



OTS Fact Sheet

Supervisory Agreement with AIG Federal Savings Bank,
Wilmington Finance and American General Finance
June 8, 2007

- Wilmington Finance, Inc. (WFI) and American General Finance, Inc. (AGF) are affiliates of AIG Federal Savings Bank (AIG FSB). The three companies are subsidiaries of American International Group, Inc.
- From July 2003 to May 2006, WFI provided extensive mortgage loan origination services for AIG FSB. The OTS determined AIG FSB failed to manage and control the mortgage lending activities outsourced to WFI in a safe and sound manner and with appropriate consideration to consumer protection issues.
- OTS examiners concluded during a regular annual examination of AIG FSB that a number of the WFI originations resulted in a negative financial impact to certain borrowers due to inadequate consideration of the borrower's creditworthiness or through large broker and/or lender fees. The OTS terminated the objectionable practices and pursued relief for borrowers facing negative financial impact as a result of the practices.
- The primary goal of the OTS has been to ensure that timely financial assistance is provided to borrowers at risk of losing their homes to foreclosure.
- The companies established a \$128 million initial reserve to cover costs associated with (1) providing affordable loans to borrowers whose creditworthiness was not adequately evaluated and (2) reimbursing borrowers who paid large broker fees or lender fees. The companies have agreed that the reserve may need to be increased if their remediation efforts identify more impacted borrowers than initially estimated. The companies have also committed to donate an additional \$15 million to financial literacy and credit counseling.
- The companies will implement the plan by June 30, 2007, and will provide OTS with quarterly updates on costs incurred under the plan, any revised estimates for total plan costs, and any increases needed in the reserve.
- The plan includes a mechanism for resolving consumer complaints and contains a clear and accessible audit trail for tracking and verification. AIG FSB and the affiliates will hire an external consulting firm acceptable to OTS to monitor compliance with the plan. The consulting firm will report quarterly to OTS and the companies' Boards of Directors on compliance with the plan and any recommendations for improving compliance.
- The Board of AIG FSB will be accountable to OTS for the oversight and execution of the Plan. They will appoint a Compliance Committee of at least three directors (a majority being outside directors) to coordinate compliance with the agreement and report quarterly to the AIG FSB's Board of Directors and OTS.
- The Supervisory Agreement satisfies OTS's requests for remedial action initially set forth in May 2006 based on the insufficiently supervised lending activities of AIG FSB outsourced to WFI.