

**COPY**

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8  
9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR THE COUNTY OF MARICOPA**

11 STATE OF ARIZONA, *ex rel.* THOMAS C.  
HORNE, Attorney General,

12 Plaintiff,

13 vs.

14 MORTGAGE RELIEF GROUP, LLC, an  
15 Arizona limited liability company d/b/a  
MORTGAGE ASSISTANCE GROUP; STAN  
16 NII-ADDO ALLOTEY, JR. and DENNISE  
ALLOTEY, husband and wife,

17 Defendants.  
18

Case No.: CV2012-007175

**VERIFIED COMPLAINT FOR  
INJUNCTIVE AND OTHER RELIEF  
(Unclassified Civil)**

19 Plaintiff State of Arizona, *ex rel.* Thomas C. Horne, Attorney General (the "State"), for  
20 its complaint against Defendants Mortgage Relief Group, LLC, an Arizona limited liability  
21 company doing business as Mortgage Assistance Group (hereinafter "Mortgage Assistance  
22 Group"), and Stan Nii-Addo Allotey, Jr. (hereinafter "Stan Allotey") and Dennise Allotey,  
23 husband and wife, hereby alleges as follows:

24 **INTRODUCTION**

25 Defendant Mortgage Assistance Group is an Arizona loan modification and foreclosure  
26 consultant company that lured in financially distressed homeowners with promises that the

1 company would prevent foreclosure and save the consumer's home by negotiating  
2 modifications of mortgage loans. Defendant Stan Allotey is the sole member, statutory agent,  
3 and owner of Mortgage Assistance Group, and he has at all times directed and controlled its  
4 operations.

5 The State alleges that Mortgage Assistance Group took upfront fees from homeowners  
6 in need of foreclosure consultant or loan modification services, and then frequently failed to  
7 deliver those services or otherwise earn that money. Mortgage Assistance Group often  
8 established initial contact with consumers through illegal telemarketing calls promising to save  
9 the consumer's home. Mortgage Assistance Group gained homeowners' confidences with  
10 offers with money back guarantees, representations that the company enjoyed extremely high  
11 success rates, and claims that Mortgage Assistance Group had special abilities to negotiate  
12 with lenders that consumers did not have themselves. At times, Mortgage Assistance Group  
13 represented that banks took cases on a first come first serve basis, and that the consumer  
14 needed to sign up for Mortgage Assistance Group's services in order to be locked into a case  
15 number so Mortgage Assistance Group had the ability to get the consumer immediate relief.

16 When Mortgage Assistance Group failed to provide the promised results, which often  
17 meant a foreclosure on the consumer's home, Mortgage Assistance Group consistently blamed  
18 the consumer's own lack of compliance with the terms of their contract with Mortgage  
19 Assistance Group and refused to refund money to the consumer.

20 Even after July 29, 2010, when the Arizona Foreclosure Consultant Regulation Law  
21 began prohibiting the collecting or charging up-front fees from Arizona homeowners for  
22 foreclosure consultant services, Mortgage Assistance Group continued to charge up-front fees.

23 The State alleges that Mortgage Assistance Group violated the Arizona Consumer  
24 Fraud Act, Arizona Revised Statutes ("A.R.S.") § 44-1521 *et seq.*, the Arizona Foreclosure  
25 Consultant Regulation Law, A.R.S. § 44-1378 *et seq.*, and Arizona Telephone Solicitation  
26 Sales Act, A.R.S. § 44-1271 *et seq.*, as set forth more fully below.

1 The State requests appropriate injunctive and other relief against Defendants for their  
2 violations of the Arizona Consumer Fraud Act, including restitution, civil penalties, costs and  
3 attorneys fees.

#### 4 JURISDICTION AND VENUE

5 1. This action is brought pursuant to the Arizona Consumer Fraud Act, A.R.S.  
6 §§ 44-1521 to -1534, to obtain injunctive relief to prevent the unlawful acts and practices  
7 alleged in this Complaint and to obtain other relief including restitution, civil penalties, costs  
8 of investigation and attorney's fees.

9 2. Venue is appropriate in Maricopa County pursuant to A.R.S. § 12-401.

10 3. This Court has jurisdiction to enter appropriate orders both prior to and  
11 following a determination of liability pursuant to the Arizona Consumer Fraud Act, A.R.S. §  
12 44-1528.

#### 13 PARTIES

14 4. Plaintiff is the State of Arizona *ex rel.* Thomas C. Horne, the Attorney General,  
15 who is charged with the enforcement of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et*  
16 *seq.*

17 5. Defendant Mortgage Assistance Group is an Arizona limited liability company  
18 that began operations in February of 2008 offering loan modification and foreclosure  
19 consultant services to homeowners who were behind on their mortgage payments and facing  
20 foreclosure. Defendant Mortgage Assistance Group's current principal address is 11024 N.  
21 28<sup>th</sup> Drive, #200 in Phoenix, Arizona 85029. From April 2010 through April 2011, Mortgage  
22 Assistance Group's address was 8601 N. Black Canyon Highway #209 in Phoenix, Arizona  
23 85021. From February 2008 through April 2010, Mortgage Assistance Group's address was  
24 7055 W. Bell Road #22, in Glendale, Arizona 85308.

25 6. Defendant Stan Allotey is, and at times material to this Complaint was, the sole  
26 member, manager, owner, and statutory agent of Defendant Mortgage Assistance Group. As

1 such, Defendant Stan Allotey, with actual and/or constructive knowledge, approved, endorsed,  
2 directed, ratified, controlled or otherwise participated in the illegal acts and practices alleged  
3 herein. Defendant Stan Allotey's actions alleged herein were, after February 2011, taken in  
4 furtherance of his and Defendant Dennise Allotey's marital community. Prior to that time,  
5 Defendant Dennise Allotey (previously Dennise Gomez) benefited from the proceeds of  
6 Defendant Stan Allotey's actions.

7         7. The State named Defendant Dennise Allotey in this lawsuit solely for any  
8 interest that she has, has had, or may have in the proceeds of the illegal actions alleged herein  
9 to the extent that the community is liable for all monetary relief requested in this complaint.  
10 The State does not allege that Defendant Dennise Allotey engaged in any of the illegal acts  
11 alleged in this Complaint.

12         8. For purposes of this Verified Complaint for Injunctive and Other Relief, any  
13 reference to the acts and practices of Mortgage Assistance Group, or "Defendants," shall mean  
14 that such acts and practices are by and through the acts of Stan Allotey and Mortgage Relief  
15 Group, LLC, d/b/a Mortgage Assistance Group, and its officers, owners, members, employees,  
16 agents, independent contractors, and/or other representatives acting within the scope of their  
17 employment or authority.

#### 18                                   FACTUAL ALLEGATIONS

19         9. Since at least February 2008 until at least January 2010, Mortgage Assistance  
20 Group advertised, marketed, offered for sale, or sold loan modification and foreclosure  
21 consultant services to consumers in Arizona and throughout the United States who were in  
22 financial distress, delinquent on their mortgage loans, or in danger of losing their homes to  
23 foreclosure. Defendants operated their business in various locations in Phoenix, Arizona and  
24 Glendale, Arizona, under the name Mortgage Assistance Group.

25         10. Mortgage Relief Group, LLC, d/b/a Mortgage Assistance Group, was  
26 incorporated on September 3, 2008, with Stan Allotey as its sole member.

1           11. Stan Allotey is the Founder and CEO of Mortgage Assistance Group. In this  
2 role, according to Stan Allotey's sworn testimony, at various times, "[he] did everything,"  
3 including managing the office, performing CEO and executive roles, overseeing the general  
4 operation, making company directives, overseeing programs offered by Mortgage Assistance  
5 Group, overseeing the hiring and firing of employees, meeting with clients, training employees  
6 both during orientation and continuing training/instruction, and setting up telephone scripts.

7           12. At various times since February 2008, Mortgage Assistance Group initiated and  
8 conducted outbound telemarketing calls from Arizona to consumers for the purpose of selling  
9 loan modification services.

10           13. Mortgage Assistance Group's outbound calls are "telephone solicitation sales,"  
11 as defined under the Telephone Solicitations Statute, A.R.S. § 44-1271 *et seq.*

12           14. Mortgage Assistance Group initiated these telephone solicitation sales without  
13 first filing a verified registration statement with the Arizona Secretary of State, pursuant to  
14 A.R.S. § 44-1272, and obtaining a bond and filing a copy with the Arizona State Treasurer,  
15 pursuant to A.R.S. § 44-1274.

16           15. Mortgage Assistance Group has marketed to and contracted with Arizona  
17 consumers and consumers throughout the United States for its loan modification services.

18           16. Mortgage Assistance Group advertised its loan modification services with  
19 internet advertisements that included telephone numbers consumers could call to contact  
20 Mortgage Assistance Group about services. Mortgage Assistance Group had information  
21 regarding the company's services posted on the following websites:  
22 [www.mortgageassistanceaz.com](http://www.mortgageassistanceaz.com), [www.mag-az.com](http://www.mag-az.com), <http://mortgageassistancegroup-az.com>,  
23 and [www.magclients.com](http://www.magclients.com).

24           17. Mortgage Assistance Group advertised its loan modification services on at least  
25 three separate Facebook pages.

1           18. On one of its Facebook pages, Mortgage Assistance Group posted an  
2 advertisement for Mortgage Assistance Group's services, which included Mortgage Assistance  
3 Group's telephone number, address, and the internet address for Mortgage Assistance Group's  
4 website at www.MAG-AZ.com. The advertisement stated that services were being marked  
5 down from \$1,995 to \$1,250 and contained the following representations: "Saving Families  
6 One Home at a Time."; "1 Hour Free Consultation with a Qualified Mortgage Specialist." "We  
7 Will Tailor a Hardship Plan that Fits Your Needs."; "Avoid Foreclosure Keep Your Home";  
8 "Hurry! Offer Expires 1/1/2010"; and "Se Habla Español."

9           19. Mortgage Assistance Group's internet advertisements included statements such  
10 as "Over 500 families have stopped foreclosure and keep [sic] their homes due to the efforts of  
11 mortgage assistance group," "We've helped over 500 homeowners change their mortgage  
12 term, saving them thousands in monthly payments as well as their biggest asset, their home,"  
13 and "500 Families Saved from Foreclosure, And Counting!"

14           20. Mortgage Assistance Group's statements set forth in paragraph 19 of this  
15 Complaint are misrepresentations. Mortgage Assistance Groups' services have not  
16 successfully stopped foreclosure for over 500 homeowners or families or resulted in  
17 substantive modifications to their mortgage terms. Even when Mortgage Assistance Group  
18 obtained a small modification of a consumer's mortgage, the modification did not always  
19 prevent the home from going into foreclosure as represented.

20           21. Mortgage Assistance Group also advertised its services in the Hispanic  
21 community at live musical events sponsored by Univision, Entravision, and La Campesina. At  
22 these events, Mortgage Assistance Group used flyers and postcards containing telephone  
23 numbers consumers could call to contact Mortgage Assistance Group about services.

24           22. At various times since February 2008, Mortgage Assistance Group advertised  
25 through both English and Spanish language radio advertisements. These radio advertisements  
26

1 were aired on KTAR and Univision, and contained telephone numbers consumers could call to  
2 contact Mortgage Assistance Group about services.

3 23. When distressed homeowners hired Mortgage Assistance Group to perform  
4 foreclosure consultant and loan modification services, Mortgage Assistance Group required  
5 consumers to pay an advance fee, typically ranging from \$995 to \$3,245, before Mortgage  
6 Assistance Group rendered any service.

7 24. Arizona's foreclosure consultant statute, set forth in A.R.S. § 44-1378 *et seq.*,  
8 prohibited collecting or charging up-front fees from Arizona homeowners for foreclosure  
9 consultant services after July 29, 2010. After July 29, 2010, Mortgage Assistance Group  
10 continued to illegally charge up-front fees to Arizona consumers for foreclosure consultant  
11 services.

12 25. In numerous instances, Mortgage Assistance Group encouraged consumers to  
13 stop paying their mortgages while Mortgage Assistance Group allegedly worked to obtain  
14 their loan modification. In other instances, Mortgage Assistance Group told consumers that  
15 they were not required to pay their mortgages during the modification process.

16 26. In numerous instances, Mortgage Assistance Group told consumers not to  
17 contact their mortgage lenders or servicers while Mortgage Assistance Group processed their  
18 loan modification. In addition, several of Mortgage Assistance Group's contracts include a  
19 term regarding "Bank Contact" stating "DON'T CALL THE LENDING INSTITUTION. If  
20 Client calls the bank or lending institution to do separate negotiations Consultant will be  
21 unable to continue. Client must be consistent with Consultant. The lending institution could  
22 also accuse [sic] of being in collusion to defraud the bank. Client agrees to indemnify and  
23 hold Consultant harmless for this specific allegation and agrees to not contact the lending  
24 institution."

25 27. By precluding homeowners from contacting their lenders, as a term of their  
26 contract with Mortgage Assistance Group, Mortgage Assistance Group prevented consumers

1 from evaluating the veracity of Mortgage Assistance Group's claims regarding its services,  
2 precluded consumers from learning about modification offers available from their lender or  
3 servicers, and at times, blocked consumers from knowing when foreclosure and loss of their  
4 home was imminent.

5       28. Mortgage Assistance Group told homeowners that it would provide them with  
6 regular updates regarding the status of their services. Nevertheless, in many instances,  
7 Mortgage Assistance Group failed to answer or return consumers' telephone calls and emails  
8 or provide updates about the status of Mortgage Assistance Group's purported  
9 communications with consumers' lenders or servicers.

10       29. In numerous instances, Mortgage Assistance Group told consumers that  
11 negotiations were underway even when Mortgage Assistance Group had not yet contacted the  
12 lender, had only left messages or had non-substantive contacts, or had been told that the lender  
13 would not negotiate because the consumer did not qualify for a modification.

14       30. In numerous instances, Mortgage Assistance Group's contracts represented that  
15 "these kinds of loan workouts, especially loan modifications, take up to 90-120 days to  
16 finalize." At the time Mortgage Assistance Group made representations regarding the  
17 timeframes for lenders to modify mortgages, Mortgage Assistance Group did not have  
18 adequate knowledge or substantiation for such representations.

19       31. In other situations, Mortgage Assistance Group gave homeowners documents to  
20 sign called "Critical Things to Remember," which stated: "BE PATIENT – Financial  
21 arrangements like this take time. With the enormous amount of loans in foreclosure, it may  
22 take 15-30 days just to process your file internally. The whole process takes 60-120 days." At  
23 the time Mortgage Assistance Group made representations regarding the timeframes for  
24 lenders to modify mortgages, Mortgage Assistance Group did not have adequate knowledge or  
25 substantiation for such representations.



1        32. In some instances, Mortgage Assistance Group represented over the telephone to  
2 consumers that banks are "taking cases on a first come, first serve basis." Mortgage  
3 Assistance Group told consumers that it is important to get a case number issued immediately  
4 so that the consumer is "locked in the system," and then at that time, Mortgage Assistance  
5 Group "will have the ability to get you immediate relief."

6        33. At the time Mortgage Assistance Group made the representations set forth in  
7 paragraph 32 of this Complaint, Mortgage Assistance Group did not have knowledge or  
8 control over whether a consumer's lender or lender's representative would negotiate with it on  
9 behalf of any consumer or whether the consumer's lender or lender's representative would  
10 agree to immediate relief or to any relief whatsoever.

11        34. Mortgage Assistance Group, in furtherance of its deceptive marketing scheme,  
12 made several deceptive representations to consumers to instill consumers with a false sense of  
13 confidence about Defendant's purported services and expected outcome.

14        35. In some instances, despite the fact that Mortgage Assistance Group did not know  
15 its success rate, it represented over the telephone to potential customers that "over 90% of our  
16 clients have gotten loan modifications."

17        36. Mortgage Assistance Group did not have adequate knowledge or substantiation  
18 to claim that over 90% of their clients have gotten loan modifications.

19        37. In other instances, Mortgage Assistance represented to consumers that Mortgage  
20 Assistance Group has "helped well over 600 homeowners, such as you, reduce their mortgage  
21 payments and save their homes from foreclosure."

22        38. Mortgage Assistance Group's representation that it has helped well over 600  
23 homeowners reduce mortgage payments and save their homes from foreclosure is a  
24 misrepresentation.

25        39. Mortgage Assistance Group claimed to have "the ability to negotiate with a  
26 lender" that consumers would not have on their own.

1           40. In or around the summer of 2009, after the government implemented the Home  
2 Affordable Modification Program (HAMP), Mortgage Assistance Group began simply  
3 processing paperwork and submitting it to banks. They were no longer negotiating loans  
4 directly with the banks, and instead, were simply calling banks to verify that they had received  
5 all the paperwork Mortgage Assistance Group had submitted to the bank.

6           41. Mortgage Assistance Group had no special abilities to negotiate with lenders  
7 beyond that which the average homeowner would have had.

8           42. In 2009 and 2010, Mortgage Assistance Group represented to numerous  
9 consumers that they offered money back guarantees and refunds.

10          43. Mortgage Assistance Group entered into a contract (attached hereto as "Exhibit  
11 A") with consumers in which Mortgage Assistance Group represented to the consumers that it  
12 offered "Money Back Guarantees." This contract stated the following:

13           Since Client is in default under the original obligation and mortgage agreement,  
14 the lending institution has all available remedies under the loan documents at their  
15 disposal, including, foreclosure. The lending institution has the right to cease all  
16 negotiations at any time. Any third party investor that guarantees the note may not  
17 allow any modification of the mortgage note. Nevertheless, we offer a money  
18 back guarantee because of our extensive experience and industry relationships.  
19 The client must abide by the early provisions of this contract at all time [sic] to  
20 qualify for the money back guarantee.

21           We have a half way policy here at the MAG that will be explained in detail as part  
22 of your consultation. As a client you must maintain communication, income, and  
23 employment to qualify for the money back guarantee. If you do not maintain  
24 these very important tasks you will be the reason your home goes into foreclosure,  
25 and our guarantee will be voided.

26           Exhibit A, p 5, ¶ 8.11.

          44. Mortgage Assistance Group's representations regarding money back guarantees  
and refunds created a false impression that consumers would receive a refund of their fees if  
Mortgage Assistance Group was unable to obtain a loan modification on the consumer's  
behalf.

1           45. Despite contractual guarantees and refund policies assuring consumers that  
2 Mortgage Assistance Group would obtain a workout plan or the consumers would get their  
3 fees refunded, Mortgage Assistance Group consistently failed to refund fees to clients for  
4 whom it was unable to obtain a loan modification.

5           46. Contrary to Mortgage Assistance Group's representations in several of its loan  
6 modification contracts that consumers had "Cancellation Rights," Mortgage Assistance Group  
7 failed to provide refunds to consumers even when the consumers cancelled their service prior  
8 to the end of the cancellation period.

9           47. Several of Mortgage Assistance Group's contracts contained provisions for  
10 providing refunds within thirty days of a request for refund.

11           48. In spite of Mortgage Assistance Group's contractual representations, Mortgage  
12 Assistance Group failed to provide eligible consumers refunds within the thirty day time  
13 period.

14           49. Mortgage Assistance Group promised several consumers refunds within a  
15 specific time period; however, it failed to provide the promised refunds to the consumers.

16           50. In other instances, Mortgage Assistance Group made it difficult for homeowners  
17 to obtain promised refunds, or gave refunds only after homeowners made repeated requests or  
18 complained to entities such the Arizona Attorney General's Office.

19           51. In some instances, when Mortgage Assistance Group sent refund checks to  
20 consumers, either the checks bounced or Mortgage Assistance Group stopped payment before  
21 consumers could cash the checks.

22           52. Mortgage Assistance Group entered into a contract with several consumers  
23 (attached hereto as "Exhibit B"), which provided that the fees paid by consumer to Mortgage  
24 Assistance Group would be deposited into a trust account from which Mortgage Assistance  
25 Group would be paid. Exhibit B, p 2, ¶ 3. This version of Mortgage Assistance Group's  
26 contract provided that Mortgage Assistance Group "will not be paid for it's [sic] services until

1 it has performed its services.” *Id.* Mortgage Assistance Group’s contract in Exhibit B also  
2 stated that Mortgage Assistance Group would provide verified accountings of the trust account  
3 funds at the end of each calendar quarter and at the completion of the agreement. *Id.*

4 53. Despite Mortgage Assistance Group’s contractual representations, at the time  
5 Mortgage Assistance Group entered into its contract in Exhibit B, Mortgage Assistance Group  
6 had no trust account in which to place consumer’s funds. Mortgage Assistance Group also  
7 never provided verified accountings of the trust account funds to consumers.

8 54. Contrary to Mortgage Assistance Group’s representations in its contract in  
9 Exhibit B, that fees would be held in a trust account and were fully refundable until earned by  
10 the company, Mortgage Assistance Group refused to provide refunds to several consumers  
11 requesting refunds, even when Mortgage Assistance Group did nothing to earn the money.

12 55. Mortgage Assistance Group used another contract with several consumers  
13 (attached hereto as “Exhibit C”), which contained the following “Guarantee”:

14 “The COMPANY offers a money back fee guarantee to qualified clients if the  
15 COMPANY is unable to obtain a WORKOUT PROGRAM from your LENDER  
16 to stop the foreclosure proceedings relating to YOUR PROPERTY. In order to  
qualify for a refund YOU must:

17 A. Have performed all of YOUR obligations as set forth in this AGREEMENT...

18 B. The financial information YOU provide to the COMPANY must show that  
YOU are able to make the monthly mortgage payments as determined reasonable  
by the COMPANY;

19 C. A foreclosure Sale Date for YOUR PROPERTY is not set within Forty-five  
20 (45) days after the date the COMPANY receives this AGREEMENT signed by  
YOU;

21 D. A foreclosure sale has not already occurred relating to YOUR PROPERTY;

22 E. There is no escrow deficiency relating to the loan with the LENDER for YOUR  
PROPERTY.

23 F. No bankruptcy relief has been filed by YOU within one (1) year prior to the  
date of YOU signing this AGREEMENT;

24 G. YOU have not obtained a previous WORKOUT PROGRAM through the  
COMPANY;

25 H. No conduct by YOU materially contributed to the failure of negotiations for a  
WORKOUT PROGRAM with YOUR LENDER. . . .

26 Exhibit C, p 3, ¶ 6.

56. Contrary to Mortgage Assistance Group's representations in Exhibit C, Mortgage Assistance Group refused to provide refunds to numerous consumers for whom it was unable to negotiate a workout program. Mortgage Assistance Group stated that it would only provide refunds to consumers who upheld their obligations and whose homes were ultimately foreclosed upon.

57. The language in the contract in Exhibit C does not contain a requirement that a consumer's homes must be foreclosed upon in order to obtain a refund. See Exhibit C, p 3, ¶ 6. In fact, the contract in Exhibit C requires that, in order for a consumer to obtain a refund, "A foreclosure sale has not already occurred relating to YOUR PROPERTY." *Id.*

## FIRST CLAIM FOR RELIEF

**Violations of the Arizona Consumer Fraud Act,  
A.R.S. § 44-1521, et seq.**

58. Plaintiff re-alleges the prior allegations of this Complaint as though fully set forth herein.

59. Mortgage Assistance Group and Stan Allotey engaged in the act, use or employment of any deception, deceptive act or practice, fraud, false pretense, false promise, misrepresentation, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise whether or not any person has in fact been misled, deceived or damaged thereby, in violation of A.R.S. § 44-1522. Such acts and practices of Mortgage Assistance Group and Stan Allotey include, but are not limited to, the following:

a. Misrepresenting the services that a consumer in the Loan Modification Program could expect to receive and Mortgage Assistance Group's ability to provide those services;

b. Representing Mortgage Assistance Group's rates of success without knowledge or substantiation for those representations;

1 c. Misrepresenting the number of people on whose behalf Mortgage Assistance  
2 Group successfully stopped foreclosure and enabled to remain in their homes;

3 d. Misrepresenting that Mortgage Assistance Group could obtain a loan  
4 modification for consumers within a particular timeline when Mortgage Assistance Group had  
5 no knowledge or substantiation to make this representation;

6 e. Misrepresenting that Mortgage Assistance Group would hold numerous  
7 consumers' fees in trust until it had performed its services;

8 f. Misrepresenting that Mortgage Assistance Group company has the ability to  
9 get immediate relief for consumers without knowledge or substantiation to make this  
10 representation; and

11 g. Misrepresenting Mortgage Assistance Group's refund policy and timeline  
12 for providing refunds to consumers;

13 60. At all times relevant to this Complaint, Mortgage Assistance Group and Stan  
14 Allotey acted willfully, in violation of A.R.S. § 44-1531.

15 **SECOND CLAIM FOR RELIEF**

16 **Violations of the Arizona Foreclosure Consultant Regulation Law,**  
17 **A.R.S. § 44-1378, *et seq.***

18 61. Plaintiff realleges all preceding paragraphs of this Complaint as though fully set  
19 forth herein.

20 62. Mortgage Assistance Group conducted "foreclosure consultant" services as  
21 defined under the Arizona Foreclosure Consultant Regulation Law, § 44-1378, *et seq.* In  
22 doing so, Mortgage Assistance Group was required to comply with the mandates of the  
23 Statute.

24 63. After July 29, 2010, Mortgage Assistance Group continued to claim, demand,  
25 charge, collect or receive compensation before fully performing the loan modification services  
26 they contracted to do for homeowners.

1           64.   Mortgage Assistance Group's violations of the Arizona Foreclosure Consultant  
2 Regulation Law constitute unlawful practices under the Arizona Consumer Fraud Act, A.R.S.  
3 § 44-1521, *et seq.*

4           65.   At all times relevant to this Complaint, Mortgage Assistance Group and Stan  
5 Allotey acted willfully, in violation of A.R.S. § 44-1531.

### 6                                   **THIRD CLAIM FOR RELIEF**

#### 7                           **Violations of the Arizona Telephone Solicitations Statute,** 8                           **A.R.S. § 44-1271, *et seq.***

9           66.   Plaintiff realleges all preceding paragraphs of this Complaint as though fully set  
10 forth herein.

11           67.   Mortgage Assistance Group conducted "telephone solicitation sales" as defined  
12 under the Telephone Solicitations Statute, A.R.S. § 44-1271, *et seq.* In doing so, Mortgage  
13 Assistance Group was required to comply with the mandates of the Statute.

14           68.   Mortgage Assistance Group conducted telephone solicitations without first filing  
15 a verified registration statement with the Arizona Secretary of State as set forth in A.R.S. § 44-  
16 1272.

17           69.   Mortgage Assistance Group conducted telephone solicitations without first filing  
18 a bond in the amount of one hundred thousand dollars (\$100,000.00) with the Arizona State  
19 Treasurer as required by § 44-1274.

20           70.   Mortgage Assistance Group conducted telephone solicitation without providing  
21 the required disclosures and notices of cancelation as required by A.R.S. § 44-1276.

22           71.   Mortgage Assistance Group's violations of the Arizona Telephone Solicitations  
23 Statute constitute unlawful practices under the Arizona Consumer Fraud Act., A.R.S. § 44-  
24 1521, *et seq.*

25           72.   At all times relevant to this Complaint, Mortgage Assistance Group and Stan  
26 Allotey acted willfully, in violation of A.R.S. § 44-1531.

1 PRAYER FOR RELIEF

2 WHEREFORE, Plaintiff, the State, respectfully requests that the Court:

3 73. Enter an injunction against Mortgage Assistance Group and Stan Allotey  
4 prohibiting them from engaging in the unlawful acts and practices alleged in this Complaint  
5 and from doing any acts in furtherance of such acts and practices, pursuant to A.R.S. §§ 44-  
6 1528;

7 74. Order Defendants to restore to all persons any money and property acquired by  
8 any unlawful means or practices alleged in the Complaint, as deemed appropriate by the Court  
9 pursuant to A.R.S. § 44-1528;

10 75. Order Defendants to pay to the State of Arizona a civil penalty of up to \$10,000  
11 for each willful violation of the Consumer Fraud Act, pursuant to A.R.S. § 44-1531;

12 76. Order Defendants to pay the State of Arizona its costs of investigation and  
13 prosecution of this matter, including reasonable attorneys' fees, pursuant to A.R.S. §§ 44-  
14 1534; and

15 77. Such other and further relief as the Court deems just and proper.

16 RESPECTFULLY SUBMITTED this 23<sup>rd</sup> day of April, 2012.

17  
18 THOMAS C. HORNE  
19 Attorney General

20 By: Alyse Meislik  
21 Alyse Meislik  
22 Assistant Attorney General  
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# Exhibit A

DATE: 7-3-2009

(Client)

**AGREEMENTS:**

## SECTION 1. RETENTION OF CONSULTANT

1.1 Effective Date. This Agreement shall be effective on the date indicated above (Effective Date). The Client shall retain the Consultant as an independent contractor consultant, and the Consultant hereby accepts such consulting relationship, upon the terms and conditions set forth in this Agreement.

1.2 Services. The Consultant agrees to serve the Client as a consultant regarding various options on the financing of a real property of the Client (Property). The Consultant shall perform and discharge well and faithfully for the Client such consulting services during the term of this Agreement as may be determined by Consultant.

1.3 Limitations. Consultant will not accept any Property less than a market value of \$30,000.00. Consultant will review the Property submitted to Consultant by Client and determine a recommendation. Consultant has the option to withdraw at any time from providing services to Client at the discretion of Consultant. The Consultant may recommend a repayment plan, special forbearance, loan modification or any other course of action as determined solely by Consultant.

1.4 Bank Contact. DON'T CALL THE LENDING INSTITUTION. If Client calls the bank or lending institution to do separate negotiations Consultant will be unable to continue. Client must be consistent with Consultant. The lending institution could also accuse of being in collusion to defraud the bank. Client agrees to indemnify and hold Consultant harmless for this specific allegation and agrees to not contact the lending institution.

## SECTION 2. COMPENSATION

2.1 Consulting Fee and Expense Reimbursement. In full satisfaction for any and all consulting services rendered by the Consultant for the Client under this Agreement, the Client shall pay the Consultant a consulting fee of \$1,995 for the first loan, payable by cashiers check or money order to MORTGAGE RELIEF GROUP L.L.C. If you have a second loan the fee is \$995.00. In addition to such consulting fees, the Client agrees to reimburse the Consultant for the Consultant's travel and reasonable living expenses away from the location of the Consultant's principal office directly incurred by the Consultant at the Client's request in performing consulting services for the Client. Such travel and living expenses shall be reimbursed monthly, at the same time the consulting fees are paid, so long as the Consultant provides the Client with invoices for such expenses, and such supporting information or receipts as the Client reasonably requests, prior to the date of payment.

2.3 Other Compensation and Fringe Benefits. The Consultant shall not receive any other compensation from the Client or participate in or receive benefits under any of the Client's employee fringe benefit programs or receive any other fringe benefits from the Client on account of the consulting services to be provided to the Client under this Agreement, including without limitation health, disability, life insurance, retirement, pension, and profit sharing benefits.

2.4 Timely Payment. PAY YOUR REMAINING BALANCE TO CONSULTANT. If Client is on a payment plan for the service fee, payment must be timely or this Agreement will terminate. If Client does not make payment the file will be placed on the inactive list, and no negotiations shall take place until the balance is paid. Furthermore, there will be no refunds for the amount already paid.

2.5 Good Faith Payment. These kind of loan workouts, especially loan modifications take up to 90-120 days to finalize. Client is required to have at least one months payment saved in a trust account selected by Consultant. This will help us show the financial institution Client is financially stable.

### SECTION 3. NATURE OF RELATIONSHIP; EXPENSES

3.1 Independent Contractor. It is agreed that the Consultant shall be an independent contractor and shall not be the employee, servant, agent, partner, or joint venturer of the Client, or any of its officers, directors, or employees. The Consultant shall not have the right to or be entitled to any of the employee benefits of the Client or its subsidiaries. The Consultant has no authority to assume or create any obligation or liability, express or implied, on the Client's behalf or in its name or to bind the Client in any manner whatsoever.

3.2 Insurance and Taxes. The Consultant agrees to arrange for the Consultant's own liability, disability, health, and workers' compensation insurance, and that of the Consultant's employees, if any. The Consultant further agrees to be responsible for the Consultant's own tax obligations accruing as a result of payments for services rendered under this Agreement, as well as for the tax withholding obligations with respect to the Consultant's employees, if any. It is expressly understood and agreed by the Consultant that should the Client for any reason incur tax liability or charges whatsoever as a result of not making any withholdings from payments for services under this Agreement, the Consultant will reimburse and indemnify the Client for the same.

### SECTION 4. TERM

4.1 Initial Term; Renewal. Unless otherwise terminated pursuant to the provisions of Section 4.2, the consulting relationship under this Agreement shall commence on the Effective Date and continue in effect until \_\_\_\_\_, 20-- (Initial Term). Thereafter, the term of the consulting relationship under this Agreement shall be extended for successive one-year periods

subject to either party's right to terminate the consulting relationship at the end of the Initial Term or on any subsequent anniversary thereof by giving the other party at least 60 days' written notice prior to the effective date of such termination.

**4.2 Early Termination.** The consulting relationship under this Agreement may be terminated prior to the end of the Initial Term or any renewal term by the death of the Consultant, the disability of the Consultant resulting in the inability of the Consultant to perform the consulting service, or by written notice from the Client that, in the Client's sole determination: (a) the Consultant has refused, failed, or is unable to render consulting services under this Agreement, (b) the Consultant has breached any of the Consultant's other obligations under this Agreement, or (c) the Consultant has engaged or is engaging in conduct that in the Client's sole determination is detrimental to the Client. If the consulting relationship is terminated for any of the reasons set forth in the preceding sentence, the right of the Consultant to the compensation set forth in Section 2 of this Agreement shall cease on the date of such termination, and the Client shall have no further obligation to the Consultant under any of the provisions of this Agreement.

**4.3 Effect of Termination.** Termination of the consulting relationship shall not affect the provisions of Sections 5, 6, 7, and 8, which provisions shall survive any termination in accordance with their terms.

## SECTION 5. DISCLOSURE OF INFORMATION

The Client acknowledges that the Consultant's trade secrets, private or secret processes as they exist from time to time, and information concerning products, developments, inventions, discoveries, ideas, designs, progress reports, materials, costs, processes, methods, research, procurement and sales activities and procedures, promotion and pricing techniques, and credit and financial data concerning Consultant, as well as information relating to the management, operation, or planning of the Consultant (Proprietary Information) are valuable, special, and unique assets of the Consultant, access to and knowledge of which may be essential to the performance of the Consultant's duties under this Agreement. In light of the highly competitive nature of the industry in which the Consultant conducts their businesses, the Client agrees that all Proprietary Information obtained by the Client as a result of the Consultant's relationship with the Client shall be considered confidential. In recognition of this fact, the Client agrees that the Client will not, during and after the Consulting Period, disclose any of such Proprietary Information to any person or entity for any reason or purpose whatsoever, and the Client will not make use of any Proprietary Information for the Client's own purposes or for the benefit of any other person or entity under any circumstances.

## SECTION 6. INTERPRETATION

Consultant and the Client consider the restrictions contained in Sections 2 and 5 of this Agreement reasonable for the purpose of preserving the goodwill, proprietary rights, and going concern value of the Client.

## SECTION 7. REMEDIES

The Consultant acknowledges and agrees that the Client's remedy at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by the Consultant of any of the provisions of Sections 2 and 5, the Client agrees that, in addition to its remedy at law, at the Consultant's option, all rights of the Client under this Agreement may be terminated, and the and the Consultant can terminate the agreement at its discretion. The Consultant acknowledges that the granting of a temporary injunction, temporary restraining order or permanent injunction merely prohibiting the use of Proprietary Information would not be an adequate remedy and Client agrees to the imposition of a permanent injunction regarding the Proprietary Information.

## SECTION 8. MISCELLANEOUS PROVISIONS

8.1 Assignment. This Agreement shall not be assignable by either party, except by the Client to any subsidiary or affiliate of the Client or to any successor in interest to the Client's business.

8.2 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

8.3 Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties at the following addresses:  
Consultant 7055 W. Bell Rd., Ste. 22, Glendale, Arizona 85308  
Client [REDACTED]

All notices and other communications shall be deemed to be given at the expiration of three days after the date of mailing. The address of a party to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party.

8.4 Litigation Expense. In the event of a default under this Agreement, the defaulting party shall reimburse the non defaulting party for all costs and expenses reasonably incurred by the non defaulting party in connection with the default, including without limitation attorney's fees. Additionally, in the event a suit or action is filed to enforce this Agreement or with respect to this Agreement, the prevailing party or parties shall be reimbursed by the other party for all costs and expenses incurred in connection with the suit or action, including without limitation reasonable attorney's fees at the trial level and on appeal.

8.5 Waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

**8.7 Entire Agreement.** This Agreement constitutes the entire Agreement between the parties pertaining to its subject matter, and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties.

8.9 **Liability Limitation.** Client releases any liability of Consultant for the placement of a lien, deficiency judgment, unsecured note or any and all tax implications of a short sale, should one occur. A short sale or workout option will not remove or stop missed payments from being reported to a credit bureau. A short sale may result in a charge-off being reported to a credit bureau should the short sale be completed. Consultant will work to minimize the liability of Client; however, the final decision for any or all of the above stated consequences is ultimately at the discretion of the lending institution. Client acknowledges that Consultant will not be held liable should Client's mortgage servicer deny review or approval of a short sale or workout option. It is Client's responsibility to seek legal guidance before signing this Agreement. Consultant is not providing legal advice of any kind.

**8.11 Money Back Guarantees.** Since Client is in default under the original obligation and mortgage agreement, the lending institution has all available remedies under the loan documents at their disposal, including, foreclosure. The lending institution has the right to cease all negotiations at any time. Any third party investor that guarantees the note may not allow any modification of the mortgage note. Nevertheless, we offer a money back guarantee because of our extensive experience and industry relationships. The client must abide by the early provisions of this contract at all time to qualify for the money back guarantee.

We have a half way policy here at the MAG that will be explained in detail as part of your consultation. As a client you must maintain communication, income, and employment to qualify

for the money back guarantee. If you do not maintain these very imperative tasks you will be the reason your home goes to foreclosure, and our guarantee will be voided.

**8.12 Necessary Documents.** Client is required to provide all documentation to the Consultant within seven (7) days of signing this Agreement. Without this information and documentation Consultant cannot ensure a successful loan workout or even be allowed to open negotiations with the lending institution.

**8.13 Refunds.** In the event that the lending institution decides to not modify Client's loan or not extend a payment plan, there will be a \$1,495.00 refund to Client from Consultant. Consultant expends extensive time and work involved with the negotiations, and associated administration under this Agreement. Furthermore, we charge and keep a non-refundable \$495 processing fee. If any information that you provide us during the pre-qualification information is false it will void your money back guarantee. It is imperative that you are honest about all material facts about your loan and your overall financial situation.

CLIENT

Print

Date 7-3-09 Print

Sign

Sign



# Exhibit B

## MORTGAGE ASSISTANCE GROUP

## SERVICE AGREEMENT

This Service Agreement (hereinafter referred to as the AGREEMENT) is made on this the \_\_\_\_\_ day of February 2010 in the City of Glendale, Arizona between Mortgage Relief Group LLC, dba Mortgage Assistance Group (hereinafter referred to as COMPANY) and:

[Redacted]  
[Redacted]  
[Redacted]

[Client Name]

(Hereinafter collectively referred to as YOU, YOUR or YOURS) regarding loan audit and mortgage modification services described herein:

Information regarding the Loan(s) and related property for which the loan audit and modification services will be provided:

PROPERTY ADDRESS  
[Address, City and State]

Lender Name

Bank of America

Loan Account Number

Description of Mortgage

Second Lender Name (if applicable)

NA

Second Account Number

Current Monthly Mortgage Payment: \$ \_\_\_\_\_

Agreement

IN CONSIDERATION of the promises and covenants of the parties to this AGREEMENT, YOU and the COMPANY hereby agree as follows:

1. AGENCY. YOU hereby appoint COMPANY as YOUR agent to conduct a loan audit and to negotiate with LENDER or other person/entity servicing YOUR Account as provided in this AGREEMENT.

PAGE 1 OF 8

CLIENT INITIALS COMPANY

2. **Payment:** YOU shall pay COMPANY a fixed fee of \$1,995.00 USD (hereinafter referred to as the SERVICE FEE). The COMPANY has a processing fee of \$595.00 USD that will become non refundable after the rescission period. If you have a second loan the service fee is \$1495.00. The fee for both a first mortgage and a second mortgage consecutively is a reduced service fee of \$2,990, (\$1995 and \$995, the discounted fee).

3. **Deposit of Fee and Accounting of Funds:** The Company will deposit the contracted service fee into a client Trust account held at Bank of America. The Company will provide a verified accounting of these funds to the Principal at the end of each calendar quarter following the execution of this agreement, and at the completion of this agreement (whichever occurs first). Company will not be paid for it's services until it has performed its services.

4. **Scope and Completion of, and Payment for, Loan Audit and Modification Services.** The COMPANY agrees to use its best, reasonable efforts to perform the following services:

**Phase 1: (within 10 business days)**

1. **Interview and Document Collection:** Company agrees to interview YOU, gather and review information about the current Loan(s) and terms to include
  - a. Mortgage loans(s) principal balance, monthly payment, mortgage statements, loan documents, current interest rate, expected rate and/or payment adjustments, equity, loan(s) payment history and correspondence from Lender(s).
  - b. Information about YOUR income and assets, including:
  - c. Paystubs, W-2's, 1099s, benefit award letters, retirement and pension benefit statements, annuity statements, child support/alimony, tax returns, profit and loss statements, schedules of real estate owned, stock and mutual fund portfolio statements, bank statements, and proof of any other income.
  - d. Information about the subject property including:
    - i. Property profile, and other applicable documents
    - ii. Information about YOUR ability to repay the loan(s) including:
      1. Credit history
      2. Hardship circumstances
      3. Financial profile – DTI ratio etc.

**Phase 2: Loan Modification (within 180 days of completion of Phase 1)**

2. Assist you in preparing a hardship summary/letter.
3. Prepare and submit a loan modification request and package of supporting documents to lender(s) to reach an agreement with YOUR LENDER to stop/delay further foreclosure proceedings against YOUR home and obtain one or more of the following programs:
  - a. (1) a forbearance agreement,
  - b. (2) a loan modification,
  - c. (3) a partial claim,
  - d. (4) a repayment plan, or
  - e. (5) a postponement of the actual sale date of the PROPERTY

PAGE 2 OF 6  
 (CB) (JP) ( )  
 CLIENT INITIALS COMPANY

The LENDER may present the COMPANY with other programs to avoid foreclosure proceedings, which the COMPANY may recommend to YOU to consider in avoiding foreclosure of YOUR ownership interest in the PROPERTY. The WORKOUT PROGRAM will be based upon the financial information provided by YOU to the COMPANY and the LENDER who will be relying on the accuracy of such information.

**NOTE:** YOUR Lender may require you to show good faith on a Trial Modification (usually lasting 3 months). If YOUR lender requires a Trial Modification from you prior to granting a Permanent Modification then COMPANY, at its option, and depending on whether YOUR LENDER requires a complete re-submittal package, charges a one-time fee of \$495. This is because COMPANY must then perform the entire negotiating process a second time.

**5. SPECIFIC OBLIGATIONS OF THE COMPANY IN PHASE 2.** The COMPANY will do the following:

- A. Act as an agent for YOU in negotiating with the LENDER.
- B. Use its best, reasonable efforts to achieve a WORKOUT PROGRAM for YOU. The Company will determine the manner in which the services by COMPANY are to be performed and the specific hours to be devoted by the COMPANY. The COMPANY'S obligations cease when a WORKOUT PROGRAM is obtained, or the AGREEMENT is terminated by YOU.

**6. YOUR OBLIGATIONS.** YOU will do the following:

- A. Promptly return telephone calls, e-mails and/or any other communication from the COMPANY to YOU. YOU will telephone the COMPANY at: (623) 486-4505; send written correspondence to 7055 W. Bell Rd., Suite 22, Glendale, AZ 85308; and fax any correspondence to: 623-412-4888.

B. YOU shall provide the COMPANY with accurate, current and historical financial information as requested by the COMPANY. YOU agree to submit a completed COMPANY Financial Package within five (5) days of the COMPANY sent date, or other time frame as agreed upon in writing between YOU and the COMPANY. If the COMPANY does not receive the completed Financial Package within the appropriate time frame, YOUR failure to act in a timely manner may automatically terminate this AGREEMENT.

E. The FEE shall be due and payable at the time COMPANY performs its services as detailed above.

F. YOU have the right to contact your lender on your own at any time, however please be aware that contacting the lender directly may inhibit our ability to negotiate with YOUR LENDER on your behalf during Phase 2.

G. YOU shall immediately notify the COMPANY if YOU receive telephone calls, or other correspondence, e-mail, and/or any other communication from your LENDER, as this information is important to us to be able to work effectively on your behalf.

H. YOU shall not alter the circumstances under which the modification is originated, i.e. if you move from the home and rent it, it will become a rental not a primary residence, if you open escrow on another home. If you become late on your HOA, taxes or other obligations that could change the terms or make it difficult for the bank to authorize your modification.

**7. REFUND POLICY.** The fee paid by YOU is fully refundable, with no penalty, until earned by the COMPANY. The fee will be refunded to YOU within thirty (30) days. In order to qualify for a refund YOUR HOME MUST BE FORCLOSED UPON AND YOU must:

- A. Have performed all of YOUR obligations as set forth in this AGREEMENT.
- B. The financial information YOU provide to COMPANY must show that YOU are able to make the monthly mortgage payments as determined reasonable by the COMPANY and your LENDER.
- C. A foreclosure Sale Date for YOUR PROPERTY is not set within Ninety (90) days after the date the COMPANY receives this AGREEMENT signed by YOU;
- D. A foreclosure sale has not already occurred relating to YOUR PROPERTY;
- E. No bankruptcy relief has been filed by YOU within one (1) year prior to the date of YOU signing this AGREEMENT;
- G. The information and documents you provide are accurate and submitted in good faith.
- H. You are not more than 4 months behind on your mortgage payments at any time.
- I. You must maintain your current employment and/or income level during this time. Your lender will cease all negotiations with us if you are unable to prove necessary income to sustain a Loan Modification. Further if your income rises to a point where a modification or workout agreement is no longer necessary we will be prevented from performing any services on your behalf.

CB JB CLIENT INITIALS

**8. PAYMENTS.** At Company's option, all payments and other fees or charges due from YOU will be tendered in the manner requested by the Company, whether electronically, check or other method. YOU agree that COMPANY will necessarily incur damages in the nature of additional expenses and business interruption if checks provided to it are rejected for lack of sufficient funds or other reasons, and that such damages are difficult or impossible to accurately determine. Therefore, YOU and COMPANY agree that if YOU provide a check or draft that is not honored by the issuing financial institution, YOU agree to pay to COMPANY \$50.00 as liquidated damages for each such occurrence. YOU and COMPANY agree that the \$50.00 charge described in this paragraph is reasonable and reasonably reflects the parties attempt to establish the damages that will be incurred by COMPANY by such event. YOU shall make sure that funds are available as described in this AGREEMENT. If a PAYMENT PLAN is agreed to, and a payment is missed, then the file will be temporarily closed until all payments are received in full.

**9. CONFIDENTIALITY.** YOU agree to not disclose to third parties (other than YOUR attorneys or financial advisors) any information obtained from the COMPANY, including forms used in this transaction, or other proprietary information obtained from the COMPANY in the course of receiving service from the COMPANY.

**10. NO LEGAL ADVICE.** Representatives of the COMPANY, including counselors who communicate with YOU are not authorized to give legal advice, whether relating to bankruptcy or other legal issues. YOU agree that you will not request, rely upon or deem any statements

made by representatives of the COMPANY as legal advice, but will seek independent legal counsel of YOUR own choosing to advise YOU on any legal issue of concern to YOU.

**11. LIMITATION OF LIABILITY.** YOU and COMPANY agree that any claim for damages by YOU against COMPANY shall be strictly limited to the FEE paid by YOU to COMPANY pursuant to this AGREEMENT. COMPANY makes no warranty, express or implied, except as expressly stated in this AGREEMENT. YOU hereby expressly waive all other warranties, express or implied, except as expressly stated in this AGREEMENT. YOU also expressly waive any right to claim damages against the COMPANY, whether consequential or incidental, except for damages not exceeding the FEE.

**12. CANCELLATION RIGHTS.** YOU may cancel this AGREEMENT at any time prior to the 5<sup>th</sup> business day following entering into this Agreement. You agree and understand that Company's fee for services are limited to Phase 1 and 2 services. If YOU cancel this AGREEMENT for any reason after the completion of Phase 2, then the FEE shall remain earned by COMPANY and no refund shall be due to YOU. To cancel this AGREEMENT, please see the attached 'Notice of Cancellation' (incorporated into this agreement by reference).

**13. ENTIRE AGREEMENT.** This AGREEMENT contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this AGREEMENT.

**14. AMENDMENTS.** This AGREEMENT may not be superseded, amended or added to except by an agreement in writing, signed by the parties hereto, or their respective successors in interest.

**15. INDEMNITY.** YOU agree to indemnify and hold COMPANY harmless from any and all liability, loss or expenses (including attorney's fees and costs) arising out of or relating to the PROPERTY, YOUR LENDER arrangement, or the services provided by COMPANY for YOU pursuant to this AGREEMENT.

**16. PARTIAL INVALIDITY.** If any court of competent jurisdiction holds any provision of this AGREEMENT to be illegal or invalid, said provision shall be deemed to be severed and deleted; and such deletion shall not affect the validity of the remaining provisions of this AGREEMENT.

**17. VOLUNTARY EXECUTION.** The parties to this AGREEMENT hereby acknowledge that they have read this entire AGREEMENT, understand its terms and legal effects, and have voluntarily executed it.

**NOTICE:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS DESCRIBED IN THIS AGREEMENT DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY ARIZONA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION OF THIS AGREEMENT.

YOUR AGREEMENT TO THIS SECTION OF THIS AGREEMENT IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS ARBITRATION SECTION OF THIS AGREEMENT TO NEUTRAL ARBITRATION.

CLIENT INITIALS: CB JB COMPANY INITIALS: ( )

18. LEGAL REPRESENTATION. YOU acknowledge and represent that YOU have had a reasonable opportunity to seek legal counsel of YOUR own choosing regarding the terms and conditions of this AGREEMENT prior to signing this AGREEMENT, and that YOU have either consulted with an attorney or have voluntarily refused to seek counsel regarding this AGREEMENT.

19. NO LANGUAGE DISABILITY. YOU each affirm that YOU have had the opportunity to read this AGREEMENT in YOUR native language, or that YOU are capable of speaking and reading English sufficiently that YOU do not need assistance before signing this AGREEMENT.

USTEDES afirman que han tenido la oportunidad de leer este CONTRATO en sus lengua indigena, o son capaz de hablar y leer Ingles suficientemente que no necesitan ayuda antes de firmar este CONTRATO.

INICIALES DE CLIENTE: ( ) ( )

DO NOT SIGN THIS AGREEMENT UNLESS YOU HAVE READ AND AGREE WITH ALL THE TERMS OF THIS AGREEMENT.

[Redacted]

(Client Name)

[Redacted]

2-16-10  
Date

2-16-10  
Date

Company Officer

Title

Date

# Exhibit C





MORTGAGE ASSISTANCE GROUP

## SERVICE AGREEMENT

This Service Agreement (hereinafter referred to as the AGREEMENT) is made on this the 13 day of November, 2009 in the City of Glendale, Arizona between Mortgage Relief Group LLC, dba Mortgage Assistance Group (hereinafter referred to as COMPANY) and:

[Redacted]  
[Client Name]

[Redacted]  
[Client Name]

(Hereinafter collectively referred to as YOU, YOUR or YOURS) regarding:

[Redacted]  
(PROPERTY)

[Address, City and State of Real Estate]

Current Monthly Mortgage Payment: \$ 2013.88

IN CONSIDERATION of the promises and covenants of the parties to this AGREEMENT, YOU and the COMPANY hereby agree as follows:

1. AGENCY. YOU hereby appoint COMPANY as YOUR agent to negotiate with LENDER or other person/entity servicing YOUR Account as provided in this AGREEMENT.

2. GENERAL OBLIGATIONS OF THE COMPANY. The COMPANY agrees to use its best, reasonable efforts to reach an agreement with YOUR LENDER to stop further foreclosure proceedings against YOUR home and obtain one or more of the following programs: (1) a forbearance agreement, (2) a loan modification, (3) a partial claim, (4) a repayment plan, or (5) a postponement of the actual sale date of the PROPERTY (the programs described herein are sometimes referred to in this AGREEMENT as a WORKOUT PROGRAM). The LENDER may present the COMPANY with other programs to avoid foreclosure proceedings, which the COMPANY may recommend to YOU to consider in avoiding foreclosure of YOUR ownership interest in the PROPERTY. The WORKOUT PROGRAM will be based upon the financial information provided by YOU to the COMPANY and the LENDER who will be relying on the accuracy of such information.

3. RESUBMISSION POLICY. YOU agree that during the course of the COMPANY efforts, if YOUR actions in anyway inhibit the work around process with the bank, and the COMPANY needs to Resubmit YOUR file, that you will pay to COMPANY a resubmission fee of \$995.

PAGE 1 OF 5

( ) ( ) ( )  
CLIENT INITIALS COMPANY

**4. SPECIFIC OBLIGATIONS OF THE COMPANY.** The COMPANY will do the following:

- A. Act as an agent for YOU in negotiating with the LENDER.
- B. Use its best, reasonable efforts to achieve a WORKOUT PROGRAM for YOU. The Company will determine the manner in which the services by COMPANY are to be performed and the specific hours to be devoted by the COMPANY. The COMPANY does not guarantee that it can stop your home from being foreclosed upon. The COMPANY'S obligations cease when a WORKOUT PROGRAM is obtained, or the AGREEMENT is terminated due to non compliance by YOU.

**5. YOUR OBLIGATIONS.** YOU will do the following:

- A. Promptly return telephone calls, e-mails and/or any other communication from the COMPANY to YOU. YOU will telephone the COMPANY at: (623) 486-4505; send written correspondence to 7055 W. Bell Rd., Suite 22, Glendale, AZ 85308, and fax any correspondence to: 623-412-4388.
- B. YOU shall pay COMPANY a fixed fee of \$2,995.00 USD as set forth in the Preamble of this AGREEMENT above (hereinafter referred to as the SERVICE FEE). The COMPANY has a processing fee of \$495.00 USD that will become non refundable after the grace period. If you have a second loan the service fee is \$1495.00. The fee for both a first mortgage and a second mortgage consecutively is a reduced service fee of \$3,990, (\$2995 and \$995, the discounted fee).

CLIENT INITIALS AC ( )

C. YOU shall provide the COMPANY with accurate, current and historical financial information as requested by the COMPANY. YOU agree to submit a completed COMPANY Financial Package within five (5) days of the COMPANY sent date, or other time frame as agreed upon in writing between YOU and the COMPANY. If the COMPANY does not receive the completed Financial Package within the appropriate time frame, YOUR failure to act may automatically terminate this AGREEMENT and the SERVICE FEE shall be due and deemed earned upon termination.

D. The FEE shall be due and payable at the time YOU retain the COMPANY'S services. If there is a Sale Date established in the foreclosure proceedings of YOUR PROPERTY, then the FEE shall be payable three weeks prior to the Sale Date or the submission of the completed Financial Package to the COMPANY, whichever is earlier. The FEE shall be earned when received.

E. YOU shall not attempt to negotiate with YOUR LENDER after the date of the signing this AGREEMENT. The COMPANY shall have the option to terminate the contract upon a violation of this material provision of this AGREEMENT, which shall cause the FEE to be due and deemed earned immediately upon termination, and subject to refund only in accordance with Paragraph 5. of this AGREEMENT.

F. YOU shall immediately notify the COMPANY if YOU receive telephone calls, or other correspondence, e-mail, and/or any other communication from your LENDER, as this information is important to us to be able to work effectively on your behalf.

G. YOU shall not alter the circumstances under which the modification is originated, i.e. if you move from the home and rent it, it will become a rental not a primary residence, if you open escrow on another home, if you become late on your HOA, taxes or other obligations that could change the terms or make it difficult for the bank to authorize your modification.

PAGE 2 OF 5

AC ( ) ( )  
CLIENT INITIALS COMPANY

**6. GUARANTEE.** The COMPANY offers a money back fee guarantee to qualified clients if the COMPANY is unable to obtain a WORKOUT PROGRAM from your LENDER to stop the foreclosure proceedings relating to YOUR PROPERTY. In order to qualify for a refund YOU must:

- A. Have performed all of YOUR obligations as set forth in this AGREEMENT (for example; YOU must secure the funds requested by the LENDER as stipulated in a workout agreement; YOU must pay the FEE to the COMPANY).
- B. The financial information YOU provide to COMPANY must show that YOU are able to make the monthly mortgage payments as determined reasonable by the COMPANY.
- C. A foreclosure Sale Date for YOUR PROPERTY is not set within Forty-five (45) days after the date the COMPANY receives this AGREEMENT signed by YOU;
- D. A foreclosure sale has not already occurred relating to YOUR PROPERTY;
- E. There is no escrow deficiency relating to the loan with the LENDER for YOUR PROPERTY.
- F. No bankruptcy relief has been filed by YOU within one (1) year prior to the date of YOU signing this AGREEMENT;
- G. YOU have not obtained a previous WORKOUT PROGRAM through the COMPANY;
- H. No conduct by YOU materially contributed to the failure of negotiations for a WORKOUT PROGRAM with YOUR LENDER. Example would be going into escrow on another property, or filing a bankruptcy and or terms mentioned in this Agreement. If Company is able to get a modification on one of the two loans when we take on both a first and a second mortgage consecutively (the discounted cost) it is agreed that we have fulfilled our service to the Client.

**7. PAYMENTS.** At COMPANY's option, all payments and other fees or charges due from YOU will be tendered in the manner requested by the Company, whether electronically, check or other method. YOU agree that COMPANY will necessarily incur damages in the nature of additional expenses and business interruption if checks provided to it are rejected for lack of sufficient funds or other reasons, and that such damages are difficult or impossible to accurately determine. Therefore, YOU and COMPANY agree that if YOU provide a check or draft that is not honored by the issuing financial institution, YOU agree to pay to COMPANY \$50.00 as liquidated damages for each such occurrence. YOU and COMPANY agree that the \$50.00 charge described in this paragraph is reasonable and reasonably reflects the parties attempt to establish the damages that will be incurred by COMPANY by such event. YOU shall make sure that funds are available as described in this AGREEMENT. If a PAYMENT PLAN is agreed to, and a payment is missed, then the file will be temporarily closed until all payments are received in full. Late PAYPLAN payments may impact modification success.

**8. CONFIDENTIALITY.** YOU agree to not disclose to third parties (other than YOUR attorneys or financial advisors) any information obtained from the COMPANY, including forms used in this transaction, or other proprietary information obtained from the COMPANY in the course of receiving service from the COMPANY.

**9. NO LEGAL ADVICE.** Representatives of the COMPANY, including counselors who communicate with YOU are not authorized to give legal advice, whether relating to bankruptcy or other legal issues. YOU agree that you will not request, rely upon or deem any statements made by representatives of the COMPANY as legal advice, but will seek independent legal counsel of YOUR own choosing to advise YOU on any legal issue of concern to YOU.

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CLIENT INITIALS COMPANY

**10. LIMITATION OF LIABILITY.** YOU and COMPANY agree that any claim for damages by YOU against COMPANY shall be strictly limited to the FEE paid by YOU to COMPANY pursuant to this AGREEMENT. COMPANY makes no warranty, express or implied, except as expressly stated in this AGREEMENT. YOU hereby expressly waive all other warranties, express or implied, except as expressly stated in this AGREEMENT. YOU also expressly waive any right to claim damages against the COMPANY, whether consequential or incidental, except for damages not exceeding the FEE.

**11. CANCELLATION RIGHTS.** YOU may cancel this AGREEMENT within three (3) days of the service confirmation date and have the FEE paid by YOU refunded to YOU, less customary and usual processing fees as a grace period. If YOU cancel this AGREEMENT for any reason after the expiration of three (3) days after YOUR confirmation date, then the FEE shall remain earned by COMPANY and no refund shall be due to YOU. To cancel this AGREEMENT, YOU must fax a request for cancellation in writing to COMPANY at the fax number set forth in Section 4 above.

**12. ENTIRE AGREEMENT.** This AGREEMENT contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this AGREEMENT.

**13. AMENDMENTS.** This AGREEMENT may not be superseded, amended or added to except by an agreement in writing, signed by the parties hereto, or their respective successors in interest.

**14. INDEMNITY.** YOU agree to indemnify and hold COMPANY harmless from any and all liability, loss or expenses (including attorney's fees and costs) arising out of or relating to the PROPERTY, YOUR LENDER arrangement, or the services provided by COMPANY for YOU pursuant to this AGREEMENT.

**15. INTERPRETATION / APPLICABLE LAW / VENUE.** This AGREEMENT is made in Maricopa County, Arizona, and shall be construed pursuant to the laws of the State of Arizona, without reference to any conflict of laws procedures which may otherwise apply. The parties to this AGREEMENT further agree that venue for the resolution of any dispute between the parties arising out of this AGREEMENT shall be proper only in Maricopa County, Arizona.

**16. PARTIAL INVALIDITY.** If any court of competent jurisdiction holds any provision of this AGREEMENT to be illegal or invalid, said provision shall be deemed to be severed and deleted; and such deletion shall not affect the validity of the remaining provisions of this AGREEMENT.

**17. VOLUNTARY EXECUTION.** The parties to this AGREEMENT hereby acknowledge that they have read this entire AGREEMENT, understand its terms and legal effects, and have voluntarily executed it.

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CLIENT INITIALS COMPANY

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS DESCRIBED IN THIS AGREEMENT DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY ARIZONA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION OF THIS AGREEMENT. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS ARBITRATION SECTION OF THIS AGREEMENT, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS. YOUR AGREEMENT TO THIS SECTION OF THIS AGREEMENT IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS ARBITRATION SECTION OF THIS AGREEMENT TO NEUTRAL ARBITRATION.

CLIENT INITIALS: (CL) ( ) COMPANY INITIALS: ( )

18. **LEGAL REPRESENTATION.** YOU acknowledge and represent that YOU have had a reasonable opportunity to seek legal counsel of YOUR own choosing regarding the terms and conditions of this AGREEMENT prior to signing this AGREEMENT, and that YOU have either consulted with an attorney or have voluntarily refused to seek counsel regarding this AGREEMENT.

19. **NO LANGUAGE DISABILITY.** YOU each affirm that YOU have had the opportunity to read this AGREEMENT in YOUR native language, or that YOU are capable of speaking and reading English sufficiently that YOU do not need assistance before signing this AGREEMENT.

USTEDES afirman que han tenido la oportunidad de leer esta CONTRATO en sus lengua indigena, o son capaz de hablar y leer ingles suficientemente que no necesitan ayuda antes de firmar esta CONTRATO.

INITIALES DE CLIENTE: ( ) ( )

DO NOT SIGN THIS AGREEMENT UNLESS YOU HAVE READ AND AGREE WITH ALL THE TERMS OF THIS AGREEMENT.

[Client Name]

[Client Name]

DATE: \_\_\_\_\_  
MORTGAGE RELIEF GROUP LLC.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

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CLIENT INITIALS COMPANY