

## Park Granada LLC

### Closing Date:

April 17, 2003

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### Structure Summary

Ratings:	<b>Prime-1</b> rated Secured Liquidity Notes ("SLNs"); and Callable Notes ("CNs")
Securities:	Extendible asset-backed commercial paper, referred to as SLNs, or CNs and unrated Variable Funding Subordinated Notes
Program Type:	Partially supported, single-seller ABCP program
Authorized Amount:	\$21.5 billion
Assets:	Prime quality residential mortgages
Seller:	Countrywide Home Loans Inc ( <b>A3/Prime-2, SQ1</b> servicer quality rating)
Servicer:	Countrywide Home Loans Servicing LP
Depository:	JP Morgan Chase ( <b>Aaa/Prime-1/B+</b> )
Indenture Trustee:	JP Morgan Chase
Collateral Agent:	JP Morgan Chase
Placement Agents:	Lehman Brothers, Inc.; Goldman Sachs & Co.; J.P. Morgan Securities Inc.; Citigroup Global Markets Inc.; Banc of America Securities LLC; Morgan Stanley & Co. Inc.; Countrywide Securities Corporation
Securities Act Exemption:	Section 4(2)

### Program Credit Enhancement

Type:	Cash collateral account equal to 0.87% of the authorized amount, and 5.16% subordination of the outstanding amount of SLNs and CNs
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### Liquidity

Type:	Provided through a combination of the collateral value of underlying mortgage assets and a cost of funds swap
Support Percentage:	100% of outstanding SLNs and CNs
Swap Providers:	Bank of America ( <b>Aaa/Prime-1/A</b> ), BNP Paribas ( <b>Aa1/Prime-1/B</b> ), ABN AMRO ( <b>Aa2/Prime-1/B-</b> ), Calyon ( <b>Aa1/Prime-1/C+</b> ), JPMorgan Chase ( <b>Aaa/Prime-1/B+</b> ), Royal Bank of Canada ( <b>Aaa/Prime-1/B+</b> ), Societe Generale ( <b>Aa1/Prime-1/B</b> ), and WestLB ( <b>A1/Prime-1/D-</b> ).
Rated Bidder:	JP Morgan Chase
Funding Basis:	Outstanding purchase price of non-delinquent loans
Outs to Funding:	Bankruptcy of Park Granada LLC

### Significant Program Wind Down Events

- Park Granada LLC fails to maintain an agreement with a rated bidder who is obligated to bid on collateral being auctioned
- Cost of funds swap ceases to be in effect
- Bankruptcy of Park Granada LLC, Countrywide Home Loans, Inc., or Countrywide Home Loans Servicing LP

Seller's Other Conduits: Park Sienna LLC (**Prime-1**)



## CURRENT HIGHLIGHTS

- As of May 31, 2007, Park Granada had \$13.22 billion of outstanding SLNs, and \$681.6 million in unrated Variable Funding Subordinated Notes. Its portfolio consisted of 69,256 mortgage loans with an aggregate market value of \$13.7 billion (including cash of \$120 million). Only 0.37% of senior lien loans were delinquent, and 0.05% of junior lien loans were delinquent at the end of May 2007.
- Park Granada is authorized to issue \$20.554 billion of **Prime-1**-rated extendible ABCP (including Secured Liquidity Notes and Callable Notes). Park Granada's program size has increased several times since the initial launch of the program in April 2003. The program started with an authorized program amount of \$10 billion and is now at \$21.5 billion.

## PROGRAM OVERVIEW

### Park Granada LLC Issues Extendible ABCP, Known As SLNs Or CNs

Park Granada LLC is a partially supported single-seller ABCP program sponsored by Countrywide Home Loans, Inc., (Countrywide, rated **A3**) which is an indirect, wholly owned subsidiary of Countrywide Financial Corporation (rated **A3**). Park Granada issues two types of extendible ABCP, known as Secured Liquidity Notes (SLNs), and Callable Notes (CNs), the proceeds of which are used to provide mortgage warehouse financing to Countrywide. The SLNs and CNs have an expected maturity date or initial call date of up to 180 days from the date of issuance. Their legal final maturity date is 120 days from that expected maturity date. On any date on which maturing SLNs or CNs are presented for repayment, if the sum of available funds plus the proceeds of any new SLN or CN issuance is insufficient to make full repayment, the SLNs will be converted to Extendible Notes. The CNs will be converted to Non-Called Notes, which will mature on the 120th day following the conversion.

Park Granada was formed as a special purpose bankruptcy-remote limited liability company (LLC) under Delaware law with Countrywide Financial Corporation as the sole member. In addition, there is also a special member who is independent of Countrywide, any of its affiliates, or any of its major creditors. Countrywide Home Loans Servicing LP acts as servicer and is responsible for carrying out the daily operating responsibilities of Park Granada.

### Park Granada Provides A Mortgage Warehouse Facility To Countrywide

The SLNs and CNs are backed by mortgages originated or purchased by Countrywide, which Park Granada purchases on a revolving basis in compliance with loan eligibility and portfolio guidelines. The warehouse inventory must be reduced every

year through a mortgage securitization in the term debt securitization market or by selling the mortgages into the whole-loan market. Mortgage loans are also removed from the pool if they have not been sold or securitized within one year of their purchase by Park Granada. New eligible loans may be purchased provided that the portfolio remains in compliance with the portfolio guidelines and the warehouse facility is not in liquidation.

### Other Securities That Park Granada May Issue

Park Granada also issues unrated Variable Funding Subordinated Notes which are subordinate to the SLNs and CNs, and act as credit enhancement.

### Mitigating The Risks Of Mortgage Warehouse Financing

Since the overall credit risk of a revolving warehouse portfolio may be affected by the variability over time of the credit quality of the mortgages purchased, portfolio eligibility and diversification guidelines are used to reduce variability in the performance of collateral held by Park Granada. These guidelines also govern the length of time collateral will be permitted to be financed by the warehouse facility and the requirements for its removal. In addition, automatic wind-down triggers are also in place to mitigate the effect of any deterioration in the warehouse portfolio or breaches by the servicer in its performance obligations.

### Market Value And Interest Rate Protection

Any market value risk associated with the sale of mortgage loans is addressed through a cost of funds swap. In such a transaction, the swap counterparties **Prime-1**-rated Bank of America, BNP Paribas, ABN AMRO, WestLB, Calyon, Royal Bank of Canada, Societe Generale, and JPMorgan Chase will reimburse Park Granada for any market value loss realized from the sale of such a loan. Draws are pro rata in accordance with the commitment percentages for each swap counterparty. The swap funds against losses on the sale of non-delinquent collateral and also provides protection against prepayment risk on the loans. Furthermore, the cost of funds swap has to be in effect any time there are outstanding SLNs and CNs thus ensuring that investors are not exposed to any market value risk of the collateral.

The cost of funds swap also protects Park Granada against any potential mismatch between the yield it receives on the underlying mortgages and its monthly cost of funds and expenses. Under this swap, the swap counterparty is required to make monthly payments to Park Granada equal to its cost of funds and expenses in exchange for the yield on the underlying mortgage portfolio.

## Liquidity Support For Timely Payment Of ABCP

Liquidity support for Park Granada's SLNs and CNs is provided through a combination of auctions of collateral and payments under a cost of funds swap provided by **Prime-1**-rated Bank of America, BNP Paribas, ABN AMRO, WestLB, Calyon, Royal Bank of Canada, Societe Generale, and JPMorgan Chase. If new SLNs or CNs cannot be issued or if there is a wind-down event, collateral must be auctioned off. The swap counterparty will make up the difference between Park Granada's initial purchase price for the collateral (minus any principal payments received) and the proceeds it received from the auction of the collateral. The combined proceeds from the auction and the cost of funds swap will then be used to pay maturing SLNs and CNs by their legal final maturity date.

## Credit Risk Absorbed By Cash Collateral Account And Overcollateralization

Mortgage warehouse facilities, which hold mortgages for a relatively short period of time, generally require more credit enhancement than longer-term transactions. In shorter-term facilities, credit enhancement is often sized on a measure of gross rather than net losses. In the Park Granada program, a mortgage asset of the program becomes a defaulted asset when that loan becomes more than 90 days past due, thus reducing the amount available from the swap counterparties for the full amount of the defaulted loan. The calculation of expected loss on a long-term mortgage-backed security, in contrast, factors in the recovery proceeds from the foreclosure of a house to offset the initial loss recognized attributable to delinquent mortgage obligors. The recovery process often takes several months, and usually entails foreclosure of the home which collateralizes the defaulted mortgage. Due to the short period in which the mortgages are held in the Park Granada warehouse, recoveries on the mortgages in this program may not be available to repay the SLNs or CNs by their legal final maturity date.

In Park Granada's case, SLN and CN holders are protected from losses on the underlying collateral by credit enhancement in two forms. First, Park Granada has a pre-funded cash collateral account sized at 0.87% of the facility amount. Second, additional credit enhancement is provided through unrated Variable Funding Subordinated Notes, in an amount equal to 5.16% of the outstanding amount of **Prime-1**-rated SLNs and CNs. Based on the eligibility parameters of the mortgages for placement in the warehouse facility, the historical delinquency record of mortgage loans serviced by Countrywide and Countrywide's servicing capabilities, the credit enhancement provided by the cash collateral account and the subordination is consistent with the high ratings assigned to the SLNs and CNs.

## ABCP Investors Have A Security Interest

The SLN holders benefit from a security interest in all of the assets of Park Granada. A security interest can be beneficial to an investor as it would reduce the severity of loss to investors in the unlikely event of Park Granada's bankruptcy. However, the security interest does not add any significant benefit from a short-term ratings perspective. Moody's **Prime-1** rating addresses not only the probability of being repaid in full, but timely repayment of ABCP. The addition of the security interest does not materially enhance ABCP investors' probability of being repaid on time.

## Park Granada's Ratings Correlated To Prime-1 Rating Of Swap Counterparties And Rated Bidder

Park Granada's **Prime-1** rating is not highly correlated to the rating of Countrywide Home Loans Inc. (**A3/Prime-2**). However, Park Granada's structure does result in a heavy reliance on funds obtained under the cost of funds swap and the rated bidder to repay the SLNs. As a result, there is a high degree of correlation between the rating assigned to Park Granada and the ratings of both the swap counterparties and the rated bidder (JP Morgan Chase). If these entities lose their **Prime-1** ratings, Park Granada's rating may also be negatively affected.

## RATING OPINION

The **Prime-1** rating of Park Granada's SLNs and CNs is based on:

- Expected collateral performance.
- Liquidity in the form of auction proceeds from collateral auctions and from a cost of funds swap.
- The level of credit enhancement in relation to expected losses on the collateral.
- The protection provided by the cost of funds swap against market value deterioration of the collateral.
- Structural protections, including wind down triggers and portfolio product and aging criteria to maintain portfolio credit quality, and bankruptcy remoteness of issuer.

## ASSET OVERVIEW

Countrywide is a mortgage lender providing home loans, refinancing, home equity lines of credit and other financial products directly to consumers, real estate agents and builders via nearly 600 branch offices nationwide, two regional sales centers and through its web sites.

The prime credit quality of the residential mortgages purchased by the Countrywide program is controlled through strict eligibility criteria and concentration limits. These ensure that the variability in the credit quality of the warehouse mortgage port-

folio is limited by controlling certain pool parameters such as the concentrations of the types of mortgages, and the geographic locations of the mortgage properties. These parameters also ensure a certain amount of asset diversification within the portfolio; hence, the maintenance of a prescribed minimum level of credit quality.

Another means of controlling the variability in the credit quality of Countrywide's portfolio is through the adherence to strict aging guidelines for mortgage loans in the portfolio. These guidelines ensure that periodically certain loans are securitized or sold so as to avoid concentrations of hard to place loans and thus limit the potential impact of asset deterioration.

<i>Table 1</i>			
<b>Park Granada LLC</b>			
As of May 2007			
Pool Statistics		Actual (% of program size)	Program Limit
Loan Size	Average Balance	\$199,686	
	Minimum Balance	\$7	
	Maximum Balance	\$8,112,383	
Loan Types	Non-conforming Loans	18.63%	60%
	FHA/VA Loans	6.48%	30%
	Conforming	33.98%	
	Fixed Rate 2nds	5.00%	5%
Wet/Dry Funded	Wet Funded < 46 Days	8.59%	
	Wet Funded 46 days	0.00%	
	Dry Funded	55.50%	
Geographical Distribution (Senior loans)	CA	16.98%	CA 55%
	FL	5.03%	all other 15%
	NJ	2.40%	
	IL	2.21%	
	WA	2.18%	
	Other	30.30%	
Geographical Distribution (Junior loans)	CA	1.58%	CA 7%
	FL	0.37%	all other 3%
	NV	0.26%	
	AZ	0.23%	
	Other	2.39%	
Loan To Value Distribution (Senior loans)	Weighted Average LTV	78%	80%
Combined Loan To Value Distribution (Junior loans)	Weighted Average CLTV	90%	90%
FICO Score (Senior loans)	Weighted Average FICO	713	675
FICO Score (Junior loans)	Weighted Average FICO	712	700
Aging Status (Aggregate)	90 days	58.68%	
	> 90 days	5.41%	30%
	>180 days	0.68%	15%
	> 365 days	0.00%	0%
	Weighted Average Days in Facility	27	
Aging Status (Junior loans)	90 days	4.80%	20%
	> 90 days	0.20%	6%
	> 180 days	0.09%	3%
	> 365 days	0.00%	0%
	Weighted Average Days in Facility	48	
Delinquency Status (Senior Loans)	Delinquent / all Senior	0.37%	4%
	Rolling 3-month average	0.79%	3%
Delinquency Status (Junior loans)	Delinquent / all Junior	0.04%	1%
	Rolling 3-month average	0.01%	1.5%

## The Current Portfolio

As of May 31, 2007, Park Granada's portfolio consisted of mortgage loans with an aggregate value of \$13.97 billion (including cash of \$120 million). Its underlying portfolio has the characteristics typical of a high quality mortgage pool. For senior lien mortgage loans, the weighted average loan-to-value ratio (LTV) was 78%, and the weighted average FICO score was 713, and only about 0.37% of these loans were delinquent. For junior lien mortgage loans, the weighted average combined loan-to-value ratio (CLTV) was 90%, the weighted average FICO score was 712, and only about 0.05% of these loans were delinquent. These measures of portfolio quality are well within the established guidelines. A summary of important portfolio statistics can be found in *Table 1*.

## CREDIT ENHANCEMENT

Credit support consists of a pre-funded cash reserve account equal to 0.87% of the facility amount, and unrated Variable Funding Subordinated Notes in an amount equal to 5.16% of the outstanding amount of **Prime-1**-rated SLNs and CNs. Thus, the dollar amount of the subordinated notes is variable and increases or decreases based upon facility utilization. However, during wind down, the dollar amount of subordination is frozen, and no payments are made to the subordinated note holders until the senior notes are paid in full.

## LIQUIDITY

Liquidity support for Park Granada's SLNs and CNs is provided through a combination of the **Prime-1**-rated bidders: JP Morgan Chase, which is obligated to make a bid for collateral being auctioned when asked to do so, and payments under a cost of funds swap provided by **Prime-1**-rated Bank of America, BNP Paribas, ABN AMRO, WestLB, Calyon, Royal Bank of Canada, Societe Generale, and JPMorgan Chase. To ensure timely payment of the SLNs and CNs, if new SLNs and or CNs cannot be issued or if a wind-down event occurs, a sufficient amount of collateral is auctioned and the rated bidder is obligated to bid on such collateral.

The price to be paid by the rated bidder is not guaranteed to be as much or greater than Park Granada's outstanding purchase price, which is the initial purchase price paid for a mortgage loan minus any principal payments received, for the collateral. However, if the bid for the non-delinquent and non-defaulted collateral is below its outstanding purchase price, the swap counterparty will reimburse Park Granada for the shortfall. These proceeds will then be used to pay maturing SLNs or Non-Called Notes, adjusted for any amount attributable to defaulted mortgages in excess of the credit enhancement by their legal final maturity date.

## WIND DOWN EVENTS

### Critical Wind Down Events Provide The Framework For Risk Analysis

Significant protection is provided to the program through cease-issuance and cease-purchase triggers that effectively wind down the program if there is credit deterioration or the risk profile of the portfolio begins to shift. During the wind down, collateral is sold or auctioned and the proceeds received from the collateral, along with payments from a cost of funds swap cover the face amount of outstanding SLNs, CNs, Extended Notes, and Non-Called Notes. The wind-down events for the senior mortgage loans portion of the program include the following:

- Funds on deposit in the reserve fund are less than 0.60% of the program size for 120 consecutive days or more.
- On any day, the 3-month rolling average ratio of the outstanding purchase price of delinquent loans (i.e., loans which are 30 days past due) to the outstanding purchase price of all eligible loans exceeds 3%, or the ratio of the outstanding purchase price of delinquent loans to the outstanding purchase price of all eligible loans exceeds 4% on any one day.
- Park Granada fails to maintain an agreement with a rated bidder to submit a binding bid for non-delinquent, non-defaulted mortgages.
- Cost of funds swap ceases to be in effect in a notional amount at least equal to the program size.
- One or more swap counterparties fails to agree to any extension of the cost of funds swap and no eligible replacements have been obtained by at least one year prior to the scheduled termination date of the swap in a notional amount at least equal to the notional amount of the swap represented by the non-extending counterparty, or, if the program size has been modified, in an amount equal to the then current program size less the notional amount of all effective swaps.
- Bankruptcy of Park Granada, Countrywide Home Loans, Inc. or Countrywide Home Loans Servicing LP.

The sub-facility backed by junior mortgage loans is subject to tighter wind-down triggers, such as if the three-month rolling average 30+ day delinquent ratio for junior mortgage loans (calculated daily) exceeds 1.5% or the 60+ day delinquent ratio for junior mortgage loans exceeds 1.0% and continues to exceed 1.0% for ten (10) consecutive business days, Countrywide has 85 days to wind down the sub-facility after the trigger is breached.

## PROGRAM ADMINISTRATOR

Countrywide Home Loans Inc. will act as originator, purchaser, and seller, and Countrywide Home Loans Servicing LP will act as servicer of the loans

purchased by Park Granada. Countrywide Home Loans Servicing LP will also act as administrator of Park Granada and manage its day to day operations. Countrywide Home Loans Inc. is a full service residential mortgage lending institution. It is involved in all aspects of the origination and servicing of mortgage loans. Countrywide Home Loans

Inc. is a wholly owned subsidiary of Countrywide Financial Corporation (**A3/Prime-2**).

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