

STATE OF NORTH CAROLINA  
WAKE COUNTY

IN A MATTER  
BEFORE THE COMMISSIONER OF BANKS

IN RE:

COUNTRYWIDE HOME LOANS, INC.  
License No. L-114554  
DOCKET NO. 08:170:MBB

and

COUNTRYWIDE MORTGAGE  
VENTURES, LLC,  
License No. L-109175  
DOCKET NO. 08:171:MBB

**CONSENT ORDER**

THIS MATTER is before the undersigned Commissioner of Banks (“Commissioner”) upon a Settlement Agreement and Consent to Entry of a Consent Order (“Agreement”) between the Office of the Commissioner of Banks (“OCOB”) and Countrywide Home Loans, Inc. (“CHL”) and Countrywide Mortgage Ventures, LLC (“CMV”). For the purposes of this order, CHL and CMV shall be referred to collectively as the “Respondents.” The OCOB and the Respondents shall hereinafter be referred to collectively as the “Parties.”

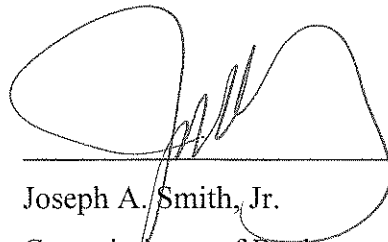
It appears to the Commissioner that the terms of the Agreement, in conjunction with the voluntary contributions made by the Respondents, fairly and equitably resolve the issues between the Parties.

NOW, THEREFORE, it is ordered that:

1. CMV’s surrender of its license as a mortgage lender (OCOB License No. L-109175) is hereby accepted.

2. Respondents shall not make or broker any loan in violation of the North Carolina Mortgage Lending Act ("MLA").
3. Respondents will implement internal safeguards and controls as may be necessary to ensure future compliance with the MLA.
4. Respondents shall cooperate and work in good faith with the OCOB to comply with the requirements of Chapter 45, Articles 10 and 11, of the North Carolina General Statutes.
5. Respondents shall, on or before December 31, 2008, apply up to eleven million, five hundred thousand dollars (\$11,500,000.00) in restitution to approximately 1,000 borrowers under second-lien mortgages and to approximately 3,800 borrowers under first-lien mortgages in respect of alleged violations under Sections 24-1.1A and 24-10 of the North Carolina General Statutes. Any amounts not allocated to a borrower shall be donated, on or before December 31, 2008, by the Respondents to the Consumer Education Resource Fund of the North Carolina Housing Finance Agency.
6. Respondents shall within 10 days of the entry of the Consent Order pay to the OCOB one million six hundred thousand dollars (\$1,600,000) for reasonable expenses incurred by OCOB during the course of the investigation and examination of the Countrywide entities, and for consumer protection and education purposes as directed by the OCOB.

This the 2nd day of December, 2008.



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Joseph A. Smith, Jr.  
Commissioner of Banks

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**SETTLEMENT AGREEMENT  
AND CONSENT TO  
ENTRY OF A CONSENT ORDER**

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Countrywide Home Loans, Inc. (“**CHL**,”); Countrywide Mortgage Ventures, LLC (“**CMV**”); the North Carolina Office of the Commissioner of Banks (“**OCOB**”), hereinafter referred to collectively as the “**Parties**,” voluntarily enter into this SETTLEMENT AGREEMENT AND CONSENT TO ENTRY OF A CONSENT ORDER (“**Agreement**”) for the purpose of avoiding costs and expenses and to settle, resolve and compromise any claims related to the licensure of CHL and CMV as North Carolina mortgage lenders. This Agreement is made pursuant to Chapter 150B, Article 3A, of the North Carolina General Statutes.

The “**Effective Date**” of this Agreement shall be October 31, 2008.

**I. RECITALS**

1. CHL and CMV (the “**Countrywide entities**”) are both licensed as mortgage lenders under the regulatory supervision of the OCOB pursuant to the North Carolina Mortgage Lending Act (“**MLA**”).

2. On May 2, 2007, the OCOB examined CMV and subsequently prepared a confidential Report of Examination (the “**CMV Report**”) that alleged numerous violations of the MLA and of Chapter 24 of the North Carolina General Statutes.

3. Thereafter, the OCOB commenced an examination of CHL. The CHL examination identified violations similar to those identified in the CMV Report, particularly with respect to CHL’s subprime lending division. The OCOB prepared a confidential Report of

Examination (the “**CHL Report**” and, together with the CMV Report, the “**Reports**”) that alleged numerous violations of the MLA and of Chapter 24 of the North Carolina General Statutes.

4. The present matter involves important issues relating to the enforcement of consumer protections in the MLA. The OCOB asked the North Carolina Department of Justice (“**DOJ**”) to review the Reports and other materials related to this action, as well as the present Agreement, to ensure adequate protections were provided for North Carolina borrowers. Upon review, DOJ has concluded that North Carolina consumers will be served by this Agreement and approves of the settlement of these matters as outlined herein.

5. The Countrywide entities do not admit the violations alleged in the Reports or to any particular violations of law; nonetheless, the Countrywide entities desire to resolve the matters identified in the Reports without further cost or expense through a Settlement Agreement and Consent Order.

6. CMV has tendered its licenses under the MLA to the OCOB and has discontinued all mortgage origination and servicing activities with respect to mortgage loans in the State of North Carolina.

7. The OCOB acknowledges that in October 2008, the Countrywide entities irrevocably committed to make, directly or through their affiliates:

(a) Voluntary contributions in an aggregate amount of two million dollars (\$2,000,000.00) to the North Carolina non-profit housing and consumer credit counseling agencies specified on Appendix A. Such agencies provide home-ownership, foreclosure-prevention, budgeting, and pre-bankruptcy counseling to North Carolina consumers.

(b) A voluntary contribution of nine hundred thousand dollars (\$900,000.00) to State Regulatory Registry, LLC, in furtherance of the implementation and maintenance of the National Mortgage Licensing System.

## II. SETTLEMENT AGREEMENT

NOW, THEREFORE, the Parties, in order to resolve the matters raised in the foregoing recitals, agree as follows:

1. The North Carolina Commissioner of Banks (“**Commissioner**”) has jurisdiction over the Countrywide entities with respect to the matters at issue in this proceeding.

2. Mark Pearce, Deputy Commissioner of Banks, has the authority to enter into this Agreement for and on behalf of the OCOB.

3. Philip A. Lehman, Assistant Attorney General, has the authority to approve the agreement on behalf of DOJ.

4. The OCOB accepts the tender of any licenses under the MLA by CMV. CHL will retain its license as a mortgage lender under the MLA.

5. The Countrywide entities waive their right to a contested hearing before the Commissioner or to appeal the Consent Order to the North Carolina State Banking Commission or any court and consent to the entry of a Consent Order that will provide as follows:

(a) The Countrywide entities shall not make or broker any loan in violation of the MLA.

(b) The Countrywide entities will implement internal safeguards and controls as may be necessary to ensure future compliance with the MLA.

(c) The Countrywide entities shall cooperate and work in good faith with the OCOB to comply with the requirements of Chapter 45, Articles 10 and 11, of the North Carolina General Statutes.

(d) The Countrywide entities shall, on or before December 31, 2008, apply up to eleven million five hundred thousand dollars (\$11,500,000.00) in restitution to approximately 1,000 borrowers under second-lien mortgages and to approximately 3,800 borrowers under first-lien mortgages in respect of alleged violations under Sections 24-1.1A and 24-10 of the North Carolina General Statutes. The Countrywide entities and the OCOB have agreed to the exact list of borrowers and amounts. On or about December 1, 2008, the Countrywide entities shall report to the OCOB their progress in making such restitution payments. Any amounts not allocated to a borrower shall be donated, on or before December 31, 2008, by the Countrywide entities to the Consumer Education Resource Fund of the North Carolina Housing Finance Agency.

(e) The Countrywide entities shall within 10 days of the entry of the Consent Order pay to the OCOB one million six hundred thousand dollars (\$1,600,000) for reasonable expenses incurred by OCOB during the course of the investigation and examination of the Countrywide entities, and for consumer protection and education purposes as directed by the OCOB.

6. The application of payments in respect of restitution by the Countrywide entities pursuant to Section II.5(d) shall be transmitted to recipients by first-class mail to the last known address of each such recipient, in each case accompanied by a letter in substantially the form attached hereto as Appendix B.

7. Any material breach of this Agreement by the Countrywide entities may be enforced by the OCOB.

8. In consideration of the entry of the Countrywide entities into this Agreement and upon acceptance of the same by the Commissioner, the OCOB shall consider the matters identified in the Reports fully resolved and will institute no further enforcement or investigative action against the Countrywide entities regarding violations alleged in the Reports and occurring before the execution of this Agreement.

9. Nothing in this Agreement shall be construed as a waiver of any individual borrower's claims or defenses which such borrower may have against the Countrywide entities (except to the extent of any restitution), nor shall it prohibit the OCOB from investigating compliance with this Agreement, from investigating or pursuing enforcement proceedings against parties other than the Countrywide entities, their affiliates, or their respective directors, officers and employees, for their involvement in the matters alleged in this proceeding, or reviewing foreclosures pursuant to the mandate of the state Emergency Program to Reduce Home Foreclosures (Chapter 45, Article 11, of the North Carolina General Statutes).

10. The parties further agree and acknowledge that this Agreement sets forth all of the terms and conditions between them concerning the above-entitled matter and supersedes all prior

oral and written statements and representations, and that there are no terms or conditions between the parties except as specifically herein set forth.

**11.** The Parties represent and warrant that they have sought and received advice of an attorney in this matter.

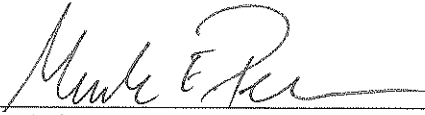
**12.** The undersigned represent and warrant that they are authorized to enter into this Agreement.

**13.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF the parties have executed multiple originals of this Consent Agreement, with original copies being retained by each of the Parties.

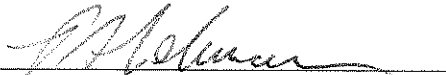
For the Office of the Commissioner of Banks

Reviewed and Approved by the North Carolina Dept. of Justice

By: 

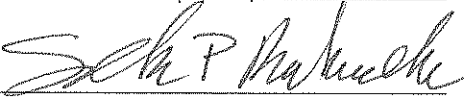
Mark E. Pearce  
Deputy Commissioner of Banks

Date: 10/31/08

By: 

Philip A. Lehman  
Assistant Attorney General

Date: 10/31/08

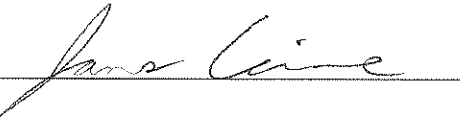
By: 

Seth P. Rosebrock  
Counsel for the OCOB

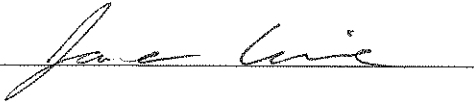
Date: 10/31/08

For Countrywide Home Loans, Inc.


For Countrywide Mortgage Ventures

By: 

Date: October 31, 2008


By: 

Date: October 31, 2008

By: 

Counsel for CHL

Date: 10/31/08

By: 

Counsel for CMV

Date: 10/31/08

**Appendix A**  
**North Carolina Non-Profit Housing and**  
**Consumer Credit Counseling Agencies**

| <b>Recipient</b>   | <b>Amount<br/>(in dollars)</b> |
|--|--------------------------------|
| (1) Alliance Credit Counseling (Charlotte-based)               | \$100,000                      |
| (2) Blue Springs-Hoke County CDC                               | \$40,000                       |
| (3) Charlotte-Mecklenburg Housing Partnership                  | \$100,000                      |
| (4) CCCS of Durham   | \$25,000                       |
| (5) CCCS of Forsyth Co., Inc.                                  | \$150,000                      |
| (6) CCCS of Gaston County                                      | \$40,000                       |
| (7) CCCS of Greater Greensboro                                 | \$25,000                       |
| (8) CCCS of the Carolina Foothills, Inc.                       | \$40,000                       |
| (9) CCCS of WNC dba OnTrack Financial Education and Counseling | \$150,000                      |
| (10) Choanoke Area Development Association of NC, Inc. (CADA)  | \$150,000                      |
| (11) Cumberland Community Action Program, Inc.                 | \$150,000                      |
| (12) Davidson County Community Action                          | \$25,000                       |
| (13) Durham Affordable Housing Coalition                       | \$50,000                       |
| (14) Franklin-Vance-Warren Opportunity, Inc.                   | \$50,000                       |
| (15) Kingdom Community Development Corp.                       | \$50,000                       |
| (16) Monroe-Union County CDC                                   | \$25,000                       |
| (17) Northwestern Regional Housing Authority                   | \$25,000                       |
| (18) Prosperity Unlimited, Inc.                                | \$100,000                      |
| (19) River City CDC in Elizabeth City                          | \$50,000                       |
| (20) Rocky Mount Edgecombe CDC                                 | \$65,000                       |
| (21) Salisbury CDC   | \$150,000                      |
| (22) Triangle Family Services                                  | \$150,000                      |
| (23) Twin Rivers Opportunities, Inc.                           | \$25,000                       |
| (24) United Family Services                                    | \$100,000                      |
| (25) Western Piedmont Council of Government                    | \$100,000                      |
| (26) Wilson Community Improvement Association, Inc.            | \$65,000                       |

**Appendix B**  
**Letter to Restitution Recipients**

[ON LETTERHEAD OF COUNTRYWIDE FINANCIAL CORPORATION]

[\_\_\_\_], 2008

[\_\_\_\_]  
[\_\_\_\_]  
[\_\_\_\_]  
[\_\_\_\_]

**RE: REFUND OF \$[\_\_\_\_] WITH RESPECT TO MORTGAGE NO. [\_\_\_\_]**

Dear [\_\_\_\_]:

Countrywide Financial Corporation is making a payment to you in the amount specified above by the enclosed check. This payment is made to you to restore certain charges made in connection with the origination of the referenced mortgage by an affiliate of Countrywide Financial Corporation. These charges are alleged by the Office of the Commissioner of Banking of the State of North Carolina (“OCOB”) to have exceeded regulatory limits. Countrywide Financial Corporation does not admit such violations, but makes the payment in connection with its settlement of certain examination issues with the OCOB.