

## **BofA to Make Payout to GSEs on Bad Loans**

Bank of America Corp. agreed to pay Fannie Mae and Freddie Mac \$2.8 billion to settle claims that it sold the government-sponsored enterprises bad home loans.

The company's payment relates to all claims through 2008 sold by Countrywide, which Bank of America purchased for \$4 billion in 2008.

Bank of America, the largest mortgage servicer in the country, will pay \$1.28 billion to Freddie Mac, and \$1.34 billion to Fannie Mae to settle 12,045 Countrywide loans.

Mortgage investors have said the Countrywide loans should have never been sold to them because they did not meet investors' underwriting requirements.

Fannie Mae says the agreement addresses \$7.7 billion — or about 4.4 percent — of its outstanding repurchase requests at the end of September.

Bank of America's payout is similar to other settlements in recent weeks. Ally Financial Inc. and Fannie Mae recently reached a \$462 million settlement.

Source: ["BofA in Settlement With Fannie Mae, Freddie Mac."](#) Reuters News (January 3, 2011)