

# NATIONAL MORTGAGE SETTLEMENT

## EXECUTIVE SUMMARY

*Overseeing the efforts to prevent foreclosure for Arizona homeowners and to assist those impacted by fraudulent schemes, the Arizona Attorney General's Office (AGO) reported the following activities last year:*

- Arizona is one of 15 states serving on the Monitoring Committee that is implementing and enforcing the terms of the National Mortgage Settlement.
  - ✓ To date, the banks have reported almost \$1.9 billion on consumer relief provided to Arizonans as a result of the National Mortgage Settlement and have helped homeowners with first lien principal reduction, loan forgiveness/forbearance, refinancing, loan modifications, second lien modifications and short sales.
  - ✓ The AGO helped design protocols that banks and the outside monitor will use to determine compliance with the National Mortgage Settlement.
  - ✓ As part of the Monitoring Committee, the AGO has actively engaged the banks via monthly teleconferencing and in-person meetings regarding mortgage servicing trends in Arizona and is developing plans for improved servicing performance.
  - ✓ \$96.5 million in cash payments to nearly 65,000 foreclosed Arizona borrowers are expected in the summer of 2013 for those who lost their homes between January 1, 2008 and December 31, 2011.
- The mortgage relief efforts began through the National Mortgage Settlement with the nation's five large servicers, and a separate settlement with Bank of America. To help with the relief efforts, the AGO established a dedicated e-mail address, website link, and phone line to respond to homeowners who think they are or have been victims of mortgage or servicing fraud :
  - ✓ Email: [mortgagefraud@azag.gov](mailto:mortgagefraud@azag.gov)
  - ✓ Toll-free outside the Phoenix area: 855-256-2834
  - ✓ Within the Phoenix area: 602-542-1797
  - ✓ [www.azag.gov/foreclosure](http://www.azag.gov/foreclosure)
- The AGO received more than 4,000 phone calls and 2,650 emails to assist borrowers with inquiries ranging from settlement inquiries, OCC Independent Foreclosure Review, mortgage fraud and other related inquiries since the mortgage settlements were announced. In addition to the hotline and online response systems, the AGO received 1,900 written complaints from consumers related to mortgage fraud and loan services issues during the same period.
  - ✓ By escalating those complaints to the banks, the AGO helped borrowers avoid foreclosure and obtain loan modifications, allowing them to stay in their homes.
  - ✓ The AGO obtained refunds/restitution for victims of foreclosure rescue schemes.
- The AGO's Community Outreach and Education Division participated in more than 538 presentations, including mortgage and consumer literacy and fraud and foreclosure scams, to organizations throughout Arizona, including the Arizona Association of Mortgage Professionals, Arizona Real Estate School, and Arizona Foreclosure Prevention Task Force. Consumer education materials and evaluation tools created by the AGO are available on its website ([www.azag.gov](http://www.azag.gov)) and through the *Arizona Foreclosure Information Workbook*.
- In February, AG Horne joined federal and state enforcers in filing actions against Standard and Poor's for alleged misconduct involving structured finance securities backed by subprime mortgages that were at the heart of the nation's financial crisis. Arizona is suing under the Arizona Consumer Fraud Act.
- The AGO continues to aggressively prosecute foreclosure rescue companies and others involved in mortgage fraud, in addition to filing suit against companies whose practices allegedly contributed to the mortgage and foreclosure crisis in Arizona and nationwide.
- Work initiated in 2012 and culminating into HB2154, gives the Attorney General's Office the authority to distribute mortgage settlement funds.
  - ✓ In this phase of the settlement, the AGO has awarded or allocated \$5 million for housing counseling, \$4 million for legal services, \$20 million for the AZ Mortgage Relief Fund, \$10 million for consumer restitution, \$2 million for consumer outreach and \$5 million for enforcement and monitoring.
  - ✓ The AGO has issued Requests for Proposals for a \$2.5 million Relocation Assistance program and for a Fund Administrator. Additional programs are in development.