

NEWS RELEASE

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Beazer Mortgage Corporation Agrees to Refund \$2.5 Million to North Carolina Homeowners

NC Commissioner of Banks orders refunds of discount points for Beazer loans

RALEIGH—Beazer Mortgage Corporation (Beazer) has agreed to issue refunds totaling \$2.5 million to over a thousand North Carolina borrowers as part of a settlement agreement with the North Carolina Office of the Commissioner of Banks (NCCOB).

“We believe that many homebuyers were sold loans from Beazer Mortgage that violated North Carolina law,” said Deputy Commissioner of Banks Mark Pearce. “These homeowners will receive a substantial refund of fees we believe were collected illegally.”

NCCOB conducted an examination and investigation of Beazer in 2007 where the agency identified numerous and serious violations of North Carolina’s lending laws. In particular, NCCOB alleged Beazer failed to comply with North Carolina’s requirement that discount points be bona fide and paid for the purpose of reducing a borrower’s interest rate. Through this settlement, Beazer will provide substantial refunds of these discount points to homeowners.

A “discount point” is a fee paid by a borrower for the purpose of reducing the borrower’s interest rate from the prevailing market rate. A borrower may choose to pay a discount point to get a lower interest rate (and lower monthly payments) on his or her loan with the expectation that the long-term benefit of these lowered payments will offset paying an upfront fee. NCCOB does not believe discount points charged in Beazer mortgage loans functioned in this manner.

In 2008, Beazer surrendered its mortgage lender license to NCCOB and has discontinued all mortgage origination and servicing activities with respect to mortgage loans in the State of North Carolina. As part of the settlement, NCCOB has agreed to take no further investigative or enforcement action against Beazer.

Borrowers eligible for refunds do not have to take any action to receive the refund. The average refund will exceed \$1,500 and will be disbursed within the next 60 days. Borrowers with questions regarding their refund may contact Beazer’s settlement administrator at (866) 397-0923.

This settlement represents a continuation of NCCOB's efforts to investigate and address consumer protection and compliance concerns related to builder-affiliated mortgage lenders. In 2008, NCCOB reached a settlement with Ryland Mortgage to improve its business practices and provide refunds to borrowers (<http://www.nccob.org/NR/rdonlyres/73780419-9261-4218-B394-A178F3024A67/0/Rylandpr3408.pdf>).

NCCOB regulates state-chartered banks, thrifts, savings and loans, trust companies, and more than 900 mortgage lenders/servicers/brokers and 9,500 loan officers, as well as numerous consumer finance companies, check-cashers, and other financial services.

The settlement agreement and order are available on NCCOB's website at: <https://www.nccob.org/Online/NMLS/CommissionOrderListing.aspx>.

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