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**MADIGAN, U.S. DOJ REACH \$335 MILLION SETTLEMENT WITH COUNTRYWIDE/BANK OF AMERICA OVER DISCRIMINATORY LENDING**

**Washington** — Attorney General Lisa Madigan and the U.S. Department of Justice today announced a \$335 million joint settlement with Countrywide, a subsidiary of Bank of America, over allegations that the former mortgage giant steered African-American and Latino borrowers into risky subprime loans more often than similarly situated white borrowers and charged them more for their loans during the height of the nation's housing boom.

The joint settlement reached by Madigan and Department of Justice officials resolves allegations by Madigan and the DOJ of widespread and illegal discrimination against minority borrowers at Countrywide, which was purchased by Bank of America shortly after its collapse in 2008.

"Countrywide consistently sold African-American and Latino borrowers riskier loans at a higher cost than similarly credit-situated white borrowers. Even when Countrywide sold minorities prime loans, they paid more than white borrowers," said Attorney General Madigan. "Now, African Americans and Latinos are still paying a higher price. No one can dispute that minority communities have been hit hardest by this crisis and will feel its effects longer.

"This settlement upholds the basic American tenet of justice and fairness for all," Madigan said. "People's access to credit, and the terms of their credit, should be determined on an equal basis, not on the basis of the color of their skin."

Today's settlement provides for an independent administrator to contact and distribute compensation payments to borrowers identified by the Department of Justice as victims of Countrywide's discrimination. Eligible borrowers will be contacted by the administrator. Individuals who believe they were victims of Countrywide lending discrimination and have questions about the settlement may email [countrywide.settlement@usdoj.gov](mailto:countrywide.settlement@usdoj.gov).

The settlement stems from Madigan's June 2010 lawsuit against Countrywide Financial Corporation, Countrywide Home Loans Inc. and Full Spectrum Lending Inc., an arm of Countrywide that mostly sold subprime loans. Her suit alleged numerous violations of the Illinois Fairness in Lending Act and the Illinois Human Rights Act, and included data to show minority borrowers paid more for mortgages than white borrowers and that they were more often sold riskier home loans, despite their qualifying for prime, or low cost, loans. Madigan's analysis of Countrywide loan data found that these disparities could not be explained by objective factors, including borrowers' credit scores or their debt-to-income ratios.

The Attorney General's lawsuit and subsequent settlement follows years of investigation by her office into Countrywide's lending policies and practices during the years leading up to the market's collapse. Madigan issued a fair lending subpoena to Countrywide in March 2008, after a study by the Chicago Reporter of federally collected mortgage lending data for the Chicago area found that, in 2006, Countrywide Financial Corporation sold higher-cost loans to 50.9 percent of its African American borrowers and 33.8 percent of its Latino borrowers, while only 19.5 percent of the company's white borrowers received high-cost loans.

Madigan's analysis of Countrywide's loan data found that African-American and Latino borrowers were three times more likely to receive a higher-cost subprime mortgage than white borrowers, and that Countrywide charged African-American and Latino borrowers higher interest rates and fees on loans spanning the company's range of products, including its prime products, as compared with similarly-situated white borrowers.

It also found that these disparities in Countrywide's subprime sales and loan pricing were the result of company policies that gave employees and mortgage brokers almost unlimited discretion in the selection and pricing of loans.

Countrywide was once the largest mortgage lender in the nation, including in Illinois, and led the country in selling subprime loans. The failure of millions of these higher-cost mortgages nationwide contributed to the nation's housing crash, resulting economic recession and ongoing foreclosure crisis.

This is the second lawsuit Madigan filed against Countrywide. In 2008, the Attorney General filed a consumer fraud lawsuit against the lender for its major role in driving the foreclosure crisis, and in November 2008, she led negotiations that resulted in an \$8.7 billion nationwide settlement of that lawsuit with Bank of America.

Her case against Countrywide is also Madigan's second fair lending lawsuit brought against a mortgage lender. In July 2009, Madigan filed a lawsuit against Wells Fargo for violating the state's fair lending and civil rights laws, becoming the first state attorney general in the nation to sue a federally chartered lender for its role in creating the foreclosure crisis. The Wells Fargo litigation is ongoing.

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