

### **Countrywide Adding Staff to Boost Purchase Share**

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photo, Mozilo

The chairman of Countrywide Financial Corp. said it will increase its mortgage sales force by a third to capture more of the purchase market.

In a conference call with analysts Tuesday following Countrywide's earnings release, Angelo Mozilo said he had a "very aggressive" goal of 30% of the overall mortgage market by 2008.

The Calabasas, Calif., company has cut its processing staff by 11% since the refinancing boom's peak last summer, but Mr. Mozilo said it expects to add 2,500 to its roughly 7,500 commissioned loan officers by yearend. The plan to increase lending to homebuyers is already working, he said. "Management believes Countrywide moved into the top spot of originators in the fourth quarter,"

ahead of [Wells Fargo & Co.](#) and Washington Mutual Inc. The jump was significant, Mr. Mozilo said, because it came as purchases began to represent more of the mortgage business.

Fourth-quarter earnings rose a better-than-expected 121% from a year earlier, to \$564 million, or \$2.74 a share. (Some bonds became convertible in the quarter, trimming EPS by 14 cents.)

Analysts surveyed by Thomson Financial had expected Countrywide to post \$2.71 in per-share profits. Earlier this month it tightened the forecast range to the low end of its previous guidance.

Net income for the full year nearly tripled, to \$2.4 billion, or \$12.47 a share. But lower origination volumes in the fourth quarter hurt. Earnings dropped by nearly half from the third quarter to the fourth, and production fell 39%, to \$76.3 billion. Countrywide continued to recover the value of its servicing rights that had been impaired. Lower-than-expected rates at the end of the quarter limited the recovery, and hedging losses wiped out most of the write-up.

The company recovered \$436 million of impairment but lost \$405 million on servicing hedges. Third-quarter hedging losses had trimmed only \$114 million from a \$345 million recovery. (Executives said on the earnings call that hedge performance was unusually good in the third quarter.)

The servicing portfolio grew to a record \$645 billion in the fourth quarter, Mr. Mozilo said, or "more than two times the size ... at the start of the boom." The assets of Countrywide Bank -- which rose 18%, to \$19.3 billion -- should be \$35 billion by the end of 2004, executives said. On the basis of its current growth rate, they expect it to have \$120 billion of assets by the end of 2008.

The company plans to add 29 financial centers to its existing 31, Mr. Mozilo said, and will focus on Texas and California this quarter. The centers, which sell products such as certificates of deposit, are inside its home loan offices.

