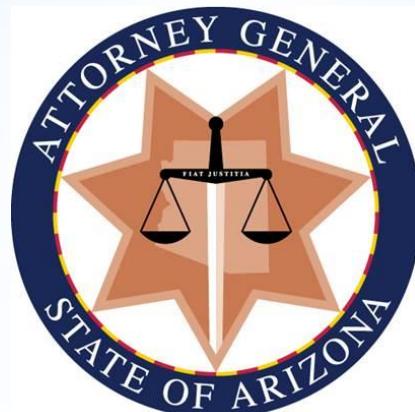


Protecting Arizonans

Office of the Arizona Attorney General

Civil Rights

Consumer Protection and Advocacy



Today's Talking Points

- Civil Rights and Fair Housing Enforcement
- Consumer Fraud Enforcement and the Housing Industry
- AGO Complaint Process
- Mortgage Settlement Assistance Programs

What We Do

- Provide legal advice to state agencies
- Enforce consumer protection and civil rights laws
- Prosecute certain criminal activities
- Handle appeals of felony convictions
- Use settlement dollars for restitution and to fund community programs
- Conduct outreach and education

Civil Rights Division

Fair Housing

- The Civil Rights Division enforces the Arizona Fair Housing Act (AFHA)
 - Investigation
 - Conciliation
 - Litigation
- AFHA is substantially equivalent to the Federal Fair Housing Act (FFHA)
- Contracts with HUD to investigate dual complaints of housing discrimination

Scope of Fair Housing Act

People on the basis of:

Race

Color

Religion

National Origin

Gender

Familial Status

Disability

Arizona Fair Housing Act

Mirrors the protections and procedures of the Federal Fair Housing Act;

HUD has determined that it is “substantially equivalent” to the Federal Fair Housing Act;

HUD and the Arizona Attorney General’s Office have an agreement by which the AGO does investigations for HUD.

Filing a Fair Housing Complaint

Any person may file a complaint of housing discrimination with the AGO Civil Rights Division

The deadline for filing is one year from the date of the housing discrimination

Call or walk-in for an appointment to file the complaint usually on the **same day**

What happens when a housing complaint is filed?

The Civil Rights Division has an agreement with the U.S. Housing Urban Development to investigate all housing discrimination complaints

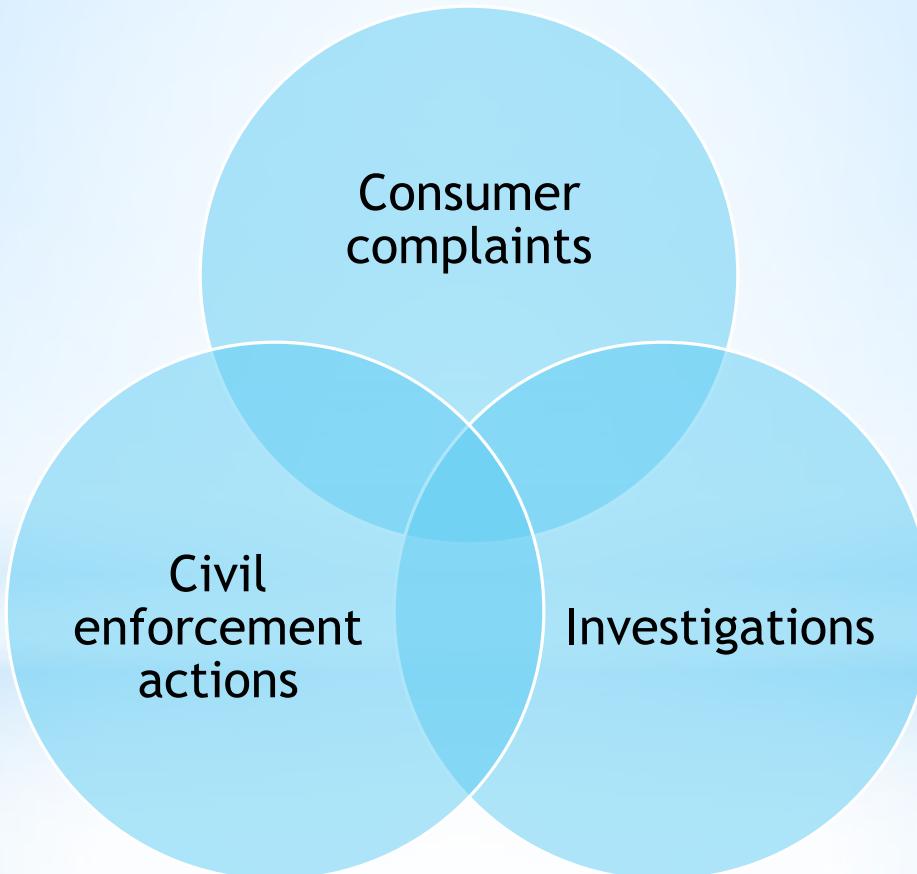
CRD attempts to resolve complaints informally during the investigation process

If CRD can not resolve the complaint and finds there is “reasonable cause” to believe housing discrimination occurred, CRD will file a lawsuit

Consumer Protection & Advocacy

Consumer Fraud

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Recent Fraudulent Activity

Foreclosure Rescue Companies

- Ask for up front fees, but don't help
- State and federal law ban almost all types of up-front fees for foreclosure assistance
- Consumers can receive same assistance at no or very little cost from a HUD approved housing counseling agency
- Arizona Foreclosure Consultant statute (2010) supported by AGO

Recent Cases

- Phillips Law Center
- Maria Elena Alvarez
- Brother's Help Solutions

- Allegations included having Spanish speakers sign contracts in English, misrepresentation, and charging up-front fees

Recent Fraudulent Activity

Real Estate

- Consumer pays large cash down payment
 - Property was never for sale
 - Property was sold to many buyers
 - They don't own it and are only renting
- In some, when sales were legitimate, investors take out large home equity loans against property

Recent Fraudulent Activity

Hard Money Lending

- Provides documents only in English that Spanish speaking borrower might not understand
- Large cash down payment and high interest rates
- Balloon payment for full amount after 1 or 2 years
- Often the note holder can begin foreclosure after only a couple of days of default
- Little, if any safeguards

Recent Fraudulent Activity

Loan Centers

- Charge high interest rates
- High fees for late or missed payments
- Frequent abusive tactics:
 - Show up at delinquent borrower's home posing as law enforcement threatening arrest
 - Threatens deportation unless payment is made

What To Do

- File a complaint with the Office of the Attorney General
- File a complaint with other governmental agencies that have oversight
 - Lending
 - AZ Dept. of Financial Institutions
 - Consumer Financial Protection Bureau
 - Fair Housing
 - AZ Dept. of Real Estate

How To

- The Attorney General has the authority to bring actions alleging violations of Fair Housing and the Consumer Fraud Act
- An average of 15,000 complaints are received each year
- All information or evidence provided is confidential

- Online at www.azag.gov/complaints/consumer
- Mail or in person:

1275 W. Washington St. Phoenix, AZ 85007	400 W. Congress St., S315 Tucson, AZ 85701
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The Process

- Initial Letters to parties - highly dependent on the facts presented in the complaint
 - ✓ Acknowledgment to consumer
 - ✓ Demand for response from business
 - ✓ Other letters (e.g., lack of jurisdiction)

Conciliation

Business' Response to Consumer: Two Paths

The business satisfies the consumer's request

Or, request for further reply from consumer

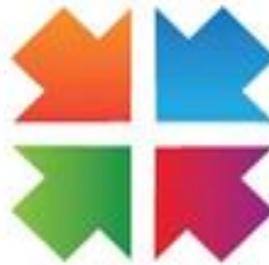


- Leads to:
 - Resolution
 - Volunteer Conciliators, or
 - Referral for Legal Action

Potential Outcomes

- Informs the office about trends in business practices and new scams, so the AG can monitor and take action wherever appropriate
- Consumer protection enforcement actions may include:
 - Restitution
 - Civil penalties
 - Court order to reform conduct

National Mortgage Settlement Programs



HELP YOU CAN TRUST

AzMortgageResource.gov

**(602) 542-1797 in Phoenix
(855) 256-2834 outside Phoenix**



Arizona and the NMS

- Played a leading role in the \$26 billion settlement with the nation's five largest servicers
- Serves on NMS Monitoring Committee
- Separate settlement with Bank of America
- Recent settlements with Ocwen and Suntrust

Programs Helping People

- Housing Education & Counseling
- Free Legal Assistance
- Job Training & Employment Services
- Accessibility Improvements for Service-disabled Veterans
- Housing Support Services



Housing Counseling

Seven agencies across the state
providing education and 1:1 counseling:

- Foreclosure prevention and intervention
- Pre-purchase and rental guidance

Legal Services

- ❑ Household income up to 150% AMI
- ❑ Help with:
 - Preventing or delaying foreclosure or eviction
 - Unfair lender or servicer treatment
 - Recovery of excess proceeds
 - Income issues affecting ability to pay mortgage
 - Disputes on excessive HOA fees

Job Training & Employment Placement

Services

- Training for in-demand occupations
- Employment and placement
- Case management and support services

Eligibility

- Reasonably expected to attain permanent full-time employment within 24 months
- Lost home or tenancy due to foreclosure
- At risk of foreclosure
- Post-training income is sufficient to maintain mortgage payments

Specialized Programs

Housing Opportunities for Service-disabled Veterans

- Up to \$65,000 for accessibility and related improvements
- Zero interest, zero payment forgivable 7 year loan
- Pima and Maricopa Counties

Housing Support Services

- Stabilize housing for individuals and families at risk of homelessness or are homeless
- Case management, nutrition, clothing, education and employment services
- Maricopa County only

Resources & Information

www.azag.gov

www.azmortgageresource.gov

