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## Investors Sue BofA, Seek Countrywide Loan Buyback

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**Bank of America** has been sued by investors who want the largest U.S. bank to buy back mortgage loans that underlie more than \$1.06 billion of securities they hold, citing misrepresentations by its Countrywide home loan unit.



Getty Images

Wednesday's complaint filed in the New York state supreme court in Manhattan is among the first by investors seeking to force a major lender to buy back loans packaged into securities, sometimes known as a "putback."

Outside experts have said such investors could face uphill fights because they would have to show that mortgages or bonds performed poorly because they were faulty from the outset, not just because of difficult market conditions.

Another group of investors, including the Federal Reserve Bank of New York, have said they may litigate against Bank of America over billions of dollars of mortgage loans.

In Wednesday's complaint, 11 companies sharing the name Walnut Place said they sued on behalf of a trust that owned 6,531 loans, and in which they hold more than 25 percent of the certificate balances.

The plaintiffs say Countrywide made false representations about 1,432, or nearly 66 percent, of the 2,166 mortgage loans they investigated.

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Among these alleged misrepresentations was that none of the loans was valued at more than 95 percent of the value of the underlying properties, when at least 413 loans exceeded this ratio.

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Another was that the loans were originated in accordance with Countrywide's underwriting guidelines.

The plaintiffs said Bank of America [**BAC 13.76 ▼ -0.20 (-1.43%)**] refused its demand that it buy back the loans, and that the trustee **Bank of New York Mellon** [**BK 28.37 ▼ -0.38 (-1.32%)**] "unreasonably failed" to sue the bank to

repurchase the loans.

They seek to force Charlotte, North Carolina-based Bank of America to buy back various loans, or else pay damages.

"This complaint is completely meritless and suffers from numerous procedural and substantive defects," Bank of America spokesman Jerry Dubrowski said in an email.

"This appears to be a group of sophisticated investors looking to blame someone for investment losses incurred during a period of economic downturn," he added.

Bank of New York Mellon spokesman Kevin Heine declined to comment. David Grais, a lawyer for the plaintiffs, also declined to comment.

Wednesday's complaint also is the latest in a string of litigation against Bank of America tied to Countrywide, once the nation's largest mortgage lender.

Last month, Bank of America said it may incur an additional \$6.1 billion of write-downs and legal costs tied primarily to Countrywide, which it bought for \$2.5 billion in July 2008.

The case is Walnut Place LLC et al v. Countrywide Home Loans Inc et al, New York State Supreme Court, New York County, No. 650497-2011.

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