

Arizona Office of the Attorney General

Mortgage Settlement Assistance Programs



The Funds

2

- Arizona received \$97 million (\$50 million swept by the AZ Legislature) in a joint federal-state agreement with the nation's 5 largest mortgage servicers over foreclosure abuses, unacceptable servicing practices and fraud
- \$10 million was received in a separate lawsuit against B of A
- Funds went to direct restitution and to a wide range of other relief for homeowners

Six Programs to Help People

3

- **Housing Opportunities for Service-disabled Veterans**
- **Housing Education & Counseling**
- **AZ Mortgage Relief Fund**
- **Legal Services**
- **Home Again Relocation**
- **Job Training & Employment Services**

Housing Opportunities for Service-disabled Veterans

4

- Up to \$65,000 loan
- Accessibility and related improvements
 - ▣ Meet the design and construction standards of the Federal Fair Housing Act
 - ▣ Necessary to complete accessibility improvements, like electrical and plumbing system upgrades.
- Zero interest, zero payment forgivable soft second
 - ▣ 7 year term
 - ▣ Due on sale, transfer, refinance, or if no longer primary residence

HOSDV Eligibility

5

- Arizona resident who is a U.S. Veteran with a service-connected disability
- Property located in Arizona, owned by the eligible Veteran and is primary residence
- Cannot afford both the mortgage and the cost of accessibility improvements
- Existing mortgage with regulated financial institution
- Property is not subject of bankruptcy estate
- No state or federal tax liens

Housing Education & Counseling

6

- Two components
 - Education
 - Counseling

- Three programs
 - Foreclosure intervention counseling
 - Pre-purchase and rental education and counseling
 - Financial literacy education and counseling

AZ Mortgage Relief Fund (AZMRF)

7

- ❑ Three options for struggling borrowers
 - One-time Recovery
 - Loan Modification
 - Loan Refinancing

- ❑ Zero interest, zero payment, forgivable soft second loans

AZMRF Assistance

8

One-time Recovery

- ▣ Up to \$20,500
- ▣ At least 2 (two) payments behind
- ▣ Temporary hardship resolved
- ▣ Taxes, homeowners insurance, and HOA fees are current

Modification

- ▣ Up to \$50,000
- ▣ Can combine with one-time recovery for up to \$70,500

AZMRF Assistance

9

Refinance

- ▣ Up to \$70,500
- ▣ Existing 1st and any 2nd mortgage is unaffordable
 - Greater than 31% DTI
 - No other hardship required
- ▣ Current on monthly mortgage payments
 - One 30 day late payment in past 12 months is okay
- ▣ Taxes, homeowners insurance, and HOA fees are current
- ▣ Junior home equity lines must be closed

AZMRF Eligibility

10

- ❑ Owner-occupied residences
- ❑ Up to 150% AMI
- ❑ Counseling required
- ❑ Borrowers are legal residents
- ❑ No state or federal tax liens
- ❑ Lien holders beyond 2nd willing to subordinate
- ❑ Mortgage with a regulated financial institution
- ❑ No previous AZMRF assistance

Legal Services

11

- Household income up to 150% AMI
- For:
 - ▣ Unfair lender / servicer treatment
 - ▣ Questionable loan terms or conditions
 - ▣ Foreclosure fraud or scam
 - ▣ Recovery of excess proceeds - auction price exceeds outstanding mortgage amount
 - ▣ Income issues affecting ability to pay mortgage
 - ▣ Other mortgage-related legal issues
- Five partners providing statewide coverage including ASU.

Home Again Relocation

12

- Up to \$5,000 for relocation expenses including transitional housing
 - ▣ Security and utility deposits
 - ▣ First & last months' rent
 - ▣ Moving expenses
 - ▣ Utility arrears
- Household income up to 100% AMI
- Lost home or tenancy due to foreclosure in last 5 years
- Or, facing a rent increase that will be unaffordable
- No previous relocation assistance

Job Training & Employment Services

13

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 sufficient to maintain mortgage payments

Services

- ▣ Training for in-demand occupations
- ▣ Regularly scheduled peer support meetings
- ▣ Employment and placement services
- ▣ Case management

Homeowners Assisted

- **Housing Education and Counseling**

- 5400 assisted consumers

- **Legal Services**

- 900 Foreclosure related cases and thousands more given foreclosure related advice and material

- **Consumer Restitution to Foreclosure Scam Victims**

- \$8.3 million to 1,296 affected consumers

- **AZMRF**

- 95 loans closed for \$3.3 million dollars

Homeowners Assisted

- **Job Training**

- 50 Enrolled in education or job placement services

- **Home Again Relocation**

- 23 beneficiaries for \$63,000

- **Housing Opportunities for Service-disabled Veterans**

- Just taking off!

Mortgage Complaint Process

- AZ AGO Receives the Complaint from the Consumer:
 - ▣ Office Location
 - Copies of documents
 - ▣ Via Online Submission www.azag.gov/consumer
 - Fax, mail or email Documents
- Initial Letters to Parties: Highly Dependent on the Facts Presented in the Complaint.
 - ▣ Acknowledgment to Complaining Party
 - ▣ Demand for Response from Potential Violator
 - ▣ Other Letters (e.g. lack of jurisdiction)

Mortgage Complaint Process

- ▣ Business response to consumer: Two major paths
 - The business has satisfied the consumers request, or
 - Request for further reply from complaining party
- ▣ Complaining Party then has a chance to respond to the business with further evidence
- ▣ Bank responds to unresolved concerns to the consumer and AGO
- ▣ At any time AGO will give complaining party a referral to partner agencies for additional assistance
- ▣ Escalated issues handled by Assistant Attorney General

Need more information?

18

- **AZMortgageResource.gov**
- **602-542-1797**
- **855-256-2834 outside Phoenix**