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BofA to Pay \$116K+ to Servicemembers for Illegal Foreclosures

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Thousands of men and women are coming home from Iraq within the next weeks, but some may not have a house to return to. That's because subsidiaries of Bank of America and Morgan Stanley illegally foreclosed on nearly 200 homes of servicemembers while they were overseas. In May, the two mortgage companies and the Department of Justice hammered out [settlement agreements](#) with the two lenders. Still, servicemembers were unsure of the compensation they would receive to cover the loss of their homes. Finally, on Nov. 10, the [DOJ announced](#) that members of the military affected by Bank of America's error will receive a minimum of \$116,785 plus payment for lost equity.

- DOJ settled with lenders in May for illegal foreclosures.
- Letters specifying compensation amounts are being mailed to those affected.
- The SRCA protects active duty servicemembers from certain civil cases.

Big Banks Make a Big Mistake

The DOJ alleged in its complaint, filed in the [Central District of California](#), that Countrywide Home Loans Servicing, which later became part of Bank of America, foreclosed on approximately 160 servicemembers between January 2006 and May 2009 without court orders. Furthermore, the DOJ claims that the lender failed to check on the military status of the homeowners prior to foreclosing.

“Countrywide Home Loans failed to protect and respect the rights of our servicemembers, failed to comply with clearly mandated procedures and foreclosed against homeowners who are valiantly serving our nation,” said Andre Birotte Jr., the U.S. Attorney for the Central District of California. “Military families lost their homes when Countrywide violated the law, causing undue stress to wartime personnel who have been protected from such actions since the Civil War.”



Andre Birotte Jr.

As part of the settlement agreement, the company will also compensate those who were illegally foreclosed on between June 2009 through 2010.

Meanwhile, Morgan Stanley's subsidiary, Saxon Mortgage Services, agreed in May to establish a \$2.35 million fund to compensate the approximately 18 servicemembers it illegally foreclosed on. Servicemembers who were foreclosed on between 2006 and 2010 are eligible to seek compensation from the fund.

Lenders Violated the Law

The DOJ brought the case under the [Servicemember Civil Relief Act \(SCRA\)](#). The federal law was established to provide special protections to members of the military in civil cases. Part of this protection includes the temporary suspension of civil lawsuits or proceedings against members of the military while they are serving. The purpose of the law is to relieve active military personnel from certain issues so that they can better focus on their defense duties.

“The men and women serving our nation should not have to worry about a bank foreclosing on their home while they bravely serve our country,” said Thomas E. Perez, assistant attorney general for the civil rights

division. “The Justice Department will vigorously enforce the laws that protect servicemembers while they do the difficult and necessary work of protecting our country. We have and will continue to work hard to ensure that servicemembers receive the full protections of the law and relief they deserve in a timely fashion.”

Servicemembers and their dependents who believe that their SCRA rights have been violated should contact the nearest [Armed Forces Legal Assistance Program office](#). Servicemembers who believe they may have been victims of Bank of America or Morgan Stanley's illegal foreclosures can contact the DOJ directly at 1-800-896-7743, mailbox 6 for Countrywide (Bank of America) or 1-800-896-7743, mailbox 995 for Saxon (Morgan Stanley).

[Keith Ecker](#) co-authors the Lawyers.com blog.

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