Gradman, formerly a lawyer at Howard Rice Nemerovski Canady Falk & Rabkin. He represented mortgage insurer PMI Group Inc. in a settled lawsuit over similar issues against General Electric Co. and its defunct mortgage unit.

Countrywide's Obligations

Countrywide hasn't met its contractual obligations as a servicer because it hasn't asked for loan repurchases, is failing to keep adequate records, and is taking too long with foreclosures, Patrick said. The delays stem from missing documents, process mistakes and insufficient staffing to evaluate borrowers seeking loan modifications, she said.

If Countrywide doesn't correct the servicing problems within a few months, her clients could have the right to pursue legal action against Bank of America, Bank of New York or both, she said. "None of the bondholders are opposed to modifications for deserving borrowers, but you've got to get it done" in a timely fashion, she added.

"The letter states a demand directed to Countrywide to cure the defaults," said Kevin Heine, a spokesman for BNY Mellon. "It does not ask BNY Mellon to take any action. BNY Mellon will continue to perform its duties as trustee."

Charlotte, North Carolina-based Bank of America will "defend our shareholders" by disputing any unjustified demands it buy back defective mortgages, Chief Executive Officer Brian T. Moynihan said yesterday.

BofA's Response

Most claims "don't have the defects that people allege," Moynihan said on Bloomberg Television, referring to so-called put-backs, in which guarantors or investors in mortgage-backed securities ask for the return of bad loans. "We end up restoring them, and they go back in the pools."

Jeffrey V. Smith, a spokesman for the New York Fed, declined to comment.

In August, Jack Gutt, another spokesman, said the institution was involved in "multiple efforts related to exercising our rights as investors," which would "support our primary goal of maximizing the value of these portfolios on behalf of the American taxpayer."

Mark Porterfield, a spokesman for Newport Beach, California-based Pimco; Brian Beades, a spokesman for New York-based BlackRock; and Peter Viles, a spokesman for Los Angeles-based TCW, declined to comment. John Calagna, a spokesman for New York-based MetLife, also declined to comment. Mary Athridge, a spokeswoman for Baltimore-based Legg Mason, declined to comment. Michael Cosgrove, a spokesman for McLean, Virginia-based Freddie Mac, didn't immediately return messages today.

Reviewing Letter

"We continue to review and assess the letter, and have a number of question about its content, including whether these investors have standing to bring these claims," Bank of America Chief Financial Officer Charles H. Noski said yesterday on a conference call with analysts. "We continue to believe the servicer is in compliance with the servicing obligations."

The letter, covering 115 separate mortgage securitizations, with $105 billion in original balances, came from "eight investors purportedly owning interests in these transactions," Noski said.

Banks' costs from repurchasing mortgages in securities without government backing may total as much as $179.2 billion, Compass Point Research and Trading LLC analyst Chris Gamaitoni estimated in August, including expenses related to lawsuits against bond underwriters.

JPMorgan's Cost Estimate

JPMorgan Chase & Co. analysts said in an Oct. 15 report the costs may reach $80 billion, reduced in part by the difficulty investors have getting trustees to act and a typical requirement that misstatements about loan quality must be "material."

Losses on the mortgages packaged into bonds come amid "persistently high unemployment and other economic trends, diminishing the likelihood that any loan defect, should one exist at all, was the cause of the loan's default," Noski said.

The initiative covered by the letter sent to Bank of America and BNY Mellon yesterday is separate from the effort coordinated through Dallas lawyer Talcott Franklin, Patrick said. That firm is coordinating action for a larger group of mortgage-bond investors holding more than $500 billion.

Participants in that so-called RMBS Investor Clearing House include BlackRock, Pimco, Fortress Investment Group LLC, Fannie Mae and Federal Home Loan Banks, people familiar with the matter said last month. MetLife isn't part of that group, Calagna said.

Separate Effort

Membership in the clearing house has risen to 110 from 65, during the last two weeks, said Bill Frey, head of Greenwich, Connecticut-based securities firm Greenwich Financial Services LLC. Frey this month lost a lawsuit against BofA seeking to force the bank to purchase any modified loans out of bonds.

The New York Fed is "in a unique, potentially sticky position," said Joseph Mason, a professor of finance at Louisiana State University in Baton Rouge.

"The Fed does have this authority to work with confidential consumer data," he said. "But I think to use that authority to then bring suit while wearing their other hat here as a lender of last resort and bailout authority would be untoward at best."

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BN Fed's 'Weight' Joins Mortgage Investor Bid for Relief (Update1)
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Chicago Tribune

October 20, 2010 Wednesday
Chicagoland Final Edition

SECTION: NEWS ; ZONE C; Pg. 25

LENGTH: 754 words

HEADLINE: Stocks' rally derailed by trio of troubles;
Worries about China, Apple and mortgages yield sell-off after 11 percent gain since August

BYLINE: Gail MarksJarvis

BODY:

After a seemingly carefree period in the stock market over the last two months, investors faced cruel reminders once again on Tuesday that the financial system is still facing distress, the housing crisis is far from over, and China might not be able to make up for the growth the U.S. can't produce.

Although the Standard & Poor's 500 has climbed 11 percent since the end of August, investors began Tuesday on edge as they awakened to news that China was trying to slow its growth by raising interest rates. Adding to the stress was an earnings report from Apple that showed iPad sales trailing some expectations and additional disappointment from technology bellwether IBM. A sell-off of stocks gathered momentum late in the afternoon as a report focused on Pimco, BlackRock and the Federal Reserve Bank of New York trying to make Bank of America repurchase $46 billion in mortgages.

The events pointed to an economy far from stable and raised questions about whether the recent rally has been overdone. The Dow Jones industrial average closed down 165 points, dipping below 11,000 once again, to 10,978.

The China news was troubling because investors have been counting on fast-growth there to generate demand for products as economies in the U.S., Japan and Europe remain anemic. China -- faced with rising inflation and the threat of a real estate bubble -- increased interest rates to slow down growth.

"Investors said: 'Oh my gosh, China is reining things in and that means growth will be significantly lower,' " said Erik Weisman, portfolio manager of the MFS Global Bond Fund. "China is the juggernaut for the entire region, sucking in all that the region can produce. To the extent it slows, Japan, Australia, New Zealand and the rest of the region will slow."

Yet, said Weisman, China's rate increase was just a quarter-point, and if the country handles this nimbly it might slow growth a little and keep from having to take sharp action later that could be harsher on growth. Weisman's conclusion: "This could be a good thing."

Still, what's good for the economy isn't necessarily good for U.S. companies that count on foreign markets to buy products.

"If China slows down, the concern is that it won't buy as much. And with less buying, the stock markets can fall," said John Huizinga, a professor at the University of Chicago Booth School of Business. On the other hand, with less consumption of commodities, inflationary pressure on everything from food to oil and metals could be relieved.

China has been worried about fast-rising food prices, and with the interest rate increase copper declined almost 3 percent and corn 2 percent. Crude oil fell beneath $80 a barrel and gold lost about $37, falling to $1,335. The dollar rallied.

Lately, analysts have worried that if commodity prices kept rising as they have been recently, that U.S. consumers could be hit by the double whammy of expensive necessities such as food and gasoline while still grappling with joblessness, unaffordable mortgages and stagnant pay.

While U.S. consumers might get relief on commodities from China's attempt to cool demand, there appears to be no relief coming for individuals who might need a mortgage.

Analysts think that the demands on Bank of America, which surfaced Tuesday, are the first of many that will hit every bank that made home loans and sold them to Wall Street for securitization. In that process, investors counted on information provided by banks about the quality of loans.

Large investors are now challenging the assurances investors were given about the quality. And, if successful, the investors can make banks buy them back.

Terrence Glomski, managing director of Neuberger Berman Fixed Income, called the challenge Bank of America is facing from Pimco, BlackRock and the Federal Reserve Bank of New York, "a watershed event."

"And now you will see many more," Glomski said.

"Every large bank in the U.S. will be involved," said Dick Bove, Rockdale Securities banking analyst.

Ultimately, it will mean litigation or a settlement, and it could take years, said Glomski.

"A couple of months ago, I thought we were in the seventh or eighth inning" of the housing problems, added Glomski. "Now, if we are in the seventh inning it would be for a 12-inning game."

The housing market will remain under pressure, he said, because banks worried about being challenged on lending practices will tighten criteria even more than they are doing now.

"It closes lending down," added Bove. "It will slow housing sales."

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Los Angeles Times

October 20, 2010 Wednesday
Home Edition

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HEADLINE: BofA pressured to buy back loans;
Separately, the bank reports a $7.3-billion loss, citing new debit-card fee rules.

BYLINE: Nathaniel Popper

DATELINE: NEW YORK

BODY:

Several major investment firms are moving to force Bank of America Corp. to buy back bad mortgages that were issued by Countrywide before the lender was acquired by the financial giant.

News of the effort by mortgage-bond investors -- including Pimco of Newport Beach, TCW Corp. of Los Angeles and BlackRock Inc. of New York -- came Tuesday after BofA posted a $7.3-billion third-quarter loss.

The loss, amounting to 77 cents a share, stemmed from the company's decision to slice $10.4 billion from the value on its books of its credit operation to reflect the expected effect of new federal regulations.

Without the write-down, the bank would have earned $3.1 billion, more than expected, thanks in part to an improvement in the finances of consumers who owe BofA money.

The number of BofA customers more than 90 days late on a payment, for example, fell 10% from the second quarter.

"The credit quality continues to improve across the board," Chief Executive Brian Moynihan told analysts during a conference call.

Bank of America's shares, however, sank 54 cents, or 4.4%, to $11.80, with most of that decline coming late in the trading day after Bloomberg News identified the big-name bondholders challenging the company over home loans backing a pool of mortgages originally valued at more than $100 billion.

The bondholders sent a letter Monday in a first step toward demanding "the repurchase of loans that were originated in violation of underwriting guidelines," according to a statement issued by a law firm representing the bondholders.

The investors include the Federal Reserve Bank of New York because of securities it holds as a result of Fed-backed bailouts early in the financial crisis.

During the earnings call, Moynihan compared the bondholders to "people who come back and say, 'I bought ... a Chevy Vega, but I want it to be a Mercedes.'" He added, "We will go in and fight this."

Moynihan said he didn't know how big such claims against BofA might be.

Christopher Whalen, a bank analyst at Institutional Risk Analytics, said the issue could become a significant problem for BofA but added that it wasn't clear how things would shake out.

"They are sort of hiding behind the fact that they don't know," he said. "They are putting the best face on it that they can."

Bank investor David Ellison played down the ultimate effect.

"My sense is that this is a problem, but it's solvable," he said.

Meanwhile, Bank of America sought Tuesday to minimize separate problems over the validity of foreclosure filings related to mortgages it services and in many cases owns.

BofA was one of the first banks to halt foreclosure sales because of such legal issues. On Monday, the company said that its foreclosure process had not been as flawed as feared and that it would begin refiling paperwork next week and resuming foreclosures soon afterward.

Moynihan said Tuesday that he thought the issue had been blown out of proportion.

"We don't see the issues that people were worried about, quite frankly, but we're taking this very seriously," Moynihan said.

The third-quarter net loss that the bank reported Tuesday compared with a loss of $1 billion, or 26 cents, a year earlier.

The huge write-down in the latest quarter was intended to account for a decline in revenue from fees that merchants pay on debit-card transactions. The financial regulatory overhaul enacted last summer authorized the government to impose a cap on those fees.

Even with the one-time loss, Bank of America executives said they are hopeful about their ability to make up revenues that are lost as a result of financial reform elsewhere in their operations.

Other companies with large credit-card and debit-card operations, such as JPMorgan Chase & Co. and Citigroup, have not taken such big write-downs.

"From all the predictions of what banks stand to lose, we never get to this much," said Adil Moussa, an analyst at Aite Group, a consulting firm in the financial industry.

--

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GRAPHIC: PHOTO: EARNINGS REPORT: Bank of America's third-quarter loss stemmed from a $10.4-billion write-down to account for an expected decline in revenue from fees that merchants pay on debit-card transactions. PHOTOGRAPHER:Mario Tama Getty Images

LOAD-DATE: October 20, 2010

The New York Post

October 20, 2010 Wednesday

SECTION: All Editions; Pg. 35

LENGTH: 529 words

HEADLINE: MORTGAGE MISSIVE - STOCKS SLAMMED AFTER BOFA GETS WARNING LETTER

BYLINE: KAJA WHITEHOUSE

BODY:

Stocks across the board hit the skids yesterday after investors grew concerned that banks would have to buy back tens of billions of dollars of toxic mortgages.

Among the hardest-hit shares were those of Bank of America, which cratered nearly 4.4 percent after a group of mortgage-backed bondholders urged the country's No. 1 bank to repurchase as much as $47 billion in bad home loans.

The BofA mortgages, bundled into residential mortgage-backed securities, were originally issued by Angelo Mozilo's Countrywide Financial Corp. - now owned by BofA - and are owned by a group of high-profile bondholders that includes the stodgy Federal Reserve Bank of New York.

On Monday, the bondholders, including Pacific Investment Management and BlackRock, sent a pointed letter to BofA and Bank of New York Mellon, the debt custodian, demanding the firms comb through various pools of mortgages to pinpoint and pull the loans that shouldn't have been there in the first place.

The bondholders demanded that any loans originated "in violation of underwriting guidelines" be sent back to the banks that issued them. They also called for "sellers of ineligible or predatory mortgages" to pick up the costs of modifying the loans for homeowners or repurchasing them from the bondholders.

If the issues aren't fixed in 60 days, the bondholders could declare Countrywide in default of its loans, said Kathy Patrick, the Gibbs & Bruns lawyer representing eight bondholders.

As word of the letter and its forceful tone swept across Wall Street, markets sank. The S&P 500 Index dropped sharply just before 2 p.m., finishing the day down 1.6 percent. The Dow Jones industrial average was off 1.5 percent, to below 11,000 at 10978.62.

"The market's reaction reminds us that. . .the ultimate cost of the mortgage meltdown remains unknown," said John

Lonski, chief economist with rating agency Moody's.

JPMorgan Chase Chief Economist Michael Feroli said the renewed haggling could lead to "tighter credit" as banks pull back on lending, and potentially hurt banks' balance sheets if they are forced to buy back troubled loans.

Patrick said they sent the letter because they were ignored in August when they asked BNY, as the trustee, to investigate the existence of ineligible mortgages in the RMBS pools.

"We did receive correspondence from the law firm but it did not comply with multiple requirements for giving direction to BNY Mellon in its role as trustee," said Kevin Heine, a BNY spokesman.

BofA, JPMorgan Chase, GMAC and other mortgage lenders stopped foreclosure proceedings recently after several court cases revealed that they used deficient and sometimes fraudulent paperwork to oust delinquent borrowers from their homes.

After securitizing hundreds of billions of dollars in mortgages, the banks were finding it difficult to prove they owned particular loans they were servicing. In response, some fudged paperwork.

Separately, the sheriff of Cook County, Ill., which includes Chicago, said he is halting foreclosure evictions by BofA, JPMorgan Chase and Ally Financial Inc.'s GMAC, until he's assured they're legal.

Bank of America - CLOSE: $11.80 (-.54)

GRAPHIC: Sinking fast: BofA CEO Brian Moynihan could be facing a potential lawsuit from Pimco, BlackRock and the New York Fed due to their $47 billion worth of toxic mortgages. [Post photo composite]

LOAD-DATE: October 20, 2010

The Boston Globe

October 20, 2010 Wednesday

SECTION: BUSINESS; Pg. 9

LENGTH: 552 words

HEADLINE: Bondholders want bank to repurchase soured mortgages;
Group alleges failures by its Countrywide unit

BYLINE: By Jody Shenn, Bloomberg News

BODY:

NEW YORK - Pacific Investment Management Co., BlackRock Inc., and the Federal Reserve Bank of New York are seeking to force Bank of America Corp. to repurchase soured mortgages packaged into $47 billion of bonds by its Countrywide Financial Corp. unit, people familiar with the matter said yesterday.

A group of bondholders wrote to Bank of America and Bank of New York Mellon Corp., the debt's trustee, citing alleged failures by Countrywide to service loans properly, their lawyer said yesterday in a statement that did not name the firms.

The New York Fed acquired mortgage debt through its 2008 rescues of Bear Stearns Cos. and American International Group.

Investors are stepping up efforts to recoup losses on mortgage bonds, which have plummeted in value amid the worst slump in home prices since the 1930s. Last month, BNY Mellon declined to investigate mortgage files in response to a demand from the bondholder group, which has since expanded. Countrywide's servicing failures, including insufficient record keeping, may open the door for investors to seek repurchases by bypassing the trustee, said Kathy Patrick, their lawyer.

``We now are in a position where we have to start a clock ticking," said Patrick, who is based in Houston. Recoveries for her clients, who own at least 25 percent of so-called voting rights in the deals, may reach ``many billions of dollars."

MetLife Inc., the biggest US life insurer, is part of the group, said the people, who declined to be identified. TCW Group Inc., the manager of $110 billion in assets, expects to join BlackRock, the world's largest money manager, and Pimco, which runs the biggest bond fund, in the group, the people said.

The group is among investors who are seeking to use misstatements by sellers, such as faulty appraisals, about the quality of loans packaged into securities to force repurchases, the people said.

Countrywide has not met its contractual obligations as a servicer because it has not asked for repurchases and is taking too long with foreclosures, Patrick said - either because of document or process mistakes or because it does not have enough staff to evaluate borrowers for loan modifications. If the issues aren't fixed within 60 days, BNY Mellon should declare Countrywide in default of its contracts, she said.

Charlotte, N.C.-based Bank of America will ``defend our shareholders'' by disputing any unjustified demands that it buy back defective mortgages, chief executive Brian T. Moynihan said yesterday.

Most claims ``don't have the defects that people allege,'' Moynihan said on Bloomberg Television, referring to so-called putbacks, in which guarantors or investors in mortgage-backed securities ask to return bad loans. ``We end up restoring them, and they go back in the pools.''

``We continue to review and assess the letter, and have a number of question about its content, including whether these investors have standing to bring these claims,'' Bank of America's chief financial officer, Charles H. Noski, said on a conference call with analysts. ``We continue to believe the servicer is in compliance with the servicing obligations.''

The letter covered 115 separate mortgage securitizations, with $105 billion in original balances, from ``eight investors purportedly owning interests in these transactions,'' Noski said.

LOAD-DATE: October 20, 2010

October 20, 2010 Wednesday 6:46 AM EST

LENGTH: 2244 words

HEADLINE: Here's The Letter The Fed, PIMCO And Others Sent To Bank Of America Over Putbacks

BYLINE: Joe Weisenthal

BODY:

Oct. 20, 2010 (The Business Insider delivered by Newstex) --

Here's the full text of the letter that the NY Fed, BlackRock, PIMCO, and others sent to Bank of America (NYSE:BAC) regarding their request for billions in mortgage repurchases. (Via Barry Ritholtz)

October 18, 2010
Facsimile No. 805 520 5623
Countrywide Home Loans Servicing LP
Attn. Mark Wong
400 Countrywide Way
Simi Valley, CA 93065

Facsimile No. 805 520 5623
Countrywide Home Loans Servicing LP
Attn. Mark Wong
7105 Corporate Drive
Plano, TX 75024

Facsimile No. 212 815 3986
The Bank of New York
101 Barclay Street
4 West
Attn: Mortgage Backed Securities Group
for Trusts Listed on Ex. A

New York, NY 10286

Facsimile No. 212 815 3986
The Bank of New York
101 Barclay Street
Attn: Corporate Trust MBS Administration for Trusts Listed on Ex. A
New York, NY 10286

Mr. Leo Crowley
Ms. Jeanne Naughton Carr
Pillsbury LLP
1540 Broadway
New York, NY 10036-4039

Re: HOLDERS NOTICE TO TRUSTEE AND MASTER SERVICER OF FAILURE OF MASTER SERVICER TO PERFORM GIVEN PURSUANT TO §7.01(ii) OF POOLING AND SERVICING AGREEMENTS PERTAINING TO THE RESIDENTIAL MORTGAGE BACKED SECURITIES LISTED ON THE ATTACHED EXHIBIT oeA

Dear Sir or Madam:

Unless otherwise indicated, all capitalized terms used in this letter have the meaning ascribed to them in those certain Pooling and Servicing Agreements (PSAs) governing

Residential Mortgage-Backed Securities (RMBS) evidenced by the Countrywide Mortgage Pass- Through Certificates (Certificates) listed on the attached Exhibit oeA.

The undersigned are the Holders of not less than 25% of the Voting Rights in Certificates issued by the Trusts listed on the enclosed Exhibit A.

Pursuant to Section 7.01(ii) of the applicable PSAs, the Trustee and the Master Servicer are hereby notified of the Master Servicers failure to observe and perform, in material respects, the covenants and agreements imposed on it by the PSAs. Specifically, the Master Servicer has failed and refused to do the following, which have materially affected the rights of Certificateholders:

1. Section 2.03(c) of the PSAs states that oeUpon discovery by any of the parties hereto of a breach of a representation or warranty with respect to a Mortgage Loan made

pursuant to Section 2.03(a) ¦ that materially and adversely affects the interests of the Certificateholders in that Mortgage Loan, the party discovering such breach shall give prompt notice thereof to the other parties. The Master Servicer has failed to give notice to the other parties in the following respects:

a. Although it regularly modifies loans, and in the process of doing so has discovered that specific loans violated the required representations and warranties at the time the Seller sold them to the Trusts, the Master Servicer has not notified the other parties of this breach;

b. Although it has been specifically notified by MBIA, Ambac, FGIC, Assured Guaranty (OOTC:AGOUF) (NYSE:AGO) , and other mortgage and mono-line insurers of specific loans that violated the required representations and warranties, the Master Servicer has not notified any other parties of these breaches of representations and warranties;

c. Although aware of loans that specifically violate the required Seller representations and warranties, the Master

Servicer has failed to enforce the Sellers repurchase obligations, as is required by Section 2.03; and,

d. Although there are tens of thousands of loans in the RMBS pools that secure the Certificates, the Trustee has advised the Holders that the Master Servicer has never notified it of the discovery of even one mortgage that violated applicable representations and warranties at the time it was purchased by the Trusts.

2. In violation of its prudent servicing obligations under Section 3.01 of the applicable PSAs, the Master Servicer has:

a. Failed to maintain accurate and adequate loan and collateral files in a manner consistent with prudent mortgage servicing standards;

b. Failed to demand that sellers cure deficiencies in mortgage records when deficient loan files and lien records are discovered;

c. Exacerbated losses experienced by the Trusts;

d. Incurred wholly avoidable and unnecessary servicing fees and servicing advances to maintain mortgaged property, all as a direct result of the Master Servicers deficient record-keeping; and,

e. Prejudiced the interests of the Trusts and the Certificateholders in the mortgages by fostering uncertainty as to the timely recovery of collateral.

3. Section 3.11 (a) states that the Master Servicer oeuse reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. Despite these covenants, the Master Servicer has continued to keep defaulted mortgages on its books, rather than foreclose or liquidate them, in order to wrongfully maximize its Servicing Fee, at the expense of the Certificateholders best interests, including rights to recover from pool or financial guaranty insurance policies. In addition, the applicable provisions of the PSAs contemplate that foreclosures and liquidations of defaulted mortgages will proceed forthwith and in accordance with applicable law, provided the documentation is in order, as a matter of fairness to all parties. The Servicers failure to proceed appropriately and their failure to maintain records in an accurate, appropriate, and adequate manner has impeded this process and caused wholly avoidable delays that have injured investors, borrowers, neighborhoods, and communities. To make matters worse, these delays have also enriched the Servicers, as they have continued to charge unearned and unwarranted servicing fees on mortgages which would have been liquidated but for the Servicers breach of their duties;

4. Section 3.11 of the PSAs provides that oeCountrywide may agree to a modification of any Mortgage Loan in certain specified circumstances. The Holders do not seek to halt bona fide modifications of troubled loans for borrowers who need them. When, however, modifications are required to remedy predatory lending violations, Section 2.03(c) of the PSAs requires that the offending seller of the mortgage bear the costs to oecure such breach in all material respects¦. Nowhere do the PSAs permit the costs of curing predatory loans to be imposed on the Trusts or the Certificateholders. Despite these provisions, the Master Servicer has breached the PSAs by agreeing to modify loans held in the Trusts for the purpose of settling predatory lending claims made by various Attorneys General against its parent company while breaching its obligation to demand that the offending mortgage seller (its parent company) bear the costs of curing the violation, as well as the expenses reasonably incurred in enforcement of the mortgage sellers obligation to cure predatory mortgages. Id. At §2.03(c). The Master Servicer has also unjustly enriched its parent company by using Trust collateral to settle claims that are not, and could never be, made against the Trusts, in a manner that has oematerially and adversely affected the interest of the Certificateholders? Id. The Master Servicer has therefore:

a. Failed to perform its obligation to demand that Countrywide comply with the requirement that it cure or repurchase predatory and ineligible loans it has agreed to modify in the Attorney General settlement;

b. Failed to track or notify the Trustee concerning which specific loans the Master Servicer has modified pursuant to these provisions, even though the PSAs require that oethe Modified Mortgage Loan shall be automatically be deemed transferred and assigned to Countrywide?; and,

c. Failed to perform its obligation to oedeliver to the Trustee a certification of a Servicing Officer to the effect that all requirements of this paragraph have

been satisfied with respect to the Modified Mortgage Loan.

5. Section 3.14 of the PSAs provides that the Master Servicer shall be entitled to recover Servicing Advances that are oecustomary, reasonable and necessary [#x2dc]out of pocket costs and expenses incurred in the performance by the Master Servicer of its Servicing Obligations including but not limited to the cost of (i) the preservation, restoration, and protection of a Mortgaged Property? Despite the requirement that Servicing Advances were to be incurred only for reasonable and necessary out of pocket costs, the Master Servicer instead utilized affiliated vendors"who marked up their services to a level 100% or more above the market price"to provide services related to the preservation, restoration, and protection of Mortgaged Property, in a fraudulent, unauthorized, and deceptive effort to supplement its Servicing income. See ¶ 3(a) and (b), above.

6. Section 3.01 of the PSAs requires that the Master Servicer oeshall service and administer the Mortgage Loans in accordance with the terms of this Agreement and customary and usual standards of practice of prudent mortgage servicers. Despite this requirement, the Master Servicer has repeatedly and deliberately failed to perform this covenant by:

a. Creating Countrywide-affiliated vendors to provide maintenance, inspection, and other services with regard to defaulted mortgages that should have been

undertaken only if they were in the Certificateholders best interest. The Federal Trade Commission, however, found that Countrywide repeatedly and deliberately overcharged for these services by as much as 100% or more in order to increase its profits from default-related service fees; and,sup1sup

b. As a result of these wrongful practices, Countrywide has increased the losses to the Trusts. Each of these failures to perform the Master Servicers covenants and agreements violated the prudent servicing obligations imposed on the Master Servicer by PSA §3.01. Each of these failures to perform the Master Servicers covenants and agreements also materially affected the rights of the Certificateholders.

Each of these failures to perform is continuing. If they continue for an additional sixty days from the date of this letter, each of them"independently"will constitute an Event of Default.

The undersigned Holders therefore demand that the Master Servicer immediately cure these endemic and grievous defaults in its obligations under the PSAs. By this letter, the Holders further notify the Trustee of the Master Servicers failure to perform its covenants and agreements.

The undersigned Holders also reserve all other rights and remedies they may have, individually and under the PSAs, as a result of the matters described in this letter. We invite you to communicate with our counsel, Ms. Kathy Patrick of Gibbs & Bruns LLP, should you wish to discuss this matter further.

1 The specific details of the Master Servicers wrongful conduct are available in a press release issued by the Federal

Trade Commission, which is accessible at the following website:

http://www.ftc.gov/opa/2010/06/countrywide.shtm.

[INTENTIONALLY LEFT BLANK]

Very truly yours,

Blackrock Financial Management Inc., and its advisory affiliates
John Vibert, Managing Director

Freddie Mac Corporation
Ray Romano, EVP Chief Credit Officer

Kore Advisors, LP
Gary J. Kosinski, Principal

Maiden Lane, LLC; Maiden Lane II, LLC; and Maiden Lane III, LLC
Federal Reserve Bank of New York, Managing Member
Zachary Taylor, Assistant Vice President

Metropolitan Life Insurance Company
Charles S. Scully, Managing Director

Neuberger Berman Europe, Ltd. as investment manager to a managed account client
Ope Agbaje, Executive Director

PIMCO Investment Management Company LLC
Daniel J. Ivaseyn, Managing Director

Western Asset Management Company, for its clients and managed accounts
C.A. Ruyi de Perez, General Counsel

Deal Name	Deal Name	Deal Name	
CWALT 2004-32CB		CWHL 2004-22	CWL 2006-15
CWALT 2004-6CB		CWHL 2004-25	CWL 2006-16
CWALT 2004-J1		CWHL 2004-29	CWL 2006-19
CWALT 2005-14		CWHL 2004-HYB9	CWL 2006-2
CWALT 2005-21CB		CWHL 2005-11	CWL 2006-20
CWALT 2005-24		CWHL 2005-14	CWL 2006-22
CWALT 2005-32T1		CWHL 2005-18	CWL 2006-24
CWALT 2005-35CB		CWHL 2005-19	CWL 2006-25
CWALT 2005-36		CWHL 2005-2	CWL 2006-26
CWALT 2005-44		CWHL 2005-3	CWL 2006-3
CWALT 2005-45		CWHL 2005-30	CWL 2006-5
CWALT 2005-56		CWHL 2005-9	CWL 2006-7
CWALT 2005-57		CB CWHL 2005-HYB3	CWL 2006-9
CWALT 2005-64		CB CWHL 2005-HYB9	CWL 2006-BC2
CWALT 2005-72		CWHL 2005-R3	CWL 2006-BC3
CWALT 2005-73CB		CWHL 2006-9	CWL 2006-BC4
CWALT 2005-74T1		CWHL 2006-HYB2	CWL 2006-BC5
CWALT 2005-81		CWHL 2006-HYB5	CWL 2006-SD1

CWALT 2005-AR1	CWHL 2006-J2	CWL 2006-SD3
CWALT 2005-J5	CWHL 2006-OA5	CWL 2006-SD4
CWALT 2005-J9	CWHL 2006-R2	CWL 2006-SPS2
CWALT 2006-14CB	CWHL 2007-12	CWL 2007-2
CWALT 2006-20CB	CWHL 2007-16	CWL 2007-5
CWALT 2006-37R	CWHL 2008-3R	CWL 2007-6
CWALT 2006-41CB	CWL 2005-10	CWL 2007-7
CWALT 2006-HY12	CWL 2005-11	CWL 2007-9
CWALT 2006-OA11	CWL 2005-13	CWL 2007-BC1
CWALT 2006-OA16	CWL 2005-16	CWL 2007-BC2
CWALT 2006-OA17	CWL 2005-2	CWL 2007-BC3
CWALT 2006-OA6	CWL 2005-4	CWL 2007-QH1
CWALT 2006-OA9	CWL 2005-5	CWL 2007-S3
CWALT 2006-OC10	CWL 2005-6	
CWALT 2006-OC2	CWL 2005-7	
CWALT 2006-OC4	CWL 2005-8	
CWALT 2006-OC5	CWL 2005-9	
CWALT 2006-OC6	CWL 2005-AB2	
CWALT 2006-OC7	CWL 2005-AB3	
CWALT 2007-17CB	CWL 2005-AB4	
CWALT 2007-23CB	CWL 2005-BC5	
CWALT 2007-24	CWL 2005-IM1	
CWALT 2007-OA7	CWL 2006-10	
CWALT 2008-2R	CWL 2006-12	

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Newstex ID: BZIN-5352-49887856

LOAD-DATE: October 20, 2010

The Gazette (Montreal)

October 20, 2010 Wednesday
Final Edition

SECTION: BUSINESS; Pg. B2

LENGTH: 120 words

HEADLINE: Mortgage woes hurt BofA

BYLINE: Reuters

DATELINE: CHARLOTTE, N.C.

BODY:

Fears that Bank of America will be forced to buy back billions in mortgage bonds overshadowed better-than-expected earnings from the biggest U.S. bank and sent its shares down 4.3 per cent.

A group of eight investors accused the bank of inappropriately bundling some mortgages into more than $47 billion in bonds.

Bloomberg News reported that the New York Federal Reserve and bond fund Pimco were among the investors

Bank of America shares rose after it reported earnings that beat estimates, but turned sharply negative after the report. BofA eased some investor fears when it said it would partially lift a nationwide foreclosure halt that began amid a public outcry that lenders had cut corners in the foreclosure process.

LOAD-DATE: October 20, 2010

TheStreet.com

TheStreet.com

October 20, 2010 Wednesday 11:14 AM EST

SECTION: NEWS & ANALYSIS; Financial Services

LENGTH: 615 words

HEADLINE: Bank of America Shares Fall on Downgrades

BYLINE: Lauren LaCapra, TheStreet.com Staff Reporter.

Disclosure: TheStreet's editorial policy prohibits staff editors, reporters and analysts from holding positions in any individual stocks.

BODY:

NEW YORK (TheStreet) -- **Bank of America** (BAC:NYSE) shares came under additional pressure Wednesday, as equity analysts downgraded the stock citing mortgage-repurchase risk.Shares of the Charlotte, N.C.-based behemoth were tracking 3.9% lower at $11.35 by 10:30 a.m., having hit a new 52-week low of $11.21 earlier in the day. The stock dropped 4.4% the previous day as word got out that the Federal Reserve Bank of New York, **PIMCO** and **BlackRock** (BLK:NYSE) were among a group of investors pushing the bank to buy back billions of dollars' worth of souring mortgage loans.

>>>Read More: Bank of America Eyes Mortgage Buybacks>>>Read More:Bank of America Drops on Mortgage Buyback WoesAnalysts indicated that they had become more bearish on the stock's outlook because of negative buzz, not because of fundamentals.Oppenheimer's Chris Kotowski said Bank of America's third quarter results, reported on Tuesday, were "substantially better than we expected." Still, he downgraded Bank of America shares to "perform" from "outperform" with no price target."We have to admit that the presence of the NY Fed in a "Notice of Nonperformance" dims our enthusiasm for the stock at a time when we are generally bullish on trends in the banking industry and there are many other stocks that we like," Kotowski added.Although management tried to tamp down speculation regarding mortgage-repurchase riskduring a conference call the previous day, they highlighted uncertainty about exposure from monoline insurers and private investors. Additionally, the letter from the Fed, and others came only on Monday and wasn't factored into BofA's $13 billion buyback estimate or its $4.4 billion in liabilities.By contrast, this single group of investors is demanding that Bank of America repurchase $47 billion in mortgage-backed securities."There will be lots of suits with big numbers, and there are lots of other good stocks to own," said Kotowski, adding that Bank of America is "disproportionately exposed" to buyback risk.Stifel Nicolaus' Christopher Mustascio took similar action on Wednesday, downgrading BofA shares to "hold" from "buy," indicating that his target price of $20 may not be reached soon. Mustascio also cited Bank of America's better-than-expected quarterly performance and said the ratings action "against our better fundamental analysis/judgment.""This is a bitter pill for me," said Mustascio. "I am sure some will view this action as throwing in the towel and capitulating. That criticism is probably fair and accurate. But, the most frustrating thing to me is the fact that the downgrade is not really based on fundamentals.">>>Read More:With Banks, Analysts Still Missing the Mark**>>>Read More: Bank of America Earnings: What to Expect**>>>Read More: Bank of America Hunts for Lost Revenue Mustascio noted that BofA's results were "surprisingly and relatively solid" and that using traditional valuation methods - like price-to-normalized earnings or price-to-tangible book value - the stock is still a solid buy. However, given the rollercoaster ride that bank-stock investors have faced in recent years, they're easily spooked - and not easily convinced that management assumptions are accurate. "Does the fact the company is trading at 90% of reported tangible book value of $12.91 matter?" he asked, basing the calculation on Tuesday's close of $11.80. "It should, in our view. But, unfortunately it doesn't - at least not right now."-- Written by Lauren Tara LaCapra in New York.>To contact the writer of this article, click here: Lauren Tara LaCapra.>To follow the writer on Twitter, go to http://twitter.com/laurenlacapra.>To submit a news tip, send an email to: tips@thestreet.com.

LOAD-DATE: October 21, 2010

The Washington Post
washingtonpost.com
The Washington Post

October 20, 2010 Wednesday
Met 2 Edition

SECTION: A-SECTION; Pg. A12

DISTRIBUTION: Every Zone

LENGTH: 827 words

HEADLINE: N.Y. Fed joins cry for mortgage buybacks

BYLINE: Jia Lynn Yang;Steven Mufson

BODY:

The Federal Reserve Bank of New York has joined a group of investors demanding that Bank of America buy back billions of dollars worth of mortgage securities that are plagued with shoddy documentation and lending standards, according to people familiar with the matter.

Some of the most powerful investment groups in the country as well as the New York arm of the central bank are accusing one of Bank of America's major mortgage divisions of cutting corners when it was issuing mortgages during the housing boom and as it has been foreclosing on struggling borrowers during the bust.

If Bank of America refuses to comply, these investors could end up suing, a person familiar with the matter said.

The demand from the New York Fed and other investors sets up an unusual and high-stakes confrontation, pitting an arm of the federal government against the country's biggest bank. It also illustrates conflicting policy priorities, because it could put the Fed at odds with a bank the Treasury Department has been helping through the financial crisis over the past two years.

With this new confrontation, the government finds itself in the awkward position of being an unhappy private investor pressing for its rights to be enforced. The New York Fed holds roughly $16 billion of mortgage securities that it acquired after it bailed out American International Group.

On Tuesday, Bank of America dismissed concerns that investors will drag the bank into court for years with costly lawsuits.

"We don't see the issues that people [are] worried about, quite frankly," chief executive Brian Moynihan said in a conference call Tuesday as the bank reported a $7.3 billion third-quarter loss.

But against a backdrop of accusations that banks did not properly foreclosure on homes, a growing number of bondholders are ramping up attempts to recoup their losses from mortgage securities they bought from banks. These securities plummeted in value as home prices dropped and a massive wave of borrowers fell behind on their payments.

Attorneys for the group of investors say that affiliates of Countrywide Financial, which was bought by Bank of America in 2008, failed to service 115 pools of loans as promised after the investors bought a large swath of $47 billion worth of mortgage loans.

These investors, which also include Blackrock, Prudential, MetLife and Pimco, argue the banks have not kept accurate paperwork on the loans that were sold, a charge being investigated across the nation as details have emerged that banks may have taken shortcuts to save money and time. These concerns have prodded a handful of banks, including Bank of America, to temporarily halt foreclosure sales.

The big investment firms - which manage funds from endowments, pension funds and others - say they have also been upset that Treasury and the banks have been too quick to restructure mortgages, which hurts investors. Yet the department has left largely untouched consumer debt and home equity loans owed to the same big banks at the heart of the lending and foreclosure debacles, according to a senior executive at one of the investment companies.

Now that new document problems have emerged, one senior executive said, investors are able to allege that Countrywide didn't even own the mortgages it sold and was in violation of local real estate laws. As a result, he said, Bank of America is responsible for repurchasing the securities from investors.

Investors' fear, he said, was that "the politicians creating noise about mom and apple pie and the servicing industry will agree to all sorts of things to do right by the borrower, and the person who pays the ultimate cost is the investor."

Headlines about flawed foreclosures have added momentum for the small group of investors who have been threatening legal action for years against the banks. "We've signed up many new investors," said Tal Franklin, a lawyer.

Blackrock, Pimco and the New York Fed declined to comment. MetLife and Prudential did not return calls for comment.

On Tuesday, Bank of America said its quarterly loss was driven mainly by a $10.4 billion write-down in the value of its card services business as a result of new federal limits on debit card fees.

The company said it ended the third quarter facing $12.9 billion of claims that it should repurchase mortgages that it misrepresented.

Courts are hashing out the complex legal questions surrounding the way judges review foreclosures. On Tuesday, an emergency measure approved by Maryland's highest court empowered judges to bring in outside experts to review questionable papers.

"Nothing in this rule mandates any particular action by the court," said Alan Wilner, chairman of the Maryland Standing Committee on Rules of Practice and Procedure. "This flexibility is essential, because the context and circumstances may be different from case to case."

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Staff writers Brady Dennis and David S. Hilzenrath contributed to this report.

LOAD-DATE: October 20, 2010

LexisNexis®

The International Herald Tribune

October 21, 2010 Thursday

SECTION: FINANCE; Pg. 15

LENGTH: 1011 words

HEADLINE: Fed pressing banks to buy back bad loans;
U.S. government bought billions in mortgages as part of bailout plan

BYLINE: BY NELSON D. SCHWARTZ

DATELINE: NEW YORK

BODY:

To the long list of those picking fights with banks over bad mortgages, add the U.S. Federal Reserve.

Two years after the Fed bought billions of dollars in mortgage securities as part of the financial bailout, its New York arm is questioning the paperwork - and pressing banks to buy some of the investments back.

The Federal Reserve Bank of New York and several giant investment companies, including Pimco and BlackRock, have singled out Bank of America, which assembled more than $2 trillion of mortgage securities from 2004 to 2008.

Bank of America is already dealing with the fallout from the fight over whether foreclosures were handled properly. It insists that no foreclosures have been initiated in error, and on Monday, it announced that it would resume the foreclosure process in 23 states where court approval was required to go ahead.

But while the human toll of the foreclosure crisis has grabbed the headlines, the fight over how these loans were created in the first place could last longer and ultimately cost the banks much, much more. And it is setting the stage for a huge battle between mortgage holders like the government, hedge funds and other institutional investors on one side and the big banks on the other.

"It's very serious," said Glenn Schorr, an analyst with Nomura Securities. "The numbers are all over the map."

If the Fed and the investors succeed, it could cost Bank of America billions of dollars. On Wall Street and in bank boardrooms, the question of whether investors can force banks to buy back, or "put back," the bad mortgages to the banks that sold them is dominating the debate and worrying analysts, money managers and banking executives.

It also makes for some strange bedfellows. After all, it was the government that bailed out Bank of America - twice - during the financial crisis, the same government that includes the Fed.

And it is going to be a fight. On Tuesday, after watching its shares get pummeled again, Bank of America went on the offensive, vowing to "defend the interests of Bank of America shareholders" and hire more lawyers.

"It's loan by loan, and we have the resources to deploy in that kind of review," said Brian T. Moynihan, the Bank of America chief executive, on a conference call to discuss the bank's results for the third quarter.

Although the bank turned in better results than expected, much of the call was given over to the put-back issue. "We have thousands of people who are willing to stand and look at these loans," Mr. Moynihan told analysts. "We'd love never to talk about this again and put it behind us, but the right answer is to fight for it."

The legal battle turns on the question of whether the banks properly represented the loans they put together into mortgage-backed securities when they sold them to investors. If the banks ignored evidence that the underlying mortgages did not conform to underwriting standards or they lacked the proper paperwork, the banks could be obligated to buy the troubled mortgages back.

The Federal Reserve Bank of New York and the other large investors are pressing Bank of America to buy back a portion of the $47 billion in mortgages it originated, most of which were assembled by Countrywide Financial just before the real estate boom turned to bust in 2005, 2006 and 2007.

Countrywide, which specialized in subprime mortgages, was acquired by Bank of America in July 2008.

"People did not think bondholders would be able to organize themselves, but they can," said Kathy Patrick, a Houston lawyer who is leading the effort. "It's a large amount of money, but the principle is simple. When you promise to do something in an agreement, you should do it." A letter from Ms. Patrick detailing the claims was obtained by The New York Times.

The danger posed by angry - or opportunistic - investors' "putting back" mortgages to the banks is hardly limited to Bank of America. Other giants like Citigroup and JPMorgan Chase face similar claims, and last week JPMorgan set aside $1.3 billion just for legal costs, including put-backs.

JPMorgan has said it expects repurchases of mortgages to run about $1 billion a year, but that expense should be covered by $3 billion it has earmarked specifically for put-backs.

At Bank of America, repurchases have been running around half a billion dollars a quarter. The bank estimates total put-back claims stand at $12.9 billion as of Sept. 30. In the third quarter, Bank of America recorded an $872 million expense for put-backs.

In addition to the major institutions, hedge funds like York Capital and Moore Capital have been jumping into the game recently, buying up bad debt in the hopes it will eventually be bought back, according to traders and money managers. Both funds declined to comment.

And smaller ones are sniffing around, hoping to ride the securities higher as the fight over put-backs gathers steam.

"Any hedge fund with a distressed desk is contemplating this trade," said one analyst who insisted on anonymity. "The idea of bottom-fishing vulture funds buying this stuff up for a nickel on the dollar so they can sue the banks to get 100 cents must be pretty odious for the Treasury, which bailed out the banks in the first place."

Indeed, the group that includes the Fed is one of two coalitions that is gearing up for a fight with the banks.

But it is the recent controversy over foreclosures that has jump-started interest by pension funds, hedge funds and other players. "In the last two weeks, there has been a flood of new investors," Mr. Frey said. "We haven't even had a chance to do the arithmetic, that's how fast they're coming in."

Besides all the lawyers that billions can buy, the banks have other weapons in their arsenal. Some hedge funds and other investors are nervous about challenging the banks too forcefully, because they trade with them daily.

There is risk too for the government, despite the Federal Reserve claims. If the banks are indeed forced to spend tens of billions to buy back securities, they could turn once again to the U.S. government for help.

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October 21, 2010 Thursday
STATE/ROP EDITION

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HEADLINE: Fed gets behind bad loan buyback Investors receive big lift in BofA fight

BYLINE: Jody Shenn, BLOOMBERG NEWS

BODY:

The Federal Reserve Bank of New York joined with the biggest bond investors in the United States in seeking to force Bank of America Corp. to buy back bad home loans packaged into securities as the battle over who will bear mortgage losses intensifies.

The institution joined a group including Pacific Investment Management Co., BlackRock and Freddie Mac in a letter to the lender and to Bank of New York Mellon, trustee for $47 billion of bonds created by Bank of America's Countrywide Financial unit, people familiar with the matter said.

Countrywide failed to service loans properly, law firm Gibbs & Bruns LLP said in a statement that didn't name the firms.

The action follows foreclosure freezes that drove bank stocks lower this month as shareholders reconsidered the risks of home loans sold before the housing crash. The New York Fed acquired mortgage debt through its 2008 rescues of Bear Stearns and American International Group, and its participation may raise the odds of prevailing against Bank of America, said Scott Buchta of Braver Stern Securities LLC.

"Individual investors have been trying for years to get these big banks to buy back loans at par, and haven't had a lot of luck," said Buchta, head of investment strategy for the New York-based securities firm.

The New York Fed "in your corner, that adds weight and might give you a better chance for success."

At the same time, the letter shows the regulator must still "go through the normal channels," he said.

Freddie Mac competitor Fannie Mae joined a separate, larger consortium of bondholders collaborating through a different Texas lawyer, people familiar with matter said last month. In July, the regulator for both government-controlled mortgage companies issued 64 subpoenas seeking information on loans backing securities they bought.

Investors are stepping up efforts to recoup losses on mortgage bonds, which plummeted in value amid the worst slump in home prices since the 1930s.

The investors are among those who want lenders to buy back home mortgages that they say were marketed using misstatements about their quality. One problem can be faulty appraisals that overvalued homes.

That matter is separate from an investigation by 50 state attorneys general into whether loan servicers may have improperly foreclosed on homes.

GRAPHIC: The Federal Reserve Bank of New York's action follows foreclosure freezes that drove bank stocks lower this month as shareholders reconsidered the risks of home loans. MARIO TAMA/GETTY IMAGES

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The Wall Street Journal Asia

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HEADLINE: BofA fights pressure to buy back bad loans

BYLINE: By Dan Fitzpatrick

BODY:

Bank of America Corp. and some of its largest mortgage investors clashed as the bank vowed to fight U.S. government-backed demands that it repurchase loans that allegedly didn't meet underwriting guidelines and other promises.

The bank acknowledged receiving on Monday a letter from investors alleging that a Bank of America unit didn't properly service 115 bond deals.

The investors include Freddie Mac, the government-owned mortgage company. Freddie Mac and Fannie Mae, its larger sibling, have boosted demands on lenders over the past year to buy back defaulted loans that had been sold to and guaranteed by the mortgage titans. But the letter marks the first step by either company to force banks to buy back mortgage-backed securities that were issued by Wall Street, not by government-backed mortgage giants.

Other investors, some of them acting on behalf of their clients, include the Federal Reserve Bank of New York, Neuberger Berman Group LLC, BlackRock Inc., Western Asset Management Co. and Allianz SE's Pacific Investment Management Co., or Pimco, according to people familiar with the matter.

The Charlotte, N.C., bank hoped the lifting of its foreclosure sale moratorium would debunk fears that the mortgage process was flawed. But investors grappled with new concerns Tuesday that the bank could be overwhelmed with requests to repurchase flawed mortgages.

Chief Executive Brian Moynihanvowed to push back on the requests. "We will diligently fight this," Mr. Moynihan told analysts.

Bank of America has more repurchase requests than any of its rivals, and it services one out of every five U.S. mortgages, many of them picked up from lender Countrywide Financial Corp. in 2008.

Investors submitted $4 billion in new mortgage repurchase claims during the third quarter, the bank said. Total claims amounted to $12.8 billion at the end of the third quarter, up from $7.5 billion in the year-ago quarter. The bank has so far set aside $4.4 billion in reserves for these putback attempts, including $872 billion in the third quarter.

A majority of the claims are from Freddie Mac and Fannie Mae. The bank said it sold $1.2 trillion in loans to the government-controlled companies from 2004 to 2008 and has thus far received $18 billion in repurchase claims on those loans. The bank has resolved $11.4 billion of the $18 billion, recording a net loss of $2.5 billion on those putbacks, or 22%.

The bank may have to grapple with more losses on future claims from other investors, although Chief Financial Officer Chuck Noski wasn't willing to offer estimates.

"This is an area where there is a lot of speculation and commentary but not a lot of specific claims asserted," he said in an interview.

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