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11-20-2007

Countrywide Craig Naselow email to Sambol et al

David Sambol

Craig Naselow

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Dave Sambol/Managing
Directors/CF/CCI

To "Angelo Mozilo" <angelo_mozilo@countrywide.com>
cc carlos_garcia@countrywide.com;eric_sieracki@countrywide.com

11/20/2007 06:34:51 PM

bcc

Subject Fw: FNMA Escrow Deposit

Another shoe drops. FNMA informed us this evening that they want to pull \$4.5 billion of the \$5 billion in P&I escrows they have with the Bank and they want to do this over the next few months. I suggest that I call Tom Lund first to let him know how problematic this would be and appeal for a reversal (or at a least a much longer wind down period). My thinking is that if I am unsuccessful, you should then call Dan Mudd. I intend to call Tom first thing tomorrow morning. I'll call you to discuss.----- Forwarded by Dave Sambol/Managing Directors/CF/CCI on 11/20/2007 06:15 PM -----

Craig

Naselow/ALManagement/Bank/CCI

11/20/2007 04:19
PM

To Dave Sambol/Managing Directors/CF/CCI@COUNTRYWIDE,
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cc

bcc

Subject FNMA Escrow Deposit

I just received a call from Ted at FNMA. As you know they have been discussing their overall level of unsecured exposure to CFC since September. FNMA currently allows us to hold up to \$4.9 bil in P&I Escrow deposits. FNMA's credit group has determined that would like to see this amount **reduced to \$500 mil** in stages. A reduction to \$3.5 bil by year end and a further reduction to \$1.5 bil by the end of January and finally to \$500 mil by the end of February for a **total reduction of \$4.5 bil** I expressed my significant disappointment with those numbers and how those numbers were far in excess of the reduction that we were expecting. I communicated it not only sends the wrong message that our largest business partner is looking to essentially almost entirely eliminate providing liquidity to us (they claim they will still have \$2 bil in delayed certification exposure), but its clearly the wrong message at the wrong time and for us to replace almost \$5 bil in liquidity in the next four months would again raise liquidity concerns with stakeholders including possibly our regulators, depositors etc. Which would not be good for us or for them, especially at a time we are in the process of renegotiating our commitment to them. This issue I think needs to be raised at the highest levels within FNMA on an expedited basis. I should say that according to Ted, they are open to the idea of keeping an increased level of liquidity with us if it were to be collateralized and he suggested the possibility of excess servicing strip securities. He didn't have a level of liquidity that could be securitized however.

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