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14 UNITED STATES DISTRICT COURT
15 CENTRAL DISTRICT OF CALIFORNIA

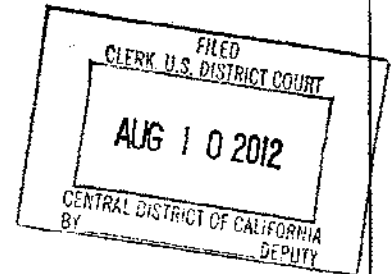
16 FEDERAL DEPOSIT INSURANCE
CORPORATION AS RECEIVER FOR
17 COLONIAL BANK,

18 Plaintiff,

19 v.

20 COUNTRYWIDE SECURITIES
CORPORATION; CWALT, INC.;
21 CWMBS, INC.; COUNTRYWIDE
FINANCIAL CORPORATION; BANK
22 OF AMERICA CORPORATION;
BARCLAYS CAPITAL INC.;
23 CITIGROUP GLOBAL MARKETS
INC.; CREDIT SUISSE SECURITIES
24 (USA) LLC; DEUTSCHE BANK
SECURITIES INC.; EDWARD D.
25 JONES & CO., L.P.; J.P. MORGAN
SECURITIES LLC; MERRILL
26 LYNCH, PIERCE, FENNER & SMITH
INC.; and RBS SECURITIES INC.;

27 Defendants.
28



Case No.

CV12-6911R (Rze)

COMPLAINT FOR VIOLATION
OF THE SECURITIES ACT OF
1933 (15 U.S.C. §§ 77k AND 77o)

DEMAND FOR JURY TRIAL

1 Plaintiff Federal Deposit Insurance Corporation as Receiver for Colonial Bank
2 for its Complaint against Countrywide Securities Corporation (**Countrywide**
3 **Securities**); CWALT, Inc. (**CWALT**); CWMBS, Inc. (**CWMBS**); Countrywide
4 Financial Corporation (**CFC**); Bank of America Corporation (**BAC**); Barclays
5 Capital Inc. (**Barclays**); Citigroup Global Markets Inc. (**Citigroup**); Credit Suisse
6 Securities (USA) LLC (formerly known as Credit Suisse First Boston LLC and
7 referred to in this Complaint as **Credit Suisse**); Deutsche Bank Securities Inc.
8 (**DBS**); Edward D. Jones & Co., L.P. (**Edward Jones**); J.P. Morgan Securities LLC
9 (formerly known as Bear, Stearns & Co. Inc. and referred to in this Complaint as
10 **Bear Stearns**), which is the successor by merger to J.P. Morgan Securities Inc. (in
11 that capacity referred to in this Complaint as **JP Morgan**); Merrill Lynch, Pierce,
12 Fenner & Smith Inc. (successor by merger to Banc of America Securities LLC,
13 which is referred to in this Complaint as **BAS**); and RBS Securities Inc. (formerly
14 known as Greenwich Capital Markets, Inc. and doing business as RBS Greenwich
15 Capital, and referred to in this Complaint as **RBS**), alleges as follows:

16 I. NATURE OF THIS ACTION

17 1. This is an action for damages caused by violation of the Securities Act
18 of 1933 (**1933 Act**) by the defendants. As alleged in detail below, defendants issued
19 and underwrote 11 securities known as "certificates," which were backed by
20 collateral pools of residential mortgage loans in ten securitizations. Colonial Bank
21 (**Colonial**) paid approximately \$259 million for the 11 certificates. When they issued
22 or underwrote the certificates, the defendants made numerous statements of material
23 fact about the certificates and, in particular, about the credit quality of the mortgage
24 loans that backed them. Many of those statements were untrue. Moreover, the
25 defendants omitted to state many material facts that were necessary in order to make
26 their statements not misleading. For example, the defendants made untrue statements
27 or omitted important information about such material facts as the loan-to-value ratios
28 of the mortgage loans, the extent to which appraisals of the properties that secured

the loans were performed in compliance with professional appraisal standards, the number of borrowers who did not live in the houses that secured their loans (that is, the number of properties that were not primary residences), and the extent to which the entities that made the loans disregarded their own standards in doing so.

2. Based on an analysis of a random sample of the loans that backed the certificates that Colonial purchased, the defendants made such untrue or misleading statements about at least the following numbers of loans.

Securitization No. ¹	Number of Loans about which Defendants Made Material Untrue or Misleading Statements ²	Number of Loans that Backed the Certificates	Percentage of Loans about which Defendants Made Material Untrue or Misleading Statements
1	312	436	71.6%
2	1,716	2,837	60.5%
3	2,111	4,040	52.3%
4	2,365	3,307	71.5%
5	1,598	2,841	56.2%
6	3,329	6,528	51.0%
7	405	589	68.8%
8	858	1,208	71.0%
9	1,446	2,440	59.3%
10	363	459	79.1%

3. The certificates are "securities" within the meaning of the 1933 Act. The defendants are liable under the following provisions of the 1933 Act:

¹ Colonial purchased two certificates in Securitization No. 1.

² The method of random sampling that Plaintiff used ensures that conclusions about the entire collateral pool have a margin of error of no more than plus or minus 6% at a confidence level of 95% (that is, one can be 95% certain that the true percentage in the collateral pool as a whole is within 6% of the percentage measured in the sample). For example, one can be 95% certain that the number of loans in Securitization No. 1 about which defendants made untrue or misleading statements or omissions is within 6% of 312, that is, between 293 and 331. The same margin of error should be applied to all information in the Complaint and accompanying Schedules that is based on a random sample of loans in a collateral pool.

1 *As issuers:* The following defendants, which issued the certificates that
2 Colonial purchased, are liable as “issuers” under Section 11 of the 1933 Act:
3 CWALT, which issued nine of the certificates; and CWMBS, which issued two of
4 the certificates.

5 *As underwriters:* The following defendants, which underwrote the certificates
6 that Colonial purchased, are liable as “underwriters” under Section 11 of the 1933
7 Act: Countrywide Securities, which underwrote nine of the certificates; Edward
8 Jones, which underwrote two of the certificates; DBS, which underwrote two of the
9 certificates; and Barclays, BAS, Bear Stearns, Citigroup, Credit Suisse, JP Morgan,
10 and RBS, each of which underwrote one of the certificates.

11 *As control person:* CFC is liable as a “controlling person” of CWALT,
12 CWMBS, and Countrywide Securities under Section 15 of the 1933 Act, 15 U.S.C. §
13 77o.

14 *As successor:* BAC is liable as the successor to each of CWALT, CWMBS,
15 Countrywide Securities, and CFC.

16 **II. PARTIES**

17 4. The Federal Deposit Insurance Corporation (**FDIC**) is a corporation
18 organized and existing under the laws of the United States of America. Under the
19 Federal Deposit Insurance Act, the FDIC is authorized to be appointed as receiver for
20 failed insured depository institutions. On August 14, 2009, the FDIC was duly
21 appointed the receiver for Colonial. Under the Federal Deposit Insurance Act, the
22 FDIC as receiver succeeds to, and is empowered to sue and complain in any court of
23 law to pursue, all claims held by banks for which it is the receiver. 12 U.S.C. §§
24 1819, 1821(d)(2)(A)(i). Thus, the FDIC as Receiver for Colonial has authority to
25 pursue claims held by Colonial, including the claims made against the defendants in
26 this action.

27 5. Defendant Countrywide Securities is a corporation organized under the
28 laws of California with its principal place of business in California.

1 6. Defendant CWALT is a corporation organized under the laws of
2 Delaware.

3 7. Defendant CWMBS is a corporation organized under the laws of
4 Delaware.

5 8. Defendant CFC is a corporation organized under the laws of Delaware.
6 It is the successor by merger to a corporation also named Countrywide Financial
7 Corporation, which will be referred to in this Complaint as **Old CFC**. Old CFC was
8 the public holding company for the entire group of Countrywide companies, which
9 will be referred to collectively in this Complaint as **Countrywide**. Old CFC existed
10 until it was merged on July 1, 2008, into a subsidiary of Bank of America
11 Corporation, which subsidiary was then renamed Countrywide Financial
12 Corporation. By that merger, CFC succeeded to all liabilities of Old CFC, which was
13 merged into CFC.

14 9. Plaintiff is informed and believes, and based thereon alleges, that Old
15 CFC participated in the operations of Countrywide Securities, CWALT, and
16 CWMBS and had the power to control the conduct of Countrywide Securities,
17 CWALT, and CWMBS in the transactions involved in this Complaint. Under Section
18 15 of the 1933 Act, Old CFC directly or indirectly controlled Countrywide
19 Securities, CWALT, and CWMBS and would therefore have been liable (if it still
20 existed) to Plaintiff jointly and severally with and to the same extent as Countrywide
21 Securities, CWALT, and CWMBS. As a result of the merger of Old CFC into CFC,
22 this liability passed to CFC.

23 10. Defendant BAC is a corporation organized under the laws of Delaware,
24 and is the public holding company for a group of Bank of America companies. BAC
25 and its subsidiaries will be referred to collectively in this Complaint as **Bank of**
26 **America**.

27 11. Defendant Barclays is a corporation organized under the laws of
28 Connecticut.

12. Defendant Bear Stearns is a limited liability company organized under the laws of Delaware. Bear Stearns is the successor by merger to J. P. Morgan Securities Inc.

13. Defendant Citigroup is a corporation organized under the laws of New York.

14. Defendant Credit Suisse is a limited liability company organized under the laws of Delaware.

15. Defendant DBS is a corporation organized under the laws of Delaware.

16. Defendant Edward Jones is a limited partnership organized under the laws of Missouri.

17. Defendant Merrill Lynch, Pierce, Fenner & Smith Inc. is a corporation organized under the laws of Delaware. It is the successor by merger to BAS. Merrill Lynch, Pierce, Fenner & Smith Inc. succeeded to all of the liabilities of BAS.

18. Defendant RBS is a corporation organized under the laws of Delaware.

III. JURISDICTION AND VENUE

19. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 and Section 22 of 1933 Act, 15 U.S.C. § 77v, because the claims asserted in this Complaint arise under Sections 11 and 15 of the 1933 Act, 15 U.S.C. §§ 77k and 77o.

20. Venue is proper in this Court pursuant to Section 22 of the 1933 Act, 15 U.S.C. § 77v, because the defendants are found in this district, are inhabitants of this district, and transact business in this district.

IV. SECURITIZATION OF MORTGAGE LOANS

21. The securities that Colonial purchased are so-called **residential mortgage-backed securities**, or **RMBS**, created in a process known as **securitization**. Securitization begins with loans on which the borrowers are to make payments, usually monthly. The entity that makes the loans is known as the **originator** of the loans. The process by which the originator decides whether to make

1 particular loans is known as the **underwriting** of loans. The purpose of underwriting
2 is to ensure that loans are made only to borrowers of sufficient credit standing to
3 repay them and only against sufficient collateral. In the loan underwriting process,
4 the originator applies its **underwriting standards**.

5 22. In general, residential mortgage lenders may hold some of the mortgage
6 loans they originate in their own portfolios and may sell other mortgage loans they
7 originate into securitizations.

8 23. In a securitization, a large number of loans, usually of a similar type, are
9 grouped into a **collateral pool**. The originator of those loans sells them (and, with
10 them, the right to receive the cash flow from them) to a **trust**. The trust pays the
11 originator cash for the loans. The trust raises the cash to pay for the loans by selling
12 **securities**, usually called **certificates**, to investors such as Colonial. Each certificate
13 entitles its holder to an agreed part of the cash flow from the loans in the collateral
14 pool.

15 24. In a simple securitization, the holder of each certificate is entitled to a
16 *pro rata* part of the overall monthly cash flow from the loans in the collateral pool.

17 25. In a more complex securitization, the cash flow is divided into different
18 parts, usually called **tranches** ("tranche" is "slice" in French), and the certificates are
19 divided into different **classes**, each with different rights. Each class of certificates is
20 entitled to the cash flow in the tranche corresponding to that class.

21 26. One way in which the cash flow is divided — and the rights of different
22 classes of certificates distinguished — is by priority of payment or, put differently,
23 risk of nonpayment. The most **senior** class of certificates usually is entitled to be paid
24 in full before the next most senior class, and so on. Conversely, losses from defaults
25 in payment of the loans in the collateral pool are allocated first to the most
26 **subordinate** class of certificates, then to the class above that, and so on. The interest
27 rate on each class of certificates is usually proportional to the amount of risk that that
28 class bears; the most senior certificates bear the least risk and thus pay the lowest rate

1 of interest, the most subordinate, the opposite. This hierarchy of rights to payment is
2 referred to as the **waterfall**.

3 27. The risk of a particular class of certificate is a function of both the
4 riskiness of the loans in the collateral pool and the seniority of that class in the
5 waterfall. Even if the underlying loans are quite risky, the certificates may bear so
6 little of that risk that they may be rated as **triple-A**. (According to Moody's,
7 "[o]bligations rated Aaa are judged to be of the highest quality, with minimal credit
8 risk.") For example, assume a securitization of \$100 million of risky loans, on which
9 the historical loss rate is 5%. Assume that there are two classes of certificates, a
10 senior class of \$50 million and a subordinate class of \$50 million. Even though the
11 underlying loans are quite risky, the senior class of certificates would be paid in full
12 as long as the \$100 million of loans produced payments of at least \$50 million plus
13 interest, that is, unless the loss rate on those loans exceeded 50%, fully ten times the
14 historical average. All of the certificates referred to in this Complaint were rated
15 triple-A when Colonial purchased them.

16 28. Each securitization has a **sponsor**, the prime mover of the securitization.
17 Sometimes the sponsor is the originator or an affiliate. In originator-sponsored
18 securitizations, the collateral pool usually contains loans made by the originator that
19 is sponsoring the securitization. Other times, the sponsor may be an investment bank,
20 which purchases loans from one or more originators, aggregates them into a
21 collateral pool, sells them to a trust, and securitizes them. The sponsor arranges for
22 title to the loans to be transferred to an entity known as the **depositor**, which then
23 transfers title to the loans to the trust.

24 29. The obligor of the certificates in a securitization is the trust that
25 purchases the loans in the collateral pool. Because a trust has few assets other than
26 the loans that it purchased, it may not be able to satisfy the liabilities of an issuer of
27 securities (the certificates). The law therefore treats the depositor as the **issuer** of a
28 residential mortgage-backed certificate.

1 30. **Securities underwriters**, like Barclays, BAS, Bear Stearns, Citigroup,
2 Countrywide Securities, Credit Suisse, DBS, Edward Jones, JP Morgan, and RBS,
3 play a critical role in the process of securitization. They underwrite the sale of the
4 certificates, that is, they purchase the certificates from the trust and then sell them to
5 investors. Equally important, securities underwriters provide to potential investors
6 the information that they need to decide whether to purchase certificates.

7 31. Because the cash flow from the loans in the collateral pool of a
8 securitization is the source of funds to pay the holders of the certificates issued by the
9 trust, the credit quality of those certificates is dependent upon the credit quality of the
10 loans in the collateral pool (and upon the place of each certificate in the waterfall).
11 The most important information about the credit quality of those loans is contained in
12 the files that the originator develops while making the loans, the so-called "loan
13 files." For residential mortgage loans, each loan file normally contains
14 comprehensive information from such important documents as the borrower's
15 application for the loan, credit reports on the borrower, and an appraisal of the
16 property that will secure the loan. The loan file may also include notes from the
17 person who underwrote the loan about whether and how the loan complied with the
18 originator's underwriting standards, including documentation of any "compensating
19 factors" that justified any departure from those standards.

20 32. Potential investors in certificates are not given access to loan files.
21 Instead, the securities underwriters are responsible for gathering, verifying, and
22 presenting to potential investors the information about the credit quality of the loans
23 that will be deposited into the trust. They do so by using information about the loans
24 that has been compiled into a database known as a **loan tape**. The securities
25 underwriters use the loan tape to compile numerous statistics about the loans, which
26 are presented to potential investors in a **prospectus supplement**, a disclosure
27 document that the underwriters are required to file with the Securities and Exchange
28 Commission. (Colonial did not have access to the loan tapes before it purchased the

1 certificates, but Plaintiff has reviewed data from the loan tapes in preparing this
2 Complaint.)

3 33. As alleged in detail below, the information in the prospectus
4 supplements and other offering documents about the credit quality of the loans in the
5 collateral pools of the trusts contained many statements that were material to the
6 credit quality of those loans, but were untrue or misleading.

7 **V. DEFENDANTS' MATERIAL UNTRUE OR MISLEADING**
8 **STATEMENTS ABOUT THE CERTIFICATES**

9 34. Colonial purchased 11 certificates in ten securitizations (referred to in
10 this Complaint as Securitizations Nos. 1 through 10). Details of each securitization
11 and each certificate are stated in Item 34 of Schedules 1 through 10 of this
12 Complaint, which correspond to Securitizations Nos. 1 through 10. Plaintiff
13 incorporates into this paragraph 34 and alleges as though fully set forth in this
14 paragraph, the contents of Item 34 of the Schedules.

15 35. The prospectus supplement for each of the ten securitizations is
16 available from the Securities and Exchange Commission's website. A URL for each
17 prospectus supplement is included in Item 34 of the Schedules. The prospectus
18 supplements are incorporated into this Complaint by reference.

19 36. In general, Plaintiff drew and analyzed a random sample of 400 loans
20 from the collateral pool of each securitization in which Colonial purchased a
21 certificate.³

22 37. Many of the statements of material fact that the defendants made in the
23 prospectus supplements were untrue or misleading. These untrue or misleading
24 statements included the following.

25
26
27 ³ The group of loans that backed the certificates that Colonial purchased in
28 Securitization No. 1 only had 436 loans. For that group, Plaintiff analyzed the 194
loans on which data were available.

1 **A. Untrue or Misleading Statements About the Loan-to-Value Ratios**
2 **(LTVs) of the Mortgage Loans, and the Appraisals of the**
3 **Properties, in the Collateral Pools**

4 **1. LTVs**

5 **(a) The materiality of LTVs**

6 38. The loan-to-value ratio of a mortgage loan, or LTV, is the ratio of the
7 amount of the mortgage loan to the lower of the appraised value or the sale price of
8 the mortgaged property when the loan is made. For example, a loan of \$300,000
9 secured by a property valued at \$500,000 has an LTV of 60%; a loan of \$450,000 on
10 the same property has an LTV of 90%. LTV is one of the most crucial measures of
11 the risk of a mortgage loan, and the LTVs of the mortgage loans in the collateral pool
12 of a securitization are therefore one of the most crucial measures of the risk of
13 certificates sold in that securitization. LTV is a primary determinant of the likelihood
14 of default. The lower the LTV, the lower the likelihood of default. For example, the
15 lower the LTV, the less likely it is that a decline in the value of the property will
16 wipe out the owner's equity and thereby give the owner an incentive to stop making
17 mortgage payments and abandon the property, a so-called strategic default. LTV also
18 is a primary determinant of the severity of losses on a loan that defaults. The lower
19 the LTV, the lower the severity of losses if the loan defaults. Loans with lower LTVs
20 provide greater "cushion," thereby increasing the likelihood that the proceeds of
21 foreclosure will cover the unpaid balance of the mortgage loan.

22 39. Beyond these fundamental effects on the likelihood and severity of
23 default, LTVs also affect prepayment patterns (that is, the number of borrowers who
24 pay off their mortgage loans before maturity and when they do so) and therefore the
25 expected lives of the loans. Prepayment patterns therefore affect many aspects of
26 certificates that are material to the investors that purchase them, including the life of
27 the certificate and the timing and amount of cash that the investor will receive during
28 that life.

1 40. In addition, rating agencies use LTVs to determine the proper
2 structuring and credit enhancement necessary for securities, such as the certificates
3 that Colonial purchased, to receive a particular rating. If the LTVs of the mortgage
4 loans in the collateral pool of a securitization are incorrect, the ratings of certificates
5 sold in that securitization will also be incorrect.

6 41. An accurate denominator (that is, the value of the property) is essential
7 to an accurate LTV. In particular, an inflated denominator will understate, sometimes
8 greatly, the risk of a loan. To return to the example above, if the property whose
9 actual value is \$500,000 is valued incorrectly at \$550,000, then the ostensible LTV of
10 the \$300,000 loan falls from 60% to 54.5%, and the ostensible LTV of the \$450,000
11 loan falls from 90% to 81.8%. In either case, the LTV based on the incorrect
12 appraised value understates the risk of the loan.

13 42. For these reasons, a reasonable investor considers LTV critical to the
14 decision whether to purchase a certificate in a securitization of mortgage loans. Even
15 small differences in the weighted average LTVs of the mortgage loans in the
16 collateral pool of a securitization have a significant effect on both the risk and the
17 rating of each certificate sold in that securitization and, thus, are essential to the
18 decision of a reasonable investor whether to purchase any such certificate.

19 **(b) Untrue or misleading statements about the LTVs of the**
20 **mortgage loans in the collateral pools of these**
21 **securitizations**

22 43. In the prospectus supplements, the defendants made material untrue or
23 misleading statements about the LTVs of the mortgage loans in the collateral pools of
24 these securitizations. Each such statement is identified in Item 43 of the Schedules of
25 this Complaint. Plaintiff incorporates into this paragraph 43, and alleges as though
26 fully set forth in this paragraph, the contents of Item 43 of the Schedules.

27 44. The defendants made these statements as statements of fact. Plaintiff is
28 informed and believes, and based thereon alleges, that the defendants intended that
these statements be understood as statements of fact. Colonial did understand the

1 statements about the LTVs as statements of fact. Colonial had no access to appraisal
2 reports or other documents or information from which it could verify the LTVs of the
3 mortgage loans other than the statements that the defendants made about those LTVs.

4 (c) **An automated valuation model demonstrates that the**
5 **defendants' statements about the LTVs were untrue**
6 **because they were based on overstated valuations of the**
7 **properties in the collateral pools.**

8 45. The stated LTVs of many of the mortgage loans in the securitizations
9 were significantly lower than the true LTVs because the denominators (that is, the
10 value of the properties that secured those loans) that were used to determine the
11 disclosed LTVs were overstated to a material extent. The weighted-average LTVs
12 presented in the prospectus supplements were, therefore, untrue and misleading.

13 46. Using a comprehensive, industry-standard automated valuation model
14 (AVM), it is possible to determine the true market value of a certain property as of a
15 specified date. An AVM is based on objective criteria like the condition of the
16 property and the actual sale prices of comparable properties in the same locale
17 shortly before the specified date, and is more consistent, independent, and objective
18 than other methods of appraisal. AVMs have been in widespread use for many years.
19 The AVM on which these allegations are based incorporates a database of 500
20 million sales covering ZIP codes that represent more than 97% of the homes,
21 occupied by more than 99% of the population, in the United States. Independent
22 testing services have determined that this AVM is the most accurate of all such
23 models.

24 47. For many of the properties that secured the mortgage loans, the model
25 determined that the LTVs presented in the prospectus supplements were understated.
26 In particular, for many of the properties, the model determined that the denominator
27 (that is, the appraised value of the property as stated in the loan tape and compiled
28 into the tables in the prospectus supplement) that was used in the disclosed LTV was
105% or more of the true market value as determined by the model as of the date on

1 which each individual mortgage loan closed. (The model considered no transactions
2 that occurred after that date.) In contrast, the model determined that the denominator
3 that was used in the disclosed LTV was 95% or less of the true market value on a
4 much smaller number of properties. Thus, the number of properties on which the
5 value was overstated exceeded by far the number on which the value was
6 understated, and the aggregate amount overstated exceeded by far the aggregate
7 amount understated.

8 48. For example, in Securitization No. 1, there were 436⁴ mortgage loans
9 that backed the certificates that Colonial purchased. On 139 of the properties that
10 secured those loans, the model determined that the denominator that was used in the
11 disclosed LTV was 105% or more of the true market value and the amount by which
12 the stated values of those properties exceeded their true market values in the
13 aggregate was \$25,213,984. The model determined that the denominator that was
14 used in the disclosed LTV was 95% or less of true market value on only 43
15 properties, and the amount by which the true market values of those properties
16 exceeded the values reported in the denominators was \$4,849,117. Thus, the number
17 of properties on which the value was overstated exceeded by more than three times
18 the number on which the value was understated, and the aggregate amount overstated
19 was more than five times the aggregate amount understated.

20 49. On one of the loans in Securitization No. 1, the amount of the loan was
21 \$480,000 and the stated value of the property was \$600,000, resulting in a stated
22 LTV of 80%. The model, however, determined that the true value of the property was
23 \$421,000, resulting in a true LTV of 114%. Thus, the stated value was higher than
24 the true value by 42.5%, and the stated LTV was lower than the true LTV by 34%.
25 Both of these were huge discrepancies that were material to the credit quality of the
26 loan.

27 ⁴ On the closing date of the securitization, there were 402 mortgage loans in the
28 trust. After the closing date of the securitization, the trust purchased an additional 34
mortgage loans.

1 50. The overstated values of 139 properties made virtually every statement
2 by the defendants about the LTVs of the mortgage loans untrue or misleading. For
3 example, the defendants stated that all mortgage loans had an LTV of 100% or less.
4 In fact, 36 of the mortgage loans had LTVs of over 100%. Defendants also stated that
5 the weighted-average LTV of the loans in the collateral pool was 74.65%. In fact, the
6 weighted-average LTV of the loans was 92.3%. These differences were material for
7 the reasons stated above.

8 51. The results of the valuations by the automated model in this example are
9 summarized in the following table.

10	Number of loans that backed the certificates	436
11	Number of loans on which the stated value was 105% or more of 12 the true market value as determined by the model	139
13	Aggregate amount by which the stated values of those properties 14 exceeded their true market values as determined by the model	\$25,213,984
15	Number of loans on which the stated value was 95% or less of the 16 true market value as determined by the model	43
17	Aggregate amount by which the true market values of those 18 properties exceeded their stated values	\$4,849,117
19	Number of loans with LTVs over 100%, as stated by defendants	0
20	Number of loans with LTVs over 100%, as determined by the 21 model	36
22	Weighted-average LTV, as stated by defendants	74.65%
23	Weighted-average LTV, as determined by the model	92.3%

24 52. The model produced similar results for the mortgage loans in the
25 collateral pools of each securitization. Details of the results of the model for each
26 securitization are stated in Item 52 of the Schedules of this Complaint. Plaintiff
27 incorporates into this paragraph 52, and alleges as though fully set forth in this
28 paragraph, the contents of Item 52 of the Schedules.

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1 (d) These statements also were misleading because the
2 defendants omitted to state that there were additional
3 liens on a material number of the properties that
4 secured the mortgage loans in the collateral pools.

5 53. As mentioned above, the LTV of a mortgage loan is a key determinant
6 of the likelihood that the mortgagor will default in payment of the mortgage. The
7 lower the LTV, the less likely that a decline in the value of the property will wipe out
8 the owner's equity and thereby give the owner an incentive to stop making mortgage
9 payments and abandon the property. Because LTV affects the behavior of borrowers
10 so profoundly, accurate LTVs are essential to predicting defaults and prepayments by
11 borrowers. Also, as mentioned above, LTV affects the severity of loss on those loans
12 that do default. The power of LTV to predict defaults, prepayments, and severities is
13 a major reason why reasonable investors consider the LTVs of mortgage loans
14 important to the decision whether to purchase a certificate in the securitization of
15 those loans.

16 54. The predictive power of the LTV of a mortgage loan is much reduced if
17 there are additional liens on the same property. Additional liens reduce the owner's
18 equity in the property and thereby increase the owner's incentive to stop making
19 mortgage payments and abandon the property if the value of the property falls below
20 the combined amount of all of the liens on the property (a strategic default).
21 Additional liens also exacerbate delinquencies and defaults because they complicate
22 the servicing of mortgage loans and the management of delinquencies and defaults.
23 Servicers of the first-lien mortgage must then deal not only with the borrower, but
24 also with the servicer of the second-lien mortgage. For example, the servicer of a
25 single mortgage may want to grant a borrower forbearance while the borrower is
26 unemployed and allow him or her to add missed payments to the principal of the loan
27 and to resume payments when he or she is employed again. But the servicer of the
28 second-lien mortgage may refuse such forbearance and initiate foreclosure and
thereby force the borrower into default on the first mortgage as well.

1 55. According to land records, many of the properties that secured mortgage
2 loans in the collateral pools of the securitizations were subject to liens in addition to
3 the lien of the mortgage in the pool at the time of the closing of these securitizations.⁵
4 The defendants failed to disclose in the prospectus supplements any of these
5 additional liens. These additional liens increased the risk that those owners would
6 default in payment of the mortgage loans.

7 56. To take an example, of the 436 properties that secured the mortgage
8 loans that backed the certificates that Colonial purchased in Securitization No. 1, at
9 least 164 were subject to liens in addition to the lien represented by the mortgage in
10 the collateral pool. The defendants did not disclose in the prospectus supplement that
11 those liens existed. Defendants stated that the weighted-average LTV of the
12 properties was 74.65%, when, solely because of the additional liens on these 164
13 properties, the weighted-average combined LTV was 80.8%.⁶ This is a significant
14 difference.

15 57. On one of the loans, the original balance of the mortgage loan was
16 \$524,000, the represented value of the property was \$655,250, and the reported LTV
17 was 80%. On the date of the closing of this securitization, however, there were
18 undisclosed additional liens on this property of \$131,055. Thus, when all liens on the
19 property were taken into account, the combined LTV of the loan was 100%, which
20 was 20% higher than the stated LTV on that loan. This was a huge discrepancy that
21 was material to the credit quality of the loan. In many cases, the amount of the
22 undisclosed additional liens was much greater than the owner's ostensible equity,
23 putting the owner "under water" on the day on which this securitization closed.

24
25 ⁵ In order to ensure that this calculation did not include liens that were paid off
26 but were not promptly removed from land records, the additional liens referred to in
27 this Complaint and the Schedules do not include liens that were originated on or
28 before the date on which each mortgage loan in the pools was closed.

⁶ The combined LTV is the ratio of all loans on a property to the value of the
property.

1 58. Details of the undisclosed additional liens in the securitizations are
2 stated in Item 58 of the Schedules of this Complaint. Plaintiff incorporates into this
3 paragraph 58, and alleges as though fully set forth in this paragraph, the contents of
4 Item 58 of the Schedules. Plaintiff is informed and believes, and based thereon
5 alleges, that discovery will demonstrate that the number of loans with additional liens
6 is substantially higher than those disclosed in the Schedules.

7 59. Because the defendants did not disclose the existence or the amounts of
8 these additional liens, all of the statements that they made about the LTVs of the
9 mortgage loans were misleading.

10 2. Appraisals

11 60. As discussed above in paragraph 41, an accurate denominator (value of
12 the mortgaged property) is essential to calculating an accurate LTV. An accurate
13 appraisal of the property, in turn, is essential to identifying an accurate denominator.

14 61. In connection with these securitizations, there was undisclosed upward
15 bias in appraisals of properties that secured mortgage loans and consequent
16 understatement of the LTVs of those loans. This upward bias in appraisals caused the
17 denominators that were used to calculate the LTVs of many mortgage loans to be
18 overstated and, in turn, the LTVs to be understated. The defendants' statements
19 regarding the LTVs of the mortgage loans in the collateral pools were misleading
20 because they omitted to state that the appraisals of a material number of the
21 properties that secured those loans were biased upwards. In addition, the defendants
22 stated that the appraisals conformed to the Uniform Standards of Professional
23 Appraisal Practice (**USPAP**), the professional standards that govern appraisers and
24 appraisals (or to the standards of Fannie Mae and Freddie Mac, which required
25 compliance with USPAP). Those statements were false because upwardly biased
26 appraisals do not conform to USPAP.

(a) The statements that the defendants made about the LTVs of the mortgage loans in the collateral pools were misleading because they omitted to state that the appraisals of a large number of the properties that secured those loans were biased upward, so that stated LTVs based on those appraisals were lower than the true LTVs of those mortgage loans.

62. The defendants omitted to state that the appraisals in these securitizations used inaccurate property descriptions, ignored recent sales of the subject and comparable properties, and used sales of properties that were not comparable, all in order to inflate the values of the appraised properties. The appraisals used to compute the LTVs of many of the mortgage loans in the collateral pools were biased upwards. As alleged in paragraphs 46 through 52, in each trust, the number of properties for which the value was overstated exceeded by far the number for which the value was understated, and the aggregate amount overstated exceeded by far the aggregate amount understated. These ratios for each trust are summarized in the following table:

Securitization No.	Ratio of Number of Properties Whose Value Was Overstated to Number Whose Value Was Understated	Ratio of Amount of Overvaluation to Amount of Undervaluation
1	3.3	5.2
2	2.3	2.3
3	1.4	1.2
4	2.7	3.6
5	6.2	4.9
6	5.0	4.3
7	6.5	5.3
8	11.6	11.5
9	2.8	2.3
10	8.8	14.3

These lopsided results demonstrate the upward bias in appraisals of properties that secured the mortgage loans in the collateral pools.

1 63. Plaintiff is informed and believes, and based thereon alleges, that a
2 material number of the upwardly biased appraisals were not statements of the
3 appraisers' actual findings of the values of the properties based on their objective
4 valuations.

5 **(b) The statements by the defendants about compliance**
6 **with USPAP were untrue because the appraisals of a**
7 **large number of the properties that secured the**
8 **mortgage loans were biased upward.**

8 64. Appraisers and appraisals are governed by USPAP, which is
9 promulgated by the Appraisal Standards Board. The Preamble to USPAP states that
10 its purpose "is to promote and maintain a high level of public trust in appraisal
11 practice." Both Fannie Mae and Freddie Mac require that appraisals comply with
12 USPAP.

13 65. USPAP includes the following provisions:

14 (a) USPAP Standards Rule 2-1(b)(iii) requires that "Each written or
15 oral real property appraisal report must clearly and accurately set forth the appraisal
16 in a manner that will not be misleading."

17 (b) USPAP Standards Rule 1-4(a) provides that "When a sales
18 comparison approach is necessary for credible assignment results, an appraiser must
19 analyze such comparable sales data as are available to indicate a value conclusion."

20 (c) USPAP Standards Rule 1-4(b) provides that "When a cost
21 approach is necessary for credible assignment results, an appraiser must:

22 (i) develop an opinion of site value by an appropriate appraisal
23 method or technique;

24 (ii) analyze such comparable cost data as are available to
25 estimate the cost new of the improvements (if any); and

26 (iii) analyze such comparable data as are available to estimate
27 the difference between the cost new and the present worth
28 of the improvements (accrued depreciation)."

1 66. The Appraisal Standards Board, which promulgates USPAP, also issues
2 Advisory Opinions. Although the Advisory Opinions do not establish new standards
3 or interpret USPAP, they “are issued to illustrate the applicability of appraisal
4 standards in specific situations.” Advisory Opinion 1 discussing “Sales History”
5 states that “The requirement for the appraiser to analyze and report sales history and
6 related information is fundamental to the appraisal process. Just as the appraiser must
7 analyze pending and recent sales of comparable properties, the appraiser must take
8 into account all pending and recent sales of the subject property itself.”

9 67. In the prospectus supplements, the defendants made statements that the
10 appraisals of properties that secured the mortgage loans in the collateral pools were
11 made in compliance with USPAP or with the appraisal standards of Fannie Mae and
12 Freddie Mac, which required compliance with USPAP. Details of each such
13 statement are stated in Item 67 of the Schedules of this Complaint. Plaintiff
14 incorporates into this paragraph 67, and alleges as though fully set forth in this
15 paragraph, the contents of Item 67 of the Schedules.

16 68. Plaintiff is informed and believes, and based thereon alleges, that a
17 material number of mortgage loans in the collateral pools had appraisals conducted
18 that deviated from USPAP.

19 69. Each of the statements referred to in paragraph 67 was untrue because
20 the appraisals of a material number of the properties referred to in each such
21 statement did not conform to USPAP.

22 70. By each of the untrue and misleading statements referred to in
23 paragraphs 43 and 67 above, the defendants materially understated the risk of the
24 certificates that they issued or underwrote.

25 ///

26 ///

27 ///

1 **B. Untrue or Misleading Statements About the Occupancy Status of**
2 **the Properties That Secured the Mortgage Loans in the Collateral**
3 **Pools**

4 **1. The materiality of occupancy status**

5 71. Residential real estate is usually divided into primary residences, second
6 homes, and investment properties. Mortgages on primary residences are less likely to
7 default than mortgages on non-owner-occupied residences and therefore are less
8 risky. Occupancy status also influences prepayment patterns.

9 72. Occupancy status (that is, whether the property that secures a mortgage
10 is to be the primary residence of the borrower, a second home, or an investment
11 property) is an important measure of the risk of a mortgage loan. The percentage of
12 loans in the collateral pool of a securitization that are not secured by mortgages on
13 primary residences is an important measure of the risk of certificates sold in that
14 securitization. Other things being equal, the higher the percentage of loans not
15 secured by primary residences, the greater the risk of the certificates. A reasonable
16 investor considers occupancy status important to the decision whether to purchase a
17 certificate in a securitization of mortgage loans.

18 **2. Untrue or misleading statements about the occupancy status**
19 **of the properties that secured the mortgage loans in the**
20 **collateral pools of these securitizations**

21 73. In the prospectus supplements, the defendants made statements about
22 the number of properties in the collateral pools of the securitizations that were the
23 primary residences of their owners. To return to the example of Securitization No. 1,
24 the defendants stated that of the 402 initial mortgage loans that backed the
25 certificates that Colonial purchased, at least 369 were secured by primary residences
26 and 33 were not. Details of each such statement in the securitizations are stated in
27 Item 73 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph
28 73, and alleges as though fully set forth in this paragraph, the contents of Item 73 of
29 the Schedules.

1 74. These statements were untrue or misleading because (i) the stated
2 number of mortgage loans secured by primary residences was higher than the actual
3 number of loans in that category or (ii) the stated number of mortgage loans not
4 secured by primary residences was lower than the actual number of loans in that
5 category.

6 **3. Basis of the allegations above that these statements about the**
7 **occupancy status of the properties that secured the mortgage**
8 **loans in the collateral pools were untrue or misleading**

9 75. Because they are less risky than other mortgage loans, mortgage loans
10 on primary residences usually have more favorable terms, including lower interest
11 rates and more lenient underwriting standards, than mortgage loans on second homes
12 and investment properties. Applicants for loans on second homes and investment
13 properties therefore have an incentive to state that the property will be their primary
14 residence even when it will not. Plaintiff is informed and believes, and based thereon
15 alleges, that borrowers of many securitized loans did so.

16 76. A significant number of the properties in the collateral pools of the
17 securitizations that were stated to be primary residences actually were not. Moreover,
18 Plaintiff is informed and believes, and based thereon alleges, that there is additional
19 evidence of occupancy fraud in the loan files of many more of the mortgage loans in
20 the collateral pools.

21 77. With respect to some of the properties that were stated to be primary
22 residences, the borrower instructed local tax authorities to send the bills for the taxes
23 on the property to the borrower at an address other than the property itself. This is
24 strong evidence that the mortgaged property was not the borrower's primary
25 residence.

26 78. In some states and counties, the owner of a property is able to designate
27 whether that property is his or her "homestead," which may reduce the taxes on that
28 property or exempt the property from assets available to satisfy the owner's creditors,
or both. An owner may designate only one property, which he or she must occupy, as

1 his or her homestead. The fact that an owner in one of these jurisdictions does not
2 designate a property as his or her homestead when he or she can do so is strong
3 evidence that the property was not his or her primary residence. With respect to some
4 of the properties that were stated to be primary residences, the owner could have but
5 did not designate the property as his or her homestead. That omission is strong
6 evidence that the property was not the borrower's primary residence.

7 79. When a borrower actually occupies a newly mortgaged property, he or
8 she normally notifies entities that send bills to him or her (such as credit card
9 companies, utility companies, and local merchants) to send his or her bills to the
10 address of the newly mortgaged property. Six months after the closing of the
11 mortgage is ample time to complete this process. Six months after the closing of the
12 mortgage, if the borrower is still receiving his or her bills at a different address, it is
13 very likely that the borrower does not occupy the mortgaged property. For each
14 securitization, a credit reporting agency specializing in mortgage loans compared the
15 addresses in the borrowers' credit reports to the addresses of the mortgaged
16 properties six months after the closing of the mortgage loans. Many borrowers whose
17 mortgage loans were secured by properties that were stated in the loan tapes to be
18 owner-occupied did not receive any bills at the address of the mortgaged property but
19 did receive their bills at another address or addresses. It is very likely that each of
20 these borrowers did not occupy the mortgaged property.

21 80. In Securitization No. 1, 56 owners of properties that were stated to be
22 primary residences instructed local tax authorities to send the bills for the taxes on
23 those properties to them at different addresses; 99 owners of properties that were
24 stated to be primary residences could have, but did not, designate those properties as
25 their homesteads; and 4 owners of properties that were stated to be primary
26 residences did not receive any of their bills there six months after the mortgages were
27 originated. Eliminating duplicates, for one or more of these reasons, 139 of the 369
28 properties that were stated to be primary residences actually were not. Thus, the

1 number of properties that were not primary residences was not 33, as defendants
2 stated, but at least 172, a material difference. The numbers of such loans in the
3 collateral pools of the securitizations are stated in Item 80 of the Schedules of this
4 Complaint. Plaintiff incorporates into this paragraph 80, and alleges as though fully
5 set forth in this paragraph, the contents of Item 80 of the Schedules.

6 81. By each of the untrue and misleading statements referred to in paragraph
7 73, the defendants materially understated the risk of the certificates that they issued
8 or underwrote.

9 **C. Untrue or Misleading Statements About the Underwriting**
10 **Standards of the Originators of the Mortgage Loans in the**
11 **Collateral Pools**

12 **1. The materiality of underwriting standards and the extent of**
13 **an originator's disregard of them**

14 82. Originators of mortgage loans have written standards by which they
15 underwrite applications for loans. An important purpose of underwriting is to ensure
16 that the originator makes mortgage loans only in compliance with those standards
17 and that its underwriting decisions are properly documented. An even more
18 fundamental purpose of underwriting mortgage loans is to ensure that loans are made
19 only to borrowers with credit standing and financial resources to repay the loans, and
20 only against collateral with value, condition, and marketability sufficient to secure
21 the loans. An originator's underwriting standards, and the extent to which the
22 originator does not follow its standards, are important indicators of the risk of
23 mortgage loans made by that originator and of certificates sold in a securitization in
24 which mortgage loans made by that originator are part of the collateral pool. A
25 reasonable investor considers the underwriting standards of originators of mortgage
26 loans in the collateral pool of a securitization, and whether an originator disregards
27 its standards, important to the decision whether to purchase a certificate in that
28 securitization.

1 **2. Untrue or misleading statements about the underwriting**
2 **standards of originators of the mortgage loans**

3 83. In the prospectus supplements, the defendants made statements about
4 the underwriting standards of the originators of the mortgage loans in the collateral
5 pools. Details of each such statement are stated in Item 83 of the Schedules of this
6 Complaint. They included statements that the originators made mortgage loans in
7 compliance with their underwriting standards and made exceptions to those standards
8 only when compensating factors were present. Plaintiff incorporates into this
9 paragraph 83, and alleges as though fully set forth in this paragraph, the contents of
10 Item 83 of the Schedules.

11 84. Plaintiff is informed and believes, and based thereon alleges, that these
12 statements were untrue or misleading because the defendants omitted to state that: (a)
13 the originators were disregarding those underwriting standards; (b) the originators
14 were making extensive exceptions to those underwriting standards when no
15 compensating factors were present; (c) the originators were making wholesale, rather
16 than case-by-case, exceptions to those underwriting standards; (d) the originators
17 were making mortgage loans that borrowers could not repay; and (e) the originators
18 were failing frequently to follow quality-assurance practices necessary to detect and
19 prevent fraud intended to circumvent their underwriting standards.

20 **3. Basis of the allegations that these statements about the**
21 **underwriting standards of the originators of the mortgage**
22 **loans in the collateral pools were untrue or misleading**

23 **(a) The deterioration in undisclosed credit characteristics**
24 **of mortgage loans made by these originators**

25 85. Plaintiff is informed and believes, and based thereon alleges, that before
26 and during the time of these securitizations, Countrywide Home Loans, Inc. (CHL),
27 which originated or acquired most of the loans in the securitizations, disregarded its
28 stated underwriting standards. As a result, securitized mortgage loans made between
2004 and the dates of these securitizations have experienced high rates of

1 delinquency and default.

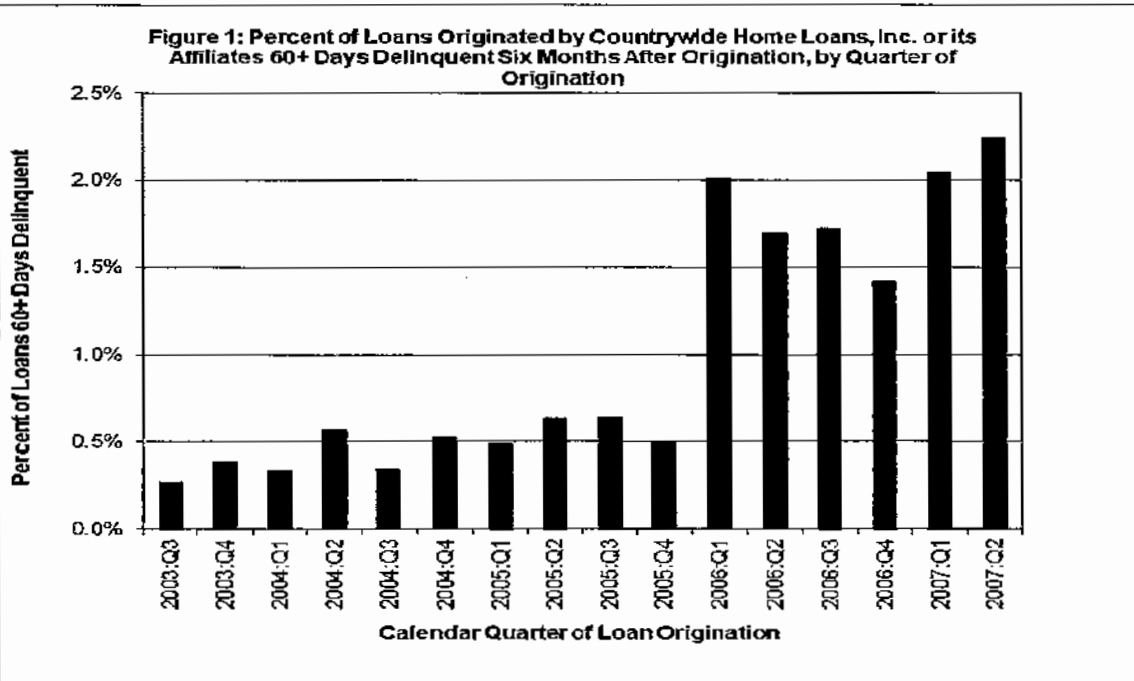
2 86. The high rates of delinquency and default were caused not so much by
3 any deterioration in credit characteristics of the loans that were expressly embodied
4 in underwriting standards and disclosed to investors, but rather by deterioration in
5 credit characteristics that were not disclosed to investors.

6 87. Plaintiff is informed and believes that what was true about recently
7 securitized mortgage loans in general was true in particular of loans originated by the
8 entities that originated the loans in the collateral pools of these securitizations, as the
9 following figures demonstrate. Taking the originator CHL, Figure 1 shows the rising
10 incidence of early payment defaults (or **EPDs**), that is, the percent of loans (by
11 outstanding principal balance) that were originated and sold into securitizations by
12 CHL and that became 60 or more days delinquent within six months after they were
13 made. An EPD is strong evidence that the originator did not follow its underwriting
14 standards in making the loan. Underwriting standards are intended to ensure that
15 loans are made only to borrowers who can and will make their mortgage payments.
16 Because an EPD occurs so soon after the mortgage loan was made, it is much more
17 likely that the default occurred because the borrower could not afford the payments
18 in the first place (and thus that the underwriting standards were not followed), than
19 because of changed external circumstances unrelated to the underwriting of the
20 mortgage loan (such as that the borrower lost his or her job). The bars in Figure 1
21 depict the incidence of EPDs in loans originated by CHL that were sold into
22 securitizations. The steady increase in EPDs is further evidence that the deterioration
23 in the credit quality of those loans was caused by disregard of underwriting
24 standards.

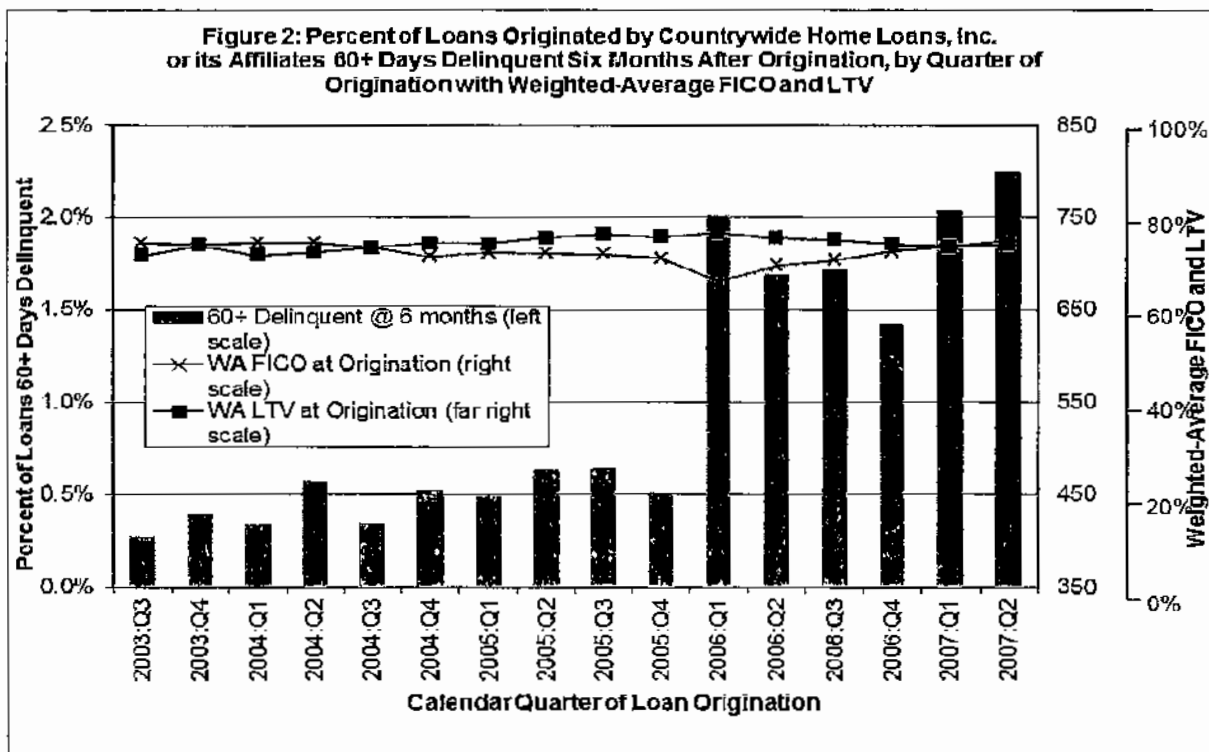
25 ///

26 ///

27 ///



88. Figure 2 shows the weighted-average disclosed LTVs of the same loans and weighted-average disclosed credit scores of the borrowers. These were nearly constant, showing that the deterioration in the credit quality of the loans was caused not by these disclosed factors, but rather by undisclosed factors.



(b) The poor performance of the loans in these pools demonstrates that the originators disregarded their underwriting guidelines when making these loans.

89. As noted above, an EPD is evidence that the originator may have disregarded its underwriting standards in making the loan. The mortgage loans in some of the collateral pools of these securitizations experienced EPDs. These EPDs are evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered EPDs are stated in Item 89 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 89, and alleges as though fully set forth in this paragraph, the contents of Item 89 of the Schedules.

90. A high rate of delinquency at any time in a group of mortgage loans is also evidence that the originators of those loans may have disregarded their underwriting standards in making the loans. A common measure of serious delinquency is the number of loans on which the borrowers were ever 90 or more days delinquent in their payments. The mortgage loans in the collateral pools have experienced very high rates of delinquencies by this measure. These high rates of delinquencies are strong evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered delinquencies of 90 days or more are stated in Item 90 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph 90, and alleges as though fully set forth in this paragraph, the contents of Item 90 of the Schedules.

91. A second common measure of delinquency is the number of loans on which the borrowers are 30 or more days delinquent at a given point in time. The mortgage loans in the collateral pools have experienced very high rates of delinquencies by this measure. These high rates of delinquencies are strong evidence that the originators of those loans may have disregarded their underwriting standards when making those loans. The number and percent of the loans in each pool that

1 were 30 or more days delinquent on January 31, 2012, are stated in Item 91 of the
2 Schedules of this Complaint. Plaintiff incorporates into this paragraph 91, and alleges
3 as though fully set forth in this paragraph, the contents of Item 91 of the Schedules.

4 (c) **Other evidence shows that Countrywide Home Loans,**
5 **Inc. disregarded its underwriting standards.**

6 92. In addition to the statistical data cited above, other evidence shows that
7 CHL (which originated or acquired most of the loans in the collateral pools of the ten
8 securitizations), did not follow its stated underwriting standards.

9 93. Many loans that Countrywide originated were outside its already lax
10 underwriting standards, because Countrywide frequently disregarded even those
11 standards and made loans that borrowers could not afford to pay. *See* Complaint at 4,
12 *S.E.C. v. Mozilo*, No. CV 09-3994-JFW (MANx) (C.D. Cal. 2009). In a
13 memorandum dated December 13, 2007, the enterprise risk assessment officer at
14 Countrywide stated that “borrower repayment capacity was not adequately assessed
15 by the bank during the underwriting process for home equity mortgage loans.” *Id.* at
16 23-24. In an email dated June 1, 2006, Countrywide’s Chairman and CEO Angelo
17 Mozilo wrote that borrowers “are going to experience a payment shock which is
18 going to be difficult if not impossible for them to manage.” *Id.* at 37.

19 94. Moreover, Countrywide “viewed borrowers as nothing more than the
20 means for producing more loans, originating loans with little or no regard to
21 borrowers’ long-term ability to afford them.” Complaint at 5, *California v.*
22 *Countrywide Financial Corp.*, No. LC083076 (Cal. Super. 2008). Indeed, “to
23 increase market share, [Countrywide] dispensed with many standard underwriting
24 guidelines . . . to place unqualified borrowers in loans which ultimately they could
25 not afford.” Complaint at 5, *Washington v. Countrywide Financial Corp.*, No. 09-2-
26 01690-6 (Wash. Super. 2009).

27 95. Plaintiff is informed and believes, and based thereon alleges, that
28 Countrywide did not adhere to its own underwriting standards, but instead

1 abandoned, ignored, or disregarded them. According to internal Countrywide
2 documents, Mozilo admitted that loans “had been originated ‘through our channels
3 with disregard for process [and] compliance with guidelines.’” Complaint at 20-21,
4 *S.E.C. v. Mozilo*, No. CV 09-3994-JFW (MANx) (C.D. Cal. 2009). Moreover,
5 Countrywide did whatever it took to sell as many loans as it could, as quickly as
6 possible, including by disregarding its underwriting standards. *See* Complaint at 5,
7 *California v. Countrywide Financial Corp.*, No. LC083076 (Cal. Super. 2008).

8 96. Plaintiff is informed and believes, and based thereon alleges, that
9 Countrywide made exceptions to its underwriting standards where no compensating
10 factors existed, resulting in higher rates of default, and used as “compensating
11 factors” variables such as a borrower’s credit score and LTV, which had already been
12 used to determine that the loan did not fall within the guidelines. Complaint at 20-21,
13 *S.E.C. v. Mozilo*, No. CV 09-3994-JFW (MANx) (C.D. Cal. 2009). Such
14 “compensating factors” did not actually compensate for anything and did not “offset”
15 any risk.

16 97. According to the Financial Crisis Inquiry Commission, Countrywide
17 made loans that it knew borrowers could not afford to pay. In its final report, the
18 FCIC noted that “Countrywide recognized that many of the loans they were
19 originating could result in ‘catastrophic consequences’” because the borrowers could
20 not afford to pay. FINANCIAL CRISIS INQUIRY COMMISSION, THE FINANCIAL INQUIRY
21 REPORT xxii (Public Affairs Reports, 2011).

22 98. Finally, Plaintiff is informed and believes, and based thereon alleges,
23 that Countrywide did not apply its underwriting standards in accordance with all
24 federal, state, and local laws. Countrywide has entered into agreements to settle
25 charges of violation of predatory lending, unfair competition, false advertising, and
26 banking laws with the attorneys general of at least 38 states, including Alaska,
27 Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho,
28 Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan,

1 Mississippi, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina,
2 North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota,
3 Tennessee, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. The
4 attorneys general of these states alleged that Countrywide violated state predatory
5 lending laws by (i) making loans it could not have reasonably expected borrowers to
6 be able to repay; (ii) using high pressure sales and advertising tactics designed to
7 steer borrowers towards high-risk loans; and (iii) failing to disclose to borrowers
8 important information about the loans, including the costs and difficulties of
9 refinancing, the availability of lower cost products, the existence and nature of
10 prepayment penalties, and that advertised low interest rates were merely "teaser"
11 rates that would adjust upwards dramatically as soon as one month after closing.
12 Eighty-eight percent of the mortgages that were covered by the settlement with the
13 attorneys general were sold into securitization trusts, like the ten in which Colonial
14 purchased the certificates.

15 99. By each of the untrue and misleading statements referred to in paragraph
16 83 above, the defendants materially understated the risk of the certificates that they
17 issued or underwrote. Moreover, Plaintiff is informed and believes, and based
18 thereon alleges, that discovery will yield additional evidence that the originators
19 disregarded their underwriting guidelines when making the mortgage loans in the
20 collateral pools of these securitizations.

21 **D. The Large Number of Mortgage Loans in the Collateral Pools**
22 **About Which the Defendants Made Material Untrue or Misleading**
23 **Statements Made Their Statements About the Ratings of Colonial's**
Certificates Untrue and Misleading.

24 100. In the prospectus supplements, the defendants made statements about
25 the ratings of the certificates by ratings agencies. They stated that the ratings agencies
26 rated each such certificate triple-A. Details of each such statement are stated in Item
27 100 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph
28 100, and alleges as though fully set forth in this paragraph, the contents of Item 100

1 of the Schedules.

2 101. The ratings were important to the decision of any reasonable investor
3 whether to purchase the certificates. Many investors, including Colonial, have
4 investment policies that require a certain minimum rating for all investments. The
5 policy of Colonial was to purchase only certificates that were rated at least double-A.

6 102. These statements by the defendants about the ratings of the certificates
7 they issued or underwrote were misleading because the defendants omitted to state
8 that the ratings were affected by all of the material untrue or misleading statements
9 about specific mortgage loans in the collateral pools. These include:

- 10 (a) loans whose LTVs were materially understated as shown by the AVM;
- 11 (b) loans whose LTVs were misleading as a result of undisclosed additional
12 liens;
- 13 (c) loans for which the properties were stated to be owner-occupied, but
14 were not; and
- 15 (d) loans that snffered EPDs, strong evidence that the originators may have
16 disregarded the underwriting standards in making those loans.

17 103. In Securitization No. 1, there were 139 loans whose LTVs were
18 materially understated as shown by the AVM, 164 loans whose LTVs were
19 misleading because of undisclosed additional liens, and 139 loans for which the
20 properties were stated to be owner-occupied but were not. Eliminating duplicates,
21 there were 312 loans (or 71.6% of the loans that backed the certificates that Colonial
22 purchased) about which defendants made untrue or misleading statements. The
23 numbers of such loans in the collateral pools of the securitizations are stated in Item
24 103 of the Schedules of this Complaint. Plaintiff incorporates into this paragraph
25 103, and alleges as though fully set forth in this paragraph, the contents of Item 103
26 of the Schedules.

27 104. Plaintiff is informed and believes, and based thereon alleges, that loan
28 files and other documents available only through discovery will prove that those

1 statements were untrue or misleading with respect to many more loans as well.

2 105. By these untrue and misleading statements, the defendants materially
3 understated the risk of the certificates that they issued or underwrote.

4 **VI. LIABILITY OF CFC AS CONTROL PERSON**

5 106. CWALT and CWMBS were special purpose entities formed for the sole
6 purpose of purchasing mortgage loans, filing registration statements with the SEC,
7 forming issuing trusts, assigning mortgage loans and all of their rights and interests
8 in such mortgage loans to the trustee for the benefit of the certificateholders, and
9 depositing the underlying mortgage loans into the issuing trusts.

10 107. CWALT was responsible for preparing and filing four of the shelf
11 registration statements pursuant to which nine of the certificates were offered for
12 sale. CWMBS was responsible for preparing and filing two of the shelf registration
13 statements pursuant to which two of the certificates were offered for sale. CWALT
14 and CWMBS were wholly-owned subsidiaries of Old CFC.

15 108. Countrywide Securities was a securities broker-dealer and underwriter.
16 It was a wholly-owned subsidiary of Countrywide Capital Markets, Inc., which in
17 turn was a wholly-owned subsidiary of Old CFC.

18 109. Old CFC was a publicly-traded holding company which, through its
19 subsidiaries, engaged in mortgage lending, the securitization of mortgage loans, and
20 other finance-related businesses. Old CFC managed its mortgage lending and
21 securities businesses in an integrated fashion. These activities included Old CFC's
22 practice of originating, purchasing, and warehousing mortgage loans, using certain
23 Countrywide subsidiaries; securitizing those same loans into mortgage-backed
24 securities, using depositors CWALT and CWMBS, among other subsidiaries; and
25 underwriting and selling mortgage-backed securities to third parties, using
26 Countrywide Securities.

27 110. Countrywide Securities was part of Old CFC's Capital Markets
28 Segment, which Old CFC used, among other things, to conduct conduit activities and

1 to trade and underwrite securities. The operations, expenditures, and revenues of the
2 Capital Markets Segment and Countrywide Securities were included in Old CFC's
3 accounting statements and reflected in its filings with the SEC.

4 111. At all relevant times, the offices of CWALT, CWMBS, and
5 Countrywide Securities were located in the same building as Old CFC's corporate
6 headquarters in Calabasas, California. Officers of Old CFC met frequently with
7 officers and directors of CWALT, CWMBS, and Countrywide Securities to direct
8 and coordinate the subsidiaries' securitization business and activities.

9 112. Until September 2006, Stanford L. Kurland was the President and Chief
10 Operating Officer of Old CFC. He also served as Chairman of the Board and as
11 President and a director of CWALT and CWMBS. During the relevant time, N.
12 Joshua Adler was the President, Chief Executive Officer, and a director of CWALT
13 and CWMBS. In these roles, Kurland and Adler were able to control and exert power
14 over the general and day-to-day practices and policies of CWALT and CWMBS,
15 including the issuance of the certificates that are the subject of the Complaint.
16 Kurland signed the shelf registration statements pursuant to which CWALT issued
17 the certificates in Securitizations Nos. 1, 2, 3, 4, 6, 9, and 10. Kurland also signed the
18 shelf registration statements pursuant to which CWMBS issued the certificate in
19 Securitization No. 7. Adler signed the shelf registration statement pursuant to which
20 CWALT issued the certificate in Securitization No. 5. Adler also signed the shelf
21 registration statement pursuant to which CWMBS issued the certificate in
22 Securitization No. 8.

23 113. Ranjit M. Kripalani served as Executive Vice President of Old CFC as
24 well as President and Executive Managing Director of Old CFC's Capital Markets
25 Segment. At the same time, Kripalani served as President of Countrywide Capital
26 Markets Inc. and as President and Chief Executive Officer of Countrywide
27 Securities, further ensuring Old CFC's control and power over the general and day-
28 to-day practices and policies of Countrywide Securities.

1 114. Plaintiff is informed and believes, and based thereon alleges, that
2 additional officers and directors of Old CFC served as officers or directors of
3 CWALT, CWMBBS, and Countrywide Securities, and worked closely with those
4 subsidiaries in order to establish and maintain Old CFC's control and power over the
5 general and day-to-day practices and policies of the subsidiaries and Countrywide's
6 conduit business, including the issuance and sale of the certificates that are the
7 subject of the Complaint.

8 115. In sum, as a result of its structure and the organization of its business, as
9 well as its ownership and placement of key personnel, Old CFC had the power to
10 control the general affairs and day-to-day practices and policies of CWALT,
11 CWMBBS, and Countrywide Securities, including the power directly or indirectly to
12 control or influence those entities' policies related to the issuance, underwriting, and
13 sale of the certificates that are the subject of the Complaint.

14 116. As a result, Old CFC, as control person, was liable to Plaintiff jointly
15 and severally with and to the same extent as CWALT, CWMBBS, and Countrywide
16 Securities. This liability passed to CFC when Old CFC merged into CFC.

17 **VII. LIABILITY OF DEFENDANT BANK OF AMERICA CORPORATION**
18 **AND ITS SUBSIDIARIES AS SUCCESSORS TO CFC, COUNTRYWIDE**
19 **SECURITIES, CWALT, AND CWMBBS**

20 117. Bank of America Corporation (BAC) and its subsidiaries (BAC and its
21 subsidiaries are referred to together in this Complaint as **Bank of America**) have
22 taken the assets of CFC and other Countrywide entities into the operating companies
23 of Bank of America while leaving their liabilities in moribund companies that have
24 few or no operations or assets. The full extent of BAC's and Bank of America's
25 conduct is not known because of the sparse public disclosures that BAC has made
26 about those transactions. Based on the facts alleged below, BAC and its subsidiaries
27 are liable for the claims asserted in this Complaint as successors to CFC,
28 Countrywide Securities, CWALT, and CWMBBS, because (a) the consideration that
Bank of America paid to Countrywide for the latter's assets was inadequate, (b) there

1 was continuity of ownership between Bank of America and Countrywide, (c)
2 Countrywide ceased ordinary business soon after Bank of America purchased its
3 assets, (d) there was continuity of management, personnel, physical location, assets,
4 and general business operations between Bank of America and Countrywide, and (e)
5 Bank of America assumed the liabilities necessary for the uninterrupted continuation
6 of Countrywide's business. In addition, Bank of America assumed Countrywide's
7 mortgage repurchase and tort liabilities.

8 118. At all relevant times, BAC was a public company whose stock was
9 traded on the New York Stock Exchange.

10 119. On January 11, 2008, BAC and Old CFC entered into an Agreement and
11 Plan of Merger (referred to in this Complaint as the **Merger Agreement**) pursuant to
12 which Old CFC would be merged into Red Oak Merger Corporation, a wholly-
13 owned subsidiary of BAC formed to accomplish the merger. Old CFC would then
14 cease to exist, and Red Oak would continue as the surviving company.

15 120. Under the Merger Agreement, the shareholders of Old CFC would
16 receive, and ultimately did receive, 0.1822 shares of BAC stock for each share of Old
17 CFC, thereby maintaining those shareholders' ownership interest in the businesses of
18 Old CFC.

19 121. After the merger, Red Oak was to be renamed Countrywide Financial
20 LLC but was in fact renamed Countrywide Financial Corporation (which is CFC),
21 the same name as the publicly-traded Countrywide entity (Old CFC) that ceased to
22 exist upon the completion of the merger.

23 122. In a Form 8-K filing also dated January 11, 2008, BAC disclosed that
24 the Merger Agreement was between Old CFC and BAC, the public company, not any
25 subsidiary or affiliate of BAC.

26 123. In a press release accompanying the Form 8-K, BAC stated that Bank of
27 America intended initially to operate Countrywide separately under the Countrywide
28 brand and that integration of Countrywide's operations with the operations of Bank

1 of America would occur in 2009.

2 124. On February 22, 2008, an article appeared in the periodical *Corporate*
3 *Counsel* about the litigation that Countrywide then faced and its possible implications
4 for Bank of America. In the article, a spokesperson for Bank of America
5 acknowledged that Bank of America had “bought the company [Old CFC] and all of
6 its assets and liabilities[,] . . . was aware of the claims and potential claims against the
7 company and [had] factored these into the purchase.”

8 125. On May 28, 2008, BAC filed a Form 8-K and issued a press release
9 stating that Bank of America was creating a new banking management structure and
10 that a long-time Bank of America officer, Barbara Desoer, would become president
11 of the new consumer real estate operations of “Countrywide Financial Corporation
12 and Bank of America when they are combined.” The press release also stated that
13 Desoer would be based in Countrywide’s principal offices in Calabasas, California.

14 126. BAC and Old CFC consummated the merger on July 1, 2008. As a
15 result, Old CFC ceased to exist. By operation of law, as a consequence of the merger,
16 Red Oak (soon thereafter renamed Countrywide Financial Corporation, which is
17 defendant CFC) assumed the liabilities of Old CFC.

18 127. In a July 1, 2008, Form 8-K and press release, Desoer, the president of
19 Bank of America’s consumer real estate unit, stated that it was time to “begin to
20 combine the two companies and prepare to introduce our new name and way of
21 operating.” The release also confirmed that the combined entity would be based in
22 Calabasas, California, the former principal offices of Countrywide. Plaintiff is
23 informed and believes, and based thereon alleges, that Bank of America’s consumer
24 real estate unit has been and remains housed in the offices formerly occupied by
25 Countrywide. For example, Desoer moved into the office formerly used by Angelo
26 Mozilo, the former CEO of Old CFC. Moreover, Bank of America retained a
27 substantial number of former employees of Countrywide to operate its consumer real
28 estate unit. Indeed, in October 2008, Desoer stated that the combined company had

1 named a mix of Bank of America and Countrywide executives to leadership roles.

2 128. On October 29, 2008, Countrywide Securities withdrew its registration
3 as a broker dealer from the Financial Industry Regulatory Authority. Without this
4 registration, Countrywide Securities was unable to continue in the business in which
5 it had primarily been engaged (securities dealing and underwriting). Therefore, as of
6 October 29, 2008, Countrywide Securities effectively ceased doing business, too.

7 129. In its annual report for the fiscal year ended December 31, 2008, BAC
8 disclosed that the fair value of the non-cash assets obtained and liabilities assumed
9 through the merger with Countrywide were \$157.4 billion and \$157.8 billion,
10 respectively.

11 130. Contemporaneously with the merger, BAC announced that certain
12 Countrywide entities would sell specified assets to specific Bank of America entities.
13 According to BAC, the consideration paid for these assets was approximately \$32
14 billion in cash or cash equivalents. According to BAC's disclosures, approximately
15 \$125 billion in non-cash assets would be left in CFC and not conveyed pursuant to
16 these asset sales, which were completed on or about July 3, 2008.

17 131. On October 6, 2008, BAC filed a Form 8-K announcing, among other
18 things, that CFC and another former subsidiary of Old CFC, Countrywide Home
19 Loans, Inc. (**CHL**), would transfer all or substantially all of their assets to unnamed
20 subsidiaries of BAC in exchange for the assumption of approximately \$21 billion of
21 Countrywide debt. In contrast to the relatively detailed disclosures that BAC made
22 about the merger and the first round of asset sales, BAC and Bank of America
23 offered virtually no details about these contemplated asset sales. Plaintiff is informed
24 and believes, and based thereon alleges, that the intended effect of these transactions
25 was to further integrate into the operations of Bank of America the Countrywide
26 assets, while leaving the liabilities with CFC and CHL.

27 132. On November 7, 2008, BAC filed a Form 8-K announcing, among other
28 things, that in connection with the integration of Countrywide's operations into Bank

1 of America's other business operations, CFC and CHL had transferred substantially
2 all of their assets to BAC. Again, Bank of America disclosed almost no details of
3 these transactions. Plaintiff is informed and believes, and based thereon alleges, that,
4 primarily as a result of these transfers of assets, CFC and CHL are now moribund
5 organizations, with few, if any, assets or operations. This conclusion is confirmed by
6 Bruce Bingham, a business valuation expert who attempted to value CFC in a report
7 sent to The Bank of New York Mellon, which is the trustee of numerous trusts
8 containing Countrywide-issued mortgage-backed securities. Mr. Bingham concluded
9 that CFC had negative earnings, minimal operating revenues, and no viable
10 operations. The operational status of Countrywide Securities (as well as all other
11 Countrywide entities) is comparable to that of CFC and CHL.

12 133. Plaintiff is informed and believes, and based thereon alleges, that
13 transfers of Countrywide's assets may have included other subsidiaries of BAC
14 rather than, or in addition to, BAC. Because of the sparse disclosures about these
15 transactions, it is impossible to be certain which Bank of America entities were
16 involved.

17 134. As the principal consideration for the asset sales on November 7, 2008,
18 BAC assumed debt securities and related guarantees of Countrywide in an aggregate
19 amount of \$16.6 billion. BAC assumed much of this debt through the amendment of
20 indenture agreements substituting BAC as the issuer and/or guarantor of the
21 securities subject to the indentures.

22 135. According to Bank of America's own figures, Bank of America
23 obtained approximately \$125 billion in assets in exchange for the assumption of
24 \$16.6 billion in debt. Therefore, Plaintiff is informed and believes, and based thereon
25 alleges, that the consideration given for Countrywide's assets was not commensurate
26 with the value of the assets that Bank of America obtained. Presumably, Bank of
27 America will contest these figures. Yet, Bank of America itself has acknowledged the
28 difficulty in proving the actual value transferred and received. In *MBIA Insurance*

1 *Corp. v. Countrywide Home Loans, Inc.*, Index No. 602825/08, pending in the
2 Supreme Court of the State of New York for the County of New York, at a hearing
3 held on June 27, 2012, counsel for Bank of America informed the court that to
4 resolve the “difficult” and “complicated” valuation issue, extensive expert testimony
5 would be required.

6 136. On April 27, 2009, Bank of America issued a press release announcing
7 the rebranding of CHL operations as Bank of America Home Loans. Bank of
8 America stated that the new brand would represent the combined operations of Bank
9 of America’s mortgage and home equity business and CHL. Bank of America further
10 explained that it was in the process of rebranding Countrywide’s “locations, account
11 statements, marketing materials and advertising” and that the “full systems
12 conversion” would be completed later that year.

13 137. As of September 21, 2009, liability for the deposits in Countrywide
14 Bank, N.A. was assumed by Bank of America, N.A. On November 9, 2009, online
15 account services for Countrywide mortgages were consolidated with Bank of
16 America’s Online Banking website. *See, e.g.*, Mortgage Loan Officer Locator,
17 <http://www.home.countrywide.com> (last visited August 9, 2012).

18 138. Old CFC’s website now redirects visitors to the Bank of America
19 website. *See* <http://www.countrywide.com>, *redirected to*
20 www8.bankofamerica.com/home-loans/overview.go (last visited August 9, 2012).

21 139. By the complex and sparsely-disclosed transactions described above,
22 Bank of America has combined Countrywide’s operations with its own business
23 operations and proceeded to operate them.

24 140. Bank of America operates its combined consumer real estate unit out of
25 the common headquarters of Old CFC, CHL, Countrywide Securities, CWMBS, and
26 CWALT. Plaintiff is informed and believes, and based thereon alleges, that Bank of
27 America employs many former employees of Countrywide to operate this combined
28 unit.

1 141. Plaintiff is informed and believes, and based thereon alleges, that Bank
2 of America's rebranded consumer real estate business, Bank of America Home
3 Loans, now operates out of more than 1,000 former Countrywide offices nationwide.

4 142. Public statements by Old CFC and Bank of America reflect that the
5 companies intended that their business operations be combined and understood and
6 anticipated that Bank of America would be responsible for the liabilities of Old CFC
7 and Countrywide. In its press release announcing the merger, BAC declared that it
8 planned to operate Countrywide separately under the Countrywide brand for a
9 limited period only, with integration to occur in 2009. In its 2008 annual report, BAC
10 stated that as a "combined company," Bank of America would be recognized as a
11 responsible lender. Similarly, representatives of Old CFC stated that the
12 "combination" with Bank of America would create one of the most powerful
13 mortgage franchises in the world.

14 143. On at least two occasions, two different Chief Executive Officers of
15 BAC publicly acknowledged that BAC intended to assume the liabilities of
16 Countrywide when it acquired Countrywide's assets. One CEO acknowledged in
17 January 2008 that BAC "looked at every aspect of the deal, from their
18 [Countrywide's] assets to potential lawsuits." On an earnings conference call on
19 November 16, 2010, another CEO stated that BAC "would pay for the things that
20 Countrywide did."

21 144. Bank of America has, in fact, made a practice of taking responsibility
22 for Countrywide liabilities. For example, on October 6, 2008, Bank of America
23 settled lawsuits brought against Countrywide companies by state attorneys general by
24 agreeing to modify loans for 390,000 borrowers, valued at more than \$8 billion.

25 145. Similarly, on January 3, 2011, Bank of America paid \$2.8 billion to
26 Fannie Mae and Freddie Mac to settle claims for billions of dollars in hundreds of
27 thousands of loans that went sour after Fannie Mae and Freddie Mac bought them
28 from Countrywide. In exchange for the payments, Fannie Mae and Freddie Mac

1 agreed to drop their demands that Bank of America buy back Countrywide
2 mortgages.

3 146. On May 26, 2011, Bank of America agreed to pay approximately \$22
4 million to settle charges that it improperly had foreclosed on the homes of active-
5 duty members of the United States military. In a press release announcing the
6 settlement, Bank of America noted that most of the mortgage loans at issue had been
7 made by Countrywide before Bank of America's merger with Countrywide and that
8 most of the improper foreclosure activity also had been Countrywide's. Nevertheless,
9 Bank of America said that it was responsible to "make things right."

10 147. In a proposed settlement of Countrywide liabilities announced on June
11 29, 2011, Bank of America agreed to pay \$8.5 billion for the benefit of investors in
12 Countrywide trusts to resolve, among other things, claims against Countrywide for
13 breach of representations and warranties made about the mortgage loans in the trusts
14 and for violating prudent standards of care in servicing those loans. The release of
15 Bank of America contemplated by this settlement expressly includes claims against
16 Bank of America for successor liability.

17 148. Because BAC continues to operate the businesses of Countrywide, it
18 had to assume the liabilities necessary to continue those operations, and Plaintiff is
19 informed and believes, and based thereon alleges, that it did so.

20 149. In addition to paying for Countrywide's liabilities, Bank of America
21 also has asserted claims as the successor to Countrywide. For example, in a
22 proceeding in the United States Bankruptcy Court for the District of Nebraska, *In re*
23 *Peter J. Kerby*, Case No. 97-81961, BAC's attorney-in-fact filed a motion on behalf
24 of "Bank of America Corporation successor to Countrywide Home Loans." In the
25 limited power of attorney by which BAC appointed that attorney-in-fact (which was
26 also submitted to the Bankruptcy Court), a Vice President and Senior Recovery
27 Manager of BAC executed the power of attorney on behalf of "Bank of America
28 Corporation successor to Countrywide Home Loans." Attached to the power of

1 attorney were several pages, including the signature page, of the Merger Agreement.
2 BAC later filed an amended motion and again submitted the power of attorney to the
3 Bankruptcy Court. This time, attached to the power of attorney was a "Bank of
4 America Corporation Hierarchy [R]eport," which listed 21 subsidiaries of CFC.
5 There is a handwritten star next to the entry for "Countrywide Home Loans, Inc."

6 150. Similarly, on September 9, 2010, an amended proof of claim for
7 approximately \$21.5 million was filed in *In re Alliance Bancorp, Inc.*, Case No. 07-
8 10943, pending in the United States Bankruptcy Court for the District of Delaware.
9 In this amended proof of claim, the creditor is identified as "Countrywide Home
10 Loans, Inc. (through its successor, Bank of America, NA)." And in the Attachment to
11 the Amended Proof of Claim, which was also filed with the bankruptcy court, the
12 creditor is identified as "Countrywide Home Loans, Inc. ('Countrywide'), through its
13 successor by merger, Bank of America." Finally, footnote 1 of the Attachment states
14 that "[r]eference to 'Countrywide' includes reference to affiliates thereof and who
15 together have claims against Alliance Inc., through Countrywide's successor by
16 merger, Bank of America."

17 151. Thus, Bank of America is trying to accomplish exactly what the
18 doctrine of successor liability is meant to prevent – claiming to be a successor to
19 Countrywide when asserting claims while simultaneously denying that it is a
20 successor to Countrywide when resisting claims against it.

21 **VIII. STATUTE OF LIMITATIONS**

22 152. All of the claims in this Complaint are timely. Plaintiff became receiver
23 for Colonial on August 14, 2009. Under 12 U.S.C. § 1821(d)(14), the statute of
24 limitations on all of Colonial's claims asserted in this Complaint that had not expired
25 as of August 14, 2009, is extended to no less than three years from that date. This
26 Complaint was filed less than three years from August 14, 2009.

27 153. The statute of limitations applicable to the claims asserted in this
28 Complaint had not expired as of August 14, 2009, because a reasonably diligent

1 plaintiff would not have discovered until later than August 14, 2008, facts that show
2 that the particular statements referred to in Items 34, 43, 67, 73, 83, and 100 of the
3 Schedules to this Complaint were untrue or misleading. Those are statements about
4 the 24,685 specific mortgage loans in the collateral pools of the securitizations
5 involved in this action, not about residential mortgage loans or any type of residential
6 mortgage loan (e.g., prime, Alt-A, subprime, etc.) in general. A reasonably diligent
7 plaintiff did not have access until after August 14, 2008, to facts about those specific
8 loans that show that the statements that defendants made about those specific loans
9 were untrue or misleading. A reasonably diligent plaintiff did not have access to the
10 loan files compiled by the originators of those specific mortgage loans nor to records
11 maintained by the servicers of those specific mortgage loans (from either or both of
12 which a reasonably diligent plaintiff may have discovered facts that show that the
13 statements that defendants made about those specific loans were untrue or
14 misleading) because originators and servicers of loans and securitization trustees do
15 not make those files available to certificateholders. Moreover, on and prior to August
16 14, 2008, there were not available to a reasonably diligent plaintiff, even at
17 considerable expense, data about those specific loans that show that the statements
18 that defendants made about those specific loans were untrue or misleading. Such data
19 became available for the first time in early 2010.

20 154. When Colonial purchased the certificates involved in this action, all of
21 them were rated triple-A, the highest possible rating, by at least two of Fitch,
22 Moody's, and Standard & Poor's, all Nationally Recognized Statistical Rating
23 Organizations (**NRSROs**) accredited by the Securities and Exchange Commission.
24 Sponsors of securitizations submitted to the NRSROs the same information about the
25 loans in the collateral pools of proposed securitizations that they included in the
26 prospectus supplements for those securitizations, including in particular statements of
27 the type referred to in Items 34, 43, 67, 73, 83, and 100 of the Schedules to this
28 Complaint. The NRSROs used and relied on that information in rating the certificates

1 to be issued in each securitization.

2 155. The NRSROs monitored the certificates that they rated after those
3 certificates were issued. If an NRSRO discovers facts that show that there was an
4 untrue or misleading statement about a material fact in the information submitted to it
5 for its use in rating a certificate, then the NRSRO will withdraw its rating of that
6 certificate while it considers the impact of the untrue or misleading statement, or it
7 will downgrade the rating of the certificate, usually to a rating below investment
8 grade.

9 156. As noted above, all of the certificates involved in this action were rated
10 triple-A at issuance by at least two of Fitch, Moody's, and Standard & Poor's. Not
11 one of those NRSROs withdrew any of those ratings, or downgraded any of them to
12 below investment grade, before August 14, 2008. The date on which each certificate
13 was first downgraded below investment grade is stated in Item 34 of the Schedules.

14 157. If a reasonably diligent plaintiff would have discovered before August
15 14, 2008, facts that show that the particular statements referred to in Items 34, 43, 67,
16 73, 83, and 100 of the Schedules to this Complaint were untrue or misleading, then
17 the NRSROs, which were monitoring the certificates and are much more
18 sophisticated than a reasonably diligent plaintiff, would also have discovered such
19 facts and withdrawn or downgraded their ratings on the certificates to below
20 investment grade. The fact that none of the NRSROs did so demonstrates that, before
21 August 14, 2008, a reasonably diligent plaintiff could not have discovered facts that
22 show that those statements were untrue or misleading.

23 158. Even if a reasonably diligent plaintiff would have discovered before
24 August 14, 2008, facts that show that the particular statements referred to in Items
25 34, 43, 67, 73, 83, and 100 of the Schedules to this Complaint were untrue or
26 misleading, the claims in this action would still be timely. As a purchaser of the
27 certificates, Colonial was, and Plaintiff as Receiver for Colonial is, a member of the
28 proposed class in *Luther v. Countrywide Financial Corporation*, Superior Court of

1 the State of California, County of Los Angeles, No. BC 380698, filed on November
2 14, 2007. The pendency of *Luther* has tolled the running of the statute of limitations
3 on the claims in this Complaint.

4 159. Seven of the securitizations from which Colonial purchased certificates,
5 Securitizations Nos. 1 through 5, 9, and 10, were included in the original Class
6 Action Complaint filed in *Luther* on November 14, 2007. None of those
7 securitizations has been dismissed from *Luther*.

8 160. Three of the securitizations from which Colonial purchased certificates,
9 Securitizations Nos. 6 through 8, were included in the original Class Action
10 Complaint filed in *Washington State Plumbing & Pipefitting Pension Trust v.*
11 *Countrywide Financial Corporation*, Superior Court for the State of California,
12 County of Los Angeles, No. BC 392571, filed on June 12, 2008. That action was
13 consolidated with *Luther*, and those securitizations are included in the Consolidated
14 Class Action Complaint filed on October 16, 2008. None of those securitizations has
15 been dismissed from *Luther*.

16 IX. CLAIMS FOR RELIEF

17 A. Untrue or Misleading Statements in a Registration Statement Under 18 Section 11 of the 1933 Act

19 161. Plaintiff hereby incorporates by reference, as though fully set forth,
20 paragraphs 1 through 160.

21 162. CWALT is the depositor of Securitizations Nos. 1 through 6, 9, and 10,
22 and therefore is the issuer of nine of the certificates. In doing the acts alleged,
23 CWALT violated Section 11 of the 1933 Act in connection with issuing the
24 certificates in Securitizations Nos. 1 through 6, 9, and 10.

25 163. CWMBS is the depositor of Securitizations Nos. 7 and 8 and therefore is
26 the issuer of two of the certificates. In doing the acts alleged, CWMBS violated
27 Section 11 of the 1933 Act in connection with issuing the certificates in
28 Securitizations Nos. 7 and 8.

1 164. Countrywide Securities underwrote the certificates in Securitizations
2 Nos. 1 through 8. In doing the acts alleged, Countrywide Securities violated Section
3 11 of the 1933 Act in connection with underwriting the certificates in Securitizations
4 Nos. 1 through 8.

5 165. DBS underwrote the certificates in Securitizations Nos. 2 and 9. In
6 doing the acts alleged, DBS violated Section 11 of the 1933 Act in connection with
7 underwriting the certificates in Securitizations Nos. 2 and 9.

8 166. Edward Jones underwrote the certificates in Securitizations Nos. 2 and
9 3. In doing the acts alleged, Edward Jones violated Section 11 of the 1933 Act in
10 connection with underwriting the certificates in Securitizations Nos. 2 and 3.

11 167. Bear Stearns underwrote the certificate in Securitization No. 3. In doing
12 the acts alleged, Bear Stearns violated Section 11 of the 1933 Act in connection with
13 underwriting the certificate in Securitization No. 3.

14 168. Credit Suisse underwrote the certificate in Securitization No. 5. In doing
15 the acts alleged, Credit Suisse violated Section 11 of the 1933 Act in connection with
16 underwriting the certificate in Securitization No. 5.

17 169. Citigroup underwrote the certificate in Securitization No. 6. In doing the
18 acts alleged, Citigroup violated Section 11 of the 1933 Act in connection with
19 underwriting the certificate in Securitization No. 6.

20 170. RBS underwrote the certificate in Securitization No. 8. In doing the acts
21 alleged, RBS violated Section 11 of the 1933 Act in connection with underwriting
22 the certificate in Securitization No. 8.

23 171. JP Morgan underwrote the certificate in Securitization No. 9. In doing
24 the acts alleged, JP Morgan violated Section 11 of the 1933 Act in connection with
25 underwriting the certificate in Securitization No. 9.

26 172. Barclays underwrote the certificate in Securitization No. 10. In doing the
27 acts alleged, Barclays violated Section 11 of the 1933 Act in connection with
28 underwriting the certificate in Securitization No. 10.

1 173. BAS underwrote the certificate in Securitization No. 10. In doing the
2 acts alleged, BAS violated Section 11 of the 1933 Act in connection with
3 underwriting the certificate in Securitization No. 10.

4 174. The certificates in these securitizations were issued pursuant or traceable
5 to registration statements. Details of each registration statement and each certificate
6 are stated in Item 34 of the Schedules.

7 175. The registration statements, as amended by the prospectus supplements,
8 contained untrue statements of material fact and omitted to state material facts
9 necessary in order to make the statements, in the light of the circumstances under
10 which they were made, not misleading. These untrue and misleading statements
11 included all of the untrue and misleading statements described in paragraphs 38
12 through 105.

13 176. Colonial purchased each certificate before the issuer made generally
14 available an earning statement covering a period of at least twelve months.

15 177. Plaintiff expressly excludes from this claim any allegation that could be
16 construed as alleging fraud or intentional or reckless conduct. This claim is based
17 solely on allegations of strict liability or negligence under the 1933 Act.

18 178. Colonial did not know when it purchased the certificates that the
19 statements in the registration statements, as amended by the prospectus supplements,
20 were untrue or misleading.

21 179. When it failed on August 14, 2009, Colonial had not discovered that the
22 defendants made untrue or misleading statements about the certificates. Plaintiff
23 discovered that the defendants made untrue or misleading statements about each
24 security in the course of its investigation in 2012.

25 180. Colonial has suffered a loss on each of these certificates.

26 181. Plaintiff is entitled to recover damages as described in 15 U.S.C. §
27 77k(e).
28

1 **B. Liability as a Controlling Person Under Section 15 of the 1933 Act**

2 182. Plaintiff hereby incorporates by reference, as though fully set forth,
3 paragraphs 1 through 181.

4 183. Old CFC, by or through stock ownership, agency, and as otherwise
5 described above, controlled CWALT, CWMBBS, and Countrywide Securities within
6 the meaning of Section 15 of the 1933 Act.

7 184. In doing the acts alleged, CWALT and CWMBBS violated Section 11 of
8 the 1933 Act by issuing the certificates.

9 185. In doing the acts alleged, Countrywide Securities violated Section 11 of
10 the 1933 Act by underwriting nine of the certificates.

11 186. As a result of the merger of Old CFC and Bank of America, Old CFC's
12 control person liability passed to CFC.

13 187. CFC is therefore jointly and severally liable with and to the same extent
14 as CWALT, CWMBBS, and Countrywide Securities.

15 **C. Liability as Successor to Countrywide Securities, CWALT,**
16 **CWMBBS, and CFC**

17 188. This claim is alleged against defendant BAC.

18 189. Plaintiff hereby incorporates by reference, as though fully set forth,
19 paragraphs 1 through 187 of this Complaint.

20 190. For the reasons described above, BAC is jointly and severally liable for
21 any and all injury and damages resulting from the conduct of Countrywide Securities,
22 CWALT, CWMBBS, and CFC, because BAC is the successor-in-interest to
23 Countrywide Securities, CWALT, CWMBBS, and CFC.

24 191. BAC became the successor-in-interest to Countrywide Securities,
25 CWALT, CWMBBS, and CFC because (a) through the transactions that took place
26 between July 1, 2008, and November 7, 2008, it gave inadequate consideration to
27 Countrywide; (b) there was continuity of ownership between Bank of America and
28 Countrywide; (c) Countrywide ceased ordinary business soon after the merger

1 transaction was consummated; (d) there was continuity of management, personnel,
2 physical location, assets, and general business operations between Bank of America
3 and Countrywide; and (e) Bank of America assumed the liabilities ordinarily
4 necessary for the uninterrupted continuation of Countrywide's business. BAC is also
5 a successor-in-interest to Countrywide because Bank of America assumed
6 Countrywide's mortgage repurchase and tort liabilities.

7 192. BAC is therefore jointly and severally liable with and to the same extent
8 as Countrywide Securities, CWALT, CWMBS, and CFC.


9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff prays for judgment against defendants for damages in
11 an amount to be determined at trial, but not less than \$125 million, plus attorneys'
12 fees, costs of court, and pre- and post-judgment interest at the appropriate allowable
13 rates. Plaintiff further requests that the Court order any and all other relief at law and
14 in equity to which Plaintiff is entitled.

15 Respectfully submitted,

16 Dated: August 10, 2012

17 BAKER & HOSTETLER LLP

18 By 
19 Michael R. Matthias
Gabriel E. Drucker

20 David J. Grais
21 Mark B. Holton
22 Mary G. Menge
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24 *Attorneys for Federal Deposit Insurance*
25 *Corporation as Receiver for Colonial Bank*

1 **DEMAND FOR JURY TRIAL**

2 Plaintiff hereby demands trial of its claims by jury to the extent authorized by
3 law.

4 Dated: August 10, 2012

BAKER & HOSTETLER LLP

5
6 By 

Michael R. Matthias
Gabriel E. Drucker

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SCHEDULE 1

SCHEDULE 1 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, Countrywide Securities, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2006-J5 was a securitization in July 2006 of 764 mortgage loans, in four groups.¹ CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc., American Home Mortgage Corp., MortgageIT, Inc., Decision One Mortgage Company LLC, Greenpoint Mortgage Funding Incorporated, and various undisclosed originators. Of the 402 initial mortgage loans in loan group 1, approximately 98.22% were originated by Countrywide Home Loans, Inc., approximately 1.02% were originated by American Home Mortgage Corp., approximately 0.06% were originated by MortgageIT, Inc., and approximately 0.69% were originated by Decision One Mortgage Company LLC. CWALT 2006-J5 Pros. Sup. S-4, S-38.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities was the underwriter of the securities that Colonial purchased. Colonial purchased two senior certificates in this securitization, in

¹ CWALT 2006-J5 was a prefunded securitization. CWALT 2006-J5 Pros. Sup. S-5. On the closing date of the securitization there were 764 mortgage loans in the trust (the "Initial Mortgage Loans"), and 402 Initial Mortgage Loans in loan group 1. CWALT 2006-J5 Pros. Sup. S-38, S-46, S-54, S-62. After the closing date of the securitization, the trust purchased an additional 34 mortgage loans in group 1. The data contained in the charts and tables in this schedule include the additional 34 mortgage loans that were added to loan group 1, unless otherwise indicated.

class 1-A-5, for which Colonial paid \$24,316,747 plus accrued interest on December 19, 2006, and \$25,554,688 plus accrued interest on February 16, 2007. Colonial's certificates were primarily paid by the 436 mortgage loans in loan group 1.

(c) Ratings of the certificate(s) when Colonial purchased them:
Moody's: Aaa; Standard & Poor's: AAA.

(d) Current ratings of the certificate(s): Moody's: Caa3; Standard & Poor's: D.

(e) Date on which the certificate(s) were downgraded below investment grade: October 27, 2008.

(f) URL of prospectus supplement for this securitization:
<http://sec.gov/Archives/edgar/data/1269518/000119312506158058/d424b5.htm>

(g) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificates that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on February 7, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT and Countrywide Securities made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

As of the initial cut-off date, the weighted average original LTV ratio of the mortgage loans in loan group 1 was 74.65%. CWALT 2006-J5 Pros. Sup. S-6.

(a) “No Initial Mortgage Loan in any loan group had a Loan-to-Value Ratio at origination or on the closing date of more than 100%.” CWALT 2006-J5 Pros. Sup. S-36.

(b) On pages S-33 to S-67 of the prospectus supplement (“The Mortgage Pool”), CWALT and Countrywide Securities presented tables of statistics about the Initial Mortgage Loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to \$150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 12 such tables in “The Mortgage Pool” section for the Initial Mortgage Loans in loan group 1. In each table the number of categories into which the loans were divided ranged from 3 to 39. Thus, in “The Mortgage Pool” section, CWALT and Countrywide Securities made many untrue or misleading statements about the original LTVs of the Initial Mortgage Loans in loan group 1. CWALT 2006-J5 Pros. Sup. S-38 to S-45.

(c) “As of the initial cut-off date, the weighted average original Loan-to-Value Ratio of the Initial Mortgage Loans in loan group 1 was approximately 74.65%.” CWALT 2006-J5 Pros. Sup. S-41.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificates:

Number of loans that backed the certificates (loan group 1)	436
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	139
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$25,213,984
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	43
Aggregate amount by which the true market values of those properties exceed their stated values	\$4,849,117
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	36
Weighted-average LTV, as stated by defendants	74.65%
Weighted-average LTV, as determined by the model	92.3%

Item 58. Undisclosed additional liens in loan group 1:

- (a) **Minimum number of properties with additional liens:** 164
- (b) **Weighted average CLTV with additional liens:** 80.8%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT and Countrywide Securities made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2006-J5 Pros. Sup. S-74.

In the prospectus supplement, CWALT and Countrywide Securities made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by American Home

Mortgage Corp.: “Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.” CWALT 2006-J5 Pros. Sup. S-80.

In the prospectus supplement, CWALT and Countrywide Securities made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by MortgageIT, Inc.: “Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.” CWALT 2006-J5 Pros. Sup. S-82.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT and Countrywide Securities made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT and Countrywide Securities presented a table entitled “Occupancy Types” for the Initial Mortgage Loans in loan group 1. This table divided the Initial Mortgage Loans in Loan Group 1 into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of Initial Mortgage Loans, the aggregate principal balance outstanding, and the percent of the Initial Mortgage Loans in loan group 1 in each of these categories. CWALT 2006-J5 Pros. Sup. S-44.

(b) In the “Occupancy Types” table, CWALT and Countrywide Securities stated that of the 402 Initial Mortgage Loans in loan group 1, 369

were secured by primary residences and 33 were not. CWALT 2006-J5 Pros. Sup. S-44.

Item 80. Details of properties in loan group 1 that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 56
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 99
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 4
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 139

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-72 through S-78 of the prospectus supplement, CWALT and Countrywide Securities made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2006-J5 Pros. Sup. S-73.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWALT 2006-J5 Pros. Sup. S-73.

On pages S-78 through S-81 of the prospectus supplement, CWALT and Countrywide Securities made statements about the underwriting guidelines of American Home Mortgage Corp. All of those statements are incorporated herein by reference.

One of these statements was that: “American Home underwrites a borrower’s creditworthiness based solely on information that American Home believes is indicative of the applicant’s willingness and ability to pay the debt they would be incurring.” CWALT 2006-J5 Pros. Sup. S-79.

Another one of these statements was that: “Exceptions to the underwriting standards are permitted where compensating factors are present.” CWALT 2006-J5 Pros. Sup. S-79.

Another one of these statements was that: “[E]xceptions to American Home’s underwriting guidelines are allowed if sufficient compensating factors exist to offset any additional risk due to the exception.” CWALT 2006-J5 Pros. Sup. S-81.

On pages S-81 through S-84 of the prospectus supplement, CWALT and Countrywide Securities made statements about the underwriting guidelines of MortgageIT, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “MortgageIT underwrites a borrower’s creditworthiness based solely on information that MortgageIT believes is indicative of the applicant’s willingness and ability to pay the debt they would be incurring.” CWALT 2006-J5 Pros. Sup. S-82.

Another one of these statements was that: “[E]xceptions to these underwriting guidelines are considered, so long as the borrower has other reasonable compensating factors, on a case-by-case basis.” CWALT 2006-J5 Pros. Sup. S-84.

Item 90. 90+ days delinquencies in loan group 1:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 201**
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 46.1%**

Item 91. 30+ days delinquencies in loan group 1:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 146**
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 33.5%**

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-8 through S-9 and S-161 through S-162 of the prospectus supplement, CWALT and Countrywide Securities made statements about the ratings assigned to the certificates issued in this securitization. CWALT and Countrywide Securities stated that Colonial's certificates were rated Aaa by Moody's Investors Service, Inc., and AAA by Standard & Poor's. CWALT 2006-J5 Pros. Sup. S-8. These were the highest ratings available from these two rating agencies.

CWALT and Countrywide Securities also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Standard & Poor's . . . and Moody's Investors Service, Inc. . . ." CWALT 2006-J5 Pros. Sup. S-9.

CWALT and Countrywide Securities also stated: "It is a condition to the issuance of the senior certificates . . . that they be rated 'AAA' by Standard & Poor's . . . and 'Aaa' by Moody's Investors Service, Inc. . . ." CWALT 2006-J5 Pros. Sup. S-161.

- Item 103. Summary of loans in loan group 1 about which the defendants made untrue or misleading statements:**
- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 139**
 - (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 164**
 - (c) Number of loans for which the properties were stated to be owner-occupied but were not: 139**
 - (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 312**
 - (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 71.6%**

SCHEDULE 2

SCHEDULE 2 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, DBS, Countrywide Securities, Edward Jones, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2005-52CB was a securitization in September 2005 of 2,223 mortgage loans, in one pool.¹ CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2005-52CB Pros. Sup. S-4, S-16; S-28.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities, DBS, and Edward Jones were the underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class 1-A-4, for which Colonial paid \$36,706,674 plus accrued interest on January 12, 2006.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; Moody's: Aaa; Standard & Poor's: AAA.

(d) **Current ratings of the certificate(s):** Fitch: CC; Moody's: Caa1; Standard & Poor's: CCC.

¹ CWALT 2005-52CB was a securitization with a supplemental loan account that enabled it to purchase additional mortgage loans. CWALT 2005-52CB Pros. Sup. S-5; S-27. On the closing date of the securitization there were 2,223 mortgage loans in the trust (the "Initial Mortgage Loans"). After the closing date of the securitization, the trust purchased an additional 614 mortgage loans. The data contained in the charts and tables in this schedule include the additional 614 mortgage loans that were added to the trust, unless otherwise indicated.

(e) **Date on which the certificate(s) were downgraded below investment grade:** February 20, 2009.

(f) **URL of prospectus supplement for this securitization:**
<http://www.sec.gov/Archives/edgar/data/1269518/000095013605006200/file001.htm>.

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on June 17, 2005. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, DBS, and Edward Jones made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) “No Initial Mortgage Loan had a Loan-to-Value Ratio at origination of more than 100.00%.” CWALT 2005-52CB Pros. Sup. S-17.

(b) In the section of the prospectus supplement entitled “The Mortgage Pool,” CWALT, Countrywide Securities, DBS, and Edward Jones presented tables of statistics about the Initial Mortgage Loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to

\$150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 10 such tables in “The Mortgage Pool” section for the Initial Mortgage Loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 3 to 41. Thus, in “The Mortgage Pool” section, CWALT, Countrywide Securities, DBS, and Edward Jones made many untrue or misleading statements about the original LTVs of the Initial Mortgage Loans in the collateral pool. CWALT 2005-52CB Pros. Sup. S-19 to S-25.

(c) “As of the initial cut-off date, the weighted average original Loan-to-Value Ratio of the Initial Mortgage Loans was approximately 71.22%.” CWALT 2005-52CB Pros. Sup. S-22.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	2,837
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	1,631
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$39,270,435
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	340
Aggregate amount by which the true market values of those properties exceed their stated values	\$16,772,927
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	177
Weighted-average LTV, as stated by defendants	71.22%
Weighted-average LTV, as determined by the model	78.9%

Item 58. Undisclosed additional liens:

- (a) **Minimum number of properties with additional liens:** 915
- (b) **Weighted-average CLTV with additional liens:** 75.8%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, Countrywide Securities, DBS, and Edward Jones made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2005-52CB Pros. Sup. S-30.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, DBS, and Edward Jones made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT, Countrywide Securities, DBS, and Edward Jones presented a table entitled “Occupancy Types.” This table divided the Initial Mortgage Loans in the collateral pool into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of Initial Mortgage Loans, the aggregate principal balance outstanding, and the percent of the Initial Mortgage Loans in each of these categories. CWALT 2005-52CB Pros. Sup. S-25.

(b) In the “Occupancy Types” table, CWALT, Countrywide Securities, DBS, and Edward Jones stated that of the 2,223 Initial Mortgage Loans in the collateral pool, 1,900 were secured by primary residences and 323 were not. CWALT 2005-52CB Pros. Sup. S-25.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) **Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 184**
- (b) **Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 305**
- (c) **Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 213**
- (d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 574**

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-28 through S-33 of the prospectus supplement, CWALT, Countrywide Securities, DBS, and Edward Jones made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2005-52CB Pros. Sup. S-29.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if

compensating factors are demonstrated by a prospective borrower.” CWALT 2005-52CB Pros. Sup. S-29.

Item 89. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs: 5
- (b) Percent of the mortgage loans that suffered EPDs: 0.2 %

Item 90. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 508
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 18%

Item 91. 30+ days delinquencies in this securitization:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 446
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 15.7%

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-3 and S-87 through S-88 of the prospectus supplement, CWALT, Countrywide Securities, DBS, and Edward Jones made statements about the ratings assigned to the certificates issued in this securitization. CWALT, Countrywide Securities, DBS, and Edward Jones stated that Colonial’s certificate was rated AAA by Fitch Ratings, Aaa by Moody’s Investors Service, Inc., and AAA by Standard & Poor’s Ratings Services. CWALT 2005-52CB Pros. Sup. S- 3. These were the highest ratings available from these three rating agencies.

CWALT, Countrywide Securities, DBS, and Edward Jones also stated: “The classes of certificates listed below will not be offered unless they are assigned the following ratings by Fitch, Inc. . . . Moody’s . . . and . . . Standard & Poor’s . . .” CWALT 2005-52CB Pros. Sup. S-3.

CWALT, Countrywide Securities, DBS, and Edward Jones also stated: “It is a condition to the issuance of the offered certificates that they be rated the respective ratings set forth on page S-3 of the Summary of this prospectus supplement” CWALT 2005-52CB Pros. Sup. S-87.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 1,631
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 915
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 574
- (d) Number of loans that suffered EPDs: 5
- (e) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 1,716
- (f) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 60.5%

SCHEDULE 3

SCHEDULE 3 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, Bear Stearns, Countrywide Securities, Edward Jones, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2005-13CB was a securitization in March 2005 of 3,241 mortgage loans, in one pool¹, as of the closing date. CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2005-13CB Pros. Sup. S-26.

(b) **Description of the certificate(s) that Colonial purchased:** Bear Stearns, Countrywide Securities, and Edward Jones were the underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class A-8, for which Colonial paid \$23,357,419 plus accrued interest on February 6, 2007.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Moody's: Aaa; Standard & Poor's: AAA.

(d) **Current ratings of the certificate(s):** Moody's: Caa1; Standard & Poor's: CC.

¹ CWALT 2005-13CB was a securitization with a supplemental loan account that enabled it to purchase additional mortgage loans. CWALT 2005-13CB Pros. Sup. S-4, S-14. On the closing date of the securitization there were 3,241 mortgage loans in the trust (the "Initial Mortgage Loans"). After the closing date of the securitization, the trust purchased an additional 799 mortgage loans. The data contained in the charts and tables in this schedule include the additional 799 mortgage loans.

(e) **Date on which the certificate(s) were downgraded below investment grade:** April 12, 2010.

(f) **URL of prospectus supplement for this securitization:**
<http://sec.gov/Archives/edgar/data/1269518/000095012905002842/v07117b5e424b5.txt>

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on August 5, 2004. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) “As of the initial cut-off date, the weighted average original Loan-to-Value ratio of the Initial Mortgage Loans was approximately 69.99%.” CWALT 2005-13CB Pros. Sup. S-20.

(b) “No Initial Mortgage Loan had a Loan-to-Value Ratio at origination of more than 100.00%.” CWALT 2005-13CB Pros. Sup. S-15.

(c) In the section of the prospectus supplement entitled “The Mortgage Pool,” CWALT, Bear Stearns, Countrywide Securities, and Edward Jones presented tables of statistics about the Initial Mortgage Loans in the collateral pool. Each table focused on a certain characteristic of the

loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to \$150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratios.” There were 10 such tables in “The Mortgage Pool” section for the Initial Mortgage Loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 3 to 66. Thus, in “The Mortgage Pool” section, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made many untrue or misleading statements about the original LTVs of the Initial Mortgage Loans in the collateral pool. CWALT 2005-13CB Pros. Sup. S-17 to S-23.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	4,040
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	939
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$55,402,834
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	657
Aggregate amount by which the true market values of those properties exceed their stated values	\$45,274,542
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	131
Weighted-average LTV, as stated by defendants	69.99%
Weighted-average LTV, as determined by the model	73.8%

Item 58. Undisclosed additional liens:

- (a) **Minimum number of properties with additional liens:** 747
- (b) **Weighted average CLTV with additional liens:** 70.6%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2005-13CB Pros. Sup. S-28.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones presented a table entitled “Occupancy Types.” This table divided the Initial Mortgage Loans in the collateral pool into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of Initial Mortgage Loans, the aggregate principal balance outstanding, and the percent of Initial Mortgage Loans in each of these categories. CWALT 2005-13CB Pros. Sup. S-22.

(b) In the “Occupancy Types” table, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones stated that of the 3,241 Initial Mortgage Loans in the initial collateral pool, 2,797 were secured by primary residences and 444 were not. CWALT 2005-13CB Pros. Sup. S-22.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) **Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 323**
- (b) **Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 586**
- (c) **Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 253**
- (d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 960**

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-26 through S-31 of the prospectus supplement, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2005-13CB Pros. Sup. S-27.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if

compensating factors are demonstrated by a prospective borrower.” CWALT 2005-13CB Pros. Sup. S-27.

Item 89. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs: 6
- (b) Percent of the mortgage loans that suffered EPDs: 0.1%

Item 90. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 485
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 12.0%

Item 91. 30+ days delinquencies in this securitization:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 424
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 10.5%

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-3 and S-81 through S-82 of the prospectus supplement, CWALT, Bear Stearns, Countrywide Securities, and Edward Jones made statements about the ratings assigned to the certificates issued in this securitization. CWALT, Bear Stearns, Countrywide Securities, and Edward Jones stated that Colonial’s certificate was rated AAA by Standard & Poor’s and Aaa by Moody’s. CWALT 2005-13CB Pros. Sup. S-3. These were the highest ratings available from these two rating agencies.

CWALT, Bear Stearns, Countrywide Securities, and Edward Jones also stated: “The classes of certificates listed below will not be offered unless they are assigned the following ratings by Standard & Poor’s . . . and Moody’s” CWALT 2005-13CB Pros. Sup. S-3.

CWALT, Bear Stearns, Countrywide Securities, and Edward Jones also stated: “It is a condition to the issuance of the senior certificates that they be rated AAA by Standard & Poor’s . . . and ‘Aaa’ by Moody’s” CWALT 2005-13CB Pros. Sup. S-81.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) **Number of loans whose LTVs were materially understated as shown by the AVM: 939**
- (b) **Number of loans whose LTVs were misleading because of undisclosed additional liens: 747**
- (c) **Number of loans for which the properties were stated to be owner-occupied but were not: 960**
- (d) **Number of loans that suffered EPDs: 6**
- (e) **Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 2,111**
- (f) **Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 52.3%**

SCHEDULE 4

SCHEDULE 4 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, Countrywide Securities, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2006-2CB was a securitization in January 2006 of 3,307 mortgage loans, in one pool. CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2006-2CB Pros. Sup. S-4 and S-24.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities was the underwriter of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class A-9, for which Colonial paid \$9,608,000 plus accrued interest on September 5, 2007.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; Moody's: Aaa.

(d) **Current ratings of the certificate(s):** Fitch: D; Moody's: Caa2.

(e) **Date on which the certificate(s) were downgraded below investment grade:** December 17, 2008.

(f) **URL of prospectus supplement for this securitization:**
<http://sec.gov/Archives/edgar/data/1269518/000095012906000810/v16185b5e424b5.txt>

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate

that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on June 17, 2005. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT and Countrywide Securities made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) The weighted-average original LTV ratio as of the cut-off date of all of the loans in the collateral pool was 76.57%. CWALT 2006-2CB Pros. Sup. S-5.

(b) “No mortgage loan had a Loan-to-Value Ratio at origination of more than 95.00%.” CWALT 2006-2CB Pros. Sup. S-25.

(c) In the section of the prospectus supplement entitled “The Mortgage Pool,” CWALT and Countrywide Securities presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000, \$50,000.01 to \$100,000, \$100,000.01 to \$150,000, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 12 such tables in “The Mortgage Pool” section for all of the loans in the collateral pool. In each table the number of categories into which the loans

were divided ranged from 2 to 40. Thus, in “The Mortgage Pool” section, CWALT and Countrywide Securities made many untrue or misleading statements about the original LTVs of all of the loans in the collateral pool. CWALT 2006-2CB Pros. Sup. S-27 to S-35.

(d) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans was approximately 76.57%.” CWALT 2006-2CB Pros. Sup. S-31.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	3,307
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	1,199
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$69,312,570
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	446
Aggregate amount by which the true market values of those properties exceed their stated values	\$19,442,673
Number of loans with LTVs over 95%, as stated by defendants	0
Number of loans with LTVs over 95%, as determined by the model	372
Weighted-average LTV, as stated by defendants	76.57%
Weighted-average LTV, as determined by the model	83.9%

Item 58. Undisclosed additional liens:

- (a) **Minimum number of properties with additional liens:** 1,414
- (b) **Weighted-average CLTV with additional liens:** 82.7%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT and Countrywide Securities made the following statement about the appraisals of the properties that

secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2006-2CB Pros. Sup. S-39.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT and Countrywide Securities made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT and Countrywide Securities presented a table entitled “Occupancy Types.” This table divided all of the mortgage loans in the collateral pool into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other things, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of the mortgage pool in each of these categories. CWALT 2006-2CB Pros. Sup. S-33.

(b) In the “Occupancy Types” table, CWALT and Countrywide Securities stated that of the 3,307 mortgage loans in the collateral pool, 2,760 were secured by primary residences and 547 were not. CWALT 2006-2CB Pros. Sup. S-33.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) **Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 256**
- (b) **Number of loans for which the owner of the property could have, but did not, designate the property as his or her**

homestead: 356

- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 157**
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 595**

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-37 through S-42 of the prospectus supplement, CWALT and Countrywide Securities made statements about the underwriting process of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2006-2CB Pros. Sup. S-38.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWALT 2006-2CB Pros. Sup. S-38.

Item 89. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs: 10**
- (b) Percent of the mortgage loans that suffered EPDs: 0.3%**

Item 90. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 1,233**
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 37.3%**

Item 91. 30+ days delinquencies:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 1,043**
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 31.5%**

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-6 through S-7 and S-92 of the prospectus supplement, CWALT and Countrywide Securities made statements about the ratings assigned to the certificates issued in this securitization. CWALT and Countrywide Securities stated that Colonial's certificate was rated AAA by Fitch Ratings and Aaa by Moody's Investors Service, Inc. CWALT 2006-2CB Pros. Sup. S-6. These were the highest ratings available from these two rating agencies.

CWALT and Countrywide Securities also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Fitch Ratings . . . [and] by . . . Moody's Investors Service, Inc." CWALT 2006-2CB Pros. Sup. S-7.

CWALT and Countrywide Securities also stated: "It is a condition to the issuance of the senior certificates . . . that they be rated 'AAA' by Fitch Ratings, Inc. . . . and 'Aaa' by Moody's Investors Service, Inc. . . . " CWALT 2006-2CB Pros. Sup. S-92.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 1,199**
- (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 1,414**
- (c) Number of loans for which the properties were stated to be owner-occupied but were not: 595**

- (d) Number of loans that suffered EPDs: 10**
- (e) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 2,365**
- (f) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 71.5%**

SCHEDULE 5

SCHEDULE 5 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, Countrywide Securities, Credit Suisse, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2007-15CB was a securitization in May 2007 of 2,841 mortgage loans, in one pool. CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2007-15CB Pros. Sup. S-4, S-33.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities and Credit Suisse were the underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class A-12, for which Colonial paid \$12,255,818 plus accrued interest on September 11, 2007.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Moody's: Aaa; Standard & Poor's: AAA.

(d) **Current ratings of the certificate(s):** Moody's: Caa3; Standard & Poor's: CCC.

(e) **Date on which the certificate(s) were downgraded below investment grade:** February 20, 2009.

(f) **URL of prospectus supplement for this securitization:**
http://sec.gov/Archives/edgar/data/1269518/000114420407031131/v077843_424b5.htm

(g) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on February 28, 2007. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, and Credit Suisse made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) As of the cut-off date, the weighted average original LTV ratio of the mortgage loans was 61.99%. CWALT 2007-15CB Pros. Sup. S-5.

(b) “No mortgage loan had a Loan-to-Value Ratio at origination of more than 100%.” CWALT 2007-15CB Pros. Sup. S-30.

(c) In Annex A of the prospectus supplement (“The Mortgage Pool”), CWALT, Countrywide Securities, and Credit Suisse presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to \$150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-

to-Value Ratio.” There were 13 such tables in “The Mortgage Pool” section for the loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 3 to 49. Thus, in “The Mortgage Pool” section, CWALT, Countrywide Securities, and Credit Suisse made many untrue or misleading statements about the original LTVs of the loans in the collateral pool. CWALT 2007-15CB Pros. Sup. A-1 to A-11.

(d) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans was approximately 61.99%.” CWALT 2007-15CB Pros. Sup. A-5.

(e) “As of the cut-off date, the weighted average original Combined Loan-to-Value Ratio of the mortgage loans was approximately 66.63%.” CWALT 2007-15CB Pros. Sup. A-6.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	2,841
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	1,136
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$76,155,520
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	185
Aggregate amount by which the true market values of those properties exceed their stated values	\$15,426,698
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	142
Weighted-average LTV, as stated by defendants	61.99%
Weighted-average LTV, as determined by the model	74.3%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, Countrywide Securities, and Credit Suisse made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.”

CWALT 2007-15CB Pros. Sup. S-35.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, and Credit Suisse made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT, Countrywide Securities, and Credit Suisse presented a table entitled “Occupancy Types.” This table divided all of the mortgage loans in the collateral pool into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of the mortgage loans in each of these categories. CWALT 2007-15CB Pros. Sup. A-8.

(b) In the “Occupancy Types” table, CWALT, Countrywide Securities, and Credit Suisse stated that of the 2,841 mortgage loans in the collateral pool, 2,499 were secured by primary residences and 342 were not. CWALT 2007-15CB Pros. Sup. A-8.

- Item 80. Details of properties that were stated to be owner-occupied, but were not:**
- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 227**
 - (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 440**
 - (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 249**
 - (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 760**
- Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:**

On pages S-33 through S-38 of the prospectus supplement CWALT, Countrywide Securities, and Credit Suisse made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2007-15CB Pros. Sup. S-34.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWALT 2007-15CB Pros. Sup. S-34.

Item 89. Early payment defaults:

- (a) Number of the mortgage loans that suffered EPDs: 6**
- (b) Percent of the mortgage loans that suffered EPDs: 0.2%**

Item 90. 90+ days delinquencies:

- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 715**
- (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 25.2%**

Item 91. 30+ days delinquencies:

- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 585**
- (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 20.6%**

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-6 through S-8 and S-99 of the prospectus supplement, CWALT, Countrywide Securities, and Credit Suisse made statements about the ratings assigned to the certificates issued in this securitization. CWALT, Countrywide Securities, and Credit Suisse stated that Colonial's certificate was rated Aaa by Moody's Investors Service, Inc., and AAA by Standard and Poor's. CWALT 2007-15CB Pros. Sup. S-6. These were the highest ratings available from these two rating agencies.

CWALT, Countrywide Securities, and Credit Suisse also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Standard and Poor's . . . and Moody's Investors Service, Inc. . . ." CWALT 2007-15CB Pros. Sup. S-8.

CWALT, Countrywide Securities, and Credit Suisse also stated: "It is a condition to the issuance of the offered certificates that they be

assigned the respective ratings set forth in the Summary of this prospectus supplement.” CWALT 2007-15CB Pros. Sup. S-99.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 1,136**
- (b) Number of loans for which the properties were stated to be owner-occupied but were not: 760**
- (c) Number of loans that suffered EPDs: 6**
- (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 1,598**
- (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 56.2%**

SCHEDULE 6

SCHEDULE 6 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, Countrywide Securities, Citigroup, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2007-5CB was a securitization in February 2007 of 7,174 mortgage loans, in two groups. CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2007-5CB Pros. Sup. S-4 and S-38.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities and Citigroup were the underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class 1-A-4, for which Colonial paid \$28,950,000 plus accrued interest on September 28, 2007. Colonial's certificate was primarily paid by the 6,528 mortgage loans in loan group 1.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; Moody's: Aaa; Standard & Poor's: AAA.

(d) **Current ratings of the certificate(s):** Fitch: D; Moody's: Caa3; Standard & Poor's: CCC.

(e) **Date on which the certificate(s) were downgraded below investment grade:** December 16, 2008.

(f) **URL of prospectus supplement for this securitization:**
http://www.sec.gov/Archives/edgar/data/1269518/000114420407010851/v067214_424b5.htm

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate

that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on February 7, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, and Citigroup made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) As of the cut-off date, the weighted average original LTV ratio of the mortgage loans in loan group 1 was 70.09%. CWALT 2007-5CB Pros. Sup. S-5.

(b) “No mortgage in loan [sic] any loan group had a Loan-to-Value Ratio at origination of more than 100%.” CWALT 2007-5CB Pros. Sup. S-35.

(c) In Annex I of the prospectus supplement (“The Mortgage Pool”), CWALT, Countrywide Securities, and Citigroup presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$0.01 to \$50,000.00, \$50,000.01 to \$100,000.00, \$100,000.01 to \$150,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 13 such tables in “The Mortgage Pool” section for the loans in loan group 1. In each table the number of categories into which the loans were divided

ranged from 3 to 90. Thus, in “The Mortgage Pool” section, CWALT, Countrywide Securities, and Citigroup made many untrue or misleading statements about the original LTVs of the loans in loan group 1. CWALT 2007-5CB Pros. Sup. A-1 to A-12.

(d) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans in loan group 1 was approximately 70.09%.” CWALT 2007-5CB Pros. Sup. A-6.

(c) “As of the cut-off date, the weighted average original Combined Loan-to-Value Ratio of the mortgage loans in loan group 1 was approximately 76.12%.” CWALT 2007-5CB Pros. Sup. A-7.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate (loan group 1)	6,528
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	2,366
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$131,477,058
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	473
Aggregate amount by which the true market values of those properties exceed their stated values	\$30,270,220
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	359
Weighted-average LTV, as stated by defendants	70.09%
Weighted-average LTV, as determined by the model	79.7%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, Countrywide Securities, and Citigroup made the following statement about the appraisals of the

properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2007-5CB Pros. Sup. S-39.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, Countrywide Securities, and Citigroup made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Annex I of the prospectus supplement, described in Item 43, CWALT, Countrywide Securities, and Citigroup presented a table entitled “Occupancy Types” for loan group 1. This table divided the mortgage loans in loan group 1 into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of the mortgage loans in loan group 1 in each of these categories. CWALT 2007-5CB Pros. Sup. A-10.

(b) In the “Occupancy Types” table, CWALT, Countrywide Securities, and Citigroup stated that of the 6,528 mortgage loans in loan group 1, 5,309 were secured by primary residences and 1,219 were not. CWALT 2007-5CB Pros. Sup. A-10.

Item 80. Details of properties in loan group 1 that were stated to be owner-occupied, but were not:

- (a) **Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 490**

- (b) **Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 881**
- (c) **Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 506**
- (d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 1,485**

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-38 through S-43 of the prospectus supplement, CWALT, Countrywide Securities, and Citigroup made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2007-5CB Pros. Sup. S-39.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWALT 2007-5CB Pros. Sup. S-39.

Item 89. Early payment defaults in loan group 1:

- (a) **Number of the mortgage loans that suffered EPDs: 39**
- (b) **Percent of the mortgage loans that suffered EPDs: 0.6%**

Item 90. 90+ days delinquencies in loan group 1:

- (a) **Number of the mortgage loans that suffered 90+ days delinquencies: 2,230**

- (b) **Percent of the mortgage loans that suffered 90+ days delinquencies: 34.2%**
- Item 91. 30+ days delinquencies in loan group 1:**
 - (a) **Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 1,903**
 - (b) **Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 29.2%**
- Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:**

On pages S-6 through S-9 and S-129 through S-130 of the prospectus supplement, CWALT, Countrywide Securities, and Citigroup made statements about the ratings assigned to the certificates issued in this securitization. CWALT, Countrywide Securities, and Citigroup stated that Colonial's certificate was rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc., and AAA by Standard & Poor's. CWALT 2007-5CB Pros. Sup. S-6. These were the highest ratings available from these three rating agencies.

CWALT, Countrywide Securities, and Citigroup also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's. . . ." CWALT 2007-5CB Pros. Sup. S-9.

CWALT, Countrywide Securities, and Citigroup also stated: "It is a condition to the issuance of the offered certificates that they be assigned the respective ratings set forth in the Summary of this prospectus supplement." CWALT 2007-5CB Pros. Sup. S-129.

- Item 103. Summary of loans in loan group 1 about which the defendants made untrue or misleading statements:**
 - (a) **Number of loans whose LTVs were materially understated as shown by the AVM: 2,366**

- (b) Number of loans for which the properties were stated to be owner-occupied but were not: 1,485**
- (c) Number of loans that suffered EPDs: 39**
- (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 3,329**
- (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 51.0%**

SCHEDULE 7

SCHEDULE 7 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWMBS, Countrywide Securities, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** CHL Mortgage Trust, Pass-Through Certificates, Series 2006-14 was a securitization in July 2006 of 589 mortgage loans, in one pool. CWMBS was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWHL 2006-14 Pros. Sup. S-32.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities was the underwriter of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class A-5, for which Colonial paid \$37,697,000 plus accrued interest on December 5, 2006.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; Moody's: Aaa.

(d) **Current ratings of the certificate(s):** Fitch: C; Moody's: Caa2.

(e) **Date on which the certificate(s) were downgraded below investment grade:** May 5, 2009.

(f) **URL of prospectus supplement for this securitization:**
<http://sec.gov/Archives/edgar/data/906410/000095013406014475/v22484b5e424b5.txt>

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate

that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWMBS with the SEC on form S-3 on February 8, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWMBS and Countrywide Securities made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) As of the cut-off date, the weighted average original LTV ratio of the mortgage loans was 73.78%. CWHL 2006-14 Pros. Sup. S-5.

(b) “No mortgage loan had a Loan-to-Value Ratio at origination or on the closing date of more than 95.00%.” CWHL 2006-14 Pros. Sup. S-23.

(c) In the section of the prospectus supplement entitled “the Mortgage Pool,” CWMBS and Countrywide Securities presented a table entitled “Original Loan-to-Value Ratios.” This table divided the loans in the collateral pool into 10 categories of original LTV (for example, 50.00% and below, 50.01% to 55.00%, 55.01% to 60.00%, 60.01% to 65.00%, etc.). The table contained untrue or misleading statements about the number of mortgage loans, the unpaid principal balance, and the percent of principal balance outstanding in each of these categories. CWHL 2006-14 Pros. Sup. S-27.

(d) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans was approximately 73.78%.” CWHL 2006-14 Pros. Sup. S-27.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	589
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	211
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$35,720,772
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	32
Aggregate amount by which the true market values of those properties exceed their stated values	\$6,736,684
Number of loans with LTVs over 95%, as stated by defendants	0
Number of loans with LTVs over 95%, as determined by the model	71
Weighted-average LTV, as stated by defendants	73.78%
Weighted-average LTV, as determined by the model	87.3%

Item 58. Undisclosed additional liens:

- (a) **Minimum number of properties with additional liens:** 196
- (b) **Weighted average CLTV with additional liens:** 76.8%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWMBS and Countrywide Securities made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: "All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect." CWHL 2006-14 Pros. Sup. S-34.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWMBBS and Countrywide Securities made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In the “Mortgage Pool” section of the prospectus supplement, described in Item 43, CWMBBS and Countrywide Securities presented a table entitled “Occupancy Types.” This table divided all of the mortgage loans in the collateral pool into the categories “Primary Residence” and “Secondary Residence.” This table contained untrue or misleading statements about the number of mortgage loans, the aggregate principal balance outstanding, and the percent of mortgage loans in each of these categories. CWHL 2006-14 Pros. Sup. S-29.

(b) In the “Occupancy Types” table, CWMBBS and Countrywide Securities stated that of the 589 mortgage loans in the collateral pool, 543 were secured by primary residences and 46 were not. CWHL 2006-14 Pros. Sup. S-29.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 57
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 109
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 31
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 153

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-32 through S-33 of the prospectus supplement, CWMBS and Countrywide Securities made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWHL 2006-14 Pros. Sup. S-33.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWHL 2006-14 Pros. Sup. S-33.

Item 90. 90+ days delinquencies:

- (a) **Number of the mortgage loans that suffered 90+ days delinquencies: 99**
- (b) **Percent of the mortgage loans that suffered 90+ days delinquencies: 16.8%**

Item 91. 30+ days delinquencies:

- (a) **Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 73**
- (b) **Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 12.4%**

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-6 and S-80 of the prospectus supplement, CWMBS and Countrywide Securities made statements about the ratings assigned to the

certificates issued in this securitization. CWMBS and Countrywide Securities stated that Colonial's certificate was rated AAA by Fitch Ratings, and Aaa by Moody's. These were the highest ratings available from these two rating agencies.

CWMBS and Countrywide Securities also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Fitch Ratings . . . and Moody's Investor Services, Inc. . . ." CWHL 2006-14 Pros. Sup. S-6.

CWMBS and Countrywide Securities also stated: "It is a condition to the issuance of the senior certificates . . . that they be rated 'AAA' by Fitch Ratings . . . and 'Aaa' by Moody's Investors Service, Inc. . . ." CWHL 2006-14 Pros. Sup. S-80.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) **Number of loans whose LTVs were materially understated as shown by the AVM: 211**
- (b) **Number of loans whose LTVs were misleading because of undisclosed additional liens: 196**
- (c) **Number of loans for which the properties were stated to be owner-occupied but were not: 153**
- (d) **Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 405**
- (e) **Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 68.8%**

SCHEDULE 8

SCHEDULE 8 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWMBS, Countrywide Securities, RBS, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** CHL Mortgage Trust, Pass-Through Certificates, Series 2007-7 was a securitization in April 2007 of 1,208 mortgage loans, in one pool. CWMBS was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWHL 2007-7 Pros. Sup. S-29.

(b) **Description of the certificate(s) that Colonial purchased:** Countrywide Securities and RBS were the underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class A-9, for which Colonial paid \$8,298,281 plus accrued interest on August 21, 2007.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; Standard & Poor's: AAA.

(d) **Current ratings of the certificate(s):** Fitch: CC; Standard & Poor's: CCC.

(e) **Date on which the certificate(s) were downgraded below investment grade:** April 8, 2009.

(f) **URL of prospectus supplement for this securitization:**
<http://sec.gov/Archives/edgar/data/906410/000095012407002585/v29637e424b5.htm>

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate

that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWMBS with the SEC on form S-3 on February 28, 2007. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWMBS, Countrywide Securities, and RBS made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) As of the cut-off date, the weighted average original LTV ratio of the mortgage loans was 72.19%. CWHL 2007-7 Pros. Sup. S-5.

(b) In Annex A of the prospectus supplement entitled “The Mortgage Pool,” CWMBS, Countrywide Securities, and RBS presented tables of statistics about the mortgage loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current mortgage loan principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$400,000.01 to \$450,000, \$450,000.01 to \$500,000, \$500,000.01 to \$550,000, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 12 such tables in Annex A for all of the loans in the collateral pool. In each table the number of categories into which the loans were divided ranged from 2 to 11. Thus, in Annex A, CWMBS, Countrywide Securities, and RBS made many untrue or misleading statements about the original LTVs of all of the loans in the

collateral pool. CWHL 2007-7 Pros. Sup. A-1 to A-8.

(c) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans was approximately 72.19%.” CWHL 2007-7 Pros. Sup. A-3.

(d) “As of the cut-off date, the weighted average original Combined Loan-to-Value Ratio of the mortgage loans was approximately 74.87%.” CWHL 2007-7 Pros. Sup. A-4.

(e) “No mortgage loan had a Loan-to-Value Ratio at origination of more than 100.00%.” CWHL 2007-7 Pros. Sup. S-26.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate	1,208
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	492
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$83,271,085
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	42
Aggregate amount by which the true market values of those properties exceed their stated values	\$7,222,565
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	94
Weighted-average LTV, as stated by defendants	72.19%
Weighted-average LTV, as determined by the model	85.3%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWMBS, Countrywide Securities, and RBS made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home

Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWHL 2007-7 Pros. Sup. S-31.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWMBS, Countrywide Securities, and RBS made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In Annex A of the prospectus supplement, described in Item 43, CWMBS, Countrywide Securities, and RBS presented a table entitled “Occupancy Types.” This table divided all of the mortgage loans in the collateral pool into the categories “Primary Residence” and “Secondary Residence.” This table contained untrue or misleading statements about the number of mortgage loans, the aggregate principal balance outstanding, and the percent of mortgage loans in each of these categories. CWHL 2007-7 Pros. Sup. A-6.

(b) In the “Occupancy Types” table, CWMBS, Countrywide Securities, and RBS stated that of the 1,208 mortgage loans in the collateral pool, 1,156 were secured by primary residences and 52 were not. CWHL 2007-7 Pros. Sup. A-6.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) **Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 79**
- (b) **Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 208**

- (c) **Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 82**
- (d) **Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 302**

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-29 through S-31 of the prospectus supplement, CWMBBS, Countrywide Securities, and RBS made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWHL 2007-7 Pros. Sup. S-30.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWHL 2007-7 Pros. Sup. S-30.

Item 90. 90+ days delinquencies:

- (a) **Number of the mortgage loans that suffered 90+ days delinquencies: 242**
- (b) **Percent of the mortgage loans that suffered 90+ days delinquencies: 20%**

Item 91. 30+ days delinquencies:

- (a) **Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 179**
- (b) **Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 14.8%**

Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:

On pages S-6 through S-7 and S-86 of the prospectus supplement, CWMBS, Countrywide Securities, and RBS made statements about the ratings assigned to the certificates issued in this securitization. CWMBS, Countrywide Securities, and RBS stated that Colonial's certificate was rated AAA by Fitch Ratings and AAA by Standard & Poor's. CWHL 2007-7 Pros. Sup. S-6. These were the highest ratings available from these two rating agencies.

CWMBS, Countrywide Securities, and RBS also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Fitch Ratings . . . and Standard & Poor's . . ." CWHL 2007-7 Pros. Sup. S-7.

CWMBS, Countrywide Securities, and RBS also stated: "It is a condition to the issuance of the offered certificates that they be assigned the respective ratings set forth in the Summary of this prospectus supplement." CWHL 2007-7 Pros. Sup. S-86.

Item 103. Summary of loans about which the defendants made untrue or misleading statements:

- (a) **Number of loans whose LTVs were materially understated as shown by the AVM: 492**
- (b) **Number of loans for which the properties were stated to be owner-occupied but were not: 302**
- (c) **Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 858**
- (d) **Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 71.0%**

SCHEDULE 9

SCHEDULE 9 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, DBS, JP Morgan, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2005-65CB was a securitization in November 2005 of 4,983 mortgage loans, in two groups. CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2005-65CB Pros. Sup. S-4; S-15 and S-36.

(b) **Description of the certificate(s) that Colonial purchased:** DBS and JP Morgan were underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in this securitization, in class 2-A-4, for which Colonial paid \$23,426,741 plus accrued interest on January 12, 2006. Colonial's certificate was primarily paid by the 2,440 mortgage loans in loan group 2.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Moody's: Aaa; Standard & Poor's: AAA; Dominion Bond Rating Service: AAA.

(d) **Current ratings of the certificate(s):** Moody's: Caa2; Standard & Poor's: CC; Dominion Bond Rating Service: C.

(e) **Date on which the certificate(s) were downgraded below investment grade:** February 20, 2009.

(f) **URL of prospectus supplement for this securitization:**
<http://www.sec.gov/Archives/edgar/data/1269518/000095012905011497/v14709e424b5.txt>.

(g) Registration statement pursuant or traceable to which the certificate(s) were issued: Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on June 17, 2005. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, DBS, and JP Morgan made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) “No mortgage loan in any loan group had a Loan-to-Value Ratio at origination of more than 100.00%.” CWALT 2005-65CB Pros. Sup. S-16.

(b) In the section of the prospectus supplement entitled “The Mortgage Pool,” CWALT, DBS, and JP Morgan presented tables of statistics about the mortgage loans in the collateral pool. CWALT 2005-65CB Pros. Sup. S-18 to S-34. Each table focused on a certain characteristic of the loans (for example, current mortgage loan principal balance) and divided the loans into categories based on that characteristic (for example, loans with a range of current mortgage loan principal balances of \$0.01 to \$50,000, \$50,000.01 to \$100,000, \$100,000.01 to \$150,000, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 10 such tables in “The Mortgage Pool” section for the mortgage loans in

loan group 2. In each table, the number of categories into which the loans were divided ranged from 3 to 35. Thus, in “The Mortgage Pool” section, CWALT, DBS, and JP Morgan made many untrue or misleading statements about the original LTVs of the loans in loan group 2. CWALT 2005-65CB Pros. Sup. S-26 to S-34.

(c) “As of the cut-off date, the weighted average original Loan-to-Value Ratio of the mortgage loans in loan group 2 is approximately 70.57%.” CWALT 2005-65CB Pros. Sup. S-30.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate (loan group 2)	2,440
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	695
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$36,679,073
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	250
Aggregate amount by which the true market values of those properties exceed their stated values	\$15,980,015
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	128
Weighted-average LTV, as stated by defendants	70.57%
Weighted-average LTV, as determined by the model	78.3%

Item 58. Undisclosed additional liens in loan group 2:

- (a) **Minimum number of properties with additional liens:** 567
- (b) **Weighted-average CLTV with additional liens:** 73.9%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, DBS, and JP Morgan made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.: “All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.” CWALT 2005-65CB Pros. Sup. S-38.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, DBS, and JP Morgan made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT, DBS, and JP Morgan presented a table entitled “Occupancy Types.” This table divided all of the mortgage loans in loan group 2 into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of mortgage loans, the aggregate principal balance outstanding, and the percent of mortgage loans in loan group 2 in each of these categories. CWALT 2005-65CB Pros. Sup. S-33.

(b) In the “Occupancy Types” table, CWALT, DBS, and JP Morgan stated that of 2,440 mortgage loans in loan group 2, 2,008 were secured by primary residences, and 432 were not. CWALT 2005-65CB Pros. Sup. S-33.

- Item 80. Details of properties in loan group 2 that were stated to be owner-occupied, but were not:**
- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 201**
 - (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 323**
 - (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 146**
 - (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 592**
- Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:**

On pages S-36 to S-41 of the prospectus supplement, CWALT, DBS, and JP Morgan made statements about the underwriting guidelines of Countrywide Home Loans, Inc., which originated or acquired all of the mortgage loans in the collateral pool of this securitization. All of those statements are incorporated herein by reference.

One of these statements was that: "Countrywide Home Loans' underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral." CWALT 2005-65CB Pros. Sup. S-37.

Another one of those statements was that: "Exceptions to Countrywide Home Loans' underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower." CWALT 2005-65CB Pros. Sup. S-37.

- Item 90. 90+ days delinquencies in loan group 2:**
- (a) **Number of the mortgage loans that suffered 90+ days delinquencies: 475**
 - (b) **Percent of the mortgage loans that suffered 90+ days delinquencies: 19.5%**
- Item 91. 30+ days delinquencies in loan group 2:**
- (a) **Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 431**
 - (b) **Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 17.7%**
- Item 100. Statements about the ratings of the certificate(s) that the Colonial purchased:**

On page S-3 through S-4, and S-98 through S-99 of the prospectus supplement, CWALT, DBS, and JP Morgan made statements about the ratings assigned to the certificates issued in this securitization. CWALT, DBS, and JP Morgan stated that Colonial's certificate was rated AAA by Standard & Poor's, Aaa by Moody's Investors Service, and AAA by Dominion Bond Rating Service. CWALT 2005-65CB Pros. Sup. S-3. These were the highest ratings available from these three rating agencies.

CWALT, DBS, and JP Morgan also stated that: "The classes of certificates listed below will not be offered unless they are assigned the following ratings by Standard & Poor's . . . Moody's . . . and Dominion Bond Rating Service" CWALT 2005-65CB Pros. Sup. S-3.

CWALT, DBS, and JP Morgan also stated that: "It is a condition to the issuance of the senior certificates that they be rated "AAA" each by Standard and Poor's . . . and Dominion Bond Rating Service . . . and 'Aaa' by Moody's" CWALT 2005-65CB Pros. Sup. S-98.

- Item 103. Summary of loans in loan group 2 about which the defendants made untrue or misleading statements:**
- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 695**
 - (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 567**
 - (c) Number of loans for which the properties were stated to be owner-occupied but were not: 592**
 - (d) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 1,446**
 - (e) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 59.3%**

SCHEDULE 10

SCHEDULE 10 OF THE COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the Complaint, those allegations are made against defendants CWALT, BAS, Barclays, CFC, and BAC.

Item 34. Details of trust and certificate(s).

(a) **Description of the trust:** Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2006-29T1 was a securitization in August 2006 of 1,083 mortgage loans, in three groups.¹ CWALT was the issuer of the securities in the trust. The mortgage loans in the collateral pool of this securitization were originated or acquired by Countrywide Home Loans, Inc. CWALT 2006-29T1 Pros. Sup. S-4; S-66.

(b) **Description of the certificate(s) that Colonial purchased:** BAS and Barclays were underwriters of the security that Colonial purchased. Colonial purchased a senior certificate in class 3-A-7 of this securitization, for which Colonial paid \$28,487,879 plus accrued interest on June 5, 2007. Colonial's certificate was primarily paid by the 459 mortgage loans in loan group 3.

(c) **Ratings of the certificate(s) when Colonial purchased them:** Fitch: AAA; S&P: AAA.

(d) **Current ratings of the certificate(s):** Fitch: D; Standard & Poor's: D.

¹ CWALT 2006-29T1 was a prefunded securitization. CWALT 2006-29T1 Pros. Sup. S-5. On the closing date of the securitization there were 1,083 mortgage loans in the trust (the "Initial Mortgage Loans"), and 374 Initial Mortgage Loans in loan group 3. CWALT 2006-29T1 Pros. Sup. S-40 to S-62. After the closing date of the securitization, the trust purchased an additional 85 mortgage loans in loan group 3. The data contained in the charts and tables in this schedule include those additional 85 mortgage loans that were added to loan group 3, unless otherwise indicated.

(e) **Date on which the certificate(s) were downgraded below investment grade:** September 22, 2008.

(f) **URL of prospectus supplement for this securitization:**
<http://www.sec.gov/Archives/edgar/data/1269518/000095012406005015/v23274b5e424b5.txt>

(g) **Registration statement pursuant or traceable to which the certificate(s) were issued:** Certificates in this trust, including the certificate that Colonial purchased, were issued pursuant or traceable to a registration statement filed by CWALT with the SEC on form S-3 on February 7, 2006. Annexed to the registration statement was a prospectus. The prospectus was amended from time to time by prospectus supplements whenever a new series of certificates was issued pursuant or traceable to that registration statement.

Item 43. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, CWALT, BAS, and Barclays made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization.

(a) “No Initial Mortgage Loan in any loan group had a Loan-to-Value Ratio at origination or on the closing date of more than 100.00%.” CWALT 2006-29T1 Pros. Sup. S-37.

(b) In the section of the prospectus supplement entitled “The Mortgage Pool,” CWALT, BAS, and Barclays presented tables of statistics about the Initial Mortgage Loans in the collateral pool. Each table focused on a certain characteristic of the loans (for example, current principal balance) and divided the loans into categories based on that characteristic (for example, loans with current principal balances of \$400,000.01 to

\$450,000.00, \$450,000.01 to \$500,000.00, etc.). Each table then presented various data about the loans in each category. Among these data was the “Weighted Average Original Loan-to-Value Ratio.” There were 12 such tables in “The Mortgage Pool” section for the Initial Mortgage Loans in loan group 3. In each table the number of categories into which the loans were divided ranged from 2 to 14. Thus, in “The Mortgage Pool” section, CWALT, BAS, and Barclays made many untrue or misleading statements about the original LTVs of the Initial Mortgage Loans in loan group 3. CWALT 2006-29T1 Pros. Sup. S-56 to S-62.

(c) “As of the initial cut-off date, the weighted average original Loan-to-Value Ratio of the Initial Mortgage Loans in loan group 3 was approximately 75.10%.” CWALT 2006-29T1 Pros. Sup. S-58.

Item 52. Details of the results of the AVM analysis for the loans that backed the certificate:

Number of loans that backed the certificate (loan group 3)	459
Number of loans on which the stated value was 105% or more of the true market value as determined by the model	196
Aggregate amount by which the stated values of those properties exceeded their true market values as determined by the model	\$38,463,334
Number of loans on which the stated value was 95% or less of the true market value as determined by the model	22
Aggregate amount by which the true market values of those properties exceed their stated values	\$2,694,133
Number of loans with LTVs over 100%, as stated by defendants	0
Number of loans with LTVs over 100%, as determined by the model	66
Weighted-average LTV, as stated by defendants	75.10%
Weighted-average LTV, as determined by the model	98.8%

Item 58. Undisclosed additional liens in loan group 3:

(a) **Minimum number of properties with additional liens:** 233

(b) **Weighted average CLTV with additional liens:** 83.3%

Item 67. Untrue or misleading statements about compliance with USPAP:

In the prospectus supplement, CWALT, BAS, and Barclays made the following statement about the appraisals of the properties that secured the mortgage loans originated or acquired by Countrywide Home Loans, Inc.:
“All appraisals are required to conform to Fannie Mac or Freddie Mac appraisal standards then in effect.” CWALT 2006-29T1 Pros. Sup. S-68.

Item 73. Untrue or misleading statements about owner-occupancy of the properties that secured the mortgage loans:

In the prospectus supplement, CWALT, BAS, and Barclays made the following statements about the occupancy status of the properties that secured the mortgage loans in the collateral pool of this securitization.

(a) In “The Mortgage Pool” section of the prospectus supplement, described in Item 43, CWALT, BAS, and Barclays presented a table entitled “Occupancy Types.” This table divided the mortgage loans in loan group 3 into the categories “Primary Residence,” “Investment Property,” and “Secondary Residence.” This table contained untrue or misleading statements about, among other data, the number of initial mortgage loans, the aggregate principal balance outstanding, and the percent of the mortgage loans in loan group 3 in each of these categories. CWALT 2006-29T1 Pros. Sup. S-60.

(b) In the “Occupancy Types” table, CWALT, BAS, and Barclays stated that of the 374 Initial Mortgage Loans in loan group 3, 317 were secured by primary residences, and 57 were not. CWALT 2006-29T1 Pros.

Sup. S-60.

Item 80. Details of properties that were stated to be owner-occupied, but were not:

- (a) Number of loans for which the owner of the property instructed tax authorities to send property tax bills to him or her at a different address: 30
- (b) Number of loans for which the owner of the property could have, but did not, designate the property as his or her homestead: 66
- (c) Number of loans for which the owner of the property did not receive bills at the address of the mortgaged property but did receive bills at a different address: 42
- (d) Eliminating duplicates, number of loans about which one or more of statements (a) through (c) is true: 113

Item 83. Untrue or misleading statements about the underwriting standards of the originators of the mortgage loans:

On pages S-66 through S-72 of the prospectus supplement, CWALT, BAS, and Barclays made statements about the underwriting guidelines of Countrywide Home Loans, Inc. All of those statements are incorporated herein by reference.

One of these statements was that: “Countrywide Home Loans’ underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower’s credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.” CWALT 2006-29T1 Pros. Sup. S-67.

Another one of these statements was that: “Exceptions to Countrywide Home Loans’ underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower.” CWALT 2006-29T1 Pros. Sup. S-68.

- Item 89. Early payment defaults in loan group 3:**
- (a) Number of the mortgage loans that suffered EPDs: 14**
 - (b) Percent of the mortgage loans that suffered EPDs: 3.1%**
- Item 90. 90+ days delinquencies in loan group 3:**
- (a) Number of the mortgage loans that suffered 90+ days delinquencies: 217**
 - (b) Percent of the mortgage loans that suffered 90+ days delinquencies: 47.3%**
- Item 91. 30+ days delinquencies in loan group 3:**
- (a) Number of the mortgage loans that were 30+ days delinquent on January 31, 2012: 178**
 - (b) Percent of the mortgage loans that were 30+ days delinquent on January 31, 2012: 38.8%**
- Item 100. Statements about the ratings of the certificate(s) that Colonial purchased:**

On pages S-7 through S-10 and S-164 through S-165 of the prospectus supplement, CWALT, BAS, and Barclays made statements about the ratings assigned to the certificates issued in this securitization. CWALT, BAS, and Barclays stated that Colonial's certificate was rated AAA by Fitch Ratings and AAA by Standard & Poor's.

CWALT, BAS, and Barclays also stated: "The offered certificates will not be offered unless they are assigned the indicated ratings by Fitch Ratings . . . Standard & Poor's . . . and Moody's" CWALT 2006-29T1 Pros. Sup. S-10.

CWALT, BAS, and Barclays also stated: "It is a condition to the issuance of the offered certificates that they be assigned the respective ratings set forth in the Summary of this prospectus supplement." CWALT 2006-29T1 Pros. Sup. S-164.

- Item 103. Summary of loans in loan group 3 about which the defendants made untrue or misleading statements:**
- (a) Number of loans whose LTVs were materially understated as shown by the AVM: 196**
 - (b) Number of loans whose LTVs were misleading because of undisclosed additional liens: 233**
 - (c) Number of loans for which the properties were stated to be owner-occupied but were not: 113**
 - (d) Number of loans that suffered EPDs: 14**
 - (e) Eliminating duplicates, number of loans about which the defendants made untrue or misleading statements: 363**
 - (f) Eliminating duplicates, percent of loans about which the defendants made untrue or misleading statements: 79.1%**

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