



RICHARD CORDRAY

OHIO ATTORNEY GENERAL

Fighting Foreclosure

Overview

- *Accountability:* Since taking office in January 2009, Ohio Attorney General Richard Cordray has made the fight against foreclosures in Ohio a top priority. He has launched an aggressive effort to hold home appraisal companies, mortgage servicers, predatory lenders and rescue scam operations accountable for the foreclosure crisis.
- *Strategy:* Through a series of civil and criminal legal tactics, public awareness initiatives and partnerships, Cordray is maximizing the tools and resources of the Attorney General's Office to protect Ohioans in the ongoing battle against foreclosure.

Facts

- Since January, Cordray has filed seven lawsuits against foreclosure rescue companies for targeting Ohioans in home rescue scams. The operations are accused of violating Ohio law by promising to save homes at risk of foreclosure, accepting payment and then not delivering services.
- In May 2009, Cordray launched a multistate cease-and-desist sweep targeting businesses that were suspected of operating foreclosure rescue scams in Ohio. The cease-and-desist notices ordered the companies to halt all predatory practices. To date, the Attorney General's Office has issued approximately 30 cease-and-desist notices to foreclosure rescue operations.
- On July 31, 2009, Attorney General Cordray and the Ohio Department of Commerce filed a joint lawsuit against Carrington Mortgage Services for breaching an earlier agreement with the state and for providing incompetent, inadequate and inefficient customer service in connection with its servicing of Ohio mortgage loans. In January 2008, the Attorney General's Office and Commerce entered into an agreement with Carrington to resolve a dispute arising from previous litigation regarding loans acquired through the purchase of New Century Financial Corp. The agreement required Carrington to engage in good-faith loan-workout negotiations with eligible New Century borrowers in order to avoid foreclosure. The agreement entitled borrowers to reasonable loan workouts, forbearance restructuring agreements or other resolutions acceptable to both the borrower and Carrington. Instead, the lawsuit alleges that Carrington breached the agreement by failing to provide borrowers with workout terms reasonably designed to avoid foreclosure, failing to provide the state with a written copy of the terms and failing to provide proposed terms to borrowers within the 21-day timeframe spelled out in the

agreement. The complaint seeks consumer restitution, civil penalties, damages and an order for Carrington to implement processes to provide adequate customer service to its Ohio mortgage customers. With the lawsuit pending in the Franklin County Court of Common Pleas, Carrington implemented a voluntary 60-day moratorium on home foreclosures.

- On Nov. 5, 2009, Cordray filed a lawsuit against American Home Mortgage Servicing Inc., a Texas-based company servicing more than 12,000 subprime mortgage loans in Ohio. The lawsuit alleges numerous violations of the Consumer Sales Practices Act, including but not limited to: incompetent and inadequate customer service, failure to respond to requests for assistance, failure to offer timely or affordable loss-mitigation options to borrowers, and unfair and deceptive loan modification terms. Specifically, the lawsuit alleges that the company required loan modification agreements that forced consumers to pay excessive fees and to waive their rights in order to get help. It also alleges that the terms of loan modifications were unconscionably one-sided in favor of American Home Mortgage Servicing. The lawsuit seeks declaratory and injunctive relief, consumer restitution, civil penalties and damages. It also requests that the court order American Home Mortgage Servicing to implement processes designed to provide efficient, competent and adequate customer service to all of its Ohio mortgage customers. The case is currently pending in Cuyahoga County Common Pleas Court.
- Cordray has ramped up mortgage fraud task forces in Ohio. The task forces target criminal predatory practices related to the foreclosure crisis and are made up of local, state and federal law enforcement. Task forces exist in Central Ohio, Dayton, Cuyahoga County and Greater Cincinnati.
- First launched when Cordray was Ohio Treasurer in 2007, Save Our Homes task forces partner local government with community organizations to provide resources for those facing foreclosure. Currently local SOH task forces have been formed in 61 Ohio counties. In July, Cordray hosted a statewide SOH summit drawing more than 200 attendees and two national speakers.
- Cordray continues to partner with local, state and federal government to curb foreclosure filings. Current partnerships include:
 - ❖ Participating in federal Operation Loan Lies, a national crackdown on bogus mortgage rescue and loan modification businesses, and Operation Stolen Hope, continuing the federal-state crackdown on mortgage foreclosure rescue and loan modification scams.
 - ❖ Working with the Supreme Court of Ohio and local courts on foreclosure mediation programs to facilitate loan modifications instead of foreclosure orders that oust families from homes.

- ❖ Participating in a working group with the Federal Trade Commission on proposed lending regulation. This group specifically is looking at rescue operations.
- ❖ Participating in multistate efforts in favor of the federal Helping Families Save Their Homes Act of 2009 (recently passed into law in May 2009), HR 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009 (pending) and the Consumer Financial Protection Agency Act of 2009 (pending).
- ❖ Playing a key role in Save the Dream, a state initiative offering Ohioans foreclosure resources and legal assistance. Specifically staffing and heading up the hotline that serves as the frontline in helping homeowners save their homes. Since the initiative began, almost 22,000 (21,813) applications have been referred for housing counseling or pro bono assistance through Save the Dream.

Ohioans who feel that they are victims of unfair or deceptive loan modification practices or foreclosure rescue scams should contact the Attorney General's Office at (800) 282-0515 or www.SpeakOutOhio.gov.

For assistance with loan modifications or help in a foreclosure situation, contact Save the Dream at (888) 404-4674 or www.SaveTheDream.ohio.gov.