
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

For Immediate Release
March 26, 2014

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FHFA Announces \$9.3 Billion Settlement With Bank of America Corporation; Agreement Includes Private-label Securities Settlement As Well As Securities Purchases

Washington, D.C. – The Federal Housing Finance Agency (FHFA), as conservator of Fannie Mae and Freddie Mac, today announced it has reached a settlement in cases involving Bank of America, Countrywide Financial, Merrill Lynch, and certain named individuals totaling approximately \$5.83 billion. Bank of America Corporation owns Countrywide and Merrill Lynch. The cases alleged violations of federal and state securities laws in connection with private-label, residential mortgage-backed securities (PLS) purchased by Fannie Mae and Freddie Mac between 2005 and 2007. Allegations of common law fraud were made in the Countrywide and Merrill Lynch cases.

The Agreement provides for an aggregate payment of approximately \$9.33 billion by Bank of America that includes the litigation resolution as well as a purchase of securities by Bank of America from Fannie Mae and Freddie Mac.

“FHFA has acted under its statutory mandate to recover losses incurred by the companies and American taxpayers and has concluded that this resolution represents a reasonable and prudent settlement of these cases. This settlement also represents an important step in helping restore stability to our broader mortgage market and moving to bring back the role of private firms in providing mortgage credit. Many potential homeowners will benefit from increasing certainty in the marketplace and that is very much the direction we should be taking,” said FHFA Director Melvin L. Watt.

Of the 18 PLS suits filed in 2011, FHFA now has claims remaining in seven suits against various institutions and remains committed to satisfactory resolution of these pending actions.

The settlement agreement regarding private label securities claims between FHFA and Bank of America involves the following cases: *Federal Housing Finance Agency v. Bank of America Corp., et al.*, No. 11 Civ. 6195 (DLC) (S.D.N.Y.); *Federal Housing Finance Agency v. Countrywide Financial Corp., et al.*, No. 12 Civ. 1059 (MRP) (C.D. Cal.); *Federal Housing Finance Agency v. Merrill Lynch & Co., Inc., et al.*, No. 11 Civ. 6202 (DLC) (S.D.N.Y.); as well as one Merrill Lynch security in *Federal Housing Finance Agency v. First Horizon National Corp.*, No. 11 Civ. 6193 (DLC) (S.D.N.Y.).

FHFA efforts are in line with other government initiatives to resolve PLS matters with Bank of America.

[Link to Settlement Agreement](#) (confidential materials omitted)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.5 trillion in funding for the U.S. mortgage markets and financial institutions.