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FOR IMMEDIATE RELEASE

Goddard Sues Mortgage Loan Modification Company for Deceptive Practices

(Phoenix, Ariz. – July 13, 2009) Attorney General Terry Goddard has filed a lawsuit against a Phoenix-based mortgage loan modification company, Santoya Financial Company, LLC and its owners, Thomas Montoya and Robert Sanchez, for engaging in deceptive practices. This lawsuit is the latest action in Goddard's crackdown on mortgage loan modification businesses that engage in fraudulent advertising and other deceptive practices.

The lawsuit alleges that since March of 2009, Santoya Financial falsely advertised its services as being endorsed and approved by the federal U.S. Department of Housing and Urban Development (HUD). According to court documents, Santoya offered its loan modification services for an upfront fee of \$1,199 plus the equivalent of one month's mortgage payment. The company claimed that because its program was backed by the federal government these fees were refundable if the loan modification could not be completed. Santoya also allegedly represented that it would provide HUD-approved counseling to consumers as part of its loan modification services, when neither Santoya nor its associate organization, Partners in Charity, were approved by HUD to provide foreclosure avoidance counseling.

The lawsuit also alleges that Santoya falsely told consumers that fees paid for its loan modification services would go to Partners in Charity, a charitable organization. Goddard further alleges that Santoya failed to disclose to consumers that any actual negotiations on consumers' behalf would be performed by independent entities for which Santoya had no responsibility.

The lawsuit alleges that Santoya's actions violated the Arizona Consumer Fraud Act and the Arizona Credit Services Act, by:

- Falsely representing the company as being endorsed by HUD.
- Falsely representing that it and an allied company, Partners in Charity, were approved by HUD to provided foreclosure avoidance counseling to consumers.
- Failing to disclose the limited nature of its services, which was simply collecting and forwarding clients' information to independent entities for whom Santoya had no responsibility and who had not complied with Arizona law regulating loan modifications in this state.
- Failing to provide consumers with information statements and contracts required by law.
- Charging clients upfront fees without having obtained a surety bond.

In the lawsuit, Goddard requests that the court order Santoya, Montoya and Sanchez to:

- Refrain from violating the Arizona Consumer Fraud Act and the Arizona Credit Services Act.
- Pay full restitution to all homeowners.
- Pay the State of Arizona a civil penalty of up to \$10,000 for each violation of the Consumer Fraud Act.
- Reimburse the Attorney General's Office for its cost of investigation and legal action in this matter.

The Attorney General recommends that homeowners who are in or facing foreclosure seek assistance promptly from their mortgage lender or servicer or a government-approved housing counselor. Federal, state and local governments offer numerous free resources for distressed homeowners, including the Arizona Foreclosure Help-Line at 1.877.448.1211. For a list of HUD-approved housing counselors, please refer to HUD's website at <http://www.hud.gov>.

Additional tips and resources, including the *Foreclosure Information Workbook* created by the Arizona Foreclosure Prevention Task Force, are available on the Attorney General's Web site, www.azag.gov. This workbook not only describes the tactics used by deceptive firms but also provides helpful examples of common letters, forms and filings for attempting to modify a loan or otherwise avoid foreclosure.

For additional information, contact Anne Hilby at (602) 542-8019.

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