

**IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT  
IN AND FOR BROWARD COUNTY, FLORIDA**

**OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LEGAL AFFAIRS,  
STATE OF FLORIDA,**

**Plaintiff,**

**vs.**

CASE No. 08-55007 (18)

**COUNTRYWIDE FINANCIAL CORPORATION,  
A Delaware corporation and COUNTRYWIDE  
HOME LOANS, INC., a New York corporation,**

**Defendants.**

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**CONSENT JUDGMENT**

Plaintiff, OFFICE OF THE ATTORNEY GENERAL DEPARTMENT OF LEGAL AFFAIRS, STATE OF FLORIDA, and Defendants COUNTRYWIDE FINANCIAL CORPORATION and COUNTRYWIDE HOME LOANS, INC., have agreed to the entry of this CONSENT JUDGMENT by the Court without trial or adjudication of any issue of fact or law, and without admission of any of the violations of the statutes as alleged in the Complaint.

**I. PARTIES**

1. Plaintiff, OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LEGAL AFFAIRS, STATE OF FLORIDA, is charged, inter alia, with the enforcement of the Deceptive and Unfair Trade Practices Act, Florida Statute §501, Part II.

2. Defendant COUNTRYWIDE FINANCIAL CORPORATION, a Delaware Corporation, is a thrift holding company.

3. Defendant COUNTRYWIDE HOME LOANS, INC., a New York Corporation and a wholly-owned subsidiary of Defendant COUNTRYWIDE FINANCIAL CORPORATION, is a registered foreign corporation in the State of Florida.

4. For purposes of this Consent Judgment, "Countrywide" means Defendants COUNTRYWIDE FINANCIAL CORPORATION and COUNTRYWIDE HOME LOANS, INC.

## II. BACKGROUND

A. On June 30, 2008, the State of Florida filed a Complaint for a permanent injunction and other relief against Defendants COUNTRYWIDE FINANCIAL CORPORATION, COUNTRYWIDE HOME LOANS, INC., and ANGELO R. MOZILO (Case Number 08-30105 (03), Seventeenth Judicial Circuit). On or about September 23, 2008, a Notice of Removal was filed to the United States District Court for the Southern District of Florida (Case Number 08-61511-Civ-Altonaga/ Brown). Subsequent to this removal, the Parties to this Consent Judgment entered into negotiations to settle the present dispute, negotiations which ultimately resulted in an agreement to file a new Complaint and Consent Judgment in state court. This Complaint and Consent Judgment are being filed this 10 day of November, 2008. The parties to this Consent Judgment will seek the dismissal of the action in federal court as it pertains to Defendants COUNTRYWIDE FINANCIAL CORPORATION and COUNTRYWIDE HOME LOANS, INC.

B. On July 1, 2008, Bank of America Corporation, a Delaware Corporation, announced that it had completed its purchase of COUNTRYWIDE FINANCIAL

CORPORATION, which included COUNTRYWIDE HOME LOANS, INC. In connection with the acquisition, Bank of America Corporation also announced that it would suspend offering subprime or higher priced mortgages or nontraditional forward mortgages that may result in negative amortization – such as Pay Option ARMs. In addition, Bank of America Corporation also stated that COUNTRYWIDE would place restrictions on offering “low documentation” and “no documentation” mortgage loans and set limits on mortgage broker compensation.

C. The State of Florida and COUNTRYWIDE have agreed to entry of this Consent Judgment to resolve all claims regarding the business practices identified in the Complaint for events occurring before the entry of this Consent Judgment, only as to the Defendants included herein, specifically not including ANGELO R. MOZILO.

### III. FINDINGS

A. COUNTRYWIDE, at all times relevant hereto, engaged in trade and commerce in the State of Florida, within the meaning of the Florida Statute, Section 501, Part II, Deceptive and Unfair Trade Practices, including, but not limited to, Broward County, in that it advertised, solicited, offered for sale, and provided residential mortgages and services associated with residential mortgages to Florida consumers.

B. The State of Florida, by and through its Complaint, has alleged that COUNTRYWIDE has engaged in unfair and deceptive acts or practices in the conduct of trade and commerce, in violation of Florida Statute, Section 501, Part II of the Deceptive and Unfair Trade Practices Act. COUNTRYWIDE denies the allegations of the Complaint, denies that it engaged in unfair and deceptive acts or practices in the conduct of trade and commerce in violation of these statutes and denies that it engaged in any wrongful or inappropriate conduct.

C. Entry of this Judgment does not constitute a finding of liability against COUNTRYWIDE and COUNTRYWIDE denies any and all allegations. To avoid the delay, expense, inconvenience and uncertainty of protracted litigation of the State of Florida's claim for injunctive and other relief, COUNTRYWIDE has consented to the entry of the instant Consent Judgment for the purposes of this settlement only, without this Consent Judgment constituting evidence against or any admission by any of the Defendants included in this Consent Judgment, which does not include Defendant, ANGELO R. MOZILO, and without trial of any issue of fact or law on the issues specifically addressed and released herein.

D. This Court has jurisdiction over the subject matter of the Complaint filed herein and over the parties to this Consent Judgment.

E. No later than 10 days after the Commencement Date, CFC shall pay Five Hundred Thousand Dollars (\$500,000.00) to the State of Florida, to cover attorney's fees and investigative costs. CFC will pay this amount to the Department of Legal Affairs Revolving Trust Account.

**IV. INJUNCTIVE RELIEF REGARDING LENDING PRODUCTS OFFERED BY COUNTRYWIDE**

NOW THEREFORE, on the basis of these findings, and for the purpose of effecting this Consent Judgment,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

**V. DEFINITIONS.**

5.1 **Usage.** The following rules apply to the construction of Articles V through XIII of this Consent Judgment:

- (a) the singular includes the plural and the plural includes the singular;
- (b) "include" and "including" are not limiting;

(c) the headings of the Articles and subarticles are for convenience and shall not constitute a part of Articles V through XIII of this Consent Judgment, and shall not affect the meaning, construction or effect of the applicable provisions of Articles V through XIII of this Consent Judgment;

(d) a reference in Articles V through XIII of this Consent Judgment or any Schedule to any Article, Exhibit, or Schedule without further reference is a reference to the relevant Article, Exhibit, or Schedule to Articles V through XIII of this Consent Judgment; and

(e) words such as “hereunder”, “hereto”, “hereof” and “herein” and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of Articles V through XIII of this Consent Judgment and not to any particular Article, subarticle or clause hereof.

5.2 **Defined Terms.** The following capitalized terms shall have the following meanings in Articles V through XIII of this Consent Judgment unless otherwise required by the context or defined:

“**Affiliate**” means, with respect to any company, any company that controls, is under common control with, or is controlled by such company.

“**Affordability Equation**” has the meaning given to such term in Article 8.4.

“**Alt-A Residential Mortgage Loans**” means CFC Residential Mortgage Loans that are (a) not owned by a GSE; (b) not Subprime; (c) not a Pay Option ARM; (d) less than \$400,000 in original principal amount, and (d) including documentation or other characteristics that make such loans not Federal Eligible.

“**Annual Increase**” means, with respect to any stated rate of interest, an annual increase in the stated rate of interest such that the aggregate scheduled payments of principal (if applicable) and interest in any year does not increase by more than 7.5% of the aggregate scheduled payments of principal and interest in the preceding year, subject to any stated interest rate cap.

“**ARMs**” means adjustable rate first-lien residential mortgage loans.

“**BAC**” means Bank of America Corporation.

“**Borrower**” means, with respect to any owner-occupied CFC Residential Mortgage Loan, the obligors(s) on such loan. No covenants or commitment herein is intended to require a CFC Servicer to deal with more than one obligor on behalf of any Borrowers with respect thereto.

“**CFC**” means Countrywide Financial Corporation.

“**CFC-Originated**” means, with respect to any residential mortgage loan, that such residential mortgage loan is a first-lien residential mortgage that was originated on a retail basis directly or indirectly by CFC or its subsidiaries or through brokers in their wholesale lending channels. “**CFC-Originated**” residential mortgage loans do not include CFC Purchased Loans.

“**CFC Purchased Loans**” means any first-lien residential mortgage loan originated by unaffiliated third parties and directly or indirectly purchased by CFC or its subsidiaries through their correspondent lending channels or otherwise, provided that such loan is serviced by a CFC Servicer. “**CFC Purchased Loans**” do not include CFC-Originated residential mortgage loans.

“**CFC Residential Mortgage Loans**” means any (i) CFC-Originated first-lien residential mortgage loans, or (ii) CFC Purchased Loans, so long as, in each case, such loans are serviced by a CFC Servicer.

“**CFC Servicer**” means CFC or any Affiliate of CFC that services CFC Residential Mortgage Loans.

“**CLTV**” means, with respect to a first-lien residential mortgage loan as of the time underwritten, the ratio of the sum of the unpaid principal balance of such mortgage loan plus the unpaid principal balance on any second-lien mortgage, and the Market Value of the residential property that secures such mortgages.

“**Commencement Date**” means the date on which the Court approves this Consent Judgment.

“**Delinquent Borrower**” means, with respect to any Borrower, that the related CFC Residential Mortgage Loan (a) is Seriously Delinquent on or before the Termination Date, or (b) is subject to an imminent reset or Recast and, in the reasonable view of the CFC Servicer, as a result of such reset or Recast is reasonably likely to become Seriously Delinquent on or before the Termination Date.

“**Eligible Borrower**” has the meaning given to such term in Article 8.1.

“**Fannie Mae**” means Federal National Mortgage Association.

“**Fannie Rate**” means, as of any date, the Fannie Mae 30-year fixed rate 60-day delivery required net yield as of such date or if such rate is for any reason not available, a comparable rate published by another nationally recognized source.

“**Federal Eligible**” means, with respect to any first-lien residential mortgage loan that, at the time of origination, (a) such loan is or was eligible for sale to, or guaranty or insurance by, a federal agency, GSE or comparable federally-sponsored entity similar to a GSE, under then applicable guidelines of such agency, GSE or entity, or (b) such loan was made in connection with a program intended to qualify for credit under the Community Reinvestment Act of 1977.

**“Foreclosure Avoidance Budget”** has the meaning given to such term in Article 8.4(a).

**“Foreclosure Relief Program”** means the program under which certain Borrowers will be offered payments, as set forth in Article X.

**“Freddie Mac”** means Federal Home Loan Mortgage Corporation.

**“GSE”** means a government-sponsored enterprise such as Fannie Mae or Freddie Mac.

**“Interest Rate Floor”** means, with respect to modification of a Qualifying Mortgage hereunder, (a) a rate of 3.5% per annum if the modification results in an interest-only payment; or (b) a rate of 2.5% per annum if the modification results in a fully amortizing payment.

**“LTV”** means, with respect to a first-lien residential mortgage loan as of the time reviewed for eligibility for modification, the ratio of the unpaid principal balance of such mortgage loan and the Market Value of the residential property that secures such mortgage.

**“Market Value”** means, with respect to any residential mortgage loan, the value of the residential property that secures such mortgage loan as determined by a lender or servicer in reliance on an appraisal (whether based on a appraisal report prepared not more than 180 days before the date of determination, broker price opinion prepared not more than 120 days before the date of determination or automated valuation model prepared not more than 90 days before the date of determination).

**“Pay Option ARMs”** means ARMs that, during an initial period (and subject to Recast), permit the borrower to choose among two or more payment options, including an interest-only payment and a minimum (or limited) payment.

**“Qualifying Mortgage”** has the meaning given to such term in Article 8.2.

**“Recast”** means, in the case of a Pay Option ARM, a contractual payment recast to a fully amortizing loan based on a negative amortization trigger.



“**Relocation Assistance payment**” has the meaning given to such term in Article 9.1.

“**Seriously Delinquent**” means, with respect to any residential mortgage loan, that payments of interest or principal are 60 or more days delinquent.

“**Seriously Delinquent Borrower**” means, with respect to any Borrower that, on or before the Termination Date, the related CFC Residential Mortgage Loan is Seriously Delinquent.

“**Subprime 2, 3, 5, 7 and 10 Hybrid ARMs**” means Subprime Mortgage Loans that are 2, 3, 5, 7 and 10 Hybrid ARMs.

“**Subprime Mortgage Loans**” means first-lien residential mortgage loans that (a) combine higher risk features (such as low or no documentation, low equity, adjustable interest rates, prepayment penalties, cash-out financing) with higher risk borrower profiles (lower FICO scores, recent bankruptcies/foreclosures, major derogatory credit), resulting in a loan that could not reasonably be underwritten and approved as a “prime” loan. An existing CFC Residential Mortgage Loan would be a “**Subprime Mortgage Loan**” if it is identified as such in connection with a securitization in which it is part of the pool of securitized assets or, in the case of a CFC Residential Mortgage Loan that is not included in a securitization, was classified as being “subprime” on the systems of CFC and its subsidiaries on June 30, 2008.

“**Termination Date**” means June 30, 2012.

## VI. **CFC SOLE OBLIGOR ON ALL OBLIGATIONS IN THIS CONSENT JUDGMENT.**

6.1 **Responsibility of CFC.** Until the Termination Date (or such earlier date as is specified herein), CFC is responsible to the other parties hereto for performance of all of the undertakings in this Consent Judgment, including the changes to the residential mortgage lending practices described in Article VII, the loan modification programs described in Article VIII, the

Relocation Assistance payments described in Article IX, the Foreclosure Relief Program described in Article X and the reporting obligations described in Article XI.

6.2 **Absence of Defenses.** It is not a condition to the performance of the obligations of CFC hereunder that it does not directly or indirectly engage in the business of originating residential mortgage loans or is in the business of servicing residential mortgage loans. CFC is responsible for the conduct of CFC Affiliates and CFC Servicers as specified hereunder whether or not it controls such CFC Affiliates or CFC Servicers and the absence of such control shall not be a defense to or otherwise excuse CFC's failure to perform hereunder.

6.3 **Remedies for Failure of CFC to Cause Performance.** If there is a material failure to perform the obligations under the loan modification programs described in Article VIII, the Relocation Assistance payments described in Article IX, the Foreclosure Relief Program described in Article X or the reporting obligations described in Article XI and such failure is not promptly cured after notice by the State of Florida, then the State of Florida may seek enforcement of the Consent Judgment under Article 13.4 or, in the alternative, terminate this Consent Judgment. If the State of Florida elects to terminate this Consent Judgment, it shall no longer be bound by the release set forth in Article 12.2.

## VII. **SERVICER PRACTICES.**

Until the Termination Date, CFC shall be responsible for the implementation of the following by CFC Affiliates with respect to CFC Residential Mortgage Loans with respect to Borrowers in the State of Florida:

### 7.1 **Enhanced Home Retention Practices.**

(a) CFC Servicers will maintain robust processes for early identification and contact with Borrowers who are having, or may have, trouble making their payments on CFC Residential Mortgage Loans. Under these processes, when contact is made with Delinquent Borrowers, an individualized evaluation of the Borrowers' economic circumstances will be made to determine if alternatives to foreclosure are available, and consistent with the directions of the investors, if applicable.

(b) CFC Servicers will maintain the current practice of offering loan modifications or other workout solutions to Borrowers who are 30 days or more delinquent in their payments, who desire to remain in their homes and who can afford to make reasonable mortgage payments subject to applicable investor guidance and approvals.

(c) CFC's reports to the State under this Consent Judgment will include information on the numbers and types of workouts concluded on loans secured by Borrower-occupied properties in the State of Florida.

(d) CFC Servicers will continue the current practice of regularly monitoring the delinquency characteristics of the entire portfolio of CFC Residential Mortgage Loans, including Alt-A Residential Mortgage Loans, loans with interest-only features, and other loans to prime borrowers, to identify high-delinquency segments that may be appropriate for loan modification campaigns. CFC shall be responsible for providing reports to the State of Florida on the delinquency characteristics of such loans, as provided herein.

(e) With respect to Alt-A Residential Mortgage Loans, CFC acknowledges that the State of Florida has expressed concerns about future delinquencies, and agrees to

provide the State of Florida a notification whenever the nationwide rate at which Borrowers on Alt-A Residential Mortgage Loans are 30 days or more delinquent in their payments exceeds 150% of the delinquency rate for comparably-aged FHA-insured loans serviced by CFC Servicers. If such notice is required, CFC agrees to confer with the State of Florida, concerning Alt-A Residential Mortgage Loans delinquency trends, including whether delinquencies are isolated in certain segments of the Alt-A Residential Mortgage Loans portfolio (e.g., loans with interest-only features, loans originated at high CLTV), and concerning the possible deployment of streamlined foreclosure avoidance solutions for such Borrowers.

(f) Through July 1, 2009, a minimum of 3900 personnel shall be employed to assist Borrowers with loan modifications and other foreclosure avoidance measures.

(g) CFC Servicers will ensure that the values in any AVM system used to generate electronic appraisals are regularly updated and periodically validated so as to provide reasonable assurance as to the accuracy of resulting valuations. Any validation will, as appropriate, include back-testing of a representative sample of valuations against market data on actual sales (where sufficient information is available).

(h) Although the scope of the loan modification program in this Order is limited to certain first lien Qualifying Mortgages, CFC acknowledges that (i) many Eligible Borrower-occupied 1-to-4 unit residential properties are subject to second lien mortgages and (ii) the existence of such junior liens may reduce the incentive of Borrowers to remain in their homes and may impair Eligible Borrowers' ability to refinance Qualifying Mortgages. CFC confirms that it is engaged in developing best servicing practices with respect to first lien Qualifying Mortgages secured by Eligible

Borrower-occupied 1-to-4 unit residential properties that are subject to second lien mortgages.

7.2 **Compliance.** Understanding the circumstances and behaviors of lenders and brokers that may have contributed, in part, to the current mortgage crises, CFC recognizes its responsibility to ensure the very highest degree of ethical conduct on the part of CFC's agents and employees. CFC shall ensure that, (a) to the extent it resumes subprime lending, it will design and implement an effective compliance management program to provide reasonable assurance as to the identification and control of consumer protection hazards associated with such subprime lending activities, and (b) to the extent of its own lending activities (if any), it will create appropriate consumer safeguards to avoid unfair or deceptive activities or practices arising in connection with its interaction with brokers and other third parties.

#### VIII. **LOAN MODIFICATIONS FOR DELINQUENT BORROWERS IN CERTAIN MORTGAGE PRODUCTS.**

Until the Termination Date, CFC shall be responsible for ensuring that CFC Servicers do the following:

8.1 **Eligible Borrowers.** An "**Eligible Borrower**" is a Borrower who has a Qualifying Mortgage with a first payment date on or before December 31, 2007, that (a) is secured by an owner-occupied 1-4 unit residential property, (b) is serviced by a CFC Servicer, and (c) in the event that it is determined that a condition described in Article 8.10 has occurred, the applicable CFC Servicer has determined that such Borrower is in financial distress. Eligible Borrowers are potentially eligible for loan modification relief under this Article VIII. A Borrower who does not occupy the 1-4 unit residential property that secures the Qualifying Mortgage is not an "**Eligible Borrower.**"

8.2 **Qualifying Mortgages.** The following CFC Residential Mortgage Loans are “**Qualifying Mortgages**” if the Borrower is an Eligible Borrower and the Borrower meets one of the specified delinquency profiles:

(a) **Subprime 2, 3, 5, 7 and 10 Hybrid ARMs.** A Subprime 2, 3, 5, 7 and 10 Hybrid ARM if the Eligible Borrower meets any one of the following delinquency profiles at the time considered for loan modification:

(i) The Eligible Borrower is a Seriously Delinquent Borrower and the LTV is 75% or more; or

(ii) The Eligible Borrower is a Delinquent Borrower and the LTV is 75% or more.

(b) **Pay Option ARMs.** A Pay Option ARM if the Eligible Borrower meets any one of the following delinquency profiles at the time considered for loan modification:

(i) The Eligible Borrower is Seriously Delinquent and the LTV is 75% or more; or

(ii) The Eligible Borrower is a Delinquent Borrower and the LTV is 75% or more.

(c) **Subprime First Mortgage Loans (Other than 2, 3, 5, 7 and 10 Hybrid ARMs).** A Subprime CFC Residential Mortgage Loan if the Eligible Borrower is a Seriously Delinquent Borrower and the LTV is 75% or more.

8.3 **Loan Modifications to Be Considered.** Each Eligible Borrower shall be considered for a range of affordable loan modification options with respect to his or her

Qualifying Mortgage. The loan modification options will include at least those described below and existing modification options currently undertaken by CFC, and are, subject, as applicable, to approval of the investor who owns the Qualifying Mortgage consistent with the Affordability Equation, as set forth in Article 8.4. Loan modification options for each category of Qualifying Mortgages are as follows:

(a) **Subprime 2, 3, 5, 7 and 10 Hybrid ARMs.** Qualifying Mortgages that are Subprime 2, 3, 5, 7 and 10 Hybrid ARMs will be eligible for loan modifications as follows:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program.

(ii) For Eligible Borrowers (A) who become Seriously Delinquent following a reset or Recast, or (B) who are subject to an imminent reset or Recast and, in the reasonable view of the CFC Servicer, as a result of such reset or Recast are reasonably likely to become Seriously Delinquent on or before the Termination Date (even though they are not Seriously Delinquent at the time of the modification), an unsolicited (subject to Article 8.10) restoration of the introductory rate for five years, without new loan documentation or an evaluation of the Eligible Borrower's current income. Communications to Eligible Borrowers informing them of this modification will invite Eligible Borrowers to contact the applicable CFC Servicer if they do not believe they will be able to afford the introductory rate in order to be considered for more extensive relief under Articles 8.3(a)(iii) and 8.3(a)(iv)).

(iii) A streamlined, fully-amortizing loan modification subject to the Affordability Equation consisting of:

(A) until the fifth anniversary of the loan modification, a reduction of the interest rate to the (1) introductory rate or (2) lower (but not less than 3.5%); and

(B) on the fifth anniversary of the loan modification, an automatic conversion to a fixed rate mortgage for the remainder of the loan term at the higher of (1) the Fannie Rate and (2) the introductory rate. If the new payment amount would not be affordable to the Eligible Borrower based on his or her income at the time of conversion, the Eligible Borrower will be considered for a single two year period of reduced-rate financing (in which case the conversion to a fixed rate mortgage will occur at the end of the seventh year).

(iv) A streamlined loan modification subject to the Affordability Equation consisting of:

(A) modification of the Qualifying Mortgage to include a ten-year interest-only period;

(B) reduction of the interest rate to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest-rate cap as provided below in Article 8.3(a)(iv)(C); and



(C) an interest-rate cap for the remaining, fully-amortizing term of the Qualifying Mortgage at an annual interest rate equal to the introductory rate.

(b) **Pay Option ARMs.** Qualifying Mortgages that are Pay Option ARMs are eligible for the following loan modifications:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program; or

(ii) A streamlined loan modification subject to the Affordability Equation consisting of:

(A) elimination of the negative amortization feature;

(B) optional introduction of a ten-year interest-only period on the loan;

(C) reduction of the interest rate to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest rate cap of 7%; and

(D) if the Eligible Borrower owns only one residential property and the LTV is 95% or higher, a write down of the principal balance of the Qualifying Mortgage (but any write down of principal would not be in an amount greater than necessary to achieve an LTV of 95%).

(c) **Subprime Loans (Other than 2, 3, 5, 7 and 10 Hybrid ARMs).**

Qualifying Mortgages that are Subprime Loans (Other than 2, 3, 5, 7 and 10 Hybrid ARMs) are eligible for the following loan modifications:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program; or

(ii) A streamlined loan modification within the limits of the Affordability Equation consisting of:

(A) optional introduction of a ten-year interest-only period on the loan;

(B) reduction of the interest rate on the mortgage to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest rate cap as provided below in Article 8.3(c)(ii)(C); and

(C) an interest-rate cap for the remaining term of the Qualifying Mortgage at an annual interest rate equal to (i) the fixed interest rate *less* 200 basis points, in the case of fixed-rate loans, and (ii) the remainder of the sum of the contractual index amount *plus* spread immediately before the first loan modification, *minus* 200 basis points, in the case of an ARM.

8.4 **Affordability Equation.** Qualifying Mortgages will be considered for loan modifications in accordance with the following Affordability Equation, which establishes a Foreclosure Avoidance Budget that is a cap on the cost of the loan modification.

(a) **Foreclosure Avoidance Budget.** Except for Eligible Borrowers who receive an unsolicited reduction of their interest rates pursuant to Article 8.3(a)(ii), a Foreclosure Avoidance Budget will be prepared with respect to the Eligible Borrower and the Qualifying Mortgage. The “**Foreclosure Avoidance Budget**” at any time is the difference between (i) the likelihood and severity of the projected loss in a foreclosure sale and (ii) the likelihood and severity of the projected loss in the event that there was a loan modification with respect to the Qualifying Mortgage and a later foreclosure sale. For purposes of determining the Foreclosure Avoidance Budget for a Qualifying Mortgage, the LTV will be based on the Market Value.

(b) **Affordability Criteria.**

(i) Subject to the Foreclosure Avoidance Budget, if tax and insurance escrows are maintained with respect to the Qualifying Mortgage, the Eligible Borrower will be offered a loan modification that produces a first-year payment of principal (if applicable), interest, taxes and insurance equating to 34% of the Eligible Borrower’s income, or as close to 34% of the Eligible Borrower’s income as the Foreclosure Avoidance Budget permits without exceeding 42% of the Eligible Borrower’s income.

(ii) Subject to the Foreclosure Avoidance Budget, if tax and insurance escrows are not maintained with respect to a Qualifying Mortgage, the Eligible Borrower will be offered a loan modification that produces a first-year payment of principal (if applicable) and interest equating to 25% of the Eligible Borrower’s income, or as close to 25% of the Eligible Borrower’s income as the Foreclosure

Avoidance Budget permits without exceeding 34% of the Eligible Borrower's income.

(c) **Borrowers Who Cannot Afford a Loan Modification.** There is no obligation to offer loan modifications with respect to Qualifying Mortgages if the Eligible Borrower cannot be qualified under the Affordability Equation. Such Eligible Borrowers may be eligible for a Relocation Assistance payment or a payment under the Foreclosure Relief Program, all as provided in Articles IX and X.

8.5 **Outreach to Borrowers at Risk of Delinquency.** Borrowers under Subprime Mortgage Loans or Pay Option ARMs with first-payment due dates between January 1, 2004 and December 31, 2007, whose payments are scheduled to change as a result of an interest-rate reset, Recast, or expiration of an interest-only term, will be sent a communication approximately ninety (90) days before the payment change inviting them to contact their CFC Servicer if they believe they will not be able to afford their new payments. In the event that a borrower responds to this communication, the borrower will be considered for loan modifications under the eligibility criteria in Article VIII of this Consent Judgment.

8.6 **Restrictions on Initiation or Advancement of Foreclosure Process for Eligible Borrowers.**

(a) The foreclosure process for a Qualifying Mortgage of an Eligible Borrower will not be initiated or advanced for the period necessary to determine such Eligible Borrower's interest in retaining ownership and ability to afford the revised mortgage terms, as well as the investor's willingness to accept a loan modification.

(b) Any such foreclosure process will be initiated or advanced only if:

(i) it is determined, based on communication with the Borrower or based on the Borrower's abandonment of the residential property that secures the mortgage loan, that the Borrower does not wish to retain ownership of the residence that secured the mortgage loan;

(ii) it is or has been determined that the Borrower cannot be qualified for, or has refused, a loan modification under Article VIII of this Consent Judgment within the limits of the Affordability Equation, as applicable; or

(iii) despite reasonable efforts, servicing agents have been unable to make contact with the borrower to determine his or her preferences with regard to home ownership, or to obtain information concerning his or her income and ability to afford a mortgage payment under a modification.

#### 8.7 **Miscellaneous Provisions Related to Loan Modification Program.**

(a) **Commitment to Waive Late/Delinquency Fees.** Any late/delinquency fees associated with overdue loan payments remaining unpaid as of the date immediately before modification of the Qualifying Mortgage under Article VIII of this Consent Judgment will be waived.

(b) **Commitment Not to Charge Loan Modification Fees.** Except to the extent required in connection with the HOPE for Homeowners Program, Eligible Borrowers will not be charged loan modification fees in connection with loan modifications of Qualifying Mortgages hereunder.

(c) **Prepayment Penalty Waivers.** Prepayment penalties will be waived in connection with any payoff or refinancing (even if refinanced by a person not Affiliated

with CFC) of a Qualifying Mortgage that is a Subprime Mortgage Loan or Pay Option ARM that (i) had a first payment due date between January 1, 2004 and December 31, 2007, (ii) was directly or indirectly held by CFC on June 30, 2008, and (iii) which at the time of the payoff or refinancing is held by CFC or any Affiliate. Investor owners or their representatives of Qualifying Mortgages that are Subprime Mortgage Loans or Pay Option ARMs serviced by a CFC Servicer will be encouraged to waive prepayment penalties in such circumstances.

(d) **Commitment to Consider Additional Relief for Borrowers Receiving Modifications and Later Becoming Delinquent.** Eligible Borrowers with respect to Qualifying Mortgages who have earlier received loan modifications or other workouts, whether or not pursuant to Article VIII of this Consent Judgment, will be eligible to be considered for new loan modification offers under Article VIII of this Consent Judgment if they otherwise satisfy the eligibility criteria.

(e) **Representation Concerning Investor Delegation and Approval.** CFC represents that CFC Servicers currently have, or reasonably expect to obtain, discretion to pursue the foreclosure avoidance measures outlined in Article VIII of this Consent Judgment for a substantial majority of Qualifying Mortgages. If CFC Servicers do not have discretion to pursue these foreclosure avoidance measures, best efforts will be used to obtain appropriate investor authorization.

#### **8.8 Commitment to Implement Relief Measures Authorized by Federal Government.**

(a) **Government Acquisition of Qualifying Mortgages.** To the extent the federal government acquires any Qualifying Mortgages and, as the owner of these

mortgages, authorizes loan modifications that offer borrower benefits greater than those associated with the modifications outlined in Article VIII of this Consent Judgment, relief measures will be pursued in modifying such Qualifying Mortgages to the full extent of such authorization.

(b) **Government-Issued Guidelines Relating to Loan Modifications.** To the extent any federal agency, in connection with its intervention in the secondary mortgage market or otherwise having jurisdiction, issues guidelines relating to modifications of delinquent mortgages, Article VIII of this Consent Judgment will be implemented in a manner that, to the maximum extent feasible, produces modifications consistent with such guidelines.

8.9 **Timeframe for Loan Modification Process.** The loan modification process will be managed to ensure that offers of loan modifications under Article VIII of this Consent Judgment (other than unsolicited interest rate reductions) are made to Eligible Borrowers, on average, no more than 60 days after such Eligible Borrowers make contact with the applicable CFC Servicer and provide any required information concerning a possible modification.

8.10 **Response to Intentional Nonperformance by Borrowers.** If CFC detects material levels of intentional nonperformance by Eligible Borrowers that appears to be attributable to the introduction of the loan modification program, it reserves the right to require objective prequalification of Eligible Borrowers for loan modifications under the program by obtaining verification of all sources of income and the application of funds and to take other reasonable steps. Such prequalification could result in the elimination of unsolicited interest rate reductions, inhibit streamlined solutions and could otherwise significantly slow implementation of the loan modification program.

8.11 **No Releases with respect to Loan Modifications.** In connection with loan modifications offered under Article VIII of this Consent Judgment, no releases of claims will be solicited or required from Eligible Borrowers.

8.12 **Number of Loan Modification Offers before March 31, 2009.** On or before March 31, 2009, loan modifications will be offered by CFC Servicers in accordance with Article VIII of this Consent Judgment to not fewer than 50,000 Seriously Delinquent Borrowers on a nationwide basis. The State of Florida may terminate this Consent Judgment and no longer be bound by the release set forth in Article 12.2 of this Consent Judgment if there is a material failure to satisfy this commitment. If the State of Florida terminates this Consent Judgment hereunder, the State of Florida will repay to CFC any portion of the Foreclosure Relief Program allocation that the State has directed be paid to it or on its behalf (other than to Eligible Borrowers) as provided in Article X.

8.13 **Second or Junior Liens.** Loan modifications contemplated in Article VIII of this Consent Judgment shall be made without consideration of second or junior liens on mortgaged properties. CFC does not expect that the presence of second or junior liens will impede Eligible Borrowers from receiving a loan modification offer under Article VIII of this Consent Judgment.

#### IX. **RELOCATION ASSISTANCE PROGRAM.**

Through the Termination Date, payments will be provided to borrowers who are unable to retain their homes in accordance with this Article IX.

9.1 **Eligibility.** Borrowers under CFC Residential Mortgage Loans that were serviced by a CFC Servicer on June 30, 2008 (whether or not they are Qualifying Mortgages), are currently serviced by a CFC Servicer and are subject to a foreclosure sale date on or before the



Termination Date, will be offered an agreement under which they can receive a cash payment to assist with the Borrower's transition to a new place of residence ("**Relocation Assistance payment**") in exchange for voluntarily and appropriately surrendering the residence that secures the mortgage loan at the time of the foreclosure sale. Borrowers who are eligible for, or receive, payments under the Foreclosure Relief Program may also receive a Relocation Assistance payment. It is the intent and understanding of the Parties that Relocation Assistance is only payable to ensure voluntary surrender of foreclosed residential real estate serviced by CFC Servicers after the foreclosure sale.

9.2 **Amount.** The amount of Relocation Assistance payments offered to any Borrower will be in the discretion of CFC or its delegee according to its or their assessment of the individual circumstances of the Borrower (e.g., number of dependents or amount of moving expenses).

9.3 **Timing of Payments.** Relocation Assistance payments shall be made to a Borrower no later than fourteen days following the Borrower's voluntary and appropriate surrender of the residence that secures the mortgage loan.

9.4 **Payment Projection.** CFC projects that, from October 1, 2008 through December 31, 2010, Relocation Assistance payments will be made to 35,000 borrowers in a total amount of more than \$70,000,000 on a nationwide basis.

## X. **FORECLOSURE RELIEF PROGRAM.**

Payments shall be made available to borrowers who experienced a foreclosure sale, or who were 120 days or more delinquent in making mortgage payments soon after their loans were originated or after an interest rate reset, in accordance with this Article X. CFC and the State of

Florida shall consult as to the form of any communication sent to Borrowers who receive Foreclosure Relief Program payments.

10.1 **Payment.** The State of Florida is allocated Twenty Million, Nine Hundred Seventy Eight Thousand, Four Hundred Ninety-Seven Dollars (\$20,978,497) under the Foreclosure Relief Program.

10.2 **Individual Allocation.** A Borrower will be eligible for payments under the Foreclosure Relief Program if the Borrower:

- (a) Has a CFC-Originated Residential Mortgage Loan secured by owner-occupied property;
- (b) The first payment on the CFC-Originated Residential Mortgage Loan was due between January 1, 2004 and December 31, 2007;
- (c) Six or fewer payments were made on the CFC-Originated Residential Mortgage Loan; and
- (d) The CFC-Originated Residential Mortgage Loan was foreclosed or is 120 days or more delinquent as of the Commencement Date.

The State of Florida may expand the Foreclosure Relief Program to cover additional Borrowers or limit the Foreclosure Relief Program to restrict the participation of Borrowers (provided that at least those borrowers who made three or fewer payments over the life of the CFC-Originated Residential Mortgage Loan are covered). The Office of the Florida Attorney General may reserve as much as 25% of the \$20,978,497 for foreclosure relief, foreclosure mitigation or related programs other than payments to defaulted borrowers.

10.3 **Release.** In order to receive payments under the Foreclosure Relief Program, Borrowers will be required to execute a release in accordance with Article 12.1. Borrowers offered payments under this Foreclosure Relief Program whose loans have not yet been foreclosed shall be afforded at least a three month period to decide whether to execute the release to permit them to determine whether they wish to raise claims covered by the release.

10.4 **Unallocated Funds.** Funds allocated to Borrowers in the State of Florida who choose not to participate in the Foreclosure Relief Program or who cannot be located after commercially reasonable efforts shall be available to the State of Florida for re-allocation to Borrowers under this program at the direction of the State of Florida.

## XI. **REPORTING REQUIREMENTS.**

### 11.1 **Eligible Borrowers in Qualifying Mortgages.**

(a) On a quarterly basis through June 30, 2010, CFC shall report the following information to the State of Florida:

(i) The names and addresses of Eligible Borrowers in the State of Florida in Qualifying Mortgages who received loan modification offers under Article VIII of this Consent Judgment, and for whom loan modifications were concluded;

(ii) For all loan modifications under Article VIII of this Consent Judgment concluded within the reporting period in the State of Florida, the original and modified loan terms, and the amounts of late/delinquency fees waived, loan modification fees waived, and prepayment penalties waived by CFC pursuant to Article VIII of this Consent Judgment;

(iii) For a sample of Eligible Borrowers in Qualifying Mortgages for whom CFC was unable to procure a loan modification offer under Article VIII of this Consent Judgment during the reporting period (which shall be no less than 5% of all such Eligible Borrowers), the factors preventing a loan modification offer;

(iv) The number and total amount of Relocation Assistance payments made to borrowers in the State of Florida during the reporting period;

(v) Delinquency data on active loans with first payment due dates between January 1, 2004 and December 31, 2007 that are secured by owner occupied residential property in the State of Florida, broken down by type of loan; and

(vi) Aggregated delinquency data on all loans modified under Article VIII of this Consent Judgment for Eligible Borrowers in the State of Florida.

(b) CFC shall provide annual reports to the State of Florida that include the information specified in Article 11.1(a) for the periods July 1, 2010 through June 30, 2011, and July 1, 2011 through June 30, 2012.

**11.2 Other Loan Modifications.** With the same frequency as specified in Article 11.1, CFC will provide to the State of Florida a report detailing the numbers and types of modifications concluded on first-lien residential mortgage loans secured by Borrower-occupied property in the State of Florida (other than Qualifying Mortgages) and the total unpaid principal balance of such modified loans.

**11.3 Best Servicing Practices for Modifying First Lien Qualifying Mortgages on Residential Property Subject to Second Lien Mortgages.** CFC will periodically report to the Office of the Attorney General on its progress in developing best servicing practices as described in Section 7.1(h).

**11.4 Compliance Monitor.** CFC will appoint an employee as the Compliance Monitor for this Consent Judgment. The Compliance Monitor will be responsible for (a) making reports to the State of Florida under this Consent Judgment and (b) receiving and responding to complaints from the State of Florida or from individual borrowers concerning the operation of the loan modification program.

## **XII. RELEASES; MORE FAVORABLE SETTLEMENTS.**

**12.1 Releases from Borrowers.** Borrowers to whom payments under the Foreclosure Relief Program are offered shall, as a condition of receiving such payments, be required to execute and return to CFC a release of claims that includes the following language:

In consideration for the payment we are to receive under the Foreclosure Relief Program, we release Countrywide Financial Corporation and its affiliates and their respective directors, officers, employees and agents from all civil claims, causes of action, any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort (including, but not limited to, personal injury and emotional distress), arising under any source whatsoever, including any statute, regulation, rule, or common law, whether in a civil, administrative, arbitral or other judicial or non-judicial proceeding, whether known or unknown, whether or not alleged,

threatened or asserted by us or by any other person or entity on our behalf, including any currently pending or future purported or certified class action in which we are now or may hereafter become a class member, that arise from or are in any way related to CFC Loan No. \_\_\_\_\_, including, without limitation, the origination of that loan (and any representations or omissions made during that origination process), the terms and conditions of that loan, and the servicing or administration of that loan following its origination.

**12.2 Release from the Florida Attorney General's Office.** As to Countrywide and its Affiliates, this Consent Judgment effects a full resolution, complete settlement, and release by the Florida Attorney General's Office of all claims relating to the business practices alleged in the Complaint in this matter for conduct occurring before entry of this Consent Judgment that are within the authority of the Attorney General to release, except for (i) any claims that the State of Florida might have as an investor in Countrywide securities; (ii) any regulatory or enforcement proceedings by or on behalf of another State officer or agency; and (iii) any criminal investigations or proceedings. This Consent Judgment does not resolve or release, but instead specifically preserves, any claims the State of Florida may have against Angelo R. Mozilo.

**12.3 More Favorable Terms.** The parties agree that should COUNTRYWIDE resolve matters specifically set forth in the allegations of the Complaint filed in this action for conduct which occurred before the entry of this Consent Judgment in actions brought by Attorneys General of other states on terms that are different than those contained in this Consent Judgment (other than terms offered by the COUNTRYWIDE but not accepted by the State of Florida), COUNTRYWIDE will provide a copy of those terms to the Florida Attorney General for review. If, after review, the Florida Attorney General determines the terms of such

resolutions are, taken as a whole, more favorable than those contained in this Consent Judgment, then COUNTRYWIDE shall stipulate that this Consent Judgment shall be amended to reflect all of such terms in place of the terms hereof.

### XIII. **Miscellaneous**

13.1 **No Third Party Beneficiaries Intended.** This Consent Judgment is not intended to confer upon any person any rights or remedies, including rights as a third party beneficiary. This Consent Judgment is not intended to create a private right of action on the part of any person or entity other than the parties hereto.

13.2 **Confidentiality.** BAC, CFC, and/or any of their Affiliates may provide information under this Consent Judgment, including but not limited to the periodic reports under Article XI, that BAC, CFC, or any of their Affiliates may designate as trade secrets or other confidential commercial information. The State of Florida agrees to provide reasonable prior notice to CFC if the State of Florida believes it is required by law to disclose any information that has been so designated. CFC agrees that the following information reported to the Office of the Florida Attorney General on a periodic basis shall not be deemed confidential to the extent aggregated for Borrowers in the State of Florida for a full reporting period: (a) the total number of loans modified, (b) the total number of loans modified, by type of loan, (c) the total dollar amount of interest and principal saved by Borrowers as a result of modifications in a given period, and (d) the total dollar amount of payments under the Foreclosure Relief Program and the Relocation Assistance Program.

13.3 **Termination.** Except to the extent an earlier date is specified or the provisions of this Consent Judgment are earlier terminated according to the terms hereof, the obligations of

CFC under this Consent Judgment shall terminate on the Termination Date. Provided, however, that no termination of the obligations under this Consent Judgment shall change or terminate the terms of any loan modification entered into pursuant to Article VIII of this Consent Judgment.

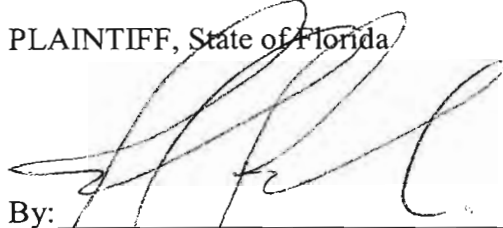
13.4 This Court shall retain jurisdiction over this matter for the purposes of (a) enabling the Attorney General to apply, at any time, for enforcement of any provision of this Consent Judgment and for sanctions or other punishment for any violation of this Consent Judgment; and (b) enabling any party to this Consent Judgment to apply, upon giving 45 days written notice to all other parties, for such further orders and directions as might be necessary or appropriate either for the construction or carrying out of this Consent Judgment or for the modification or termination of one or more injunctive provisions of this Consent Judgment.

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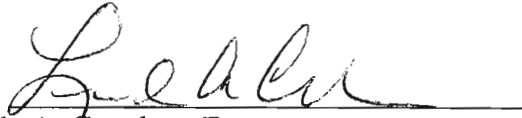
APPROVED:

PLAINTIFF, State of Florida


By:   
Robert R. Julian  
South Florida Bureau Chief  
Economic Crimes Division  
110 S.E. 6<sup>th</sup> Street, 10<sup>th</sup> Floor  
Fort Lauderdale, Florida 33301  
FBN# 0262706

Date: 11/10/08

DEFENDANTS Countrywide Financial Corporation and Countrywide Home Loans, Inc.

By:   
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Counsel for Defendants Countrywide Home Loans Inc. and Countrywide Financial Corporation.

Date: 11/10/08

By:   
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Multistate Litigation  
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Fort Lauderdale, Florida 33301  
FBN# 036481

Date: 11-10-2008

OAG vs. **Sountrywide** Financial Corporation, et al.  
Consent Judgment

Robert Hannah  
Deputy Attorney General  
The Capitol  
Tallahassee, FL 32399-1050

Date Entered: November 7, 2008

By: Robert A Hannah

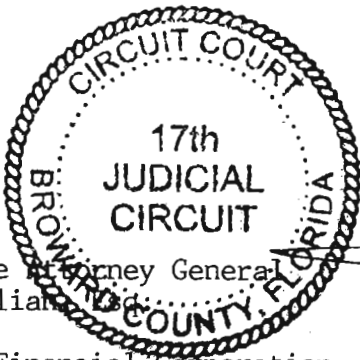
Done and Ordered this date in Chambers at Broward County Florida: Nov 10, 2008

Paula Profonda  
Circuit Judge

November 10, 2008

cc:

Office of the Attorney General  
Robert R. Julian  
Countrywide Financial Corporation  
Linda A. Conahan, Esq.



STATE OF FLORIDA  
BROWARD COUNTY  
I DO HEREBY CERTIFY the within and foregoing is a true  
and correct copy of the original as it appears on record  
and file in the office of the Circuit Court Clerk of Broward  
County, Florida.  
WITNESS my hand and Official Seal at Fort Lauderdale  
Florida, this the 10 day of NOV 2008  
[Signature]  
Clerk of the Court  
Deputy Clerk