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12 Co-Lead Counsel for Plaintiffs

13 [Additional counsel appear on signature page.]

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA,
 15 COUNTY OF LOS ANGELES

16 DAVID H. LUTHER; VERMONT PENSION)
 17 INVESTMENT COMMITTEE;)
 18 MASHREQBANK, P.S.C.; PENSION TRUST)
 19 FUND FOR OPERATING ENGINEERS;)
 20 OPERATING ENGINEERS ANNUITY)
 21 PLAN; WASHINGTON STATE PLUMBING)
 & PIPEFITTING PENSION TRUST; and)
 22 MAINE STATE RETIREMENT SYSTEM,)
 Individually and On Behalf of All Others)
 23 Similarly Situated,)

22 Plaintiffs,)

23 vs.)

24 COUNTRYWIDE FINANCIAL)
 CORPORATION, a Delaware corporation;)
 25 COUNTRYWIDE HOME LOANS, INC.;)
 CWALT, INC., a Delaware corporation;)
 26 CWMBS, INC., a Delaware corporation;)
 CWABS, INC., a Delaware corporation;)
 27)

28 [Caption continued on following page.])

ORIGINAL FILED

OCT 16 2008

**LOS ANGELES
SUPERIOR COURT**

Lead Case No. BC 380698

CLASS ACTION

Assigned to: the Honorable Emilie H. Elias

CONSOLIDATED COMPLAINT FOR
VIOLATION OF §§11, 12(a)(2) AND 15 OF
THE SECURITIES ACT OF 1933

JURY TRIAL DEMANDED

DEPT: 308

DATE ACTION FILED: 11/14/07

BY FAX

1 CWHEQ, INC., a Delaware corporation;)
 COUNTRYWIDE CAPITAL MARKETS;)
 2 COUNTRYWIDE SECURITIES)
 CORPORATION;)
 3 J.P. MORGAN SECURITIES INC.;)
 DEUTSCHE BANK SECURITIES INC.;)
 4 BEAR, STEARNS & CO. INC.;)
 BANC OF AMERICA SECURITIES LLC;)
 5 UBS SECURITIES, LLC;)
 MORGAN STANLEY & CO.)
 6 INCORPORATED;)
 EDWARD D. JONES & CO., L.P.;)
 7 CITIGROUP GLOBAL MARKETS INC.;)
 GOLDMAN, SACHS & CO.;)
 8 CREDIT SUISSE SECURITIES (USA) LLC;)
 GREENWICH CAPITAL MARKETS, INC.)
 9 A.K.A. RBS GREENWICH CAPITAL;)
 BARCLAYS CAPITAL INC.;)
 10 HSBC SECURITIES (USA);)
 BNP PARIBAS SECURITIES CORP.;)
 11 MERRILL LYNCH, PIERCE, FENNER &)
 SMITH, INCORPORATED;)
 12 STANFORD L. KURLAND;)
 DAVID A. SPECTOR;)
 13 ERIC P. SIERACKI;)
 N. JOSHUA ADLER;)
 14 RANJIT KRIPALANI;)
 JENNIFER S. SANDEFUR;)
 15 DAVID A. SAMBOL;)
 THOMAS KEITH MCLAUGHLIN;)
 16 THOMAS H. BOONE;)
 JEFFREY P. GROGIN;)
 17 ALTERNATIVE LOAN TRUST 2005-27;)
 ALTERNATIVE LOAN TRUST 2005-28CB;)
 18 ALTERNATIVE LOAN TRUST 2005-30CB;)
 ALTERNATIVE LOAN TRUST 2005-31;)
 19 ALTERNATIVE LOAN TRUST 2005-32T1;)
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 22 ALTERNATIVE LOAN TRUST 2005-38;)
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 25 ALTERNATIVE LOAN TRUST 2005-45;)
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 26 ALTERNATIVE LOAN TRUST 2005-47CB;)
 ALTERNATIVE LOAN TRUST 2005-48T1;)
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[Caption continued on following page.]

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1 ALTERNATIVE LOAN TRUST 2005-49CB;)
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11 ALTERNATIVE LOAN TRUST 2005-72;)
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20 ALTERNATIVE LOAN TRUST 2005-J13;)
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21 ALTERNATIVE LOAN TRUST 2005-J7;)
ALTERNATIVE LOAN TRUST 2005-J8;)
22 ALTERNATIVE LOAN TRUST 2005-J9;)
ALTERNATIVE LOAN TRUST 2006-11CB;)
23 ALTERNATIVE LOAN TRUST 2006-12CB;)
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25 ALTERNATIVE LOAN TRUST 2006-16CB;)
ALTERNATIVE LOAN TRUST 2006-17T1;)
26 ALTERNATIVE LOAN TRUST 2006-18CB;)
ALTERNATIVE LOAN TRUST 2006-19CB;)
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[Caption continued on following page.]

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1 ALTERNATIVE LOAN TRUST 2006-20CB;)
ALTERNATIVE LOAN TRUST 2006-21CB;)
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21 ALTERNATIVE LOAN TRUST 2006-J4;)
ALTERNATIVE LOAN TRUST 2006-J5;)
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23 ALTERNATIVE LOAN TRUST 2006-J8;)
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25 ALTERNATIVE LOAN TRUST 2006-OA12;)
ALTERNATIVE LOAN TRUST 2006-OA14;)
26 ALTERNATIVE LOAN TRUST 2006-OA16;)
ALTERNATIVE LOAN TRUST 2006-OA17;)
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[Caption continued on following page.]

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1 ALTERNATIVE LOAN TRUST 2006-OA18;)
ALTERNATIVE LOAN TRUST 2006-OA19;)
2 ALTERNATIVE LOAN TRUST 2006-OA2;)
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ALTERNATIVE LOAN TRUST 2007-HY4;)
26 ALTERNATIVE LOAN TRUST 2007-HY5R;)
ALTERNATIVE LOAN TRUST 2007-HY6;)
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[Caption continued on following page.]

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1 ALTERNATIVE LOAN TRUST 2007-HY7C;)
ALTERNATIVE LOAN TRUST 2007-HY8C;)
2 ALTERNATIVE LOAN TRUST 2007-HY9;)
ALTERNATIVE LOAN TRUST 2007-J1;)
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RESECURITIZATION 2005-5R;)
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[Caption continued on following page.]

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1 ALTERNATIVE LOAN TRUST 2005-J2;)
ALTERNATIVE LOAN TRUST)
2 RESECURITIZATION 2005-12R;)
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CHL MORTGAGE PASS-THROUGH)
5 TRUST 2005-15;)
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22 TRUST 2005-HYB10;)
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23 TRUST 2005-HYB4;)
CHL MORTGAGE PASS-THROUGH)
24 TRUST 2005-HYB5;)
CHL MORTGAGE PASS-THROUGH)
25 TRUST 2005-HYB6;)
CHL MORTGAGE PASS-THROUGH)
26 TRUST 2005-HYB7;)
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27 [Caption continued on following page.]
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1 CHL MORTGAGE PASS-THROUGH)
 TRUST 2005-HYB8;)
 2 CHL MORTGAGE PASS-THROUGH)
 TRUST 2005-J2;)
 3 CHL MORTGAGE PASS-THROUGH)
 TRUST 2005-J3;)
 4 CHL MORTGAGE PASS-THROUGH)
 TRUST 2005-J4;)
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 TRUST 2006-1;)
 6 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-10;)
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 9 CHL MORTGAGE PASS-THROUGH)
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 11 CHL MORTGAGE PASS-THROUGH)
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 18 CHL MORTGAGE PASS-THROUGH)
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 20 CHL MORTGAGE PASS-THROUGH)
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 21 CHL MORTGAGE PASS-THROUGH)
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 23 CHL MORTGAGE PASS-THROUGH)
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 TRUST 2006-HYB3;)
 25 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-HYB4;)
 26 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-HYB5;)
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[Caption continued on following page.]

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1 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-J1;)
 2 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-J2;)
 3 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-J3;)
 4 CHL MORTGAGE PASS-THROUGH)
 TRUST 2006-J4;)
 5 CHL MORTGAGE PASS-THROUGH)
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 TRUST 2006-OA5;)
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 TRUST 2007-1;)
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 TRUST 2007-4;)
 24 CHL MORTGAGE PASS-THROUGH)
 TRUST 2007-5;)
 25 CHL MORTGAGE PASS-THROUGH)
 TRUST 2007-6;)
 26 CHL MORTGAGE PASS-THROUGH)
 TRUST 2007-7;)
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[Caption continued on following page.]

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- 1 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-8;)
- 2 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-9;)
- 3 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-HY1;)
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TRUST 2007-HY3;)
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TRUST 2007-HY4;)
- 6 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-HY5;)
- 7 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-HY6;)
- 8 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-HY7;)
- 9 CHL MORTGAGE PASS-THROUGH)
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- 10 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-HYB2;)
- 11 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-J1;)
- 12 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-J2;)
- 13 CHL MORTGAGE PASS-THROUGH)
TRUST 2007-J3;)
- 14 CWABS ASSET-BACKED CERTIFICATE)
TRUST 2006-ABC1;)
- 15 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2005-10;)
- 16 CWABS ASSET-BACKED CERTIFICATES)
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- 17 CWABS ASSET-BACKED CERTIFICATES)
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- 26 CWABS ASSET-BACKED CERTIFICATES)
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1 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2005-8;)
2 CWABS ASSET-BACKED CERTIFICATES)
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3 CWABS ASSET-BACKED CERTIFICATES)
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4 CWABS ASSET-BACKED CERTIFICATES)
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20 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-15;)
21 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-16;)
22 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-17;)
23 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-18;)
24 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-19;)
25 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-2;)
26 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-20;)
27)

[Caption continued on following page.]

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1 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-21;)
2 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-22;)
3 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-23;)
4 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-24;)
5 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-25;)
6 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-26;)
7 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-3;)
8 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-4;)
9 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-5;)
10 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-6;)
11 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-7;)
12 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-8;)
13 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-9;)
14 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-BC1;)
15 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-BC2;)
16 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-BC3;)
17 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-BC4;)
18 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-BC5;)
19 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-IM1;)
20 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-SPS1;)
21 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2006-SPS2;)
22 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-1;)
23 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-10;)
24 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-11;)
25 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-12;)
26 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-13;)
27)

[Caption continued on following page.]

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- 1 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-2;)
- 2 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-3;)
- 3 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-4;)
- 4 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-5;)
- 5 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-6;)
- 6 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-7;)
- 7 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-8;)
- 8 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-9;)
- 9 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-BC1;)
- 10 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-BC2;)
- 11 CWABS ASSET-BACKED CERTIFICATES)
TRUST 2007-BC3;)
- 12 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S1;)
- 13 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S10;)
- 14 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S2;)
- 15 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S3;)
- 16 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S4;)
- 17 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S5;)
- 18 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S6;)
- 19 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S7;)
- 20 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S8;)
- 21 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2006-S9;)
- 22 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2007-S1;)
- 23 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2007-S2;)
- 24 CWHEQ HOME EQUITY LOAN TRUST,)
SERIES 2007-S3;)
- 25 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-C;)
- 26 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-D;)
- 27)

[Caption continued on following page.]

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1 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-E;)
2 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-F;)
3 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-G;)
4 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-H;)
5 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-I;)
6 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-J;)
7 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-K;)
8 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-L;)
9 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2005-M;)
10 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-A;)
11 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-B;)
12 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-C;)
13 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-D;)
14 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-E;)
15 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-F;)
16 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-G;)
17 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-H;)
18 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2006-I;)
19 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-A;)
20 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-B;)
21 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-C;)
22 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-D;)
23 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-E; and)
24 CWHEQ REVOLVING HOME EQUITY)
LOAN TRUST, SERIES 2007-G,)
25)
Defendants.)
26)

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1 **I. SUMMARY OF THE ACTION**

2 1. This Complaint is brought pursuant to the Securities Act of 1933 (the “Securities Act”)
3 by plaintiffs David H. Luther, Vermont Pension Investment Committee, Mashreqbank, p.s.c., Pension
4 Trust Fund for Operating Engineers, Operating Engineers Annuity Plan, Washington State Plumbing &
5 Pipefitting Pension Trust, and Maine State Retirement System, individually, and as a class action on
6 behalf of all persons or entities (“plaintiffs” or the “Class”) who purchased or otherwise acquired
7 (1) Alternative Loan Trust Certificates issued by, *inter alia*, Defendant CWALT, Inc. (“CWALT”);
8 (2) CWABS Asset-Backed Trust Certificates issued by, *inter alia*, Defendant CWABS, Inc.
9 (“CWABS”); (3) CHL Mortgage Pass-Through Trust Certificates issued by, *inter alia*, Defendant
10 CWMBBS, Inc. (“CWMBBS”); and (4) CWHEQ Revolving Home Equity Loan Trusts and Home Equity
11 Loan Trusts issued by, *inter alia*, Defendant CWHEQ, Inc. (“CWHEQ”) (collectively referred to as the
12 “Certificates”).

13 2. Defendants CWALT, CWABS, CWMBBS and CWHEQ, among other defendants
14 identified herein, issued the Certificates pursuant or traceable to 20 registration statements (the
15 “Registration Statements”) filed with the Securities and Exchange Commission (“SEC”), as set forth
16 herein. The Certificates were then sold to plaintiffs by the Underwriter Defendants, as defined herein,
17 pursuant to certain prospectuses (the “Prospectus Supplements”), which also were filed with the SEC
18 and incorporated by reference into the Registration Statements.

19 3. As set forth below, the Registration Statements and Prospectus Supplements contained
20 materially false and misleading statements and omitted material information in violation of Sections 11,
21 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§77k, 77l(a)(2), and 77o. As this Complaint is rooted
22 exclusively in theories of innocent and/or negligent conduct to which the strict liability provisions of the
23 foregoing statutes apply, it does not allege or intend to allege any claims or assertions of fraud.

24 4. The claims in this case stem from the activities of Defendant Countrywide Financial
25 Corporation (“CFC”), and its wholly owned subsidiary, Defendant Countrywide Home Loans, Inc.
26 (“CHL”) (collectively “Countrywide”). Countrywide is the nation’s largest residential mortgage lender.
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1 In 2005 and 2006 alone, Countrywide originated in excess of \$850 billion in home loans throughout the
2 United States.

3 5. Many of the loans Countrywide originated in 2005, 2006 and 2007 were pooled together
4 by Countrywide and deposited into qualifying special-purpose entities, referred to herein as the “Issuing
5 Trusts,” which were created by Defendants CWALT, CWABS, CWMBBS and CWHEQ, wholly-owned
6 subsidiaries of Countrywide. These pools of mortgages were then securitized into mortgage-backed
7 securities (“MBS”) and sold by the Issuing Trusts (defined herein) and the Underwriter Defendants
8 (defined herein) to plaintiffs in the form of the Certificates. The Certificates entitled plaintiffs to
9 receive monthly distributions of interest and principal on cash flows from the mortgages held by the
10 Issuing Trusts. As borrowers paid their mortgages, distributions were made to plaintiffs in accordance
11 with the terms of the Certificates.

12 6. The investment quality of the Certificates was necessarily linked to the quality of the
13 mortgages pooled into each Issuing Trust. Countrywide, as originator of the mortgages held by the
14 Issuing Trusts, repeatedly touted the strength of its underwriting standards to assure plaintiffs that (i) the
15 mortgages held by the Issuing Trusts were issued to borrowers who satisfied certain thresholds of
16 credit-worthiness, including having the necessary income to repay the loans; and (ii) the real estate that
17 collateralized the loans was subjected to objective and independent real estate appraisals that met the
18 standards of the Uniform Standards of Professional Appraisal (“USPAP”).

19 7. In this regard, the Registration Statements and Prospectus Supplements included
20 numerous representations about (i) the quality of the mortgage pools underlying the Issuing Trusts, such
21 as the underwriting standards employed to originate the mortgages, the value of the collateral securing
22 the mortgages, and the soundness of the appraisals used to arrive at this value; (ii) the mortgages’ loan-
23 to-value (“LTV”) ratios; and (iii) other criteria that was used to qualify borrowers for the mortgages.
24 These representations and others were essential to plaintiffs’ determination of the riskiness of the
25 mortgage pool and the quality of their investment in the Certificates.

26 8. The Certificates issued by each Issuing Trust were divided into several classes (or
27 “tranches”) which had different priorities of seniority, priorities of payment, exposure to default, and
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1 interest payment provisions. Rating agencies, like Moody’s Investors Service, Inc. (“Moody’s”), Fitch,
2 Inc. (“Fitch”) and/or Standard & Poor’s Corporation (“S&P”),¹ rated the investment quality of the
3 Certificates based on information provided by the defendants about the quality of the mortgages in each
4 mortgage pool, and the seniority of the Certificate among the various Certificates issued by each Issuing
5 Trust. These ratings, in part, determined the price at which these Certificates were offered to the Class.
6 As borrowers repaid their mortgage loans, these Certificates entitled plaintiffs to receive a pre-
7 determined amount of the monthly interest and principal payments received by the Trust. If borrowers
8 failed to pay back their mortgages, these losses would flow to plaintiffs based on the seniority of their
9 Certificates.

10 9. Based on the representations concerning the purported quality of the underlying
11 mortgages pooled in the Issuing Trusts set forth in the Registration Statements and Prospectus
12 Supplements, the Rating Agencies assigned investment grade ratings on all tranches of the Certificates.

13 10. The highest investment rating used by the Rating Agencies is AAA, which signifies the
14 highest investment grade and suggests that there is a very low risk of investment loss or credit risk
15 associated with the security. Ratings of “AA,” “A” and “BBB” represent very high credit quality, high
16 credit quality, and good credit quality, respectively. There are various intermediate ratings between
17 BBB and AAA. Anything rated lower than BBB is considered speculative or “junk,” *i.e.*, not
18 investment grade.

19 11. As alleged more fully below, the Registration Statements and Prospectus Supplements
20 misstated and omitted material information regarding, *inter alia*, the process used to originate and the
21 quality of the mortgages that were pooled in the Issuing Trusts and were used as the financial basis for
22 the Certificates. For example, Countrywide did not follow the underwriting and appraisal standards
23 described in these Registration Statements and the Prospectus Supplements. Indeed, Countrywide
24 issued mortgages to borrowers that did not satisfy the requisite eligibility criteria as described in the

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26 ¹ Moody’s, Fitch and S&P (collectively the “Rating Agencies”) are approved by the SEC as
27 “Nationally Recognized Statistical Rating Organizations” and provide credit ratings which are used to
28 distinguish among grades of creditworthiness of various securities under the federal securities laws.

1 Registration Statements and Prospectus Supplements. Likewise, the mortgages held by the Issuing
2 Trusts and underlying the Certificates were based on collateral appraisals that overstated the value of
3 the underlying properties, thus exposing the Issuing Trusts and plaintiffs to losses in the event of
4 foreclosure.

5 12. As a result of the material misrepresentations and omissions in the Prospectuses,
6 investors purchased securities that were far riskier than represented and the values of the securities have
7 collapsed as the truth about the quality of the mortgages underlying the Issuing Trusts has emerged.

8 13. For example, by mid-2007 the mortgages held by the Issuing Trusts and underlying the
9 Certificates began suffering accelerating delinquencies and defaults. The defaults led to real estate
10 foreclosures, which revealed that the properties underlying the mortgages were worth materially less
11 than the loans issued to the borrowers, and the borrowers did not have sufficient financial wherewithal
12 to cover the outstanding mortgage balances.

13 14. As a consequence of the foregoing, the Rating Agencies placed negative-watch labels on
14 many of the Certificates, and downgraded many of them, some to below investment grade level.

15 15. As a result of, *inter alia*, the mortgage defaults and Rating Agency downgrades that
16 resulted from Countrywide's failure to comply with stated underwriting and appraisal guidelines,
17 Countrywide faced massive losses beginning in mid-2007. As these losses mounted from increasing
18 delinquencies and foreclosures in the loans it originated and underwrote, Countrywide spiraled toward
19 bankruptcy and was acquired by Bank of America for \$4.1 billion in January 2008.

20 16. Countrywide's lending practices, including the subjects of the misrepresentations and
21 omissions in the Registration Statements and Prospectus Supplements, are currently the target of
22 multiple state and federal investigations and proceedings. Various state attorneys general, including
23 those from California, Illinois, Connecticut, Florida, and Indiana, have brought lawsuits and/or initiated
24 investigations against Countrywide based on its lending, underwriting and appraisal practices for
25 mortgage loans. The complaint filed by the Attorney General of the State of California is attached
26 hereto as Exhibit A. The Florida Attorney General is investigating Countrywide for "unfair and
27 deceptive trade practices," including the Company's sales and marketing tactics and its subprime loan
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1 underwriting, including whether Countrywide put borrowers “into mortgages that in the first place they
2 couldn’t afford or loans with rates that were not what they were advertising or that were misleading.”

3 17. According to the March 2008 policy statement of the President’s Working Group on
4 Financial Markets (the “President’s Working Group”), the underlying causes of the mortgage crisis
5 include, *inter alia*: (i) “a breakdown in underwriting standards for subprime mortgages”; and (ii) “a
6 significant erosion of market discipline by those involved in the securitization processes, including
7 originators [and] underwriters . . . related in part to failures to provide or obtain adequate risk
8 disclosures.”

9 18. The Certificates continue to diminish in value as a result of increasing delinquencies and
10 foreclosures related to the mortgages underlying the Certificates, and plaintiffs and other Class
11 members have suffered significant losses and damages.

12 19. On July 1, 2008, Defendant CFC completed a merger with a wholly-owned subsidiary of
13 Bank of America Corporation (“Bank of America”) pursuant to the terms of an Agreement and Plan of
14 Merger, dated as of January 11, 2008, by and among Bank of America and CFC and other entities
15 created to effectuate the merger. The entity surviving the merger was renamed Countrywide Financial
16 Corporation. On July 3, 2008, Defendant CHL completed the sale of some or substantially all of its
17 assets to NB Holdings Corporation, also a wholly-owned subsidiary of Bank of America.

18 **II. JURISDICTION AND VENUE**

19 20. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of
20 the Securities Act (15 U.S.C. §§77k, 77l(a)(2) and 77o).

21 21. This Court has jurisdiction over the subject matter of this action pursuant to Section 22
22 of the Securities Act (15 U.S.C. §77v), which explicitly states that “[e]xcept as provided in section
23 16(c) [15 U.S.C. §77p(c)], no case arising under this title and brought in any State court of competent
24 jurisdiction shall be removed to any court of the United States.” Section 16(c) of the Securities Act
25 refers to “covered class actions.” This action asserts claims under the Securities Act and is not a
26 “covered class action” within the meaning of Section 16(c), and therefore, pursuant to Section 22 of the
27 Securities Act, this action is not properly removable.

1 22. Venue is proper in this Court because the violations of law complained of herein
2 occurred in this County, including the preparation and dissemination of materially false and misleading
3 statements in the Registration Statements and the Prospectus Supplements. Furthermore, CFC and
4 CHL, and many of their affiliated entities, maintain their principal executive offices in this County, and
5 each of the Underwriter Defendants, defined herein, conduct business and/or are headquartered in this
6 County.

7 **III. PARTIES**

8 23. Plaintiff David H. Luther (“Luther”) and/or members of the Class acquired Certificates
9 pursuant and/or traceable to the Registration Statements and Prospectus Supplements. Each of these
10 Registration Statements and Prospectus Supplements, as described herein, contained substantially
11 similar or identical representations as every Registration Statement and Prospectus Supplement used to
12 issue the MBS acquired by Plaintiff Luther and/or the members of the Class, and this language was
13 rendered false and misleading as a consequence of the same course of conduct by defendants.

14 24. Lead Plaintiff Vermont Pension Investment Committee (the “VPIC”) makes and
15 manages investments for the State Teachers’ Retirement System of Vermont, the Vermont State
16 Employees’ Retirement System and the Vermont Municipal Employees’ Retirement System by
17 combining the three public pension funds’ assets. As such, VPIC manages the pension investments for
18 Vermont’s public school teachers, judges, law enforcement officers and municipal employees. The
19 VPIC and/or members of the Class acquired Certificates pursuant and/or traceable to the Registration
20 Statements and Prospectus Supplements. Each of these Registration Statements and Prospectus
21 Supplements, as described herein, contained substantially similar or identical representations as every
22 Registration Statement and Prospectus Supplement used to issue the MBS acquired by the VPIC and/or
23 the members of the Class, and this language was rendered false and misleading as a consequence of the
24 same course of conduct by defendants.

25 25. Lead Plaintiff Mashreqbank, p.s.c. (“Mashreq”), previously known as the Bank of Oman,
26 is the largest private bank in the United Arab Emirates. Plaintiff Mashreq and/or members of the Class
27 acquired Certificates pursuant and/or traceable to the Registration Statements and Prospectus
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1 Supplements. Each of these Registration Statements and Prospectus Supplements, as described herein,
2 contained substantially similar or identical representations as every Registration Statement and
3 Prospectus Supplement used to issue the MBS acquired by Plaintiff Mashreq and/or the members of the
4 Class, and this language was rendered false and misleading as a consequence of the same course of
5 conduct by defendants.

6 26. Lead Plaintiff Pension Trust Fund for Operating Engineers provides benefits to members
7 of Operating Engineers Local Union No. 3, the largest of the 182 unions within the International Union
8 of Operating Engineers and the largest construction trades local in the United States. Pension Trust
9 Fund for Operating Engineers provides benefits to Local No. 3 members in Northern California,
10 Northern Nevada, Utah and Hawaii. The majority of the plan's participants work in private
11 construction as heavy equipment operators, mechanics, drillers, concrete pumpers, soil testers, inspector
12 surveyors or dredgers. Plaintiff Pension Trust Fund for Operating Engineers and/or members of the
13 Class acquired Certificates pursuant and/or traceable to the Registration Statements and Prospectus
14 Supplements. Each of these Registration Statements and Prospectus Supplements, as described herein,
15 contained substantially similar or identical representations as every Registration Statement and
16 Prospectus Supplement used to issue the MBS acquired by Plaintiff Pension Trust Fund for Operating
17 Engineers and/or the members of the Class, and this language was rendered false and misleading as a
18 consequence of the same course of conduct by defendants.

19 27. Lead Plaintiff Operating Engineers Annuity Plan also provides benefits to members of
20 Operating Engineers Local Union No. 3. Plaintiff Operating Engineers Annuity Plan and/or members
21 of the Class acquired Certificates pursuant and/or traceable to the Registration Statements and
22 Prospectus Supplements. Each of these Registration Statements and Prospectus Supplements, as
23 described herein, contained substantially similar or identical representations as every Registration
24 Statement and Prospectus Supplement used to issue the MBS acquired by Plaintiff Operating Engineers
25 Annuity Plan and/or the members of the Class, and this language was rendered false and misleading as a
26 consequence of the same course of conduct by defendants.

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1 28. Lead Plaintiff Washington State Plumbing & Pipefitting Pension Trust (“Washington”)
2 was formed in 1962 and is located in Seattle, Washington. Plaintiff Washington is a Taft-Hartley
3 pension fund representing four local unions across the State of Washington with over 6,000 active and
4 retired members, and manages approximately \$550 million in assets. Washington and/or the members
5 of the Class acquired Certificates pursuant and/or traceable to the Registration Statements and
6 Prospectus Supplements. Each of these Registration Statements and Prospectus Supplements, as
7 described herein, contained substantially similar or identical representations as every Registration
8 Statement and Prospectus Supplement used to issue the MBS acquired by Plaintiff Washington and/or
9 the members of the Class, and this language was rendered false and misleading as a consequence of the
10 same course of conduct by defendants.

11 29. Lead Plaintiff Maine State Retirement System (“MSRS”), established in 1942, operates
12 pursuant to the authority granted to it by the Maine State Legislature, and administers retirement
13 programs that cover Maine public employees, Maine’s public school teachers, judges, legislators, as
14 well as employees of approximately 267 municipalities and other public entities in Maine. As of June
15 30, 2006, MSRS serviced 92,341 members, including active employees and retirees. MSRS manages
16 net assets of over \$9.5 billion. MSRS and/or members of the Class acquired Certificates pursuant
17 and/or traceable to the Registration Statements and Prospectus Supplements. Each of these Registration
18 Statements and Prospectus Supplements, as described herein, contained substantially similar or identical
19 representations as every Registration Statement and Prospectus Supplement used to issue the MBS
20 acquired by Plaintiff MSRS and/or the members of the Class, and this language was rendered false and
21 misleading as a consequence of the same course of conduct by defendants.

22 30. Defendant CFC is a Delaware corporation with its principal executive offices located at
23 4500 Park Granada, Calabasas, California. CFC is a holding company which, through its subsidiaries,
24 is engaged in mortgage lending and other real estate finance related businesses, including mortgage
25 banking, banking and mortgage warehouse lending, dealing in securities and insurance underwriting.
26 The Company operates through five business segments: Mortgage Banking, which originates,
27 purchases, sells and services non-commercial mortgage loans nationwide; Banking, which takes
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1 deposits and invests in mortgage loans and home equity lines of credit; Capital Markets, which operates
2 an institutional broker-dealer that primarily specializes in trading and underwriting MBS; Insurance,
3 which offers property, casualty, life and disability insurance as an underwriter and as an insurance
4 agency; and Global Operations, which licenses and supports technology to mortgage lenders in the
5 United Kingdom.

6 31. Defendant CFC structured Defendants CWALT, CWMBS, CWABS, and CWHEQ as
7 limited purpose, wholly-owned, finance subsidiaries to facilitate its issuance and sale of the Certificates.
8 CWALT, CWMBS, CWABS and CWHEQ have no assets of their own and are controlled directly by
9 CFC, through its appointment of CFC executives as directors and officers of these entities. Revenues
10 flowing from issuance and the sale of Certificates issued by CWALT, CWMBS, CWABS and CWHEQ
11 and the Issuing Trusts (as defined herein) were passed through to CFC and consolidated into CFC's
12 financial statements. Defendant CFC, therefore, exercised actual day to day control over Defendants
13 CWALT, CWMBS, CWABS and CWHEQ.

14 32. According to Defendant CFC's Form 10-K for the year ended December 31, 2007, filed
15 with the SEC on February 29, 2008 ("2007 Form 10-K"), Defendant CFC also "operate[s] an
16 institutional broker-dealer that primarily specializes in trading and underwriting MBS" known as CSC.
17 The financial results of CSC are set forth in the Capital Markets Segment of Defendant CFC's financial
18 statements. Defendant CFC further stated in its 2007 Form 10-K that it was "ranked fourth among Non-
19 Agency MBS Underwriters" for 2007, but that its underwriting activities had tapered off towards the
20 latter half of 2007 due to issues in the market.

21 33. Defendant CHL is a direct wholly-owned subsidiary of CFC. CHL is engaged in the
22 mortgage banking business, and originates, purchases, sells and services mortgage loans. CHL's
23 principal executive offices are located at 4500 Park Granada, Calabasas, California, the same location
24 as CFC. CHL served as the "Sponsor" or "Seller" of the Certificates, meaning that it provided the pools
25 of mortgage loans to the Issuing Trusts upon which the Certificates were based.

26 34. Defendant Countrywide Capital Markets ("CCM") is a direct wholly-owned subsidiary
27 of CFC. CCM's principal executive offices are located at 4500 Park Granada, Calabasas, California,
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1 the same location as CFC. CCM operates through its two main wholly-owned subsidiaries, Defendant
 2 Countrywide Securities Corporation (“CSC”) and Countrywide Servicing Exchange. According to
 3 Defendant CFC’s Form 10-K, “Capital Markets participates in both competitive bid and
 4 negotiated underwritings and performs underwriting services for CHL, Countrywide Bank and third
 5 parties.” The financial results of CCM are set forth in the Capital Markets Segment of Defendant CFC’s
 6 financial statements.

7 35. Defendant CWALT is a Delaware corporation and a limited purpose financing
 8 subsidiary of CFC. CWALT’s principal executive offices are located at 4500 Park Granada, Calabasas,
 9 California, the same location as CFC. CWALT served in the role of the “Depositor” in the
 10 securitization of the Issuing Trusts as identified in ¶55 below, and was an “Issuer” of the Certificates
 11 within the meaning of the Securities Act, 15 U.S.C §77b(a)(4), traceable to the following amended
 12 Registration Statements it filed with the SEC:

Registration Number	Date Filed	Amount Registered
333-110343	January 13, 2004	\$19,000,000,000
333-117949	September 23, 2004	\$24,126,000,000
333-123167	April 21, 2005	\$45,335,287,290
333-125902	July 25, 2005	\$45,335,287,290
333-131630	March 6, 2006	\$100,271,785,327
333-140962	April 24, 2007	\$103,095,483,061

18 36. Defendant CWMBS is a Delaware corporation and a limited purpose financing
 19 subsidiary of CFC. CWMBS’ principal executive offices are located at 4500 Park Granada, Calabasas,
 20 California, the same location as CFC. Defendant CWMBS served in the role of the “Depositor” in the
 21 securitization of the Issuing Trusts as identified in ¶55 below, and was an “Issuer” of the Certificates
 22 within the meaning of the Securities Act, 15 U.S.C §77b(a)(4), traceable to the following amended
 23 Registration Statements it filed with the SEC:

Registration Number	Date Filed	Amount Registered
333-100418	October 28, 2002	\$14,978,548,884
333-121249	February 8, 2005	\$20,863,464,518
333-125963	July 25, 2005	\$40,742,304,251
333-131662	March 6, 2006	\$60,846,662,430
333-140958	April 24, 2007	\$144,647,113,029

1 37. Defendant CWABS is a Delaware corporation and a limited purpose financing
2 subsidiary of CFC. CWABS' principal executive offices are located at 4500 Park Granada, Calabasas,
3 California, the same location as CFC. Defendant CWABS served in the role of the "Depositor" in the
4 securitization of the Issuing Trusts as identified in ¶55 below, and was an "Issuer" of the Certificates
5 within the meaning of the Securities Act, 15 U.S.C §77b(a)(4), traceable to the following amended
6 Registration Statements it filed with the SEC:

7 Registration Number	Date Filed	Amount Registered
333-118926	October 18, 2004	\$60,598,485,932
8 333-125164	June 10, 2005	\$46,598,657,434
9 333-131591	February 21, 2006	\$34,327,892,523
333-135846	August 8, 2006	\$40,000,000,000
10 333-140960	April 24, 2007	\$113,336,555,700

11 38. Defendant CWHEQ is a Delaware corporation and a limited purpose financing
12 subsidiary of CFC. CWHEQ's principal executive offices are located at 4500 Park Granada, Calabasas,
13 California, the same location as CFC. Defendant CWHEQ served in the role of the "Depositor" in the
14 securitization of the Issuing Trusts as identified in ¶55 below and was an "Issuer" of the Certificates
15 within the meaning of the Securities Act, 15 U.S.C §77b(a)(4), traceable to the following amended
16 Registration Statements it filed with the SEC:

17 Registration Number	Date Filed	Amount Registered
333-121378	December 17, 2004	\$20,000,000,000
18 333-126790	August 4, 2005	\$30,572,949,813
19 333-132375	April 12, 2006	\$26,572,949,813
20 333-139891	May 22, 2007	\$31,717,192,508

21 39. Defendant CSC, an affiliate of CFC, acted as an underwriter for the Certificates
22 identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11), and drafted
23 and disseminated the Prospectus Supplements pursuant to which the Certificates were sold to plaintiffs.

24 40. Defendant J.P. Morgan Securities Inc. ("JP Morgan") acted as an underwriter for the
25 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
26 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
27 to plaintiffs.

1 41. Defendant Deutsche Bank Securities Inc. (“Deutsche Bank”) acted as an underwriter for
2 the Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C.
3 §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the
4 Certificates were sold to plaintiffs.

5 42. Defendant Bear, Stearns & Co. Inc. (“Bear Stearns”), a wholly-owned subsidiary of J.P.
6 Morgan Chase & Co. pursuant to the Agreement and Plan of Merger by and between The Bear Stearns
7 Companies, Inc. and J.P. Morgan Chase & Co. dated March 16, 2008, acted as an underwriter for the
8 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
9 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
10 to plaintiffs. As of the date of the merger, J.P. Morgan Chase & Co. is a successor in interest of Bear
11 Stearns.

12 43. Defendant Banc of America Securities LLC (“BoA”) acted as an underwriter for the
13 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
14 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
15 to plaintiffs.

16 44. Defendant UBS Securities, LLC (“UBS”) acted as an underwriter for the Certificates
17 identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11), and drafted
18 and disseminated the Prospectus Supplements pursuant to which the Certificates were sold to plaintiffs.

19 45. Defendant Morgan Stanley & Co. Incorporated (“Morgan Stanley”) acted as an
20 underwriter for the Certificates identified in ¶55 below, within the meaning of the Securities Act, 15
21 U.S.C. §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the
22 Certificates were sold to plaintiffs.

23 46. Defendant Edward D. Jones & Co., L.P. (“Edward Jones”) acted as an underwriter for
24 the Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C.
25 §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the
26 Certificates were sold to plaintiffs.

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1 47. Defendant Citigroup Global Markets Inc. (“Citigroup”) acted as an underwriter for the
2 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
3 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
4 to plaintiffs.

5 48. Defendant Goldman, Sachs & Co. (“Goldman Sachs”) acted as an underwriter for the
6 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
7 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
8 to plaintiffs.

9 49. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) acted as an underwriter
10 for the Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C.
11 §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the
12 Certificates were sold to plaintiffs.

13 50. Defendant Greenwich Capital Markets, Inc. a.k.a. RBS Greenwich Capital (“RBS”)
14 acted as an underwriter for the Certificates identified in ¶55 below, within the meaning of the Securities
15 Act, 15 U.S.C. §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to
16 which the Certificates were sold to plaintiffs.

17 51. Defendant Barclays Capital Inc. (“Barclays”) acted as an underwriter for the Certificates
18 identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11), and drafted
19 and disseminated the Prospectus Supplements pursuant to which the Certificates were sold to plaintiffs.

20 52. Defendant HSBC Securities (USA) (“HSBC”) acted as an underwriter for the
21 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
22 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
23 to plaintiffs.

24 53. Defendant BNP Paribas Securities Corp. (“BNP”) acted as an underwriter for the
25 Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11),
26 and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold
27 to plaintiffs.

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54. Defendant Merrill Lynch, Pierce, Fenner & Smith, Incorporated (“Merrill Lynch”) acted as an underwriter for the Certificates identified in ¶55 below, within the meaning of the Securities Act, 15 U.S.C. §77b(a)(11), and drafted and disseminated the Prospectus Supplements pursuant to which the Certificates were sold to plaintiffs. On September 15, 2008, Bank of America announced that it had purchased Merrill Lynch. The transaction is currently pending.

55. The Issuing Trusts were set up by CWALT, CWMBBS, CWABS and CWHEQ to issue hundreds of billions of dollars worth of Certificates pursuant to the Registration Statements and Prospectus Supplements. The following chart identifies (1) each Issuing Trust, (2) the stated value of the Certificates it issued, (3) the Registration Statements and Supplement Prospectuses pursuant to which the Certificates were issued and sold, and (4) the identities of the Depositor/Issuer, Underwriters, and Sponsor/Seller for each issuance:

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
1/13/2004	Alternative Loan Trust 2006-43CB	12/28/2006	\$874,833,833	CWALT	UBS/CSC/ Deutsche Bank	CHL
9/23/2004	Alternative Loan Trust 2005-10CB	3/28/2005	\$1,132,559,959	CWALT	JP Morgan/ Deutsche Bank/ UBS	CHL
	Alternative Loan Trust 2005-13CB	3/22/2005	\$729,629,938	CWALT	Bear Stearns/CSC/ Edward Jones	CHL
	Alternative Loan Trust 2005-14	3/28/2005	\$1,223,957,100	CWALT	BoA	CHL
	Alternative Loan Trust 2005-18CB	3/29/2005	\$228,023,117	CWALT	Deutsche Bank/JP Morgan	CHL
	Alternative Loan Trust 2005-1CB	1/27/2005	\$1,068,597,926	CWALT	Deutsche Bank/JP Morgan/Credit Suisse	CHL
	Alternative Loan Trust 2005-2	1/27/2005	\$259,145,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-3CB	1/25/2005	\$1,377,382,958	CWALT	RBS/ CSC/Citigroup	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2005-4	2/24/2005	\$365,434,966	CWALT	Bear Stearns	CHL
	Alternative Loan Trust 2005-6CB	2/23/2005	\$1,145,261,068	CWALT	RBS	CHL
	Alternative Loan Trust 2005-7CB	2/23/2005	\$1,016,691,725	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2005-9CB	3/28/2005	\$619,113,703	CWALT	CSC/JP Morgan	CHL
	Alternative Loan Trust 2005-J1	1/26/2005	\$862,291,563	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J2	2/24/2005	\$633,547,212	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J3	3/28/2005	\$502,950,968	CWALT	CSC	CHL
	Alternative Loan Trust Resecuritization 2005-5R	1/27/2005	\$152,265,968	CWALT	Deutsche Bank	CHL
4/21/2005	Alternative Loan Trust 2005-11CB	4/27/2005	\$1,145,181,103	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2005-16	4/26/2005	\$641,647,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-17	5/26/2005	\$1,145,690,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-19CB	4/25/2005	\$414,809,999	CWALT	Bear Stearns/ Morgan Stanley/Edward Jones	CHL
	Alternative Loan Trust 2005-20CB	5/25/2005	\$1,137,170,938	CWALT	Deutsche Bank/CSC/ Lehman	CHL
	Alternative Loan Trust 2005-21CB	4/26/2005	\$722,227,948	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2005-22T1	4/26/2005	\$262,349,932	CWALT	Citigroup/ Goldman Sachs	CHL
	Alternative Loan Trust 2005-23CB	4/26/2005	\$717,484,000	CWALT	Credit Suisse/CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2005-24	5/26/2005	\$1,425,304,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-25T1	5/23/2005	\$292,299,470	CWALT	Citigroup/CSC	CHL
	Alternative Loan Trust 2005-26CB	5/24/2005	\$493,999,752	CWALT	RBS/CSC	CHL
	Alternative Loan Trust 2005-27	6/28/2005	\$1,524,298,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-28CB	6/27/2005	\$831,895,756	CWALT	Deutsche Bank/ JP Morgan	CHL
	Alternative Loan Trust 2005-29	5/24/2005	\$273,952,380	CWALT	UBS/Bear Stearns	CHL
	Alternative Loan Trust 2005-30CB	6/27/2005	\$521,202,999	CWALT	Credit Suisse/CSC	CHL
	Alternative Loan Trust 2005-31	6/27/2005	\$971,317,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-32T1	6/24/2005	\$354,959,907	CWALT	Bear Stearns/CSC	CHL
	Alternative Loan Trust 2005-33CB	6/23/2005	\$539,993,529	CWALT	CSC	CHL
	Alternative Loan Trust 2005-36	6/23/2005	\$769,213,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-69	12/13/2005	\$500,429,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-J4	5/26/2005	\$671,259,700	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J5	4/22/2005	\$311,458,678	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J6	5/27/2005	\$195,470,622	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J7	6/29/2005	\$232,508,165	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J8	6/29/2005	\$194,930,382	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J9	7/25/2005	\$262,193,019	CWALT	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
7/25/2005	Alternative Loan Trust 2005-34CB	7/25/2005	\$416,789,991	CWALT	Deutsche Bank/ CSC/Edward Jones	CHL
	Alternative Loan Trust 2005-35CB	7/27/2005	\$726,658,739	CWALT	CSC/UBS	CHL
	Alternative Loan Trust 2005-37T1	7/26/2005	\$344,113,666	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2005-38	7/27/2005	\$1,817,402,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-40CB	8/24/2005	\$363,951,745	CWALT	CSC	CHL
	Alternative Loan Trust 2005-41	7/28/2005	\$773,858,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-42CB	8/26/2005	\$415,379,470	CWALT	Citigroup/CSC	CHL
	Alternative Loan Trust 2005-43	8/24/2005	\$448,198,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-44	8/29/2005	\$776,592,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-45	8/29/2005	\$1,448,824,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-46CB	8/29/2005	\$1,146,008,499	CWALT	Bear Stearns/ JP Morgan	CHL
	Alternative Loan Trust 2005-47CB	8/25/2005	\$414,809,863	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2005-48T1	9/26/2005	\$394,599,999	CWALT	Deutsche Bank/Lehman	CHL
	Alternative Loan Trust 2005-49CB	9/27/2005	\$520,739,090	CWALT	RBS	CHL
	Alternative Loan Trust 2005-50CB	9/27/2005	\$441,768,810	CWALT	CSC/Morgan Stanley	CHL
	Alternative Loan Trust 2005-51	9/29/2005	\$1,771,320,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-52CB	9/26/2005	\$519,749,910	CWALT	Deutsche Bank/CSC/ Edward Jones	CHL
	Alternative Loan Trust 2005-53T2	9/28/2005	\$331,897,280	CWALT	Bear Stearns	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2005-54CB	9/27/2005	\$959,309,669	CWALT	Credit Suisse/CSC	CHL
	Alternative Loan Trust 2005-55CB	9/28/2005	\$621,825,498	CWALT	Bear Stearns/JP Morgan	CHL
	Alternative Loan Trust 2005-56	9/28/2005	\$2,494,019,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-57CB	10/28/2005	\$818,209,269	CWALT	CSC/JP Morgan	CHL
	Alternative Loan Trust 2005-58	10/27/2005	\$774,000,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-59	9/29/2005	\$2,178,000,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-60T1	10/25/2005	\$420,247,503	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-61	10/26/2005	\$765,519,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-62	10/28/2005	\$1,559,819,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-63	10/25/2005	\$719,536,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-64CB	10/27/2005	\$839,649,564	CWALT	Bear Stearns/CSC	CHL
	Alternative Loan Trust 2005-65CB	11/28/2005	\$978,645,126	CWALT	Deutsche Bank/JP Morgan	CHL
	Alternative Loan Trust 2005-67CB	12/19/2005	\$209,232,483	CWALT	CSC/Lehman	CHL
	Alternative Loan Trust 2005-70CB	11/23/2005	\$492,524,020	CWALT	Citigroup/RBS	CHL
	Alternative Loan Trust 2005-71	11/21/2005	\$170,139,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-72	11/29/2005	\$737,628,100	CWALT	UBS	CHL
	Alternative Loan Trust 2005-73CB	11/28/2005	\$359,722,468	CWALT	Bear Stearns/RBS	CHL
	Alternative Loan Trust 2005-74T1	11/22/2005	\$365,544,950	CWALT	UBS/Morgan Stanley	CHL
	Alternative Loan Trust 2005-75CB	11/18/2005	\$414,233,182	CWALT	CSC/Morgan Stanley	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2005-76	12/28/2005	\$1,776,305,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2005-77T1	12/23/2005	\$1,050,079,829	CWALT	Bear Stearns/ Lehman	CHL
	Alternative Loan Trust 2005-79CB	12/19/2005	\$321,387,756	CWALT	Citigroup/ Morgan Stanley	CHL
	Alternative Loan Trust 2005-80CB	12/27/2005	\$1,256,585,157	CWALT	RBS/CSC	CHL
	Alternative Loan Trust 2005-81	12/27/2005	\$926,958,100	CWALT	Goldman Sachs	CHL
	Alternative Loan Trust 2005-82	12/23/2005	\$333,593,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-83CB	12/28/2005	\$364,032,468	CWALT	CSC	CHL
	Alternative Loan Trust 2005-84	12/21/2005	\$941,530,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust-2005-85CB	12/23/2005	\$1,257,944,756	CWALT	Deutsche Bank/Lehman/ JP Morgan	CHL
	Alternative Loan Trust 2005-86CB	12/27/2005	\$989,999,224	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2005-AR1	12/23/2005	\$768,170,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-IM1	12/8/2005	\$374,969,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J10	8/29/2005	\$507,732,857	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J11	9/29/2005	\$596,668,088	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J12	10/26/2005	\$604,102,100	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J13	10/26/2005	\$248,054,797	CWALT	CSC	CHL
	Alternative Loan Trust 2005-J14	11/28/2005	\$504,455,633	CWALT	CSC	CHL
	Alternative Loan Trust 2006-2CB	1/27/2006	\$876,481,015	CWALT	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2006-4CB	2/23/2006	\$683,680,636	CWALT	UBS/RBS	CHL
	Alternative Loan Trust 2006-5T2	2/23/2006	\$370,765,076	CWALT	CSC/BoA	CHL
	Alternative Loan Trust 2006-8T1	2/24/2006	\$355,528,517	CWMBS	CSC/BoA	CHL
	Alternative Loan Trust 2006-HY3	1/22/2006	\$249,703,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2006-J1	1/27/2006	\$781,555,047	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA1	1/24/2006	\$1,038,779,100	CWMBS	CSC	CHL
	Alternative Loan Trust 2006-OA2	1/27/2006	\$1,697,910,100	CWALT	CSC	CHL
3/6/2006	Alternative Loan Trust 2006-11CB	1/24/2006	\$763,457,959	CWALT	RBS/CSC	CHL
	Alternative Loan Trust 2006-12CB	1/27/2006	\$624,731,141	CWALT	UBS/JP Morgan	CHL
	Alternative Loan Trust 2006-13T1	3/29/2006	\$493,728,887	CWALT	BoA/Deutsche Bank	CHL
	Alternative Loan Trust 2006-14CB	4/25/2006	\$519,223,126	CWALT	Deutsche Bank/ JP Morgan	CHL
	Alternative Loan Trust 2006-15CB	4/24/2006	\$366,789,456	CWALT	RBS/Lehman	CHL
	Alternative Loan Trust 2006-16CB	4/26/2006	\$311,691,556	CWALT	Bear Stearns/CSC	CHL
	Alternative Loan Trust 2006-17T1	4/25/2006	\$474,959,606	CWALT	Credit Suisse/BoA	CHL
	Alternative Loan Trust 2006-18CB	5/26/2006	\$1,040,024,215	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2006-19CB	6/28/2006	\$1,558,637,921	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2006-20CB	5/25/2006	\$551,732,773	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2006-21CB	5/26/2006	\$520,536,856	CWALT	Citigroup/BoA	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2006-23CB	6/27/2006	\$987,020,570	CWALT	UBS/CSC	CHL
	Alternative Loan Trust 2006-24CB	6/28/2006	\$880,451,378	CWALT	Bear Stearns/Morgan Stanley	CHL
	Alternative Loan Trust 2006-25CB	7/27/2006	\$518,814,998	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2006-26CB	7/27/2006	\$395,599,061	CWALT	BoA	CHL
	Alternative Loan Trust 2006-27CB	8/29/2006	\$310,200,987	CWALT	Morgan Stanley/CSC	CHL
	Alternative Loan Trust 2006-28CB	8/29/2006	\$518,233,936	CWALT	Citigroup/ Morgan Stanley	CHL
	Alternative Loan Trust 2006-29T1	8/29/2006	\$785,759,998	CWALT	Barclays/BoA	CHL
	Alternative Loan Trust 2006-30T1	9/27/2006	\$469,299,928	CWALT	RBS/CSC	CHL
	Alternative Loan Trust 2006-31CB	9/27/2006	\$865,696,096	CWALT	Deutsche Bank/ Merrill Lynch	CHL
	Alternative Loan Trust 2006-32CB	9/26/2006	\$619,686,154	CWALT	Morgan Stanley	CHL
	Alternative Loan Trust 2006-33CB	9/28/2006	\$619,062,482	CWALT	Citigroup/CSC	CHL
	Alternative Loan Trust 2006-34	9/27/2006	\$200,553,202	CWALT	CSC	CHL
	Alternative Loan Trust 2006-35CB	10/26/2006	\$619,050,252	CWALT	Citigroup/ Morgan Stanley	CHL
	Alternative Loan Trust 2006-36T2	10/27/2006	\$734,911,293	CWALT	Bear Stearns/CSC	CHL
	Alternative Loan Trust 2006-37R	10/27/2006	\$68,315,933	CWALT	UBS	UBS
	Alternative Loan Trust 2006-39CB	11/29/2006	\$808,983,132	CWALT	Deutsche Bank/BoA	CHL
	Alternative Loan Trust 2006-40T1	11/28/2006	\$592,478,599	CWALT	HSBC/CSC	CHL
	Alternative Loan Trust 2006-41CB	11/29/2006	\$1,135,112,855	CWALT	Credit Suisse/CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2006-42	11/27/2006	\$246,986,001	CWALT	Barclays/CSC	CHL
	Alternative Loan Trust 2006-45T1	12/27/2006	\$1,113,036,850	CWALT	Morgan Stanley/BoA	CHL
	Alternative Loan Trust 2006-46	12/27/2006	\$296,399,437	CWALT	Barclays/Lehman	CHL
	Alternative Loan Trust 2006-6CB	3/29/2006	\$2,164,334,096	CWALT	CSC/Deutsche Bank	CHL
	Alternative Loan Trust 2006-7CB	3/29/2006	\$548,064,958	CWALT	Credit Suisse/JP Morgan	CHL
	Alternative Loan Trust 2006-9T1	3/29/2006	\$522,122,602	CWALT	Bear Stearns/Credit Suisse	CHL
	Alternative Loan Trust 2006-HY10	3/28/2006	\$529,427,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2006-HY11	4/27/2006	\$445,727,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2006-HY12	6/27/2006	\$791,111,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2006-HY13	12/28/2006	\$883,972,100	CWALT	UBS	CHL
	Alternative Loan Trust 2006-J2	3/28/2006	\$245,087,019	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J3	4/27/2006	\$253,461,322	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J4	6/29/2006	\$428,134,055	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J5	7/27/2006	\$421,364,240	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J6	9/26/2006	\$185,251,552	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J7	10/27/2006	\$347,393,561	CWALT	CSC	CHL
	Alternative Loan Trust 2006-J8	12/26/2006	\$462,029,521	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA10	6/29/2006	\$2,768,599,100	CWALT	UBS	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2006-OA11	6/29/2006	\$1,237,208,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA12	7/27/2006	\$984,619,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA14	9/29/2006	\$949,619,100	CWALT	BoA	CHL
	Alternative Loan Trust 2006-OA16	8/29/2006	\$1,336,380,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA17	9/28/2006	\$1,560,610,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA18	11/14/2006	\$498,492,256	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA19	11/29/2006	\$1,199,267,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA21	3/28/2006	\$1,292,642,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA22	12/28/2006	\$380,943,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA3	12/8/2006	\$753,195,100	CWALT	UBS	CHL
	Alternative Loan Trust 2006-OA6	3/31/2006	\$1,034,375,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OA7	5/16/2006	\$1,177,528,100	CWALT	UBS	CHL
	Alternative Loan Trust 2006-OA8	4/28/2006	\$606,092,100	CWALT	UBS	CHL
	Alternative Loan Trust 2006-OA9	3/30/2006	\$928,908,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC1	5/26/2006	\$1,196,264,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC10	11/29/2006	\$805,404,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC11	12/27/2006	\$1,089,000,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC2	3/27/2006	\$833,712,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC3	4/27/2006	\$671,248,100	CWALT	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2006-OC4	5/25/2006	\$569,225,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC5	6/28/2006	\$789,079,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC6	7/28/2006	\$625,543,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC7	8/29/2006	\$582,249,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC8	9/28/2006	\$1,693,916,100	CWALT	CSC	CHL
	Alternative Loan Trust 2006-OC9	11/14/2006	\$546,528,100	CWALT	CSC	CHL
	Alternative Loan Trust 2007-10CB	3/28/2007	\$742,499,999	CWALT	JP Morgan	CHL
	Alternative Loan Trust 2007-11T1	3/29/2007	\$587,626,182	CWALT	HSBC/UBS	CHL
	Alternative Loan Trust 2007-1T1	1/29/2007	\$493,712,524	CWALT	CSC	CHL
	Alternative Loan Trust 2007-2CB	1/29/2007	\$1,018,739,168	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2007-3T1	2/26/2007	\$792,149,705	CWALT	UBS/CSC/ Morgan Stanley	CHL
	Alternative Loan Trust 2007-4CB	4/10/2007	\$579,145,196	CWALT	CSC	CHL
	Alternative Loan Trust 2007-5CB	2/26/2007	\$1,559,847,536	CWALT	Citigroup/CSC	CHL
	Alternative Loan Trust 2007-6	2/26/2007	\$366,513,427	CWALT	Citigroup/CSC	CHL
	Alternative Loan Trust 2007-7T2	2/26/2007	\$365,759,889	CWALT	HSBC/Lehman	CHL
	Alternative Loan Trust 2007-8CB	3/28/2007	\$744,971,687	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-9T1	3/29/2007	\$837,346,400	CWALT	CSC/Deutsche Bank/BoA	CHL
	Alternative Loan Trust 2007-HY2	1/29/2007	\$508,705,100	CWALT	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2007-HY3	2/27/2007	\$989,260,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-HY5R	3/29/2007	\$553,116,614	CWALT	Deutsche Bank	
	Alternative Loan Trust 2007-J1	2/27/2007	\$583,156,580	CWALT	CSC	CHL
	Alternative Loan Trust 2007-OA2	2/14/2007	\$666,176,100	CWALT	UBS	CHL
	Alternative Loan Trust 2007-OA3	2/28/2007	\$1,137,053,100	CWALT	BoA	CHL
	Alternative Loan Trust 2007-OA4	3/28/2007	\$717,258,300	CWALT	Goldman Sachs	CHL
	Alternative Loan Trust 2007-OA7	3/29/2007	\$771,733,100	CWALT	CSC	CHL
	Alternative Loan Trust Resecuritization 2006-22R	5/26/2006	\$416,626,008	CWALT	RBS	RBS
	Alternative Loan Trust Resecuritization 2007-26R	12/17/2007	\$41,798,027	CWALT	Deutsche Bank	
4/27/2007	Alternative Loan Trust 2007-12T1	4/27/2007	\$855,728,140	CWALT	CSC	CHL
	Alternative Loan Trust 2007-13	4/26/2007	\$207,556,676	CWALT	Deutsche Bank/CSC	CHL
	Alternative Loan Trust 2007-14T2	5/29/2007	\$409,317,845	CWALT	Credit Suisse/CSC	CHL
	Alternative Loan Trust 2007-15CB	5/30/2007	\$669,615,650	CWALT	Credit Suisse/CSC	CHL
	Alternative Loan Trust 2007-16CB	6/28/2007	\$1,615,596,399	CWALT	Deutsche Bank/BoA	CHL
	Alternative Loan Trust 2007-17CB	6/28/2007	\$745,477,658	CWALT	Morgan Stanley/Credit Suisse	CHL
	Alternative Loan Trust 2007-18CB	6/28/2007	\$719,917,790	CWALT	Credit Suisse/CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2007-19	6/28/2007	\$1,166,488,020	CWALT	Credit Suisse/ Deutsche Bank	CHL
	Alternative Loan Trust 2007-20	6/27/2007	\$296,399,844	CWALT	RBS/UBS	CHL
	Alternative Loan Trust 2007-21CB	7/27/2007	\$769,186,604	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-22	7/27/2007	\$791,348,018	CWALT	UBS	CHL
	Alternative Loan Trust 2007-23CB	7/30/2007	\$1,030,214,330	CWALT	Bear Stearns	CHL
	Alternative Loan Trust 2007-24	8/29/2007	\$537,168,947	CWALT	UBS	CHL
	Alternative Loan Trust 2007-25	9/27/2007	\$660,495,859	CWALT	CSC	CHL
	Alternative Loan Trust 2007-AL1	6/18/2007	\$228,622,100	CWALT	CSC	CHL
	Alternative Loan Trust 2007-HY4	5/30/2007	\$1,432,682,100	CWALT	Bear Stearns	CHL
	Alternative Loan Trust 2007-HY6	6/29/2007	\$869,708,100	CWALT	BoA	CHL
	Alternative Loan Trust 2007-HY7C	6/28/2007	\$1,022,825,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-HY8C	7/30/2007	\$453,460,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-HY9	9/27/2007	\$34,861,100	CWALT	Deutsche Bank	CHL
	Alternative Loan Trust 2007-J2	5/29/2007	\$267,858,014	CWALT	CSC	CHL
	Alternative Loan Trust 2007-OA10	7/30/2007	\$549,502,100	CWALT	BoA	CHL
	Alternative Loan Trust 2007-OA11	10/29/2007	\$495,597,100	CWALT	CSC	CHL
	Alternative Loan Trust 2007-OA6	4/27/2007	\$561,485,100	CWALT	Credit Suisse	CHL
	Alternative Loan Trust 2007-OA8	6/28/2007	\$666,706,100	CWALT	BoA	CHL
	Alternative Loan Trust 2007-OA9	7/27/2007	\$391,151,100	CWALT	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	Alternative Loan Trust 2007-OH1	5/29/2007	\$495,113,100	CWALT	CSC	CHL
	Alternative Loan Trust 2007-OH2	6/28/2007	\$984,602,100	CWALT	CSC	CHL
	Alternative Loan Trust 2007-OH3	7/27/2007	\$579,826,100	CWALT	CSC	CHL
10/28/2002	CHL Mortgage Pass-Through Trust 2005-HYB10	12/27/2005	\$1,010,798,100	CWMBS	CSC	CHL
2/8/2005	CHL Mortgage Pass-Through Trust 2005-15	6/20/2005	\$412,924,044	CWMBS	Morgan Stanley/ CSC/ Edward Jones	CHL
	CHL Mortgage Pass-Through Trust 2005-HYB4	6/15/2005	\$791,873,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-J2	6/29/2005	\$806,148,679	CWMBS	CSC	CHL
7/25/2005	CHL Mortgage Pass-Through Trust 2005-16	7/26/2005	\$412,924,740	CWMBS	Goldman Sachs/Lehman	CHL
	CHL Mortgage Pass-Through Trust 2005-17	7/25/2005	\$629,201,708	CWMBS	UBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-18	8/25/2005	\$413,919,844	CWMBS	Goldman Sachs/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-19	8/1/2005	\$398,521,241	CWMBS	Bear Stearns	CHL
	CHL Mortgage Pass-Through Trust 2005-20	8/25/2005	\$413,919,460	CWMBS	UBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-21	8/25/2005	\$983,059,554	CWMBS	RBS/UBS	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CHL Mortgage Pass-Through Trust 2005-22	9/27/2005	\$588,995,100	CWMBS	UBS	CHL
	CHL Mortgage Pass-Through Trust 2005-23	9/26/2005	\$313,630,166	CWMBS	Citigroup/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-24	9/27/2005	\$1,036,789,285	CWMBS	Goldman Sachs/ CSC/ Edward Jones	CHL
	CHL Mortgage Pass-Through Trust 2005-25	9/27/2005	\$363,174,579	CWMBS	UBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-26	9/27/2005	\$497,507,486	CWMBS	Bear Stearns	CHL
	CHL Mortgage Pass-Through Trust 2005-27	8/29/2007	\$518,394,257	CWMBS	Credit Suisse/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-28	8/29/2007	\$414,914,141	CWMBS	UBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-29	8/29/2007	\$295,924,912	CWMBS	CSC/BoA	CHL
	CHL Mortgage Pass-Through Trust 2005-30	11/22/2005	\$514,555,415	CWMBS	UBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-31	12/22/2005	\$620,690,100	CWMBS	Goldman Sachs	CHL
	CHL Mortgage Pass-Through Trust 2005-HYB5	7/27/2005	\$791,278,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-HYB6	8/26/2005	\$991,562,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-HYB7	9/27/2005	\$1,017,720,100	CWMBS	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CHL Mortgage Pass-Through Trust 2005-HYB8	10/27/2005	\$593,432,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-J3	7/27/2005	\$381,311,999	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2005-J4	10/26/2005	\$200,059,714	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-1	1/26/2006	\$373,367,486	CWMBS	Lehman/RBS	CHL
	CHL Mortgage Pass-Through Trust 2006-3	1/30/2006	\$1,052,797,100	CWMBS	UBS	CHL
	CHL Mortgage Pass-Through Trust 2006-6	2/23/2006	\$481,822,327	CWMBS	RBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-HYB1	1/27/2006	\$1,154,098,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-HYB2	2/23/2006	\$653,891,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-HYB5	7/27/2006	\$526,000,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-J1	1/27/2006	\$406,869,042	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-J2	2/23/2006	\$174,124,645	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-OA4	2/24/2006	\$774,076,100	CWMBS	Deutsche Bank	CHL
	CHL Mortgage Pass-Through Trust 2006-OA5	2/28/2006	\$1,364,317,100	CWMBS	UBS	CHL

	Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
1	3/6/2006	CHL Mortgage Pass-Through Trust 2006-10	3/29/2006	\$600,481,743	CWMBS	Bear Stearns/BoA	CHL
2		CHL Mortgage Pass-Through Trust 2006-11	4/24/2006	\$626,849,839	CWMBS	Credit Suisse/CSC	CHL
3		CHL Mortgage Pass-Through Trust 2006-12	5/22/2006	\$652,719,878	CWMBS	CSC	CHL
4		CHL Mortgage Pass-Through Trust 2006-13	7/27/2006	\$519,389,436	CWMBS	Credit Suisse/ Morgan Stanley	CHL
5		CHL Mortgage Pass-Through Trust 2006-14	7/28/2006	\$366,159,454	CWMBS	CSC	CHL
6		CHL Mortgage Pass-Through Trust 2006-15	8/28/2006	\$397,004,000	CWMBS	CSC	CHL
7		CHL Mortgage Pass-Through Trust 2006-16	9/27/2006	\$994,995,037	CWMBS	Goldman Sachs/BoA	CHL
8		CHL Mortgage Pass-Through Trust 2006-17	10/27/2006	\$518,379,893	CWMBS	HSBC/Lehman	CHL
9		CHL Mortgage Pass-Through Trust 2006-18	10/27/2006	\$517,384,203	CWMBS	Credit Suisse/CSC	CHL
10		CHL Mortgage Pass-Through Trust 2006-19	11/28/2006	\$1,241,757,925	CWMBS	Credit Suisse/CSC	CHL
11		CHL Mortgage Pass-Through Trust 2006-20	12/27/2006	\$1,035,793,979	CWMBS	Credit Suisse	CHL
12		CHL Mortgage Pass-Through Trust 2006-21	12/27/2006	\$1,016,881,735	CWMBS	Bear Stearns/CSC	CHL
13	CHL Mortgage Pass-Through Trust 2006-8	3/29/2006	\$778,089,936	CWMBS	Credit Suisse/BoA	CHL	

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CHL Mortgage Pass-Through Trust 2006-9	3/28/2006	\$415,909,999	CWMBS	Barclays/CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-HYB3	4/26/2006	\$966,897,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-HYB4	5/26/2006	\$443,360,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-J3	5/25/2006	\$216,167,679	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-J4	7/27/2006	\$371,980,842	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2006-TM1	3/16/2006	\$902,091,850	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-1	1/29/2007	\$746,249,967	CWMBS	Goldman Sachs/CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-2	8/29/2007	\$362,933,532	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-3	2/26/2007	\$1,141,241,764	CWMBS	BNP/CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-4	8/29/2007	\$1,058,011,000	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-5	3/30/2007	\$845,749,614	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-HY1	2/27/2007	\$394,190,100	CWMBS	UBS	CHL
	CHL Mortgage Pass-Through Trust 2007-HYB1	1/29/2007	\$623,894,100	CWMBS	CSC	CHL

	Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
1		CHL Mortgage	3/29/2007	\$620,703,100	CWMBS	CSC	CHL
2		Pass-Through					
3		Trust 2007-HYB2					
4		CHL Mortgage	1/29/2007	\$309,676,683	CWMBS	CSC	CHL
5		Pass-Through					
6		Trust 2007-J1					
7							
8	4/26/2007	CHL Mortgage			CWMBS		CHL
9		Pass-Through	5/29/2007	\$646,730,067		UBS/Lehman	
10		Trust 2007-10					
11		CHL Mortgage			CWMBS		CHL
12		Pass-Through	6/27/2007	\$994,999,544		BNP/CSC/ Lehman	
13		Trust 2007-11					
14		CHL Mortgage			CWMBS		CHL
15		Pass-Through	6/27/2007	\$414,914,963		UBS/CSC	
16		Trust 2007-12					
17		CHL Mortgage			CWMBS		CHL
18		Pass-Through	6/27/2007	\$572,087,807		Bear Stearns/CSC	
19		Trust 2007-13					
20		CHL Mortgage			CWMBS		CHL
21		Pass-Through	7/27/2007	\$746,249,918		BoA/Lehman	
22		Trust 2007-14					
23		CHL Mortgage			CWMBS		CHL
24		Pass-Through	7/27/2007	\$1,031,170,625		RBS/CSC/ Lehman	
25		Trust 2007-15					
26		CHL Mortgage			CWMBS		CHL
27		Pass-Through	8/29/2007	\$770,783,999		HBSC	
28		Trust 2007-16					
29		CHL Mortgage			CWMBS		CHL
30		Pass-Through	8/29/2007	\$872,433,848		CSC	
31		Trust 2007-17					
32		CHL Mortgage			CWMBS		CHL
33		Pass-Through	9/27/2007	\$410,362,919		CSC	
34		Trust 2007-18					
35		CHL Mortgage			CWMBS		CHL
36		Pass-Through	10/29/2007	\$441,172,477		CSC	
37		Trust 2007-19					
38		CHL Mortgage			CWMBS		CHL
39		Pass-Through	11/28/2007	\$297,592,472		CSC	
40		Trust 2007-20					

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	CHL Mortgage Pass-Through Trust 2007-21	12/27/2007	\$778,228,036	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-6	4/26/2007	\$746,250,000	CWMBS	JP Morgan/ CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-7	4/26/2007	\$746,236,970	CWMBS	RBS/CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-8	8/29/2007	\$855,000,000	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-9	5/29/2007	\$696,499,987	CWMBS	Goldman Sachs/UBS	CHL
	CHL Mortgage Pass-Through Trust 2007-HY3	4/27/2007	\$579,898,100	CWMBS	UBS	CHL
	CHL Mortgage Pass-Through Trust 2007-HY4	9/27/2007	\$613,573,100	CWMBS	UBS	CHL
	CHL Mortgage Pass-Through Trust 2007-HY5	7/30/2007	\$360,740,100	CWMBS	Deutsche Bank	CHL
	CHL Mortgage Pass-Through Trust 2007-HY6	9/27/2007	\$1,201,511,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-HY7	10/29/2007	\$551,019,100	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-J2	5/29/2007	\$411,278,672	CWMBS	CSC	CHL
	CHL Mortgage Pass-Through Trust 2007-J3	6/28/2007	\$223,874,843	CWMBS	CSC	CHL
10/18/2004	CWABS Asset-Backed Certificates Trust 2005-BC3	6/29/2005	\$800,000,100	CWABS	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
6/10/2005	CWABS Asset-Backed Certificates Trust 2005-10	9/15/2005	\$695,001,100	CWABS	CSC/Deutsche Bank/JP Morgan	CHL
	CWABS Asset-Backed Certificates Trust 2005-11	9/23/2005	\$1,929,704,100	CWABS	CSC/Morgan Stanley/ RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-12	9/28/2005	\$876,150,100	CWABS	CSC/Deutsche Bank/ RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-13	11/16/2005	\$1,950,700,100	CWABS	CSC/BoA/ Barclays	CHL
	CWABS Asset-Backed Certificates Trust 2005-14	12/16/2005	\$2,032,800,100	CWABS	CSC/Bear Stearns/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-15	12/28/2005	\$362,200,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-16	12/23/2005	\$2,209,500,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-17	12/23/2005	\$2,520,700,100	CWABS	CSC/BNP/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2005-4	6/14/2005	\$2,826,900,100	CWABS	CSC/Bear Stearns/ Merrill Lynch	CHL
	CWABS Asset-Backed Certificates Trust 2005-5	6/20/2005	\$788,400,100	CWABS	CSC/BoA/ Bear Stearns	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset- Backed Certificates Trust 2005-6	6/23/2005	\$1,694,050,100	CWABS	CSC/Bear Stearns/JP Morgan	CHL
	CWABS Asset- Backed Certificates Trust 2005-7	6/24/2005	\$2,138,899,100	CWABS	CSC/Bear Stearns/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2005-8	8/25/2005	\$621,372,100	CWABS	CSC/Lehman	CHL
	CWABS Asset- Backed Certificates Trust 2005-9	9/22/2005	\$1,281,150,100	CWABS	CSC/RBS/ Merrill Lynch	CHL
	CWABS Asset- Backed Certificates Trust 2005-AB2	6/16/2005	\$1,000,000,100	CWABS	CSC/Bear Stearns/Credit Suisse	CHL
	CWABS Asset- Backed Certificates Trust 2005-AB3	9/21/2005	\$631,475,100	CWABS	CSC/Barclays/ BoA	CHL
	CWABS Asset- Backed Certificates Trust 2005-AB4	11/23/2005	\$1,592,000,100	CWABS	CSC/Deutsche Bank/JP Morgan	CHL
	CWABS Asset- Backed Certificates Trust 2005-AB5	12/23/2005	\$695,800,100	CWABS	CSC/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2005-BC4	9/26/2005	\$755,338,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2005-BC5	12/23/2005	\$921,500,100	CWABS	CSC/RBS	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset- Backed Certificates Trust 2005-HYB9	11/29/2005	\$1,088,954,000	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2005-IM1	8/23/2005	\$897,285,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2005-IM2	10/26/2005	\$715,077,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2005-IM3	12/19/2005	\$1,094,500,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2006-1	2/8/2006	\$756,643,100	CWABS	CSC/Lehman	CHL
	CWABS Asset- Backed Certificates Trust 2006-IM1	1/27/2006	\$697,200,100	CWABS	CSC	CHL
2/21/2006	CWABS Asset- Backed Certificate Trust 2006-ABC1	6/27/2006	\$396,600,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2006-10	6/29/2006	\$585,515,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2006-11	6/28/2006	\$1,846,600,100	CWABS	CSC/Barclays/ UBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-12	6/29/2006	\$1,272,700,100	CWABS	CSC/BNP/ Lehman	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset-Backed Certificates Trust 2006-13	7/27/2006	\$1,602,525,100	CWABS	CSC/Bear Stearns/ Lehman	CHL
	CWABS Asset-Backed Certificates Trust 2006-2	2/23/2006	\$801,975,100	CWABS	CSC/BoA/JP Morgan	CHL
	CWABS Asset-Backed Certificates Trust 2006-3	2/23/2006	\$1,361,500,100	CWABS	CSC/Barclays/ Deutsche Bank	CHL
	CWABS Asset-Backed Certificates Trust 2006-4	3/15/2006	\$606,775,100	CWABS	CSC/JP Morgan/ Lehman	CHL
	CWABS Asset-Backed Certificates Trust 2006-5	3/24/2006	\$672,135,100	CWABS	CSC/Bear Stearns/ Lehman	CHL
	CWABS Asset-Backed Certificates Trust 2006-6	3/27/2006	\$1,762,200,100	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2006-7	6/26/2006	\$1,017,378,100	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2006-8	6/26/2006	\$1,946,000,100	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2006-9	6/29/2006	\$563,832,100	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2006-BC1	4/25/2006	\$506,885,100	CWABS	CSC	CHL

	Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
1							
2							
3							
4		CWABS Asset- Backed Certificates Trust 2006-BC2	5/26/2006	\$629,525,100	CWABS	CSC	CHL
5							
6		CWABS Asset- Backed Certificates Trust 2006-BC3	8/29/2006	\$579,300,100	CWABS	CSC	CHL
7							
8		CWABS Asset- Backed Certificates Trust 2006-SPS1	6/26/2006	\$230,875,100	CWABS	Credit Suisse/ Deutsche Bank	CHL
9							
10							
11	8/8/2006	CWABS Asset- Backed Certificates Trust 2006-14	9/7/2006	\$1,453,500,100	CWABS	CSC/Deutsche Bank/ HSBC	CHL
12							
13		CWABS Asset- Backed Certificates Trust 2006-15	9/27/2006	\$937,000,100	CWABS	CSC	CHL
14							
15		CWABS Asset- Backed Certificates Trust 2006-16	9/27/2006	\$486,500,100	CWABS	CSC	CHL
16							
17		CWABS Asset- Backed Certificates Trust 2006-17	9/22/2006	\$972,000,100	CWABS	CSC/Deutsche Bank/ Lehman	CHL
18							
19		CWABS Asset- Backed Certificates Trust 2006-18	9/27/2006	\$1,653,250,100	CWABS	CSC/Bear Stearns/ Deutsche Bank	CHL
20							
21		CWABS Asset- Backed Certificates Trust 2006-19	9/28/2006	\$869,850,100	CWABS	CSC/Bear Stearns	CHL
22							
23		CWABS Asset- Backed Certificates Trust 2006-20	11/7/2006	\$976,000,100	CWABS	CSC/Bear Stearns/ HSBC	CHL
24							
25							
26							
27							

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset- Backed Certificates Trust 2006-21	11/29/2006	\$1,069,750,100	CWABS	CSC/JP Morgan/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-22	11/29/2006	\$1,556,000,100	CWABS	CSC/Barclays/ RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-23	12/7/2006	\$1,553,600,100	CWABS	CSC/JP Morgan/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-24	12/28/2006	\$1,305,024,100	CWABS	CSC/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-25	12/28/2006	\$1,507,375,100	CWABS	CSC/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-26	12/28/2006	\$1,167,600,100	CWABS	CSC/RBS	CHL
	CWABS Asset- Backed Certificates Trust 2006-BC4	9/27/2006	\$579,000,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2006-BC5	12/28/2006	\$729,003,100	CWABS	CSC	CHL
	CWABS Asset- Backed Certificates Trust 2006-SPS2	8/28/2006	\$456,500,100	CWABS	CSC/Credit Suisse/ Merrill Lynch	CHL
	CWABS Asset- Backed Certificates Trust 2007-1	2/8/2007	\$1,942,000,100	CWABS	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset-Backed Certificates Trust 2007-2	2/27/2007	\$1,513,980,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-3	3/28/2007	\$735,711,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-4	3/28/2007	\$959,500,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-5	3/29/2007	\$1,150,000,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-6	3/29/2007	\$966,000,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-BC1	2/27/2007	\$467,750,100	CWABS	CSC	CHL
4/26/2007	CWABS Asset-Backed Certificates Trust 2007-10	6/28/2007	\$973,500,100	CWABS	CSC/Barclays/ Deutsche Bank	CHL
	CWABS Asset-Backed Certificates Trust 2007-11	6/28/2007	\$780,400,100	CWABS	CSC/HSBC/ Merrill Lynch	CHL
	CWABS Asset-Backed Certificates Trust 2007-12	8/13/2007	\$2,800,000	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2007-13	10/29/2007	\$735,600,100	CWABS	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWABS Asset-Backed Certificates Trust 2007-7	5/3/2007	\$1,070,850,100	CWABS	CSC/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-8	5/30/2007	\$1,264,900,100	CWABS	CSC/Lehman/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-9	6/7/2007	\$1,171,200,100	CWABS	CSC/Lehman/RBS	CHL
	CWABS Asset-Backed Certificates Trust 2007-BC2	4/26/2007	\$615,875,100	CWABS	CSC	CHL
	CWABS Asset-Backed Certificates Trust 2007-BC3	6/28/2007	\$551,418,100	CWABS	CSC	CHL
12/17/2004	CWHEQ Revolving Home Equity Loan Asset-Backed Notes, Series 2005-C	6/28/2005	\$1,015,000,000	CWHEQ	CSC	CHL
8/4/2005	CWHEQ Home Equity Loan Trust, Series 2006-S1	3/29/2006	\$860,000,100	CWHEQ	CSC/Bear Stearns/Lehman	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S2	3/29/2006	\$1,050,000,100	CWHEQ	CSC/BNP/JP Morgan	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-G	9/28/2005	\$1,771,875,000	CWHEQ	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-D	8/26/2005	\$2,000,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-E	8/26/2005	\$2,000,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-F	9/27/2005	\$2,706,750,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-H	9/28/2005	\$1,771,875,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-I	12/22/2005	\$2,000,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-J	12/23/2005	\$1,500,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-K	12/27/2005	\$1,000,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-L	12/23/2005	\$400,000,000	CWHEQ	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWHEQ Revolving Home Equity Loan Trust, Series 2005-M	12/27/2005	\$2,000,000,000	CWHEQ	CSC/Lehman/ HSBC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-A	2/24/2006	\$800,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-B	3/28/2006	\$1,150,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-C	3/28/2006	\$1,850,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-D	3/29/2006	\$1,850,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-E	6/28/2006	\$1,500,000,000	CWHEQ	CSC	CHL
4/12/2006	CWHEQ Home Equity Loan Trust, Series 2006-S10	12/28/2006	\$1,597,600,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S3	6/26/2006	\$1,000,000,100	CWHEQ	CSC/Goldman Sachs/ HSBC	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S4	9/7/2006	\$1,000,000,100	CWHEQ	CSC/Bear Stearns/Credit Suisse	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWHEQ Home Equity Loan Trust, Series 2006-S5	9/26/2006	\$900,000,100	CWHEQ	CSC/Bear Stearns/BNP	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S6	9/28/2006	\$1,100,000,100	CWHEQ	CSC/Bear Stearns	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S7	11/29/2006	\$994,500,100	CWHEQ	CSC/Merrill Lynch/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S8	12/27/2006	\$1,000,000,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2006-S9	12/28/2006	\$1,000,000,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2007-S1	2/27/2007	\$1,600,000,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2007-S2	3/29/2007	\$999,000,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Home Equity Loan Trust, Series 2007-S3	3/29/2007	\$700,000,100	CWHEQ	CSC/RBS	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-F	6/29/2006	\$1,620,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-G	8/29/2006	\$1,000,000,000	CWHEQ	CSC	CHL

Amended Registration Statement Date	Issuing Trust	Prospectus Supplement Date	Principal Amount	Depositor/ Issuer	Underwriter(s)	Sponsor
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-H	9/28/2006	\$1,000,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2006-I	12/27/2006	\$2,100,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2007-A	1/30/2007	\$1,200,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2007-B	3/28/2007	\$950,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2007-C	3/29/2007	\$950,000,000	CWHEQ	CSC	CHL
5/22/2007	CWHEQ Revolving Home Equity Loan Trust, Series 2007-D	5/30/2007	\$900,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2007-E	5/30/2007	\$900,000,000	CWHEQ	CSC	CHL
	CWHEQ Revolving Home Equity Loan Trust, Series 2007-G	8/14/2007	\$566,952,000	CWHEQ	CSC	CHL

1 56. The Issuing Trusts, CWALT, CWMBS, CWABS and CWHEQ, and CFC are
2 collectively referred to herein as the “Issuing Defendants.”

3 57. Defendants CFC, CCM, CSC, JP Morgan, Deutsche Bank, Bear Stearns, BoA, UBS,
4 Morgan Stanley, Edward Jones, Citigroup, Goldman Sachs, Credit Suisse, RBS, Barclays, HSBC, BNP,
5 and Merrill Lynch are referred to herein as the “Underwriter Defendants.”

6 58. The Issuing Defendants and Underwriting Defendants are collectively referred to herein
7 as the “Issuing and Underwriting Defendants.”

8 59. Defendant Stanford L. Kurland (“Kurland”) was, at relevant times, the Chief Executive
9 Officer (“CEO”), President and Chairman of the Board of Directors for CWALT, CWMBS and
10 CWABS. Defendant Kurland signed: CWALT’s January 13, 2004, June 17, 2005, July 25, 2005,
11 February 7, 2006, and March 6, 2006 Registration Statements; CWMBS’ October 28, 2002, June 20,
12 2005, July 25, 2005, February 8, 2006, and March 6, 2006 Registration Statements; CWABS’ October
13 18, 2004, February 6, 2006, February 21, 2006, July 18, 2006, and August 8, 2006 Registration
14 Statements; and CWHEQ’s December 17, 2004, August 4, 2005, and April 12, 2006 Registration
15 Statements. Defendant Kurland was concurrently the Executive Vice President and Chief Operating
16 Officer (“COO”) of Defendant CFC.

17 60. Defendant David A. Spector (“Spector”) was, at relevant times, Vice President and a
18 member of the Board of Directors for CWALT, CWMBS, CWABS and CWHEQ. Defendant Spector
19 signed: CWALT’s January 13, 2004, June 17, 2005, July 25, 2005, February 7, 2006, and March 6,
20 2006 Registration Statements; CWMBS’ October 28, 2002, June 20, 2005, July 25, 2005, February 8,
21 2006, and March 6, 2006 Registration Statements; CWABS’ October 18, 2004, February 6, 2006,
22 February 21, 2006, July 18, 2006, and August 8, 2006 Registration Statements; and CWHEQ’s
23 December 17, 2004, August 4, 2005, and April 12, 2006 Registration Statements. Defendant Spector
24 was concurrently the Senior Managing Director of Secondary Marketing of Defendant CFC.

25 61. Defendant Thomas Keith McLaughlin (“McLaughlin”) was, at relevant times, the
26 Executive Vice President, Chief Financial Officer (“CFO”) and Treasurer for CWALT, CWMBS,
27 CWABS and CWHEQ. Defendant McLaughlin signed: CWALT’s January 13, 2004 Registration
28

1 Statement; CWMBS' October 28, 2002 Registration Statement; CWABS' October 18, 2004
2 Registration Statement; and CWHEQ's December 17, 2004 Registration Statement. Defendant
3 McLaughlin was concurrently the Executive Vice President and CFO of Defendant CFC.

4 62. Defendant Eric P. Sieracki ("Sieracki") was, at relevant times, the Executive Vice
5 President, CFO, Treasurer and member of the Board of Directors for CWALT, CWMBS, and CWABS.
6 Defendant Sieracki signed: CWALT's June 17, 2005, July 25, 2005, February 7, 2006, March 6, 2006,
7 February 28, 2007, and April 24, 2007 Registration Statements; CWMBS' June 20, 2005, July 25,
8 2005, February 8, 2006, March 6, 2006, February 28, 2007, and April 24, 2007 Registration Statements;
9 CWABS' February 6, 2006, February 21, 2006, July 18, 2006, August 8, 2006, February 28, 2007, and
10 April 24, 2007 Registration Statements; and CWHEQ's August 4, 2005, April 12, 2006 and May 22,
11 2007 Registration Statements. Defendant Sieracki was concurrently the Executive Vice President and
12 CFO of Defendant CFC.

13 63. Defendant Thomas H. Boone ("Boone") was, at relevant times, a member of CWALT's
14 and CWMBS' Board of Directors. Defendant Boone signed CWALT's January 13, 2004 Registration
15 Statement and CWMBS' October 28, 2002 Registration Statement. Defendant Boone was concurrently
16 the Senior Managing Director and Chief Administrative Officer of Defendant CFC.

17 64. Defendant Jeffrey P. Grogin ("Grogin") was, at relevant times a member of CWALT's
18 and CWMBS' Board of Directors. Defendant Grogin signed CWALT's January 13, 2004 Registration
19 Statement and CWMBS' October 28, 2002 Registration Statement.

20 65. Defendant N. Joshua Adler ("Adler") was, at relevant times, President, CEO and a
21 member of the Board of Directors for CWALT, CWMBS, CWABS and CWHEQ. Defendant Adler
22 signed: CWALT's February 28, 2007 and April 24, 2007 Registration Statements; CWMBS' February
23 28, 2007 and April 24, 2007 Registration Statements; CWABS' February 28, 2007 and April 24, 2007
24 Registration Statements; and CWHEQ's May 22, 2007 Registration Statement.

25 66. Defendant Ranjit Kripalani ("Kripalani") was, at relevant times, a member of CWALT's,
26 CWMBS', CWABS' and CWHEQ's Board of Directors. Defendant Kripalani signed CWALT's
27 February 28, 2007 and April 24, 2007 Registration Statements; CWMBS' February 28, 2007 and April
28

1 24, 2007 Registration Statements; CWABS' February 28, 2007 and April 24, 2007 Registration
2 Statements; and CWHEQ's May 22, 2007 Registration Statement. Defendant Kripalani was
3 concurrently the Senior Managing Director of Defendant CCM.

4 67. Defendant Jennifer S. Sandefur ("Sandefur") was, at relevant times, a member of
5 CWALT's, CWMBS', CWABS' and CWHEQ's Board of Directors. Defendant Sandefur signed
6 CWALT's February 28, 2007 and April 24, 2007 Registration Statements; CWMBS' February 28, 2007
7 and April 24, 2007 Registration Statements; CWABS' February 28, 2007 and April 24, 2007
8 Registration Statements; and CWHEQ's May 22, 2007 Registration Statement. Defendant Sandefur
9 was concurrently the Senior Managing Director and Treasurer of Defendant CHL.

10 68. Defendant David A. Sambol ("Sambol") was, at relevant times, President, CEO and a
11 member of the Board of Directors for CWHEQ. Defendant Sambol signed CWHEQ's January 10,
12 2007, March 2, 2007 and April 17, 2007 Registration Statements. Defendant Sambol was concurrently
13 the President and COO of Defendant CFC.

14 69. Defendants Kurland, Spector, McLaughlin, Boone, Grogin, Sieracki, Adler, Kripalani,
15 Sandefur and Sambol are collectively referred to hereinafter as the "Individual Defendants."

16 **IV. SUBSTANTIVE ALLEGATIONS**

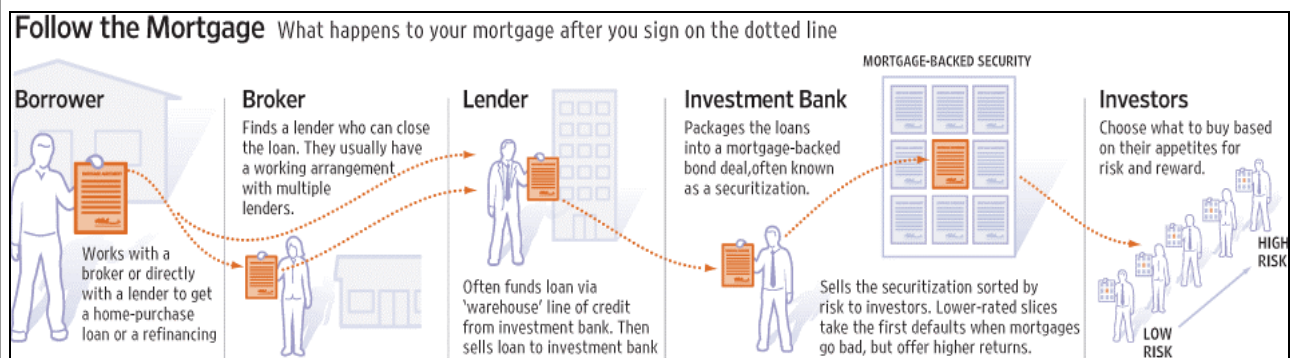
17 **A. Background**

18 70. Traditionally, the model for a mortgage loan involved a lending institution (*i.e.*, the
19 loan originator) extending a loan to a prospective home buyer in exchange for a promissory note from
20 the home buyer to repay the principal and interest on loan. The loan originator also held a lien against
21 the home as collateral in the event the home buyer defaulted on the obligation. Under this simple
22 model, the loan originator held the promissory note until it matured and was exposed to the concomitant
23 risk that the borrower may fail to repay the loan. As such, under the traditional model, the loan
24 originator had a financial incentive to ensure that (1) the borrower had the financial wherewithal and
25 ability to repay the promissory note, and (2) the underlying property had sufficient value to enable the
26 originator to recovery its principal and interest in the event that the borrower defaulted on the
27 promissory note.

1 71. Beginning in the 1990s, persistent low interest rates and low inflation led to a demand
2 for mortgages. As a result, banks and other mortgage lending institutions took advantage of this
3 opportunity, introducing financial innovations in the form of asset securitization to finance an
4 expanding mortgage market. As discussed below, these innovations altered (1) the foregoing traditional
5 lending model, severing the traditional direct link between borrower and lender, and (2) the risks
6 normally associated with mortgage loans.

7 72. Unlike the traditional lending model, an asset securitization involves the sale and
8 securitization of mortgages. Specifically, after a loan originator issues a mortgage to a borrower, the
9 loan originator sells the mortgage in the financial markets to a third-party financial institution. By
10 selling the mortgage, the loan originator obtains fees in connection with the issuance of the mortgage,
11 receives upfront proceeds when it sells the mortgage into the financial markets, and thereby has new
12 capital to issue more mortgages. The mortgages sold into the financial markets are typically pooled
13 together and securitized into what are commonly referred to as mortgage-backed securities or MBS.
14 In addition to receiving proceeds from the sale of the mortgage, the loan originator is no longer subject
15 to the risk that the borrower may default; that risk is transferred with the mortgages to investors who
16 purchase the MBS.

17 73. As illustrated below, in a mortgage securitization, mortgage loans are acquired, pooled
18 together or “securitized,” and then sold to investors in the form of MBS, whereby the investors acquire
19 rights in the income flowing from the mortgage pools.

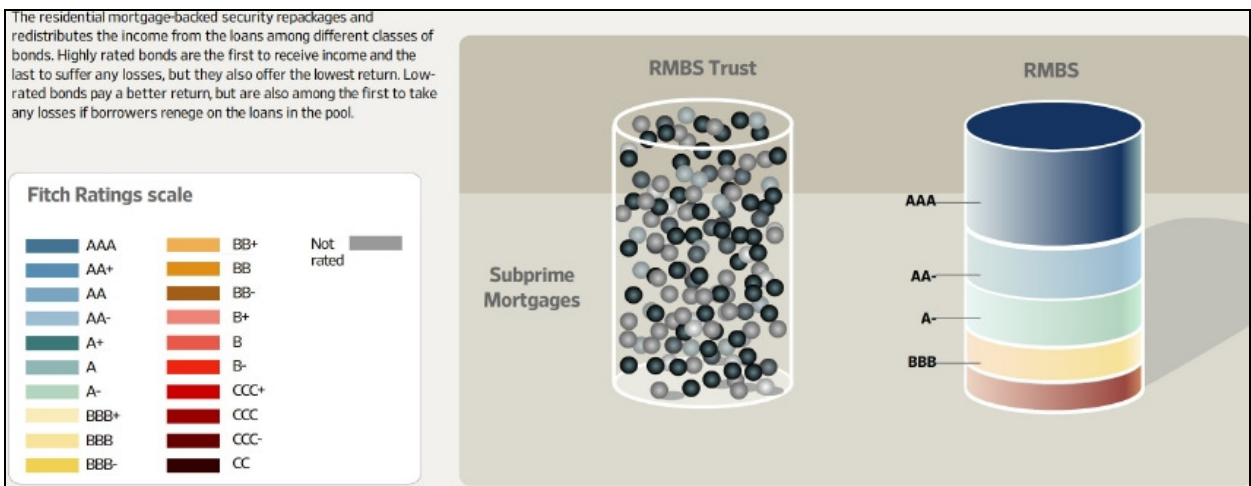


26 (Source: *The Wall Street Journal*)

1 74. When mortgage borrowers make interest and principal payments as required by the
 2 underlying mortgages, the cash-flow is distributed to the holders of the MBS certificates in order of
 3 priority based on the specific tranche held by the MBS investors. The highest tranche (also referred to
 4 as the senior tranche) is first to receive its share of the mortgage proceeds and is also the last to absorb any
 5 losses should mortgage-borrowers become delinquent or default on their mortgage. Of course, since
 6 the investment quality and risk of the higher tranches is affected by the cushion afforded by the
 7 lower tranches, diminished cash flow to the lower tranches results in impaired value of the higher
 8 tranches.

9 75. In this MBS structure, the senior tranches received the highest investment rating by the
 10 Rating Agencies, usually AAA. After the senior tranche, the middle tranches (referred to as mezzanine
 11 tranches) next receive their share of the proceeds. In accordance with their order of priority, the
 12 mezzanine tranches were generally rated from AA to BB by the Rating Agencies.

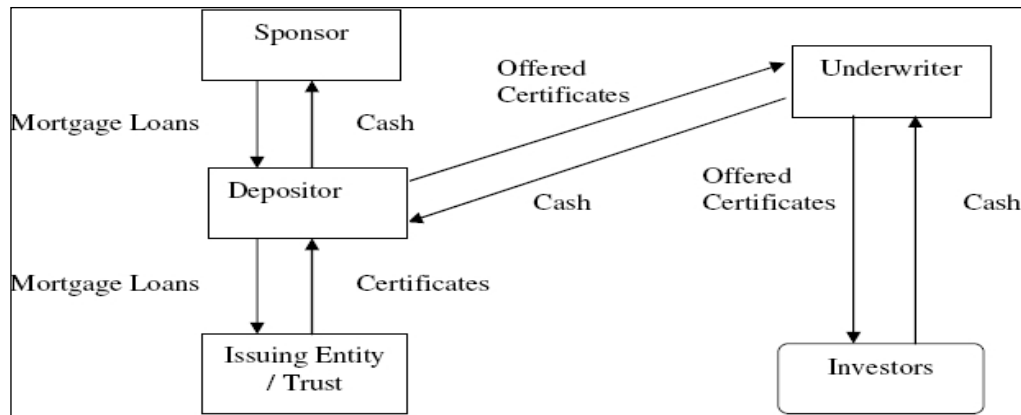
13 76. The process of distributing the mortgage proceeds continues down the tranches through
 14 to the bottom tranches, referred to as equity tranches. This process is repeated each month and all
 15 investors receive the payments owed to them so long as the mortgage-borrowers are current on their
 16 mortgages. The following diagram illustrates the concept of tranches within a MBS comprised of
 17 residential mortgages (often referred to as a “residential mortgage-backed securities”):



21 (Source: *The Wall Street Journal*)

1 77. As illustrated below, in the typical securitization transaction, participants in the
2 transaction are (1) the servicer of the loans to be securitized, often called the “sponsor,” (2) the
3 depositor of the loans in a trust or entity for securitization, (3) the underwriter of the MBS, (4) the entity
4 or trust responsible for issuing the MBS, often called the “issuing trust,” and (5) the investors in the
5 MBS.

6 78. Viewing the securitization process as a series of arms-length transactions, the process of
7 securitization begins with the sale of mortgage loans by the sponsor – the original owner of the
8 mortgages – to the depositor in return for cash. The depositor then sells those mortgage loans and
9 related assets to the trust, in exchange for the trust issuing certificates to the depositor. The depositor
10 then works with the underwriter of the trust to price and sell the certificates to investors.



18 79. Thereafter, the mortgage loans held by the trusts are serviced, *i.e.*, principal and interest
19 are collected from mortgagors, by the servicer, which earns monthly servicing fees for collecting such
20 principal and interest from mortgagors. After subtracting a servicing fee, the servicer sends the remainder
21 of the mortgage payments to a trustee for administration and distribution to the trust, and ultimately, to
22 the purchasers of the MBS Certificates.

23 80. In this case, however, the transactions among the sponsor, depositor and Issuing Trusts
24 were not arms-length transactions as CFC controlled all three entities. CFC set up Defendants
25 CWALT, CWMBBS, CWABS, and CWHEQ, the depositors in this case, as “limited purpose finance
26 entities” solely for the purpose for issuing the Certificates. CHL acted as the servicer of the mortgages
27 and CSC, Countrywide’s underwriting division, along with the other Underwriter Defendants, marketed
28

1 and sold the securities. While Defendants CWALT, CWMBS, CWABS, and CWHEQ served as the
2 Depositors for the Issuing Trusts and issued the Registration Statements, this process was directed by
3 CFC.

4 81. With respect to the MBS Certificates at issue here, the Registration Statements and each
5 of the Prospectus Supplements contained material statements concerning, *inter alia*, (1) the
6 underwriting process and standards by which mortgages held by the Issuing Trusts were originated, and
7 (2) a representation of the value of the real-estate securing the mortgages pooled in the Issuing Trusts,
8 expressed in part as the average LTV ratios of the underlying mortgages and the appraisal standards by
9 which such real estate values were obtained.

10 82. Each Certificate sold to plaintiffs was sold pursuant to a Registration Statement, which
11 incorporated by reference, a Prospectus Supplement, filed at the time that the Certificates were sold to
12 plaintiffs.

13 83. Each Prospectus Supplement filed with the SEC in connection with the Registration
14 Statements was incorporated by reference prospectively in the Registration Statements and contained
15 the specific disclosures concerning the particular Issuing Trust. Nonetheless, in each Prospectus
16 Supplement, as set forth herein, the Issuing Defendants and the respective underwriters made the same
17 representations concerning CHL's standards in originating the mortgages and valuing the properties
18 underlying the Issuing Trusts.

19 84. As set forth above, CWALT filed numerous Registration Statements with the SEC for
20 the sale of several class of Certificates backed primarily by:

- 21 (a) first lien mortgage loans secured by one to four family residential properties;
- 22 (b) mortgage loans secured by first liens on small multi-family residential properties,
23 such as residential apartment buildings or projects containing five to fifty residential units;
- 24 (c) collections arising from one or more types of the loans described above which are
25 not used to make payments on securities issued by a trust fund, including excess servicing fees and
26 prepayment charges;

1 (d) mortgage pass-through securities issued or guaranteed by Ginnie Mae, Fannie
2 Mae, or Freddie Mac; or

3 (e) mortgage-backed securities evidencing an interest in, or secured by, loans of the
4 type that would otherwise be eligible to be loans included in a trust fund and issued by entities other
5 than Ginnie Mae, Fannie Mae or Freddie Mac.

6 85. As set forth above, CWMBBS filed numerous Registration Statements with the SEC for
7 the sale of several classes of Certificates backed primarily by:

8 (a) first lien mortgage loans secured by one to four family residential properties or
9 participations in that type of loan;

10 (b) mortgage pass-through securities issued or guaranteed by Ginnie Mae, Fannie
11 Mae, or Freddie Mac; or

12 (c) private mortgage-backed securities backed by first lien mortgage loans secured
13 by one to four family residential properties or participations in that type of loan.

14 86. As set forth above, CWABS filed numerous Registration Statements with the SEC for
15 the sale of several classes of Certificates backed primarily by:

16 (a) first lien mortgage loans secured by one to four family residential properties;

17 (b) mortgage loans secured by first liens on small multi-family residential properties,
18 such as residential apartment buildings or projects containing five to fifty residential units;

19 (c) closed-end and/or revolving home equity loans, secured in whole or in part by
20 first and/or subordinate liens on one to four family residential properties; or

21 (d) home improvement loans, secured by first or subordinate liens on one to four
22 family residential properties or by personal property security interests, and home improvement sales
23 contracts, secured by personal property security interests.

24 87. As set forth above, CWHEQ filed numerous Registration Statements with the SEC for
25 the sale of several classes of Certificates backed primarily by:

26 (a) first lien mortgage loans secured by first and/or subordinate liens on one to four
27 family residential properties;

28

1 (b) closed-end and/or revolving home equity loans, secured in whole or in part by
2 first and/or subordinate liens on one to four family residential properties; or

3 (c) home improvement loans, secured by first or subordinate liens on one to four
4 family residential properties or by personal property security interests, and home improvement sales
5 contracts, secured by personal property security interests.

6 **B. The Importance of Defendants' Representations Concerning Its Loan**
7 **Underwriting Standards to Investors in the Trusts**

8 88. Each of the Registration Statements and Prospectus Supplements contained
9 representations concerning the standards purportedly used to underwrite the mortgages in the Issuing
10 Trusts. For example, each of the Registration Statements issued by CWALT and CWMBS represented
11 that: "All of the mortgage loans in the trust fund will have been originated or acquired by Countrywide
12 Home Loans in accordance with its credit, appraisal and underwriting standards. Countrywide Home
13 Loans' underwriting standards are applied in accordance with applicable federal and state laws and
14 regulations." Each of the Registration Statements issued by CWABS and CWHEQ similarly, indicated
15 the importance of loan underwriting, expressing their compliance with "applicable federal and state
16 laws and regulations."

17 89. Moreover, each of the Registration Statements issued by the Issuing Defendants in
18 connection with CWALT's and CWMBS' issuance of Certificates, set forth the following
19 representation regarding Countrywide's underwriting standards:

20 Countrywide Home Loans' underwriting standards are applied by or on behalf of
21 Countrywide Home Loans to evaluate the prospective borrower's credit standing and
22 repayment ability and the value and adequacy of the mortgaged property as collateral.
23 Under those standards, a prospective borrower must generally demonstrate that the ratio
24 of the borrower's monthly housing expenses (including principal and interest on the
25 proposed mortgage loan and, as applicable, the related monthly portion of property
26 taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross
27 income and the ratio of total monthly debt to the monthly gross income (the "debt-to-
income" ratios) are within acceptable limits. The maximum acceptable debt-to-income
ratio, which is determined on a loan-by-loan basis varies depending on a number of
underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and
credit history of the borrower. In addition to meeting the debt-to-income ratio
guidelines, each prospective borrower is required to have sufficient cash resources to
pay the down payment and closing costs. Exceptions to Countrywide Home Loans'
underwriting guidelines may be made if compensating factors are demonstrated by a
prospective borrower.

1 90. The Registration Statements issued by the Issuing Defendants in connection with
2 CWABS' issuance of Certificates similarly described the criteria by which loans in the Issuing Trusts
3 were originated:

4 Countrywide Home Loans' underwriting standards are primarily intended to
5 evaluate the value and adequacy of the mortgaged property as collateral for the proposed
6 mortgage loan and the borrower's credit standing and repayment ability. On a case by
7 case basis, Countrywide Home Loans may determine that, based upon compensating
8 factors, a prospective borrower not strictly qualifying under the underwriting risk
9 category guidelines described below warrants an underwriting exception. Compensating
10 factors may include low loan-to-value ratio, low debt-to-income ratio, stable
11 employment, time in the same residence or other factors. It is expected that a significant
12 number of the Mortgage Loans will have been originated based on such underwriting
13 exceptions.

14 91. Likewise, the Registration Statements issued by CWHEQ, as modified by its Prospectus
15 Supplements, made similar representations with respect to Countrywide's underwriting practices for
16 fixed rate closed-end second lien mortgage loans and home equity loans:

17 The underwriting process is intended to assess the applicant's credit standing and
18 repayment ability, and the value and adequacy of the real property security as collateral
19 for the proposed loan. Exceptions to the applicable originator's underwriting guidelines
20 will be made when compensating factors are present. These factors include the
21 borrower's employment stability, favorable credit history, equity in the related property,
22 and the nature of the underlying first mortgage loan.

23 92. Sound underwriting is critically important to the investors acquiring the Certificates
24 issued by the Issuing Trusts because the ability of Countrywide's borrowers to repay the principal and
25 interest on the mortgages collateralizing the Issuing Trusts is the fundamental basis upon which the
26 investment in the Certificate is valued. If, however, the mortgages pooled in the MBS suffered
27 delinquencies in excess of the assumptions built into the mortgage pool, owners of the Certificates
28 would suffer losses as the principal and income necessary to service the Certificates would, necessarily
diminish. This would reduce the yield on the Certificates and their corresponding value.

C. Importance of Objective, Unbiased, and Accurate Property Appraisals

93. In addition to the representations concerning the underwriting standards used for the
mortgages underlying the Issuing Trusts, the Registration Statements and Prospectus Supplements
contained representations concerning the appraised value of the properties securing the loans.

1 94. Independent and accurate real-estate appraisals are essential to the entire mortgage
2 lending and securitization process, providing borrowers, lenders, and investors in MBS with
3 supposedly independent and accurate assessments of the value of the mortgaged properties.
4 Accurate appraisals ensure that a mortgage or home equity loan is not under-collateralized, thereby
5 protecting borrowers from financially over-extending themselves and protecting lenders and investors
6 in MBS in the event a borrower defaults on a loan. Accurate appraisals also provide investors with a
7 basis for assessing the price and risk of MBS.

8 95. As accurate appraisal is also critical in determining the LTV ratio, which is a financial
9 metric that Wall Street analysts and investors commonly use when evaluating the price and risk of
10 MBSs. The LTV ratio is a mathematical calculation that expresses the amount of a mortgage as a
11 percentage of the total appraised value of the property. For example, if a borrower seeks to borrow
12 \$90,000 to purchase a house worth \$100,000, the LTV ratio is $\$90,000/\$100,000$, or 90%. If, however,
13 the appraised value of the house is artificially increased to \$120,000, the LTV ratio drops to just 75%
14 ($\$90,000/\$120,000$).

15 96. From a lender's perspective, a high LTV ratio is riskier because a borrower with a small
16 equity position in a property has less to lose if he/she defaults on the loan. Worse, particularly in an
17 era of falling housing prices, a high LTV ratio creates the heightened risk that, should the borrower
18 default, the amount of the outstanding loan may exceed the value of the property.

19 97. Real estate appraisals are governed by USPAP, which are the generally accepted
20 standards for professional appraisal practice in North America, promulgated by the Appraisal Standards
21 Board of the Appraisal Foundation, as authorized by Congress. With respect to real estate appraisals, the
22 USPAP requires:

23 An appraiser must perform assignments with impartiality, objectivity, and
24 independence, and without accommodation of personal interests.

25 In appraisal practice, an appraiser must not perform as an advocate for any party
or issue.

26 An appraiser must not accept an assignment that includes the reporting of
27 predetermined opinions and conclusions.

28 * * *

1 It is unethical for an appraiser to accept an assignment, or to have a compensation
2 arrangement for an assignment, that is contingent on any of the following:

- 3 1. the reporting of a predetermined result (e.g., opinion of value);
- 4 2. a direction in assignment results that favors the cause of the client;
- 5 3. the amount of a value opinion;
- 6 4. the attainment of a stipulated result; or
- 7 5. the occurrence of a subsequent event directly related to the appraiser's
8 opinions and specific to the assignment's purpose.

9 98. The Registration Statements and Prospectus Supplements contained extensive
10 disclosures concerning the value of the collateral underlying the mortgages pooled in the Issuing Trusts
11 and the appraisals by which such values were obtained. For example, Prospectus Supplements stated
12 that:

13 ***Countrywide Home Loans' underwriting standards are applied in accordance***
14 ***with applicable federal and state laws and regulations and require an independent***
15 ***appraisal of the mortgaged property prepared on a Uniform Residential Appraisal***
16 ***Report (Form 1004) or other appraisal form as applicable to the specific mortgaged***
17 ***property type. Each appraisal includes a market data analysis based on recent sales***
18 ***of comparable homes in the area and, where deemed appropriate, replacement cost***
19 ***analysis based on the current cost of constructing a similar home and generally is***
20 ***required to have been made not earlier than 180 days prior to the date of origination of***
21 ***the mortgage loan. Every independent appraisal is reviewed by a representative of***
22 ***Countrywide Home Loans before the loan is funded, and an additional review***
23 ***appraisal is generally performed in connection with appraisals not provided by***
24 ***Landsafe Appraisals, Inc., a wholly owned subsidiary of Countrywide Home Loans.***

25 Prospectus Supplement for CWABS Asset-Backed Certificates Trust 2006-1 (Form 424B5), at S-37
26 (Feb. 8, 2006).²

27 ² The Prospectuses uniformly used the same, or substantially similar, language. *Accord, e.g.,*
28 Prospectus Supplement for Alternative Loan Trust 2005-J7 (Form 424B5), at S-32 (June 29, 2005);
Prospectus Supplement for Alternative Loan Trust 2005-63 (Form 424B5), at S-80 (Oct. 31, 2005);
Prospectus Supplement for Alternative Loan Trust 2006-6CB (Form 424B5), at S-60 (Mar. 29, 2006);
Prospectus Supplement for Alternative Loan Trust 2007-12T1 (Form 424B5), at S-37 (Apr. 27, 2007);
Prospectus Supplement for CHL Mortgage Pass-Through Trust 2006-HYB3 (Form 424B5), at S-99
(May 1, 2006); Prospectus Supplement for CHL Mortgage Pass-Through Trust 2005-30 (Form 424B5),
at S-23 (Nov. 22, 2005); Prospectus Supplement for CHL Mortgage Pass-Through Trust 2006-11 (Form
424B5), at S-34 (Apr. 24, 2006); Prospectus Supplement for CHL Mortgage Pass-Through Trust 2007-
1 (Form 424B5), at S-31 (Jan. 29, 2007); Prospectus Supplement for CWABS Asset-Backed
Certificates Trust 2005-10 (Form 424B5), at S-29 (Sept. 15, 2005); Prospectus Supplement for CWABS
Asset-Backed Certificates Trust 2007-1 (Form 424B5), at S-38 (Feb. 8, 2007); Prospectus Supplement

1 99. Each Prospectus Supplement also reported the average loan to value ratios of the
2 collateral underlying the mortgages pooled in the Issuing Trusts.

3 100. Investors bought the Certificates based on, *inter alia*, these representations concerning
4 the value of the underlying properties in the pools of mortgages and the propriety of the appraisals used
5 to determine the value of these properties.

6 **V. COUNTRYWIDE’S UNDERWRITING PRACTICES DIVERGED MATERIALLY**
7 **FROM THE REPRESENTATIONS IN THE REGISTRATION STATEMENTS AND**
8 **PROSPECTUS SUPPLEMENTS**

9 101. The mortgage pools underlying the Certificates have suffered serious delinquencies and
10 foreclosures far above the rates that plaintiffs anticipated based on the defendants’ representations
11 concerning the underwriting standards and quality of mortgages pooled in the Issuing Trusts.
12 Foreclosures have revealed that the properties underlying the mortgages were valued far in excess of
13 their true value. As a consequence, the Certificates have lost value and plaintiffs have suffered
14 damages.

15 102. As discussed below, these elevated rates of delinquency and foreclosure are due to
16 material deviations from the underwriting standards that were represented in Registration Statements
17 and Prospectus Supplements. In addition, it has been disclosed that the values assigned to the collateral
18 underlying the mortgage loans were not determined in accordance with the appraisal standards
19 represented in the Registration Statements and Prospectus Supplements. As a consequence, these
20 offering materials failed to disclose and misrepresented the true risks of investing in the Certificates.
21
22
23

24 for CWHEQ Home Equity Loan Trust, Series 2006-S2 (Form 424B5), at S-31 (Mar. 29, 2006);
25 Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series 2007-S3 (Form 424B5), at S-36
26 (Mar. 29, 2007); Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust, Series
27 2005-I (Form 424B5), at S-26 (Dec. 22, 2005); Prospectus Supplement for CWHEQ Revolving Home
28 Equity Loan Trust, Series 2006-B (Form 424B5), at S-33 (Mar. 28, 2006); Prospectus Supplement for
CWHEQ Revolving Home Equity Loan Trust, Series 2007-A (Form 424B5), at S-32 (Jan. 30, 2007).

1 **A. Countrywide’s Underwriting Standards Deviated Materially from the**
2 **Representations Contained in the Registration Statements and Prospectus**
3 **Supplements**

3 103. While the offering documents represented that Countrywide’s underwriting of mortgages
4 was designed to ensure the borrower’s ability to repay the mortgage and the adequacy of the collateral
5 supporting the mortgage, in reality, however, Countrywide’s underwriting standards were designed to
6 originate as many mortgage loans as possible without regard to the ability of its borrowers to afford
7 such mortgages. Indeed, contrary to the representations in the Registration Statements and Prospectus
8 Supplements, it has now been revealed that Countrywide’s loan originators systemically disregarded
9 and/or manipulated the income, assets and employment status of borrowers seeking mortgage loans in
10 order to qualify these borrowers for mortgages that were then pooled and sold to plaintiffs. In many
11 instances, this was done by inflating borrowers’ stated income, or facilitating income inflation by
12 encouraging ineligible borrowers to resort to “no documentation loans” and “stated income loans.” In
13 other cases, Countrywide customers were steered to more expensive, higher interest loans, such as
14 subprime and “alternative” mortgages, to increase its supply of mortgages sold to the secondary
15 mortgage markets.

16 104. The falsity of the underwriting representations in the Registration Statements and
17 Prospectus Supplements is supported further by the allegations of others against Countrywide for its
18 role in the subprime mortgage crisis. Senator Charles Schumer from New York publicly stated,
19 ““Countrywide did more to contribute to the subprime mortgage crisis than anyone else.”” Jonathan
20 Stempel & Dan Wilchins, *Countrywide’s Sambol won’t join Bank of America*, Reuters, May 28, 2008
21 (quoting Senator Schumer). Furthermore, in an action commenced against Countrywide for wrongful
22 termination, styled *Zachary v. Countrywide Financial Corporation*, No. 4:08-cv-00214, currently
23 pending in the United States District Court for the Southern District of Texas, the plaintiff, Mark
24 Zachary (“Zachary”), a Regional Vice President of Countrywide KB Homes Loans, Inc. (“CWKB”),
25 alleged that CWKB, a 50-50 joint venture between Countrywide and KB Home Loans (“KB Home”),
26 engaged in a host of mortgage origination and underwriting activities that did not comport with stated
27 and standard practices. Zachary described how loan officers would go so far as to help the loan
28

1 applicant submit a loan application with *false income amounts*, so that the applicant would get the loan
2 under false pretenses.

3 105. According to Mr. Zachary, one of these practices involved CWKB's practice of *flipping*
4 a loan application from a "full documentation" loan program to a "stated income" or "no income, no
5 asset" loan program. He learned that loans were being canceled at the prime regional operations center
6 as full documentation loans and transferred to the sub-prime operations center in Plano, Texas, as stated
7 asset, stated income ("SISA") loans, a "low-doc" loan, or no income, no assets ("NINA") loans, a "no-
8 doc" loan. Otherwise known as "liar loans," NINA loans allowed a borrower to simply state their
9 income without providing any documentation or proof of this income. Thus, rather than denying an
10 applicant based on the information revealed in the original mortgage application, Countrywide
11 pretended that it did not see the disqualifying information, such as insufficient income or assets, and
12 instead, allowed applicants to apply for a no documentation loan, implicitly encouraging them to lie on
13 these renewed applications.

14 106. Furthermore, Mr. Zachary explained that while a material number of Countrywide's loan
15 applicants were *not* eligible for *any* loan program requiring documentation based on the applicant's
16 verified income level and/or job status, CWKB loan officers would (1) cancel the application for the
17 loan program that required documentation, (2) re-do the application as a SISA or a NINA loan through
18 the company's subprime originators in Plano, Texas, and (3) coach the loan applicant as to what income
19 level he or she would need to have in order to qualify for the low-doc or no-doc loan.

20 107. Investigations by others into Countrywide's business practices document testimony by
21 former Countrywide employees that corroborates Zachary's allegations and portrays a systemic
22 departure from Countrywide's underwriting standards.

23 108. On February 15, 2008, Countrywide shareholders filed a consolidated complaint alleging
24 derivative claims against the officers and directors of Countrywide in an action styled *In re*
25 *Countrywide Financial Corp. Derivative Litigation*, No. 07-CV-06293-MRP-(MANx), currently
26 pending in the United States District Court for the Central District of California (the "Derivative
27 Complaint"). The Derivative Complaint cited information obtained from several former Countrywide
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1 employees who stated that the vast majority of Countrywide’s loans were underwritten in contravention
2 of the company’s stated underwriting standards. For example, a former “Underwriter II” – a
3 Countrywide employment classification – based in a Jacksonville, Florida, processing center between
4 June 2006 and April 2007 stated that in Countrywide’s campaign to increase the volume of loan
5 originations, as much as 80% of the loans originated by Countrywide in that office involved significant
6 variations from the underwriting standards.

7 109. Purchasers of Countrywide common shares (the “Securities Plaintiffs”) filed a complaint
8 in the United States District Court of the Central District of California (*In re Countrywide Financial*
9 *Corp. Securities Litigation*, No. CV 07-05295 MRP (MANx)), which confirms the foregoing, and
10 reveals further, systematic transgressions in Countrywide’s loan origination practices.

11 110. For example, a supervising underwriter at Countrywide until mid-2005, who oversaw the
12 company’s underwriting operations in several states (the “Supervising Underwriter”), stated that the
13 underwriting guidelines were “very loose and lax” and designed to help Countrywide make more loans
14 (as opposed to protecting the entity that ended up taking on the credit risk that the borrower would
15 default on the mortgage). Another former employee confirmed that Countrywide’s “Sales Training
16 Facilitator Guide” stated that “we always look for ways to make the loan rather than turn it down.”

17 111. The Supervising Underwriter further stated that since late 2004, Countrywide’s
18 Structured Loan Desks employed software called the Exception Processing System or EPS in order to
19 obtain approval for loans that were exceptions to and should have been rejected by Countrywide’s
20 underwriting standards. As many as 15% to 20% of the loans generated each day at the Company’s
21 Structured Loan Desks were run through EPS and very few were ever rejected. This practice was
22 confirmed by documents publicly filed in an Alaskan criminal case against a former Countrywide
23 manager charged with extending improper loans, which reveal that the objectives of EPS were to
24 “[a]pprove virtually every borrower and loan profile” and “[p]rocess and price exceptions on standard
25 products for high risk borrowers.”

26 112. The Supervising Underwriter further stated that if a potential borrower applying for a
27 SISA loan provided a bank name, address and account number for asset verification, it was the practice
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1 at Countrywide not to verify the bank balance. According to another former employee identified during
2 the Securities Plaintiffs' investigation, as well as an April 6, 2008 article in the *New York Times*, even
3 though Countrywide had the right to verify stated income on an application through the Internal
4 Revenue Service ("IRS") (and this check took less than one day to complete), income was verified with
5 the IRS on only 3%-5% of all loans funded by Countrywide in 2006.

6 113. Another witness identified during the investigation by the Securities Plaintiffs, a Senior
7 Underwriter in Roseville, California, from September 2002 to September 2006, said that Countrywide
8 regularly would classify loans as "prime" even if made to unqualified borrowers, including those who
9 had recently gone through a bankruptcy and were still having credit problems. According to this
10 witness, Countrywide's stated underwriting policies were not followed throughout 2006.

11 114. Attorneys General from various states have launched investigations into Countrywide's
12 lending practices and also have alleged that Countrywide systematically departed from the underwriting
13 standards it professed using for originating residential loans.

14 115. For example, the Illinois Attorney General (the "Illinois AG") launched an investigation
15 into Countrywide's loan practices that has culminated in the action styled *The People of the State of*
16 *Illinois v. Countrywide Financial Corporation, et al.*, No. 08CH22994, originally filed on June 25, 2008
17 in the Chancery Division of the Circuit Court of Cook County, Illinois (the "Illinois AG Complaint").
18 In 2004, 2005 and 2006, Countrywide was Illinois' largest mortgage originator, originating and selling
19 approximately 94,000 mortgage loans to Illinois consumers.

20 116. According to Countrywide employees who the Illinois AG interviewed, Countrywide
21 originated loans that did not meet its underwriting criteria because Countrywide employees were
22 incentivized to increase the number of loan originations without concern for whether the borrower was
23 able to repay the loan.

24 117. With respect to stated income loans, Countrywide employees explained to the Illinois
25 AG that while the company had a "reasonableness standard" in order to check fraudulent stated income,
26 employees were only required to use their judgment in deciding whether or not a stated income loan
27 seemed reasonable. To supplement an employee's judgment as to whether or not a potential borrower's
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1 income was “reasonable,” beginning in 2005, Countrywide required its employees to utilize a website,
2 www.salary.com, in order to determine if the potential borrower’s stated income was indeed reasonable.
3 The website only provides a range of salaries based on the zip code and stated job title of the potential
4 borrower. Even though Countrywide required the use of www.salary.com, if the stated salary was
5 outside of the range provided by the website, Countrywide employees could still approve the loan. The
6 Illinois AG contends that the foregoing “reasonableness” test contravened proper underwriting
7 practices.

8 118. The Illinois AG Complaint also alleges that Countrywide employees did not properly
9 ascertain whether a potential borrower could afford the offered loan, and many of Countrywide’s stated
10 income loans were based on inflated estimates of borrowers’ income. For example, (1) a Countrywide
11 employee estimated that approximately 90% of all reduced documentation loans sold out of a Chicago
12 office had inflated incomes; and (2) one of Countrywide’s mortgage brokers, One Source Mortgage
13 Inc., routinely doubled the amount of the potential borrower’s income on stated income mortgage
14 applications.

15 119. Likewise, the *Chicago Tribune* reported that a review of 100 stated income loans by the
16 Mortgage Asset Research Institute revealed that 60% of the income amounts were inflated by more than
17 50% and that 90% of the loans had inflated income of at least 5%.

18 120. Countrywide also originated and sold adjustable rate mortgages (“ARMs”) to borrowers
19 who could not afford the ARMs once the initial or “teaser” interest rate expired. Indeed, the company
20 admitted in a May 7, 2007 letter to the Office of Thrift Supervision that in the fourth quarter of 2006
21 alone “almost 60% of the borrowers who obtained subprime hybrid ARMs [from Countrywide] would
22 not have qualified at the fully indexed rate” and that “25% of the borrowers would not have qualified
23 for any other [Countrywide] product.”

24 121. The fully indexed rate is the amount of interest that is payable on an ARM once the
25 teaser rate is removed. The “teaser rate,” typically 1%-1.25% is only applied to the loan for the first
26 month. Once the teaser rate is removed, the interest on the mortgage begins accruing according to the
27 fully indexed rate.

28

1 122. The fully indexed rate can change over time and is dependent on fluctuations in the
2 current value of the chosen rate index, such as the 11th District Cost of Funds Index (“COFI”), the 12
3 Month Treasury Average Index or the London Interbank Offer Rate. The fully indexed rate is
4 calculated by adding the current value of the rate index (which fluctuates monthly) and adding the
5 margin agreed to by the borrower. The margin remains static for the life of the loan. The margin on
6 Countrywide loans could be as high as 4%. Thus, if the Countrywide ARM identifies the rate index as
7 COFI (which was at 2.8% in July 2008) and the margin as 4%, then once the cap or “teaser rate” has
8 expired, the borrower will be subject to an interest rate equal to the fully indexed rate (“FIR”) or 6.8%
9 for that month.

10 123. Because the borrower has the option of making monthly payments as though the interest
11 rate had not changed, most of those who had Countrywide ARMs paid only the “minimum” payment –
12 a payment that is based on the teaser rate of 1% to 1.25% as opposed to the FIR of 6.8%, meaning that
13 borrowers were making payments that were less than the amount of interest accruing on the loan after
14 the teaser rate expired. The unpaid interest that accrues while the borrower is making the payment
15 based on the teaser rate is tacked on to the principal. Once the principal is 115% of the original loan,
16 then the borrower’s monthly payment immediately is raised in order to a level that will pay off the new
17 balance (original principal plus the unpaid interest) of the loan. This is called “payment shock.”

18 124. Countrywide thus admitted to the Office of Thrift Supervision that even though 60% of
19 its potential borrowers would not have qualified for a Countrywide loan with an interest rate of 6.8%,
20 they were qualified for the same loan with a teaser rate of 1.25%, even though that borrower would
21 likely experience “payment shock” and be unable to pay off the loan in the near future.

22 125. Even when Countrywide employees received proper income documentation (*i.e.*, a W-2
23 form) demonstrating that the borrower did not qualify for a loan, the loan was submitted as a stated
24 income loan so as to obtain approval of the loan.

25 126. The California Attorney General (“California AG”) also commenced an investigation
26 into Countrywide’s lending activities and filed a complaint in the Northwest District of the Superior
27 Court for Los Angeles County, styled *The People of the State of California v. Countrywide Financial*
28

1 *Corporation, et al*, No. LC081846 (the “California AG Complaint”). The California AG’s complaint
2 also alleges that Countrywide departed from its stated underwriting standards. For example, the
3 Complaint alleges that employees were pressured to issue loans to unqualified borrowers by permitting
4 exceptions to underwriting standards, incentivizing employees to extend more loans without regard to
5 the underwriting standards for such loans, and failing to verify documentation and information provided
6 by borrowers that allowed them to qualify for loans.

7 127. According to the California AG, Countrywide used a system called CLUES or
8 Countrywide Loan Underwriting Expert System. A Countrywide underwriter would enter the
9 borrower’s financial and credit information and the terms of the loan into CLUES, which would then
10 provide a loan analysis report that indicated whether the loan was within Countrywide’s underwriting
11 guidelines. CLUES reports stating that a borrower was not within Countrywide’s underwriting
12 guidelines often were ignored in order to effectuate the loan.

13 128. Moreover, like the employees interviewed by the Illinois AG, California Countrywide
14 employees cited in the California AG Complaint claimed to have utilized the website www.salary.com
15 purportedly to confirm a borrower’s stated income. According to the California AG Complaint,
16 California employees would know ahead of time the range of salaries that www.salary.com would
17 provide for a particular job and, therefore, know by how much they could overstate a borrower’s
18 income. A former California loan officer for Countrywide further explained that its loan officers
19 typically explained to potential borrowers that “with your credit score of X, for this house, and to make
20 X payment, X is the income that you need to make”; after which the borrower would state the he or she
21 made X amount of income.

22 129. The California AG Complaint alleged that Countrywide’s practice of approving loans
23 based on the borrower’s ability to pay the teaser rate (as opposed to the fully indexed rate), as admitted
24 to by the company in the May 7, 2007 letter to the Office of Thrift Supervision, commenced in 2005.

25 130. Likewise, a December 28, 2007 *Los Angeles Times* article reported that Countrywide
26 tightened its lending standards in the summer of 2007 in order to ensure that borrowers could afford
27 loans at the fully indexed rate (as opposed to just the teaser rate), and that the company admitted that
28

1 had those guidelines been in effect during the relevant time period, “it would have rejected 89% of the
2 option ARM loans it made in 2006, amounting to \$64 billion, and \$74 billion, or 83%, of those it made
3 in 2005.”

4 131. The Connecticut Attorney General (the “Connecticut AG”) filed a complaint in Superior
5 Court, Judicial District of Hartford styled *State of Connecticut v. Countrywide Financial Corporation,*
6 *et al.*, alleging that Countrywide’s employees inflated borrowers’ incomes in order to qualify them for
7 loans they otherwise would not have received. The Connecticut AG’s complaint further bolsters the
8 allegations that Countrywide employees circumvented the company’s underwriting procedures and
9 guidelines to grow the number of Countrywide loan originations.

10 132. Many of the allegations in the Illinois, California and Connecticut complaints were
11 confirmed by investigations in other states such as Washington, West Virginia, Indiana and Florida,
12 revealing the nationwide scope of Countrywide’s departures from the underwriting standards set forth
13 in each Registration Statement and Supplemental Prospectus. Significantly, on October 6, 2008,
14 Countrywide announced that it had settled the fraud claims brought by 11 states, including California
15 and Illinois for an estimated \$8.4 billion, which, according to the California AG, is likely the largest
16 settlement of allegations of predatory lending.

17 133. Press reports and articles further highlight the excess lending and lax underwriting that
18 existed throughout Countrywide during the relevant time period, when the mortgages supporting the
19 Issuing Trusts were originated. For example, on August 26, 2007, in an article by Gretchen Morgenson
20 entitled “Inside the Countrywide Lending Spree,” the *New York Times* described how Countrywide’s
21 focus on underwriting was not the ability of a borrower to repay a loan, but on the amount of fees that
22 Countrywide could generate from the loan. As such, Countrywide steered borrowers to loans with the
23 highest interest rates and the most fees, while concealing less expensive loan products that those
24 customers could afford. The result: greater delinquencies.

25 134. Similarly, on February 23, 2008, *The Wall Street Journal* reported in an article entitled
26 “Mortgage Chief Picked by BofA Sparks Worries – Countrywide Executive Spearheaded Pursuit of
27 Subprime Business” that Countrywide’s stated underwriting standards were not followed and warnings
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1 from risk-control managers at Countrywide were not heeded during the time the Registration
2 Statements and Prospectus Supplements were issued.

3 135. *The Wall Street Journal* further reported that Countrywide strived to close more loans in
4 2006 while third party risk analysts concluded that the computer risk models used by Countrywide to
5 project defaults on its subprime loans materially underestimated the number of at risk loans.

6 136. Countrywide's underwriting standards are also the subject of an investigation by the
7 Federal Bureau of Investigation ("FBI"), which was first reported on March 8, 2008, by *The Wall Street*
8 *Journal* in an article entitled "FBI Investigates Countrywide – U.S. Scrutinizes Filings on Financial
9 Strength, Loan Quality for Fraud." The FBI investigation is focused on "whether company officials
10 made misrepresentations about the company's financial position and the quality of its mortgage loans in
11 securities filings."

12 137. On March 11, 2008, *The Wall Street Journal* published another article further detailing
13 the FBI's investigation of Countrywide's lending practices. According to the sources interviewed by
14 *The Wall Street Journal*, federal investigators were finding that "Countrywide's loan documents often
15 were marked by dubious or erroneous information about its mortgage clients, according to people
16 involved in the matter. ***The company packaged many of those mortgages into securities and sold***
17 ***them to investors, raising the additional question of whether Countrywide understated the risks such***
18 ***investments carried.***"

19 138. On September 30, 2008, MBIA Insurance Corp. ("MBIA") filed a complaint against
20 Countrywide in New York state court alleging that Countrywide had fraudulently induced it to provide
21 insurance for certain of the Certificates, including those contained in the following trusts: CWHEQ
22 2005-E; CWHEQ 2005-I; CWHEQ 2005-M; CWHEQ 2006-E; CWHEQ 2006-G; CWHEQ 2006-S8;
23 CWHEQ 2007-E; CWHEQ 2007-S1; CWHEQ 2007-S2; and CWHEQ 2007-S3. The case is styled
24 *MBIA Insurance Corp. v. Countrywide, et al.*, No. 08/602825, currently pending in the Supreme Court
25 of the State of New York, County of New York.

26 139. MBIA was able to obtain some 19,000 loan files for the Certificates it insured as a result
27 of its contractual agreements with Countrywide. After reviewing the portfolios and basically re-

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1 underwriting each loan provided by Countrywide, MBIA discovered that there was an “extraordinarily
2 high incidence of material deviations from the underwriting guidelines Countrywide represented it
3 would follow.” Notably, the underwriting guidelines that Countrywide provided to MBIA were the
4 same ones that were detailed in the Registration Statements the Prospectus Supplements. MBIA
5 discovered that many of the loan applications “lack[ed] key documentation, such as a verification of
6 borrower assets or income; include[d] an invalid or incomplete appraisal; demonstrate[d] fraud by the
7 borrower on the face of the application; or reflect[ed] that any borrower income, FICO score, or debt, or
8 DTI or CLTV, fail[ed] to meet stated Countrywide guidelines (without any permissible exception).”
9 Significantly, “MBIA’s re-underwriting review . . . revealed that almost 90% of defaulted or delinquent
10 loans in the Countrywide Securitizations show material discrepancies.”

11 **B. Countrywide’s Appraisals Were Not in Accordance with Industry Accepted**
12 **Appraisal Standards**

13 140. During the period in which the defendants issued the Registration Statements and
14 Prospectus Supplements and sold the Certificates, Countrywide’s appraisals of properties underlying the
15 pooled mortgages in the Issuing Trusts did not comport with the standards disclosed in the offering
16 materials for the Certificates.

17 141. According to Countrywide’s “Subprime Appraisal Requirements,” virtually every loan
18 needed to be accompanied by at least one independent appraisal performed by (1) an appraiser working
19 through Countrywide’s subsidiary, Landsafe Appraisals, Inc. (“Landsafe”), or (2) a secondary appraisal
20 from an “approved appraisal company,” including eAppraiseIT.com, Lender Services Inc. and
21 LandAmerica Lender Services.

22 142. Notwithstanding Countrywide’s “Subprime Appraisal Requirements,” the appraisals
23 obtained by Countrywide underwriters were not independent. For example, the Securities Plaintiffs
24 allege that since at least 2005, loan officers from all of Countrywide’s origination divisions were
25 permitted to (i) hire appraisers of their own choosing, (ii) discard appraisals that did not support loan
26 transactions, and (iii) substitute more favorable appraisals by replacement appraisers when necessary to
27 obtain a more favorable loan to value ratio so as to qualify the loan for approval. Countrywide loan
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1 officers were allowed to lobby appraisers to assign particular values to a property in order to support the
2 closing of a loan.

3 143. Additionally, several complaints have been filed against Countrywide and its appraisal
4 subsidiary, Landsafe, as well as several of the “approved appraisal companies” alleging that the
5 appraisals obtained were inflated.

6 144. Three lawsuits have been filed against Countrywide and Landsafe regarding the use of
7 inflated Landsafe appraisals to obtain loans for individuals through CWKB, the *Zachary* Complaint and
8 two class actions brought by KB Home purchasers: (1) *Zaldana, et al. v. KB Home, et al.*, No. CV 08-
9 3399 (EDL), currently pending in the United States District Court for the Northern District of California
10 (the “*Zaldana* Complaint”); and (2) *Bolden, et al v. KB Home, et al.*, No. BC385040, currently pending
11 in Los Angeles County Superior Court (the “*Bolden* Complaint”).

12 145. Mark Zachary stated that while he was employed at CWKB, Landsafe – the only
13 appraiser employed by CWKB to appraise the homes on behalf of the joint venture – was encouraged to
14 inflate the value of appraised homes by as much as 6% in order to allow the borrower to “roll up” the
15 closing costs of the mortgage. This practice resulted in the actual home value being less than the
16 mortgaged amount, putting the home buyer “upside down” on the home immediately after purchasing it.
17 It also put the lender and secondary market end investor at risk because they were unaware of the true
18 value of their asset.

19 146. The *Zaldana* Complaint described a process whereby KB Home paid Countrywide to
20 make loans with subsidized initial payments to KB borrowers, thereby allowing KB to prop up the
21 ostensible sales price of KB homes and sell to buyers who would not otherwise be able to afford or
22 qualify for the monthly mortgage payments. In turn, Countrywide would have its Landsafe appraisers
23 ignore the subsidiaries in order to appraise the home at the full stated sales price, thereby inflating the
24 actual value of the house (*i.e.*, the price that a buyer was willing to pay for it).

25 147. Deborah and Lonnie Bolden describe in the *Bolden* Complaint how CWKB inflated
26 appraisals in a KB development in Live Oak, California. According to the *Bolden* Complaint, CWKB
27 required the use of Landsafe. When one of the Bolden’s neighbors refused to use CWKB as the lender,
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1 they sought an independent appraisal of their property. The independent appraiser concluded that the
2 neighbor's property was worth \$408,000, or approximately 13% less than the \$469,000 value appraised
3 by CWKB. Upon further investigation, the Boldens discovered that the appraisal performed by CWKB
4 provided inflated values of purportedly "comparable" properties to justify an inflated value for the
5 Bolden's home. Specifically, the Boldens' appraisal report listed two properties as having sold for
6 \$461,000 and \$480,500, while the public records from the county recorder's office indicate that the
7 homes were actually sold for \$408,500 and \$410,000, respectively.

8 148. Countrywide, Landsafe and eAppraiseIT.com have been sued by investors of Fannie
9 Mae and Freddie Mac on behalf of the companies for damages as a result of generating artificially high
10 and unjustified appraisals for property underlying mortgage packages sold to both Fannie Mae and
11 Freddie Mac.

12 149. Additionally, former appraisers for Countrywide have stated that the company applied as
13 much or more pressure to appraisers who worked through Landsafe as well as the approved appraisal
14 companies eAppraiseIT.com and Lender Services Inc., to inflate appraisals as other mortgage lenders.
15 For example, Jennifer Wertz, a licensed Real Estate Appraiser in California sued eAppraiseIT.com and
16 Lender Services Inc., among others, after she failed to replace a reference to "'declining' market
17 conditions" in an appraisal to "'stable' market conditions" in two appraisals for Washington Mutual
18 ("WaMu"). Thereafter, eAppraiseIT.com and Lender Services Inc. failed to give Wertz any work (even
19 non-WaMu work) because she refused to alter her appraisals.

20 150. Since the end of 2007, Countrywide has tightened its standards for appraisals it will
21 accept. For example, in a fall 2007 letter to its "Valued Business Partner[s]," Countrywide provided
22 "additional appraisal due diligence controls" in soft markets "in an effort to make decisions based on
23 accurate current market values and trends."

24 151. Moreover, individuals who received Countrywide loans in 2005 and 2006 and are now
25 seeking to refinance are discovering that the appraised value of their homes has plummeted because the
26 "value" of the homes were inflated to begin with. For example, an individual living in Portland, Maine,
27 was shocked to discover that his 1820's Cape Code style home, which was described in an earlier
28

1 appraisal done by Landsafe in December 2005 as having four bedrooms and two full bathrooms was
2 appraised by the same Landsafe appraiser in November 2007 for \$100,000 less in part because the
3 house now only had three bedrooms, 1.75 bathrooms and was 200 square feet smaller. When asked for
4 an explanation, the owner of the Landsafe-approved appraiser stated that Countrywide had changed its
5 rules after allowing their appraisers to overvalue properties to substantiate large loans for the last two
6 years. The owner stated that under the new rules a Landsafe-approved appraiser cannot appraise a
7 home higher than the two lowest price listings in the surrounding area, despite the subject property's
8 actual value.

9 **VI. MATERIAL MISSTATEMENTS AND OMISSIONS IN THE REGISTRATION**
10 **STATEMENTS AND PROSPECTUS SUPPLEMENTS**

11 152. Each Registration Statement for the Issuing Trusts contained an illustrative form of a
12 prospectus supplement for use in the offering of the Certificates. Each Registration Statement was
13 prepared by the Issuing Defendants and signed by the Individual Defendants. At the effective date of
14 the offering of the Certificates, a final Prospectus Supplement was filed with the SEC containing a
15 description of the mortgage pool underlying the Certificates and the underwriting standards by which
16 the mortgages were originated. The Underwriter Defendants sold the Certificates pursuant to the
17 Prospectus Supplements.

18 153. Each Registration Statement and Prospectus Supplement issued by CWALT and
19 CWMBS contained the following language concerning the underwriting standards by which the
20 mortgages pooled into CWALT's and CWMBS' Issuing Trusts were originated:

21 All of the Mortgage Loans have been originated or acquired by Countrywide
22 Home Loans, Inc., in accordance with its credit, appraisal and underwriting
standards. . . . Countrywide Home Loans' underwriting standards are applied in
accordance with applicable federal and state laws and regulations.

23 * * *

24 Countrywide Home Loans' underwriting standards are applied by or on behalf of
25 Countrywide Home Loans to evaluate the prospective borrower's credit standing and
26 repayment ability and the value and adequacy of the mortgaged property as collateral.
27 Under those standards, a prospective borrower must generally demonstrate that the ratio
28 of the borrower's monthly housing expenses (including principal and interest on the
proposed mortgage loan and, as applicable, the related monthly portion of property
taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross
income and the ratio of total monthly debt to the monthly gross income (the "debt-to-

1 income” ratios) are within acceptable limits. The maximum acceptable debt-to-income
2 ratio, which is determined on a loan-by-loan basis varies depending on a number of
3 underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and
4 credit history of the borrower. In addition to meeting the debt-to-income ratio
5 guidelines, each prospective borrower is required to have sufficient cash resources to
6 pay the down payment and closing costs. Exceptions to Countrywide Home Loans’
7 underwriting guidelines may be made if compensating factors are demonstrated by a
8 prospective borrower.

9 Registration Statements filed by CWALT on Form S-3 on Nov. 7, 2003 (at S-19-20) (as amended
10 Jan. 13, 2004) and Form S-3/A on Sept. 23, 2004 (at S-18-19), Apr. 21, 2005 (at S-18-19), July 25,
11 2005 (at S-18-19), Mar. 6, 2006 (at S-52-53), Apr. 27, 2007 (at S-39-40); and Registration Statements
12 filed by CWMBS on Form S-3/A on Oct. 28, 2002 (at S-18-19), Feb. 8, 2005 (at S-20-21), July 25,
13 2005 (at S-21), Mar. 6, 2006 (at S-52-53) and Apr. 24, 2007 (at S-40-41). These statements were
14 repeated the Prospectus Supplements subsequently filed for each of these Registration Statements. *See*,
15 *e.g.*, Prospectus Supplement for Alternative Loan Trust 2005-J7 (Form 424B5), at S-31 and S-35
16 (June 29, 2005).³

17 154. The above statements, concerning Countrywide’s adherence to its underwriting standards
18 and to federal and state underwriting standards, with respect to mortgages pooled into CWALT and
19 CWMBS Issuing Trusts, were materially false and misleading when made because:

20 (a) The defendants failed to disclose that Countrywide systematically ignored
21 underwriting standards imposed by state and federal law in issuing the mortgages pooled into the
22 Issuing Trusts.

23 (b) Countywide did not, contrary to its statement above, properly “evaluate the
24 prospective borrower’s credit standing and repayment ability and the value and adequacy of the

25 ³ The Prospectus Supplements for these Registration Statements uniformly used the same, or
26 substantially similar, language. *Accord, e.g.*, Prospectus Supplement for Alternative Loan Trust 2006-
27 6CB (Form 424B5), at S-59 (Mar. 29, 2006); Prospectus Supplement for Alternative Loan Trust 2005-
28 63 (Form 424B5), at S-79 (Oct. 31, 2005); Prospectus Supplement for Alternative Loan Trust 2007-
12T1 (Form 424B5), at S-37 (Apr. 27, 2007); Prospectus Supplement for CHL Mortgage Pass-Through
Trust 2006-HYB3 (Form 424B5), at S-98 (May 1, 2006); Prospectus Supplement for CHL Mortgage
Pass-Through Trust 2005-30 (Form 424B5), at S-23 (Nov. 22, 2005); Prospectus Supplement for CHL
Mortgage Pass-Through Trust 2006-11 (Form 424B5), at S-34 (Apr. 24, 2006); Prospectus Supplement
for CHL Mortgage Pass-Through Trust 2007-1 (Form 424B5), at S-31 (Jan. 29, 2007).

1 mortgaged property as collateral.” Rather, as alleged herein, Countrywide systematically ignored
2 borrowers’ repayment ability and the value and adequacy of mortgaged property used as collateral in
3 issuing loans. Rather, Countrywide designed its underwriting standards to ensure that it received the
4 highest possible fees for originating loans without regard to the actual ability of its borrowers to repay
5 the loan, or whether the mortgaged property had sufficient value to collateralize the loan.

6 (c) Countrywide’s underwriting standards did not require that a borrower “generally
7 demonstrate that the ratio of the borrower’s monthly housing expenses (including principal and interest
8 on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard
9 insurance and mortgage insurance) to the borrower’s monthly gross income and the ratio of total
10 monthly debt to the monthly gross income (the ‘debt-to-income’ ratios) are within acceptable limits.”
11 Instead, Countrywide’s underwriting included the following practices that disregarded a borrowers’
12 ability to pay:

- 13 • Coaching borrowers to misstate their income on loan applications to qualify for
14 mortgage loans under Countrywide’s underwriting standards, including directing
15 applicants to no-documentation loan programs when their income was
16 insufficient to qualify for full documentation loan programs, *see, supra*, §V.A.
- 17 • Steering borrowers to more expensive loans that exceeded their borrowing
18 capacity, *see, supra*, §V.A.
- 19 • Encouraging borrowers to borrow more than they could afford by suggesting
20 NINA and SISA loans when they could not qualify for full documentation loans
21 based on their actual incomes, *see, supra*, §V.A.
- 22 • Approving borrowers based on “teaser rates” for loans despite knowing that the
23 borrower would not be able to afford the “fully indexed rate” when the
24 adjustable rate adjusted, *see, supra*, §V.A.
- 25 • Allowing non-qualifying borrowers to be approved for loans under exceptions to
26 Countrywide’s underwriting standards based on so-called “compensating
27 factors” without requiring documentation for such compensating factors.
- 28 • Incentivizing its employees to approve borrowers under exceptions to
Countrywide’s underwriting policies.
- Systematically overriding flags identified by the CLUES system that was meant
to weed out non-qualifying loans and nonetheless approving such loans.

1 155. Each Registration Statement and Prospectus Supplement issued by CWABS and
2 CWHEQ contained the following language concerning the underwriting standards by which the
3 mortgages pooled into the Issuing Trusts were originated:

4 Credit Blemished Mortgage Loans. The following is a description of the
5 underwriting procedures customarily employed by Countrywide Home Loans with
6 respect to credit blemished mortgage loans. . . . Countrywide Home Loans produces its
7 credit blemished mortgage loans through its Consumer Markets, Full Spectrum Lending,
8 Correspondent Lending and Wholesale Lending Divisions. Prior to the funding of any
9 credit blemished mortgage loan, Countrywide Home Loans underwrites the related
10 mortgage loan in accordance with the underwriting standards established by
11 Countrywide Home Loans. In general, the mortgage loans are underwritten centrally by
12 a specialized group of underwriters who are familiar with the unique characteristics of
13 credit blemished mortgage loans. In general, Countrywide Home Loans does not
14 purchase any credit blemished mortgage loan that it has not itself underwritten.

15 Countrywide Home Loans' underwriting standards are primarily intended to
16 evaluate the value and adequacy of the mortgaged property as collateral for the proposed
17 mortgage loan and the borrower's credit standing and repayment ability. On a case by
18 case basis, Countrywide Home Loans may determine that, based upon compensating
19 factors, a prospective borrower not strictly qualifying under the underwriting risk
20 category guidelines described below warrants an underwriting exception. Compensating
21 factors may include low loan-to-value ratio, low debt-to-income ratio, stable
22 employment, time in the same residence or other factors. It is expected that a significant
23 number of the Mortgage Loans will have been originated based on such underwriting
24 exceptions.

25 Each prospective borrower completes an application which includes information
26 with respect to the applicant's assets, liabilities, income and employment history, as well
27 as certain other personal information. Countrywide Home Loans requires an
28 independent credit bureau report on the credit history of each applicant in order to
evaluate the applicant's prior willingness and/or ability to repay. The report typically
contains information relating to credit history with local and national merchants and
lenders, installment debt payments and any record of defaults, bankruptcy, repossession,
suits or judgments, among other matters.

After obtaining all applicable employment, credit and property information,
Countrywide Home Loans uses a debt-to-income ratio to assist in determining whether
the prospective borrower has sufficient monthly income available to support the
payments of principal and interest on the mortgage loan in addition to other monthly
credit obligations. The "debt-to-income ratio" is the ratio of the borrower's total
monthly credit obligations to the borrower's gross monthly income. The maximum
monthly debt-to-income ratio varies depending upon a borrower's credit grade and
documentation level (as described below) but does not generally exceed 50%.
Variations in the monthly debt-to-income ratios limit are permitted based on
compensating factors.

* * *

While more flexible, Countrywide Home Loans' underwriting guidelines still place
primary reliance on a borrower's ability to repay; however Countrywide Home Loans
may require lower loan-to-value ratios than for loans underwritten to more traditional

1 standards. Borrowers who qualify generally have payment histories and debt-to-income
2 ratios which would not satisfy more traditional underwriting guidelines and may have a
3 record of major derogatory credit items such as outstanding judgments or prior
4 bankruptcies. Countrywide Home Loans' credit blemished mortgage loan underwriting
5 guidelines establish the maximum permitted loan-to-value ratio for each loan type based
6 upon these and other risk factors with more risk factors resulting in lower loan-to-value
7 ratios.

8 *See* Registration Statements filed by CWABS on Form S-3/A on Oct. 18, 2004 (at S-47), June 10, 2006
9 (at S-47), Feb. 21, 2006 (at S-38-39), Aug. 8, 2006 (at S-38-39) and Apr. 24, 2007 (at S-40-41);
10 Registration Statements filed by CWHEQ on Form S-3 on Dec. 17, 2004 (at S-25) and on Form S-3/A
11 on Aug. 4, 2005 (at S-25), Apr. 14, 2006 (at S-38-39) and May 22, 2007 (at S-38-39).⁴

12 156. In addition, the Prospectus Supplements for CWHEQ Registration Statements also
13 contained additional language describing the standards by which CWHEQ's home equity loans and
14 second lien mortgage loans were originated:
15

16 The underwriting process is intended to assess the applicant's credit standing and
17 repayment ability, and the value and adequacy of the real property security as collateral
18 for the proposed loan. Exceptions to the applicable originator's underwriting guidelines
19 will be made when compensating factors are present. These factors include the
20 borrower's employment stability, favorable credit history, equity in the related property,
21 and the nature of the underlying first mortgage loan.

22 *See, e.g.*, Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2005-G
23 (Form 424B5), at S-21 (Sept. 28, 2005); Prospectus Supplement for CWHEQ Revolving Home Equity
24 Loan Trust Series 2005-M (Form 424B5), at S-23 (Dec. 27, 2005); Prospectus Supplement for CWHEQ
25 Revolving Home Equity Loan Trust Series 2006-G (Form 424B5), at S-33 (Aug. 29, 2006); Prospectus
26 Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2007-B (Form 424B5), at S-31
27 (Mar. 28, 2007); *see also* Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series 2006-

28 ⁴ The Prospectus Supplements for these Registration Statements uniformly used the same, or
substantially similar, language. *See, e.g.*, Prospectus Supplement for CWABS Asset-Backed
Certificates Trust 2006-15 (Form 424B5), at S-33-34 (Sept. 27, 2006); Prospectus Supplement for
CWABS Asset-Backed Certificates Trust 2006-10 (Form 424B5), at S-40-41 (June 26, 2006);
Prospectus Supplement for CWABS Asset-Backed Certificates Trust (Form 424B5) 2006-11, at S-42-
43 (June 28, 2006); Prospectus Supplement for CWABS Asset-Backed Certificates Trust 2006-13
(Form 424B5), at S-41-42 (July 27, 2006); Prospectus Supplement for CWABS Asset-Backed
Certificates Trust 2006-3 (Form 424B5), at S-37-38 (Feb. 23, 2006); Prospectus Supplement for
CWABS Asset-Backed Certificates Trust (Form 424B5) 2006-4, at S-35-36 (Mar. 15, 2006).

1 S6 (Form 424B5), at S-31 (Sept. 28, 2006); Prospectus Supplement for CWHEQ Home Equity Loan
2 Trust, Series 2007-S1(Form 424B5), at S-34 (Feb. 27, 2008); Prospectus Supplement for CWHEQ
3 Home Equity Loan Trust, Series 2006-S9 (Form 424B5), at S-31 (Dec. 28, 2006); Prospectus
4 Supplement for CWHEQ Home Equity Loan Trust, Series 2006-S9 (Form 424B5), at S-31 (Dec. 28,
5 2006).

6 157. The Prospectus Supplements for CWHEQ Registration Statements also stated:

7 After obtaining all applicable income, liability, asset, employment, credit, and
8 property information, the applicable originator generally uses a debt-to-income ratio to
9 assist in determining whether the prospective borrower has sufficient monthly income
10 available to support the payments on the home equity loan in addition to any senior
11 mortgage loan payments (including any escrows for property taxes and hazard insurance
12 premiums) and other monthly credit obligations. The “debt-to-income ratio” is the ratio
13 of the borrower’s total monthly credit obligations (assuming the mortgage loan interest
14 rate is based on the applicable fully indexed interest rate) to the borrower’s gross
15 monthly income. Based on this, the maximum monthly debt-to-income ratio is 45%.
16 Variations in the monthly debt-to-income ratios limits are permitted based on
17 compensating factors. The originators currently offer home equity loan products that
18 allow maximum combined loan-to-value ratios up to 100%.

19 *See, e.g.*, Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2005-G
20 (Form 424B5), at S-22-23 (Sept. 28, 2005); Prospectus Supplement for CWHEQ Revolving Home
21 Equity Loan Trust Series 2005-M (Form 424B5), at S-24 (Dec. 27, 2005); Prospectus Supplement for
22 CWHEQ Revolving Home Equity Loan Trust Series 2006-G (Form 424B5), at S-34 (Aug. 29, 2006);
23 Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2007-B (Form 424B5),
24 at S-32 (Mar. 28, 2007); Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series 2006-S6
25 (Form 424B5), at S-32 (Sept. 28, 2006); Prospectus Supplement for CWHEQ Home Equity Loan Trust,
26 Series 2007-S1 (Form 424B5), at S-36 (Feb. 27, 2008); Prospectus Supplement for CWHEQ Home
27 Equity Loan Trust, Series 2006-S9 (Form 424B5), at S-32 (Dec. 28, 2006).

28 158. The above statements were materially false and misleading when made because:

29 (a) Contrary to the statements that Countrywide’s underwriting standards were
30 “primarily intended to evaluate the value and adequacy of the mortgaged property as collateral for the
31 proposed mortgage loan” and to evaluate “the borrower’s credit standing and repayment ability,”
32 Countrywide subordinated its underwriting standards to originating and securitizing as many mortgage
33 loans as it could so that it could garner fees in the secondary mortgage market. As alleged herein,

1 Countrywide systematically ignored borrowers' repayment ability and the value and adequacy of
2 mortgaged property used as collateral in issuing loans. Rather, Countrywide designed its underwriting
3 standards to ensure that it received the highest possible fees for originating loans without regard to the
4 actual ability of its borrowers to repay the loan, or whether the mortgaged property had sufficient value
5 to collateralize the loan.

6 (b) Contrary to the representation above that "After obtaining all applicable
7 employment, credit and property information, Countrywide Home Loans uses a debt-to-income ratio to
8 assist in determining whether the prospective borrower has sufficient monthly income available to
9 support the payments of principal and interest on the mortgage loan in addition to other monthly credit
10 obligations," Countrywide's underwriting included the following practices that disregarding a
11 borrowers' ability to pay:

- 12 • Coaching borrowers to misstate their income on loan applications to qualify for
13 mortgage loans under Countrywide's underwriting standards, including directing
14 applicants to no-documentation loan programs when their income was
insufficient to qualify for full documentation loan programs, *see, supra*, §V.A.
- 15 • Steering borrowers to more expensive loans that exceeded their borrowing
capacity, *see, supra*, §V.A.
- 16 • Encouraging borrowers to borrow more than they could afford by suggesting
17 NINA and SISA loans when they could not qualify for full documentation loans
based on their actual incomes, *see, supra*, §V.A.
- 18 • Approving borrowers based on "teaser rates" for loans despite knowing that the
19 borrower would not be able to afford the "fully indexed rate" when the
adjustable rate adjusted, *see, supra*, §V.A.
- 20 • Allowing non-qualifying borrowers to be approved for loans under exceptions to
21 Countrywide's underwriting standards based on so-called "compensating
22 factors" without requiring documentation for such compensating factors, *see,*
supra, §V.A.
- 23 • Incentivizing its employees to approve borrowers under exceptions to
Countrywide's underwriting policies, *see, supra*, §V.A.
- 24 • Systematically overriding flags identified by the CLUES system that were meant
25 to weed out non-qualifying loans and, despite the flags, approving such loans,
see, supra, §V.A.

26 (c) Contrary to the statement that "Exceptions to the applicable originator's
27 underwriting guidelines will be made when compensating factors are present" and that those factors

1 included “the borrower’s employment stability, favorable credit history, equity in the related property,
2 and the nature of the underlying first mortgage loan,” Countrywide adopted procedures to incentivize its
3 employees to approve exceptions to loans regardless of whether any compensating factors were present.

4 159. Each Registration Statement issued by CWALT, CWABS, CWMBBS and CWHEQ
5 contained the following statement regarding Countrywide’s assessment of a prospective borrower:

6 Once all applicable employment, credit and property information is received, a
7 determination generally is made as to whether the prospective borrower has sufficient
8 monthly income available to meet monthly housing expenses and other financial
9 obligations and monthly living expenses and to meet the borrower’s monthly obligations
10 on the proposed mortgage loan (generally determined on the basis of the monthly
11 payments due in the year of origination) and other expenses related to the mortgaged
12 property such as property taxes and hazard insurance). The underwriting standards
13 applied by sellers, particularly with respect to the level of loan documentation and the
14 mortgagor’s income and credit history, may be varied in appropriate cases where factors
15 as low Loan-to-Value Ratios or other favorable credit factors exist.

16 160. Each Registration Statement issued by CWALT, CWABS, CWMBBS and CWHEQ
17 contained the following statement regarding Countrywide’s review of information provided by a
18 prospective borrower:

19 Under the Stated Income/Stated Asset Documentation Program, the mortgage
20 loan application is reviewed to determine that the stated income is reasonable for the
21 borrower’s employment and that the stated assets are consistent with the borrower’s
22 income.

23 161. These statements were materially false and misleading when made because:

24 (a) Contrary to the statement that “a determination generally is made as to whether
25 the prospective borrower has sufficient monthly income available to meet monthly housing expenses
26 and other financial obligations and monthly living expenses and to meet the borrower’s monthly
27 obligations on the proposed mortgage loan,” Countrywide implemented policies designed to extend
28 mortgages to borrowers regardless of whether they were able to meet their obligations under the
mortgage such as:

- Coaching borrowers to misstate their income on loan applications to qualify for mortgage loans under Countrywide’s underwriting standards, including directing applicants to no-documentation loan programs when their income was insufficient to qualify for full documentation loan programs, *see, supra*, §V.A.
- Steering borrowers to more expensive loans that exceeded their borrowing capacity, *see, supra*, §V.A.

- 1 • Encouraging borrowers to borrow more than they could afford by suggesting
2 NINA and SISA loans when they could not qualify for full documentation loans
based on their actual incomes, *see, supra*, §V.A.
- 3 • Approving borrowers based on “teaser rates” for loans despite knowing that the
4 borrower would not be able to afford the “fully indexed rate” when the
adjustable rate adjusted, *see, supra*, §V.A.
- 5 • Allowing non-qualifying borrowers to be approved for loans under exceptions to
6 Countrywide’s underwriting standards based on so-called “compensating
7 factors” without requiring documentation for such compensating factors, *see,*
8 *supra*, §V.A.
- 9 • Incentivizing its employees to approve borrowers under exceptions to
10 Countrywide’s underwriting policies, *see, supra*, §V.A.
- 11 • Systematically overriding flags identified by the CLUES system that were meant
12 to weed out non-qualifying loans and, despite the flags, approving such loans,
13 *see, supra*, §V.A.
- 14 • Failing to determine whether stated income or stated assets were reasonable,
15 failing to inform investors that Countrywide employees used www.salary.com in
16 order to verify income and, often times, failing to check the veracity of
17 information that was provided and easily verified (such as bank account
18 balances), *see, supra*, §V.A.

14 162. Each Registration Statement and Prospectus Supplement issued by CWALT and
15 CWMBS contained the following language concerning the collateral supporting each mortgage pooled
16 in the Issuing Trusts and the appraisals by which the collateral was valued:

17 Except with respect to mortgage loans originated pursuant to its Streamlined
18 Documentation Program, Countrywide Home Loans obtains appraisals from
19 independent appraisers or appraisal services for properties that are to secure mortgage
20 loans. The appraisers inspect and appraise the proposed mortgaged property and verify
21 that the property is in acceptable condition. Following each appraisal, the appraiser
prepares a report which includes a market data analysis based on recent sales of
comparable homes in the area and, when deemed appropriate, a replacement cost
analysis based on the current cost of constructing a similar home. All appraisals are
required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

22 *See* Registration Statements filed by CWALT on Form S-3 on Nov. 7, 2003 (at S-19-20) (as amended
23 on Jan. 13, 2004) and on Form S-3/A on Sept. 23, 2004 (at S-20), Apr. 21, 2005 (at S-20), July 25, 2005
24 (at S-20), Mar. 6, 2006 (at S-54), Apr. 27, 2007 (at S-41); Registration Statements filed by CWMBS on

1 Form S-3/A on Oct. 28, 2002 (at S-20), Feb. 8, 2005 (at S-21), July 25, 2005 (at S-21), Mar. 6, 2006 (at
2 S-54) and Apr. 24, 2007 (at S-41-42).⁵

3 163. Each Registration Statement and Prospectus Supplement issued by CWABS and
4 CWHEQ contained the following language concerning the collateral supporting each mortgage pooled
5 in the Issuing Trusts and the appraisals by which the collateral was valued:

6 *Countrywide Home Loans' underwriting standards are applied in accordance*
7 *with applicable federal and state laws and regulations and require an independent*
8 *appraisal of the mortgaged property prepared on a Uniform Residential Appraisal*
9 *Report (Form 1004) or other appraisal form as applicable to the specific mortgaged*
10 *property type. Each appraisal includes a market data analysis based on recent sales*
of comparable homes in the area and, where deemed appropriate, replacement cost
analysis based on the current cost of constructing a similar home and generally is
required to have been made not earlier than 180 days prior to the date of origination of
the mortgage loan.

11 See Registration Statements filed by CWABS on Form S-3/A on June 10, 2005 (at S-47), Feb. 21, 2006
12 (at S-39), Aug. 8, 2006 (at S-38-39) and Apr. 24, 2007 (at S-41); Registrations Statements filed by
13 CWHEQ on Form S-3 on Dec. 17, 2004 (at S-25) and on Form S-3/A on Aug. 4, 2005 (at S-25),
14 Apr. 12, 2006 (at S-39), and May 22, 2007 (at S-39).⁶

15 164. The Prospectus Supplements issued by CWHEQ contained representations concerning
16 the appraisals done with respect to home equity and second mortgage liens. They stated with respect to
17 home equity loans:

18
19 _____
20 ⁵ The Prospectus Supplements for these Registration Statements uniformly used the same, or
21 substantially similar, language. *Accord, e.g.*, Prospectus Supplement for Alternative Loan Trust 2005-
22 J7 (Form 424B5), at S-32 (June 29, 2005); Prospectus Supplement for Alternative Loan Trust 2005-63
23 (Form 424B5), at S-80 (Oct. 31, 2005); Prospectus Supplement for Alternative Loan Trust 2006-6CB
24 (Form 424B5), at S-60 (Mar. 29, 2006); Prospectus Supplement for Alternative Loan Trust 2007-12T1
25 (Form 424B5), at S-37 (Apr. 27, 2007); Prospectus Supplement for CHL Mortgage Pass-Through Trust
26 2006-HYB3 (Form 424B5), at S-99 (May 1, 2006); Prospectus Supplement for CHL Mortgage Pass-
27 Through Trust 2005-30 (Form 424B5), at S-23 (Nov. 22, 2005); Prospectus Supplement for CHL
28 Mortgage Pass-Through Trust 2006-11 (Form 424B5), at S-34 (Apr. 24, 2006); Prospectus Supplement
for CHL Mortgage Pass-Through Trust 2007-1 (Form 424B5), at S-31 (Jan. 29, 2007);

⁶ Prospectus Supplement for CWABS Asset-Backed Certificates Trust 2006-1 (Form 424B5), at
S-37 (Feb. 8, 2006); Prospectus Supplement for CWABS Asset-Backed Certificates Trust 2005-10
(Form 424B5), at S-29 (Sept. 15, 2005); Prospectus Supplement for CWABS Asset-Backed Certificates
Trust 2007-1 (Form 424B5), at S-38 (Feb. 8, 2007).

1 Full appraisals are generally performed on all home equity loans. These
2 appraisals are determined on the basis of an applicable originator-approved, independent
3 third-party, fee-based appraisal completed on forms approved by Fannie Mae or Freddie
4 Mac. For certain home equity loans that had at origination a credit limit between
5 \$100,000 and \$250,000, determined by the FICO score of the borrower, a drive-by
6 evaluation is generally completed by a state-licensed, independent third-party,
7 professional appraiser on forms approved by either Fannie Mae or Freddie Mac. The
8 drive-by evaluation is an exterior examination of the premises by the appraiser to
9 determine that the property is in good condition. The appraisal is based on various
10 factors, including the market value of comparable homes and the cost of replacing the
11 improvements, and generally must have been made not earlier than 180 days before the
12 date of origination of the mortgage loan. For certain home equity loans with credit limits
13 between \$100,000 and \$250,000, determined by the FICO score of the borrower, the
14 applicable originator may have the related mortgaged property appraised electronically.
15 The minimum and maximum loan amounts for home equity loans are generally \$7,500
16 (or, if smaller, the state-allowed maximum) and \$1,000,000, respectively.

17 Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2005-G (Form 424B5),
18 at S-22 (Sept. 28, 2005); Prospectus Supplement for CWHEQ Revolving Home Equity Loan Trust
19 Series 2005-M (Form 424B5), at S-23-24 (Dec. 27, 2005); Prospectus Supplement for CWHEQ
20 Revolving Home Equity Loan Trust Series 2006-G (Form 424B5), at S-34 (Aug. 29, 2006); Prospectus
21 Supplement for CWHEQ Revolving Home Equity Loan Trust Series 2007-B (Form 424B5), at S-32
22 (Mar. 28, 2007).

23 165. With respect to closed-end second lien mortgage loans, the Prospectus Supplements for
24 the CWHEQ Registration Statements said the following:

25 Full appraisals are generally performed on all closed-end second lien mortgage
26 loans that at origination had a loan amount greater than \$100,000. These appraisals are
27 determined on the basis of a sponsor-approved, independent third-party, fee-based
28 appraisal completed on forms approved by Fannie Mae or Freddie Mac. For certain
closed-end second lien mortgage loans that had at origination a loan amount between
\$100,000 and \$250,000, determined by the FICO score of the borrower, a drive-by
evaluation is generally completed by a state licensed, independent third-party,
professional appraiser on forms approved by either Fannie Mae or Freddie Mac. The
drive-by evaluation is an exterior examination of the premises by the appraiser to
determine that the property is in good condition. The appraisal is based on various
factors, including the market value of comparable homes and the cost of replacing the
improvements, and generally must have been made not earlier than 180 days before the
date of origination of the mortgage loan. For certain closed-end second lien mortgage
loans with loan amounts less than \$250,000, determined by the FICO score of the
borrower, Countrywide Home Loans may have the related mortgaged property
appraised electronically. The minimum and maximum loan amounts for closed-end
second lien mortgage loans are generally \$7,500 (or, if smaller, the state-allowed
maximum) and \$1,000,000, respectively.

1 Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series 2006-S6 (Form 424B5), at S-29
2 (Sept. 28, 2006); Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series 2007-S1 (Form
3 424B5), at S-36 (Feb. 27, 2008); Prospectus Supplement for CWHEQ Home Equity Loan Trust, Series
4 2006-S9 (Form 424B5), at S-32 (Dec. 28, 2006).

5 166. These statements were false and misleading when made because they failed to disclose
6 that the value and adequacy of the mortgaged property was not appraised, on a consistent basis, using
7 “market data analysis based on recent sales of comparable homes in the area, where deemed
8 appropriate, replacement cost analysis based on the current costs of constructing a similar home” or “on
9 the basis of an applicable originator-approved, independent third-party, fee-based appraisal completed
10 on forms approved by Fannie Mae or Freddie Mac.” Instead, as alleged herein, Countrywide
11 systematically inflated appraisals for properties used as collateral for mortgage loans underlying the
12 Issuing Trusts. These inflated appraisals did not conform to the USPAP and were not market data
13 analyses of comparable homes in the area or analyses of the cost of construction of a comparable home.

14 167. Each Prospectus Supplement referenced and incorporated into each Registration
15 Statement described the LTV ratio of the mortgages pooled into the Issuing Trusts. The LTV ratio of
16 mortgages in the trust was described as equal to: (1) the principal balance of the mortgage loan at the
17 date of origination, divided by; (2) the collateral value of the related mortgaged property, where the
18 “collateral value” was the lesser of either the appraised value based on an appraisal made for
19 Countrywide by an independent fee appraiser at the time of the origination of the related mortgage loan,
20 or the sales price of the mortgaged property at the time of origination. Each Prospectus Supplement
21 then provided an average LTV ratio of the mortgage loans included in the Issuing Trusts and a
22 disclosure concerning the maximum LTV ratio of mortgage loans included in the Issuing Trusts.

23 168. The statements concerning the average LTV ratio of mortgages included in the Issuing
24 Trusts and the maximum LTV ratio of mortgages included in the Issuing Trusts were false and
25 misleading when made because these ratios were rendered inaccurate because of incorrect and/or
26 inflated appraisal values assigned to the collateral supporting the mortgage loans pooled into each
27 Issuing Trust.

28

1 **VII. THE UNDERWRITING DEFENDANTS DID NOT PERFORM ADEQUATE DUE**
2 **DILIGENCE**

3 169. According to the March 2008 policy statement issued by the President’s Working Group,
4 “[a]though market participants had economic incentives to conduct due diligence . . . the steps they took
5 were insufficient.”

6 170. Many, if not all, of the Underwriting Defendants received due diligence reports from
7 external firms, including, specifically, Clayton Holdings, Inc. (“Clayton”) and the Bohan Group
8 (“Bohan”), when they underwrote offerings for the Issuing Defendants. The Underwriting Defendants
9 hired Clayton or Bohan to review whether the loans to be included in a particular MBS complied with
10 the law and met the lending standards that mortgage companies, such as Countrywide, said that they
11 were using.

12 171. Clayton provides “services to the leading buyers and sellers of, and investors in,
13 residential and commercial loan portfolios and securities . . . includ[ing] major capital markets firms,
14 banks and lending institutions, including the largest MBS issuers/dealers.” Clayton’s Form 10-K filed
15 March 14, 2008. Indeed, “[d]uring 2007, 2006 and 2005, [Clayton] worked with each of the 10 largest
16 non-agency MBS underwriters, as ranked by *Inside MBS & ABS*, which accounted for 70%, 73% and
17 73% of total underwriting volume during those respective periods.” *Id.* Additionally, Clayton has
18 specifically identified Bear Stearns, Morgan Stanley, Deutsche Bank and Goldman Sachs as clients for
19 its underwriting due diligence services. Bohan is a private company which also provides underwriting
20 due diligences services, with offices in New York, San Francisco and, importantly, in Orange County,
21 California. Bohan’s clients include Bear Stearns and Merrill Lynch.

22 172. In June 2007, the New York Attorney General, Andrew Cuomo (“NYAG”), subpoenaed
23 documents from both Clayton and Bohan related to their due diligence efforts on behalf of the
24 investment banks that underwrote substantial amounts of MBS. The NYAG, along with Massachusetts,
25 Connecticut and the SEC (all of which also subpoenaed documents) are investigating whether
26 investment banks held back information they should have provided in the disclosures that accompanied
27 the MBS that they offered for sale to investors.

1 173. On January 27, 2008, Clayton revealed that it had entered into an agreement with the
2 NYAG for immunity from civil and criminal prosecution in the State of New York in exchange for
3 agreeing to provide additional documents and testimony regarding its due diligence reports, including
4 copies of the actual reports provided to its clients. Both the *New York Times* and *The Wall Street*
5 *Journal* ran articles describing the nature of the NYAG’s investigation and Clayton’s testimony. *The*
6 *Wall Street Journal* reported that the NYAG’s investigation is focused on “the broad language written
7 in prospectuses about the risky nature of these securities changed little in recent years, even as due-
8 diligence reports noted that the number of exception loans backing the securities was rising.”
9 According to the *New York Times* article, Clayton is “the nation’s largest provider of mortgage due
10 diligence services to investment banks” and it “communicated daily with bankers putting together
11 mortgage securities.” The *New York Times* also reported that Clayton told the NYAG “that starting in
12 2005, it saw a significant deterioration of lending standards and a parallel jump in lending exceptions”
13 and “some investment banks directed Clayton to halve the sample of loans it evaluated in each
14 portfolio.”

15 174. A March 17, 2008 *Los Angeles Times* article reported that Clayton and Bohan employees
16 (including, specifically, eight former reviewers who were interviewed for the article) “raised plenty of
17 red flags about flaws [in subprime home loans] so serious that mortgages should have been rejected
18 outright – such as borrowers’ incomes that seemed inflated or documents that looked fake – but the
19 problems were glossed over, ignored or stricken from reports.” Moreover, while underwriters, such as
20 the Underwriting Defendants, would have sought to have Clayton review 25%-40% of loans in a pool
21 that was going to be securitized earlier in the decade, by 2006 the typical percentage of loans reviewed
22 for due diligence purposes was just 10%.

23 **VIII. DEFENDANTS’ MISREPRESENTATIONS HARMED PLAINTIFFS**

24 175. The defendants’ misrepresentations and/or omissions in the Registration Statements and
25 Prospectus Supplements were revealed through increasing default rates on the Issuing Trusts’ mortgage
26 pools and mounting foreclosures on the properties collateralizing the mortgage loans, which have yielded
27 insufficient value to recover the outstanding principal and interest due on the loans. These defaults and
28

1 foreclosures exceed the expected rates of default on the mortgage pools underlying each of the Issuing
2 Trusts and, as a result, have resulted in a diminished value of each of the Certificates.

3 **A. CWALT Loans**

4 176. As of August 2008, of the pool of mortgages underlying the Certificates issued by
5 CWALT during fiscal year 2005, 11.66% of these mortgages are delinquent by more than 60 days and
6 9.77% are delinquent by more than 90 days. This has risen from 7.43% and 5.69%, respectively, since
7 January 2008. 4.27% of these loans are in foreclosure.

8 177. As of August 2008, of the pool of mortgages underlying the Certificates issued by
9 CWALT during fiscal year 2006, 18.24% of these mortgages are delinquent by more than 60 days and
10 15.50% are delinquent by more than 90 days. This has risen from 10.53% and 8.16%, respectively,
11 since January 2008. 6.78% of these loans are in foreclosure.

12 178. As of August 2008, of the pool of mortgages underlying the Certificates issued by
13 CWALT during fiscal year 2007, 11.31% of these mortgages are delinquent by more than 60 days and
14 9.30% are delinquent by more than 90 days. This has risen from 4.57% and 3.17%, respectively, since
15 January 2008. 4.01% of these loans are in foreclosure.

16 179. The delinquencies, defaults and foreclosures on these mortgage loans have prompted
17 rating agencies to downgrade Certificates issued by CWALT. For example, S&P downgraded
18 Certificates issued pursuant to CWALT's Registration Statements on November 16, 2007, May 28,
19 2008, August 25, 2008 and August 26, 2008.

20 **B. CWABS Loans**

21 180. As of August 2008, of the pool of mortgages underlying the Certificates issued by
22 CWABS during fiscal year 2005, 26.17% of these mortgages are delinquent by more than 60 days and
23 22.63% are delinquent by more than 90 days. This has risen from 21.93% and 18.25%, respectively,
24 since January 2008. 10.43% of these loans are in foreclosure.

25 181. As of August 2008, of the pool of mortgages underlying the Certificates issued by
26 CWABS during fiscal year 2006, 22.42% of these mortgages are delinquent by more than 60 days and
27

1 18.86% are delinquent by more than 90 days. This has risen from 12.37% and 9.20%, respectively,
2 since January 2008. 10.11% of these loans are in foreclosure.

3 182. As of August 2008, of the pool of mortgages underlying the Certificates issued by
4 CWABS during fiscal year 2007, 24.96% of these mortgages are delinquent by more than 60 days and
5 21.66% are delinquent by more than 90 days. This has risen from 18.79% and 15.63%, respectively,
6 since January 2008. 10.05% of these loans are in foreclosure.

7 183. The delinquencies, defaults and foreclosures on these mortgage loans have prompted
8 rating agencies to downgrade Certificates issued by CWABS. For example, S&P downgraded
9 Certificates issued by CWABS pursuant to the its Registration Statements on July 12, 2007,
10 November 12, 2007, August 20, 2008, August 25, 2008 and August 26, 2008.

11 **C. CWABS Loans**

12 184. As of August 2008, of the pool of mortgages underlying the Certificates issued by
13 CWABS during fiscal year 2005, 6.62% of these mortgages are delinquent by more than 60 days and
14 5.41% are delinquent by more than 90 days. This has risen from 3.97% and 3.11%, respectively, since
15 January 2008. 2.28% of these loans are in foreclosure.

16 185. As of August 2008, of the pool of mortgages underlying the Certificates issued by
17 CWABS during fiscal year 2006, 9.70% of these mortgages are delinquent by more than 60 days and
18 8.07% are delinquent by more than 90 days. This has risen from 6.59% and 5.22%, respectively, since
19 January 2008. 3.63% of these loans are in foreclosure.

20 186. As of August 2008, of the pool of mortgages underlying the Certificates issued by
21 CWABS during fiscal year 2007, 3.73% of these mortgages are delinquent by more than 60 days and
22 3.02% are delinquent by more than 90 days. This has risen from 1.41% and 0.96%, respectively, since
23 January 2008. 1.22% of these loans are in foreclosure.

24 187. The delinquencies, defaults and foreclosures on these mortgage loans have prompted
25 rating agencies to downgrade Certificates issued by CWABS. For example, S&P downgraded
26 Certificates issued pursuant to CWABS' Registration Statements on November 16, 2007, March 17,
27 2008, May 1, 2008 and May 28, 2008.

1 **D. CWHEQ Loans**

2 188. The mortgage loans issued by CWHEQ have also suffered deteriorating delinquency
3 rates. As such, CWHEQ’s Issuing Trusts have also been downgraded by the Ratings Agencies. For
4 example, S&P downgraded Certificates issued pursuant to CWHEQ’s Registration Statements, *inter*
5 *alia*, on June 27, 2008, August 25, 2008 and August 26, 2008.

6 **IX. PLAINTIFFS’ CLASS ACTION ALLEGATIONS**

7 189. Plaintiffs bring this action as a class action pursuant to California Code of Civil
8 Procedure §382 on behalf of a class consisting of all persons and entities who purchased or acquired the
9 Certificates of the Issuing Trusts pursuant or traceable to the Registration Statements and Prospectus
10 Supplements identified in ¶55 above. Excluded from the Class are defendants, their officers and
11 directors at all relevant times, members of their immediate families and their legal representatives,
12 heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

13 190. The members of the Class are so numerous that joinder of all members is impracticable.
14 While the exact number of Class members is unknown to plaintiffs at this time and can only be
15 ascertained through appropriate discovery, plaintiffs believe that there are thousands of members in the
16 proposed Class. Record owners and other members of the Class may be identified from records
17 maintained by the Issuing Defendants, and/or their agents, and may be notified of the pendency of this
18 action by mail, using the form of notice similar to that customarily used in securities class actions.
19 Billions of dollars worth of Certificates were issued pursuant to the false and misleading Prospectuses
20 complained of herein.

21 191. Plaintiffs’ claims are typical of the claims of the members of the Class, as all members of
22 the Class are similarly affected by defendants’ wrongful conduct in violation of federal law that is
23 complained of herein.

24 192. Plaintiffs will fairly and adequately protect the interests of the members of the Class and
25 have retained counsel competent and experienced in class and securities litigation.

26
27
28

1 193. Common questions of law and fact exist as to all members of the Class and predominate
2 over any questions solely affecting individual members of the Class. Among the questions of law and
3 fact common to the Class are:

- 4 (a) whether defendants violated the Securities Act;
- 5 (b) whether statements made by defendants to the investing public in the Registration
6 Statements and Prospectus Supplements both omitted and misrepresented material facts about the
7 mortgages underlying the Issuing Trusts; and
- 8 (c) the extent – and proper measure – of the damages sustained by the members of
9 the Class.

10 194. A class action is superior to all other available methods for the fair and efficient
11 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
12 damages suffered by individual Class members may be relatively small, the expense and burden of
13 individual litigation make it impossible for members of the Class to individually redress the wrongs
14 done to them. There will be no difficulty in the management of this action as a class action.

15 **FIRST CAUSE OF ACTION**
16 **Violation of Section 11 of the Securities Act Against**
the Individual Defendants and the Issuing and Underwriting Defendants

17 195. Plaintiffs repeat and reallege each and every allegation contained above as if fully set
18 forth herein only to the extent, however, that such allegations do not allege fraud, scienter or the intent
19 of the defendants to defraud plaintiffs or members of the Class. This count is predicated upon
20 defendants' *strict liability* for making false and materially misleading statements in the Registration
21 Statements. This Cause of Action is brought pursuant to Section 11 of the Securities Act, on behalf of
22 the Class, against the Individual Defendants and the Issuing and Underwriting Defendants.

23 196. The Registration Statements for the Certificate offerings were materially inaccurate and
24 misleading, contained untrue statements of material facts, omitted to state other facts necessary to make
25 the statements not misleading, and omitted to state material facts required to be stated therein.

26 197. The Individual Defendants and the Issuing and Underwriting Defendants of the
27 Certificates are strictly liable to plaintiffs and the Class for the misstatements and omissions.

1 198. The Individual Defendants signed CWALT's, CWABS', CWMBBS' and CWHEQ's
2 Registration Statements as detailed herein at ¶¶59-68, *supra*.

3 199. Defendant CSC, an affiliate of CFC, acted as an underwriter in the sale of the Issuing
4 Trusts' Certificates, and helped to draft and disseminate the offering documents for the Certificates.
5 Defendant CSC was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

6 200. Defendant JP Morgan acted as an underwriter in the sale of the Issuing Trusts'
7 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
8 JP Morgan was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

9 201. Defendant Deutsche Bank acted as an underwriter in the sale of the Issuing Trusts'
10 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
11 Deutsche Bank was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

12 202. Defendant Bear Stearns acted as an underwriter in the sale of the Issuing Trusts'
13 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
14 Bear Stearns was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

15 203. Defendant BoA acted as an underwriter in the sale of the Issuing Trusts' Certificates, and
16 helped to draft and disseminate the offering documents for the Certificates. Defendant BoA was an
17 underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

18 204. Defendant UBS acted as an underwriter in the sale of the Issuing Trusts' Certificates,
19 and helped to draft and disseminate the offering documents for the Certificates. Defendant UBS was an
20 underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

21 205. Defendant Morgan Stanley acted as an underwriter in the sale of the Issuing Trusts'
22 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
23 Morgan Stanley was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

24 206. Defendant Edward Jones acted as an underwriter in the sale of the Issuing Trusts'
25 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
26 Edward Jones was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

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1 207. Defendant Citigroup acted as an underwriter in the sale of the Issuing Trusts’
2 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
3 Citigroup was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

4 208. Defendant Goldman Sachs acted as an underwriter in the sale of the Issuing Trusts’
5 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
6 Goldman Sachs was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

7 209. Defendant Credit Suisse acted as an underwriter in the sale of the Issuing Trusts’
8 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
9 Credit Suisse was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

10 210. Defendant RBS acted as an underwriter in the sale of the Issuing Trusts’ Certificates, and
11 helped to draft and disseminate the offering documents for the Certificates. Defendant RBS was an
12 underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

13 211. Defendant Barclays acted as an underwriter in the sale of the Issuing Trusts’ Certificates,
14 and helped to draft and disseminate the offering documents for the Certificates. Defendant Barclays
15 was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

16 212. Defendant HSBC acted as an underwriter in the sale of the Issuing Trusts’ Certificates,
17 and helped to draft and disseminate the offering documents for the Certificates. Defendant HSBC was
18 an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

19 213. Defendant BNP acted as an underwriter in the sale of the Issuing Trusts’ Certificates,
20 and helped to draft and disseminate the offering documents for the Certificates. Defendant BNP was an
21 underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

22 214. Defendant Merrill Lynch acted as an underwriter in the sale of the Issuing Trusts’
23 Certificates, and helped to draft and disseminate the offering documents for the Certificates. Defendant
24 Merrill Lynch was an underwriter for the Issuing Trusts as detailed at ¶55, *supra*.

25 215. The Individual Defendants and the Issuing and Underwriting Defendants owed to the
26 plaintiffs and other members of the Class the duty to make a reasonable and diligent investigation of the
27 statements contained in the Registration Statements at the time they became effective to ensure that
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1 such statements were true and correct and that there was no omission of material facts required to be
2 stated in order to make the statements contained therein not misleading. The Individual Defendants and
3 the Issuing and Underwriting Defendants knew, or in the exercise of reasonable care should have
4 known, of the material misstatements and omissions contained in or omitted from the Registration
5 Statements as set forth herein. As such, the Individual Defendants and the Issuing and Underwriting
6 Defendants are liable to the Class.

7 216. None of the Individual Defendants or the Issuing and Underwriting Defendants made a
8 reasonable investigation or possessed reasonable grounds for the belief that the statements contained in
9 the Registration Statements were true or that there was no omission of material facts necessary to make
10 the statements made therein not misleading.

11 217. The Individual Defendants and the Issuing and Underwriting Defendants issued and
12 disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination
13 of material misstatements to the investing public which were contained in the Prospectuses, which
14 misrepresented or failed to disclose, *inter alia*, the facts set forth above.

15 218. By reason of the conduct herein alleged, each of the Individual Defendants and the
16 Issuing and Underwriting Defendants violated Section 11 of the Securities Act.

17 219. Plaintiffs acquired the Certificates pursuant and/or traceable to the Registration
18 Statements.

19 220. At the time they obtained their Certificates, plaintiffs and members of the Class did so
20 without knowledge of the facts concerning the misstatements or omissions alleged herein.

21 221. This action is brought within one year after discovery of the untrue statements and
22 omissions in and from the Registration Statements which should have been made through the exercise
23 of reasonable diligence, and within three years of the effective date of the Registration Statements.

24 222. Plaintiffs and the Class have sustained damages. The value of the Certificates has
25 declined substantially, subsequent to, and due to, the Individual Defendants' and the Issuing and
26 Underwriting Defendants' violations.

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1 purchased the Certificates pursuant to and/or traceable to the Prospectuses sustained material damages
2 in connection with their purchases of the Certificates. Plaintiffs and other members of the Class who
3 hold the Certificates issued pursuant to the Prospectuses have the right to rescind and recover the
4 consideration paid for their Certificates. Class members who have sold their Certificates are entitled to
5 rescissory damages.

6 231. This action is brought within three years from the time that the Certificates upon which
7 this Count is brought were sold to the public, and within one year from the time when plaintiffs
8 discovered or reasonably could have discovered the facts upon which this action is based.

9 **THIRD CAUSE OF ACTION**
10 **Violation of Section 15 of the Securities Act Against**
CFC, CSC, CCM and CHL

11 232. Plaintiffs repeat and reallege each and every allegation contained above as if fully set
12 forth herein.

13 233. This count is asserted against CFC, CSC, CCM and CHL and is based upon Section 15
14 of the Securities Act.

15 234. Each of CFC, CSC, CCM and CHL by virtue of its control, ownership, offices,
16 directorship, and specific acts was, at the time of the wrongs alleged herein and as set forth herein, a
17 controlling person of the Issuing Defendants within the meaning of Section 15 of the Securities Act.
18 CFC, CSC, CCM and CHL had the power and influence and exercised the same to cause the Issuing
19 Defendants to engage in the acts described herein.

20 235. CFC's, CSC's, CCM's and CHL's control, ownership and position made them privy to
21 and provided them with actual knowledge of the material facts concealed from plaintiffs and the Class.

22 236. By virtue of the conduct alleged herein, CFC, CSC, CCM and CHL are liable for the
23 aforesaid wrongful conduct and are liable to plaintiffs and the Class for damages suffered as a result.

24 WHEREFORE, plaintiffs pray for relief and judgment, as follows:

25 A. Determining that this action is a proper class action pursuant to California Code of Civil
26 Procedure §382;

1 B. Awarding compensatory damages in favor of plaintiffs and the other Class members
2 against all defendants, jointly and severally, for all damages sustained as a result of defendants'
3 wrongdoing, in an amount to be proven at trial, including interest thereon;

4 C. Awarding plaintiffs and the Class their reasonable costs and expenses incurred in this
5 action, including counsel fees and expert fees; and

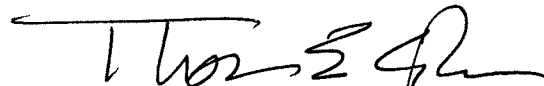
6 D. Such other and further relief as the Court may deem just and proper.

7 **JURY TRIAL DEMANDED**

8 Plaintiffs hereby demand a trial by jury.

9 DATED: October 16, 2008


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