

Participant Guide

Institutional Mortgage Services Group

VERSION 2.0 | JULY 2007

INSTRUCTOR: Please note the addition of new items to this guide:

- “My Timeline” 1-3
- “I work in the ____ business unit” 1-4
- “Classes I would like to take” 1-13
- “Office Supplies Policy” 1-38

In addition: The order of the business units has been amended.
This guide now reflects the File Imaging process done at
CRUTS (frmlly Mailroom)

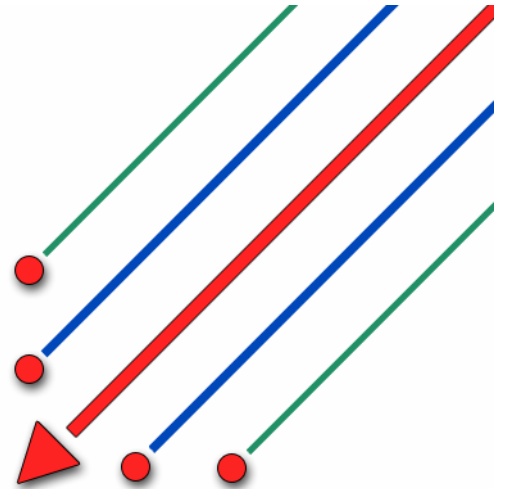
Modifications to this document are reflected in the latest iteration of
PowerPoint (Vers 1.0)

Instructor Guide

LEARNING & PERFORMANCE DEVELOPMENT

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MODULE 1 **Welcome to IMSG**

Countrywide Financial Corporation is the publicly owned (NYSE: CFC) parent corporation and umbrella organization for the Countrywide network of financial services companies. This network includes several different companies, such as Countrywide Home Loans and Countrywide Bank, FSB. This participant guide introduces you to Countrywide, the functions performed in the Institutional Mortgage Services Group (IMSG), and some basic personnel policies.

Module Objectives

Once you have completed this module, you will be able to:

- Identify the constituent parts of IMSG, their functions and where you fit in
- Explain how loan files are received and processed by CLD operations
- Describe how GEMS is used within CLD to support operations in the secondary market
- Apply Policies and Procedures to your daily activities

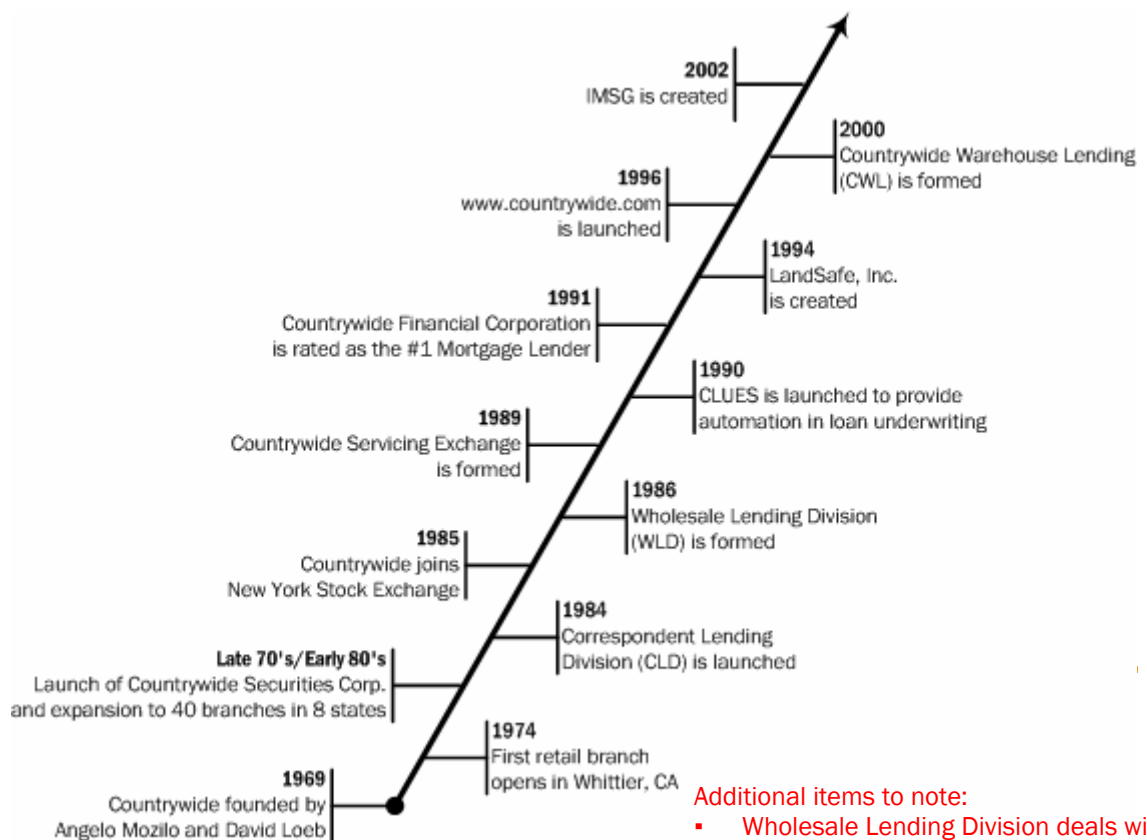
LESSON 1

Countrywide's History

Countrywide Financial Corporation is the parent company for the Countrywide network of financial services companies which includes Mortgage Banking, Capital Markets, Banking, Insurance, and Global divisions.

Below is a timeline of key events that have led to the continued success of Countrywide Financial Corporation.

Countrywide's Timeline



Additional items to note:

- Wholesale Lending Division deals with mortgage brokers
- CLUES stands for Countrywide Loan Underwriting Expert System (CW's Automated Underwriting System)

There are other divisions that don't appear on the timeline – Servicing in U.K.; Global division.

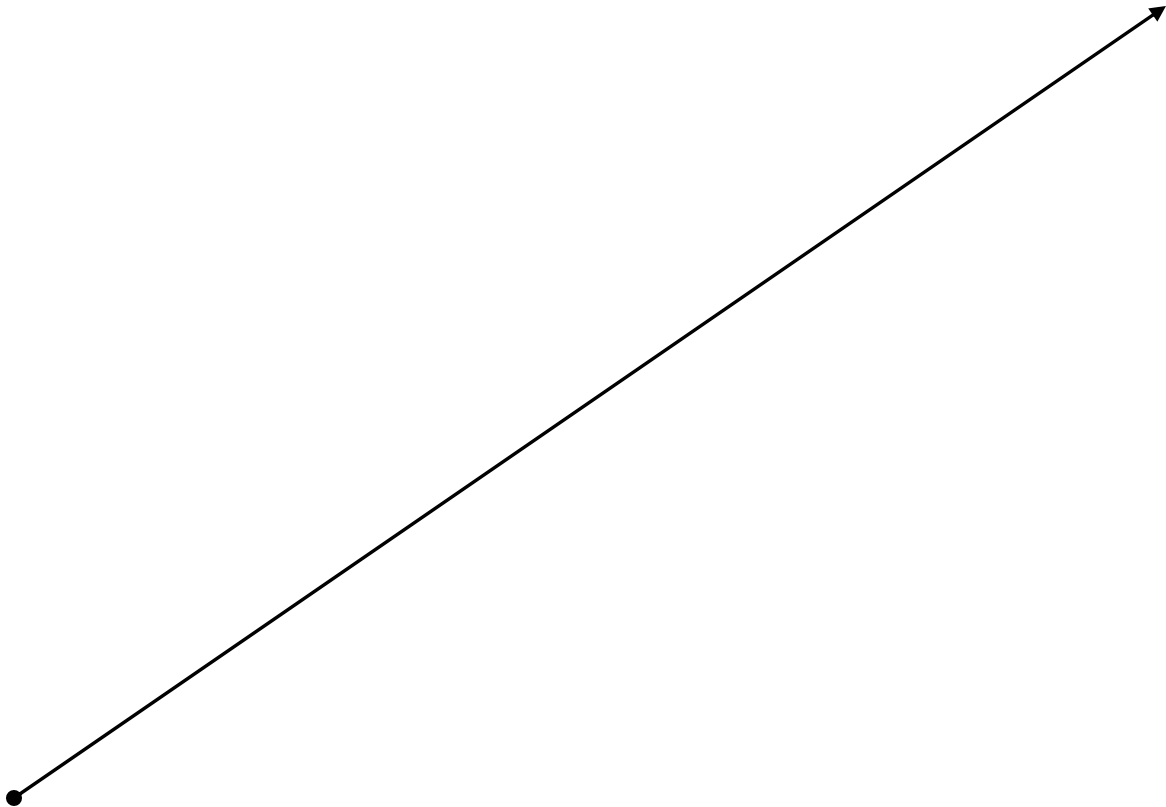
- Largest 3rd party end-to-end

Briefly review the history of Countrywide, telling the story from beginning to present.

SLIDE 3 & 4
COUNTRYWIDE'S HISTORY

My Timeline

In the space provided below, describe your timeline. Start with an important event, such as your birth or a recent graduation. End with a future goal such as a desired position within Countrywide. Make sure to include your current position with Countrywide. For each point on your timeline, include the year it occurred as well as a brief description.



NOTES

This will help the student to engage with the material
Help the student to develop his or her own timeline

Key Points:

- Students should put 5-7 points on their timeline
- Their timeline should include their employ at Countrywide
- Their timeline should include a FUTURE goal

LESSON 2

Unpacking IMGS

The Institutional Mortgage Services Group (IMSG), formed in July 2002, contains three business units:

- **Correspondent Lending Division (CLD)** reviews and purchases closed mortgage loans from approved lenders, such as banks, savings and loans, credit unions or insurance companies.
- **Countrywide Warehouse Lending (CWL)** provides revolving lines of credit to small- and medium-sized mortgage banking companies. Often, the loans funded through CWL are sold to CLD.
- **LandSafe, Inc.** provides a premiere line of loan closing services such as credit reports, appraisals, and flood certifications. Having LandSafe under the IMSG umbrella enables Countrywide to provide a complete set of mortgage-related products and services to our customers.

I work in the _____ unit.

SLIDE 5
LET'S UNPACK IMGS

NOTES

Recount discussion from earlier about Countrywide's history to discuss what IMSG is.

Give them one good reason to remember this information: for advancement. If you have an understanding of the role you play in the much bigger picture, you'll be more inclined to seek additional opportunities within IMSG.

Explain why IMSG was formed – because all three divisions have same customers, the Lender. If we know needs, we can better meet needs collectively. Solution selling, builds the relationship.

Key Points:

CWL is a warehouse lender to smaller mortgage banks.

LandSafe - Discuss the benefit of Countrywide having its own closing services company

CLD - This division is focused on the evaluation and purchase of loans from other lending institutions.

Help the student identify his or her unit

Correspondent Lending Division (CLD)

CLD purchases closed and funded loans from lenders known as Sellers.

For Countrywide to send funds to the lender to purchase the closed loans, the files must be reviewed for completeness and compliance with investor guidelines.



CLD's Customers

CLD has both internal customers (affiliated with Countrywide) and external customers (not affiliated with Countrywide).

Customers

CLD's customers are the following:









- Lenders (Banks and Credit Unions)
- Mortgage Bankers
- Home Builders

NOTES

SLIDE 6
CORRESPONDENT LENDING DIVISION

How a Loan Flows through CLD

A Seller closes a loan. The Seller forwards the loan package to CLD. CLD reviews the loan to ensure it meets the program and documentation guidelines before Countrywide purchases the loan. The loan file goes through several processes in CLD before Countrywide sends funds to the Seller to buy the loan. CLD uses the GEMS system (see page 1-11) to manage each of the following:

- 
-  **The Central Receiving Unit (CRU)** receives courier packages from lenders, containing loan file documents.
 -  The file package is registered and assigned a loan number in **Moonstone** (GEMS system).
 -  Workers inside the CRU affix a **barcode sticker** with a Countrywide loan number on it to every file folder. Countrywide uses this loan number to track the loan package anywhere within the company at any time.
 -  **CLD Image Technicians** receive the loan package and then image the files according to type – either collateral or funding/purchasing documents. Techs place collateral documents in a separate file folder within the loan package. The techs then forward the package to a File Coordinator.
 -  **A File Coordinator** assigns and forwards the physical loan file to temporary storage in the file room, including both funding/purchasing documents (used by Loan Purchasing). Collateral documents go to a Collateral Analyst for review.
 -  A **Collateral Analyst** reviews the files images, and then a **Loan Purchaser** reviews the **funding image documents** after which there may be a suspense review.
 -  Authorized staff (Suspense Coordinators, Underwriters, etc.) either clear suspensions or override them. Upon completion of the suspension review, **CLD purchases the loan.**

NOTES

SLIDE 7
WORKFLOW THROUGH CLD

Countrywide Warehouse Lending (CWL)

Countrywide Warehouse Lending (CWL) offers interim financing for investment-grade residential mortgage loans.



CWL makes it possible for Sellers to stay in business even after they have met their credit limit with Countrywide. When Sellers maximize their line of credit with Countrywide, CWL offers to hold their recent loans for a short time for the extension of another line of credit to the Seller so they can sell more loans. Without CWL, Sellers would have to postpone new business until CLD purchased their loans, which can take in excess of two weeks. CWL ensures cash flow for Sellers so that borrowers can get the money they need for a new home.

In order to process the huge volume of loans Countrywide encounters everyday, CWL uses proprietary software to risk-manage the quality of loans as well as to prevent predatory lending. This technology is embedded within the GEMS system as well as in technology extensions for representatives in the field. A trainer will educate you on the technology appropriate to your position.

NOTE

CLD buys the majority of the loans funded through CWL.

NOTES

SLIDE 8
COUNTRYWIDE WAREHOUSE LENDING

After the students read this short page, ask them:

“What is a warehouse line?”

“How does it help Borrowers get a home?”

LandSafe, Inc.

Founded in 1994 as an affiliated settlement services company, LandSafe, Inc is a division of Countrywide.



LandSafe offers a full range of real estate closing services. These services include appraisals, collateral valuations, credit reports, and flood determinations. The company offers value-added real estate closing services, using technology and automation in order to reduce delays and customers' operating costs.

LandSafe offers the following services to lenders:

- **LandSafe Appraisal Services** manages a nationwide network of appraisers, providing a full menu of appraisal products to the mortgage and residential real estate industries.
- **LandSafe Credit** provides consumer credit reports to lenders from the nation's three leading credit agencies.
- **LandSafe Flood Determination** provides flood certification products to the mortgage industry.

NOTES

SLIDE 9
LANDSAFE, INC.

CLD requires Life of Loan Flood Cert.

Life-of-Loan tracking tracks flood states from start to end of loan.

Who are LandSafe's customers?

*Full Spectrum Lending (FSL)
Countrywide Home Loan (CHL)s
Correspondent Lending Division (CLD)*

LandSafe Appraisal Services

LandSafe Appraisal Services offers a full range of residential appraisal services in both metropolitan and outlying areas. Cutting-edge technology includes e-commerce ordering, status and delivery capability, plus automated valuation products (AVMs).

ValueFinder™, LandSafe's best-in-class AVM, includes fraud detection capabilities. LandSafe Appraisal Services also manages one of the largest networks of independent field appraisers in the country. For this network, LandSafe Appraisal Services offers AppraiserLink™ in order to streamline the order process, status, and delivery.

LandSafe Credit Services (LSC)

LandSafe Credit Services (LSC) offers a complete line of automated credit reporting products. The core of the business is the preparation and fast delivery of three-bureau merged reports. LSC offers specialized credit reporting products such as mortgage only verifications, risk score reports, rental verifications, lien satisfaction verification, credit bureau updates, and income tax verification.

NOTES

AVM knowledge base looks at corporate sales for consistent ways to sell property.

LandSafe Flood Services

LandSafe Flood Services offers base flood determinations and several sophisticated monitoring products including life-of-loan tracking and portfolio reviews. LandSafe Flood offers custom integration into loan origination software and provides web-based ordering and electronic delivery within seconds, making the flood determination process as quick and efficient as possible.

Integrated Call Center

LandSafe's Integrated Call Center (ICC) is the central point of contact for all customers of LandSafe Credit, Appraisal, and Flood products and services. Customers include external Lenders and internal customers within numerous Countrywide divisions, such as: Correspondent Lending Division (CLD), Countrywide Warehouse Lending (CWL), Consumer Markets Division (CMD), Wholesale Lending Division (WLD), and Full Spectrum Lending (FSL).

Representatives in the ICC handle calls on a variety of issues, including:

- Placing and managing orders for credit reports, appraisal reports, and flood certifications
- Decoding credit reports
- Resetting passwords
- Providing technical support
- Answering billing inquiries
- Escalating issues

NOTES

Understanding GEMS

GEMS is used for data processing within IMSG to support the purchase of closed loans from approved mortgage lenders. CLD ensures each loan meets strict standards in order to be saleable to investors. Each module that is part of the GEMS suite, while performing a unique function, works with the other modules to ensure the loans purchased by CLD meet these standards. The following table provides a brief overview of some of the applications that comprise GEMS.

| GEMS Module | Description |
|------------------|---|
| Diamond | Database of approved Sellers used to establish relationships and contact prospects in each region |
| Pearl | Allows Countrywide to customize pricing for Sellers through price groups |
| Jade | Application for registering and tracking loan commitments |
| Moonstone | Used by the CRU to process and track incoming loan packages |
| Sapphire | Used by Collateral Analysts to enter collateral data for purchase by CLD |
| Ruby | Used by Loan Purchasers to enter funding data that will validate the quality of documents and approve the loan for purchase. |
| Sagan | Used to translate electronic files received by approved Sellers for use in GEMS modules |
| Turquoise | Reporting system used by all Countrywide employees |

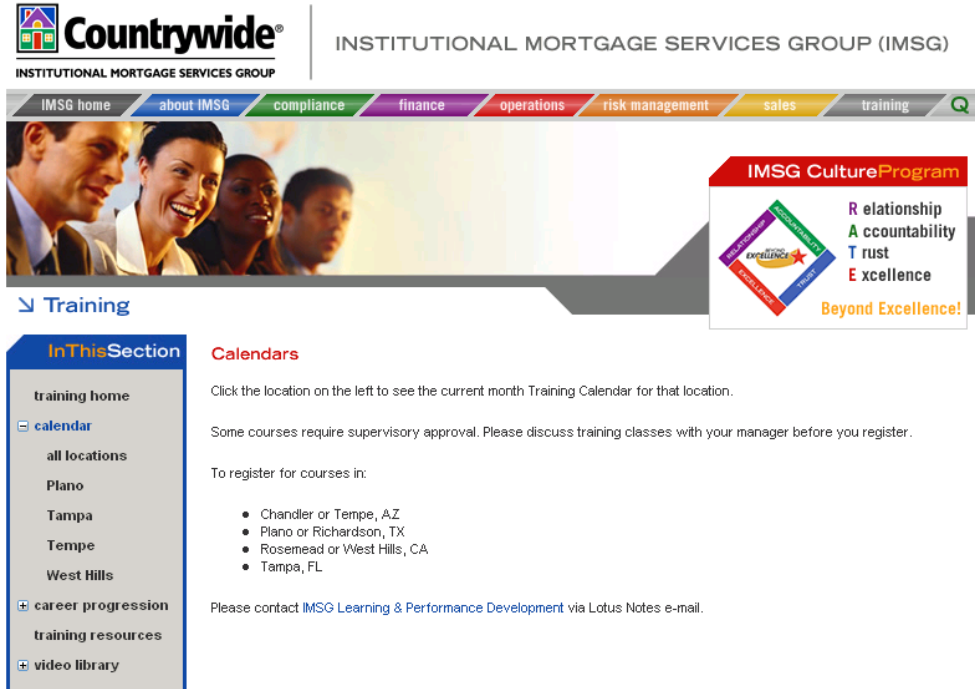
NOTES

SLIDE 10
GEMS

Although Imaging is not specifically a GEM, it affects each of the GEMS in the Purchase Cycle.

The Learning & Performance Development Department

Countrywide values training and lifetime learning. The IMSG Learning & Performance Development (LPD) department is responsible for your learning success. LPD exists to make your training interesting, engaging, and accessible. Thus, LPD has designed a web site to aid in your learning endeavors.



Countrywide®
INSTITUTIONAL MORTGAGE SERVICES GROUP (IMSG)

IMSG home | about IMSG | compliance | finance | operations | risk management | sales | training

IMSG Culture Program
R elationship
A ccountability
T rust
E xcellence
Beyond Excellence!

Training

In This Section

- training home
- calendar
- all locations
 - Plano
 - Tampa
 - Tempe
 - West Hills
- career progression
- training resources
- video library

Calendars

Click the location on the left to see the current month Training Calendar for that location.

Some courses require supervisory approval. Please discuss training classes with your manager before you register.

To register for courses in:

- Chandler or Tempe, AZ
- Plano or Richardson, TX
- Rosemead or West Hills, CA
- Tampa, FL

Please contact [IMSG Learning & Performance Development](#) via Lotus Notes e-mail.

Log on to the LPD Training Calendar at:
<http://65.17.192.181/IMSG/Training/Calendar/> Click on your location for any scheduled classes in your area that may be of interest to you. LPD updates the calendar regularly so check it often.

NOTES

SLIDE 11
LEARNING & PERFORMANCE DEVELOPMENT

If you would like to attend a class, discuss it with your manager. Upon approval, your manager will send a Lotus Note to the Learning and Performance Development department on your behalf. LPD will notify your manager of your enrollment in the desired class.

If you are a contractor, check with your manager to confirm what training is available to you.

Classes I would like to take:

- _____
- _____
- _____

NOTES

LESSON 3

Policies and Practices

Countrywide is a professional organization and you are expected to participate in and maintain this professional environment. This lesson describes the Policies and Practices of your location. Your manager expects you will know the Policies and Practices.

The following section will cover:

- Dress Code
- Unacceptable Behavior
- Facility Policies
- Confidentiality
- Compliance Issues
- Computer Systems
- Office Equipment
- Observed Holidays

NOTES

SLIDE 12
POLICIES AND PRACTICES

Refer your students to the Employee Handbook.

Countrywide's Dress Code

This section describes the company dress code. Your manager expects you to know and adhere to the following guidelines.

Countrywide has adopted a **business casual** dress policy for every weekday.

Appropriate dress for women includes dresses, skirts, pants, conservative blouses, sweaters, and conservative shoes.

Appropriate dress for men includes sports jackets, business casual pants, sports shirts, and conservative shoes with socks.



Additionally, Countrywide expects employees to abide by the following:

- Caps and hats are not permissible. Contact an Employee Relations Expert for alternative head coverings
- Hair, including facial hair, is to be neat, clean, and trimmed
- Please cover all tattoos
- Visible body piercing is prohibited in the workplace; except for ear piercing that is consistent with conservative, business attire
- Clothes must fit appropriately
- Tuck in shirts with tails
- Wear hosiery or socks

NOTES

Refer your students to the Employee Handbook.

- All open-toed shoes must have a back strap
- Wear business style shoes
- Do not wear casual home wear such as sweat pants, sweat shirts, Capri-style pants, leggings, jeans or other denim clothing, and jeans-style casual pants
- Do not wear tight-knit pants or skirts, shorts, skorts, culottes Miniskirts, sundresses, tank/tube/halter/transparent tops or blouses, spaghetti straps, and sleeveless blouses or dresses.

Any other attire deemed inappropriate for a business environment is not permissible. Countrywide instructs managers to send home any employee found out of dress code.

NOTE

Some departments may require that employees wear uniforms, or "uniform-style" attire. The department manager will explain these details.

NOTES

Unacceptable Behavior

Listed below are some examples of workplace behavior considered unprofessional and, therefore, not permissible. Unacceptable behavior includes but is not limited to:

- Falsification of time-keeping records, including use of time cards by person(s) other than the assigned employee
- Falsification of an employment application or company records
- Fighting or threatening violence in the workplace
- Loud or disruptive activity in the workplace
- Insubordination, including improper conduct toward a supervisor or refusal to perform tasks assigned by a supervisor
- Violation of safety or health rules
- Smoking in prohibited areas
- Unlawful or any type of harassment of employees, customers or vendors
- Unauthorized absence from workstations during the workday
- Unauthorized use of telephones, mail system, computer systems, internet access, e-mail, company-owned equipment, or company property of any kind
- Unauthorized disclosure of company proprietary information or confidential information concerning customers or Countrywide employees

NOTES

SLIDE 14
UNACCEPTABLE BEHAVIOR

Facility Policies

For security purposes, all Countrywide employees are required to wear a badge. This section describes the use of badges and details how to respond to an emergency.

Security Badges

Countrywide issues you a security badge. This badge contains your name, picture, employee/contractor number, and security privileges. Wear this badge at all times.

- Use your badge to enter secured areas.
- If you forget your badge, you must obtain a temporary security badge. Be sure to return it to the Security Officer at the end of the day.
- If you lose your badge or it is damaged, notify Security as soon as possible to obtain a replacement.
- Do not loan your badge to anyone. This includes your coworkers.

You will keep this badge as long as you are a contractor or an employee. Return it to the Security Office when your employment ends.

NOTE

You may have to pay a fee to replace a lost badge.

NOTES

SLIDE 15
SECURITY BADGES

Emergency Situations

In the event of an emergency or natural disaster, such as an earthquake, fire, or hurricane, that affects business operations at any Countrywide facility, the nationwide number for emergency information and procedures is:

(800) 786-INFO (4636)

Keep this number handy at home or in your wallet.

NOTE

The above number can also be found on the back of your security badge.

If a medical or other emergency occurs, immediately call for assistance by dialing **99-911**, and be prepared to provide the following information:

- Nature of the emergency
- Exact address and cross street
- Telephone number from which you are calling
- Your name
- Floor/Area and Department

Countrywide conducts emergency drills regularly. Make sure to familiarize yourself with the location of the stairs closest to your workstation. Follow the posted evacuation map instructions. Countrywide Security posts maps and other security information at each exit. Review the maps on your first day.

NOTES

SLIDE 16
EMERGENCY PROCEDURES

Confidentiality

Countrywide maintains business records on computer databases. The following policy applies to its confidentiality and security:

“Countrywide strives to maintain the confidentiality of all business records and prevent their unauthorized disclosure, use, reproduction, or modification. Employees are required to exercise due care to maintain confidentiality when given access to customer records, loan documents, employee records, financial records, credit records, and any other type of Confidential Information. The term Confidential Information includes information in both oral and written form, or contained in any other type of storage medium. Confidential information generally falls into four categories – information about customers, the company, business partners, or employees.”

The above policy also applies to information about customers, the company, its business partners or employees that is stored or transmitted in electronic form. The term electronic form refers to a shared drive, individual hard drive, thumb drive, diskette, or any other form of storage or transmittal medium.

As a Countrywide employee, it is your responsibility to maintain the confidentiality, integrity, and availability of customer information, data processing programs and systems, and any work product that results from the use of Countrywide resources.

NOTES

SLIDE 17
CONFIDENTIALITY POLICY

Electronic Communications

CLD defines an electronic communication as any e-mail or facsimile (fax) transmission sent by CLD employees/contractors, and requires use of the appropriate Confidentiality and Opt Out Notices in all electronic communications. This policy defines when notice must be provided. It is the responsibility of the department managers to ensure that all staff members utilize the correct notices in their communications.

Confidentiality Notice

All e-mails and faxes sent externally by Countrywide **must** include the Confidentiality Notice below.

Confidentiality Notice: The information contained in and transmitted with this electronic communication is strictly confidential, is intended only for the use of the intended recipient, and is the property of Countrywide Financial Corporation or its affiliates and subsidiaries. If you are not the intended recipient, you are hereby notified that any use of the information contained in or transmitted with the communication or dissemination, distribution, or copying of this communication is strictly prohibited by law. If you have received this communication in error, please immediately return this communication to the sender and delete the original message or any copy of it in your possession.

In the case of e-mail, Lotus Notes appends this Confidentiality Notice to the end of all outgoing messages that are sent to a recipient outside the Countrywide e-mail system.

In the case of faxes, all fax communications sent by CLD require a fax cover sheet; this cover sheet must include the above Confidentiality Notice at the bottom in a 10-point font. CLD has a standard fax cover sheet that includes this notice. Your department manager is responsible for using the most current cover sheet.

NOTES

Fax Cover Sheets are on the web.

Commercial Electronic Communications

Federal and state privacy laws consider electronic communications that promote a product or service to be commercial in nature. By law, you must provide the recipient with information on how to opt out from receiving future electronic communications. Commercial electronic communications include but are not limited to e-mail and fax transmissions. Include opt-out language in all electronic communication including e-mail attachments, messages within the body, CLD announcements, bulletins, product matrices, program flyers, pricing information, etc. Include the following notice in all commercial electronic communications in addition to the confidentiality language.

Opt Out Notice: We are pleased to present you with this advertisement. Should you have received this communication in error, or you no longer wish to receive this type of electronic communication, you may telephone CLD Client Relations at 877-425-3463; fax your request to (818) 316-8711; or e-mail your request to CLDcountrywide@countrywide.com and enter UNSUBSCRIBE as the first word in the e-mail subject line. When faxing or e-mailing your request, please include your name, e-mail address or fax number. Once we receive your notification, we will take the appropriate actions to ensure you no longer receive this type of electronic communication. Countrywide Home Loans, 8511 Fallbrook Avenue, West Hills, CA 91304.

In the case of e-mail, add the above opt-out notice to all commercial e-mail transmissions. Add the notice to your e-mail template just above the Confidentiality Notice.

In the case of faxes, include the opt-out notice in all commercial communications on the first page of the fax in a 10-point font. Place the notice above the Confidentiality Notice. CLD has a standard fax cover sheet that includes this notice. The Department Manager is responsible for the use of the most current CLD fax cover sheet and is required to ensure all staff members use it.

NOTES

Special Departmental Issues:

Some departments – such as Sales, Margin Management, Pricing Desk, etc. – send electronic communications on a regular basis, which are both transactional and commercial in nature. Managers of these departments consider how they will implement the notification requirements for the various types of electronic communications, and may consider utilizing both notices on their fax cover sheets and in their Lotus Notes signature line on all transmissions.

Managers make the decision to implement this policy within the department. Managers monitor communications to ensure compliance by all staff members at all times.

NOTES

Sending Borrower Information to Sellers

Countrywide and CLD are committed to ensuring borrower information remains confidential at all times. CHL and CLD have policies and procedures relating specifically to privacy. During the purchase process Sellers receive borrower information via fax and e-mail transmissions. To ensure that we are complying with our commitment and the law, we have amended our Privacy Policy to include specific restrictions on all e-mail and fax transmissions. This policy is effective immediately and includes the following:

- No borrower identification information may be included in any e-mail or fax transmission. Identifiers include full borrower names, social security numbers, and creditor/depository account numbers.
- To ensure that a CLD loan is properly referenced in an e-mail or fax transmission, refer only to the last four digits of the CLD loan number and the primary borrower's last name. For example, if the borrower is John Smith and the loan number is 123456789 refer to the customer as Smith/6789.
- If you need to discuss a specific borrower account in an e-mail, refer to the customer by the primary borrower's last name, the creditor or depository name, and the last four digits of the account number. For example, if you reference John Smith's Bank of America account number 123456789, the reference would be Smith, Bank of America account number 6789.

NOTES

- If you need to include a document from a loan file in a fax transmission, then you must partially black out all borrower identifier information prior to transmission. This includes first and middle names/initials, social security numbers, all account numbers not applicable to the receiver, and all but the last four digits of the applicable account numbers you would like the receiver to review.

Please address all questions regarding this policy to your manager. Managers are encouraged to contact the Compliance Department if they need assistance in interpreting this policy.

NOTES

Requests for CHL Records, Information, and Subpoenas

If you receive a documented request for Countrywide records, information, or subpoenas, you must adhere to the following procedures:

- If you are in West Hills, walk all requests to the Compliance department.
- If you are located outside of West Hills, refer any requests to your department manager, who must immediately contact and forward the request to the Compliance Department in West Hills.
 - The Department Manager must fax a copy of the request to the Compliance department at (818) 316-8811. Then, the manager must call either Anne Pick at (818) 316-8130 or Marilyn Richardson at (818) 251-7759 to confirm that the Compliance department received the fax.
 - Upon confirmation of receipt, the department manager must ship the original document, overnight – via Federal Express, to the following address: Compliance Department, 8501 Fallbrook Avenue, Mail Stop WH-50L, West Hills, CA 91304.

After the Compliance department receives the request, they are responsible for forwarding the associated documentation to the Litigation In-Take team in the Legal Division.

If you receive a phone inquiry, politely refer the call to Countrywide's Legal Division at (800) 669-6094.

NOTES

Serving Subpoenas

If a process server arrives at a CLD office to serve a subpoena, you must tell the server that:

- CLD does not accept service on behalf of its employees

-OR-

- CLD does not accept service on behalf of CFC, CHL, or any other Countrywide subsidiary

You must then provide the server with the Notice to Process Servers form. **Do not** accept the subpoena.

NOTE

Refer to the *CLD Compliance Reference Manual* to see an example of the Notice to Process Servers form.

If you have any questions about this policy, check with your manager to find out how to adhere to these policies.

NOTE

To read more about various Compliance policies and procedures, go to:
<http://65.17.192.181/MSG/Compliance/MSGCompliance>

NOTES

Compliance Issues

All IMSG employees are responsible for complying with all state and federal laws and regulations related to mortgage lending. The following table briefly describes the laws and regulations related to mortgage lending and to financial institutions.

| Regulation by Name | Description |
|--|--|
| Flood Disaster Protection Act | This Act refers to mandatory insurance for protection of property located in special flood hazard areas. The lender must determine whether the property is in a flood hazard zone and, if so, whether it is located in a community that is participating in the National Flood Insurance Program. CLD requires that any property located in a flood hazard zone must have flood insurance and monitors property status throughout the life of the loan. |
| Home Mortgage Disclosure Act (HMDA) | This Act requires lending institutions to report public loan data used to help determine if lending institutions are meeting the housing credit needs of their communities, to help public officials target community development investment, and to help regulators enforce fair lending laws. CLD only reports loans purchased. |
| Homeowners Equity Protection Act (HOEPA) | This Act requires lenders to provide disclosures concerning Private Mortgage Insurance (PMI) and includes provisions for borrower-requested cancellation at 80% loan to value (LTV) and automatic termination of PMI when property equity reaches 78% LTV. Borrowers who provide less than a 20% down payment on Prime loans are normally required to pay PMI. Equity and Subprime loans do not require PMI. CLD records PMI coverage in Ruby, as applicable. |
| Office of Foreign Assets Control (OFAC) | This regulation administers and enforces economic and trade sanctions against targeted foreign countries, terrorism-sponsoring organizations, international terrorists and international narcotics traffickers. It is based on U.S. foreign policy and national security objectives. CLD requires Sellers to check all loans for OFAC warnings. The borrower's credit report contains these warnings. All warnings must be resolved prior to submitting the loan for purchase. |

NOTES

| Regulation by Name | Description |
|---|--|
| Predatory Lending Laws | <p>Defines what constitutes predatory lending and high cost loans. Requires that specific high cost disclosures be provided to borrowers if a high-cost loan is going to be made.</p> <p>CLD monitors for high cost loans, which are not eligible for purchase. Federal loans are governed by HOEPA/Section 32. Each state may have a different set of required state/county/city rules to follow when testing for high cost loans.</p> |
| Privacy Laws | <p>This set of laws hold businesses responsible for ensuring that a borrower's privacy is protected. Heavy financial penalties could be imposed if there is a breach of consumer privacy within a company. CLD has specific rules for handling customer information. This information is detailed in the Privacy section.</p> <p>Regulations that pertain to privacy include:</p> <ul style="list-style-type: none"> ▪ Right to Financial Privacy Act (RFPA) – requires the federal government to follow specified privacy procedures when it requests information about a customer of a mortgage lender or broker. ▪ Privacy of Consumer Financial Information (Reg P) – governs the treatment of personal information about consumers by financial institutions. It requires each to provide notice to its customers about its privacy policies and practices as it applies to information collection and information disclosure. ▪ Fair and Accurate Credit Transactions Act (FACT) (Reg V) – makes amendments to the Fair Credit Reporting Act (FCRA) that enhances the ability of consumers to combat identity theft, increases the accuracy of consumer reports, and allows consumers to exercise greater control over their privacy regarding the type and amount of marketing solicitations they receive. ▪ Gramm-Leach-Bliley Act (GLB) – includes provisions to protect the privacy of consumers' personal financial information held by financial institutions. |
| Real Estate Settlement Procedures Act (RESPA) | <p>Consumer protection law designed to help consumers become better shoppers for settlement services and eliminate kickbacks and referral fees that unnecessarily increase the costs of certain settlement services. CLD requires a final HUD-1 settlement statement be included in the loan file.</p> |

NOTES

| Regulation by Name | Description |
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| Truth in Lending Act (TILA) | <p>TILA enables the customer to compare the cost of a cash transaction versus a credit transaction and the difference in the cost of credit among different lenders. Designed to protect consumers in credit transactions from predatory lending practices by requiring lenders to provide the following:</p> <ul style="list-style-type: none"> ▪ Clear disclosure of key terms of the lending arrangement and all costs ▪ Notification of the rescission laws ▪ Notification when a loan is considered a high cost loan (HOEPA/section 32 of the Act) <p>CLD verifies that the following documents are in the credit file prior to the purchase of the loan:</p> <ul style="list-style-type: none"> ▪ Final TIL ▪ NRTC on all owner-occupied refinances ▪ NRTC on all owner-occupied HELOC refinances and purchase transactions ▪ Finance charges be disclosed accurately on the HELOC Agreement and Disclosure ▪ Evidence that the loan is not a high cost loan |
| USA Patriot Act | <p>The USA Patriot Act requires lenders to know whom they are lending to and requires them to be able to identify all borrowers prior to any extension of credit. Because of this Act, Form 1003 now includes a birth date field. The addition of this field empowers lenders to identify the borrower.</p> <p>CLD requires that all Sellers deliver complete Loan Applications (1003) in their loan files that include the following information for all borrowers:</p> <ul style="list-style-type: none"> ▪ Name ▪ Address ▪ Date of Birth ▪ Social Security Number <p>Any loans missing any of this critical data are ineligible for purchase.</p> |
| Bank Secrecy Act | <p>A law intended to assist the federal government in detecting and determining money laundering activities, terrorist activities, and any other violations of federal criminal law in an effort to prevent criminals and terrorists from concealing their illegally obtained funds and using them for criminal and terrorist activities.</p> |

NOTES

| Regulation by Name | Description |
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| Community Reinvestment Act (CRA) | This Act defines the responsibilities of banking institutions to their local communities. This Act requires banks and savings institutions to take affirmative steps in order to meet the credit needs of the entire community in which they serve. This includes low- and moderate-income areas. |
| Consumer Leasing | Applies to all who lease personal property under a consumer lease to: <ul style="list-style-type: none"> ▪ Ensure lessees of personal property receive meaningful disclosures enabling them to compare lease terms with other leases and, where appropriate, with credit transactions ▪ Limit the amount of balloon payments in consumer lease transactions ▪ Provide accurate disclosure of lease terms in advertisement |
| Consumer Protection in Sales of Insurance | Establishes consumer protections in connection with retail sales practices, solicitations, advertising or offers of any insurance product or annuity to a consumer by any state member bank or any person engaged in those activities at an office of the bank or on behalf of the bank. |
| CRA-Related Reporting | This regulation requires a depository institution that enters into a covered agreement, to make the agreement available to the public and the appropriate federal banking agency as well as to file an annual report with the appropriate federal banking agency concerning the agreement. |
| Electronic Transfer of Funds (ETF) | This regulation refers to the paperless movement of money between two financial institutions. It provides basic framework that establishes rights, liabilities, and responsibilities of participants in electronic funds transfer systems. It states that creditors may not require repayment of loans by electronic means on a preauthorized, recurring basis. |
| Equal Credit Opportunity Act (ECOA) | This Act ensures that all consumers receive an equal chance to obtain credit. |
| Fair Credit Reporting Act (FCRA) | Promotes accuracy and ensures the privacy of the information used in consumer reports. Businesses that supply information about consumers to Consumer Reporting Agencies (CRAs), and those that use consumer reports, have responsibilities under this law. |
| Fair Debt Collection Practices Act | This Act prohibits use of abusive, deceptive, and unfair debt collection practices by many debt collectors, which contributes to a number of bankruptcies, material instability, loss of jobs, and invasion of individual privacy. |

NOTES

| Regulation by Name | Description |
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| Fair Housing Act | This Act prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, national origin, religion, sex, family status, or disability. FHA makes dwellings available to all creditworthy individuals for purchase or rent. |
| Telephone Consumer Protection Act (TCPA) | Imposes certain restrictions on all businesses that use telephone-related devices, including faxes, computers, e-mail, and cell phones, as solicitation devices. This act protects consumers and businesses who would be the recipients of communications sent or received by this type of device. |
| Truth in Savings | This regulation requires clear and uniform disclosure of the rates of interest, annual percentage yields, fees, and other account terms for deposit accounts offered by depository institutions to assist consumers in meaningful comparisons between competing claims of depository institutions with regard to deposit accounts. |
| Unfair or Deceptive Acts or Practices | This regulation defines certain unfair or deceptive acts or practices that are unlawful in connection with bank extensions of credit to consumers. It contains procedures for handling consumer complaints involving unfair or deceptive acts or practices by these banks. |

You are responsible to be familiar with the laws and regulations that apply to your particular job. You should work with your manager or department head to learn which laws and regulations pertain to your role.

You can also refer to the CLD Compliance Reference Manual for current and complete information about each of the laws and regulations that are in effect. Alternatively, you may visit the CLD Compliance Website at:
<http://65.17.192.181/IMSG/Compliance/IMSGCompliance>

NOTES

Computer Systems

Countrywide provides computer technology to its employees in order to facilitate the completion of their work.

Activities not permitted include but are not limited to:

- Using Countrywide computing facilities to break into any computer whether of Countrywide or another organization
- Using Countrywide time and resources for personal gain
- Attempting to access information resources without appropriate authorization
- Sending threatening, racially and/or sexually harassing messages
- Reading someone else's e-mail without his/her permission or authorization
- Sharing of system accounts without authorization
- Copying electronic files without permission or authorization
- Sending or posting Countrywide confidential, sensitive, or private materials outside of Countrywide, or posting Countrywide confidential, sensitive, or private materials inside Countrywide within view of non-authorized personnel
- Refusing to cooperate with a security investigation



NOTES

SLIDE 18
COMPUTER SYSTEMS

- Sending chain letters, hoax e-mail or spam through e-mail
- Using system resources for games
- Intentionally disrupting a network service
- Engaging in personal activities that incur additional costs to Countrywide or interfere with a user's work performance
- Using Countrywide computing facilities for certain activities including but not limited to sending or receiving copyrighted documents and software in violation of copyright laws of license agreements, gambling, pornography, illegal drugs, hate speech, or any other criminal activities.
- Using Countrywide computing facilities for activities inconsistent with, or in violation of, company policy
- Purposely releasing computer viruses, worms, or other software which may adversely effect the operation of the network

Countrywide makes available several computer software programs for your use at work. General rules about software are:

- Computer programs are for business purposes only
- No additional software is to be loaded onto your computer without the consent of your supervisor

Microsoft Office Suite is the standard set of programs for word processing, spreadsheet calculations, and presentation preparation.

Lotus Notes is the approved e-mail system for the corporation. It also helps organize your time with a Calendar function. In addition, it can maintain reference material, such as the Employee Handbook, on your desktop for easy access.

NOTES

The network administrator will issue your Lotus Notes and network user IDs as soon as you are hired.

You can use Lotus Notes to:

- Send and receive information
- Set up meetings and confirm attendance
- Set up folders for special purposes
- Set up your own calendar to keep track of assignments
- Access all types of databases within Countrywide to find the information you need to do your job

NOTE

Use Lotus Notes for business purposes only.

If you experience problems with your computer, call the CLD Client Services Department at (800) 932-9083 (Option 5).

- You may be asked to specifically define the problem.
- You may be asked to send a Lotus Notes E-mail that includes a visual screen print capturing the problem.

NOTES

Office Equipment

Office machines available at Countrywide are for business use only. These include:

- Telephones
- Fax machines
- Copiers
- Computers
- Printers

Countrywide managers provide employees with an assortment of office supplies. Countrywide does not tolerate the theft of office supplies. Countrywide instructs managers to terminate any employee caught stealing office supplies. Office supplies include:

- Paper
- Pens, pencils, highlighters, markers
- Paper clips, push pins,
- Sticky notes
- Telephone headsets
- Staplers and staple refills
- Binders

Any office supply item provided to you by Countrywide is the property of Countrywide; do not take any office supply item home.

NOTES

SLIDE 19
OFFICE EQUIPMENT

Countrywide's Holidays

Countrywide observes the following holidays:

- New Year's Day (January 1)
- Martin Luther King, Jr. Day (third Monday in January)
- President's Day (third Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Thanksgiving Day (fourth Thursday in November)
- Christmas Day (December 25)

NOTES

SLIDE 20
HOLIDAYS