John McMurray/Managing Directors/CF/CCI
09/07/2007 11:34 AM

To Jess Lederman/Managing Directors/CF/CCI
cc
bcc
Subject Fw: Guideline Process Concerns

----- Forwarded by John McMurray/Managing Directors/CF/CCI on 09/07/2007 11:34 AM -----

John McMurray/Managing Directors/CF/CCI
01/24/2007 10:53 AM

To Andrew Gissinger/Managing Directors/CF/CCI
cc Mark E Elbaum/Corporate Admin/CF/CCI@Countrywide
Subject Fw: Guideline Process Concerns

A quick addition to my list of concerns:

5. **Objective.** PL typically presses for "whatever we can get." They seek the broadest and most aggressive terms possible for any guideline under consideration. Guidelines should be no different than other corporate initiatives in that the objective should be to maximize risk-adjusted returns for CW. So instead of seeking the most aggressive possible guidelines, the objective should be the most profitable guidelines. The current approach gives us the riskiest, but not the most profitable, guidelines.

Thanks.

----- Forwarded by John McMurray/Managing Directors/CF/CCI on 01/24/2007 10:42 AM -----

John McMurray/Managing Directors/CF/CCI
01/23/2007 10:32 AM

To Andrew Gissinger/Managing Directors/CF/CCI
cc Mark E Elbaum/Corporate Admin/CF/CCI@Countrywide
Subject Guideline Process Concerns

The purpose of this email is to summarize some of my long-standing concerns that are germane to both the discussion in the last Product BRM as well as your upcoming meeting on subprime guidelines.

1. **Accuracy & Completeness of Competitor Guideline Evaluations.** One struggle has been getting accurate and complete competitor guideline evaluations. The evaluations we receive are often inaccurate and/or incomplete. The WF hotel-condo (the exclusion being counted as an inclusion) is one recent example. If it's helpful, we can provide additional examples. It's absolutely crucial that the competitor guideline evaluations be thorough and accurate given our "matching" strategy.

2. **Recognizing & Addressing Composite Effects.** If we separately match the most aggressive terms offered by more than one lender, our guidelines are a "composite" that ends up being more aggressive than anyone else in the market. I don't think we want to be the most aggressive lender in the market, but if we don't explicitly consider this composite effect, then that's exactly where we end up.

3. **Attention to Critical Details.** Many competitor offerings are accompanied by offsets, which reduce risk. These details can take on many forms such as requiring a more conservative FICO-selection methodology, not allowing low-doc and/or IO in combination with other high-risk attributes, etc. If we're truly looking to match what other lenders are doing, we should match also match (or at least

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address) the risk offsets.

4. **Comprehension.** There have been occasions where PL has been unable and/or unwilling to comprehend key risk issues. One recent example is two particular aspects on the recent (unapproved) subprime loan amount changes. One issue was the appraisal process. A second, and separate issue, was the distribution of property prices in each market. PL keep collapsing these two distinct issues into one despite my repeated emails and conversations with them.

Aside from issues around the guideline process, we still need to discuss the risk vision I sent to you to determine where we're not aligned. Thanks very much.