

EXHIBIT H

Exhibit H - Countrywide Deceptive Origination Consumer Stories

The stories below represent a sample of the complaints the Attorney General's Office has received regarding Countrywide's deceptive origination practices. Many of these complaints also include allegations of deceptive modification and servicing practices.

CONSUMER 1

1. On information and belief, a Las Vegas homeowner received a letter in 2003 from Countrywide indicating that he had been preapproved for a refinance mortgage loan and could reduce his mortgage payments from \$3,000 to \$1,600 per month. When he called Countrywide, he was assigned a broker. On information and belief, the broker helped the consumer take out a \$624,000 stated income Option ARM. The loan balance, at his broker's strong urging, included extra cash to pay off his truck, even though he had an interest free loan. On information and belief, the interest rate started at 1.75 percent and, after two years, increased to almost 8 percent, with payments of \$2,500 per month. At the time he took out the loan, his broker told him to make the payments on his loan for two years and, so long as he made his payments, he could "roll it back into a conventional mortgage."

2. When the homeowner tried to refinance his loan in 2006, Countrywide told him he had a three year prepayment penalty. He did not recall ever hearing about it, searched his documents, and could find no disclosure of the prepayment penalty. He asked Countrywide to provide a copy of his signed disclosure statement and Countrywide provided only a blank form document; Countrywide could not provide a signed copy. After the consumer refused to pay the roughly \$22,000 penalty and dropped the refinancing,

Countrywide called him at least once a week for a year to suggest new loans. Countrywide also told him that they had made a mistake in giving him an Option ARM with such a large principal balance; these loans, he was told, were intended for borrowers with mortgages of \$200,000 to \$300,000.

3. The consumer missed his first payment in March, 2010 and has not paid since. According to the consumer, he could make his payments when they increased to \$2,500, but when the loan payments rose to over \$3,000 per month, he could not longer afford them. Now, his payments are over \$5,000 per month.

4. The consumer submitted an application for a modification and was denied in November 2010 because “his financials are insufficient.” He did not know what that meant and was never able to get an explanation.

5. He filed for bankruptcy in 2008. Bank of America continued to contact him regarding the property. When he received collection calls, he would tell the caller that he is in bankruptcy and should not be contacted. The Bank of America employee would tell him: “we don’t have that in our files” or “we don’t show any record of it.” He has sent numerous certified letters to Bank of America informing them that he is in bankruptcy and providing his attorney’s contact information. The letters and calls continue nonetheless.

CONSUMER 2

6. A Reno homeowner and her husband, who took out a Countrywide mortgage in 2006, was told that their loan had a fixed interest rate of 6.5 percent, but that their payments would be interest-only for the first few years; after that, they would have to begin making amortizing payments. The broker

assured them that they could refinance when that happened. On information and belief, despite having a signed “Offer and Acceptance Agreement” reflecting that their loan had a fixed interest rate, they actually were given an Option ARM loan. The payments and interest rate were much higher than they were promised; the interest rate increased from 7.65 percent to 9.16 percent within two years. When the consumers took out the loan, no one ever explained that the interest rate would increase or that they would face negative amortization. Although their monthly payment frequently included charges that they did not understand; they paid the amount that Countrywide instructed them to pay.

7. In 2008, due to the sudden increase in the interest rate, she and her husband began to fall behind on their payments and applied for a modification. The homeowners would have been eligible for a modification pursuant to the Consent Judgment. In May 2008, the homeowners were approved for a modification, which they began paying. After several months, Bank of America declined the homeowners’ modification, vaguely claiming they did not meet criteria defined by their investor. When Bank of America began the foreclosure process, the homeowners sought mediation. At mediation in January 2010, Bank of America claimed that it had modified the loan to a fixed rate loan in 2008, but refused to provide a copy of the modification agreement. Moreover, the 2009 mortgage statements continued to reflect varying interest rates well above the initial rate. Because of the Bank’s conduct, including its refusal to consider any option other than dispossessing the homeowners, the mediator entered a finding that Bank of America acted in bad faith. The

mediator, noting that the homeowners raised troubling issues regarding the loan's origination, referred the case to the Attorney General's Office.

CONSUMER 3

8. A Las Vegas consumer used Countrywide to refinance her existing mortgage in December, 2004. The consumer claims she and her husband took out an Option ARM with a 1% initial interest rate. She made the minimum monthly payment of \$939.19 and could not have afforded the fully amortizing payment on the loan. Her broker assured her that she was getting a great deal: she could make the low monthly payment and refinance out of the loan before it reset.

9. The consumer did not know when she closed on the loan that making the minimum payment would cause negative amortization, though, in time, she noticed that the principal on her loan was increasing. When she called Countrywide to find out what was happening, the bank first told her that making the minimum payment resulted in negative amortization. By October, 2009, the loan balance had increased from \$292,000 to \$341,000.

10. Consumer repeatedly tried to get Countrywide to refinance her loan to a fixed rate mortgage but was turned down every time. In January, 2008, she and her husband filed for bankruptcy and agreed to surrender the house. After they moved out, in April 2009, the consumer claims that Bank of America solicited her for a HAMP modification with payments of \$1,524. She called to follow up on the letter and was told that she was ineligible since she no longer lived in the house. Eventually, Bank of America allowed her to move back in.

11. Consumer continued to seek a modification with Bank of America. She was offered a modified payment of roughly \$1,850, which was almost double the initial minimum payment. When she expressed her concern to Bank of America, an employee advised consumer to decline the offer, wait ten days, and apply again, which is what she did. Bank of America then told her that the investor was not willing to authorize a modification and began the foreclosure process. In June 2011, foreclosure documents were posted on her door. Two weeks later, she received overnight mail from Bank of America asking her to submit paperwork for a NHRP modification. She still has not heard back from Bank of America, even though she was promised that she would be contacted within ten days.

12. Even though consumer is in bankruptcy, she receives collection calls from Bank of America several times a day. She advises them that she is in bankruptcy and asks why they are calling. Bank of America employees have reportedly told her that it is their policy to make these calls in order to update their records.

CONSUMER 4

13. A Gardnerville homeowner, who is now retired from the United States Postal Service, refinanced his loan with Countrywide in July 2005. According to the consumer, his new loan was an Option Arm for \$289,000 with an initial teaser rate at 1.75 percent. He needed a payment that was comparable to his current mortgage payment of approximately \$1,400 per month and the broker assured him that his payment would not go up. He was not advised that the \$1,400 payment was the minimum payment or that his

payments and principal balance would increase if he made only the minimum payment. The broker only talked about the minimum payment and said nothing about the amount or term of the applicable interest rate.

14. On information and belief, when his payment increased to \$2,000 per month, the homeowner sought a modification. He was approved for a trial modification, made three (3) payments of \$871 per month, and was notified by letter that he qualified for a permanent modification and would receive the documents soon. He called Bank of America regularly about his loan and was told “we’re just backed up; we’ll get you the paperwork” or “someone will call you back.” The consumer had made the modified payments for 14 months when Bank of America notified him in November, 2010 that, after further review, the net present value did not support the modification and his request had been denied. In April, 2011, he received a letter offering a proprietary modification to start on May 1, 2011 with a payment of \$1,200 per month. He debated whether he could afford the payment and, on the last day he could respond, called to accept the offer. His negotiator was not available, so he called back the next day. The negotiator told him that he was too late and that he would have to reapply. He did. In July, the negotiator called to tell him that his modification was denied.