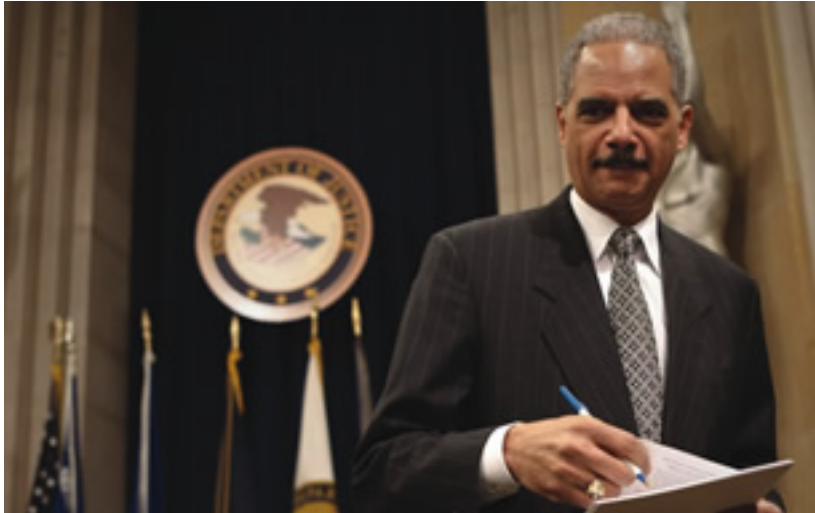


## Bank of America to Pay \$335 Million in Race Bias Case

Written by GIN - NNPA

Thursday, 29 December 2011 12:23

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### Lender is Punished for ‘Discrimination with a Smile’

Bank of America has agreed to pay \$335 million, the largest housing fair lending settlement in history to settle allegations that Countrywide Financial Corp., its recently acquired subsidiary, engaged in widespread discrimination against African American and Hispanic borrowers just before the near-collapse of the U.S. economy.

According to a Department of Justice investigation, Countrywide charged higher fees and rates to 200,000 minority borrowers than to white borrowers with the same credit profile. Justice also said that the lender steered 10,000 borrowers into high-price subprime loans when similar white borrowers got prime interest rate loans. The allegations covered the period of 2004 to 2008.

Justice announced Dec. 21 that the settlement will provide \$335 million in compensation for more than 200,000 African American and Hispanic victims of Countrywide’s discrimination “during a period when Countrywide originated millions of residential mortgage loans as one of the nation’s largest single-family mortgage lenders.”

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An independent monitor named by the court will distribute the proceeds to alleged victims. Those who believe they are entitled to a share of the compensation should email their questions to [countrywide.settlement@usdoj.gov](mailto:countrywide.settlement@usdoj.gov) This e-mail address is being protected from spambots. You need JavaScript enabled to view it .

“The department’s action against Countrywide makes clear that we will not hesitate to hold financial institutions accountable, including one of the nation’s largest, for lending discrimination,” said Attorney General Eric Holder.

In a statement, Holder said: “These institutions should make judgments based on applicants’ creditworthiness, not on the color of their skin. With today’s settlement, the federal government will ensure that the more than 200,000 African-American and Hispanic borrowers who were discriminated against by Countrywide will be entitled to compensation.”

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The settlement, which is subject to court approval, was filed in the U.S. District Court for the Central District of California in conjunction with the department's complaint which alleged a pattern and practice by Countrywide of charging African Americans and Hispanics higher fees and interest rates than non-Hispanic white borrowers in both its retail and wholesale lending.

The complaint alleges that these borrowers were charged higher fees and interest rates because of their race or national origin, and not because of the borrowers' creditworthiness or other objective criteria related to borrower risk.

The complaint alleged that African-American and Hispanic borrowers paid more than non-Hispanic white borrowers, not based on borrower risk, but because of their race or national origin. The complaint further alleged that Countrywide was aware the fees and interest rates it was charging discriminated against African-American and Hispanic borrowers, but failed to impose meaningful limits or guidelines to stop it.

"Countrywide's actions contributed to the housing crisis, hurt entire communities, and denied families access to the American dream," said Thomas E. Perez, Assistant Attorney General for the Civil Rights Division. "They were thrilled to have gotten the loan and to have realized the American dream. They had no idea they could have and should have gotten a better deal. This is discrimination with a smile."

The investigation marked the first time that the Justice Department has alleged and obtained

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relief for borrowers who were steered into loans based on race or national origin.

Justice noted that Countrywide “currently operates as a subsidiary of Bank of America but does not originate new loans.”

The probe began with referrals by the Board of Governors of the Federal Reserve and the Office of Thrift Supervision to the Justice Department’s Civil Rights Division in 2007 and 2008.

Perez said, “At the core of the allegations in the complaint is a simple story: If you were African-American or Hispanic and you went to Countrywide for a loan, and you were qualified, you likely paid more simply because of the color of your skin.”{jcomments on}