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5

CIRCUIT COURT OF OREGON
MARION COUNTY

6 IN THE MATTER OF:
7 COUNTRYWIDE FINANCIAL
8 CORPORATION,
9 Respondent.

Case No. 09C 11254
ASSURANCE OF VOLUNTARY
COMPLIANCE

10 Countrywide Financial Corporation, Countrywide Home Loans, Inc., Full Spectrum
11 Lending, Inc., and Countrywide Home Loans Servicing, L.P., did or do business in Oregon.
12 Countrywide Financial Corporation is the Respondent herein. This agreement is between
13 Respondent and the Oregon Department of Justice (DOJ) acting pursuant to ORS 646.632.
14

15 **Recitals.**

- 16
- 17 (1) Countrywide Financial Corporation, a Delaware corporation (“CFC”) is a thrift holding
18 company.
 - 19 (2) Countrywide Home Loans, Inc., a New York corporation and wholly-owned subsidiary
20 of CFC, is or was a licensed mortgage banking organization.
 - 21
 - 22 (3) Full Spectrum Lending, Inc., a California corporation and wholly-owned subsidiary of
23 CFC, is or was a licensed mortgage banking organization.
 - 24 (4) Countrywide Home Loans Servicing, L.P., is a Texas limited partnership engaged in
25 servicing loans, and as of the Assurance of Voluntary Compliance [“AVC”] Date is a
26

1 wholly-owned subsidiary of Bank of America, National Association.

2 (5) On July 1, 2008, Bank of America Corporation, a Delaware corporation (“BAC”),
3 announced that it had completed its purchase of CFC, including Countrywide Home
4 Loans, Inc , Full Spectrum Lending, and Countrywide Home Loans Servicing, LP In
5 connection with the acquisition, BAC announced that it would suspend offering
6 subprime or high cost mortgages (as described in 15 U S C. 1602(aa)) and nontraditional
7 forward mortgages (other than those that are Federal Eligible) that may result in
8 negative amortization – such as Pay Option ARMs BAC also stated that it would, for a
9 time, place restrictions on offering “low documentation” and “no documentation”
10 mortgage loans (other than those that are Federal Eligible) and set limits on mortgage
11 broker compensation.
12

13
14 **1. DEFINITIONS.**

15 1.1 *Usage.* The following rules apply to the construction of this AVC:

16 (a) the singular includes the plural and the plural includes the singular;

17 (b) “include” and “including” are not limiting;

18 (c) the headings of the Sections and subsections are for convenience and
19 shall not constitute a part of this AVC, and shall not affect the meaning, construction or
20 effect of the applicable provisions of this AVC;
21

22 (d) a reference in this AVC or any Schedule to an Section, Exhibit, or
23 Schedule without further reference is a reference to the relevant Section, Exhibit, or
24 Schedule to this AVC; and
25
26

1 (e) words such as “hereunder”, “hereto”, “hereof” and “herein” and other
2 words of like import shall, unless the context clearly indicates to the contrary, refer to
3 the whole of this AVC and not to any particular Section, subsection or clause hereof.

4 1.2 **Defined Terms** The following capitalized terms shall have the following
5 meanings in this AVC unless otherwise required by the context or defined:
6

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

9 “**Affordability Equation**” has the meaning given to such term in Section 4.4
10

11 “**Alt-A Residential Mortgage Loans**” means CFC Residential Mortgage Loans that are
12 (a) not owned by a GSE; (b) not Subprime; (c) not a Pay Option ARM; (d) less than \$400,000 in
13 original principal amount, and (e) including documentation or other characteristics that make
14 such loans not Federal Eligible
15

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

21 “**ARMs**” means adjustable rate first-lien residential mortgage loans
22

23 “**BAC**” means Bank of America Corporation.
24

25 “**Borrower**” means, with respect to any owner-occupied CFC Residential Mortgage
26 Loan, the obligor(s) on such loan. No covenants or commitment herein is intended to require a

1 CFC Servicer to deal with more than one obligor on behalf of any Borrowers with respect
2 thereto

3 “*CFC*” means Countrywide Financial Corporation.

4
5 “*CFC-Originated*” means, with respect to any residential mortgage loan, that such
6 residential mortgage loan is a first-lien residential mortgage that was originated on a retail basis
7 directly or indirectly by CFC or its subsidiaries or through brokers in their wholesale lending
8 channels. “*CFC-Originated*” residential mortgage loans do not include CFC Purchased Loans.

9
10 “*CFC Purchased Loans*” means any first-lien residential mortgage loan originated by
11 unaffiliated third parties and directly or indirectly purchased by CFC or its subsidiaries through
12 their correspondent lending channels or otherwise, *provided* that such loan is serviced by a CFC
13 Servicer. “*CFC Purchased Loans*” do not include CFC-Originated residential mortgage loans.

14
15 “*CFC Residential Mortgage Loans*” means any (i) CFC-Originated first-lien residential
16 mortgage loans, or (ii) CFC Purchased Loans, so long as, in each case, such loans are serviced
17 by a CFC Servicer.

18
19 “*CFC Servicer*” means CFC or any Affiliate of CFC that services CFC Residential
20 Mortgage Loans.

21
22 “*CLTV*” means, with respect to a first-lien residential mortgage loan as of the time
23 underwritten, the ratio of the sum of the unpaid principal balance of such mortgage loan *plus* the
24 unpaid principal balance on any second-lien mortgage to the Market Value of the residential
25 property that secures such mortgages.

26
“*Commencement Date*” means October 6, 2008.

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

6 ***“Eligible Borrower”*** has the meaning given to such term in Section 4.1.

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

8 ***“Fannie Rate”*** means, as of any date, the Fannie Mae 30-year fixed rate 60-day delivery
9 required net yield as of such date or if such rate is for any reason not available, a comparable
10 rate published by another nationally recognized source.
11

12 ***“Federal Eligible”*** means, with respect to any first-lien residential mortgage loan that, at
13 the time of origination, (a) such loan is or was eligible for sale to, or guaranty or insurance by, a
14 federal agency, GSE or comparable federally-sponsored entity similar to a GSE, under then
15 applicable guidelines of such agency, GSE or entity, or (b) such loan was made in connection
16 with a program intended to qualify for credit under the Community Reinvestment Act of 1977
17

18 ***“Foreclosure Avoidance Budget”*** has the meaning given to such term in Section 4 4(a).

19 ***“Foreclosure Relief Program”*** means the program under which certain Borrowers will
20 be offered payments, as set forth in Section 6.
21

22 ***“Foundation”*** has the meaning given to such term in Section 7.

23 ***“Freddie Mac”*** means Federal Home Loan Mortgage Corporation
24

25 ***“GSE”*** means a government-sponsored enterprise such as Fannie Mae or Freddie Mac.
26

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

4 ***“LTV”*** means, with respect to a first-lien residential mortgage loan as of the time
5 reviewed for eligibility for modification, the ratio of the unpaid principal balance of such
6 mortgage loan to the Market Value of the residential property that secures such mortgage.
7

8 ***“Market Value”*** means, with respect to any residential mortgage loan, the value of the
9 residential property that secures such mortgage loan as determined by a lender or servicer in
10 reliance on an appraisal (whether based on an appraisal report prepared not more than 180 days
11 before the date of determination, broker price opinion prepared not more than 120 days before
12 the date of determination or automated valuation model prepared not more than 90 days before
13 the date of determination)
14

15 ***“Office of the Attorney General”*** means the Oregon Department of Justice (“DOJ”).
16

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

20 ***“Qualifying Mortgage”*** has the meaning given to such term in Section 4.2.
21

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

24 ***“Relocation Assistance payment”*** has the meaning given to such term in Section 5.1.
25

26 ***“Seriously Delinquent”*** means, with respect to any residential mortgage loan, that

1 payments of interest or principal are 60 or more days delinquent.

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

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

8 “*Subprime Mortgage Loans*” means first-lien residential mortgage loans that combine
9 higher risk features (such as low or no documentation, low equity, adjustable interest rates,
10 prepayment penalties, cash-out financing) with higher risk borrower profiles (lower FICO
11 scores, recent bankruptcies/foreclosures, major derogatory credit), resulting in a loan that could
12 not reasonably be underwritten and approved as a “prime” loan. An existing CFC Residential
13 Mortgage Loan would be a “*Subprime Mortgage Loan*” if it is identified as such in connection
14 with a securitization in which it is part of the pool of securitized assets or, in the case of a CFC
15 Residential Mortgage Loan that is not included in a securitization, was classified as being
16 “subprime” on the systems of CFC and its subsidiaries on June 30, 2008
17
18

19 “*Termination Date*” means June 30, 2012
20
21

22 **2. CFC SOLE OBLIGOR ON ALL OBLIGATIONS IN THIS AVC.**

23 2.1 *Responsibility of CFC.* Until the Termination Date (or such earlier date as is
24 specified herein), CFC is responsible to the other parties hereto for performance of all of the
25 undertakings in this AVC, including the changes to the residential mortgage lending practices
26

1 described in Section 3, the loan modification programs described in Section 4, the Relocation
2 Assistance payments described in Section 5, the Foreclosure Relief Program described in
3 Section 6 and the reporting obligations described in Section 8

4 2.2 *Absence of Defenses.* It is not an excuse to the performance of the obligations of
5 CFC hereunder that it does not directly or indirectly engage in the business of originating
6 residential mortgage loans or in the business of servicing residential mortgage loans. CFC is
7 responsible for the conduct of CFC Affiliates and CFC Servicers as specified hereunder whether
8 or not it controls such CFC Affiliates or CFC Servicers and the absence of such control shall not
9 be a defense to or otherwise excuse CFC's failure to perform hereunder
10

11 2.3 *Remedies for Failure of CFC to Cause Performance.* If there is a material
12 failure to perform the obligations under the loan modification programs described in Section 4,
13 the Relocation Assistance payments described in Section 5, the Foreclosure Relief Program
14 described in Section 6 or the reporting obligations described in Section 8 and such failure is not
15 promptly cured after notice by the DOJ, then the DOJ may seek enforcement of this AVC under
16 Section 10.4, or, in the alternative, terminate this AVC. If the DOJ elects to terminate this
17 AVC, it shall no longer be bound by the release set forth in Section 9.2.
18

19
20 **3. SERVICER PRACTICES.**

21 Until the Termination Date, CFC shall be responsible for the implementation of the
22 following by CFC Affiliates with respect to CFC Residential Mortgage Loans with respect to
23 Borrowers in the State of Oregon:
24

25 3.1 *Residential Mortgage Product Offerings.*
26

1 (a) CFC Servicers will maintain robust processes for early identification and
2 contact with Borrowers who are having, or are reasonably expected to have, trouble
3 making their payments on CFC Residential Mortgage Loans. Under these processes,
4 when contact is made with such Borrowers, an individualized evaluation of the
5 Borrowers' economic circumstances will be made to determine if alternatives to
6 foreclosure are available, and consistent with the directions of the investors, if
7 applicable
8

9 (b) CFC Servicers will maintain the current practice of offering loan
10 modifications or other workout solutions to Borrowers who are 30 days or more
11 delinquent in their payments, who desire to remain in their homes and who can afford to
12 make reasonable mortgage payments, subject to applicable investor guidance and
13 approvals.
14

15 (c) CFC's reports to the DOJ under this AVC will include information on the
16 numbers and types of workouts concluded on loans secured by Borrower-occupied
17 properties in the State of Oregon.
18

19 (d) CFC Servicers will continue the current practice of regularly monitoring
20 the delinquency characteristics of the entire portfolio of CFC Residential Mortgage
21 Loans, including Alt-A Residential Mortgage Loans, loans with interest-only features,
22 and other loans to prime borrowers, to identify high-delinquency segments that may be
23 appropriate for streamlined or non-streamlined loan modification campaigns. CFC shall
24 be responsible for providing reports to the DOJ on the delinquency characteristics of
25 such loans, as provided herein
26

1 (e) With respect to Alt-A Residential Mortgage Loans, CFC acknowledges
2 that the DOJ has expressed concerns about future delinquencies, and agrees to provide
3 the DOJ notification whenever the nationwide rate at which Borrowers on Alt-A
4 Residential Mortgage Loans are 30 days or more delinquent in their payments exceeds
5 150% of the delinquency rate for comparably-aged FHA-insured loans serviced by CFC
6 Servicers. If such notice is required, CFC agrees to confer with the DOJ concerning Alt-
7 A Residential Mortgage Loans delinquency trends, including whether delinquencies are
8 isolated in certain segments of the Alt-A Residential Mortgage Loans portfolio (*e.g.*,
9 loans with interest-only features, loans originated at high CLTV), and concerning the
10 possible deployment of streamlined foreclosure avoidance solutions for such Borrowers.
11

12 (f) Through July 1, 2009, a minimum of 3900 personnel shall be employed
13 to assist Borrowers with loan modifications and other foreclosure avoidance measures.
14

15 (g) CFC Servicers will ensure that the values in any AVM system used to
16 generate electronic appraisals are regularly updated and periodically validated so as to
17 provide reasonable assurance as to the accuracy of resulting valuations. Any validation
18 will, as appropriate, include back-testing of a representative sample of valuations against
19 market data on actual sales (where sufficient information is available).
20

21 (h) Although the scope of the loan modification program in this AVC is
22 limited to certain first lien Qualifying Mortgages, CFC acknowledges that (i) many
23 Eligible Borrower-occupied 1-to-4 unit residential properties are subject to second lien
24 mortgages and (ii) the existence of such junior liens may reduce the incentive of
25 Borrowers to remain in their homes and may impair Eligible Borrowers' ability to
26

1 refinance Qualifying Mortgages. CFC confirms that it is engaged in developing best
2 servicing practices with respect to first lien Qualifying Mortgages secured by Eligible
3 Borrower-occupied 1-to-4 unit residential properties that are subject to second lien
4 mortgages

5 3.2 **Compliance.** Understanding the circumstances and behaviors of lenders and
6 brokers that may have contributed, in part, to the current mortgage crisis, CFC recognizes its
7 responsibility to ensure the very highest degree of ethical conduct on the part of CFC's agents
8 and employees. CFC shall ensure that, (a) to the extent it resumes subprime lending, it will
9 design and implement an effective compliance management program to provide reasonable
10 assurance as to the identification and control of consumer protection hazards associated with
11 such subprime lending activities, and (b) to the extent of its own lending activities (if any), it
12 will create appropriate consumer safeguards to avoid unfair or deceptive activities or practices
13 arising in connection with its interaction with brokers and other third parties.
14
15

16 **4. LOAN MODIFICATIONS FOR DELINQUENT BORROWERS IN CERTAIN**
17 **MORTGAGE PRODUCTS.**

18
19 Until the Termination Date, CFC shall be responsible for ensuring that CFC Servicers
20 attempt, on an ongoing basis, to qualify eligible Borrowers in specified mortgage products for
21 affordable loan modifications in accordance with the following provisions:

22 4.1 **Eligible Borrowers.** An "**Eligible Borrower**" is a Borrower who has a
23 Qualifying Mortgage with a first payment date on or before December 31, 2007, that (a) is
24 secured by an owner-occupied 1-to-4 unit residential property, (b) is serviced by a CFC
25 Servicer, and (c) in the event that it is determined that a condition described in Section 4.10 has
26

1 occurred, the applicable CFC Servicer has determined that such Borrower is in financial
2 distress. Eligible Borrowers are potentially eligible for loan modification relief under this
3 Section 4 A Borrower who does not occupy the 1-to-4 unit residential property that secures the
4 Qualifying Mortgage is not an “*Eligible Borrower*.”

5
6 4.2 ***Qualifying Mortgages.*** The following CFC Residential Mortgage Loans are
7 “*Qualifying Mortgages*” if the Borrower is an Eligible Borrower and the Borrower meets one of
8 the specified delinquency profiles:

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

12
13 (i) The Eligible Borrower is a Seriously Delinquent Borrower and
14 the LTV is 75% or more; or

15 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is
16 75% or more

17
18 (b) ***Pay Option ARMs*** A Pay Option ARM shall be a Qualifying Mortgage
19 if the Eligible Borrower meets any one of the following delinquency profiles at the time
20 considered for loan modification:

21 (i) The Eligible Borrower is Seriously Delinquent and the LTV is
22 75% or more; or

23 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is
24 75% or more.
25
26

1 (c) **Subprime First Mortgage Loans (Other than Subprime 2, 3, 5, 7 and 10**
2 **Hybrid ARMs)**. A Subprime CFC Residential Mortgage Loan shall be a Qualifying
3 Mortgage if the Eligible Borrower is a Seriously Delinquent Borrower and the LTV is
4 75% or more

5 4.3 **Loan Modifications to Be Considered**. Each Eligible Borrower shall be
6 considered for a range of affordable loan modification options with respect to his or her
7 Qualifying Mortgage. The loan modification options will include those described below and
8 existing modification options, subject in each case to approval of the investor who owns the
9 Qualifying Mortgage and the Affordability Equation as set forth in Section 4.4. Loan
10 modification options for each category of Qualifying Mortgages are as follows:
11

12 (a) **Subprime 2, 3, 5, 7 and 10 Hybrid ARMs**. Qualifying Mortgages that
13 are Subprime 2, 3, 5, 7 and 10 Hybrid ARMs will be eligible for loan modifications as
14 follows, in no particular order:
15

16 (i) To the extent the HOPE for Homeowners Program is available, an
17 FHA refinancing under the HOPE for Homeowners Program under the
18 underwriting criteria applicable to that program.
19

20 (ii) For Eligible Borrowers (A) who become Seriously Delinquent
21 following a reset, or (B) who are subject to an imminent reset and, in the
22 reasonable view of the CFC Servicer, as a result of such reset are reasonably
23 likely to become Seriously Delinquent on or before the Termination Date (even
24 though they are not Seriously Delinquent at the time of the modification), an
25 unsolicited (subject to Section 4.10) restoration of the introductory rate for five
26

1 years, without new loan documentation or an evaluation of the Eligible
2 Borrower's current income. Communications to Eligible Borrowers informing
3 them of this modification will invite Eligible Borrowers to contact the applicable
4 CFC Servicer if they do not believe they will be able to afford the introductory
5 rate in order to be considered for more extensive relief under Sections 4.3(a)(iii)
6 or 4.3(a)(iv).

7
8 (iii) A streamlined, fully-amortizing loan modification subject to the
9 Affordability Equation consisting of:

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

13
14 (B) on the fifth anniversary of the loan modification, an
15 automatic conversion to a fixed rate mortgage for the remainder of the
16 loan term at the higher of (1) the Fannie Rate and (2) the introductory
17 rate. If the new payment would not be affordable to the Eligible
18 Borrower based on his or her income at the time of conversion, the
19 Eligible Borrower will be considered for a single two year period of
20 reduced-rate financing (in which case the conversion to a fixed rate
21 mortgage will occur at the end of the seventh year).

22
23 (iv) A streamlined loan modification subject to the Affordability
24 Equation consisting of:
25
26

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

3 (B) reduction of the interest rate to a rate no lower than the
4 Interest Rate Floor, with an Annual Increase subject to an interest-rate
5 cap as provided below in Section 4.3(a)(iv)(C); and
6

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

10 (b) ***Pay Option ARMs.*** Qualifying Mortgages that are Pay Option ARMs are
11 eligible for the following loan modifications, in no particular order:
12

13 (i) To the extent the HOPE for Homeowners Program is available, an
14 FHA refinancing under the HOPE for Homeowners Program under the
15 underwriting criteria applicable to that program; or
16

17 (ii) A streamlined, fully-amortizing (except as provided in Section
18 4.3(b)(ii)(B)) loan modification subject to the Affordability Equation consisting
19 of:

20 (A) elimination of the negative amortization feature;

21 (B) optional introduction of a ten-year interest-only period on
22 the loan;
23
24
25
26

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

4 (D) if the Eligible Borrower owns only one residential
5 property and the LTV is 95% or higher, a write down of the principal
6 balance of the Qualifying Mortgage (but any write down of principal
7 would not be in an amount greater than necessary to achieve an LTV of
8 95%).

9
10 (c) *Subprime Loans (Other than 2, 3, 5, 7 and 10 Hybrid ARMs).*

11 Qualifying Mortgages that are Subprime Loans (Other than 2, 3, 5, 7 and 10 Hybrid
12 ARMs) are eligible for the following loan modifications, in no particular order:
13

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

17 (ii) A streamlined, fully-amortizing (except as provided in Section
18 4.3(c)(ii)(A)) loan modification within the limits of the Affordability Equation
19 consisting of:
20

21 (A) optional introduction of a ten-year interest-only period on
22 the loan;
23

24 (B) reduction of the interest rate on the mortgage to a rate no
25 lower than the Interest Rate Floor, with an Annual Increase subject to an
26 interest rate cap as provided below in Section 4.3(c)(ii)(C); and

1 (C) an interest-rate cap for the remaining term of the
2 Qualifying Mortgage at an annual interest rate equal to (i) the fixed
3 interest rate *less* 200 basis points, in the case of fixed-rate loans, and (ii)
4 the remainder of the sum of the contractual index amount *plus* spread
5 immediately before the first loan modification, *minus* 200 basis points, in
6 the case of an ARM
7

8 4.4 ***Affordability Equation*** Qualifying Mortgages will be considered for loan
9 modifications in accordance with the following Affordability Equation, which establishes a
10 Foreclosure Avoidance Budget that is a cap on the cost of the loan modification.

11 (a) ***Foreclosure Avoidance Budget.*** Except for Eligible Borrowers who
12 receive an unsolicited reduction of their interest rates pursuant to Section 4.3(a)(ii), a
13 Foreclosure Avoidance Budget will be prepared with respect to the Eligible Borrower
14 and the Qualifying Mortgage. The “***Foreclosure Avoidance Budget***” at any time is the
15 difference between (i) the likelihood and severity of the projected loss in a foreclosure
16 sale and (ii) the likelihood and severity of the projected loss in the event that there was a
17 loan modification with respect to the Qualifying Mortgage and a later foreclosure sale.
18 For purposes of determining the Foreclosure Avoidance Budget for a Qualifying
19 Mortgage, the LTV will be based on the Market Value.
20
21

22 (b) ***Affordability Criteria.***

23 (i) Subject to the Foreclosure Avoidance Budget, if tax and insurance
24 escrows are maintained with respect to the Qualifying Mortgage, the Eligible
25 Borrower will be offered a loan modification that produces a first-year payment
26

1 of principal (if applicable), interest, taxes and insurance equating to 34% of the
2 Eligible Borrower's income, or as close to 34% of the Eligible Borrower's
3 income as the Foreclosure Avoidance Budget permits without exceeding 42% of
4 the Eligible Borrower's income.

5 (ii) Subject to the Foreclosure Avoidance Budget, if tax and insurance
6 escrows are not maintained with respect to a Qualifying Mortgage, the Eligible
7 Borrower will be offered a loan modification that produces a first-year payment
8 of principal (if applicable) and interest equating to 25% of the Eligible
9 Borrower's income, or as close to 25% of the Eligible Borrower's income as the
10 Foreclosure Avoidance Budget permits without exceeding 34% of the Eligible
11 Borrower's income
12

13 (c) ***Borrowers Who Cannot Afford a Loan Modification.*** There is no
14 obligation to offer loan modifications with respect to Qualifying Mortgages if the
15 Eligible Borrower cannot be qualified under the Affordability Equation. Such Eligible
16 Borrowers may be eligible for a Relocation Assistance payment and/or a payment under
17 the Foreclosure Relief Program, all as provided in Sections 5 and 6.
18

19 4.5 ***Outreach to Borrowers at Risk of Delinquency.*** Borrowers with Subprime
20 Mortgage Loans or Pay Option ARMs with first-payment due dates between January 1, 2004
21 and December 31, 2007, whose payments are scheduled to change as a result of an interest-rate
22 reset, Recast, or expiration of an interest-only term, will be sent a communication
23 approximately ninety (90) days before the payment change inviting them to contact their CFC
24 Servicer if they believe they will not be able to afford their new payments. In the event that a
25
26

1 borrower responds to this communication, the borrower will be considered for loan
2 modifications under the eligibility criteria in this AVC.

3 4.6 *Restrictions on Initiation or Advancement of Foreclosure Process for Eligible*
4 *Borrowers.*

5
6 (a) The foreclosure process for a Qualifying Mortgage of an Eligible
7 Borrower will not be initiated or advanced for the period necessary to determine such
8 Eligible Borrower's interest in retaining ownership and ability to afford the revised
9 mortgage terms, as well as the investor's willingness to accept a loan modification.

10
11 (b) Any such foreclosure process will be initiated or advanced only if:

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

16
17 (ii) it is or has been determined that the Borrower cannot be qualified
18 for, or has refused, a loan modification under this AVC within the limits of the
19 Affordability Equation, as applicable; or

20
21 (iii) despite reasonable efforts, servicing agents have been unable to
22 make contact with the borrower to determine his or her preferences with regard
23 to home ownership, or to obtain information concerning his or her income and
24 ability to afford a mortgage payment under a modification.

1 4.7 ***Miscellaneous Provisions Related to Loan Modification Program.***

2 (a) ***Commitment to Waive Late/Delinquency Fees.*** Late/delinquency fees
3 will be waived to the extent they arise with respect to past due loan payments that
4 remain unpaid as of the date immediately before modification of the Qualifying
5 Mortgage under this AVC. Late/delinquency fees will not be waived to the extent they
6 arise with respect to loan payments that were previously past due but were subsequently
7 paid prior to the date immediately before modification.
8

9 (b) ***Commitment Not to Charge Loan Modification Fees.*** Except to the
10 extent required in connection with the HOPE for Homeowners Program, Eligible
11 Borrowers will not be charged loan modification fees in connection with loan
12 modifications of Qualifying Mortgages hereunder.
13

14 (c) ***Prepayment Penalty Waivers.*** Prepayment penalties will be waived in
15 connection with any payoff or refinancing (even if refinanced by a person not Affiliated
16 with CFC) of a Qualifying Mortgage that is a Subprime Mortgage Loan or Pay Option
17 ARM that (i) had a first payment due date between January 1, 2004 and December 31,
18 2007, (ii) was directly or indirectly held by CFC on June 30, 2008, and (iii) which at the
19 time of the payoff or refinancing is held by CFC or any Affiliate. Investor owners or
20 their representatives of Qualifying Mortgages that are Subprime Mortgage Loans or Pay
21 Option ARMs serviced by a CFC Servicer will be encouraged to waive prepayment
22 penalties in such circumstances.
23

24 (d) ***Commitment to Consider Additional Relief for Borrowers Receiving***
25 ***Modifications and Later Becoming Delinquent.*** Eligible Borrowers with respect to
26

1 Qualifying Mortgages who have earlier received loan modifications or other workouts,
2 whether or not pursuant to this AVC, will be eligible to be considered for new loan
3 modification offers under this AVC if they otherwise satisfy the eligibility criteria.

4 (e) **Representation Concerning Investor Delegation and Approval.** CFC
5 represents that CFC Servicers currently have, or reasonably expect to obtain, discretion
6 to pursue the foreclosure avoidance measures outlined in this AVC for a substantial
7 majority of Qualifying Mortgages. If CFC Servicers do not have discretion to pursue
8 these foreclosure avoidance measures, best efforts will be used to obtain appropriate
9 investor authorization
10

11 4.8 **Commitment to Implement Relief Measures Authorized by Federal**
12 **Government.** To the extent the federal government acquires any Qualifying Mortgages and, as
13 the owner of these mortgages, authorizes loan modifications that offer borrower benefits greater
14 than those associated with the modifications outlined in this AVC, such relief measures will be
15 pursued in modifying such Qualifying Mortgages to the full extent of such authorization
16

17 4.9 **Timeframe for Loan Modification Process.** The loan modification process will
18 be managed to ensure that offers of loan modifications under this AVC (other than unsolicited
19 interest rate reductions) are made to Eligible Borrowers, on average, no more than 60 days after
20 such Eligible Borrowers make contact with the applicable CFC Servicer and provide any
21 required information concerning a possible modification.
22

23 4.10 **Response to Intentional Nonperformance by Borrowers.** If CFC detects
24 material levels of intentional nonperformance by Eligible Borrowers that appears to be
25 attributable to the introduction of the loan modification program, it reserves the right to require
26

1 objective prequalification of Eligible Borrowers for loan modifications under the program by
2 obtaining verification of all sources of income and the application of funds and to take other
3 reasonable steps. Such prequalification could result in the elimination of unsolicited interest
4 rate reductions, inhibit streamlined solutions and could otherwise significantly slow
5 implementation of the loan modification program.

6
7 **4.11 *No Releases with Respect to Loan Modifications.*** In connection with loan
8 modifications offered under this AVC, no releases of claims will be solicited or required from
9 Eligible Borrowers

10 **4.12 *Number of Loan Modification Offers before March 31, 2009.*** On or before
11 March 31, 2009, loan modifications will be offered by CFC Servicers in accordance with this
12 AVC to not fewer than 50,000 Delinquent Borrowers on a nationwide basis. The DOJ may
13 terminate the Agreement and no longer be bound by the release set forth in Section 9.2 if there
14 is a material failure to satisfy this commitment. If the DOJ terminates this Agreement, any
15 unspent portion of the Foreclosure Relief Program allocation that has been reserved by the DOJ
16 for purposes other than making payments to Borrowers as provided in Section 6 of this AVC
17 will be repaid to CFC.
18

19
20 **4.13 *Second or Junior Liens.*** Loan modifications contemplated in Section 4 of this
21 AVC shall be made without consideration of second or junior liens on mortgaged properties.
22 CFC does not expect that the presence of second or junior liens will impede Eligible Borrowers
23 from receiving a loan modification offer under Section 4 of this AVC.
24

25 **5. RELOCATION ASSISTANCE PROGRAM.**

26 Through the Termination Date, payments will be provided to borrowers who are unable

1 to retain their homes in accordance with this Section 5.

2 5.1 **Eligibility.** Borrowers under CFC Residential Mortgage Loans who (a) were
3 serviced by a CFC Servicer on June 30, 2008 (whether or not they are Qualifying Mortgages),
4 (b) occupy a 1-to-4 unit residential property subject to servicing by a CFC Servicer on the date
5 of determination of eligibility hereunder, and (c) are subject to a foreclosure sale date on or
6 before the Termination Date, will be offered an agreement under which they can receive a cash
7 payment to assist with the Borrower's transition to a new place of residence ("**Relocation**
8 **Assistance payment**") in exchange for voluntarily and appropriately surrendering the residence
9 that, at the time of the foreclosure sale, secured the Borrower's mortgage loan. Borrowers who
10 are eligible for, or receive, payments under the Foreclosure Relief Program may also receive a
11 Relocation Assistance payment.
12

13
14 5.2 **Amount** The amount of Relocation Assistance payments offered to any
15 Borrower will be in the discretion of CFC or its delegee according to its or their assessment of
16 the individual circumstances of the Borrower (e g , number of dependents or amount of moving
17 expenses).
18

19 5.3 **Timing of Payments.** Relocation Assistance payments shall be made to a
20 Borrower no later than fourteen days following the Borrower's voluntary and appropriate
21 surrender of the residence that secured the mortgage loan

22 5.4 **Payment Projection.** CFC projects that, from October 1, 2008, through
23 December 31, 2010, Relocation Assistance payments will be made to 35,000 borrowers on a
24 nationwide basis in a total amount of more than \$70,000,000.
25
26

1 **6. FORECLOSURE RELIEF PROGRAM.**

2 Payments shall be made available to borrowers who experienced a foreclosure sale, or
3 who were 120 days or more delinquent in making mortgage payments soon after their loans
4 were originated or after an interest rate reset, in accordance with this Section 6.

5
6 6.1 *Payment.* CFC shall make available One Million Three Thousand Nine Hundred
7 Seventy-One Dollars (\$1,003,971) for payments to borrowers within the State of Oregon, or
8 otherwise for foreclosure relief/mitigation or related programs consistent with this Section 6.

9 6.2 *Individual Allocation.* Unless otherwise directed by the DOJ in accordance with
10 Section 6.3 hereof, a Borrower will be eligible for payments under the Foreclosure Relief
11 Program if the Borrower:
12

13 (a) Has a CFC-Originated Residential Mortgage Loan secured by owner-
14 occupied property;

15 (b) The first payment on the CFC-Originated Residential Mortgage Loan was
16 due between January 1, 2004 and December 31, 2007;

17 (c) Six or fewer payments were made on the CFC-Originated Residential
18 Mortgage Loan; and
19

20 (d) The CFC-Originated Residential Mortgage Loan was foreclosed or is 120
21 days or more delinquent as of the Commencement Date.
22

23 6.3 *Expansion or Contraction of the Foreclosure Relief Program; Reservation of*
24 *Funds for Other Purposes.* The DOJ may expand the Foreclosure Relief Program to cover
25 additional Borrowers or limit the Foreclosure Relief Program to cover a narrower range of
26

1 Borrowers, provided that at least those eligible Borrowers who made three or fewer payments
2 over the life of the CFC-Originated Residential Mortgage Loan are covered. If the DOJ elects
3 to expand or contract the program, the amount allocated to the State of Oregon will remain the
4 same. The DOJ may reserve as much as 50% of the sum allocated to the State of Oregon for
5 foreclosure relief/mitigation or related programs other than payments to defaulted Borrowers,
6 including purchasing or rehabilitating foreclosed properties (“DOJ Reserved Funds”).¹
7

8 6.4 **Communications.** CFC and the DOJ shall consult as to the form and content of
9 any communication sent to Borrowers who are to receive Foreclosure Relief Program payments.

10 6.5 **Unallocated Funds.** Funds allocated to Borrowers in the State of Oregon who
11 choose not to participate in the Foreclosure Relief Program or who cannot be located after
12 commercially reasonable efforts shall be available to the DOJ for re-allocation to Borrowers
13 under this program at the direction of the DOJ.
14

15 6.6 **Release.** In order to receive payments under the Foreclosure Relief Program,
16 Borrowers will be required to execute a release in accordance with Section 9.I. Borrowers
17 offered payments under this Foreclosure Relief Program whose loans have not yet been
18 foreclosed shall be afforded at least a three month period to decide whether to execute the
19 release to permit them to determine whether they wish to raise claims covered by the release.
20

21
22
23 ¹ A portion of the DOJ Reserved Funds, in an amount at DOJ’s sole discretion, may also
24 be deposited into the Consumer Protection & Education Revolving Account established
25 pursuant to ORS 180.095 to cover costs associated with the execution and administration of this
26 AVC, and with the analysis and maintenance of data produced to the state pursuant to this AVC.
A portion of the DOJ Reserved Funds, in an amount at DOJ’s sole discretion, may also be
allocated to the Oregon Department of Consumer and Business Services and other state
agencies and non profit organizations for the purpose of foreclosure relief/mitigation.

1 **7. BANK OF AMERICA FOUNDATION COMMUNITY INVESTMENT**
2 **ACTIVITIES**

3 The parties understand that, while the Bank of America Foundation (“**Foundation**”) is
4 not a party to, or in any way bound by, this AVC, the Foundation intends to work actively with
5 non-profit organizations, community development corporations, and others in addressing the
6 adverse effects of the current housing crisis, particularly by promoting community
7 redevelopment and facilitating the application of Housing and Economic Recovery Act funds to
8 beneficial usage of real estate owned properties. CFC commits to collaborate in good faith with
9 the DOJ to identify ways in which CFC can support or complement the Foundation’s efforts.

11 **8. REPORTING REQUIREMENTS.**

12 8.1 *Eligible Borrowers in Qualifying Mortgages.*

13 (a) On a quarterly basis through June 30, 2010, CFC shall report the
14 following information to the DOJ:
15

16 (i) The names and addresses of Eligible Borrowers in the State of
17 Oregon in Qualifying Mortgages who received loan modification offers under
18 this AVC, and for whom loan modifications were concluded;
19

20 (ii) For loan modifications offered or concluded under this AVC, the
21 total dollar amount of interest and principal expected to be saved by Borrowers
22 as a result of such modifications over the life of the loans;
23

24 (iii) For all loan modifications under this AVC concluded within the
25 reporting period in the State of Oregon, the original and modified loan terms, and
26

1 the amounts of late/delinquency fees waived, loan modification fees waived, and
2 prepayment penalties waived by CFC pursuant to this AVC;

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

7
8 (v) The number and total amount of Relocation Assistance payments
9 or Foreclosure Relief payments made to Borrowers in the State of Oregon during
10 the reporting period;

11
12 (vi) Delinquency data on active loans with first payment due dates
13 between January 1, 2004 and December 31, 2007 that are secured by Borrower-
14 occupied residential property in the State of Oregon, broken down by type of
15 loan; and

16
17 (vii) Aggregated delinquency/default data on all loans modified under
18 this AVC for Eligible Borrowers in the State of Oregon, separated by type of
19 modification.

20 (b) CFC shall provide annual reports to the DOJ, that include the information
21 specified in Section 8.1(a) for the periods July 1, 2010 through June 30, 2011, and July
22 1, 2011 through June 30, 2012.

23
24 8.2 **Other Loan Modifications.** With the same frequency as specified in Section 8.1,
25 CFC will provide to the DOJ a report detailing the numbers and types of modifications
26 concluded on first-lien residential mortgage loans secured by Borrower-occupied property in the

1 State of Oregon (other than Qualifying Mortgages) and the total unpaid principal balance of
2 such modified loans

3 8.3 *Best Servicing Practices for Modifying First Lien Qualifying Mortgages on*
4 *Residential Property Subject to Second Lien Mortgages.* CFC will periodically report to the
5 DOJ on its progress in developing best servicing practices as described in Section 3.1(h).
6

7 8.4 *Compliance Monitor.* CFC will appoint an employee as the Compliance
8 Monitor for this AVC. The Compliance Monitor will be responsible for (a) making reports to
9 the DOJ under this AVC and (b) receiving and responding to complaints from the DOJ or from
10 individual borrowers concerning the operation of the loan modification program.
11

12 **9. RELEASES; MORE FAVORABLE SETTLEMENTS.**

13 9.1 *Releases from Borrowers.* Borrowers to whom payments under the Foreclosure
14 Relief Program are offered shall, as a condition of receiving such payments, be required to
15 execute and return to CFC a release of claims that includes the following language:
16

17 In consideration for the payment we are to receive under the Foreclosure Relief Program, we
18 release Countrywide Financial Corporation and its affiliates and their respective directors,
19 officers, employees and agents (except brokers) from all civil claims, causes of action, any
20 other right to obtain any type of monetary damages (including punitive damages), expenses,
21 attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at
22 law or in equity, in contract, in tort (including, but not limited to, personal injury and
23 emotional distress), arising under any source whatsoever, including any statute, regulation,
24 rule, or common law, whether in a civil, administrative, arbitral or other judicial or non-
25 judicial proceeding, whether known or unknown, whether or not alleged, threatened or
26

1 asserted by us or by any other person or entity on our behalf, including any currently
2 pending or future purported or certified class action in which we are now or may hereafter
3 become a class member, that arise from or are in any way related to CFC Loan No. [____],
4 and any loans originated directly or indirectly by Countrywide Financial Corporation or its
5 affiliates in connection therewith that are secured by a second mortgage, including, without
6 limitation, the origination of any such loan (and any representations or omissions made
7 during that origination process), the terms and conditions of any such loan, and the servicing
8 or administration of any such loan after its origination; provided, however, that nothing
9 herein shall bar the assertion of any released claim solely as an affirmative defense to any
10 claim against us for a deficiency in respect of any such loan, but in no event shall we be
11 permitted to obtain an affirmative recovery in any such deficiency action
12

13
14 9.2 **Release.** As to CFC and its Affiliates, this AVC effects a full resolution,
15 complete settlement, and release by the DOJ of all claims arising out of the residential mortgage
16 origination or servicing activities of CFC and its subsidiaries occurring before entry of this
17 AVC that are within the authority of the DOJ to release, except for (i) any claims that the State
18 of Oregon might have as an investor in CFC securities; (ii) any regulatory or enforcement
19 proceedings by or on behalf of another State of Oregon officer or agency; (iii) any claims or
20 investigations identified to CFC by the DOJ; and (iv) any criminal investigations or
21 proceedings. This AVC does not resolve or release, but instead specifically preserves, any
22 claims the State of Oregon may have against Angelo Mozilo or David Sambol.
23

24 9.3 **More Favorable Terms.** The parties agree that should CFC resolve allegations
25 concerning the conduct covered by this AVC which occurred before the date of this AVC in
26 actions brought by Attorneys General of other states on terms that are different than those

1 contained in this AVC (other than terms offered by CFC but not accepted by the DOJ), then
2 CFC will provide a copy of those terms to the DOJ for review. If, after review, the DOJ
3 determines the terms of such resolutions are, taken as a whole, more favorable than those
4 contained in this AVC, then CFC shall stipulate that this AVC shall be amended to reflect all of
5 such terms in place of the terms hereof.

6
7 **10. OTHER TERMS AND CONDITIONS**

8 10.1 *No Admission.* The Agreement shall not constitute an admission of wrongdoing
9 by BAC or CFC, nor shall it be cited as such by the DOJ. The Agreement shall not be
10 admissible in any other proceeding as evidence of wrongdoing or a concession of responsibility.
11

12 10.2 *Confidentiality.* The DOJ agrees that all confidential information disclosed to it
13 by BAC or CFC or any of their Affiliates, including but not limited to the periodic reports that
14 will be provided pursuant to Section 8, shall be kept confidential; provided, however, that the
15 following information reported to the DOJ on a periodic basis shall not be deemed confidential
16 to the extent aggregated for Borrowers in the State of Oregon for a full reporting period: (a) the
17 total number of loans modified, (b) the total number of loans modified, by type of loan, (c) the
18 total dollar amount of interest and principal expected to be saved by Borrowers as a result of
19 such modifications over the life of the loans, and (d) the total dollar amount of payments under
20 Sections 5 and 6 of this AVC to Borrowers. The DOJ shall not disclose or use any confidential
21 information without the prior written consent of the disclosing party, except to the extent
22 required by law, regulation or court order (and in such case, only upon prior written notice to
23 the disclosing party)
24
25
26

1 10.3 **Submission to Jurisdiction for Limited Purpose.** CFC submits to the jurisdiction
2 of the court in the State of Oregon for the limited purpose of entering into and enforcing this
3 AVC only. Any acts, conduct or appearance by CFC does not constitute or shall not be
4 construed as a submission to the general jurisdiction of any court in the State of Oregon for any
5 purpose whatsoever.

6
7 10.4 **Enforcement.** A material failure by CFC to perform the obligations referenced
8 in Section 2.3 that is not promptly cured after notice by the DOJ shall constitute a violation of
9 this AVC and the DOJ may apply, at any time, in a court of competent jurisdiction for an order
10 directing the enforcement of any provision of this AVC, and for sanctions or other remedies
11 applicable to violations of **ORS 646**. Any party to this AVC may apply, upon giving 45 days
12 written notice to all other parties, in a court of competent jurisdiction, for any other orders and
13 directions as might be necessary or appropriate either for the construction or carrying out of this
14 AVC or for the modification or termination of one or more injunctive provisions of this AVC.

15
16 10.5 **Conflict with Subsequent Law.** In the event that any applicable law conflicts
17 with any provision hereof, making it impossible for CFC to comply both with the law and with
18 the provisions of this AVC, the provisions of the law shall govern.

19
20 10.6 **No Third Party Beneficiaries Intended.** This AVC is not intended to confer
21 upon any person any rights or remedies, including rights as a third party beneficiary. This AVC
22 is not intended to create a private right of action on the part of any person or entity other than
23 the parties hereto.

1 10.7 *Service of Notices and Process.* Service of notices and process required or
2 permitted by this AVC or its enforcement shall be in writing and delivered or served (as
3 appropriate) on the following persons, or any person subsequently designated by the parties:

4 **For BAC and CFC:**

5 John Beisner
6 Brian Boyle
7 O'MELVENY & MYERS LLP
8 1625 Eye Street, N.W.
9 Washington, D C. 20006

10 **For the DOJ:**

11 Simon Whang, Assistant Attorney General
12 Financial Fraud/Consumer Protection Section
13 Oregon Department of Justice
14 1162 Court Street NE
15 Salem, OR 97301

16 Any party may change the designated persons and address for delivery with respect to itself by
17 giving notice to the other parties as specified herein

18 10.8 *Waiver.* The failure of any party to exercise any rights under this AVC shall not
19 be deemed a waiver of any right or any future rights.

20 10.9 *Severability.* If any part hereof shall for any reason be found or held invalid or
21 unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall
22 not affect the remainder hereof, which shall survive and be construed as if such invalid or
23 unenforceable part had not been contained herein.

24 10.10 *Counterparts.* This AVC may be signed in one or more counterparts, each of
25 which shall be deemed an original. Facsimile copies of this AVC and the signatures hereto may
26 be used with the same force and effect as an original.

1 10.11 **Inurement.** This AVC is binding and inures to the benefit of the parties hereto
2 and their respective successors and assigns

3 10.12 **Integration.** This AVC constitutes the entire Agreement of the parties with
4 respect to the subject matter hereof and supersedes all prior agreements and understandings
5 relating to the subject matter hereof.
6

7 10.13 **Amendment.** This AVC may be amended solely by written agreement signed by
8 the DOJ and CFC.

9 10.14 **Termination.** Except to the extent an early date is specified or the provisions of
10 this AVC are earlier terminated according to the terms hereof, the obligations of CFC under this
11 AVC shall terminate on the Termination Date. Provided, however, that no termination of the
12 obligations under this AVC shall change or terminate the terms of any loan modification entered
13 into pursuant to Section 4 of this AVC.
14

15 10.15 **Notice.** Respondent waives notice from the State of Oregon pursuant to ORS
16 646.632(2) of the alleged unlawful trade practice and the relief to be sought.
17

18 10.16 **Submission to Court for Approval.** Respondent understands and agrees that if
19 this AVC is accepted by DOJ, it will be submitted to the Circuit Court of the State of Oregon of
20 Marion County for approval, and, if approved, will be filed with the court pursuant to ORS
21 646.632(2).
22

23 10.17 **Waiver of notice/filing, Acceptance of Service.** Respondent waives any further
24 notice of submission to and filing with the court of this AVC. Respondent agrees to accept
25 service of a conformed or court certified copy by prepaid first class mail sent to the BAC and
26 CFC contact listed in 10.7 above.

1 10.18 **Money Judgment.** If monies which are ordered to be paid in this AVC are not
2 paid timely, DOJ may convert the AVC to a money judgment under ORS 646.632(2) without
3 notice to Respondent. Respondent agrees a copy of the money judgment may be sent to
4 Respondent, first class mail to the address following its signature.

5 10.19 **Additional Penalties for Violation.** Respondent understands that, in addition to
6 any other sanctions which may be imposed under this AVC or under the law, violation of any of
7 the terms of this AVC may result in contempt of court proceedings, civil penalties of up to
8 \$25,000 for each violation, and such further relief as the court may deem appropriate. ORS
9 646.632(4) and ORS 646.642(2).

11 10.20 **DOJ Representations.** Respondent shall not represent or imply that DOJ
12 acquiesces or approves of Respondent's past business practices, current efforts to reform its
13 practices, or any future practices which Respondent may adopt or consider adopting. DOJ's
14 decision to settle this matter or to otherwise unilaterally limit current or future enforcement
15 action does not constitute approval or imply authorization for any past, present, or future
16 business practice

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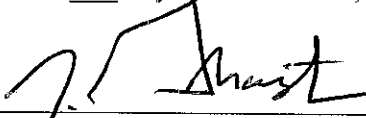
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APPROVAL BY COURT

APPROVED FOR FILING and SO ORDERED this 29 day of ~~December, 2008~~ January, 2009.



Circuit Court Judge **JON GASTIN**

REVIEW BY RESPONDENT'S ATTORNEY


Approved as to form.



PILAR FRENCH
LANE POWELL PC
Attorneys for Respondent Countrywide Financial Corporation

RESPONDENT'S SIGNATURE AND ACKNOWLEDGMENT

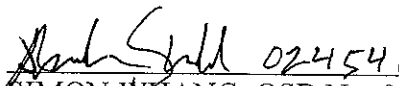
Respondent has read and understands this agreement and each of its terms. Respondent agrees to each and every term



COUNTRYWIDE FINANCIAL CORPORATION, Respondent

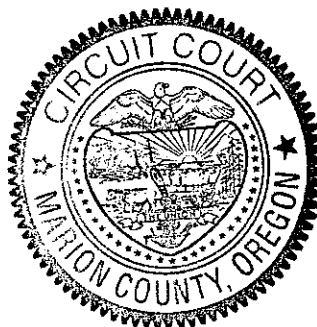
DOJ'S APPROVAL

John Kroger ~~HARDY MYERS, OSB No. 640776~~
Attorney General

by:  024541
for: SIMON WHANG, OSB No. 035282
Assistant Attorney General

Attorneys for Department of Justice,
State of Oregon

DC1:764050 1



STATE OF OREGON } ss
County of Marion

The foregoing copy has been compared and is certified by me as a full, true and correct copy of the original on file in my office and in my custody.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the

Court on: 1.29.09
TRIAL COURT ADMINISTRATOR

By [Signature]