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Countrywide to refund 4,800 N.C. homeowners

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Mortgage lender Countrywide Financial Corp. will refund \$11.5 million to 4,800 N.C. homeowners under a settlement with the state banking commissioner, the commissioner's office announced today.

The bank commissioner's office says that Countrywide levied "illegal charges" on those homeowners, most of whom were borrowing for a first mortgage. About 1,000 were borrowing for a home-equity loan.

"We found evidence that Countrywide overcharged thousands of North Carolina homeowners," said deputy banking commissioner Mark Pearce. "This settlement provides for a full refund of any illegal charges identified in the course of our examination."

Countrywide also agreed to give \$2 million to nonprofit housing counseling agencies throughout the state, including Prosperity Unlimited, Alliance Credit Counseling and United Family Services in the Charlotte area. Those agencies help struggling homeowners work out payment plans with their lenders so they can avoid foreclosure. Countrywide will also give \$900,000 to the Nationwide Mortgage Licensing System, to help the state improve licensing and regulation of mortgage lenders.

Countrywide, a California mortgage lender known for making exotic loans, did not admit or deny wrongdoing in the settlement. Charlotte's Bank of America Corp. bought Countrywide in July, and has put an end to many of Countrywide's nontraditional loans.

The refund agreement is separate from another Countrywide settlement that was reached in October, in which Bank of America agreed to modify mortgages for up to 400,000 Countrywide borrowers, including 5,000 in North Carolina. That settlement was reached after the attorneys general of North Carolina and other states filed complaints alleging that Countrywide used unfair and deceptive tactics to give homeowners loans they couldn't afford. Mortgage modifications, also called loan workouts, can help struggling borrowers avoid foreclosure by reducing their interest rates, waiving late fees and other measures.

Homeowners entitled to refunds should receive their checks within 60 days. To see if you're eligible, call the bank commissioner's consumer complaint hotline at 1-888-384-3811.



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