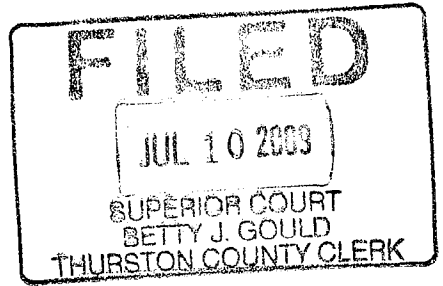


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EXPEDITE
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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF THURSTON

STATE OF WASHINGTON,

Plaintiff,

v.

COUNTRYWIDE FINANCIAL
CORPORATION, a Delaware corporation;
COUNTRY WIDE HOME LOANS, INC., a
New York corporation; and FULL SPECTRUM
LENDING, INC., a California corporation;

Defendants.

NO. 09 2 01690 8

CONSENT JUDGMENT

JUDGMENT SUMMARY

Judgment Creditor:	State of Washington
Judgment Debtor:	Countrywide Financial Corporation, Countrywide Home Loans, Inc., and Full Spectrum Lending, Inc.
Costs & Attorneys Fees:	\$250,000.00
Total Judgment:	\$250,000.00
Attorney for Judgment Creditor:	David W. Huey Assistant Attorney General
Attorney for Judgment Debtor:	Brian D. Boyle, Esq. William H. Satchell, Esq. Attorneys of Record

1 Plaintiff, State of Washington ("Plaintiff"), having commenced this action pursuant to the
2 Unfair Business Practices--Consumer Protection Act ("Consumer Protection Act"), Chapter 19.86
3 RCW; and

4 Plaintiff, appearing by and through its attorneys, Robert M. McKenna, Attorney General,
5 and David W. Huey, Assistant Attorney General; and Defendants Countrywide Financial
6 Corporation, Countrywide Home Loans, Inc., and Full Spectrum Lending, Inc. (collectively,
7 "Defendants"), appearing by and through their attorneys, Brian D. Boyle and William H. Satchell,
8 and Tim J. Filer.

9
10 Defendants, enter into this Consent Judgment to avoid costly and protracted litigation, and
11 deny the allegations of the Complaint. Plaintiff and Defendants agree that this Consent Judgment
12 does not constitute evidence or an admission regarding the existence or nonexistence of any issue,
13 fact, or violation of any law alleged by Plaintiff; and

14
15 Defendants recognize and state that this Consent Judgment is entered into voluntarily and
16 that no promises or threats have been made by the Attorney General's Office or any member,
17 officer, agent, or representative thereof to induce them to enter into this Consent Judgment, except
18 as provided herein; and

19
20 Defendants waive any right they may have to appeal from entry of this Consent Judgment
21 and from any of its terms and conditions; and

22
23 Defendants further agree that they will not oppose the entry of this Consent Judgment for
24 any reason, including on the grounds it fails to comply with Rule 65(d) of the Rules of Civil
25 Procedure; and
26

1 Defendants further agree that this Court shall retain jurisdiction of this action to enter and
2 enforce this Consent Judgment; and

3 The Court finding no just reason for delay;

4 **NOW, THEREFORE**, it is hereby **ORDERED, ADJUDGED, AND DECREED** as
5 follows:
6

7 Jurisdiction. This Court has jurisdiction with respect to the entering into and
8 enforcing of this Consent Judgment. The Plaintiff's Complaint in this matter states claims upon
9 which relief may be granted under the provisions of the Consumer Protection Act, Chapter 19.86
10 RCW. This Consent Judgment is entered pursuant to RCW 19.86.020 and RCW 19.86.080.

11 **Recitals.**

- 12
- 13 (1) Countrywide Financial Corporation ("**CFC**") is a Delaware corporation.
 - 14 (2) Countrywide Home Loans, Inc., a New York corporation and wholly-owned subsidiary
15 of CFC, is or was a licensed mortgage banking organization.
 - 16 (3) Full Spectrum Lending, Inc., a California corporation and wholly-owned subsidiary of
17 CFC, is or was a licensed mortgage banking organization.
 - 18 (4) Countrywide Home Loans Servicing, L.P., is a Texas limited partnership engaged in
19 servicing loans, and as of the Consent Judgment Date is a wholly-owned subsidiary of
20 Bank of America, National Association.
 - 21 (5) On July 1, 2008, Bank of America Corporation, a Delaware corporation ("**BAC**"),
22 announced that it had completed its purchase of CFC, including Countrywide Home
23 Loans, Inc., Full Spectrum Lending, and Countrywide Home Loans Servicing, L.P. In
24 connection with the acquisition, BAC announced that it would suspend offering
25
26

1 subprime or high cost mortgages (as described in 15 U.S.C. 1602(aa)) and
2 nontraditional forward mortgages (other than those that are Federal Eligible) that may
3 result in negative amortization – such as Pay Option ARMs. BAC also stated that it
4 would, for a time, place restrictions on offering “low documentation” and “no
5 documentation” mortgage loans (other than those that are Federal Eligible) and set
6 limits on mortgage broker compensation.
7

8 **1. DEFINITIONS.**

9 1.1 *Usage.* The following rules apply to the construction of this Consent Judgment:

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

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

12 (c) the headings of the Sections and subsections are for convenience and
13 shall not constitute a part of this Consent Judgment, and shall not affect the meaning,
14 construction, or effect of the applicable provisions of this Consent Judgment;

15 (d) a reference in this Consent Judgment or any Schedule to a Section,
16 Exhibit, or Schedule without further reference is a reference to the relevant Section,
17 Exhibit, or Schedule to this Consent Judgment; and

18 (e) words such as “hereunder,” “hereto,” “hereof,” and “herein” and other
19 words of like import shall, unless the context clearly indicates to the contrary, refer to
20 the whole of this Consent Judgment and not to any particular Section, subsection, or
21 clause hereof.

22 1.2 *Defined Terms.* The following capitalized terms shall have the following
23 meanings in this Consent Judgment unless otherwise required by the context or defined:
24
25
26

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

3
4 “*Affordability Equation*” has the meaning given to such term in Section 4.4.

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

9
10 “*Annual Increase*” means, with respect to any stated rate of interest, an annual increase
11 in the stated rate of interest such that the aggregate scheduled payments of principal (if
12 applicable) and interest in any year does not increase by more than 7.5% of the aggregate
13 scheduled payments of principal and interest in the preceding year, subject to any stated
14 interest rate cap.

15
16 “*ARMs*” means adjustable rate first-lien residential mortgage loans.

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

18
19 “*Borrower*” means, with respect to any owner-occupied CFC Residential Mortgage
20 Loan, the obligor(s) on such loan. No covenant or commitment herein is intended to require a
21 CFC Servicer to deal with more than one obligor on behalf of any Borrowers with respect
22 thereto.

23 “*CFC*” means Countrywide Financial Corporation.

24
25 “*CFC-Originated*” means, with respect to any residential mortgage loan, that such
26 residential mortgage loan is a first-lien residential mortgage that was originated on a retail

1 basis directly or indirectly by CFC or its subsidiaries or through brokers in their wholesale
2 lending channels. “*CFC-Originated*” residential mortgage loans do not include CFC
3 Purchased Loans.

4
5 “*CFC Purchased Loans*” means any first-lien residential mortgage loan originated by
6 unaffiliated third parties and directly or indirectly purchased by CFC or its subsidiaries through
7 their correspondent lending channels or otherwise, *provided* that such loan is serviced by a
8 CFC Servicer. “*CFC Purchased Loans*” do not include CFC-Originated residential mortgage
9 loans.

10
11 “*CFC Residential Mortgage Loans*” means any (i) CFC-Originated first-lien
12 residential mortgage loans, or (ii) CFC Purchased Loans, so long as, in each case, such loans
13 are serviced by a CFC Servicer.

14
15 “*CFC Servicer*” means CFC or any Affiliate of CFC that services CFC Residential
16 Mortgage Loans.

17
18 “*CLTV*” means, with respect to a first-lien residential mortgage loan as of the time
19 underwritten, the ratio of the sum of the unpaid principal balance of such mortgage loan *plus*
20 the unpaid principal balance on any second-lien mortgage to the Market Value of the
21 residential property that secures such mortgages.

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

23
24 “*Delinquent Borrower*” means, with respect to any Borrower, that the related CFC
25 Residential Mortgage Loan (a) is Seriously Delinquent on or before the Termination Date, or
26 (b) is subject to an imminent reset or Recast and, in the reasonable view of the CFC Servicer,

1 as a result of such reset or Recast is reasonably likely to become Seriously Delinquent on or
2 before the Termination Date.

3
4 *“Eligible Borrower”* has the meaning given to such term in Section 4.1.

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

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

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

17 *“Foreclosure Avoidance Budget”* has the meaning given to such term in Section 4.4(a).

18
19 *“Foreclosure Relief Program”* means the program under which certain Borrowers will
20 be offered payments, as set forth in Section 6.

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

22
23 *“Freddie Mac”* means Federal Home Loan Mortgage Corporation.

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

5 “*LTV*” means, with respect to a first-lien residential mortgage loan as of the time
6 reviewed for eligibility for modification, the ratio of the unpaid principal balance of such
7 mortgage loan to the Market Value of the residential property that secures such mortgage.
8

9 “*Market Value*” means, with respect to any residential mortgage loan, the value of the
10 residential property that secures such mortgage loan as determined by a lender or servicer in
11 reliance on an appraisal (whether based on an appraisal report prepared not more than 180 days
12 before the date of determination, broker price opinion prepared not more than 120 days before
13 the date of determination, or automated valuation model prepared not more than 90 days before
14 the date of determination).
15

16 “*Office of the Attorney General*” means the Office of the Attorney General of the State
17 of Washington.

18 “*Pay Option ARMs*” means ARMs that, during an initial period (and subject to Recast),
19 permit the borrower to choose among two or more payment options, including an interest-only
20 payment and a minimum (or limited) payment.
21

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

23 “*Recast*” means, in the case of a Pay Option ARM, a contractual payment recast to a
24 fully amortized payment based on a negative amortization trigger.
25

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

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

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

7 “*Subprime 2, 3, 5, 7, and 10 Hybrid ARMs*” means Subprime Mortgage Loans that are
8 2, 3, 5, 7, and 10 Hybrid ARMs.

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

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

21
22 **2. CFC SOLE OBLIGOR ON ALL OBLIGATIONS IN THIS CONSENT**
23 **JUDGMENT.**

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

1 | lending practices described in Section 3, the loan modification programs described in Section
2 | 4, the Relocation Assistance payments described in Section 5, the Foreclosure Relief Program
3 | described in 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
5 | of 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
8 | whether or not it controls such CFC Affiliates or CFC Servicers and the absence of such
9 | control shall not 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
15 | not promptly cured after notice by the Office of the Attorney General, then the Office of the
16 | Attorney General may seek enforcement of this Consent Judgment under Section 10.4, or, in
17 | the alternative, terminate this Consent Judgment. If the Office of the Attorney General elects
18 | to terminate this Consent Judgment, it shall no longer be bound by the release set forth in
19 | Section 9.2.
20 |

21 |
22 | **3. SERVICER PRACTICES.**

23 | Until the Termination Date, CFC shall be responsible for the implementation of the
24 | following by CFC Affiliates with respect to CFC Residential Mortgage Loans with respect to
25 | Borrowers in the State of Washington:
26 |

1 3.1 *Residential Mortgage Product Offerings.*

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

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

15
16 (c) CFC's reports to the Office of the Attorney General under this Consent
17 Judgment will include information on the numbers and types of workouts concluded on
18 loans secured by Borrower-occupied properties in the State of Washington.

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
24
25
26

1 shall be responsible for providing reports to the Office of the Attorney General on the
2 delinquency characteristics of such loans, as provided herein.

3 (e) With respect to Alt-A Residential Mortgage Loans, CFC acknowledges
4 that the Office of the Attorney General has expressed concerns about future
5 delinquencies, and agrees to provide the Office of the Attorney General notification
6 whenever the nationwide rate at which Borrowers on Alt-A Residential Mortgage
7 Loans are 30 days or more delinquent in their payments exceeds 150% of the
8 delinquency rate for comparably-aged FHA-insured loans serviced by CFC Servicers.
9 If such notice is required, CFC agrees to confer with the Office of the Attorney General
10 concerning Alt-A Residential Mortgage Loans delinquency trends, including whether
11 delinquencies are isolated in certain segments of the Alt-A Residential Mortgage Loans
12 portfolio (e.g., loans with interest-only features, loans originated at high CLTV), and
13 concerning the possible deployment of streamlined foreclosure avoidance solutions for
14 such Borrowers.
15

16
17 (f) Through July 1, 2009, a minimum of 3900 personnel shall be employed
18 to assist Borrowers with loan modifications and other foreclosure avoidance measures.

19 (g) CFC Servicers will ensure that the values in any AVM system used to
20 generate electronic appraisals are regularly updated and periodically validated so as to
21 provide reasonable assurance as to the accuracy of resulting valuations. Any validation
22 will, as appropriate, include back-testing of a representative sample of valuations
23 against market data on actual sales (where sufficient information is available).
24

25 (h) Although the scope of the loan modification program in this Consent
26

1 Judgment is limited to certain first lien Qualifying Mortgages, CFC acknowledges that
2 (i) many Eligible Borrower-occupied 1-to-4 unit residential properties are subject to
3 second lien mortgages and (ii) the existence of such junior liens may reduce the
4 incentive of Borrowers to remain in their homes and may impair Eligible Borrowers'
5 ability to refinance Qualifying Mortgages. CFC confirms that it is engaged in
6 developing best servicing practices with respect to first lien Qualifying Mortgages
7 secured by Eligible Borrower-occupied 1-to-4 unit residential properties that are subject
8 to second lien mortgages.
9

10 3.2 **Compliance.** Understanding the circumstances and behaviors of lenders and
11 brokers that may have contributed, in part, to the current mortgage crisis, CFC recognizes its
12 responsibility to ensure the very highest degree of ethical conduct on the part of CFC's agents
13 and employees. CFC shall ensure that, (a) to the extent it resumes subprime lending, it will
14 design and implement an effective compliance management program to provide reasonable
15 assurance as to the identification and control of consumer protection hazards associated with
16 such subprime lending activities, and (b) to the extent of its own lending activities (if any), it
17 will create appropriate consumer safeguards to avoid unfair or deceptive activities or practices
18 arising in connection with its interaction with brokers and other third parties.
19
20

21 **4. LOAN MODIFICATIONS FOR DELINQUENT BORROWERS IN CERTAIN**
22 **MORTGAGE PRODUCTS.**

23 Until the Termination Date, CFC shall be responsible for ensuring that CFC Servicers attempt,
24 on an ongoing basis, to qualify eligible Borrowers in specified mortgage products for
25 affordable loan modifications in accordance with the following provisions:
26

1 4.1 **Eligible Borrowers.** An "**Eligible Borrower**" is a Borrower who has a
2 Qualifying Mortgage with a first payment date on or before December 31, 2007, that (a) is
3 secured by an owner-occupied 1-to-4 unit residential property, (b) is serviced by a CFC
4 Servicer, and (c) in the event that it is determined that a condition described in Section 4.10 has
5 occurred, the applicable CFC Servicer has determined that such Borrower is in financial
6 distress. Eligible Borrowers are potentially eligible for loan modification relief under this
7 Section 4. A Borrower who does not occupy the 1-to-4 unit residential property that secures
8 the Qualifying Mortgage is not an "**Eligible Borrower.**"
9

10 4.2 **Qualifying Mortgages.** The following CFC Residential Mortgage Loans are
11 "**Qualifying Mortgages**" if the Borrower is an Eligible Borrower and the Borrower meets one
12 of the specified delinquency profiles:
13

14 (a) **Subprime 2, 3, 5, 7, and 10 Hybrid ARMs.** A Subprime 2, 3, 5, 7, and
15 10 Hybrid ARM shall be a Qualifying Mortgage if the Eligible Borrower meets any one
16 of the following delinquency profiles at the time considered for loan modification:

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

19 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is
20 75% or more.
21

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

25 (i) The Eligible Borrower is Seriously Delinquent and the LTV is
26

1 75% or more; or

2 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is
3 75% or more.

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

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

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

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

21 (ii) For Eligible Borrowers (A) who become Seriously Delinquent
22 following a reset, or (B) who are subject to an imminent reset and, in the
23 reasonable view of the CFC Servicer, as a result of such reset are reasonably
24
25
26

1 likely to become Seriously Delinquent on or before the Termination Date (even
2 though they are not Seriously Delinquent at the time of the modification), an
3 unsolicited (subject to Section 4.10) restoration of the introductory rate for five
4 years, without new loan documentation or an evaluation of the Eligible
5 Borrower's current income. Communications to Eligible Borrowers informing
6 them of this modification will invite Eligible Borrowers to contact the
7 applicable CFC Servicer if they do not believe they will be able to afford the
8 introductory rate in order to be considered for more extensive relief under
9 Sections 4.3(a)(iii) or 4.3(a)(iv).
10

11 (iii) A streamlined, fully-amortizing loan modification subject to the
12 Affordability Equation consisting of:
13

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

17 (B) on the fifth anniversary of the loan modification, an
18 automatic conversion to a fixed rate mortgage for the remainder of the
19 loan term at the higher of (1) the Fannie Rate and (2) the introductory
20 rate. If the new payment would not be affordable to the Eligible
21 Borrower based on his or her income at the time of conversion, the
22 Eligible Borrower will be considered for a single two year period of
23 reduced-rate financing (in which case the conversion to a fixed rate
24 mortgage will occur at the end of the seventh year).
25
26

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

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

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

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

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

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

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

19 (A) elimination of the negative amortization feature;

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

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

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

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

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

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

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,
6 in 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

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

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

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

1 payment of principal (if applicable), interest, taxes, and insurance equating to
2 34% of the Eligible Borrower's income, or as close to 34% of the Eligible
3 Borrower's income as the Foreclosure Avoidance Budget permits without
4 exceeding 42% of the Eligible Borrower's income.
5

6 (ii) Subject to the Foreclosure Avoidance Budget, if tax and
7 insurance escrows are not maintained with respect to a Qualifying Mortgage,
8 the Eligible Borrower will be offered a loan modification that produces a first-
9 year payment of principal (if applicable) and interest equating to 25% of the
10 Eligible Borrower's income, or as close to 25% of the Eligible Borrower's
11 income as the Foreclosure Avoidance Budget permits without exceeding 34% of
12 the Eligible Borrower's income.
13

14 (c) *Borrowers Who Cannot Afford a Loan Modification.* There is no
15 obligation to offer loan modifications with respect to Qualifying Mortgages if the
16 Eligible Borrower cannot be qualified under the Affordability Equation. Such Eligible
17 Borrowers may be eligible for a Relocation Assistance payment and/or a payment
18 under the Foreclosure Relief Program, all as provided in Sections 5 and 6.
19

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

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

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

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

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

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

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

20 (iii) despite reasonable efforts, servicing agents have been unable to
21 make contact with the borrower to determine his or her preferences with regard
22 to home ownership, or to obtain information concerning his or her income and
23 ability to afford a mortgage payment under a modification.
24
25
26

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 Consent Judgment. Late/delinquency fees will not be waived to
6 the extent they arise with respect to loan payments that were previously past due but
7 were subsequently 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
19 the time of the payoff or refinancing is held by CFC or any Affiliate. Investor owners
20 or their representatives of Qualifying Mortgages that are Subprime Mortgage Loans or
21 Pay 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 Consent Judgment, will be eligible to be considered for
3 new loan modification offers under this Consent Judgment if they otherwise satisfy the
4 eligibility criteria.

5 (e) **Representation Concerning Investor Delegation and Approval.** CFC
6 represents that CFC Servicers currently have, or reasonably expect to obtain, discretion
7 to pursue the foreclosure avoidance measures outlined in this Consent Judgment for a
8 substantial majority of Qualifying Mortgages. If CFC Servicers do not have discretion
9 to pursue these foreclosure avoidance measures, best efforts will be used to obtain
10 appropriate investor authorization.
11

12 4.8 **Commitment to Implement Relief Measures Authorized by Federal**
13 **Government.** To the extent the federal government acquires any Qualifying Mortgages and, as
14 the owner of these mortgages, authorizes loan modifications that offer borrower benefits
15 greater than those associated with the modifications outlined in this Consent Judgment, such
16 relief measures will be pursued in modifying such Qualifying Mortgages to the full extent of
17 such authorization.
18

19 4.9 **Timeframe for Loan Modification Process.** The loan modification process will
20 be managed to ensure that offers of loan modifications under this Consent Judgment (other
21 than unsolicited interest rate reductions) are made to Eligible Borrowers, on average, no more
22 than 60 days after such Eligible Borrowers make contact with the applicable CFC Servicer and
23 provide any required information concerning a possible modification.
24
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1 4.10 *Response to Intentional Nonperformance by Borrowers.* If CFC detects
2 material levels of intentional nonperformance by Eligible Borrowers that appears to be
3 attributable to the introduction of the loan modification program, it reserves the right to require
4 objective prequalification of Eligible Borrowers for loan modifications under the program by
5 obtaining verification of all sources of income and the application of funds and to take other
6 reasonable steps. Such prequalification could result in the elimination of unsolicited interest
7 rate reductions, inhibit streamlined solutions and could otherwise significantly slow
8 implementation of the loan modification program.
9

10 4.11 *No Releases with Respect to Loan Modifications.* In connection with loan
11 modifications offered under this Consent Judgment, no releases of claims will be solicited or
12 required from Eligible Borrowers.
13

14 4.12 *Number of Loan Modification Offers before March 31, 2009.* On or before
15 March 31, 2009, loan modifications will be offered by CFC Servicers in accordance with this
16 Consent Judgment to not fewer than 50,000 Delinquent Borrowers on a nationwide basis. The
17 Office of the Attorney General may terminate the Agreement and no longer be bound by the
18 release set forth in Section 9.2 if there is a material failure to satisfy this commitment. If the
19 Office of the Attorney General terminates this Agreement, any unspent portion of the
20 Foreclosure Relief Program allocation that has been reserved by the Office of the Attorney
21 General for purposes other than making payments to Borrowers as provided in Section 6 of this
22 Consent Judgment will be repaid to CFC.
23

24 4.13 *Second or Junior Liens.* Loan modifications contemplated in Section 4 of this
25 Consent Judgment shall be made without consideration of second or junior liens on mortgaged
26

1 properties. CFC does not expect that the presence of second or junior liens will impede
2 Eligible Borrowers from receiving a loan modification offer under Section 4 of this Consent
3 Judgment.

4 **5. RELOCATION ASSISTANCE PROGRAM.**

5 Through the Termination Date, payments will be provided to borrowers who are unable
6 to retain their homes in accordance with this Section 5.

7
8 5.1 *Eligibility.* Borrowers under CFC Residential Mortgage Loans who (a) were
9 serviced by a CFC Servicer on June 30, 2008 (whether or not they are Qualifying Mortgages),
10 (b) occupy a 1-to-4 unit residential property subject to servicing by a CFC Servicer on the date
11 of determination of eligibility hereunder, and (c) are subject to a foreclosure sale date on or
12 before the Termination Date, will be offered an agreement under which they can receive a cash
13 payment to assist with the Borrower's transition to a new place of residence ("*Relocation*
14 *Assistance payment*") in exchange for voluntarily and appropriately surrendering the residence
15 that, at the time of the foreclosure sale, secured the Borrower's mortgage loan. Borrowers who
16 are eligible for, or receive, payments under the Foreclosure Relief Program may also receive a
17 Relocation Assistance payment.
18

19
20 5.2 *Amount.* The amount of Relocation Assistance payments offered to any
21 Borrower will be in the discretion of CFC or its delegee according to its or their assessment of
22 the individual circumstances of the Borrower (e.g., number of dependents or amount of moving
23 expenses).
24
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26

1 5.3 *Timing of Payments.* Relocation Assistance payments shall be made to a
2 Borrower no later than fourteen days following the Borrower's voluntary and appropriate
3 surrender of the residence that secured the mortgage loan.

4 5.4 *Payment Projection.* CFC projects that, from October 1, 2008, through
5 December 31, 2010, Relocation Assistance payments will be made to 35,000 borrowers on a
6 nationwide basis in a total amount of more than \$70,000,000.

7
8 **6. FORECLOSURE RELIEF PROGRAM.**

9 Payments shall be made available to borrowers who experienced a foreclosure sale, or
10 who were 120 days or more delinquent in making mortgage payments soon after their loans
11 were originated or after an interest rate reset, in accordance with this Section 6.
12

13 6.1 *Payment.* CFC shall make available \$1,850,603 for payments to borrowers
14 within the State of Washington, or otherwise for foreclosure relief/mitigation or related
15 programs consistent with this Section 6.

16 6.2 *Individual Allocation.* Unless otherwise directed by the Office of the Attorney
17 General in accordance with Section 6.3 hereof, a Borrower will be eligible for payments under
18 the Foreclosure Relief Program if the Borrower:
19

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

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

24 (c) Six or fewer payments were made on the CFC-Originated Residential
25 Mortgage Loan; and
26

1 (d) The CFC-Originated Residential Mortgage Loan was foreclosed or is
2 120 days or more delinquent as of the Commencement Date.

3 6.3 *Expansion or Contraction of the Foreclosure Relief Program; Reservation of*
4 *Funds for Other Purposes.* The Office of the Attorney General may expand the Foreclosure
5 Relief Program to cover additional Borrowers or limit the Foreclosure Relief Program to cover
6 a narrower range of Borrowers, provided that at least those eligible Borrowers who made three
7 or fewer payments over the life of the CFC-Originated Residential Mortgage Loan are covered.
8 If the Office of the Attorney General elects to expand or contract the program, the amount
9 allocated to the State of Washington will remain the same. The Office of the Attorney General
10 may reserve as much as 50% of the sum allocated to the State of Washington for foreclosure
11 relief/mitigation or related programs other than payments to defaulted Borrowers, including
12 purchasing or rehabilitating foreclosed properties.
13
14

15 6.4 *Communications.* CFC and the Office of the Attorney General shall consult as
16 to the form and content of any communication sent to Borrowers who are to receive
17 Foreclosure Relief Program payments.

18 6.5 *Unallocated Funds.* Funds allocated to Borrowers in the State of Washington
19 who choose not to participate in the Foreclosure Relief Program or who cannot be located after
20 commercially reasonable efforts shall be available to the Office of the Attorney General for re-
21 allocation to Borrowers under this program at the direction of the Office of the Attorney
22 General.
23

24 6.6 *Release.* In order to receive payments under the Foreclosure Relief Program,
25 Borrowers will be required to execute a release in accordance with Section 9.1. Borrowers
26

1 offered payments under this Foreclosure Relief Program whose loans have not yet been
2 foreclosed shall be afforded at least a three month period to decide whether to execute the
3 release to permit them to determine whether they wish to raise claims covered by the release.
4

5 **7. BANK OF AMERICA FOUNDATION COMMUNITY INVESTMENT**
6 **ACTIVITIES.**

7 The parties understand that, while the Bank of America Foundation (“**Foundation**”) is
8 not a party to, or in any way bound by, this Consent Judgment, the Foundation intends to work
9 actively with non-profit organizations, community development corporations, and others in
10 addressing the adverse effects of the current housing crisis, particularly by promoting
11 community redevelopment and facilitating the application of Housing and Economic Recovery
12 Act funds to beneficial usage of real estate owned properties. CFC commits to collaborate in
13 good faith with the Office of the Attorney General to identify ways in which CFC can support
14 or complement the Foundation’s efforts.
15

16 **8. REPORTING REQUIREMENTS.**

17 **8.1 *Eligible Borrowers in Qualifying Mortgages.***

18 (a) On a quarterly basis through June 30, 2010, CFC shall report the
19 following information to the Office of the Attorney General:

20 (i) The names and addresses of Eligible Borrowers in the State of
21 Washington in Qualifying Mortgages who received loan modification offers
22 under this Consent Judgment, and for whom loan modifications were
23 concluded;
24
25
26

1 (ii) For loan modifications offered or concluded under this Consent
2 Judgment, the total dollar amount of interest and principal expected to be saved
3 by Borrowers as a result of such modifications over the life of the loans;

4 (iii) For all loan modifications under this Consent Judgment
5 concluded within the reporting period in the State of Washington, the original
6 and modified loan terms, and the amounts of late/delinquency fees waived, loan
7 modification fees waived, and prepayment penalties waived by CFC pursuant to
8 this Consent Judgment;

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

13 (v) The number and total amount of Relocation Assistance payments
14 or Foreclosure Relief payments made to Borrowers in the State of Washington
15 during the reporting period;

16 (vi) Delinquency data on active loans with first payment due dates
17 between January 1, 2004 and December 31, 2007 that are secured by Borrower-
18 occupied residential property in the State of Washington, broken down by type
19 of loan; and

20 (vii) Aggregated delinquency/default data on all loans modified under
21 this Consent Judgment for Eligible Borrowers in the State of Washington,
22 separated by type of modification.
23
24
25
26

1 (b) CFC shall provide annual reports to the Office of the Attorney General,
2 that include the information specified in Section 8.1(a) for the periods July 1, 2010
3 through June 30, 2011, and July 1, 2011 through June 30, 2012.

4 8.2 *Other Loan Modifications.* With the same frequency as specified in Section
5 8.1, CFC will provide to the Office of the Attorney General a report detailing the numbers and
6 types of modifications concluded on first-lien residential mortgage loans secured by Borrower-
7 occupied property in the State of Washington (other than Qualifying Mortgages) and the total
8 unpaid principal balance of such modified loans.

9 8.3 *Best Servicing Practices for Modifying First Lien Qualifying Mortgages on*
10 *Residential Property Subject to Second Lien Mortgages.* CFC will periodically report to the
11 Office of the Attorney General on its progress in developing best servicing practices as
12 described in Section 3.1(h).
13

14 8.4 *Compliance Monitor.* CFC will appoint an employee as the Compliance
15 Monitor for this Consent Judgment. The Compliance Monitor will be responsible for (a)
16 making reports to the Office of the Attorney General under this Consent Judgment and (b)
17 receiving and responding to complaints from the Office of the Attorney General or from
18 individual borrowers concerning the operation of the loan modification program.
19
20

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

22 9.1 *Releases from Borrowers.* Borrowers to whom payments under the Foreclosure
23 Relief Program are offered shall, as a condition of receiving such payments, be required to
24 execute and return to CFC a release of claims that includes the following language:

25 In consideration for the payment we are to receive under the Foreclosure Relief
26 Program, we release Countrywide Financial Corporation and its affiliates and their

1 respective directors, officers, employees and agents (except brokers) from all civil
2 claims, causes of action, any other right to obtain any type of monetary damages
3 (including punitive damages), expenses, attorneys' and other fees, rescission, restitution
4 or any other remedies of whatever kind at law or in equity, in contract, in tort
5 (including, but not limited to, personal injury and emotional distress), arising under any
6 source whatsoever, including any statute, regulation, rule, or common law, whether in a
7 civil, administrative, arbitral or other judicial or non-judicial proceeding, whether
8 known or unknown, whether or not alleged, threatened or asserted by us or by any other
9 person or entity on our behalf, including any currently pending or future purported or
10 certified class action in which we are now or may hereafter become a class member,
11 that arise from or are in any way related to CFC Loan No. [] and any loans
12 originated directly or indirectly by Countrywide Financial Corporation or its affiliates
13 in connection therewith that are secured by a second mortgage, including, without
14 limitation, the origination of any such loan (and any representations or omissions made
15 during that origination process), the terms and conditions of any such loan, and the
16 servicing or administration of any such loan after its origination; provided, however,
17 that nothing herein shall bar the assertion of any released claim solely as an affirmative
18 defense to any claim against us for a deficiency in respect of any such loan, but in no
19 event shall we be permitted to obtain an affirmative recovery in any such deficiency
20 action.

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

9.3 *More Favorable Terms.* The parties agree that should CFC resolve allegations
concerning the conduct covered by this Consent Judgment which occurred before the date of

1 | this Consent Judgment in actions brought by Attorneys General of other states on terms that
2 | are different than those contained in this Consent Judgment (other than terms offered by CFC
3 | but not accepted by the Office of the Attorney General), then CFC will provide a copy of those
4 | terms to the Office of the Attorney General for review. If, after review, the Office of the
5 | Attorney General determines the terms of such resolutions are, taken as a whole, more
6 | favorable than those contained in this Consent Judgment, then CFC shall stipulate that this
7 | Consent Judgment shall be amended to reflect all of such terms in place of the terms hereof.
8 |

9 | **10. OTHER TERMS AND CONDITIONS**

10 | 10.1 *No Admission.* The Consent Judgment shall not constitute an admission of
11 | wrongdoing by BAC, CFC, Countrywide Home Loans, Inc., or Full Spectrum Lending, Inc.,
12 | nor shall it be cited as such by the Office of the Attorney General. The Consent Judgment
13 | shall not be admissible in any other proceeding as evidence of wrongdoing or a concession of
14 | responsibility.
15 |

16 | 10.2 *Confidentiality.* The Office of the Attorney General agrees that all confidential
17 | information disclosed to it by BAC or CFC or any of their Affiliates, including but not limited
18 | to the periodic reports that will be provided pursuant to Section 8, shall be kept confidential;
19 | provided, however, that the following information reported to the Office of the Attorney
20 | General on a periodic basis shall not be deemed confidential to the extent aggregated for
21 | Borrowers in the State of Washington for a full reporting period: (a) the total number of loans
22 | modified, (b) the total number of loans modified, by type of loan, (c) the total dollar amount of
23 | interest and principal expected to be saved by Borrowers as a result of such modifications over
24 | the life of the loans, and (d) the total dollar amount of payments under Sections 5 and 6 of this
25 |
26 |

1 Consent Judgment to Borrowers. The Office of the Attorney General shall not disclose or use
2 any confidential information without the prior written consent of the disclosing party, except to
3 the extent required by law, regulation or court order (and in such case, only upon prior written
4 notice to the disclosing party).

5
6 10.3 *Submission to Jurisdiction for Limited Purpose.* Defendants submit to the
7 jurisdiction of the court in the State of Washington for the limited purpose of entering into and
8 enforcing this Consent Judgment only. Any acts, conduct, or appearance by Defendants do not
9 constitute and shall not be construed as a submission to the general jurisdiction of any court in
10 the State of Washington for any purpose whatsoever.

11 10.4 *Enforcement.* This Court shall retain jurisdiction over this matter for the
12 purposes of (a) enabling the Office of the Attorney General to apply, at any time, for
13 enforcement of any provision of this Consent Judgment and for sanctions or other remedies for
14 any violation of this Consent Judgment; and (b) enabling any party to this Consent Judgment to
15 apply, upon giving 45 days written notice to all other parties, for such further orders and
16 directions as might be necessary or appropriate either for the construction or carrying out of
17 this Consent Judgment or for the modification or termination of one or more injunctive
18 provisions of this Consent Judgment.
19

20
21 10.5 *Conflict with Subsequent Law.* In the event that any applicable law conflicts
22 with any provision hereof, making it impossible for CFC to comply both with the law and with
23 the provisions of this Consent Judgment, the provisions of the law shall govern.

24 10.6 *No Third Party Beneficiaries Intended.* This Consent Judgment is not intended
25 to confer upon any person any rights or remedies, including rights as a third party beneficiary.
26

1 This Consent Judgment is not intended to create a private right of action on the part of any
2 person or entity other than the parties hereto.

3 10.7 *Service of Notices and Process.* Service of notices and process required or
4 permitted by this Consent Judgment or its enforcement shall be in writing and delivered or
5 served (as appropriate) on the following persons, or any person subsequently designated by the
6 parties:
7

8 **For BAC and Defendants:**

9
10 Brian Boyle, Esq.
11 O'MELVENY & MYERS LLP
12 1625 Eye Street, N.W.
13 Washington, D.C. 20006

14 **For the Office of the Attorney General:**

15 David W. Huey, AAG
16 Office of the Attorney General
17 Consumer Protection Division
18 P.O. Box 2317
19 Tacoma, WA 98401-2317

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

22 10.8 *Waiver.* The failure of any party to exercise any rights under this Consent
23 Judgment shall not be deemed a waiver of any right or any future rights.

24 10.9 *Severability.* If any part hereof shall for any reason be found or held invalid or
25 unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall
26

1 not affect the remainder hereof, which shall survive and be construed as if such invalid or
2 unenforceable part had not been contained herein.

3 10.10 *Counterparts.* This Consent Judgment may be signed in one or more
4 counterparts, each of which shall be deemed an original. Facsimile copies of this Consent
5 Judgment and the signatures hereto may be used with the same force and effect as an original.
6

7 10.11 *Inurement.* This Consent Judgment is binding and inures to the benefit of the
8 parties hereto and their respective successors and assigns.

9 10.12 *Integration.* This Consent Judgment constitutes the entire Agreement of the
10 parties with respect to the subject matter hereof and supersedes all prior agreements and
11 understandings relating to the subject matter hereof.
12

13 10.13 *Amendment.* This Consent Judgment may be amended solely by written
14 agreement signed by the Office of the Attorney General and the Defendant(s) affected by such
15 Amendment.

16 10.14 *Termination.* Except to the extent an early date is specified or the provisions of
17 this Consent Judgment are earlier terminated according to the terms hereof, the obligations of
18 CFC under this Consent Judgment shall terminate on the Termination Date. Provided,
19 however, that no termination of the obligations under this Consent Judgment shall change or
20 terminate the terms of any loan modification entered into pursuant to Section 4 of this Consent
21 Judgment.
22

23 10.15 *Attorneys Fees.* CFC shall pay attorneys fees in the amount of two hundred
24 fifty thousand dollars (\$250,000) to the Office of the Attorney General within ten (10) days of
25
26

1 the entry of this Consent Judgment, to be disbursed as directed by the Office of the Attorney
2 General.

3
4 DONE IN OPEN COURT this 10th day of JULY, 2009.

5
6
7 THOMAS MCPHEE

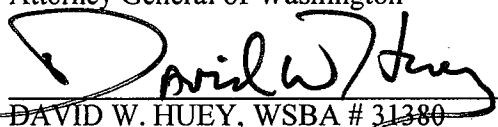
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JUDGE/COURT COMMISSIONER

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Approved for entry and presented by:

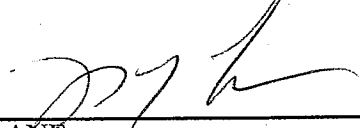
ROB MCKENNA
Attorney General of Washington



DAVID W. HUEY, WSBA # 31380
Assistant Attorney General
Attorneys for Plaintiff
Office of the Washington Attorney General
Consumer Protection Division
P.O. Box 2317
Tacoma, WA 98401-2317
(253) 593-5057

Approved for Entry; Notice of Presentation
Waived:

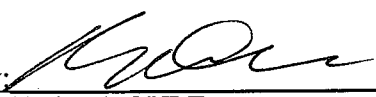
Countrywide Financial Corporation

By: 

PAUL LANE
Senior Vice President, Assistant General
Counsel

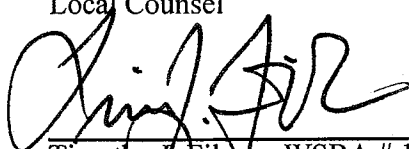
APPROVED AS TO FORM:

**DEFENDANTS Countrywide Home Loans,
Inc., and Full Spectrum Lending, Inc.**

By: 

BRIAN D. BOYLE
WILLIAM H. SATCHELL
O'Melveny & Myers LLP
Counsel for Defendants Countrywide Home
Loans, Inc., and Full Spectrum Lending, Inc.

Local Counsel



Timothy J. Foley WSBA # 16285
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