

State of California *Department of Justice*  
**OFFICE of the ATTORNEY GENERAL**  
KAMALA D. HARRIS

## Attorney General Kamala D. Harris Announces Over Half Billion Dollar Settlement with Bank of America

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Contact: (415) 703-5837

San Francisco – Attorney General Kamala D. Harris, along with the U.S. Department of Justice and state partners, today announced a settlement with Bank of America to resolve federal and state civil claims related to Bank of America’s conduct in the packaging, securitization, marketing, sale, and issuance of residential mortgage-backed securities prior to January 1, 2009.

Nationally, the settlement totals \$16.65 billion including cash and credit for consumer relief. California will recover \$300 million in damages, which will reimburse the state’s pension funds, CalPERS and CalSTRS, for losses on investments in mortgage-backed securities of Bank of America and its affiliates. California is also guaranteed at least \$500 million in consumer relief credits.

“Bank of America profited by misleading investors about the risky nature of the mortgage-backed securities it sold,” Attorney General Harris said. “This settlement makes our pension funds whole for the financial losses caused by these misrepresentations and brings help to hard-pressed homeowners and communities in California.”

Nationwide, the bank will pay a total of \$9.65 billion in cash, and provide \$7 billion in consumer relief credits. The consumer relief includes loan forgiveness to lessen the burden on underwater homeowners and distressed borrowers, help to affected communities through donation of properties, financing of affordable rental housing, and support for housing counseling and legal aid. The consumer relief to California includes at least \$380 million of credit in first lien principal forgiveness.

As part of the settlement, Bank of America acknowledged it made serious misrepresentations to investors about the mortgage loans it securitized in residential mortgage-backed securities. The settlement does not absolve Bank of America or its employees from facing any possible criminal charges.

An investigation conducted by Attorney General Harris showed that the offering documents for the securities failed to accurately disclose the true characteristics of many of the underlying mortgages, and that due diligence to weed out poor quality loans had not been adequately performed.

The settlement with Bank of America arises from the investigation into mortgage-backed securities by Attorney General Harris’ Mortgage Fraud Strike Force, which was formed in May 2011 to comprehensively investigate misconduct in the mortgage industry. The Attorney General’s additional efforts to investigate the mortgage crisis include securing an estimated \$20 billion for California in the National Mortgage Settlement and sponsoring the California Homeowner Bill of Rights, a package of laws instituting permanent mortgage-related reforms.

In July 2014, Attorney General Harris announced a settlement with Citigroup Inc. of nearly \$200 million over its misrepresentations in residential mortgage-backed securities sold to CalPERS and CalSTRS. In November of last year, a settlement with J.P. Morgan Chase & Co. recovered \$300 million for CalPERS and CalSTRS.

Bank of America customers can call 877.488.7814 for more information.

For more information on the U.S. DOJ settlement visit: <http://www.justice.gov/>

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