

Countrywide Financial Corp., a mortgage lender acquired by Bank of America, has agreed to a \$624 million settlement of a lawsuit which accused the lender of misleading investors about its lending practices. The class action lawsuit was led by several pension funds. In the lawsuit, the plaintiffs alleged that Countrywide and its senior management misled them about the company's lending risks, including a large reliance on risky subprime and adjustable rate mortgages which helped sustain its profits during boom times.

At one time, Countrywide was the largest U.S. mortgage lender. However, it became the "poster child" for the risky lending practices that helped fuel the U.S. housing boom and then, subsequently, the housing collapse. Countrywide was purchased by Bank of America in January 2008, as the mortgage lender struggled to stay above water. With the settlement, Countrywide would pay \$600 million and its former auditor, KPMG, LLP, would pay \$24 million. The settlement would be the 13th largest securities class action settlement since federal law on private securities litigation was overhauled in 1995.