

Countrywide Settlement: Frequently Asked Questions

What types of loans are eligible for loan modifications under the settlement?

- Borrowers who obtained the following types of loans from Countrywide prior to December 31, 2007, are eligible:
 - Subprime 2, 3, 5, 7 and 10 hybrid ARMs – Example of 2/28 ARM that has initial 2 year fixed-interest rate period that adjusts according to an index plus a margin.
 - Pay Option ARMs – Example of loan where borrower has ability initially to choose among two or more payment options, e.g., interest only or minimum limited payment.
 - Other subprime first mortgage loans – Examples of first lien residential mortgages that include higher risk features (e.g., low equity, adjustable rates, low or no documentation, prepayment penalties, cash out financing) with higher risk borrower profiles.

What other requirements are there for a borrower in one of these mortgages to qualify for a loan modification offer?

- Eligible borrowers must fit into one of the following delinquency profiles:
 - Borrower is 60 days or more delinquent already and current loan-to-value ratio of 75% or higher;
 - Borrower current today but becomes 60 or more days delinquent at any time prior to June 30, 2012, and loan-to-value ratio at time of modification is 75% or higher;
 - Borrower has subprime hybrid ARM and is current today but reasonably likely to become 60 days or more delinquent as result of rate reset, and loan-to-value ratio at time of modification is 75% or higher; or
 - Borrower has pay option ARM and is current today but reasonably likely to become 60 days or more delinquent as result of rate reset, and the loan-to-value ratio at time of modification is 75% or higher.

If a borrower has a covered loan and fits into one of the delinquency profiles listed above, what sorts of modifications might be made to their loan?

- The details or specifics of the loan modification proposals vary depending on the type of loan, but include the following, among others:

- Reduction of interest rate to introductory rate or lower for period of five years, with conversion after five years to fixed-rate;
 - Interest-only period of up to 10 years, followed by conversion to fixed-rate or adjustable rate with lifetime cap of the introductory rate;
 - Write down of principal balance to no more than 95% of value, and reduction of interest rate to adjustable rate with lifetime cap; or
 - Write down of principal balance to no more than 95% of value, and interest-only period, followed by conversion to fixed-rate or adjustable rate with lifetime cap.
- If permitted by Foreclosure Avoidance Budget, Countrywide will make offers to borrowers that produce first year payment of principal, interest, taxes and insurance equating to 34% of borrower income.
 - Other benefits to borrowers who receive loan modification offers include:
 - Waiver of prepayment penalties;
 - Waiver of any late/delinquency fees;
 - Except for FHA approved loans, no loan modification fee; and
 - No requirement to sign release in favor of Countrywide.

If Virginia borrowers have questions about their eligibility for a loan modification, what should they do?

- Borrowers with questions about their eligibility can:
 - Call Countrywide toll-free at 1-800-669-6607; or
 - Visit the company's website at www.countrywide.com.

Does the settlement provide any benefits for Countrywide borrowers who are not eligible for a loan modification offer?

- Yes. Countrywide has implemented two programs that are projected to provide assistance to other Virginia borrowers, including borrowers who do not have a subprime loan:
 - Foreclosure Relief Program – Company agrees to pay total of \$150 million nationwide towards this program. Virginia's share is \$2.5 million. Eligible Countrywide borrowers are those:
 - Who have a Countrywide originated first-lien mortgage, which is secured by owner-occupied property;
 - Whose first loan payment was made between January 1, 2004, and December 31, 2007;
 - Who have lost their home to foreclosure (or through a short sale or deed in lieu of foreclosure).

- **Relocation Assistance to Foreclosed Borrowers – Company projects that it will make payments to 35,000 borrowers totaling \$70 million. Virginia portion is estimated at \$2.3 million. Eligible borrowers are those:**
 - **Who have a Countrywide originated first-lien mortgage, or a Countrywide purchased loan, which was serviced by a Countrywide servicer on June 30, 2008;**
 - **Who do not qualify for a loan modification;**
 - **Who subsequently face foreclosure on or before June 30, 2012; and**
 - **Who agree to depart premises voluntarily at time of the foreclosure sale. Amounts paid will be negotiated based on individual circumstances.**