

Terms Completed

ORDER SUMMARY – Case Number: C-08-030

Name(s): Countrywide Home Loans Inc.

Order Number: C-08-030-10-CO01

Effective Date: December 9, 2010

License Number: DFI: 17285 NMLS ID: 1526
Or NMLS Identifier [U/L]

License Effect: Surrendered

Not Apply Until:

Not Eligible Until:

Prohibition/Ban Until:

Investigation Costs	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$650,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments:

RECEIVED LEGAL
DEC 07 2010

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

NO. C-08-030-10-CO01

COUNTRYWIDE HOME LOANS INC.
dba AMERICA'S WHOLESALE
LENDER,

CONSENT AGREEMENT

Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Countrywide Home Loans, Inc. (Respondent), by and through its attorney Melanie H. Brody, agree to the entry of this Consent Agreement based on the following:

AGREEMENT

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-08-030-08-SC01 (Statement of Charges), entered June 23, 2008. Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent agrees to the Department's entry of this Consent Agreement and further agrees that the issues raised in the above-captioned matter are hereby settled in their entirety by entry of this Consent Agreement.

Based upon the foregoing:

A. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing before an administrative law judge, and Respondent has waived its right to a hearing and any and all administrative and judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent, by its signature below, withdraws its appeal.

CONSENT AGREEMENT
C-08-030-10-AG01
Countrywide Home Loans, Inc. dba America's
Wholesale Lender

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 B. **No Admission of Liability.** It is AGREED that Respondent does not admit to any
2 violations of the Act by entry of this Consent Agreement and that the Department shall not refer or cite
3 to this Consent Agreement as constituting an admission of wrongdoing. It is further the intent of the
4 parties that this Consent Agreement should not be admissible in any other proceeding as evidence of
5 wrongdoing or a concession of responsibility.

6 C. **License Surrender.** It is AGREED that Respondent voluntarily surrendered its
7 consumer loan license effective January 1, 2009, but neither this Consent Agreement nor the Statement
8 of Charges shall be used in isolation as a basis for declining Respondent's application for a new
9 consumer loan license in the future.

10 D. **Funds for Department Allocation.** It is AGREED that Respondent shall pay a total of
11 \$650,000 to consumers identified by the Department in the amounts reflected in Exhibit A (the
12 "Disbursements"). Respondent shall make the Disbursements by check to the applicable consumers no
13 later than 14 days after execution of this Consent Agreement. Prior to entry of the Consent
14 Agreement, the Department will provide Respondent with the name and address of each consumer
15 identified in Exhibit A. Respondent shall mail each Disbursement check with a letter that states:
16 "Following an examination of Countrywide Home Loans, Inc. by the Washington Department of
17 Financial Institutions, it has been determined that you are entitled to a payment in the amount of
18 [INSERT PAYMENT AMOUNT]. If you have any questions, please contact [INSERT CONTACT
19 INFORMATION]." Respondent shall provide the Department with written proof that the
20 Disbursements have been issued. At a minimum, such proof shall include a copy of the check and
21 written confirmation that the check was mailed to each of the consumers at the addresses provided by
22 the Department in accordance with this paragraph. All expenses associated with the payments,
23 including but not limited to the cost of mailings and stop payment fees, shall be borne by Respondent.
24 No later than January 31, 2011, Respondent shall provide the Department with written proof of the
25 receipt and negotiation by the consumers of the Disbursement checks. The written proof at a
minimum must consist of copies of the front and back of cancelled checks to the extent that checks are
received and cashed or negotiated by their payees. If a Disbursement cannot be made to any particular
consumer due to lack of a current address or for any other reason, Respondent shall escheat the
applicable amount to the State of Washington Department of Revenue as unclaimed property and

1 provide the Department with written proof of such action. If Disbursement checks are mailed and not
2 returned, or are uncashed or not negotiated for more than sixty (60) days from the date of mailing,
3 Respondent shall place a stop payment on those checks and escheat the funds to the State of
4 Washington Department of Revenue.

5 **E. Release.** It is AGREED that this Consent Agreement fully resolves the Statement of
6 Charges, and concludes the investigation by the Department and any other action that the Department
7 could commence under the Washington Consumer Loan Act, RCW 31.04 et seq., as it relates to
8 Respondent. The parties acknowledge that Respondent has resolved to the Department's satisfaction
9 the pending complaints filed against the Respondent prior to the entry of this Consent Agreement.

10 **F. Third Party Rights/Private Right of Action.** It is AGREED that this Consent
11 Agreement is not intended to confer upon any person or entity any rights or remedies, including rights
12 as a third party beneficiary. This Consent Agreement shall not create a private right of action on the
13 part of any person or entity other than the parties hereto.

14 **G. Authority to Execute Agreement.** It is AGREED that the undersigned have
15 represented and warranted that they have the full power and right to execute this Consent Agreement
16 on behalf of Respondent, and that there is no legal impediment to Respondent's entry into this Consent
17 Agreement.

18 **H. Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this
19 Consent Agreement, which is effective when signed by the Director's designee.

20 **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent's
21 representatives have read this Consent Agreement in its entirety and fully understand and agree to all
22 of the same.

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2 **RESPONDENT:**

3 **Countrywide Home Loans, Inc. dba America's Wholesale Lender**

4 By:

5 [REDACTED]

6 Name, Title

11/29/10
Date

7 [REDACTED]

8 Melanie H. Brody
9 Attorney at Law
10 Attorney for Respondent

12/9/10
Date

11
12 **DO NOT WRITE BELOW THIS LINE**

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14 THIS AGREEMENT ENTERED THIS 9th DAY OF December, 2010.

15 [REDACTED]

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18 DEBORAH BORTNER
19 Director
20 Division of Consumer Services
21 Department of Financial Institutions

Appendix A

	Primary Borrower Last Name	Primary Borrower First Name	Co- borrower Last Name	Co- borrower First Name	Distribution		Primary Borrower Last Name	Primary Borrower First Name	Co-borrower Last Name	Co-borrower First Name	Distribution
1	C	H			\$ 997.17	63	D	M			\$ 4,269.13
2	L	K			\$ 1,495.75	64	M	S			\$ 4,393.77
3	W	K			\$ 1,526.91	65	B	H			\$ 4,393.77
4	T	T			\$ 1,620.40	66	L	R			\$ 4,518.42
5	C	P			\$ 1,651.56	67	V	M			\$ 4,549.58
6	A	J			\$ 1,900.85	68	J	M A			\$ 4,549.58
7	N	H			\$ 1,994.34	69	R	R	R	A	\$ 4,549.58
8	B	L	N	T	\$ 1,994.34	70	V	H			\$ 4,549.58
9	D	T			\$ 2,078.47	71	L	D			\$ 4,549.58
10	B	A			\$ 2,150.14	72	S	J L	O	C A	\$ 4,674.23
11	W	R			\$ 2,150.14	73	S	L	S	E	\$ 4,674.23
12	S	S			\$ 2,181.31	74	W	L	W	S	\$ 4,798.87
13	N	T T			\$ 2,243.63	75	R	J	R	B	\$ 4,985.84
14	R	E			\$ 2,274.79	76	V	S			\$ 5,079.32
15	L	T			\$ 2,274.79	77	T	A	D	P	\$ 5,235.13
16	D	Q T			\$ 2,305.95	78	Z	A			\$ 5,235.13
17	P	J			\$ 2,337.11	79	N	J			\$ 5,235.13
18	T	Q			\$ 2,337.11	80	S	J	S	D	\$ 5,235.13
19	H	H			\$ 2,368.27	81	P	S			\$ 5,235.13
20	L	J	L	T K	\$ 2,430.60	82	N	S			\$ 5,235.13
21	Y	S K	S	M O	\$ 2,492.92	83	F	D	F	K	\$ 5,235.13
22	W	J			\$ 2,524.08	84	R	A			\$ 5,297.46
23	N	D			\$ 2,524.08	85	C-V	D			\$ 5,297.46
24	T	T			\$ 2,617.57	86	K	S			\$ 5,359.78
25	P	C			\$ 2,773.37	87	V	P	V	E	\$ 5,422.10
26	D	N			\$ 2,773.37	88	C	D			\$ 5,422.10
27	D	D T	D	C S	\$ 2,804.54	89	A	C			\$ 5,422.10
28	C	K W			\$ 2,804.54	90	O	J			\$ 5,546.75
29	C	W K			\$ 2,835.70	91	H	K	W	A	\$ 5,983.01
30	O	F			\$ 2,835.70	92	G	A			\$ 5,983.01
31	L	M	L	J	\$ 2,835.70	93	V	J	V	E	\$ 6,169.98
32	L	Q			\$ 2,866.86	94	T	M	C	M H	\$ 6,201.14
33	V	N P			\$ 2,866.86	95	D	N			\$ 6,419.27
34	L	S V			\$ 2,898.02	96	R-G	L			\$ 6,450.43
35	M	I			\$ 2,929.18	97	Y	E			\$ 7,541.08
36	N	H	H	N	\$ 2,991.50	98	S	D	S	E O	\$ 7,541.08
37	T	A	L	P	\$ 3,022.67	99	A-T	K			\$ 7,572.24
38	P	H			\$ 3,022.67	100	H	T	H	L	\$ 7,852.70
39	O	N			\$ 3,053.83	101	D	W			\$ 7,852.70
40	L	E	L	B	\$ 3,084.99	102	H	K	H	L	\$ 7,915.02
41	D	D			\$ 3,116.15	103	K	J			\$ 8,101.99
42	G	F			\$ 3,116.15	104	S	N			\$ 8,413.61
43	H	Q H			\$ 3,116.15	105	A	A	A	G	\$ 8,413.61
44	L	T	D	D	\$ 3,147.31	106	L	T			\$ 8,413.61
45	N	B			\$ 3,271.96	107	V	C			\$ 8,600.57
46	N	K	L	N	\$ 3,271.96	108	L	S	L	J	\$ 9,036.84
47	P	P R	I	T	\$ 3,303.12	109	B	K	B	S	\$ 9,068.00
48	B	S	B	A	\$ 3,396.60	110	P	J	P	L	\$ 9,722.39
49	Z	X Z			\$ 3,427.77	111	K	R			\$ 9,909.36
50	N	C			\$ 3,583.57	112	W	D			\$ 9,909.36
51	C	T	L	T	\$ 3,645.90	113	R	J C			\$ 9,971.68
52	N	G			\$ 3,677.06	114	M	G	M	P	\$ 10,470.26
53	D	N T			\$ 3,739.38	115	H	Y			\$ 10,657.23
54	T	N T			\$ 3,770.54	116	R	B	R	J	\$ 11,573.38
55	T	L			\$ 3,832.86	117	T	F			\$ 13,711.06
56	M	B	M	C	\$ 3,926.35	118	M	D	M	J	\$ 14,147.32
57	E	C			\$ 3,957.51	119	O	K	O	J	\$ 14,957.52
58	W	Y Y			\$ 4,019.83	120	R	D	R	B	\$ 15,269.14
59	N	S	N	J	\$ 4,019.83	121	C	A			\$ 16,359.79
60	D	T			\$ 4,051.00	122	L	S			\$ 18,135.99
61	H	C			\$ 4,113.32	123	C	Y J			\$ 26,175.66
62	L	K			\$ 4,175.64						\$650,000.84

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

NO. C-08-030-08-SC01

COUNTRYWIDE HOME LOANS INC. dba
AMERICA'S WHOLESALE LENDER,

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, IMPOSE
FINE, ORDER RESTITUTION, PROHIBIT
FROM INDUSTRY, AND COLLECT
ANNUAL ASSESSMENTS, EXAMINATION
FEES, AND INVESTIGATION FEES

Respondent.

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an examination and investigation pursuant to RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent. Countrywide Home Loans, Inc. dba America's Wholesale Lender (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to engage in the business of making secured or unsecured loans of money, credit, or things in action at interest rates authorized by the Act on December 31, 1991, and has continued to be licensed to date. Respondent's main office location is 4500 Park Granada, Calabasas, California 91302.

STATEMENT OF CHARGES
No. C-08-030-08-SC01
Countrywide Home Loans Inc.
dba America's Wholesale Lender

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1.2 2007 Examination. In 2007, the Department conducted an on-site examination of Respondent. As a result of the examination, the Department discovered violations of the Act.

1.3 Real Estate Loan Pricing – Discrepancies in Rates and Fees Charged to Borrowers. During at least 2005 and 2006, Respondent provided Washington borrowers of protected ethnicity or races (target borrowers) less favorable loan products than were provided to other similarly situated borrowers within the same Metropolitan Statistical Area (MSA) during the same time period of the same year. Upon review of several hundred loan files and considering several factors, which included rates borrowers received, consolidated loan-to-value (CLTV), credit scores, loan types, borrowers' incomes, fees charged, and presence of a prepayment penalty, the Department identified over 50 target borrowers who received less favorable loan products than the non-target borrowers (control borrowers) within each target borrower's group. For example, the following 17 target borrower groups demonstrate discrepancies in loan products between similarly situated borrowers:

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		75.4%	655	ARM	Alternate	1.75%/NP ¹
Control		76.21%	594	Fixed	Full	6.38%/APR 6.91%
Control		78.33%	604	Fixed	Alternate	5.88%/APR 6.02%
Control		72.73%	551	Fixed	Cancelled	6.13%/APR 6.62%
Control		87.18%	631	Fixed	Full	6.00%/APR 6.42%
Control		93.00%	606	Fixed	Full	6.38%/APR 6.66%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		80.00%	717	Fixed	Cancelled	NP/APR 7.20%
Control		90.0%	NP	Fixed	Reduced	5.88%/APR 6.10%
Control		100.0%	662	Fixed	Alternate	8.00%/APR 8.09%
Control		100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control		95.0%	710	Fixed	Full	5.50%/APR 5.75%
Control		80.0%	709	Fixed	Reduced	5.13%/APR 5.21%

¹ NP indicates the information was not contained in the loan documents Respondent provided the Department.

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		90.0%	762	ARM	Cancelled	5.75%/NP
Control		95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control		100.0%	726	ARM	Alternate	5.50%/APR 5.97%
Control		100.0%	735	ARM	Alternate	5.50%/APR 5.72%
Control		100.0%	682	ARM	Alternate	5.75%/APR 5.93%
Control		100.0%	738	ARM	Alternate	5.25%/APR 5.81%
Control		100.0%	721	Fixed	Alternate	6.25%/APR 6.41%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		80.0%	763	Fixed	Alternate	6.38%/APR 6.70%
Control		95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control		95.00%	738	ARM	Reduced	5.25%/APR 5.80%
Control		100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control		95.00%	664	ARM	Full	4.88%/APR 5.68%
Control		100.0%	676	ARM	Alternate	5.25%/APR 5.71%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		95.00%	637	ARM	Full	7.50%/APR 9.84%
Control		90.00%	569	ARM	Full	6.75%/APR 9.51%
Control		87.18%	631	Fixed	Full	6.00%/APR 6.42%
Control		93.00%	606	Fixed	Full	6.38%/APR 6.66%
Control		100.0%	638	Fixed	Cancelled	6.00%/APR 8.45%
Control		95.00%	629	Fixed	Reduced	7.75%/APR 8.02%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		80.0%	638	Fixed	Cancelled	6.88%/APR 7.15%
Control		76.21%	594	Fixed	Full	6.38%/APR 6.91%
Control		78.33%	604	Fixed	Alternate	5.88%/APR 6.02%
Control		72.73%	551	Fixed	Cancelled	6.13%/APR 6.62%
Control		87.18%	631	Fixed	Full	6.00%/APR 6.42%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		100.0%	735	ARM	Full	5.88%/APR 6.98%
Control		95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control		100.0%	735	ARM	Alternate	5.50%/APR 5.72%
Control		100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control		100.0%	676	ARM	Alternate	5.25%/APR 5.71%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		90.0%	748	ARM	Reduced	5.38%/APR 6.05%
Control		95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control		88.8%	755	Fixed	Stated	5.75%/APR 5.89%
Control		95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control		95.0%	652	Fixed	Alternate	6.38%/APR 6.87%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		88.6%	638	ARM	Full	6.75%/APR 10.04%
Control		85.6%	652	Fixed	Full	5.90%/APR 6.19%
Control		81.25%	592	Fixed	Full	6.45%/APR 6.84%
Control		95.00%	689	Fixed	Full	5.88%/APR 6.12%
Control		88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control		95.00%	659	Fixed	Alternate	6.13%/APR 6.30%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		86.17%	664	ARM	Alternate	1.75%/ APR 6.68%
Control		85.6%	652	Fixed	Full	5.90%/ APR 5.90%
Control		95.0%	689	Fixed	Full	5.88%/ APR 5.88%
Control		87.0%	685	Fixed	Reduced	6.00%/ APR 6.20%
Control		95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control		84.3%	681	Fixed	Alternate	6.13%/ APR 6.13%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		90.0%	710	ARM	Reduced	1.75%/APR 6.67%
Control		95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control		88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control		88.8%	755	Fixed	Stated	5.75%/APR 5.89%
Control		87.0%	685	Fixed	Reduced	6.00%/APR 6.20%
Control		95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control		84.3%	681	Fixed	Alternate	6.13%/APR 6.13%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		85.0%	659	ARM	Reduced	7.55%/APR 10.82%
Control		95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control		88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control		87.0%	685	Fixed	Reduced	6.00%/APR 6.20%
Control		95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control		84.3%	681	Fixed	Alternate	6.13%/APR 6.50%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		90.0%	644	ARM	Cancelled	NP/APR 8.59%
Control		95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control		100.0%	684	ARM	Reduced	6.25%/APR 6.43%
Control		100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control		100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control		100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		100.0%	600	ARM	Full	7.70%/APR 11.19%
Control		95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control		100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control		100.0%	602	ARM	Full	5.63%/APR 8.82%
Control		100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control		100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		100.0%	779	ARM	Reduced	6.25%/APR 6.56%
Control		95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control		100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control		100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control		100.0%	647	ARM	Alternate	6.50%/APR 7.14%
Control		100.0%	717	Fixed	Full	6.50%/APR 6.75%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		90.0%	605	ARM	Full	7.45%/APR 10.66%
Control		95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control		100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control		100.0%	602	ARM	Full	5.63%/APR 8.82%
Control		100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control		100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target		93%	606	Fixed	Full	6.38% /APR 6.66%
Control		76%	594	Fixed	Full	6.38% /APR 6.91%
Control		78.33%	604	Fixed	Alternate	5.88% /APR 6.02%
Control		72.73%	551	Fixed	Cancelled	6.13% /APR 6.62%
Control		90%	569	ARM	Full	6.75% /APR 9.51%
Control		87.18%	631	Fixed	Full	6.00% /APR 6.42%

1 **1.4 Underpaid Annual Assessments.** The Respondent filed its annual assessment reports for
2 the years 2002, 2003, 2004, 2005, 2006, and 2007, and paid the corresponding annual assessment
3 based on their reported loan volume. The loan volume totals provided by the Respondent during the
4 examination were substantially higher than the numbers represented in its previously filed reports.
5 The loan volume totals did not include many of the first lien mortgages and a portion of the junior lien
6 mortgages originated. As shown in the chart below, because of the corrected loan volume totals,
7 Respondent must pay the Department the recalculated annual assessments.

8	Year	Total Loan Volume	Assessment Due	Assessment Paid	Assessment Remaining Due
9	2007	\$6,414,219,287.04	\$1,156,297.73	\$42,412.00	\$1,113,885.73
	2006	\$6,903,419,105.97	\$1,244,486.27	\$62,518.75	\$1,181,967.52
10	2005	\$6,465,356,538.61	\$1,087,136.43	\$78,379.86	\$1,087,136.43
	2004	\$4,459,969,032.50	\$804,003.08	\$75,297.69	\$728,705.39
11	2003	\$5,469,099,903.32	\$985,903.88	\$99,392.88	\$886,511.00
	2002	\$3,812,164,471.73	\$687,222.70	\$90,642.99	\$596,579.71
12				Total	\$5,594,785.78

13 **1.5 Inaccurate Filing of Home Mortgage Disclosure Act (HMDA) Data.** Respondent did not
14 correctly file data on applications for home purchase loans and refinances. Entries from Respondent's
15 2006 loan application register (LAR) contained multiple errors. Of the close to 600 entries reviewed
16 nearly 150 were inaccurate – representing an error rate of 25%.

17 **1.6 Disclosures.** As part of the examination, the Department reviewed a focused sampling
18 of 30 additional loan files and found disclosure violations as described below.

19 **A. Good Faith Estimate Disclosure**

20 During at least 2006, Respondent did not provide timely disclosure of terms, fees, and costs to
21 borrowers. Respondent did not provide the Good Faith Estimate disclosure within three business days
22 after receipt of the loan application to the following borrowers:

Borrower	Loan Number
B.A.	
A.A.	
W.C.	
V.F.	
H.N.	
M.J.	
M.M.	
F.S.	
H.T.	

B. Annual Percent Rate (APR) and Prepayment Penalty (PPP) Disclosures

During at least 2006, Respondent did not provide borrowers timely disclosures of the APR and whether the loan would have a prepayment penalty or not. Respondent did not provide these disclosures within three business days of application to the same borrowers noted above.

C. Loan Servicing Disclosures

During at least 2006, Respondent did not provide the borrowers listed below a servicing disclosure statement in compliance with 24 C.F.R. Section 3500.21(b)(1) [1999] of the Real Estate Settlement Procedures Act [Regulation X]. The following borrowers were not provided the required servicing disclosure within the time allowed.

Name	Loan Number
H.N.	
M.J.	
W.C.	
V.F.	
G.V.	
A.A.	
F.S.	
B.A.	

D. Initial Home Equity Line of Credit Disclosures

During at least 2006, Respondent did not provide the following borrowers an initial Home Equity Line of Credit (HELOC) disclosure as required by 12 C.F.R. Section 226.5b [2001]

[Regulation Z] at the time of application or within the time allowed for applications not taken face-to-face to the following borrowers:

Borrower	Loan Number
H.T.	
W.C.	
M.O.	

1.7 Failure to Notify Department of Significant Developments. Respondent did not notify the Director of the following developments as required.²

A. Civil Rights Bureau of the New York Attorney General (Assurance of Discontinuance)

On November 22, 2006, the Attorney General of the State of New York entered an Assurance of Discontinuance with Respondent addressing HMDA data and fair lending. The assurance included various agreed-upon terms requiring Respondent to:

- Develop a comprehensive consumer education program about home buying and the mortgage application process;
- Engage an independent consultant to review, consult on, and approve statistical and other models, methodologies, and analyses of discretionary pricing, broker compensation, and other areas;
- Take appropriate steps to ensure that loan officers inform customers of the best mortgage loan product options, including with respect to price, for which they qualify and that meet their expressed needs and preferences; and
- Conduct a file review to compare selected retail loan files from 2004 to ensure that non-Hispanic white customers and black or Hispanic customers were treated similarly.

B. North Carolina Commissioner of Banks (Docket No. 06:021:MBB)

On June 29, 2006, the State of North Carolina Commissioner of Banks entered a Consent Order with Respondent involving unlicensed activity and the payment of a civil money penalty of \$3,000 (with \$1,500 stayed upon certain conditions).

² In or around April 2007 the Department received information about these developments when Respondent responded to the Department's Manager's Questionnaire.

1 **1.8 On-going Investigation.** The Department's investigation into the alleged violations of
2 the Act by Respondent continues to date.

3 **II. GROUNDS FOR ENTRY OF ORDER**

4 **2.1 Prohibited Practices:** Based on the Factual Allegations set forth in Section I above,
5 Respondent is in apparent violation of RCW 31.04.027(1), (2), (3), and (10), RCW 31.04.102(2),
6 WAC 208-620-505, and 42 U.S.C. Section 3605(a) [2004] of the Fair Housing Act, 15 U.S.C. Section
7 1691 [1991] of the Consumer Credit Protection Act, 12 C.F.R. Sections 202.4 and 202.6 [2008] of the
8 Equal Credit Opportunity Act [Regulation B], and 12 C.F.R. Section 203.4 [2004] of the Home
9 Mortgage Disclosure Act [Regulation C] for directly or indirectly employing any scheme, device, or
10 artifice to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead
11 any person, for directly or indirectly engaging in any unfair or deceptive practice toward any person,
12 for directly or indirectly obtaining property by fraud or misrepresentation, for failing to comply with
13 applicable federal and state statutes, for discriminating against any person or failing to ensure any
14 person is not discriminated against in making available a residential real estate-related transaction, or
15 in the terms or conditions of such a transaction, because of race, color, religion, sex, handicap, familial
16 status, or natural origin, for discriminating against an applicant on a prohibited basis regarding any
17 aspect of a credit transaction, and for considering information to discriminate against a credit applicant
18 on a prohibited basis.

19 **2.2 Requirement to Calculate and Pay Annual Assessment:** Based on the Factual Allegations
20 set forth in Section I above, Respondent is in apparent violation of RCW 31.04.085, RCW
21 31.04.027(1), (2), (3), and (8), and WAC 208-620-440 [prior versions WAC 208-620-190(3), and
22 WAC 208-620-220(1)] for failing to report the total loan volumes, for failing to pay the Department
23 the associated annual assessments, for directly or indirectly employing any scheme, device, or artifice

1 to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead any
2 person, for directly or indirectly engaging in any unfair or deceptive practice toward any person, for
3 directly or indirectly obtaining property by fraud or misrepresentation, and for negligently making any
4 false statement or knowingly and willfully making any omission of material fact in connection with
5 any reports filed with the Department.

6 **2.3 Disclosure Requirements:** Based on the Factual Allegations set forth in Section I above,
7 Respondent is in apparent violation of RCW 31.04.027(6) and (10) and RCW 31.04.102(2) and (3),
8 WAC 208-620-505, WAC 208-620-510, 24 C.F.R. Section 3500.21(b)(1) [1999] [Regulation X], and
9 12 C.F.R. Section 226.5b [2001] [Regulation Z] for failing to provide timely Good Faith Estimate
10 disclosures, Annual Percent Rate and Prepayment Penalty disclosures, servicing disclosure statements,
11 and initial Home Equity Line of Credit disclosures, and for failing to comply with federal and state
12 laws and regulations.

13 **2.4 Requirement to Notify Department of Significant Developments.** Based on the Factual
14 Allegations set forth in Section I above, Respondent is in apparent violation of WAC 208-620-490(3)
15 for failure to notify the Director in writing within twenty days after receipt of notification of the
16 institution of license revocation procedures in any state against the licensee or the filing of any
17 material litigation against the licensee.

18 **III. AUTHORITY TO IMPOSE SANCTIONS**

19 **3.1 Authority to Revoke License:** Pursuant to RCW 31.04.093(3)(a) and (b) and WAC 208-620-
20 570(1), and (9), the Director may revoke a license if a licensee fails to pay any fee due the state of
21 Washington, or fails to comply with any specific order or demand of the Director lawfully made and
22 directed to the licensee in accordance with the Act, violates any provision of the Act or any rule
23 adopted under the Act either knowingly or without exercise of due care, or demonstrated

1 incompetence or negligence that results in financial harm to a person or that creates an unreasonable
2 risk that a person may be harmed.

3 **3.2 Authority to Impose Fine:** Pursuant to RCW 31.04.093(4), the Director may impose fines of
4 up to one hundred dollars per day upon the licensee, its employee, or any other person subject to the
5 Act for any violation of the Act or failure to comply with any order or subpoena issued by the Director
6 under the Act.

7 **3.3 Authority to Order Restitution:** Pursuant to RCW 31.04.093(5), the Director may issue an
8 order directing a licensee, its employee, or any other person subject to the Act to make restitution to a
9 borrower or other person who is damaged as a result of a violation of the Act.

10 **3.4 Authority to Prohibit from the Industry:** Pursuant to RCW 31.04.093(6)(d) and (e), the
11 Director may issue an order prohibiting from participation in the affairs of any licensee, any officer,
12 principal, employee, or any other person subject to the Act for failure to comply with any order or
13 subpoena issued under the Act or for a violation of RCW 31.04.027.

14 **3.5 Authority to Charge Examination Fee and Investigation Fee:** Pursuant to RCW
15 31.04.145(3) and WAC 208-620-590, every licensee examined or investigated by the Director or the
16 Director's designee shall pay for the cost of the examination or investigation, calculated at the rate of
17 sixty-nine dollars and one cent (\$69.01) per staff hour devoted to the examination or investigation, and
18 shall pay travel costs if the licensee maintains its records outside the state.

19 **IV. NOTICE OF INTENTION TO ENTER ORDER**

20 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as
21 set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions
22 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205.
23 Pursuant to RCW 31.04.208, Respondent's violations are not reasonable in relation to the development

1 and preservation of business and are unfair and deceptive acts or practices and unfair methods of
2 competition in the conduct of trade or commerce in violation of RCW 19.86.020. Therefore, it is the
3 Director's intention to ORDER that:

- 4 4.1 Respondent Countrywide Home Loans, Inc.'s license to conduct the business of a Consumer
Loan Company be revoked;
- 5 4.2 Respondent Countrywide Home Loans, Inc. pay a fine which as of the date of these charges
6 totals \$1,000,000.00 for the violations set forth above,
- 7 4.3 Respondent Countrywide Home Loans, Inc. pay restitution to the persons injured by
Respondent's violations of the Act;
- 8 4.4 Respondent Countrywide Home Loans, Inc. be prohibited from participation in the conduct of
the affairs of any licensed consumer loan company, in any manner, for a period of five (5)
9 years;
- 10 4.5 Respondent Countrywide Home Loans, Inc. pay the annual assessments due for the years
2002, 2003, 2004, 2005, 2006, and 2007, in the amount of \$5,594,785.78;
- 11 4.6 Respondent Countrywide Home Loans, Inc. pay the costs of examination in the amount of
\$139,076.43, consisting of an examination fee of \$102,721.39 (calculated at \$69.01 per hour
12 for 1,488.50 staff hours devoted to the examination) and \$36,355.04 for travel expenses;
- 13 4.7 Respondent Countrywide Home Loans, Inc. pay an investigation fee which as of the date of
these charges totals \$23,863.66 calculated at \$69.01 per hour for 345.80 staff hours devoted to
the investigation; and
- 14 4.8 Respondent Countrywide Home Loans, Inc. maintain records in compliance with the Act and
15 provide the Director with the location of the books, records, and other information relating to
Respondent Countrywide Home Loans, Inc.'s consumer loan company business, and the
16 name, address, and telephone number of the individual responsible for maintenance of such
records in compliance with the Act.

17 V. AUTHORITY AND PROCEDURE

18 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License,
19 Impose Fine, Order Restitution, Prohibit from Industry, and Collect Annual Assessments, Examination
20 Fees, and Investigation Fees (Statement of Charges) is entered pursuant to the provisions of RCW
21 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, and is subject to the provisions of
22 chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for
23

1 a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.

3 Dated this 23rd day of June, 2008.



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[REDACTED]

DEBORAH BORTNER
Director
Division of Consumer Services

14 Presented by:



JAMES R. BRUSSELBACK
Enforcement Chief