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### Lender to pay \$108 million Settlement one of largest in FTC history. Cherokee couple's case helped start probe of Countrywide's practices.

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The Federal Trade Commission announced Monday that Countrywide's mortgage servicing arm will pay \$108 million to settle charges that it abused 200,000 struggling homeowners -- including a Cherokee County couple whose case inspired the high-profile investigation.

Bank of America, which acquired the massive mortgage lender in 2008, agreed to the settlement, including restitution to homeowners who were hit with inappropriate fees or were the victims of false statements made in bankruptcy court.

The settlement represents one of the largest judgments imposed in an FTC case.

In 2008, Countrywide was the nation's largest mortgage servicer, a company that collects payments and manages the details of home mortgages. The federal investigation found that when homeowners fell behind on payments, Countrywide routinely ordered overpriced inspections and lawn mowing services for some properties. It also misstated loan balances and failed to properly credit payments.

"Countrywide profited from making risky loans during the boom years and they profited again when the loans failed," said FTC Chairman Jon Leibowitz.

In addition to the restitution, the settlement prohibits Bank of America from using the practices that came to light in the investigation as it continues to service millions of mortgages, including tens of thousands involving borrowers in foreclosure or bankruptcy, the FTC said.

Over the next six months, the FTC expects to locate and reimburse consumers who were mistreated. The \$108 million settlement is intended to cover actual consumer losses but includes no punitive amount, which the FTC cannot impose.

Bank of America said it admits no wrongdoing and settled the matter to "avoid the expense and distraction associated with litigating the case."

**Robin Atchley**, a postal worker from Cherokee County, and her husband John, a utility lineman, were the featured consumers at Monday's high-profile news conference in Washington.

"I feel really good about the outcome today," **Robin Atchley** told The Atlanta Journal-Constitution afterward. "I'm grateful to everybody that was involved in bringing them to justice."

The Atchleys' story, the subject of a 2008 article in the Journal-Constitution, began as one couple's simple quest for the American Dream. The parents of four children -- now 16, 14, 13, and 8 -- the Atchleys put down \$22,000 in 2004 when they moved out of their single-wide mobile home and bought a house in rural Cherokee.

The couple got behind with their mortgage payments after **Robin** took several weeks of unplanned leave after her sister died unexpectedly. To buy time to catch up, the couple filed for bankruptcy under a Chapter 13 reorganization plan.

During the bankruptcy, Countrywide repeatedly claimed that the couple failed to make payments -- claims proved untrue in court. The company also kept changing the amount it said the couple owed. Because of extra charges added to the account, the couple couldn't keep up with the payments and reluctantly decided to sell the home.

When they entered bankruptcy, Countrywide said they owed \$185,000. When it came time to sell, the company upped the balance to \$199,000 -- an amount that made no sense to the couple. They sold the house, had to come up with \$2,000 to

make the deal work, and faced a low point: telling the kids it was time to pack up their bedrooms and leave home.

The **Atchley** case got the attention of federal bankruptcy officials and later the FTC. **Robin Atchley** testified two years ago before a Senate committee.

Leibowitz said the FTC listened to **Atchley's** testimony and responded.

"Today the FTC is delivering a message of our own," he said. "Follow the law or face the consequences."

It's not clear how much restitution the **Atchley** family and others will receive, although the settlement amount works out to \$540 per homeowner if 200,000 are eligible.

The Atchleys say they were overcharged more than \$15,000. The FTC launched a Web site ([www.ftc.gov/countrywide](http://www.ftc.gov/countrywide)) on Monday to answer consumer questions related to the settlement.

Countrywide's record keeping, which created some of the problems, also makes it difficult to determine the amount of excess charges.

"Most frat houses have better records than Countrywide," Leibowitz said.

Settlement information

How do I know if I'm eligible for a refund?

If you're eligible, you'll get a letter in the mail. You don't need to do anything now to make a claim.

When will I be notified if I'm eligible?

After the court approves the settlement, the FTC will notify eligible homeowners. This process can take several months.

Where can I find out more?

There's free information about mortgages and other consumer credit issues at [www.ftc.gov /moneymatters](http://www.ftc.gov/moneymatters).

Source: Federal Trade Commission

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