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

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

NO. C-08-030-08-SC01

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

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

Respondent.

**INTRODUCTION**

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

**I. FACTUAL ALLEGATIONS**

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

1 **1.2 2007 Examination.** In 2007, the Department conducted an on-site examination of  
 2 Respondent. As a result of the examination, the Department discovered violations of the Act.

3 **1.3 Real Estate Loan Pricing – Discrepancies in Rates and Fees Charged to Borrowers.** During  
 4 at least 2005 and 2006, Respondent provided Washington borrowers of protected ethnicity or races  
 5 (target borrowers) less favorable loan products than were provided to other similarly situated  
 6 borrowers within the same Metropolitan Statistical Area (MSA) during the same time period of the  
 7 same year. Upon review of several hundred loan files and considering several factors, which included  
 8 rates borrowers received, consolidated loan-to-value (CLTV), credit scores, loan types, borrowers'  
 9 incomes, fees charged, and presence of a prepayment penalty, the Department identified over 50 target  
 10 borrowers who received less favorable loan products than the non-target borrowers (control  
 11 borrowers) within each target borrower's group. For example, the following 17 target borrower  
 12 groups demonstrate discrepancies in loan products between similarly situated borrowers:

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	87360509	75.4%	655	ARM	Alternate	1.75%/NP <sup>1</sup>
Control	96968735	76.21%	594	Fixed	Full	6.38%/APR 6.91%
Control	97038725	78.33%	604	Fixed	Alternate	5.88%/APR 6.02%
Control	89737806	72.73%	551	Fixed	Cancelled	6.13%/APR 6.62%
Control	96597250	87.18%	631	Fixed	Full	6.00%/APR 6.42%
Control	89832022	93.00%	606	Fixed	Full	6.38%/APR 6.66%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	97521519	80.00%	717	Fixed	Cancelled	NP/APR 7.20%
Control	90842852	90.0%	NP	Fixed	Reduced	5.88%/APR 6.10%
Control	96494119	100.0%	662	Fixed	Alternate	8.00%/APR 8.09%
Control	97109695	100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control	90832634	95.0%	710	Fixed	Full	5.50%/APR 5.75%
Control	88302031	80.0%	709	Fixed	Reduced	5.13%/APR 5.21%

<sup>1</sup> NP indicates the information was not contained in the loan documents Respondent provided the Department.

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	90926932	90.0%	762	ARM	Cancelled	5.75%/NP
Control	89610191	95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control	97965413	100.0%	726	ARM	Alternate	5.50%/APR 5.97%
Control	96191248	100.0%	735	ARM	Alternate	5.50%/APR 5.72%
Control	96617130	100.0%	682	ARM	Alternate	5.75%/APR 5.93%
Control	97692596	100.0%	738	ARM	Alternate	5.25%/APR 5.81%
Control	97109695	100.0%	721	Fixed	Alternate	6.25%/APR 6.41%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	97177187	80.0%	763	Fixed	Alternate	6.38%/APR 6.70%
Control	89610191	95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control	97692636	95.00%	738	ARM	Reduced	5.25%/APR 5.80%
Control	97109695	100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control	90126878	95.00%	664	ARM	Full	4.88%/APR 5.68%
Control	31656092	100.0%	676	ARM	Alternate	5.25%/APR 5.71%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	97237957	95.00%	637	ARM	Full	7.50%/APR 9.84%
Control	89968082	90.00%	569	ARM	Full	6.75%/APR 9.51%
Control	96597250	87.18%	631	Fixed	Full	6.00%/APR 6.42%
Control	89832022	93.00%	606	Fixed	Full	6.38%/APR 6.66%
Control	98202296	100.0%	638	Fixed	Cancelled	6.00%/APR 8.45%
Control	91079430	95.00%	629	Fixed	Reduced	7.75%/APR 8.02%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	96974396	80.0%	638	Fixed	Cancelled	6.88%/APR 7.15%
Control	96968735	76.21%	594	Fixed	Full	6.38%/APR 6.91%
Control	97038725	78.33%	604	Fixed	Alternate	5.88%/APR 6.02%
Control	89737806	72.73%	551	Fixed	Cancelled	6.13%/APR 6.62%
Control	96597250	87.18%	631	Fixed	Full	6.00%/APR 6.42%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	95159030	100.0%	735	ARM	Full	5.88%/APR 6.98%
Control	89610191	95.00%	733	Fixed	Alternate	5.75%/APR 5.96%
Control	96191248	100.0%	735	ARM	Alternate	5.50%/APR 5.72%
Control	97109695	100.0%	721	Fixed	Alternate	6.25%/APR 6.41%
Control	31656092	100.0%	676	ARM	Alternate	5.25%/APR 5.71%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	110818832	90.0%	748	ARM	Reduced	5.38%/APR 6.05%
Control	110676342	95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control	109008156	88.8%	755	Fixed	Stated	5.75%/APR 5.89%
Control	111833622	95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control	110714049	95.0%	652	Fixed	Alternate	6.38%/APR 6.87%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	111571363	88.6%	638	ARM	Full	6.75%/APR 10.04%
Control	111997319	85.6%	652	Fixed	Full	5.90%/APR 6.19%
Control	112179471	81.25%	592	Fixed	Full	6.45%/APR 6.84%
Control	110676342	95.00%	689	Fixed	Full	5.88%/APR 6.12%
Control	110540927	88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control	111833622	95.00%	659	Fixed	Alternate	6.13%/APR 6.30%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	107948259	86.17%	664	ARM	Alternate	1.75%/ APR 6.68%
Control	111997319	85.6%	652	Fixed	Full	5.90%/ APR 5.90%
Control	110676342	95.0%	689	Fixed	Full	5.88%/ APR 5.88%
Control	112481686	87.0%	685	Fixed	Reduced	6.00%/ APR 6.20%
Control	111833622	95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control	112005737	84.3%	681	Fixed	Alternate	6.13%/ APR 6.13%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	111981010	90.0%	710	ARM	Reduced	1.75%/APR 6.67%
Control	110676342	95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control	110540927	88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control	109008156	88.8%	755	Fixed	Stated	5.75%/APR 5.89%
Control	112481686	87.0%	685	Fixed	Reduced	6.00%/APR 6.20%
Control	111833622	95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control	112005737	84.3%	681	Fixed	Alternate	6.13%/APR 6.13%

Target/Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/APR if Indicated
Target	113315501	85.0%	659	ARM	Reduced	7.55%/APR 10.82%
Control	110676342	95.0%	689	Fixed	Full	5.88%/APR 6.12%
Control	110540927	88.0%	703	Fixed	Reduced	5.88%/APR 6.38%
Control	112481686	87.0%	685	Fixed	Reduced	6.00%/APR 6.20%
Control	111833622	95.0%	659	Fixed	Alternate	6.13%/APR 6.30%
Control	112005737	84.3%	681	Fixed	Alternate	6.13%/APR 6.50%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	112107532	90.0%	644	ARM	Cancelled	NP/APR 8.59%
Control	110398612	95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control	110518497	100.0%	684	ARM	Reduced	6.25%/APR 6.43%
Control	110490314	100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control	111182086	100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control	112657927	100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	111298712	100.0%	600	ARM	Full	7.70%/APR 11.19%
Control	110398612	95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control	110490314	100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control	110620953	100.0%	602	ARM	Full	5.63%/APR 8.82%
Control	111182086	100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control	112657927	100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	110928482	100.0%	779	ARM	Reduced	6.25%/APR 6.56%
Control	110398612	95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control	110490314	100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control	111182086	100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control	112657927	100.0%	647	ARM	Alternate	6.50%/APR 7.14%
Control	112329610	100.0%	717	Fixed	Full	6.50%/APR 6.75%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	112172997	90.0%	605	ARM	Full	7.45%/APR 10.66%
Control	110398612	95.0%	618	Fixed	Full	5.50%/APR 6.52%
Control	110490314	100.0%	653	Fixed	Alternate	6.50%/APR 7.70%
Control	110620953	100.0%	602	ARM	Full	5.63%/APR 8.82%
Control	111182086	100.0%	652	Fixed	Alternate	5.75%/APR 7.24%
Control	112657927	100.0%	647	ARM	Alternate	6.50%/APR 7.14%

Target/ Control	Loan Number	CLTV	Credit Score	Loan Type	Documentation Requirements	Loan Rate/ APR if Indicated
Target	89832022	93%	606	Fixed	Full	6.38% /APR 6.66%
Control	96968735	76%	594	Fixed	Full	6.38% /APR 6.91%
Control	97038725	78.33%	604	Fixed	Alternate	5.88% /APR 6.02%
Control	89737806	72.73%	551	Fixed	Cancelled	6.13% /APR 6.62%
Control	89968082	90%	569	ARM	Full	6.75% /APR 9.51%
Control	96597250	87.18%	631	Fixed	Full	6.00% /APR 6.42%

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

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

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

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

19 **A. Good Faith Estimate Disclosure**

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

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<b>Borrower</b>	<b>Loan Number</b>
B.A.	153644123
A.A.	155118337
W.C.	156704184
V.F.	156514058
H.N.	155113530
M.J.	155117265
M.M.	155185626
F.S.	155118281
H.T.	156269405

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

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

**C. Loan Servicing Disclosures**

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

<b>Name</b>	<b>Loan Number</b>
H.N.	155113530
M.J.	155117265
W.C.	156704184
V.F.	156514058
G.V.	155720560
A.A.	155118337
F.S.	155118281
B.A.	153644123

**D. Initial Home Equity Line of Credit Disclosures**

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

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

<b>Borrower</b>	<b>Loan Number</b>
H.T.	156269405
W.C.	156704184
M.O.	155851574

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6 **1.7 Failure to Notify Department of Significant Developments.** Respondent did not notify the  
7 Director of the following developments as required.<sup>2</sup>

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

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

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

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

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

23 <sup>2</sup> In or around April 2007 the Department received information about these developments when Respondent responded to  
24 the Department's Manager's Questionnaire.

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

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

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

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

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

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

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

### 18 III. AUTHORITY TO IMPOSE SANCTIONS

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

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

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

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

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

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

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

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

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

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

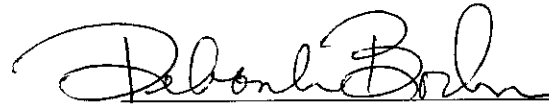
## 17 V. AUTHORITY AND PROCEDURE

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

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

3 Dated this 23<sup>rd</sup> day of June, 2008.



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6 DEBORAH BORTNER  
7 Director  
8 Division of Consumer Services

9 Presented by:

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11 

12 JAMES R. BRUSSELBACK  
13 Enforcement Chief