

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

MARY ALSTON, KEVIN COLLIER and	:	
KIMBERLY DRUKER	:	Civil Action No. 2:07-cv-03508-JS
	:	
Plaintiffs,	:	
v.	:	
	:	
COUNTRYWIDE FINANCIAL	:	
CORPORATION, COUNTRYWIDE	:	
HOME LOANS, INC. and BALBOA	:	
REINSURANCE COMPANY,	:	
	:	
Defendants.	:	

NOTICE OF PENDENCY OF CLASS ACTION SETTLEMENT AND FINAL APPROVAL HEARING

YOU MAY BE ENTITLED TO COMPENSATION AND YOUR LEGAL RIGHTS MAY BE AFFECTED IF YOU ARE A MEMBER OF THE FOLLOWING CLASS:

ALL BORROWERS WITH RESIDENTIAL MORTGAGE LOANS CLOSED ON OR AFTER DECEMBER 22, 2005 THROUGH DECEMBER 31, 2008 THAT WERE REINSURED BY BALBOA OR ITS SUBSIDIARIES, EXCLUDING BORROWERS WITH RESIDENTIAL MORTGAGE LOANS ORIGINATED BY CHL'S CORRESPONDENT LENDING DIVISION OR OTHERWISE PURCHASED ON THE SECONDARY MARKET ("CLASS").¹

THIS CLASS ACTION LAWSUIT ALLEGES THAT A MORTGAGE REINSURANCE COMPANY, CW REINSURANCE COMPANY F/K/A BALBOA REINSURANCE COMPANY ENGAGED IN UNLAWFUL PRACTICES THAT MAY HAVE AFFECTED THE MORTGAGE INSURANCE ON YOUR HOME. THIS IS NOT A LAWSUIT AGAINST YOU. YOU WILL AUTOMATICALLY RECEIVE A CHECK FROM THE PROPOSED SETTLEMENT OF THIS LAWSUIT UNLESS YOU CHOOSE TO EXCLUDE YOURSELF FROM THE CLASS. PLEASE CONSIDER THIS NOTICE CAREFULLY.

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT	
YOU ARE NOT REQUIRED TO DO ANYTHING.	If the Settlement is approved by the Court and you are a member of the Class, you will not need to do anything to receive a payment. The portion of the Settlement Fund to be allocated to you will be calculated as part of the implementation of the Settlement.
YOU MAY OPT-OUT OF THE SETTLEMENT BY JULY 8, 2011.	If you wish to exclude yourself, or "opt-out" of the Settlement, you must (as discussed below) submit your opt-out notice to the Settlement Administrator.
YOU MAY OBJECT TO THE SETTLEMENT BY JULY 8, 2011.	If you wish to object to any part of the Settlement, you must (as discussed below) write to the Court and counsel about why you object to the Settlement.
YOU MAY ATTEND THE FAIRNESS HEARING TO BE HELD ON JULY 29, 2011.	If you submit a written objection to the Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Court hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will only be allowed to speak at the hearing if you file a written objection in advance of the hearing.

A FEDERAL COURT AUTHORIZED THIS NOTICE.

I. DESCRIPTION OF THE LAWSUIT

On December 22, 2006, Plaintiffs Mary Alston and Kevin Collier (together with Kimberly Druker, "Named Plaintiffs") and other plaintiffs filed this Lawsuit against Defendants Countrywide Financial Corporation ("CFC"), Countrywide Home Loans, Inc. ("CHL") and CW Reinsurance Company f/k/a Balboa Reinsurance Company ("Balboa") (collectively, "Defendants"). The Action was filed as a proposed class action.

Named Plaintiffs allege that the portion of the mortgage insurance premiums that Non-Party Mortgage Insurance Providers ceded to Balboa were disguised kickbacks paid for the referral of primary mortgage insurance business. Named Plaintiffs allege that Defendants' conduct violated Section 8 of the federal Real Estate Settlement Procedures Act, 12 U.S.C. §§ 2601 *et seq.*

Defendants have denied all of Named Plaintiffs' claims and deny any wrongdoing and any liability to Named Plaintiffs or any Class Members, in any amount. Defendants contend that Named Plaintiffs' claims have no merit, and that Defendants would prevail in the Action.

Plaintiffs' Counsel have investigated the facts and the applicable law regarding the matters raised in the Action. Plaintiffs' Counsel believes that the issues before the Court are extremely complex and there is uncertainty as to the outcome of the Action, such that there is a risk that Named Plaintiffs could recover nothing. Therefore, Named Plaintiffs, on behalf of all others similarly situated, have entered into a Settlement Agreement made as of March 4, 2011 (the "Agreement"), which, if approved by the Court, will fully and finally resolve the claims asserted by Named Plaintiffs, on behalf of themselves and anyone else in the Class, as defined below, against

¹ Class loans include loans funded by Countrywide Home Loans, Inc., Countrywide Bank, N.A. and Countrywide Bank, f.s.b.

Defendants in this Action. Capitalized terms used in this Notice but not defined in this Notice shall have the same meanings ascribed to them in the Agreement. THIS NOTICE AFFECTS YOU BECAUSE YOU MAY BE A MEMBER OF THE CLASS DEFINED IN SECTION V BELOW.

II. CONDITIONAL CERTIFICATION OF SETTLEMENT CLASS

For purposes of this proposed Settlement only, a class of plaintiffs (as defined herein and referred to as the "Class") has been conditionally certified. This does not mean that Named Plaintiffs would be successful if the case went to trial, and this Notice and the proposed Settlement do not imply that Defendants are liable to Named Plaintiffs or to any member of the Class or that a class action would be certified in the absence of settlement. Furthermore, if this proposed Settlement is not finally approved or is withdrawn at any time, for reasons detailed in the Settlement Agreement, available at www.countrywideMIsettlement.com, the conditional class certification will be vacated and the Action will revert to its same status as before the Agreement was signed.

III. COUNSEL FOR THE CLASS

The Court has appointed, for the purpose of the proposed Settlement only, the following individuals and law firm as Lead Class Counsel:

Edward W. Ciolko, Esq.
Terence S. Ziegler, Esq.
BARROWAY TOPAZ KESSLER MELTZER & CHECK LLP
280 King of Prussia Road
Radnor, PA 19087

The Court has also appointed, for the purpose of the proposed Settlement only, the following firms as Class Counsel:

Alan R. Plutzik, Esq.
BRAMSON, PLUTZIK, MAHLER &
BIRKHAEUSER, LLP
2125 Oak Grove Road
Suite 120
Walnut Creek, CA 94598

Andrew L. Berke, Esq.
BERKE, BERKE & BERKE
420 Frazier Avenue
P.O. Box 4747
Chattanooga, TN 37405

Eric G. Calhoun, Esq.
TRAVIS, CALHOUN & CONLON
5001 Spring Valley Road
Dallas, TX 75244

Together, Lead Class Counsel and Class Counsel shall be referred to as Plaintiffs' Counsel.

IV. REASONS FOR ENTERING INTO SETTLEMENT AGREEMENT

Named Plaintiffs and Defendants agreed on all of the terms of the proposed Settlement through extensive arms-length negotiations between counsel for Named Plaintiffs and counsel for Defendants. Named Plaintiffs have entered into the proposed Settlement after weighing the benefits of the Settlement against the probabilities of success or failure in the Action and against the delays that would be likely if the Action proceeded to trial.

Named Plaintiffs and Plaintiffs' Counsel have concluded that the proposed Settlement provides substantial benefits to Named Plaintiffs and the Class; resolves substantial issues without prolonged litigation; provides the Class with significant benefits, both individually and in the aggregate; and is in the best interests of the Class. Named Plaintiffs and Plaintiffs' Counsel have concluded that the proposed Settlement is fair, reasonable and adequate.

Although Defendants deny any wrongdoing and any liability whatsoever, Defendants believe that it is in their best interests to settle this Action on the terms set forth in the Agreement in order to avoid further expense and inconvenience in connection with the Action.

This Notice provides only a summary of the Action. For additional information, including the Complaint, the complete Settlement Agreement and background of the Action, please visit the Settlement website, www.countrywideMIsettlement.com.

V. THE TERMS OF THE PROPOSED SETTLEMENT

The proposed Settlement contemplated by the Agreement provides as follows:

CERTIFICATION OF SETTLEMENT CLASS

The Court has certified preliminarily, for settlement purposes, a Class which is defined generally as:

ALL BORROWERS WITH RESIDENTIAL MORTGAGE LOANS CLOSED ON OR AFTER DECEMBER 22, 2005 THROUGH DECEMBER 31, 2008 THAT WERE REINSURED BY BALBOA OR ITS SUBSIDIARIES, EXCLUDING BORROWERS WITH RESIDENTIAL MORTGAGE LOANS ORIGINATED BY CHL'S CORRESPONDENT LENDING DIVISION OR OTHERWISE PURCHASED ON THE SECONDARY MARKET.

Any person who opts-out of the Settlement, as explained in Section VI of this Notice, is not a member of the Class and therefore receives nothing and is not affected by the Settlement. If you have more than one mortgage loan reinsured by Balboa during the time period from on or after December 22, 2005 through December 31, 2008, you may receive more than one Notice and may be entitled to receive more than one check.

SETTLEMENT AMOUNT

Defendants have agreed to provide up to a total of \$34,000,000 (thirty-four million dollars) to establish a Settlement Fund. Subject to and in accordance with the terms and conditions of the Agreement, the Settlement Administrator or Defendants shall provide to each Participating Class Member their distribution of the Net Settlement Amount ("Settlement Payment"). Each Participating Class Member's Settlement Payment shall be determined pursuant to a formula developed by Lead Class Counsel based on an analysis of the number of private mortgage insurance ("PMI") payments made by each Participating Class Member as of the Preliminary Approval Date. The Settlement Payment with respect to any Class Member shall be provided by check. For the purposes of developing the allocation formula, Defendants shall provide to Lead Class Counsel and the Settlement Administrator relevant information needed to calculate the Settlement Payment. Only one check will be issued per reinsured loan, regardless of the number of co-signers on the loan.

ATTORNEYS' FEES AND CASE CONTRIBUTION AWARDS

Named Plaintiffs intend to apply for, and Defendants will not object to, an award not to exceed \$7,500 (seven thousand five hundred dollars) per Named Plaintiff as a Case Contribution Award for their services and expenses for acting as class representatives in the Action.

Plaintiffs' Counsel intend to seek an award by the Court for attorneys' fees and expenses to be paid from the Settlement Fund. Any payment of attorneys' fees and expenses must be approved by the Court. Defendants have agreed not to object to an award of attorneys' fees and expenses to Plaintiffs' Counsel in an amount not in excess of 27.5% of the \$34,000,000 Settlement Fund.

RELEASES

If the Agreement is finally approved, all Class Members who have not opted out of the Settlement will release and discharge all claims and rights, known and unknown, that the Class Members have relating to reinsurance placed on a loan covered by this Settlement. Upon Final Approval, and in consideration of the promises and covenants set forth in the Agreement, Named Plaintiffs and each Participating Class Member, and each of their respective representatives, heirs, executors, spouses, guardians, successors, estates, bankruptcy estates, attorneys, agents and assigns, and all those who claim through them or who assert claims (or could assert claims) on their behalf will be deemed to have completely released and forever discharged Defendant Parties and Non-Party Mortgage Insurance Providers (collectively, the "Released Persons"), from any claim, right, demand, charge, complaint, action, cause of action, obligation, or liability of any and every kind, including without limitation those known or unknown, from the beginning of the world until today, that arise out of common law, state law, or federal law, including but not limited to claims under the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. §§ 2601 *et seq.*, that: (a) concern the reinsurance placed on any Reinsured Loan; (b) were raised, or could have been raised in the Action; (c) arise from any of the transactions or occurrences related to the reinsurance of primary mortgage insurance that was the subject of the Action. This release shall specifically apply to bar any further dispute about the matters that are within the scope of this release, whether such dispute or issue may arise or be raised in a case filed after the Preliminary Approval Date.

Upon Final Approval, Defendants shall be deemed to have released Named Plaintiffs, each Class Member who is not a Successful Opt-Out, and Plaintiffs' Counsel from all claims arising out of filing, maintenance and/or prosecution of this Action including, without limitation, all claims for attorneys' fees and costs.

FINAL APPROVAL

If the Court finally approves the proposed Settlement as set forth in the Agreement (including any amendments agreed to between the Parties), the Court will enter a final judgment and a Final Approval Order. The Final Approval Order will include an approval of the financial and other terms of the Agreement, dismissal of the claims on the merits and with prejudice, and a finding that Notice to the Class was proper and adequate. The Court will retain jurisdiction over all matters related to the Settlement, including any post-settlement disputes raised by any Class Member.

VI. RIGHTS AND OPTIONS OF CLASS MEMBERS

You will be a member of the Class unless you request to be excluded. Your interests as a Class Member will be represented by Named Plaintiffs and the above-listed Plaintiffs' Counsel. You will not be billed for their services. Plaintiffs' Counsel will receive payment for their fees and expenses only if the Court approves. The ultimate fee award will be set by the Court.

You will be bound by any judgment or other final disposition of this case, including the release of claims in the Agreement. A summary of the effect of the Agreement, including the release of claims, is outlined in Sections V and IX of this Notice.

You may also retain your own counsel to represent you at your own cost, and seek to appear individually in the case.

You may request exclusion, or "opt-out," from the Class. If you elect to be excluded from the Class, you will not be bound by any judgment or settlement of the Action nor will you receive any of the benefits, including the payment of any monies. You will retain and be free to pursue any claims you may have on your own behalf. If you wish to exclude yourself from the Class, you must mail a written opt-out notice to the Settlement Administrator:

Alston, et al. v. Countrywide Financial Corporation, et al. - Exclusions
c/o GCG, Inc.
P.O. Box 9699
Dublin, OH 43017-4999

Requests for exclusion do not need to be in any particular format, except the request must state that you intend to "opt-out" or request "exclusion" from the Class and the request must be signed personally and contain the full name, current address, loan number (if available) and telephone number of the person or persons requesting exclusion. The written opt-out must be sent by U.S. Mail, first-class and postage prepaid, postmarked on or before July 8, 2011 to the Settlement Administrator. If more than one person was obligated on the loan, then the opt-out notice needs to be signed by all obligors on the loan to be valid.

If the opt-outs number more than 2% of the total number of known potential Class Members, Defendants may terminate the Agreement. If you opt-out and intend to file a separate lawsuit, you should know that, if the Settlement is approved, that approval will remove any obligation of Defendants to maintain documents other than in accordance with normal retention policies and applicable law.

VII. FINAL APPROVAL HEARING

A Final Approval Hearing will be held on the 29th day of July, 2011 at 9:00 a.m. before the Honorable Juan R. Sanchez, District Court Judge, United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Courtroom 8B, Philadelphia, Pennsylvania for the purpose of determining whether the proposed Settlement is fair, reasonable and adequate and should be finally approved, whether to award attorneys' fees and other amounts to Plaintiffs' Counsel and to Named Plaintiffs as provided in the Agreement, and whether to enter the Final Approval Order and dismiss the Action. The Final Approval Hearing may be continued or adjourned without further notice or at any adjournment or continuance thereof. The Settlement may be approved with modifications, if any, consented to by Named Plaintiffs and Defendants jointly without further notice.

VIII. RIGHT TO OBJECT TO SETTLEMENT, APPEAR AT FINAL APPROVAL HEARING

If you do not exclude yourself from the Class, you may object to any aspect of the proposed Settlement. Any Class Member who objects to all or part of the proposed Settlement and wants the Court to consider his or her objection must file such objection and any supporting papers with the Clerk of the Court on or before July 8, 2011 at the following address:

Clerk
United States District Court for the Eastern District of Pennsylvania
601 Market Street
Philadelphia, Pennsylvania 19106.

The objection must set forth the full name, current address and telephone number of the person making the objection and must include: (a) a written statement of the position the objector wishes to assert; (b) a written statement of the grounds thereof; (c) copies of any papers, briefs, or other documents the objector wishes to submit in support of his/her position. Copies of the objection and supporting papers must be mailed or hand delivered to:

Lead Class Counsel		Counsel for Defendants
Edward W. Ciolko, Esq.		David L. Permut, Esq.
BARROWAY TOPAZ KESSLER	and	GOODWIN PROCTER LLP
MELTZER & CHECK LLP		901 New York Avenue, NW
280 King of Prussia Road		Washington, DC 20001
Radnor, PA 19087		

Objections must be postmarked by July 8, 2011. Any Class Member who intends to appear personally (or through separate counsel if a timely and proper Entry of Appearance is filed) to object to the Settlement on any grounds whatsoever must file with the Clerk of the Court, at the address listed above, a Notice of Intention to Appear. The Notice of Intention to Appear must be filed on or before July 8, 2011, and copies of the Notice of Intention to Appear must be mailed or hand delivered to Lead Class Counsel and to Counsel for Defendants, at the addresses listed above, so that the objection is received by them by July 8, 2011. Any Class Member who does not file and serve a Notice of Intention to Appear will be prohibited from speaking at the Final Approval Hearing concerning this Settlement. Any Class Member who does not file an objection in the time and manner described above is forever foreclosed from raising any objection to such matters in the event the Settlement is approved.

IX. SCOPE OF SETTLEMENT PROPOSAL

If the Settlement is approved, the terms of the Agreement, including the releases outlined in section V of this Notice, will be final and binding upon, and shall inure to the benefit of: (i) all members of the Class, except those who request timely and proper exclusion from the Class; (ii) any heir, executor, administrator, representative, assignee or other party standing in the shoes of any Class Members; (iii) Defendants; and (iv) all beneficiaries of the Release stated in the Agreement.

X. INFORMATION YOU MUST INCLUDE IN ANY DOCUMENT YOU SEND REGARDING THIS CASE

If you send any document to the Court, to Plaintiffs' Counsel or to Counsel for Defendants, it is important that both your envelope and any documents inside contain the following case name and identifying numbers:

Alston, et al. v. Countrywide Financial Corporation, et al.
Civil Action No. 2:07-cv-03508-JS

XI. FOR MORE INFORMATION

THIS NOTICE IS ONLY A SUMMARY. The full Agreement, the Complaint, Orders, and other documents on file in this case may be inspected at a dedicated Settlement website www.countrywideMIsettlement.com, maintained by the Settlement Administrator through Lead Class Counsel. DO NOT WRITE OR TELEPHONE THE CLERK'S OFFICE if you have any questions about this Notice. Any questions regarding this Notice or the proposed Settlement or changes of address for Class Members should be directed to Lead Class Counsel via the following email address: countrywideMIsettlement@btmc.com, toll-free at (888) 299-9423 or to the address listed on page 4 above.

Dated March 22, 2011

BY ORDER OF THE COURT

Honorable Juan R. Sanchez
United States District Judge