

CitiGroup has agreed to pay \$7 billion to settle charges that it packaged bad mortgages in the period leading up to the financial crisis. The settlement includes \$4 billion in penalties, \$2.5 billion in mortgage modifications and other relief to homeowners, and \$500 million to be paid to a number of states and the Federal Deposit Insurance Corp.

The settlement heads off a civil lawsuit by the Justice Department similar to those pursued against other lenders in recent years. The CitiGroup settlement amount is roughly half the \$13 billion JPMorgan Chase agreed to pay last November and also less than the \$9.5 billion settlement that Bank of America reached in March with the regulator of government-controlled mortgage lenders Fannie Mae and Freddie Mac. Bank of America is in settlement talks with the Justice Department regarding a separate mortgage settlement with that agency.
