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Countrywide seeks to become savings bank

The mortgage lender says it is planning to apply to convert its charter so it will be regulated by one federal agency instead of two.

November 11, 2006 | From Bloomberg News

Countrywide Financial Corp., the biggest U.S. mortgage lender, has told regulators that it wants to apply for a federal savings bank charter so it could work with one U.S. regulator instead of two.

If the change is approved, the Countrywide Bank unit would become a federal savings bank, and the parent company would convert to a savings and loan holding company, the Calabasas-based lender said in a statement Friday. The Office of Thrift Supervision would be the sole regulator of both.

The Federal Reserve Board and the Office of the Comptroller of the Currency now supervise Countrywide's operations. National banks that are regulated by those agencies have stricter guidelines for the amount of capital they must retain because they're more exposed to commercial loans, said Mark Agah, an analyst at Portales Partners in New York.

He also noted that regulators and bankers were negotiating over how to comply with the Basel II accord, an international agreement to create one set of rules for global banks.

"The capital restrictions under Basel II are a lot less onerous if you're a thrift than for a bank, so this shouldn't come as a surprise," Agah said. "Countrywide is arguably more of a thrift than Washington Mutual," the nation's biggest savings and loan, he said.

To be considered a thrift, a lender has to have 85% or more of its lending operations tied to residential real estate, and Countrywide fits that criteria, Agah said.

The company said it would announce the timing of the filing of its application in the near future.

"We believe that the [Office of Thrift Supervision's] focus on the housing market and its unitary supervisory approach aligns more closely with Countrywide's existing business activities," Chairman and Chief Executive Angelo R. Mozilo said in the statement.

Countrywide's shares rose \$1.06 on Friday to \$39.88.

Reuters was used in compiling this report.