

# 15-496(L)

15-499(CON)

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United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket Nos. 15-496(L), 15-499(CON)



UNITED STATES OF AMERICA *ex rel.* EDWARD O'DONNELL,  
*Plaintiff-Appellee,*  
—v.—

REBECCA MAIRONE, COUNTRYWIDE BANK, FSB, COUNTRY-  
WIDE HOME LOANS, INC., BANK OF AMERICA, N.A.,  
*Defendants-Appellants,*  
*(Caption continued on inside cover)*

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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**APPENDIX FOR PLAINTIFF-APPELLEE  
VOLUME I OF III  
(Pages GA-1 to GA-102)**

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BANK OF AMERICA CORPORATION, successor to Countrywide  
Financial Corporation, and FULL SPECTRUM LENDING,  
COUNTRYWIDE FINANCIAL CORPORATION,

*Defendants.*

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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA *ex rel.*  
EDWARD O'DONNELL,

Plaintiff,

– v. –

BANK OF AMERICA CORPORATION,  
successor to COUNTRYWIDE FINANCIAL  
CORPORATION, COUNTRYWIDE HOME  
LOANS, INC., and FULL SPECTRUM  
LENDING,

Defendants.

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

– v. –

COUNTRYWIDE HOME LOANS, INC.,  
COUNTRYWIDE FINANCIAL  
CORPORATION, COUNTRYWIDE BANK,  
FSB, BANK OF AMERICA  
CORPORATION, BANK OF AMERICA,  
N.A., and REBECCA MAIRONE,

Defendants.

**Case No. 12-cv-1422 (JSR)**

ECF Case

**BANK OF AMERICA AND COUNTRYWIDE FINANCIAL CORPORATION  
DEFENDANTS' ANSWER TO THE UNITED STATES'S FIRST AMENDED  
COMPLAINT**

Defendants Bank of America Corporation, Bank of America N.A., Countrywide Home Loans, Inc., Countrywide Financial Corporation, and Countrywide Bank, FSB (“Defendants”), by and through undersigned counsel, hereby answer the United States’s First Amended Complaint (“Complaint”) as follows:

1. Defendants admit that the United States Attorney for the Southern District of New

York (“Plaintiff”) has instituted a civil-fraud action. Defendants deny, however, that they engaged in a scheme to defraud the GSEs in connection with Countrywide’s residential mortgage lending business, and likewise deny that the United States is entitled to recover damages or penalties in this case. In addition, Defendants deny that treble damages or penalties under the False Claims Act, 31 U.S.C. § 3729, are available in this action, because the Court granted Defendants’ motion to dismiss with prejudice Plaintiff’s False Claims Act allegations.

2. Defendants deny the allegations in Paragraph 2.

3. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the first sentence of Paragraph 3. As to the second sentence, Defendants admit that the Full Spectrum Lending division originated subprime loans at certain times, but lack sufficient information or knowledge to admit or deny and, on that basis, deny the remainder of the allegations in the second sentence. As to the fourth sentence, Defendants admit that, at some point in time, Full Spectrum Lending shifted its focus “to originating prime conforming loans that qualified for sale to the GSEs,” but Defendants deny Plaintiff’s characterization of this shift as being part of a response to revenue shortfalls resulting from the collapse of the subprime market. Defendants deny the allegations in the third and fifth sentences of Paragraph 3.

4. Defendants deny the allegations in Paragraph 4.

5. Defendants deny the allegations in Paragraph 5.

6. Defendants deny the allegations in Paragraph 6.

7. The first sentence of Paragraph 7 purports to quote a Countrywide Executive Managing Director. That person and his documents are the best record of his statements. To the extent any further response is required, Defendants deny the allegations in the first sentence of

Paragraph 7. Likewise, Defendants deny the allegations in the second sentence of Paragraph 7. The allegations in the third sentence of Paragraph 7 purport to characterize representations Countrywide made to Fannie Mae and Freddie Mac through unidentified individuals, and in public filings. The documents containing these statements, to the extent they exist, are the best record of their contents. Because the individuals who allegedly made the representations are unidentified, Defendants lack sufficient information to admit or deny and, on that basis, deny the alleged statements in Paragraph 7. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 7.

8. Defendants deny the allegations in Paragraph 8. The third sentence of Paragraph 8 purports to quote from, characterize, or describe statements by an unidentified Full Spectrum Lending employee. Because the employee is unidentified, Defendants lack sufficient information to admit or deny and, on that basis, deny the statements in Paragraph 8.

9. Defendants admit that Defendants settled certain pending repurchase requests with Fannie Mae and Freddie Mac. Defendants deny the remaining allegations in Paragraph 9. Furthermore, the last sentence of this paragraph states a legal conclusion, which does not call for an answer.

10. Paragraph 10 states a legal conclusion, which does not call for an answer. To the extent any further response is required, Defendants deny the allegations in Paragraph 10.

11. Paragraph 11 states a legal conclusion, which does not call for an answer. To the extent an answer is required, Defendants do not contest the jurisdiction of this Court.

12. The first sentence of Paragraph 12 states a legal conclusion, which does not call for an answer. To the extent an answer is required, Defendants do not contest venue in this judicial district. Defendants deny the allegation in the second sentence of Paragraph 12.

13. Defendants admit the allegation in Paragraph 13.

14. Defendants deny that Relator Edward J. O'Donnell is a party to this case any longer, because the Court dismissed the False Claims Act allegations, which were his only claims. Defendants admit that Edward J. O'Donnell was previously employed by Countrywide Home Loans and Countrywide Bank, first as a Senior Vice President, and later as an Executive Vice President.

15. Defendants admit the allegations in the first and second sentences of Paragraph 15. Defendants deny the allegations in the third and fourth sentences of Paragraph 15, except to the extent Defendants admit that Countrywide Financial is presently a wholly owned subsidiary of Bank of America Corporation.

16. Defendants admit the allegations in the first sentence of Paragraph 16. Defendants deny the allegations in the second and third sentences of Paragraph 16.

17. Defendants deny the allegations in the first sentence of Paragraph 17. Defendants admit the allegations in the second sentence of Paragraph 17. The third sentence of Paragraph 17 purports to quote, characterize, or describe a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 17. Defendants deny the allegations in the fourth sentence of Paragraph 17, except to the extent Defendants admit that Countrywide Bank merged into Bank of America, N.A. ("BANA") by *de jure* merger on or about April 27, 2009.

18. Defendants admit the allegations in the first sentence of Paragraph 18. Defendants deny the allegations in the second sentence of Paragraph 18. The third sentence states a legal conclusion, which does not call for an answer. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 18.



19. Defendants admit the allegations in the first sentence of Paragraph 19.

Defendants deny the allegations in the second sentence of Paragraph 19 as vague and ambiguous, but do not contest personal jurisdiction. Defendants deny the allegation in the third sentence of Paragraph 19. The fourth sentence of Paragraph 19 states a legal conclusion, which does not call for an answer. To the extent any further response is required, Defendants deny the allegations in the fourth sentence of Paragraph 19.

20. Defendants admit that Ms. Mairone was the Chief Operating Officer of Full Spectrum Lending during portions of 2007 and 2008. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the remaining allegations in Paragraph 20.

21. Defendants admit the allegations in Paragraph 21.

22. Defendants admit the allegations in Paragraph 22.

23. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in Paragraph 23.

24. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegation in the first, second, and third sentences of Paragraph 24. The last sentence of Paragraph 24 purports to quote from, characterize, or describe a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the last sentence of Paragraph 24.

25. Defendants admit the allegations in Paragraph 25.

26. Defendants admit the allegations in the first and third clauses of the first sentence of Paragraph 26. Defendants lack sufficient information to admit or deny and, on that basis, deny the allegations in the second clause of the first sentence of Paragraph 26. The second sentence states a legal conclusion, which does not call for an answer. To the extent any further

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response is required, Defendants deny the allegations in the second sentence of Paragraph 26.

27. Defendants lack sufficient information to admit or deny and, on that basis, deny the allegations in Paragraph 27.

28. Defendants deny the allegations in Paragraph 28.

29. Defendants lack sufficient information to admit or deny and, on that basis, deny the allegations in Paragraph 29.

30. Paragraph 30 states a legal conclusion, which does not call for an answer. Defendants deny, however, that the False Claims Act has any bearing on this case in light of the Court's decision dismissing with prejudice Plaintiff's False Claims Act allegations.

31. Paragraph 31 states a legal conclusion, which does not call for an answer. Defendants deny, however, that the False Claims Act has any bearing on this case in light of the Court's decision dismissing with prejudice Plaintiff's False Claims Act allegations.

32. Paragraph 32 states a legal conclusion, which does not call for an answer. Defendants deny, however, that the False Claims Act has any bearing on this case in light of the Court's decision dismissing with prejudice Plaintiff's False Claims Act allegations.

33. Paragraph 33 states a legal conclusion, which does not call for an answer.

34. Paragraph 34 states a legal conclusion, which does not call for an answer.

35. Paragraph 35 states a legal conclusion, which does not call for an answer.

36. Defendants admit that they sold loans to the GSEs, pursuant to contracts that contain representations and warranties. Defendants deny the remainder of the allegations in this paragraph to the extent they purport to be a complete or accurate description of the contractual relationship between Defendants and Fannie Mae or Freddie Mac.

37. Defendants admit the allegations in the first sentence of Paragraph 37 to the

extent that purchase contracts between Countrywide and Fannie Mae or Freddie Mac include both long-term master agreements and variances or waivers. Defendants deny the remainder of the allegations in the first sentence of Paragraph 37 to the extent they purport to be a complete or accurate description of the contractual relationship between Defendants and Fannie Mae or Freddie Mac. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second sentence of Paragraph 37.

38. Defendants deny the allegations in the first sentence of Paragraph 38. Defendants deny the allegations in the second and third sentences of Paragraph 38, but admit that lenders do assume certain obligations when selling loans to Fannie Mae or Freddie Mac. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the fourth sentence of Paragraph 38.

39. The first sentence of Paragraph 39 purports to quote from a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the first sentence of Paragraph 39 of the Complaint. Defendants admit the remaining allegations in Paragraph 39.

40. Paragraph 40 purports to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 40.

41. Paragraph 41 purports to characterize a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document is the best record of its contents. To the

extent any further response is required, Defendants deny the allegations in Paragraph 41.

42. Paragraph 42 purports to characterize a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 42.

43. Paragraph 43 purports to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 43.

44. Paragraph 44 purports to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 44.

45. Paragraph 45 states a legal conclusion, which does not call for an answer. To the extent any further response is required, Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in Paragraph 45.

46. Paragraph 46 purports to characterize and describe a number of documents, none of which are identified with specificity or attached to the Complaint. These documents are the best records of their contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 46.

47. Paragraph 47 purports to quote from a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 47.

48. Defendants admit that a loan-repurchase process exists. Defendants deny that the only reason for repurchase is a material breach of warranty. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the remaining allegations in Paragraph 48.

49. Defendants deny the allegations in Paragraph 49, except to the extent Defendants admit that some Full Spectrum Lending employees with the titles referenced in Paragraph 49 may have been involved in some aspects of the loan-origination process for some loans.

50. Defendants admit that loan specialists could enter certain data into CLUES, but deny that this was their primary function. Defendants admit that CLUES evaluated loans, but deny that the stated criteria were the only criteria CLUES considered in its evaluation. Defendants admit that CLUES could issue both “accept” and “refer” decisions. Defendants otherwise deny the allegations in Paragraph 50.

51. Defendants admit the allegations in Paragraph 51.

52. Defendants admit that, in certain loan processes, a loan processor would forward a file to an underwriter. Defendants deny the remainder of the allegations in Paragraph 52.

53. Defendants deny the allegations in Paragraph 53, except to the extent Defendants admit that certain underwriters could perform certain tasks listed in Paragraph 53.

54. Defendants admit that underwriters sometimes played a role in detecting mortgage fraud. Defendants deny the remaining allegations in Paragraph 54.

55. Defendants admit that funders at certain times performed the tasks listed in Paragraph 55. Defendants deny the remaining allegations in Paragraph 55.

56. Defendants deny the characterization of compliance specialists as “toll gates” and final reviewers, but admit that compliance specialists at certain times performed certain tasks

listed in Paragraph 56. Defendants deny the remaining allegations in Paragraph 56.

57. Defendants deny the allegations in Paragraph 57.

58. Defendants admit that the market for subprime loans deteriorated in the spring and summer of 2007. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the remaining allegations in Paragraph 58.

59. The first three sentences of Paragraph 59 purport to quote from a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the first three sentences of Paragraph 59. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the fourth sentence of Paragraph 59.

60. Defendants deny the allegations in Paragraph 60, except to the extent Defendants admit that Full Spectrum Lending, which had at times originated mostly subprime loans, became primarily a prime-loan business by early 2008.

61. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the first and second sentences of Paragraph 61. The third sentence of Paragraph 61 purports to quote from a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 61.

62. The first sentence of Paragraph 62 purports to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the first sentence of Paragraph 62. The second sentence of Paragraph 62

purports to describe a statement by an unidentified former Fannie Mae executive. Plaintiff does not identify the former Fannie Mae employee, so Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second sentence of Paragraph 62.

63. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in Paragraph 63.

64. The first sentence of Paragraph 64 purports to characterize a document. That document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the first sentence of Paragraph 64. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second, third, and fourth sentences of Paragraph 64.

65. Defendants deny the allegations in the first sentence of Paragraph 65. Defendants admit that the statement in the second, third, and fourth sentences of Paragraph 65 was made. The fifth sentence of Paragraph 65 purports to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the fifth sentence of Paragraph 65.

66. Defendants deny the allegations in Paragraph 66.

67. Defendants deny the allegations in Paragraph 67.

68. Defendants deny the allegations in the first two sentences of Paragraph 68. The third and fourth sentences of Paragraph 68 purport to quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or

deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 68.

69. Defendants deny the allegations in the first, second, third, fourth, and fifth sentences of Paragraph 69. The sixth sentence of Paragraph 69 purports to contain statements by an unidentified Bank of America employee. Plaintiff does not identify the Bank of America employee, so Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second sentence of Paragraph 69. To the extent any further response is required, Defendants deny the allegations in the sixth sentence of Paragraph 69.

70. Defendants deny the allegations in Paragraph 70.

71. Defendants deny the allegations in the first, second, and fourth sentences of Paragraph 71. The third sentence in Paragraph 71 purports to describe or characterize a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 71.

72. Defendants deny the allegations in the first and second sentences of Paragraph 72. The third sentence of Paragraph 72 purports to quote a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, defendants deny the remaining allegations in Paragraph 72.

73. Defendants admit that Full Spectrum Lending originated some stated-income



loans in 2007. Defendants deny the remaining allegations in the first and second sentences of Paragraph 73. The third sentence of Paragraph 73 purports to quote a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the third sentence of Paragraph 73. To the extent any further response is required, Defendants deny the remaining allegations in Paragraph 73.

74. Defendants deny the allegations in Paragraph 74.

75. Defendants deny the allegations in Paragraph 75. Paragraph 75 also purports to quote one or more documents. Plaintiff does not specifically identify the quoted document(s), so Defendants lack sufficient information to either admit or deny the contents of the document(s). Moreover, each document, to the extent it exists, is the best record of its contents.

76. Defendants admit that certain loan specialists who earned limited underwriting authority through underwriting training were allowed to perform certain tasks previously performed by someone from the underwriting group. Defendants also admit that certain loan specialists were, ultimately, within Defendant Mairone's reporting structure for certain periods of time relevant to the Complaint. Defendants deny all remaining allegations in Paragraph 76.

77. Defendants deny the allegations in Paragraph 77, except to the extent Defendants admit that, at certain times and in certain situations, Full Spectrum Lending employees were required to complete certain worksheets during loan processing and underwriting.

78. Defendants admit that some once-mandatory checklists became non-mandatory job aids and/or were replaced by automatic or alternative processes. Defendants deny all remaining allegations in Paragraph 78.

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79. Defendants deny the allegations in Paragraph 79.

80. Defendants deny the allegations in Paragraph 80.

81. Defendants deny the allegations in Paragraph 81. The second sentence of Paragraph 81 also purports to quote a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents.

82. Defendants deny the allegations in Paragraph 82.

83. Defendants deny the allegations in Paragraph 83. The fourth sentence of Paragraph 83 purports to quote Rebecca Mairone. Defendants lack sufficient information or knowledge sufficient to admit or deny and, on that basis, deny the allegations in the fourth sentence of Paragraph 83.

84. Paragraph 84 purports to quote a document from former employee Michael S. Thomas. The document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 84.

85. Paragraph 85 purports to quote a document from an unidentified Full Spectrum Lending employee. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 85.

86. Defendants deny the allegations in the first sentence of Paragraph 86. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second and third sentences of Paragraph 86. The fourth and fifth sentences of Paragraph 86 purport to quote, characterize, or describe a document. The document, to the extent it exists,

is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the fourth and fifth sentences of Paragraph 86.

87. Defendants deny the allegations in Paragraph 87. The third sentence of Paragraph 87 purports to quote, characterize, or describe comments by Ms. Mairone. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the third sentence of Paragraph 87.

88. Defendants deny the allegations in Paragraph 88. The second, third, fourth, and fifth sentences of Paragraph 88 purport to quote, characterize, or describe a document and instructions from Ms. Mairone. The document, to the extent it exists, is the best record of its contents.

89. Paragraph 89 purports to quote, characterize, or describe statements by a number of individuals. Plaintiff does not identify the individuals, so Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in Paragraph 96. To the extent any further response is required, Defendants deny the allegations in Paragraph 89.

90. Defendants deny the allegations in Paragraph 90.

91. Paragraph 91 purports to quote a document. The document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 91.

92. Defendants deny the allegations in Paragraph 92.

93. Defendants deny the allegations in Paragraph 93.

94. Defendants deny the allegations in Paragraph 94.

95. Defendants deny the allegations in Paragraph 95. Paragraph 95 also purports to

quote from a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. That document, to the extent it exists, is the best record of its contents.

96. Defendants deny the allegations in Paragraph 96. Paragraph 96 also purports to characterize or describe comments by an unidentified Full Spectrum Lending employee. Plaintiff does not identify the employee, so Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in Paragraph 96.

97. Defendants deny the allegations in the first sentence of Paragraph 97. The second and third sentences of Paragraph 97 purport to quote a document. The document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the second and third sentences of Paragraph 97.

98. Defendants deny the allegations in Paragraph 98.

99. Defendants deny the allegations in Paragraph 99.

100. Defendants deny the allegations in the first sentence of Paragraph 100.

Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the second sentence as they are phrased.

101. Defendants admit that Full Spectrum Management were shown quality reports, but deny the remainder of the allegations in Paragraph 101.

102. Paragraph 102 purports to quote, characterize, or describe a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 102.

103. Defendants deny the allegations in Paragraph 103. The second sentence of Paragraph 103 states a legal conclusion, which does not call for an answer.

104. Defendants lack sufficient information or knowledge to admit or deny and, on that basis, deny the allegations in the first sentence of Paragraph 104. The remaining sentences in Paragraph 104 purport to quote, characterize, and describe a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in Paragraph 104.

105. Defendants deny the allegations in Paragraph 105, except to the extent Defendants admit that Full Spectrum Lending created a one-time bonus incentive for quality-control to rebut material defect findings in the first quarter of 2008.

106. Defendants admit that Countrywide's Corporate Quality Control Department would review loans and that, for certain periods of time, a division that originated the loan would then have a chance to rebut the Corporate Quality Control Department's defect finding.

107. Defendants deny the allegations in Paragraph 107.

108. Paragraph 108 purports to characterize or describe an unidentified employee's comments. Because the employee is unidentified, Defendants lack sufficient information to either admit or deny and, on that basis, deny the statements in Paragraph 108.

109. Defendants deny the allegations in Paragraph 109. The second sentence of Paragraph 109 purports to characterize or describe a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its

contents.

110. Defendants deny the allegations in Paragraph 110. The second and third sentences of Paragraph 110 purport to quote, characterize, or describe comments made by unidentified individuals. Plaintiff does not identify the individuals, so Defendants lack sufficient information to admit or deny and, on that basis, deny the allegations in the second and third sentences of Paragraph 110.

111. Defendants deny the allegations in Paragraph 111.

112. Defendants deny the allegations in Paragraph 112.

113. The first sentence of Paragraph 113 purports to quote a document. The document is the best record of its contents. To the extent any further response is required, Defendants deny the allegations in the first sentence of Paragraph 113. Defendants also deny the remaining allegations in Paragraph 113. Specifically, Defendants lack sufficient information or knowledge to admit or deny, and on that basis deny, that the vast majority of loans discussed in Paragraphs 114–145 and in Exhibit A are High Speed Swim Lane loans. Furthermore, each of Paragraphs 114–145 purports to characterize or describe documents relating to loan files. These documents, to the extent they exist, are the best record of their contents. To the extent any further responses are required, Defendants respond paragraph-by-paragraph below.

114. Defendants admit the allegations in the first and second sentences of Paragraph

114. Defendants deny the allegations in the third sentence of Paragraph 114.

115. Defendants deny the allegations in Paragraph 115.

116. Defendants deny the allegations in Paragraph 116.

117. Defendants deny the allegation in Paragraph 117. To the extent Paragraph 117 states a legal conclusion, it does not call for an answer.

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118. Defendants deny the allegations in Paragraph 118.

119. Defendants admit the allegations in the first and second sentences of Paragraph

119. Defendants deny the allegations in the third sentence of Paragraph 119.

120. Defendants deny the allegations in Paragraph 120.

121. Defendants deny the allegation in Paragraph 121. To the extent Paragraph 121 states a legal conclusion, it does not call for an answer.

122. Defendants deny the allegations in Paragraph 122.

123. Defendants admit the allegations in the first and second sentences of Paragraph

123. Defendants deny the allegations in the third sentence of Paragraph 123.

124. Defendants deny the allegations in Paragraph 124.

125. Defendants deny the allegations in Paragraph 125.

126. Defendants deny the allegations in Paragraph 126. To the extent Paragraph 126 states a legal conclusion, it does not call for an answer.

127. Defendants deny the allegations in Paragraph 127.

128. Defendants admit the allegations in the first and second sentences of Paragraph

128. Defendants deny the allegations in the third sentence of Paragraph 128.

129. Defendants deny the allegations in Paragraph 129.

130. Defendants deny the allegations in Paragraph 130.

131. Defendants deny the allegation in Paragraph 131. To the extent Paragraph 131 states a legal conclusion, it does not call for an answer.

132. Defendants deny the allegations in Paragraph 132.

133. Defendants admit the allegations in the first and second sentences of Paragraph

133. Defendants deny the allegations in the third sentence of Paragraph 133.

134. Defendants deny the allegations in Paragraph 134.

135. Defendants deny the allegations in Paragraph 135.

136. Defendants deny the allegation in Paragraph 136. To the extent Paragraph 136 states a legal conclusion, it does not call for an answer.

137. Defendants deny the allegations in Paragraph 137.

138. Defendants admit the allegations in the first and second sentences of Paragraph 138. Defendants deny the allegations in the third sentence of Paragraph 138.

139. Defendants deny the allegations in Paragraph 139.

140. Defendants deny the allegation in Paragraph 140. To the extent Paragraph 140 states a legal conclusion, it does not call for an answer.

141. Defendants deny the allegations in Paragraph 141.

142. Defendants admit the allegations in the first and second sentences of Paragraph 142. Defendants deny the allegations in the third sentence of Paragraph 142.

143. Defendants deny the allegations in Paragraph 143.

144. Defendants deny the allegations in Paragraph 144.

145. Defendants deny the allegation in Paragraph 145.

146. Defendants deny the allegations in Paragraph 146.

147. Defendants deny the allegations in Paragraph 147.

148. Defendants deny the allegations in Paragraph 148. The second sentence of Paragraph 148 purports to quote from, characterize, or describe a document. Plaintiff does not specifically identify that document, so Defendants lack sufficient information to either admit or deny the contents of that document. Moreover, that document, to the extent it exists, is the best record of its contents. The third sentence of Paragraph 148 purports to quote an unidentified



Fannie Mae senior manager. Plaintiff does not identify the senior manager, so Defendants lack sufficient information to admit or deny and, on that basis, deny the allegations in the second sentence of Paragraph 148.

149. Defendants deny the allegations in Paragraph 149.

150. Defendants admit that they have reached multiple settlements with the GSEs regarding repurchase requests, including certain loans originated through the High Speed Swim Lane. Defendants deny Plaintiff's characterization of the circumstances under which the settlement with Fannie Mae occurred, and deny the remaining allegations in Paragraph 150.

151. The first sentence of Paragraph 151 states legal conclusions, which do not call for an answer. To the extent any further response is required, Defendants deny the allegations in the first sentence of Paragraph 151. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the allegations in the second sentence of Paragraph 151. Defendants deny the allegations in the third sentence of Paragraph 151.

152. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the allegations in the first and second sentences of Paragraph 152, except to the extent Defendants admit that the price of the GSEs' preferred stock declined after the GSEs were placed into conservatorship.

153. Defendants admit that certain banks held shares of GSE preferred stock. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the remaining allegations in Paragraph 153.

154. Defendants lack knowledge or information sufficient to admit or deny the allegations in Paragraph 154 and, on that basis, deny the allegations.

155. Defendants deny the allegation in the first sentence of Paragraph 155 that the

GSEs' conservatorship was triggered in part by Defendants' fraud. In addition, the first sentence of Paragraph 155 states a legal conclusion, which does not call for an answer. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the remaining allegations in paragraph 155.

156. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the allegations in Paragraph 156.

157. Defendants deny the allegation in the third sentence of Paragraph 157 that the GSEs' conservatorship was triggered in part by Defendants' fraud. In addition, the third sentence of Paragraph 157 states a legal conclusion, which does not call for an answer. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the remaining allegations in Paragraph 157.

158. Defendants lack sufficient knowledge or information to admit or deny and, on that basis, deny the allegations in Paragraph 158.

159. Defendants deny the allegations in Paragraph 159. Moreover, the first two sentences of Paragraph 159 state a legal conclusion, which does not call for an answer.

160. Defendants deny the allegations in Paragraph 160.

161. Paragraph 161 states a legal conclusion, which does not call for an answer. To the extent any further response is required, Defendants deny the allegations in Paragraph 161.

162. Defendants state, in response to Paragraph 162–199, as follows: Defendants do not admit any factual allegations purporting to establish successor liability on grounds of *de facto* merger, substantial continuity, or assumption of liabilities. Defendants, however, elect not to contest Plaintiff's successor-liability claims in this action given the circumstance that the great bulk of the loans at issue in the instant action were originated by an entity as to which BANA is

the successor by *de jure* merger.

200. Defendants incorporate herein by reference their responses to Paragraphs 1 through 199. Defendants deny that any response is required to Paragraphs 200 through 208 because the Court has dismissed Plaintiff's False Claims Act allegations.

201. Defendants deny the allegations in Paragraph 201.

202. Defendants deny the allegations in Paragraph 202.

203. Defendants deny the allegations in Paragraph 203.

204. Defendants deny the allegations in Paragraph 204.

205. Defendants deny the allegations in Paragraph 205.

206. Defendants deny the allegations in Paragraph 206.

207. Defendants deny the allegations in Paragraph 207.

208. Defendants deny the allegations in Paragraph 208.

209. Defendants incorporate herein by reference their responses to Paragraphs 1 through 199. Defendants deny that a response is required to Paragraphs 209 through 217 because the Court has dismissed with prejudice Plaintiff's False Claims Act allegations.

210. Defendants deny the allegations in Paragraph 210.

211. Defendants deny the allegations in Paragraph 211.

212. Defendants deny the allegations in Paragraph 212.

213. Defendants deny the allegations in Paragraph 213.

214. Defendants deny the allegations in Paragraph 214.

215. Defendants deny the allegations in Paragraph 215.

216. Defendants deny the allegations in Paragraph 216.

217. Defendants deny the allegations in Paragraph 217.

218. Defendants incorporate herein by reference their responses to Paragraphs 1 through 199.

219. Paragraph 219 purports to set out the legal requirements for a claim under FIRREA. The allegations are legal conclusions, which do not call for an answer. To the extent an answer is required, Defendants deny the allegations in Paragraph 219.

220. Defendants deny the allegations in Paragraph 220.

221. Paragraph 221 states a legal conclusion, which does not call for an answer. To the extent an answer is required, defendants deny the allegations in Paragraph 221.

222. Paragraph 222 states a legal conclusion, which does not call for an answer. To the extent an answer is required, Defendants deny the allegations in Paragraph 222.

223. Defendants incorporate herein by reference their responses to Paragraphs 1 through 222.

224. The first sentence of Paragraph 224 states a legal conclusion, which does not call for an answer. To the extent an answer is required, Defendants deny the allegations in the first sentence of Paragraph 224. Defendants deny all remaining allegations in Paragraph 224.

225. Defendants deny the allegations in Paragraph 225.

226. Paragraph 226 states a legal conclusion, which does not call for an answer. To the extent an answer is required, defendants deny the allegations in Paragraph 226.

227. Paragraph 227 states a legal conclusion, which does not call for an answer. To the extent an answer is required, Defendants deny the allegations in Paragraph 227.

**PRAYER FOR RELIEF**

The prayer for relief at the end of the Complaint contains only legal conclusions, which do not call for an answer. To the extent any further response is required, Defendants deny that

Plaintiff is entitled to any relief whatsoever, including the relief requested.

ALL ALLEGATIONS NOT SPECIFICALLY ADDRESSED ABOVE ARE HERE AND NOW DENIED.

**AFFIRMATIVE AND OTHER DEFENSES**

Defendants do not intend hereby to assume the burden of proof with respect to those matters as to which, pursuant to law, Plaintiff bears the burden.

**FIRST DEFENSE**

The Complaint fails to state a claim upon which relief can be granted. Were there any claim in this case, it would be a breach of contract claim by Fannie Mae or Freddie Mac, not a FIRREA claim by Plaintiff.

**SECOND DEFENSE**

Plaintiff does not have standing to bring a FIRREA claim because the Complaint does not allege an effect on a federally insured financial institution, within the meaning of the Statute.

**THIRD DEFENSE**

The Complaint fails to plead claims with the required particularity under Rule 9(b) of the Federal Rules of Civil Procedure.

**FOURTH DEFENSE**

The Complaint fails sufficiently to allege an actionable scheme to defraud Fannie Mae and Freddie Mac.

**FIFTH DEFENSE**

The Complaint is barred because it does not allege any factual misrepresentations or omissions or deceptive conduct.

**SIXTH DEFENSE**

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The Complaint is barred because the alleged scheme to defraud was not material.

**SEVENTH DEFENSE**

The Complaint is barred because it fails to plead with particularity facts that give rise to an inference of scienter on the part of Defendants or Defendants' agents, such that any act or mental state is attributable to Defendants. At all relevant times, Defendants acted without intent to defraud and without recklessness.

**EIGHTH DEFENSE**

The Complaint is barred because Fannie Mae and Freddie Mac had knowledge of, or were willfully blind to, the alleged scheme to defraud at the times relevant to the Complaint.

**NINTH DEFENSE**

The Complaint is barred because Fannie Mae and Freddie Mac would have purchased the loans in question even with full knowledge of the alleged scheme or artifice to defraud.

**TENTH DEFENSE**

The Complaint is barred because Defendants fulfilled its contractual obligations regarding the loans at issue.

**ELEVENTH DEFENSE**

The Complaint is barred, in whole or in part, because Defendants have repurchased the loans at issue and/or settled any potential liability regarding them.

**TWELFTH DEFENSE**

The Complaint is barred, in whole or in part, because and to the extent that the loans at issue have performed as expected.

**THIRTEENTH DEFENSE**

The Complaint is barred, in whole or in part, because Defendants' alleged acts and

omissions were not the proximate cause of any injuries to Fannie Mae or Freddie Mac. Any injuries to Fannie Mae and Freddie Mac were the result of independent, unforeseeable, superseding, or intervening causes.

**FOURTEENTH DEFENSE**

The Complaint is barred, in whole or in part, because any harm to Fannie Mae or Freddie Mac existed before the sale and/or default of any High Speed Swim Lane loans.

**FIFTEENTH DEFENSE**

The Complaint is barred, in whole or in part, because Defendants did not gain from the alleged scheme to defraud.

**SIXTEENTH DEFENSE**

The Complaint is barred, in whole or in part, because neither Fannie Mae, nor Freddie Mac, nor the Plaintiff incurred a loss as a result of the alleged scheme to defraud.

**SEVENTEENTH DEFENSE**

The Complaint is barred, in whole or in part, by the doctrine of laches.

**EIGHTEENTH DEFENSE**

The Complaint is barred, in whole or in part, because of the doctrines of estoppel, unclean hands, fraud, waiver, and other related equitable doctrines.

**NINETEENTH DEFENSE**

The Complaint is barred because of the doctrine of assumption of risk.

**TWENTIETH DEFENSE**

The Complaint is barred, in whole or in part, because there was no continuing violation.

**TWENTY-FIRST DEFENSE**

The purported claims against Defendants and the allegations upon which they are based

are improperly vague, ambiguous, and confusing. Defendants reserve the right to request a more definite statement.

**TWENTY-SECOND DEFENSE**

Defendants presently have insufficient knowledge or information upon which to form a belief as to whether there may be other, as yet unstated, defenses available to them, and therefore expressly: (1) reserve the right to amend or supplement their Answer, defenses, and all other pleadings; and (2) reserve the right to assert any and all additional defenses under any applicable law in the event that discovery indicates such defenses would be appropriate.

**PRAYER FOR RELIEF**

WHEREFORE, Defendants pray for judgment as follows:

1. Judgment in favor of Defendants and against Plaintiff on all claims pleaded by Plaintiff; and
2. For such other and further relief as this Court deems just and proper, including, without limitation, costs and reasonable attorneys' fees incurred by them in defending this action.



Respectfully submitted,

Dated: Washington, DC  
May 22, 2013

s/Enu A. Mainigi  
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Corporation and Bank of America, N.A.*

Dated: New York, NY  
May 22, 2013

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*Counsel for Defendants Countrywide  
Financial Corporation, Countrywide Bank,  
FSB, and Countrywide Home Loans, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that, on this 22nd day of May, 2013, the foregoing Supplemental Memorandum In Support of Motion To Dismiss was filed with the Court through the CM/ECF system and a courtesy hard copy was sent to the Court. I also certify that the foregoing was served via electronic mail on the following counsel:

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s/Enu A. Mainigi  
Enu A. Mainigi

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA *ex rel.*  
EDWARD O'DONNELL,

Plaintiff,

- against -

COUNTRYWIDE FINANCIAL CORPORATION;  
COUNTRYWIDE HOME LOANS, INC.;  
COUNTRYWIDE BANK, FSB; BANK OF AMERICA  
CORPORATION; BANK OF AMERICA, N.A.;  
and REBECCA MAIRONE,

Defendants.

**No. 12 Civ. 1422 (JSR)**  
**E.C.F. Case**

**DECLARATION OF**  
**JAIMIE L. NAWADAY**

I, Jaimie L. Nawaday, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am an Assistant United States Attorney in the Office of Preet Bharara, United States Attorney for the Southern District of New York, attorney for plaintiff the United States of America (the "Government") in the above-captioned action. I make this declaration in support of the Government's response to the Statement of Undisputed Material Facts Pursuant to Local Civil Rule 56.1 submitted by defendants Countrywide Financial Corporation, Countrywide Home Loans, Inc., Countrywide Bank, FSB, Bank of America Corporation and Bank of America, N.A., and to the Statement of Undisputed Material Facts Pursuant to Local Civil Rule 56.1 submitted by defendant Rebecca Mairone.

2. Attached hereto as Exhibit A is a true and correct copy of the transcript and errata sheet of the deposition of Patrick Aliano.

3. Attached hereto as Exhibit B is a true and correct copy of the transcript of the deposition of Neal Ballance.

4. Attached hereto as Exhibit C is a true and correct copy of the transcript of the deposition of Dr. Arnold Barnett.

5. Attached hereto as Exhibit D is a true and correct copy of the transcript of the deposition of John Boland.

6. Attached hereto as Exhibit E is a true and correct copy of the transcript of the deposition of Steve Brent.

7. Attached hereto as Exhibit F is a true and correct copy of the transcript and errata sheet of the deposition of Robert Broeksmit.

8. Attached hereto as Exhibit G is a true and correct copy of the transcript of the deposition of Ron Cannon.

9. Attached hereto as Exhibit H is a true and correct copy of the transcript of the deposition of Edward C. Fitzpatrick.

10. Attached hereto as Exhibit I is a true and correct copy of the transcript of the deposition of John B. Gauthier.

11. Attached hereto as Exhibit K is a true and correct copy of the transcript and errata sheet of the deposition of Don Harris.

12. Attached hereto as Exhibit L is a true and correct copy of the transcript of the deposition of Anthony Ho.

13. Attached hereto as Exhibit M is a true and correct copy of the transcript of the deposition of Ira Holt, Jr.

14. Attached hereto as Exhibit N is a true and correct copy of the transcript of the deposition of James Hunter.

15. Attached hereto as Exhibit P is a true and correct copy of the transcript and errata sheet of the deposition of Javier Jaraba.

16. Attached hereto as Exhibit Q is a true and correct copy of the transcript and errata sheet of the deposition of Clifford K. Kitashima.

17. Attached hereto as Exhibit S is a true and correct copy of the transcript and errata sheet of the deposition of Gregory A. Lumsden.

18. Attached hereto as Exhibit T is a true and correct copy of the transcript of the deposition of Rebecca Mairone.

19. Attached hereto as Exhibit U is a true and correct copy of the transcript of the deposition of Michael J. Maloney.

20. Attached hereto as Exhibit V is a true and correct copy of the transcript of the deposition of Dr. Daniel L. McFadden.

21. Attached hereto as Exhibit W is a true and correct copy of the transcript of the deposition of Edward J. O'Donnell.

22. Attached hereto as Exhibit X is a true and correct copy of the transcript of the deposition of David J. Sallis.

23. Attached hereto as Exhibit Z is a true and correct copy of the transcript of the deposition of John Howard Shumate.

24. Attached hereto as Exhibit AA is a true and correct copy of the transcript and errata sheet of the deposition of Cynthia Simantel.

25. Attached hereto as Exhibit AC is a true and correct copy of the transcript of the deposition of Michael Thomas.

26. Attached hereto as Exhibit AG is a true and correct copy of the Fannie Mae Mortgage Selling and Servicing Contract, dated November 29, 1982.

27. Attached hereto as Exhibit AH is a true and correct copy of the Fannie Mae Mortgage Selling and Servicing Contract for July 2005, Bates stamped USA-00074378 to USA-00074401.

28. Attached hereto as Exhibit AI is a true and correct copy of Excerpts from the Freddie Mac Single-Family Seller/Servicer Guide Bulletin, dated February 23, 2007, and Bates stamped USA-00130972- USA-00130974, USA-00130982, USA-00131114-00131115, USA-00131490.

29. Attached hereto as Exhibit AJ is a true and correct copy of the Countrywide Technical Manual CTM and Loan Program Guides LPG, dated September 25, 2008, and Bates stamped BANA-SDNY-C-000131805 to BANA-SDNY-C-000131829.

30. Attached hereto as Exhibit AK is a true and correct copy of the Countrywide-Full Spectrum Lending Division/FSL Central Services Business Review, dated April 11, 2007, and Bates stamped BANA-SDNY-E-005357445 to BANA-SDNY-E-005357459.

31. Attached hereto as Exhibit AL is a true and correct copy of a September 11, 2007, email from Marissa Carlos, Bates stamped BANA-SDNY-E-002913046 and attaching a PowerPoint file, the native of BANA-SDNY-E-002913047, which has been printed and included within Exhibit AL.

32. Attached hereto as Exhibit AM is a true and correct copy of a September 11, 2007, email from Natalie Sanchez, Bates stamped BANA-SDNY-E-000144634 to BANA-SDNY-E-000144635.

33. Attached hereto as Exhibit AN is a true and correct copy of a July 11, 2007, email from Nancy Bush, Bates stamped BANA-SDNY-E-004004130 to BANA-SDNY-E-004004132.

34. Attached hereto as Exhibit AO is a true and correct copy of the CHL Credit, Fraud and Ops Incentive Modifiers Project Overview, dated April 18, 2007.

35. Attached hereto as Exhibit AP is a true and correct copy of an August 8, 2007, email from Peter Tinaglia, Bates stamped BANA-SDNY-E-000009676 to BANA-SDNY-E-000009679.

36. Attached hereto as Exhibit AQ is a true and correct copy of the Freddie Mac External Operational Risk On-Site Review for Countrywide Home Loans dated November 15, 2007, and Bates stamped FMBOA00774037 to FMBOA00774063.

37. Attached hereto as Exhibit AR is a true and correct copy of an August 8, 2007, email from Natalie Sanchez sent on behalf of Greg Lumsden.

38. Attached hereto as Exhibit AS is a true and correct copy of an August 4, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-000086563 to BANA-SDNY-000086564.

39. Attached hereto as Exhibit AT is a true and correct copy of a July 23, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-001225251.

40. Attached hereto as Exhibit AU is a true and correct copy of a September 27, 2007, email from Janet Godby, Bates stamped BANA-SDNY-E-001754418.

41. Attached hereto as Exhibit AV is a true and correct copy of a July 25, 2007, email from Mark Barnett, Bates stamped BANA-SDNY-E-000077362 to BANA-SDNY-E-000077382.

42. Attached hereto as Exhibit AW is a true and correct copy of the Full Spectrum Lending Divisional Strategy Session Overview, dated August 2, 2007, and Bates stamped BANA-SDNY-E-000053377 to BANA-SDNY-E-000053415.

43. Attached hereto as Exhibit AX is a true and correct copy of an October 1, 2007, email from Patrick Aliano, Bates stamped BANA-SDNY-E-002220473 to BANA-SDNY-E-002220476.

44. Attached hereto as Exhibit AY is a true and correct copy of the FSL Prime

Business Model Review, dated August 2, 2007, and Bates stamped BANA-SDNY-E-000053091 to BANA-SDNY-E-000053098.

45. Attached hereto as Exhibit AZ is a true and correct copy of a December 12, 2007, email from Edward O'Donnell, Bates stamped BANA-SDNY-E-003960408 to BANA-SDNY-E-003960409.

46. Attached hereto as Exhibit BA is a true and correct copy of the FSL Prime Business Model Review, dated August 2, 2007.

47. Attached hereto as Exhibit BB is a true and correct copy of an August 9, 2007, email from Audrey Knabe, Bates stamped BANA-SDNY-E-001450756 to BANA-SDNY-E-001450757.

48. Attached hereto as Exhibit BC is a true and correct copy of an August 14, 2007, email from Ron Cannon, Bates stamped BANA-SDNY-E-001451207 to BANA-SDNY-E-001451208.

49. Attached hereto as Exhibit BE is a true and correct copy of a December 14, 2007, email from Todd Green, Bates stamped BANA-SDNY-E-002725463 to BANA-SDNY-E-002725467.

50. Attached hereto as Exhibit BF is a true and correct copy of an August 20, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-00007102 to BANA-SDNY-E-00007103.

51. Attached hereto as Exhibit BG is a true and correct copy of a September 13, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-000096088 to BANA-SDNY-E-000096090.

52. Attached hereto as Exhibit BH is a true and correct copy of an October 19, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-001238459 to BANA-SDNY-E-



001238467.

53. Attached hereto as Exhibit BI is a true and correct copy of a November 1, 2007, email from Schuyler Yost, Bates stamped BANA-SDNY-E-002316153 to BANA-SDNY-E-002316154.

54. Attached hereto as Exhibit BJ is a true and correct copy of a July 31, 2007, email from Cliff Kitashima, Bates stamped BANA-SDNY-E-000098805.

55. Attached hereto as Exhibit BK is a true and correct copy of a July 20, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-000085091.

56. Attached hereto as Exhibit BL is a true and correct copy of the Countrywide Incentive Plan – Information Bulletin, dated August 1, 2007, and Bates stamped BANA-SDNY-E-000014502 to BANA-SDNY-E-000014505.

57. Attached hereto as Exhibit BM is a true and correct copy of a Countrywide Employee Evaluation for 2007 Performance, dated March 6, 2008, and Bates stamped BANA-SDNY-000250501 to BANA-SDNY-000250503.

58. Attached hereto as Exhibit BN is a true and correct copy of an August 16, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-000030505 to BANA-SDNY-E-000030506.

59. Attached hereto as Exhibit BO is a true and correct copy of an October 3, 2007, email from Brenda Clarke, Bates stamped BANA-SDNY-E-002192668 to BANA-SDNY-E-002192670.

60. Attached hereto as Exhibit BP is a true and correct copy of an August 8, 2007, email from John Boland, Bates stamped BANA-SDNY-E-000072785 to BANA-SDNY-E-000072793.

61. Attached hereto as Exhibit BQ is a true and correct copy of an October 5, 2007,

email from Michael Thomas, Bates stamped BANA-SDNY-E-000716491 to BANA-SDNY-E-000716495.

62. Attached hereto as Exhibit BR is a true and correct copy of an August 8, 2007, email from John Boland, Bates stamped BANA-SDNY-E-000072785 to BANA-SDNY-E-000072793.

63. Attached hereto as Exhibit BS is a true and correct copy of a September 4, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-000039265 to BANA-SDNY-E-000039270.

64. Attached hereto as Exhibit BT is a true and correct copy of an August 24, 2007, email from Michael S. Thomas.

65. Attached hereto as Exhibit BU is a true and correct copy of an August 27, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-001062203 to BANA-SDNY-E-001062206.

66. Attached hereto as Exhibit BV is a true and correct copy of an August 1, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-000094539 to BANA-SDNY-E-000094541.

67. Attached hereto as Exhibit BW is a true and correct copy of an August 1, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-000094546 to BANA-SDNY-E-000094550.

68. Attached hereto as Exhibit BX is a true and correct copy of a September 21, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-000050487 to BANA-SDNY-E-000050489.

69. Attached hereto as Exhibit BY is a true and correct copy of a printout of a PowerPoint presentation entitled Countrywide New Fulfillment Model, dated November 13,

2007, the native version of BANA-SDNY-E-000040414.

70. Attached hereto as Exhibit BZ is a true and correct copy of an October 5, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-000052487 to BANA-SDNY-E-000052490.

71. Attached hereto as Exhibit CA is a true and correct copy of an August 9, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-000015396 to BANA-SDNY-E-000015400.

72. Attached hereto as Exhibit CB is a true and correct copy of a May 16, 2007, email from Greg Lumsden, Bates stamped BANA-SDNY-E-005180366.

73. Attached hereto as Exhibit CC is a true and correct copy of a December 20, 2007, email from Ryan Chiotti, Bates stamped BANA-SDNY-E-001390417 to BANA-SDNY-E-001390420.

74. Attached hereto as Exhibit CD is a true and correct copy of a June 25, 2007, email from Cheri Shine, Bates stamped BANA-SDNY-E-001321911 to BANA-SDNY-E-001321921.

75. Attached hereto as Exhibit CE is a true and correct copy of an August 20, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-000052475 to BANA-SDNY-E-000052476.

76. Attached hereto as Exhibit CF is a true and correct copy of a September 18, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-000095649 to BANA-SDNY-E-000095657.

77. Attached hereto as Exhibit CG is a true and correct copy of an August 3, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-001647488 to BANA-SDNY-E-001647490.

78. Attached hereto as Exhibit CH is a true and correct copy of an August 2, 2007,

email from Ron Gillet, Bates stamped BANA-SDNY-E-000097697 to BANA-SDNY-E-000097701.

79. Attached hereto as Exhibit CI is a true and correct copy of a September 8, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-000052020 to BANA-SDNY-E-000052023.

80. Attached hereto as Exhibit CJ is a true and correct copy of an August 16, 2007, email from Mark Barnett, Bates stamped BANA-SDNY-E-000097230 to BANA-SDNY-E-000097233.

81. Attached hereto as Exhibit CK is a true and correct copy of the HSSL Process – QA Overview of Scope/Results, dated September 10, 2007.

82. Attached hereto as Exhibit CL is a true and correct copy of a September 13, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E000467832.

83. Attached hereto as Exhibit CM is a true and correct copy of an October 4, 2007, email from Michael S. Thomas, Bates stamped BANA-SDNY-E-002192898 to BANA-SDNY-E-002192901.

84. Attached hereto as Exhibit CN is a true and correct copy of an October 4, 2007, email from Don Harris, Bates stamped BANA-SDNY-E-003389960 to BANA-SDNY-E-003389962.

85. Attached hereto as Exhibit CO is a true and correct copy of an October 24, 2007, email from Wade Comeaux, Bates stamped BANA-SDNY-E-000656514 to BANA-SDNY-E-000656518.

86. Attached hereto as Exhibit CP is a true and correct copy of a November 27, 2007, email from Ron Cannon, Bates stamped BANA-SDNY-E-002721582 to BANA-SDNY-E-002721584.

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87. Attached hereto as Exhibit CQ is a true and correct copy of a November 13, 2007, email from Don Harris, Bates stamped BANA-SDNY-E-001751343 to BANA-SDNY-E-001751347.

88. Attached hereto as Exhibit CR is a true and correct copy of a November 12, 2007, email from Rebecca Mairone, Bates stamped BANA-SDNY-E-008985091 to BANA-SDNY-E-008985093.

89. Attached hereto as Exhibit CS is a true and correct copy of the Countrywide Quality Control presentation, dated November 14, 2007.

90. Attached hereto as Exhibit CT is a true and correct copy of a November 26, 2007, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001114384 to BANA-SDNY-E-001114386.

91. Attached hereto as Exhibit CV is a true and correct copy of a November 27, 2007, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001334182 to BANA-SDNY-E-001334185.

92. Attached hereto as Exhibit CW is a true and correct copy of a November 30, 2007, email from Cliff Kitashima, Bates stamped BANA-SDNY-E-008979444 to BANA-SDNY-E-008979447.

93. Attached hereto as Exhibit CX is a true and correct copy of a November 29, 2007, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001115006 to BANA-SDNY -E-001115007.

94. Attached hereto as Exhibit CY is a true and correct copy of a December 7, 2007, email from Don Harris, Bates stamped BANA-SDNY-E-004566307.

95. Attached hereto as Exhibit CZ is a true and correct copy of a December 13, 2007, email from Robert Price, Bates stamped BANA-SDNY-E-004735079 to BANA-SDNY-E-

004735080.

96. Attached hereto as Exhibit DA is a true and correct copy of a print out of the “Loan Specialists – UW” tab of the native file for BANA-SDNY-E-000115540.

97. Attached hereto as Exhibit DB is a true and correct copy of a Friction Points Memo #1 to All FSL from Rebecca Mairone, Bates stamped BANA-SDNY-E-008675551 to BANA-SDNY-E-008675552.

98. Attached hereto as Exhibit DC is a true and correct copy of a June 20, 2008 email from Javier Jaraba, Bates stamped BANA-SDNY-E-008939301 to BANA-SDNY-E-008939312.

99. Attached hereto as Exhibit DE is a true and correct copy of a March 13, 2008, email from Patrick Aliano, Bates stamped BANA-SDNY-E-001009201 to BANA-SDNY-E-001009205.

100. Attached hereto as Exhibit DF is a true and correct copy of a March 13, 2008 email from Patrick Aliano, Bates stamped BANA-SDNY-E-000039008 to BANA-SDNY-E-000039012.

101. Attached hereto as Exhibit DG is a true and correct copy of an October 24, 2012, email from Patrick Aliano, Bates stamped BANA-SDNY-E-001011364.

102. Attached hereto as Exhibit DH is a true and correct copy of a March 14, 2008, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001302829 to BANA-SDNY-E-001302831.

103. Attached hereto as Exhibit DI is a true and correct copy of a March 6, 2008, email from Cliff Kitashima, Bates stamped BANA-SDNY-E-008959506 to BANA-SDNY-E-008959509

104. Attached hereto as Exhibit DJ is a true and correct copy of a March 24, 2008, email from Wade Comeaux, Bates stamped BANA-SDNY-E-000055720 to BANA-SDNY-E-

000055723.

105. Attached hereto as Exhibit DK is a true and correct copy of an April 25, 2008, email from Michael Thomas, Bates stamped BANA-SDNY-E-002201596 to BANA-SDNY-E-002201604.

106. Attached hereto as Exhibit DL is a true and correct copy of an email from Edward O'Donnell, Bates stamped BANA-SDNY-E-001655912 to BANA-SDNY-E-001655913.

107. Attached hereto as Exhibit DM is a true and correct copy of a FSL quality Bi-Weekly Review by Michael Thomas, dated May 20, 2008.

108. Attached hereto as Exhibit DN is a true and correct copy of an April 3, 2008, email from Don Harris, Bates stamped BANA-SDNY-E-003028268 to BANA-SDNY-E-003028275.

109. Attached hereto as Exhibit DO is a true and correct copy of a printout of the native version of BANA-SDNY-E-00293810, a bulletin regarding New CTC Process for Field Offices and Central Fulfillment Teams, dated April 25, 2008.

110. Attached hereto as Exhibit DP is a true and correct copy of a CTC Checklist, dated April 25, 2008, and Bates stamped BANA-SDNY-E-002085105 to BANA-SDNY-E-002085106.

111. Attached hereto as Exhibit DQ is a true and correct copy of an April 29, 2008, email from Robert Price, Bates stamped BANA-SDNY-E-001356650.

112. Attached hereto as Exhibit DR is a true and correct copy of an April 23, 2008, email from Robert Price, Bates stamped BANA-SDNY-E-001355727 to BANA-SDNY-E-001355730.

113. Attached hereto as Exhibit DS is a true and correct copy of a bulletin regarding New CTC Approval Process for Field Offices and Central Fulfillment, dated May 21, 2008, and

Bates stamped BANA-SDNY-C-000350598 to BANA-SDNY-C-000350606.

114. Attached hereto as Exhibit DT is a true and correct copy of a letter from Freddie Mac, dated April 12, 2007, and Bates stamped BANA-SDNY-E-000106920 to BANA-SDNY-E-000106924.

115. Attached hereto as Exhibit DU is a true and correct copy of an August 23, 2007, email from Lee Hunter, Bates stamped BANA-SDNY-E-000232643 to BANA-SDNY-E-000232652.

116. Attached hereto as Exhibit DV is a true and correct copy of a December 6, 2007, email from Cliff Kitashima, Bates stamped BANA-SDNY-E-001872409 to BANA-SDNY-E-001872412.

117. Attached hereto as Exhibit DW is a true and correct copy of an Interview Schedule for Countrywide Home Loans, dated September 10 to 13, 2007.

118. Attached hereto as Exhibit DX is a true and correct copy of an August 24, 2007, email from Lauren Biehler, Bates stamped BANA-SDNY-E-000232795 to BANA-SDNY-E-000232809.

119. Attached hereto as Exhibit DY is a true and correct copy of a September 7, 2007, email from Krystal Jones, Bates stamped BANA-SDNY-E-009191642 to BANA-SDNY-E-009191645.

120. Attached hereto as Exhibit DZ is a true and correct copy of a January 29, 2008, email from Greg Lumsden, Bates stamped BANA-SDNY-E-001647573 to BANA-SDNY-E-001647576.

121. Attached hereto as Exhibit EA is a true and correct copy of a September 7, 2007, email from Krystal Jones, Bates stamped BANA-SDNY-E-009191647 to BANA-SDNY-E-009191651.



122. Attached hereto as Exhibit EB is a true and correct copy of a September 11, 2007, email from Cindy Simantel, Bates stamped BANA-SDNY-E-009191655 to BANA-SDNY-E-009191657

123. Attached hereto as Exhibit EC is a true and correct copy of a September 12, 2007, email from Cindy Simantel, Bates stamped BANA-SDNY-E-009191658.

124. Attached hereto as Exhibit ED is a true and correct copy of a Countrywide Summary of Scorecard and Underwriting Process Changes, Bates stamped FNM-EDOCS-BOA \_ 00057555 to FNM-EDOCS-BOA \_ 00057567.

125. Attached hereto as Exhibit EE is a true and correct copy of a February 6, 2008, email from Cindy Simantel, Bates stamped BANA-SDNY-E-000521269- BANA-SDNY-E-000521281.

126. Attached hereto as Exhibit EF is a true and correct copy of a March 14, 2008, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001302829 to BANA-SDNY-E-001302831.

127. Attached hereto as Exhibit EH is a true and correct copy of a Quality Control Ratings PowerPoint, dated February 2008, Bates stamped H10510RE0003.052.555.ppt.

128. Attached hereto as Exhibit EI is a true and correct copy of a February 6, 2008, email from John Boland, Bates stamped BANA-SDNY-E-001342869 to BANA-SDNY-E-001342870.

129. Attached hereto as Exhibit EJ is a true and correct copy of a May 28, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-000218165 to BANA-SDNY-E-000218168.

130. Attached hereto as Exhibit EK is a true and correct copy of a March 12, 2008, email from Robert Price, Bates stamped BANA-SDNY-E-003405740 to BANA-SDNY-E-003405741.

131. Attached hereto as Exhibit EL is a true and correct copy of a March 12, 2008, email from Greg Lumsden, Bates stamped BANA-SDNY-E-000077171 to BANA-SDNY-E-000077172.

132. Attached hereto as Exhibit EM is a true and correct copy of a May 9, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-003977029 to BANA-SDNY-E-003977031.

133. Attached hereto as Exhibit EN is a true and correct copy of a March 5, 2008, email from Biren Desai, Bates stamped BANA-SDNY-E-002200042 to BANA-SDNY-E-002200049, BANA-SDNY-E-002199947- BANA-SDNY-E-002199949.

134. Attached hereto as Exhibit EO is a true and correct copy of a March 12, 2008, email from Michael Thomas, Bates stamped BANA-SDNY-E-002200229- BANA-SDNY-E-002200234.

135. Attached hereto as Exhibit EP is a true and correct copy of a May 28, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-000218165 to BANA-SDNY-E-000218168.

136. Attached hereto as Exhibit EQ is a true and correct copy of a May 20, 2008, email from Cliff Kitashima, Bates Stamped BANA-SDNY-E-008980752- BANA-SDNY-E-008980754.

137. Attached hereto as Exhibit ER is a true and correct copy of a Freddie Mac Subprime Origination Operational Review, dated September 2007, and Bates stamped FHFA00371985-FHFA372000.

138. Attached hereto as Exhibit ES is a true and correct copy of the transcript of the deposition of Dr. R. Glenn Hubbard.

139. Attached hereto as Exhibit EU is a true and correct copy of the expert report of William M. Isaac, dated June 18, 2013.

140. Attached hereto as Exhibit EV is a true and correct copy of Audit Report

No. OIG-09-042, conducted by the Office of Inspector General, Department of the Treasury, concerning the National Bank of Commerce, dated August 6, 2009.

141. Attached hereto as Exhibit EW is a true and correct copy of a September 12, 2007, email from Cindy Simantel, Bates stamped BANA-SDNY-E-000234344.

142. Attached hereto as Exhibit EX is a true and correct copy of a letter from Lauren Biehler, dated April 12, 2007, and Bates stamped FMBOA00113909 to FMBOA00113913.

143. Attached hereto as Exhibit EY is a true and correct copy of the FHLMC Subprime Review, dated September 12, 2007, and Bates stamped NATIVE of BANA-SDNY-E-002913047.

144. Attached hereto as Exhibit EZ is a true and correct copy of a printout of a PowerPoint presentation entitled Countrywide FNMA Site Review, December 13, 2007, which is the native version of Bates stamp BANA-SDNY-E-000114232 to BANA-SDNY-E-000114255.

145. Attached hereto as Exhibit FA is a true and correct copy of the Fannie Mae Mortgage Selling and Servicing Contract, Bates Stamped USA-00074378 to USA-00074401.

146. Attached hereto as Exhibit FB is a true and correct copy of a May 21, 2008, email from Edward O'Donnell, Bates stamped BANA-SDNY-E-000785708 to BANA-SDNY-E-000785710.

147. Attached hereto as Exhibit FC is a true and correct copy of a January 28, 2008, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-004841092 to BANA-SDNY-E-004841097.

148. Attached hereto as Exhibit FD is a true and correct copy of a May 14, 2008, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001652319- BANA-SDNY-E-001652324.

149. Attached hereto as Exhibit FE is a true and correct copy of an August 23, 2007,

email from Steve Brent, Bates stamped BANA-SDNY-E-001062042- BANA-SDNY -E-001062045.

150. Attached hereto as Exhibit FF is a true and correct copy of an August 1, 2007, email from Mark Barnett, Bates stamped BANA-SDNY-E-001226172 to BANA-SDNY-E-001226174.

151. Attached hereto as Exhibit FG is a true and correct copy of a Fannie Mae 2007 Form 10-K excerpt for the fiscal year ended December 31, 2007.

152. Attached hereto as Exhibit FH is a true and correct copy of a January 14, 2008, email from Don Harris, Bates stamped BANA-SDNY-000518924 to BANA-SDNY-000518927

153. Attached hereto as Exhibit FI is a true and correct copy of a February 29, 2008, email from Cindy Simantel, Bates stamped BANA-SDNY-E-009033594 to BANA-SDNY-E-009033597.

154. Attached hereto as Exhibit FJ is a true and correct copy of a Countrywide 2007 Form 10-K excerpt.

155. Attached hereto as Exhibit FK is a true and correct copy of the Central Fulfillment Initiative Review Results Update, dated November 2007.

156. Attached hereto as Exhibit FL is a true and correct copy of a printout of the native version of a large Excel spreadsheet, Bates stamped BANA-SDNY-C-000844897, and depicting QC Random Audit Results by Funded Month.

157. Attached hereto as Exhibit FM is a true and correct copy of the Quality Control Update - Divisional Comparison dated April 21, 2008.

158. Attached hereto as Exhibit FN is a true and correct copy of the Asset Indemnification Agreement with Bank of America Corporation on June 30, 2008, dated November 6, 2008, and Bates stamped BANA-SDNY-C-001882280 to BANA-SDNY-C-

001882287.

159. Attached hereto as Exhibit FO is a true and correct copy of the Asset Contribution Indemnification Agreement, dated June 30, 2008, and Bates stamped BANA-SDNY-C-001882261 to BANA-SDNY-C-001882270.

160. Attached hereto as Exhibit FP is a true and correct copy of Central Fulfillment Initiative, dated November 12, 2007.

161. Attached hereto as Exhibit FQ is a true and correct copy of Audit Report No. OIG-12-043, conducted by the Office of Inspector General, Department of the Treasury, concerning Failed National Banks Owned by First Bank of Oak Park Corporation, dated March 1, 2012.

162. Attached hereto as Exhibit FR is a true and correct copy of a February 6, 2008, email from Cindy Simantel, Bates stamped BANA-SDNY-E-000521269 to BANA-SDNY-E-000521281.

163. Attached hereto as Exhibit FS is a true and correct copy of a February 6, 2008, email from Robert Price, Bates stamped BANA-SDNY-E-001069507 to BANA-SDNY-E-001069508.

164. Attached hereto as Exhibit FT is a true and correct copy of the Condition Signoff Authority Levels Matrix and Underwriting Approval Level Authority Matrix Bulletin 07-515, dated October 4, 2007, and Bates stamped BANA-SDNY-C-000321746.

165. Attached hereto as Exhibit FU is a true and correct copy of an August 4, 2007, email from Loren Rodriguez, Bates stamped BANA-SDNY-E-000086563 to BANA-SDNY-E-000086564.

166. Attached hereto as Exhibit FV is a true and correct copy of a printout of an Excel Spreadsheet of the native file for BANA-SDNY-E-000268009.

167. Attached hereto as Exhibit FW is a true and correct copy of a printout of the native version, Bates stamped BANA-SDNY-E-003960553 to BANA-SDNY-E-003960554, of a December 17, 2008, email from Edward O'Donnell.

168. Attached hereto as Exhibit FX is a true and correct copy of a May 23, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-000484018 to BANA-SDNY-E-000484019.

169. Attached hereto as Exhibit FY is a true and correct copy of a May 20, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-000483793 to BANA-SDNY-E-000483795.

170. Attached hereto as Exhibit FZ is a true and correct copy of a Federal Housing Finance Agency Memorandum regarding FHFA as Conservator for the Federal National Mortgage Association, dated September 6, 2008.

171. Attached hereto as Exhibit GA is a true and correct copy of a Federal Housing Finance Agency Memorandum regarding FHFA as Conservator for the Federal Home Loan Mortgage Corporation, dated September 6, 2008.

172. Attached hereto as Exhibit GB is a true and correct copy of the testimony of Michael Kelly of FBOP Corporation before the U.S. House of Representatives Committee on Financial Services, dated January 21, 2010.

173. Attached hereto as Exhibit GC is a true and correct copy of a January 14, 2008, email from Steve Brent, Bates stamped BANA-SDNY-E-000213487 to BANA-SDNY-E-000213490.

174. Attached hereto as Exhibit GD is a true and correct copy of the Stated Income Reasonability Worksheet Not Mandatory Bulletin 07-607, dated December 4, 2007, and Bates stamped BANA-SDNY-C-000338089.

175. Attached hereto as Exhibit GE is a true and correct copy of Bulletin 07-624, dated December 12, 2007, and Bates stamped BANA-SDNY-E-001682157.

**GA-51**

176. Attached hereto as Exhibit GF is a true and correct copy of the expert report of Ira H. Holt, Jr., dated May 7, 2013.

177. Attached hereto as Exhibit GG is a true and correct copy of the corrected expert report of Daniel L. McFadden, dated June 6, 2013.

178. Attached hereto as Exhibit GH is a true and correct copy of Bulletin 07-580, dated November 19, 2007, and Bates stamped BANA-SDNY-E-009013571 to BANA-SDNY-E-009013572.

179. Attached hereto as Exhibit GI is a true and correct copy of a September 13, 2007, email from Steve Brent, Bates stamped BANA-SDNY-E-000019644 to BANA-SDNY-E-000019646.

180. Attached hereto as Exhibit GJ is a true and correct copy of a June 9, 2008, email from Wade Comeaux, Bates stamped BANA-SDNY-E-001155208 to BANA-SDNY-E-001155209, BANA-SDNY-E-001368107 to BANA-SDNY-E-001368107.

181. Attached hereto as Exhibit GK is a true and correct copy of a May 10, 2013, email from Neal Ballance, Bates stamped USA-E-00001902 to USA-E-00001903.

182. Attached hereto as Exhibit GL is a true and correct copy of the expert report of Dr. Joseph R. Mason, dated May 31, 2013.

183. Attached hereto as Exhibit GM is a true and correct copy of an October 24, 2012, email from Patrick Aliano, Bates stamped SDNY\_BOA\_00235117.

184. Attached hereto as Exhibit GN is a true and correct copy of a November 3, 2007, email from Gary Bell, Bates stamped BANA-SDNY-E-000081895 to BANA-SDNY-E-000081904.

185. Attached hereto as Exhibit GO is a true and correct copy of a November 22, 2007, email from Ron Cannon, Bates stamped BANA-SDNY-E-001114131 to BANA-SDNY-E-

001114135.

186. Attached hereto as Exhibit GP is a true and correct copy of the expert report of Dr. Charles D. Cowan, dated May 7, 2013.

187. The following exhibit numbers were intentionally omitted: J, O, R, Y, AB, AD, AE, AF, BD, CU, DD, EG, ET.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of July 2013, in New York, New York.

*/s/ Jaimie L. Nawaday*

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JAIMIE L. NAWADAY

Assistant United States Attorney



**GA-53**

# **Exhibit AM**

**From:** Natalie M Sanchez <cn=natalie m sanchez/ou=fsl/ou=cf/o=cci> on behalf of Natalie M Sanchez  
**Sent:** Tuesday, September 11, 2007 4:35 PM  
**To:** greg lumsden  
**Subject:** Fw: Realigning Processing, Underwriting and Funding Support

<b>Greg Lumsden/Managing Directors/CF/CCI</b>  Sent by: Natalie M Sanchez 09/11/2007 09:30 AM	To	Cliff Kitashima/Full Spectrum/CF/CCI@Countrywide
	cc	Rebecca Mairone/Full Spectrum/CF/CCI@Countrywide
	Subject	Realigning Processing, Underwriting and Funding Support

The Full Spectrum world has been turned virtually upside down. Fortunately, we started the transition to being a prime lender over 3 years ago or our troubles at this time would be much more challenging. Based on our forecast and recent application trends, our business will now be at least 95% prime. In addition, the prime business will be 75%-85% Fannie/Freddie or FHA.

This total prime model requires major changes to our workflows, and time is our enemy. I want us to move quickly toward the prime model in processing, underwriting and funding followed by Countrywide (i.e., ROC's), Chase, Wa-Mu etc. Because we have both call centers and field branches, we will have two types of operating models for the foreseeable future:

#### 1. Call Center Ops Support

- Processing, underwriting and funding are fully merged together into ROC type teams to support specific call center regions.
- All three functions operate on-site for the call centers, and report to one call center ops leader.

#### 2. Field

- Underwriting and funding groups are merged together to support the processing staff remaining in field branches.
- These teams would operate very similar to the teams above, except that the processors would be located in the field.
- All teams for the field branches would be located in the exact same facilities as the call center ops teams, and report up to the same overall leader.

Create one central SLD with approximately five to ten underwriting staff to support non clues approved subprime underwriting. All processing, underwriting and funding decisions otherwise are made within these specific teams. See the attached chart for more specific numbers for headcount, reporting org and potential leaders.

**GA-55**

Case 1:13-cv-01422-JSP Document 140-9 Filed 07/30/13 Page 9 of 17

An EVP of Central Ops position would be created and report to Rebecca. After approximately one year, this group will report to Scott. The one year timeframe is designed to provide us with the time we need to perfect this model before handing it over to the head of production.

Your group would have the responsibility for managing the overall credit risk and compliance and thus a dotted line to the underwriters in the central ops organization. In addition, the SLD would now be used for subprime underwriting but that would continue to report directly to your group. In essence, our new central ops model would be managed in a manner similar to the CMD model.

In order to balance the organization and responsibilities, as well as leverage our Senior Management I am recommending moving Loren Rodriguez over to you along with the responsibilities for the PMO, SOP management, OOP and Audit. View the second attachment for my general thoughts on your organization.

I know these are large and drastic changes for you and thus we need to get together quickly and discuss. Obviously, FSL needs your support and input in order to make this transition successful. I look forward to discussing this with you later today.



central ops admin for CK.vsd



ck reorg.vsd

**GA-56**

# **Exhibit AZ**

GA-57

**From:** edward\_o'donnell@countrywide.com  
**Sent:** Wednesday, December 12, 2007 11:22 PM  
**To:** steve\_brent@countrywide.com; javier\_jaraba@countrywide.com;  
 michael\_s\_thomas@countrywide.com; vincenzo\_santucci@countrywide.com  
**Subject:** Fw: FSL Operations QOG Reprieve !

fyi

Ed O'Donnell  
EVP, Central Services

972-498-5388 Office 92-552-5388 Internal 972-768-3638 Pager 972-768-3638 Cell	2380 Performance Dr Bldg D Mail Stop: RGV-C-09 Richardson, TX 75082
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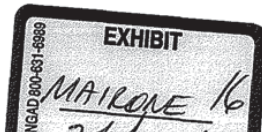
Edward.O'Donnell@countrywide.com



— Forwarded by Edward O'Donnell/FSL/CF/CCI on 12/12/2007 03:16 PM —

Rebecca Mairone/Full Spectrum/CF/CCI  12/12/2007 03:07 PM	<b>To:</b> FSL RVPs@COUNTRYWIDE, FSL DEVPs@COUNTRYWIDE, FSL CF@COUNTRYWIDE, FSL CFC Richardson@COUNTRYWIDE, FSL Branch Operations Managers@COUNTRYWIDE, FSL Loan Specialists@COUNTRYWIDE, FSL CFC ROLLING MEADOWS@COUNTRYWIDE, FSL Underwriting Richardson@COUNTRYWIDE, FS
	<b>cc:</b> Scott Bridges/FSL/CF/CCI@COUNTRYWIDE, Lloyd Sargeant/Full Spectrum/CF/CCI@Countrywide, Cliff Kitashima/Full Spectrum/CF/CCI@Countrywide, Wade Comeaux/FSL/CF/CCI@Countrywide, Ron Staake/Full Spectrum/CF/CCI@Countrywide, Robert Zavala/Full Spectrum/CF/CCI@C
	<b>Subject:</b> FSL Operations QOG Reprieve !

As part of the FSLD "paradigm shift" to prime lending, we will continue to evolve our compliance and quality process requirements to reflect the risk inherent in our product line. This will allow for more efficiency, improved quality and better customer service.



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We understand many of our employees are in new roles, have new responsibilities and are learning new skills. We want you to feel confident and excited about these new opportunities. If you have recently earned a new level of lending authority, you recently began completing compliance reviews or you are now signing off on conditions, we want you to know that each FSL employee will have a QOG reprieve on all funded units completed through 12/31/07. This will be in effect for Funders, UWs, Validators, and Lending Specialists, and any other FSL employee who is monitored and scored using QOG. In other words, your compensation will not be adversely affected on any loans funded on or by the last date of 12/31/07.

Clues is the underwriter, we should trust it and validate the conditions requested. The only conditions we should ever need to add would be title, flood certification, mortgage payoffs and required funding date if applicable. Other than these 4 stip, clues is the underwriter and we should rarely, if ever, need to add any other stips. The only time a stip would need to be added, is if a stip causes another stip to be needed. For example, if the appraisal has a cost to cure that needs to be addressed.

This does not mean that we should not be prudent and protect the compliance and quality standards of the company, but we do want you to feel less of a need to double and triple check your work. We also want you to comfortably adapt to using many of the former required checklists and worksheets as job aids like our other prime divisions of Countrywide. If we remove a checklist as a requirement in writing, you should not upload it to VLF and only complete it if you feel it is necessary at this point in your development.

In the end, we must be far more efficient, fund loans with more velocity and have more confidence in our decisions while maintaining prime quality and compliance standards.

As stated before, we are not reinventing the wheel, but rather building on the proven prime models in existence at Countrywide and other high volume lenders across America!

We have a great plan and now we need to execute with confidence!

Let's make December a month to remember!


Thank you for your continued hard work and commitment.

**GA-59**

# **Exhibit BY**

**GA-60**

**Countrywide**



➤ **New Fulfillment Model**

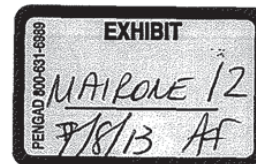
Rebecca Mairone, MD, COO  
Wade Comeaux, EVP, Central Fulfillment  
Ed O'Donnell, EVP, Central Services

November 13, 2007

Confidential Treatment Requested Under FOIA

NATIVE of BANA-SDNY-E-000040414

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November 2007 RVP Meeting

Agenda

- FSL Business Model Change
  - Drivers and Goals
- What is the new FSL Fulfillment Model?
  - Introduce NSC Central Fulfillment (CF)
  - Field Branch Fulfillment Highlights
  - NSC CF - How we got there
  - NSC CF Principles, Concepts & Reports
  - NSC CF and Goals
  - New CF Management Structure
  - NSC CF Accomplishments
- What is the New Field Branch Fulfillment initiative?
  - Project Approach
  - Benefits
  - Timeline
  - Next Steps
- Q&A

 **Countrywide**  
FULL SPECTRUM LENDING DIVISION

Page 2

November 2007 RVP Meeting Business Model Change

**Business Model Change Drivers – Internal and External**

*2006-07 Existing Trends*

+

*Recent FSL Pressures*

Metric	FSL (Sept)	Target
TT (PCA-fund)	All: 27.4 NSC: 38.9 Field: 23.3	All: 24 days
App/Fund Rate	42.9%	55% - short-term 65% - mid-term

Metric	FSL (Sept)	Target
Fundings per AE (all-in)	3.1	8.0
Fundings per Ops (all-in)	7.3	15

Countrywide FULL SPECTRUM LENDING DIVISION Page 3

November 2007 RVP Meeting Business Model Change

➤ **Key Target Goals in Today's Challenging Environment**

- *Full Spectrum is planning and repositioning ourselves to persevere and succeed in this difficult environment. We will emerge strongly positioned for the future.*
- *We recently began preparing new processes as well as reviewing the structure of our organization to match the needs of this new marketplace.*

**TARGET GOALS**

**Increase Velocity**  
(target 24 days TT)

**Improve Efficiency**  
(target 12.5 Fundings per  
Ops FTE; 8 loans/AE;  
5.85% fund rate)

**Maintain Quality**  
(Compliance, OOG, OARAC)

**Countrywide**  
FULL SPECTRUM LENDING DIVISION

Page 4

November 2007 RVP Meeting NSC Central Fulfillment

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**Recently Introduced New NSC Central Fulfillment Model on Oct. 1**

**What's New/Different?**


- "Best of the Best" Staff – from Ops, Central Services
- AEs focus on selling and LSs manage fulfillment, including borrower calls
- Streamline one-way fulfillment process with minimal handoffs and delays
- Processors with UW Approval Authority Level 2
  - Escalate to UW Support only where Authority needed exceeds LS Auth Level
- Dedicated team Funders that sit with team
  - Merged Funder + Compliance Specialist role
- Centralized Opening, UW and Post-Funding support

**Inside the Spectrum** Site Map | Contacts

Production | Operations | Training | HR / Compliance

**Central Fulfillment**

About Us | Resources | Training | Contact Us




**FSLD's New NSC Central Fulfillment**

A new business process designed with a streamlined flow and minimal requirements "path" to expedite loan processing.

Central Fulfillment processing, loan approval and funding will be carried out with minimal hand-offs, maximized parallel tasks, and expanded authority levels of key roles.

[Learn more](#)




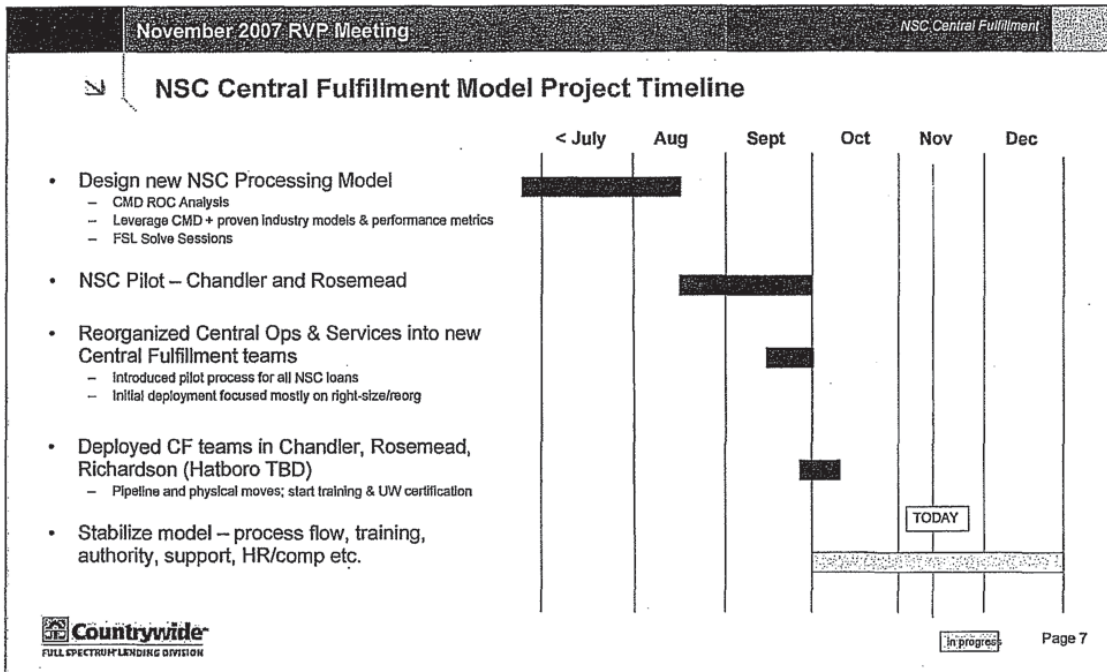
**Featured**

- Introducing the NEW NSC Central Fulfillment Model

**Countrywide**  
FULL SPECTRUM LENDING DIVISION

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November 2007 RVP Meeting	Field Branch Fulfillment				
<p>↳ <b>New Field Branch Fulfillment Model – Highlights</b></p> <p><b>Goal</b></p> <ul style="list-style-type: none"> <li>• Enable AE 8 fundings/month target</li> </ul> <p><b>Features</b></p> <ul style="list-style-type: none"> <li>• Give UW level 2 authority to branch ops</li> <li>• Streamline Branch flow: lock, opening package, CTC</li> <li>• Outsource Opening/GFE, Funding/Closing and Cancellation to Central Fulfillment teams</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Quick impact on Branch productivity &amp; capacity</li> <li>• Delegated authority to branch ops</li> <li>• Leverages comp model, reporting, tools, training, SOPs etc. from NSC Central Fulfillment project</li> </ul>					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Field Branch</th> <th style="width: 50%; text-align: center;">Central Fulfillment</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: top; padding: 5px;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">AE (lock)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">LS (CTC)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <ul style="list-style-type: none"> <li>• UW Level 2 Authority</li> <li>• Ops Reports to CF Ops</li> </ul> </div> </td> <td style="text-align: center; vertical-align: top; padding: 5px;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Opener</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Funder/Compliance Specialist</div> </td> </tr> </tbody> </table>		Field Branch	Central Fulfillment	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">AE (lock)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">LS (CTC)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <ul style="list-style-type: none"> <li>• UW Level 2 Authority</li> <li>• Ops Reports to CF Ops</li> </ul> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Opener</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Funder/Compliance Specialist</div>
Field Branch	Central Fulfillment				
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	Page 6				



November 2007 RVP Meeting
NSC Central Fulfillment

### NSC Central Fulfillment Process/Org Principles and Key Concepts

- Files Move Forward, Never Backward
- Increase AE ability to focus on Sales/Borrower commitment
  - AEs sell/submit complete app - Complete 1003, CLUES Decision obtained, full Appraisal/Credit Report Fees collected, Complete ADVANTedge Action Items
  - CF team focuses on fulfillment, including gathering Borrower Docs, pre-Close call
- Minimize Handoffs and Waits/Delays; Maximize Parallel tasks
  - Maximize UW authority level of LS staff (UW Lvl 2)
  - Keep processing in the team; escalate only where required to onsite UW support
  - Merged Funder + Compliance Specialist into one role and co-locate with the teams
- Refer back to Sales for all Sales-/Pricing-related matters
- Quality Assurance & Control loan reviews (from application to Funding), with reports and feedback provided to teams/mgmt
- Centralize key activities
  - Opening, UW support, Post-Funding (e.g., Defi's)

SALES → CENTRAL FULFILLMENT

**Central Fulfillment Center**

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November 2007 RVP Meeting NSC Central Fulfillment

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NSC Central Fulfillment Systems Principles and Key Concepts


- Improved Pipeline Reporting via Pipeline Mgr
  - New daily CF Production report
  - New daily CF Funding Projections report
  - Enhanced loan issues tracking and reporting
  - Other new reports/features in development (e.g., LS stack ranking)
- Start transitioning away from Tracker
- Improved TT reporting with drill-down and stack ranking
- Full TS2 functionality used by NSCs
- Potential ADVANTEdge 'stops' for incomplete applications

New!

- My Favorites
- Lead Management
- Central Fulfillment**
- Pipeline Management
- KB - Joint Venture
- Operational Excellence
- Turntime
- Estimated Closing Dates
- Underwriting
- CFC - Funding

Central Fulfillment

Report Name
<input checked="" type="checkbox"/> Central Fulfillment Production
<input checked="" type="checkbox"/> Funding Projections
<input checked="" type="checkbox"/> Pipeline Manager Loans With Issues

 **Countrywide**  
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November 2007 RVP Meeting NSC Central Fulfillment

New Pipeline Reports (Actuate) for NSC Central Fulfillment

Central Fulfillment Production Report as of 11/07/07


RVP Ranking    
  OM Ranking    
  LS Ranking

RVP Name	HC	Pipeline						Prior Days Transactions					Month to Date Transactions															
		Phase Code						Productivity					Efficiency (Avg.LS)															
		0	1	2	3	0-3 Total	4	2-4 Total	New Apps	Appr-oval	Docs	Total	Fund	Can-oid	Appr-oval	Docs	Total	Fund	Can-oid	Appr-oval	Docs	Total	Fund					
James White	124	371	842	728	304	2243	124	1,154	165	110	62	172	39	65	0.89	0.50	1.39	0.23	662	458	222	880	124	426	0.74	0.26	1.10	0.20
Robert Pike	135	421	1,519	649	424	3,213	174	1,447	140	100	80	189	35	98	0.72	0.64	1.37	0.25	893	471	327	766	174	504	0.68	0.47	1.16	0.25

Central Fulfillment Funding Projections as of 11/07/07

RVP	Age	Prev. Month	Employee Projected Fundings				MTD Actual Fundings				50% Funding Expectations				Monthly Avg	
			# of Apps	% of Apps	Projected	% of Apps	Actual	Adjusted	Adjusted	# of	Adjusted	Adjusted	# of			
			Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	
RVP																
Robert Pike	2,213	85	37.2%	3,114	1,880	60.0%	67.48	118	1,723	1,074	106	1,746	1,310	62	124	0.25
James White	1,918	967	50.4%	2,023	1,207	60.0%	67.48	133	1,723	1,074	106	1,746	1,310	62	124	0.25

New reports provide drill down to different levels: LSs, OMs, FVPS, SVPs


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November 2007 RVP Meeting NSC Central Fulfillment

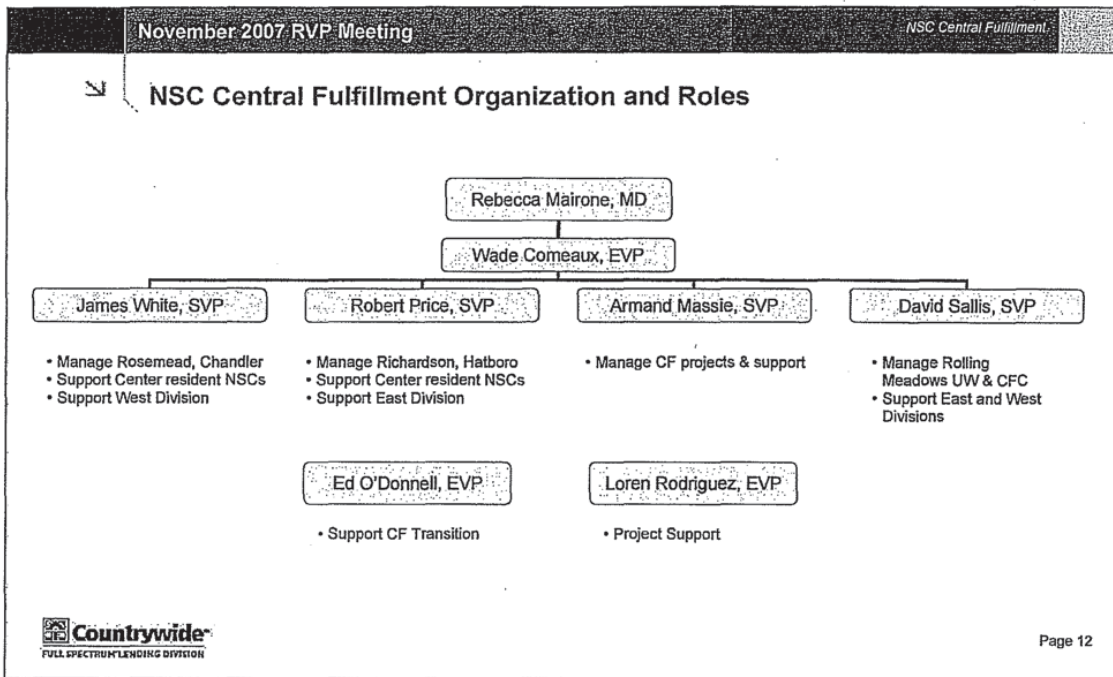
↳ **How NSC Central Fulfillment Helps Achieve Key Target Goals**



- Minimize checklists and double-checks via individual accountability
- Move UW authority into LS role
- Funders do compliance check and sit with team
- CF team focus on fulfillment and speed to close – resolve and move on (“no returns”)

- AEs focus on selling and submitting high-quality apps
- LS stresses urgency in welcome call to get borrower conditions before appraisal receipt
- LS makes pre-close call
- Merge LS and UW/Validator roles
- Merge Funders and Compliance Specialist functions roles

- Staff teams with critical skills/authorities -> i.e. LS with UW experience/skills
- Align process flow, job aids etc. with risk tier matrix
- Leverage higher UW level authority from UW support team (for higher risk, more complex deals)
- Opening handled by dedicated, specialized groups
- Feedback from the QA reviews will support the education of the Central Fulfillment staff

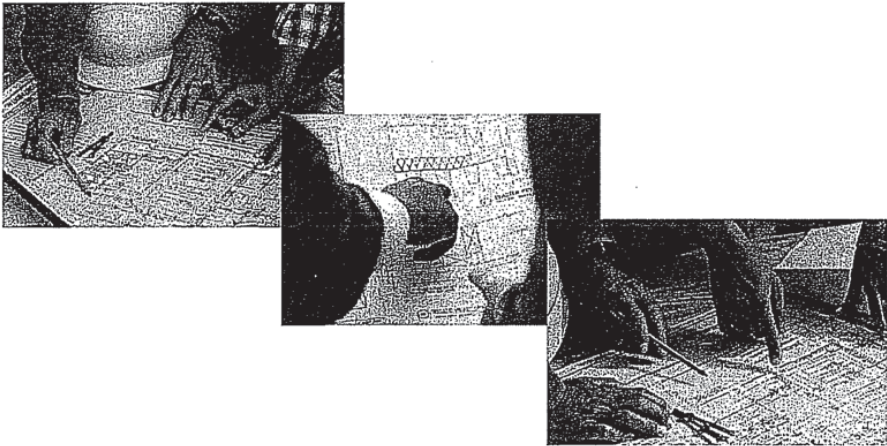
FULL SPECTRUM LENDING DIVISION Page 11




November 2007 RVP Meeting	NSC Central Fulfillment
<b>NSC Central Fulfillment Accomplishments</b>	
<ul style="list-style-type: none"><li>• All Central Fulfillment training completed</li><li>• 100% of NSC Ops achieved and using UW level 2 authority</li><li>• Introduced New CF/ Pipeline Manager reporting visibility</li><li>• Rolling out New Comp plan by Nov 15 – aligned with sales drivers (funding units, fund ratio, TT, quality)</li><li>• Introduced new QA PC3 process</li><li>• Introduced new 'post-funding' group to handle non-manufacturing tasks (i.e. defi's)</li></ul>	
 <b>Countrywide</b> FULL SPECTRUM LENDING DIVISION	Page 13

November 2007 RVP Meeting Field Branch Fulfillment

✓ **New Field Branch Fulfillment Model**



The image contains three overlapping black and white photographs. The top-left photo shows hands writing on a document. The middle photo shows a hand holding a pen over a document. The bottom-right photo shows a person standing in a field with a structure in the background.

 **Countrywide**  
FULL SPECTRUM LENDING DIVISION

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November 2007 RVP Meeting

Field Branch Fulfillment




### New Field Branch Fulfillment Project Approach

- **Define Clear Scope and Objectives**
  - Target Field Branch Efficiency, Velocity and Quality
  - Decrease Production Role in Operations -> Production to focus on Selling and higher AE productivity
  - Improve Ops productivity & Costs per Loan
- **Make Field Branches More Sales-Focused, Productive and Cost-efficient**
  - Give UW level 2 authority to branch ops
  - Streamline Branch flow: lock, opening package, CTC
  - Outsource Opening/GFE, Funding/Closing and Cancellation to Central Fulfillment teams
  - Branch BOM/LS report to Central Fulfillment but have dotted-line to branch mgmt
- **Set the Stage this Quarter**
  - No PCA
  - Rollout quick hit opportunities - Pipeline Mgr, Centralize Opening, (Cancellation TBD)
- **Execute in Q1**
  - Pilot and deploy new fulfillment process with branch ops staff and central fulfillment support
  - Leverage delegated authority process, reports, training, SOPs etc.
- **Coordinate with related FSL initiatives in Q4-Q1:**
  - Stabilize NSC-CF model, Pipeline Manager & BI Reporting, Move to Bank

November 2007 RVP Meeting Field Branch Fulfillment


↙ **New Field Branch Fulfillment Benefits**

<ul style="list-style-type: none"><li>• Centralizes Opening, Funding/Closing, Cancellation tasks</li><li>• Eliminate hand-offs &amp; sub/return delays</li><li>• Fewer double checks, checklists and more individual accountability</li><li>• Faster overall Turn Time</li></ul>	<ul style="list-style-type: none"><li>• More AE 'selling time' and higher productivity</li><li>• Improve Branch Ops process and productivity</li><li>• Free up some Branch ops capacity</li><li>• Reduced 'production support' costs</li><li>• Pipeline and Appraisal Visibility via Pipeline Mgr.</li></ul>
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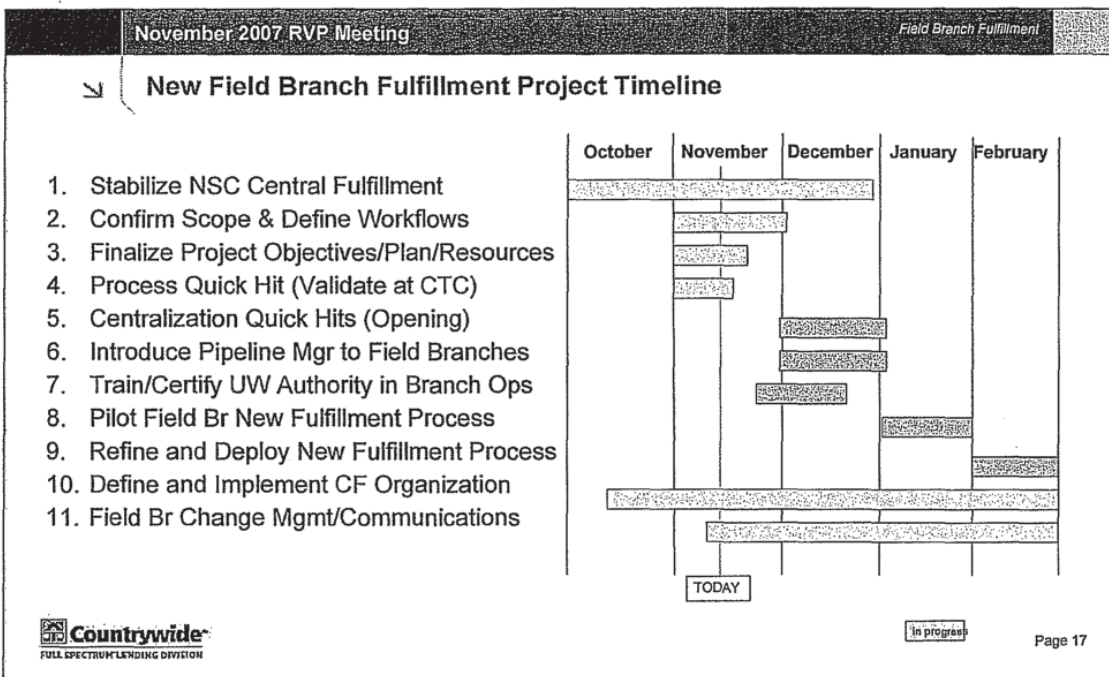
The logo features a central triangle with the words 'VELOCITY' on the left side, 'EFFICIENCY' on the right side, and 'QUALITY' at the bottom. The Countrywide logo is positioned in the center of the triangle.

<ul style="list-style-type: none"><li>• Fewer quality issues from skilled staff, less handoffs</li><li>• Issues identified and addressed by QA (PC3) process and feedback</li><li>• Dedicated, centralized teams better able to manage process quality and compliance</li></ul>
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# GA-76





**GA-77**


November 2007 RVP Meeting		Field Branch Fulfillment
<p>↙ <b>New Field Branch Fulfillment Project Next Steps</b></p>		
STEP	ASSIGNED TO	TARGET COMPLETE
Solve Session: Confirm Scope/Identify Workflow	M. Barnett	Nov. 12
Review Project with Production RVPs and DEVPs	W. Comeaux L. Rodriguez	Nov. 13 RVP meeting
Introduce Process Quick Hit (Validate at CTC)	M. Barnett M. Thomas	Nov. 14
Finalize Project Plan, Schedule, and Assign Resources	M. Barnett A. Gong	Nov. 19
Implement Centralized Opening for Field Branch loans	M. Barnett A. Gong	Dec. 3
Introduce Pipeline Manager to Field Branches	B. Kurutin	Dec. 3
Certify all Field Branch Ops staff with UW level 2 authority	R. Cannon	Dec. 15

 **Countrywide**  
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November 2007 RVP Meeting

Questions?



**Countrywide**  
FULL SPECTRUM LENDING DIVISION

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**GA-79**

# **Exhibit DV**

**GA-80**

~~Case 1:12-cv-01422-JSR Document 140-20 Filed 07/30/13 Page 5 of 125~~

**From:** Cliff\_Kitashima@Countrywide.Com  
**To:** Loren\_Rodriguez@countrywide.com  
**CC:** Rebecca\_Mairone@Countrywide.Com; Edward\_O'Donnell@Countrywide.Com  
**Sent:** 12/6/2007 1:56:05 PM  
**Subject:** Re: Fw: Prime CLUES Accept Process at CTC Conference Call Feedback and Action Items

A couple of other thoughts:

Besides clearer communication, more training is needed (CLUES, Ops contact with borrower, etc). Let me know your thoughts on how this will be done...what's the role of Training, CF Ops support, etc? We included EA, Tx A6, higher risk tier and other more riskier PCA's in the current process. I've asked Ed and Javier to review and provide recommendations on process changes that may be needed to ensure manufacturing quality is appropriately addressed. We'll discuss specific QC results at the next weeks CQC meeting. I saw Michael's note on the Status Mart change recommendations....how quickly can this be turned?

Please let me your thoughts or concerns.

Thanks,

Loren  
Rodriguez/Full  
Spectrum/CF/CCI To  
Greg\_Lumsden@countrywide.com, Cliff  
12/05/2007 06:56 Kitashima/Full  
PM Spectrum/CF/CCI@Countrywide  
cc  
Rebecca Mairone/Full  
Spectrum/CF/CCI@Countrywide  
Subject  
Fw: Prime CLUES Accept Process at  
CTC Conference Call Feedback and  
Action Items

By the way....I spoke w/ Rebecca...

What she's hearing and what we're hearing are in sync. She also believes we need to revisit how we communicate and tackle change management. She'll send me her thoughts so we can start thinking about that as well....

----- Forwarded by Loren Rodriguez/Full Spectrum/CF/CCI on 12/05/2007 06:53 PM -----

Loren  
Rodriguez/Full  
Spectrum/CF/CCI To  
Greg Lumsden  
12/05/2007 06:51 cc  
PM Rebecca Mairone/Full  
Spectrum/CF/CCI@Countrywide, Cliff  
Kitashima/Full  
Spectrum/CF/CCI@Countrywide,

**GA-81**

Case 1:12-cv-01422-JSR Document 140-20 Filed 07/30/13 Page 6 of 125  
Lloyd\_Scott@Countrywide.Com,  
Scott Bridges,  
Edward\_O'Donnell@Countrywide.Com,  
Jim\_Kee@Countrywide.Com, Nicholas  
Markopoulos/FSL/CF/CCI@COUNTRYWIDE,  
Rich\_Ferre/FSL/CF/CCI@Countrywide,  
Steve  
Wittner/FSL/CF/CCI@Countrywide,  
Wade\_Comeaux/FSL/CF/CCI@Countrywide  
Subject  
Prime CLUES Accept Process at CTC  
Conference Call Feedback and Action  
Items

Greg,

Our meeting this morning w/ Job Turini and a couple of his BOMs revealed key insights into what is happening in the Field Branches, with respect to the recently revised process for Prime CLUES Accept deals. Here's what we heard:

#### 1. Second Review Process

Some BOMs have created a "new" process on their own to review the work of the LS. The rationale is that since Validators are not checking the work upfront, the BOMs are concerned with quality and feel that the step somehow still needs to take place. This self-made review involve items like reviewing the credit report for payment histories and hawk alerts, validating the entry of REO data in EDGE, checking the title, etc. BOMs are also concerned that the LS may have incorrectly entered information into the Income Calculator, and therefore come up with the wrong income on the loan. As a result, they are retracing the steps of the LS on the Calculator as well.

Discussion: There was much discussion about the fact that this is our subprime culture still permeating the process. We need to get comfortable trusting CLUES and the decision it renders and fulfilling deals based on CLUES conditions. Additionally, BOMs were relieved to hear that the CTC process check income calculation for them.

#### 2. Audit Impact

There is a concern about the potential for audit findings related to these deals. The sense is that if they aren't checking the LS work or adding stips to files, they'll miss something and as a result, it'll become an SUS or QOG impact.

Discussion: We mentioned that there is currently a moratorium on QOG hits, during this ramp up time with our model changes. Meanwhile, the BOMs mentioned that they are getting more and more comfortable with this process on a daily basis --- and that was specifically from Kimberly Moreton, a BOM originally very concerned with the process sharing the information w/ Nick.

#### 3. Status Mart Condition Management

Part of both the "old" and "new" process involves the Branch having to clear doc conditions, as well as reclassify appropriate uw-doc

condition. If a BOM has a problem with this function in StatusMart; so, the concern is that if they're out of the office, the process stops.

Discussion: We have work underway to get this opened to LSs within a matter of a week or so. Meanwhile it was clarified that they don't necessarily need to clear all doc stips to get Underwriting to clear uw-doc stips and give them a CTC. [This was a process corrected in Underwriting last week.]

Note that there was no discussion about any additional checklists that were introduced with the process and making it further burdensome. We reiterated that the process simply removes the old validation step where Branches submitted and awaited a validation/approval. At the end of the conference call, we asked if we should pull back this process [if perceived as overwhelming], or did the group feel that the process and strategy was a better strategy. Everyone voted for the new strategy.

In our second conference call w/ Joe Schloesser and a group of BMs and BOMs, we only heard item 3 above --- we didn't hear items 1 or 2 as an issue. But, the second call brought up the following item:

#### 4. Stip Training

Both Joe Schloesser and one of the BOMs mentioned that more education would be helpful on [1] what type of documentation will actually satisfy said condition, and [2] is this item CLUES references really a stip or just infomational?

Discussion: We discussed a two-staged approach. First: Let's get more information out there --- similar to how we train green Validators --- on what documentation will actually satisfy said condition. Second: Part of an ongoing corporate effort is to clarify and deduplicate the CLUES conditions, so that they are easier to understand and process.

Additionally, with the Schloesser call, we started the discussion of how can we migrate the Borrower contact and stip chasing from Sales to Ops. And, here's what we heard on that topic:

a) A Message without a Method. My perception in hearing the folks is that we're preaching the message just how critical it is to change the model; but, we haven't really shared with them the plan and given them the tools to do this. This appears to be a cause for stress/frustration with them.

b) Ops Scripting Training. The team mentioned the need for training for the Ops staff on exactly what is involved with Borrower contact and stip chasing. What calls are made, using what scripts, and at what point in the process? We do have this training piece already built and used in Central Fulfillment.

c) AE Process Change/Training. Folks mentioned the need training for the AEs on how their scripting should change and what the expectation is on behalf of Sales, with respect to stips. This would need to be created.

d) Start Date. Field was still grey on when we actually should start. Again the general urgency message is there; but, we've not formally said start this day and use that process. This should be part of the plan and communicated.

e) Pipeline Loans Transition. The final concern relates to the contact strategy for loans already in the pipe, where the AE is still connecting with the Borrower. Do these apply as well? Again, this should be defined as part of the process/plan.

**GA-83**

Based on the information from the discussions with you today, Greg, we are recommending the following action plan:

Press Forward w/ Prime CLUES Accept CTC Process: Launch a double-armed awareness campaign involving [1] further clarification/education material and [2] Regional BOM conference calls, where we discuss what the new process is, emphasize the role of CLUES as our underwriter, address the perception issues as detailed above, and clarify how the new process actually work does help them reach approval and CTC faster. [Owners: Loren/Ed. Conf Calls thru 12/7. Clarification thru 12/12.]

Formalize the Borrower Contact and Stip Strategy: Create, communicate, and execute a coordinated action plan with Production and Ops that addresses process, training, capacity, and transition plan of Borrower contact and stip chasing. [Owners: Jim/Loren. Plan target: 12/11. Execution thru 12/31.]

Please let me know if you need further clarification on any of this information. Meanwhile, we'll press forward [and with urgency]. Thanks.

**GA-84**

# **Exhibit EE**



**From:** Cindy\_Simantel@countrywide.com  
**Sent:** Wednesday, February 06, 2008 5:02 PM  
**To:** jess\_lederman@countrywide.com  
**Subject:** Re: Fw: Job aid for reasonableness of stated income - Please Review (1/25)

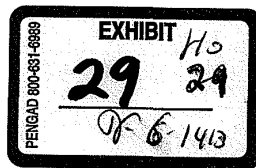
**Importance:** Low

Jess, I will be there as quickly as possible. I have the 8:00 a.m. meeting with Citizens in Calabasas and it is supposed to be over at 9:00. I will then come up to your office.

(Embedded image moved to file: pic07489.gif)Countrywide Bank

Cindy Simantel  
 EVP, QC & Investor Audit  
 CB239 QC Underwriting  
 Countrywide Bank, FSB

818-874-8000 ext. 31303 Agoura Rd  
 8973 Mail Stop: WLAR-60  
 92-557-8973 Westlake Village, CA 91361  
 Internal  
 818-707-4984 Fax



Jess  
 Lederman/Managing  
 Directors/CF/CCI To  
 David  
 02/06/2008 08:57 AM Boberg/RiskAssessment/CF/CCI@Countrywide  
 cc  
 Cindy Simantel/Secondary  
 Marketing/CF/CCI@COUNTRYWIDE  
 Subject  
 Re: Fw: Job aid for reasonableness  
 of stated income - Please Review  
 (1/25)(Document link: Cindy  
 Simantel)

FYI, we are changing the rules so that docs after the fact are no longer an SUS cure effective April. Cindy, can you also attend the Monday 9am meeting?

(Embedded image moved to file: pic01730.gif)Countrywide Bank

Jess Lederman  
Senior Managing Director  
Chief Risk Officer

818-225-3038 Office 4500 Park Granada  
92-594-3038 Mail Stop: CH20C  
Internal Calabasas, CA 91302  
940-367-1427 Cell

David  
Boberg/RiskAssess  
ment/CF/CCI To  
Jess Lederman/Managing  
02/06/2008 08:53 Directors/CF/CCI@Countrywide  
AM cc

Subject  
Re: Fw: Job aid for reasonableness  
of stated income - Please Review  
(1/25)(Document link: Jess  
Lederman)

Done. Monday at 9:00. Your office. FYI - I did meet with Mark Miller last Friday for about 90 minutes and he gave me an earful about the problems with loan manufacturing quality. No need to explain it all in this email but the gist of it was he thinks we need a culture change at the highest levels (i.e., Dave and Drew) in order for division management to take seriously the need to make the effort to improve loan manufacturing quality. FYI - You may have seen this from Kristy Bremer/Mitch Turley already

but I pasted in below our language regarding loan manufacturing quality from the latest version of the Key Risks Report. Pardon the formatting.

Manufacturing Quality – Loan manufacturing quality has deteriorated as evidenced by QC Severely Unsatisfactory (SUS) rates rising substantially in 2007 over 2006, EPD are near historical highs for CFC, and MI claim denials and investor repurchase requests have trended upward. Divisional preventative and corrective actions have not been effective in improving loan manufacturing quality. Poor manufacturing quality can increase costs to CFC in the form of re-work expenses, higher credit losses and worse future secondary market execution due to a reputation for poor quality loans.

- o SUS rates on stated income loans are significantly above acceptable levels, with the most common reason being unreasonable stated income. In the past, less experienced underwriters have been hired due to the reliance on AUS and the AUS data validators have been instructed to not use their judgment on AUS approved loans.
- o Approximately 40% of the loans that QC initially rated SUS in 2007 were overturned based on documentation or information that was obtained by the production divisions after receiving an SUS rating but should have been obtained prior to closing in order to approve the loan.
- o Production division management is allowed to unilaterally override SUS findings it does not agree with when calculating compensation modifiers based on SUS rates.

ERA Proposals:

- o Production should not be allowed to lower SUS rates and thereby affect compensation, (i) by providing documentation or information which should have been obtained prior to closing or (ii) by rejecting SUS findings assigned by QC that it does not agree with.
- o CHL should either hire experienced underwriters and allow/require them to use their judgment when determining reasonableness of stated income or centralize the underwriting of stated income loans to offices where experienced underwriters are located.
- o Loan product guidelines need to be amended to provide explicit instructions for how stated income reasonableness is to be assessed by underwriters.
- o Production Risk Management should report to the March 31, 2008 Corporate Credit Risk Committee meeting on the implementation and effectiveness of all required corrective actions as required in the Countrywide Bank Quality Improvement Plan.
- o Corrective actions and compensation modifiers should be based on SUS rates which do not consider cures of actions that should have been performed prior to closing.
- o ERA will continue to monitor and assess the various methods used throughout the company for measuring, reporting and managing loan manufacturing quality and make proposals for where improvements to manufacturing quality management can be made.

David Boberg  
Executive Vice President  
Enterprise Risk Assessment

**GA-88**

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Countrywide Financial Corp.  
30930 Russell Ranch Road, MS: WLRR-61  
Westlake Village, CA 91362  
Telephone: 818-223-6528  
Cell phone: 805-630-0891  
Fax: 818-223-6126

Jess  
Lederman/Managing  
Directors/CF/CCI To  
David  
02/06/2008 08:25 AM Boberg/RiskAssessment/CF/CCI@Countrywide  
cc

Subject

Fw: Job aid for reasonableness of  
stated income - Please Review  
(1/25)

Please set up a meeting with Preston (he might want Mark Miller there), you, and me, so he can update us on the plans for improving manufacturing quality.

(Embedded image moved to file: pic01716.gif)Countrywide Bank

Jess Lederman  
Senior Managing Director  
Chief Risk Officer

818-225-3038 Office 4500 Park Granada  
92-594-3038 Mail Stop: CH20C  
Internal Calabasas, CA 91302  
940-367-1427 Cell

----- Forwarded by Jess Lederman/Managing Directors/CF/CCI on 02/06/2008  
08:24 AM -----

**GA-89**

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Anthony

Ho/Corporate

Admin/CF/CCI

To

Dave

02/06/2008 07:18 Farrell/CLD/CF/CCI@Countrywide,

AM

Brian Robinett/Managing

Directors/CF/CCI@Countrywide,

Celeste

Carmitchel/Wholesale/CF/CCI@Country

wide, Chris McCullough/Managing

Directors/CF/CCI@Countrywide,

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Gene

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John Kelly/AI/CF/CCI@Countrywide,

Kelly

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Mark Miller/Managing

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Erin A

Allen/CMD/CF/CCI@Countrywide,

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Dennis  
Forget/CMD/CF/CCI@Countrywide, Anne  
Elliott/CLD/CF/CCI@Countrywide  
cc

Subject

Re: Job aid for reasonableness of  
stated income - Please Review  
(1/25)(Document link: Jess  
Lederman)

All,

Thank you for your feedback on the stated income job aid. We are consolidating all of the comments into a summary and will revise the job aid; we will distribute the summary and revised job aid to the group as soon as each is available.

We are in the process of scheduling a meeting with senior division managers and the corporate credit groups to discuss the revised job aid. We are also developing a strawman for recommended guideline changes for stated income loans; however, we would first like to focus on completing the job aid independent of guideline changes if possible. A key goal of the job aid and requirement for comments on the 1008 is to help ensure that the underwriter's reasoning on stated income is captured in the loan file, and that it is in a consistent location.

Please let Sandy Miller or me know if you have any questions.

Thanks,  
Anthony Ho  
Production Risk Management  
Countrywide Financial Corporation  
Internal: 92-509-6076  
External: (818) 223-6076

Dave  
Farrell/CLD/CF/CC

I To  
Mark Miller/Managing  
02/01/2008 07:35 Directors/CF/CCI@Countrywide  
AM cc

Anthony Ho/Corporate  
Admin/CF/CCI@Countrywide, Brian  
Robinett/Managing  
Directors/CF/CCI@Countrywide,  
Celeste  
Carmitchel/Wholesale/CF/CCI@Country  
wide, Chris McCullough/Managing  
Directors/CF/CCI@Countrywide,

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Christian Ingerslev/Secondary  
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Brent/FSL/CF/CCI@Countrywide,  
Tracie  
Hunter/WLD/CF/CCI@Countrywide  
Subject  
Re: Job aid for reasonableness of  
stated income - Please Review  
(1/25)(Document link: Anthony Ho)

Mark, I'm going to cease recommending stated income policy changes, but regardless, I think this distribution would like to see your group's strawman. Thanks.

David B. Farrell, CMB  
EVP - Chief Credit Officer  
Correspondent Lending  
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Toll Free (866) 492-4023 x3130

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Tie line (92) 546-3130  
Fax (813) 237-7621  
Blackberry - 813-220-5071

It CAN be done!

Mark  
 Miller/Managing  
 Directors/CF/CCI To  
 Dave Farrell/CLD/CF/CCI  
 01/31/2008 12:16 cc  
 PM Anthony Ho/Corporate  
 Admin/CF/CCI@Countrywide, Brian  
 Robinett/Managing  
 Directors/CF/CCI@Countrywide,  
 Celeste  
 Carmitchel/Wholesale/CF/CCI@Country  
 wide, Chris McCullough/Managing  
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Case 1:12-cv-01422-JSR Document 140-20 Filed 07/30/13 Page 74 of 125

Pauline Kennedy/Secondary  
Marketing/CF/CCI@COUNTRYWIDE

Subject

Re: Job aid for reasonableness of  
stated income - Please Review  
(1/25)(Document link: Dave Farrell)

My group has also created straw-man stated income guidelines that we (as risk people) would like to see, but didn't want to inject those into this particular discussion of the job aid so that we didn't stir up too much controversy :-)

However, a revamp of stated income guidelines is a separate (albeit controversial) topic that I believe does need to be addressed. My concerns revolve most strongly around borrowers who are in the real estate sales, real estate investment/development, and lending businesses right now. In a past life (1991-3) we found that a very high percentage (70%+) of our losses on stated income loans came from borrowers in those businesses during the real estate downturn we had back then.

Mark D. Miller  
Countrywide Financial Corporation  
Managing Director, Production Risk Management  
(818) 223-5981

Dave  
Farrell/CLD/CF/CC

I

To

Javier Jaraba/Full

01/31/2008 05:36 Spectrum/CF/CCI@COUNTRYWIDE

AM

cc

Anthony Ho/Corporate  
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Robinett/Managing  
Directors/CF/CCI@Countrywide,  
Celeste  
Carmitchel/Wholesale/CF/CCI@Country  
wide, Chris McCullough/Managing  
Directors/CF/CCI@Countrywide, Cindy  
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Hans Rusli/CMD/CF/CCI@Countrywide,  
Jess Lederman/Managing

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Directors/CF/CCI@Countrywide, Jim  
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John Dixon/CLD/CF/CCI@Countrywide,  
John Kelly/AI/CF/CCI@Countrywide,  
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Darraugh/CLD/CF/CCI@Countrywide,  
Mark Miller/Managing  
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Riley/WLD/CF/CCI@Countrywide, Steve  
Brent/FSL/CF/CCI@Countrywide,  
Tracie  
Hunter/WLD/CF/CCI@Countrywide  
Subject

Re: Job aid for reasonableness of  
stated income - Please Review  
(1/25)(Document link: Mark Miller)

The thing I like about this tool is that it should help to lead unseasoned underwriters through the thought process of determining stated income reasonability. However, were I in a position to make this decision in vacuum, I'd do this:

Eliminate Stated and Reduced Doc programs for salaried borrowers. (No changes to Alt Doc.)

Then, given the assumption is that Stated and Reduced Doc programs are designed for well qualified borrowers unable to prove their income:

Require either a minimum of 6 months verified reserves, or an amount equal to 3 months Stated Income - post closing for purchase money and not counting cash out for refinances.

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GA-95

It CAN be done! Case 1:12-cv-01422-JSR Document 140-20 Filed 07/30/13 Page 76 of 125

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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

– v. –

COUNTRYWIDE HOME LOANS, INC.,  
COUNTRYWIDE FINANCIAL  
CORPORATION, COUNTRYWIDE BANK,  
FSB, BANK OF AMERICA  
CORPORATION, BANK OF AMERICA,  
N.A., and REBECCA MAIRONE

Defendants.

**Case No. 12-cv-1422 (JSR)**

**DECLARATION OF ARNOLD BARNETT, Ph.D.**

I, Arnold Barnett, Ph.D., pursuant to 28 U.S.C. § 1746 and based on personal knowledge of the facts stated herein, declare as follows:

1. I am over the age of 18 and fully competent to testify to the facts in this declaration.
2. I have been retained as an expert by counsel to the entity defendants in the above-captioned matter. I provided an Expert Report, dated June 18, 2013.
3. The document attached to this Declaration as Exhibit A is a true and correct copy of my June 18, 2013 Expert Report. I incorporate that report herein by reference. My June 18, 2013 Expert Report accurately reflects my opinions on the matters discussed in that report.
4. As part of my work on this case, I reviewed the Expert Report of Charles D. Cowan, Ph.D., dated May 7, 2013 (the “Original Cowan Report”), as well as the Amended Expert Report of Charles D. Cowan, Ph.D. Regarding the Selection of a Statistically Valid Random Sample and Extrapolation Methodology for Mortgage Loans, dated August 21, 2013

(the “Amended Cowan Report”). I intend to submit an amended version of my Expert Report based on the changes made to Dr. Cowan’s report in accordance with the terms of the Court’s August 22, 2013 Order.

5. Neither the Original Cowan Report nor the Amended Cowan Report includes calculations about the margins of error associated with alleged defect rates. Omitting this information is highly unusual in Statistics, and is especially so in this setting when Dr. Cowan chose his sample size precisely to achieve a particular margin of error. However, based on data provided by Dr. Cowan and Mr. Holt, I have made an estimate of the margin of error for Dr. Cowan’s alleged material defect rate for the population of HSSL Loans. This estimate—which deals with the deficiencies in Dr. Cowan’s sampling endeavor in a manner most favorable to him—is +/- 8.3 percentage points. That is larger than his target of a 5 percentage point margin-of-error, a target that I consider problematic in its own right for reasons explained in my Expert Report.

6. I have also estimated the alleged defect rate and margin of error for non-HSSL loans that were part of Dr. Cowan’s sample and were originated during the time frame during which the government alleges the HSSL process was in place. The alleged defect rate is 41.0 percent, with a margin of error of no less than +/- 16.8 percentage points. With such a sizable margin of error—coupled with the corresponding margin for HSSL loans—the alleged defect rate for non-HSSL loans is statistically indistinguishable from the alleged rate for HSSL loans (41.0 percent versus 43.3 percent).

7. Given the problems with Dr. Cowan’s sampling scheme, I had to make several assumptions to complete these calculations. These assumptions included:

- The loans that Mr. Holt reviewed and classified were a random sample of the loans that Dr. Cowan sampled. (Mr. Holt only reviewed some of the loans in Dr. Cowan's original sample, a circumstance that raises many problems that I will discuss shortly.) This assumption is the one most generous to Dr. Cowan concerning the consequences of failing to complete the original protocol.
- When calculating the alleged defect rate and margin of error for the non-HSSL loans, I used only those strata in which Mr. Holt reviewed and classified at least one loan. Six of the non-HSSL strata (representing 7.3 percent of the non-HSSL population) included no sample loan files.
- In strata in which the alleged defect rate was 0 percent or 100 percent, I assumed a margin-of-error of zero. These rates arose in strata representing 3.2 percent of the HSSL population and 43.6 percent of the non-HSSL population. This assumption acted to deflate the overall margin-of-error and was therefore generous to Dr. Cowan.

8. Mr. Holt did not complete the review of HSSL loans that Dr. Cowan contemplated under his sampling plan. Rather, Mr. Holt stopped after reviewing 526 of the 600 originally-denominated HSSL loans (and, when the government's revised definition was subsequently applied, 343 out of 410). Dr. Cowan made the decision to terminate the review process early, arguing that it would not be "productive" to complete the process. (At deposition, Dr. Cowan testified that it would have been feasible to review all of the loans in the sample.) Dr. Cowan also testified at deposition that he made no attempt to assess how the omitted loans were distributed across the strata in his non-proportional stratification regimen.

9. Dr. Cowan exhibited no understanding of how his truncation of the sampling plan could introduce bias and greater inaccuracy to his results. It is not standard in Statistics to



end sampling prematurely when it was possible to fulfill the original plan. Especially troubling is Dr. Cowan's statement that his decision to stop early was based in part on the preliminary results. In that circumstance, early termination has the potential to introduce bias into the results, given a natural tendency to "quit while you're ahead." It is well documented in the academic literature that truncation of a sampling program with provisional results at hand can yield biased results. See, e.g., Bassler et al. (2010), "Stopping Randomized Trials Early for Benefit and Estimation of Treatment Effects," *Journal of the American Medical Association*, Volume 303, No. 12, March 24/31, 2010 (concluding that "truncated randomized control trials provide biased estimates of effects on the outcome that precipitated early stopping."); Geller and Pocock (1987), "Interim Analyses in Randomized Clinical Trials: Ramifications and Guidelines for Practitioners," *Biometrics* Volume 43, No. 1, March 1987 ("a strong argument can be made against unplanned interim analyses [i.e., evaluating results earlier than the planned end of the study], since they are a major source of bias in the reporting of trial findings.")

10. Dr. Cowan's decision that completing his sampling plan would not be "productive" makes it impossible to apply usual sampling theory to evaluate his partial results. We cannot assume that the 67 loan files that were excluded had the same statistical profile as the 343 files that were reviewed. For that reason, we cannot proceed as if we had a random sample of size 343 rather than one of size 410: The consequences of early termination can go well beyond a reduction in sample size. Dr. Cowan therefore had no scientific basis for evaluating whether his sampling results met his own accuracy criterion. How he would have used his incomplete results to assess the precision of his alleged findings is unknown because, unaccountably, he never even calculated a margin-of-error.

11. Dr. Cowan testified at deposition that the 16% of HSSL loans that Mr. Holt did not review could not appreciably have changed defect-rate calculations based on the 84% of loans that Mr. Holt did review. But that argument is highly inadequate under a non-proportional stratification scheme: Had the excluded files been concentrated in strata representing large shares of the loan population, then their omission might have greatly distorted those particular defect-rate estimates that were most consequential in his extrapolation. Yet Dr. Cowan had so little curiosity about this possibility that he did not even inquire in which strata the excluded files lay. Such nonchalance is incompatible with the cautiousness and intellectual rigor one expects of a professional statistician.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 9, 2013.

A handwritten signature in cursive script that reads "Arnold Barnett". The signature is written in black ink and is positioned above a horizontal line.

Arnold Barnett, Ph.D.