



For Immediate Release
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MADIGAN SUES MORTGAGE COMPANY FOR DECEIVING HOMEOWNERS IN FORECLOSURE

Attorney General Seeks to Shut Down Business and Obtain Restitution for Homeowners

Chicago- Attorney General Lisa Madigan today filed a lawsuit against a mortgage foreclosure rescue company for violating Illinois ' recently-enacted Mortgage Rescue Fraud Act, as well as the Consumer Fraud and Deceptive Business Practices Act.

Madigan's lawsuit, filed against American Housing Authority, Inc., a Nevada corporation, and its president, Brandon Roberts, alleges that the defendants defrauded homeowners by falsely promising to help them escape foreclosure, taking their money as a fee, and then failing to provide any real help.

The complaint describes how the defendants allegedly conduct their business, taking advantage of desperate homeowners. Specifically, the complaint alleges that the company solicits consumers by sending them postcards with the pitch that American Housing Authority can stop the foreclosure process for homeowners who qualify under their "HUD Rights" and can arrange to shift their past due mortgage payments to the end of the mortgage loan or have them paid over time. The solicitation postcard does not explain what the phrase, "HUD Rights," means, but misleadingly gives homeowners the impression that they may be able to save their homes through a special U.S. Department of Housing and Urban Development program that, in fact, only applies to HUD borrowers.

When consumers respond, the defendants tell consumers that they need to act right away, that the company has expertise in dealing with lenders, and most importantly, that it can help them save their homes from foreclosure. American Housing Authority then obtains the consumers' credit card or checking account information and collects a \$1,400 fee for its promised services. After receiving the fee, American Housing Authority fails to contact the homeowners' lenders to work out a forbearance agreement in a timely fashion, leaving the homeowners in worse financial shape.

Because the Mortgage Rescue Fraud Act prohibits foreclosure rescue companies from charging consumers before completing all of the terms of the contract, Madigan's lawsuit alleges that the defendants have violated this new state law. The suit further alleges that

the defendants have violated the Mortgage Rescue Fraud Act by failing: (1) to provide full disclosure of the exact terms and nature of the services, and (2) to provide homeowners with notice of their right to cancel the contract.

The lawsuit also alleges that the defendants violated the Consumer Fraud and Deceptive Business Practices Act by misrepresenting that they could save the consumers' homes from foreclosure, when in fact, American Housing Authority does not follow through and work out forbearance agreements with mortgage lenders.

“Companies like American Housing Authority take advantage of homeowners who are in need of expert help and advice to save their homes from foreclosure,” said Attorney General Madigan. “We are working hard to protect consumers from these businesses and ensure that homeowners facing foreclosure can find real help.”

In the complaint, Madigan's office asks the court to order the defendants to pay restitution to defrauded homeowners and to stop all deceptive business practices. The suit also seeks a civil penalty of \$50,000 and additional penalties of \$50,000 for each violation found to have been committed with the intent to defraud.

Westside Regional Office Director and Assistant Attorney General Kimberly Slider is handling the case for Madigan's Consumer Fraud Bureau.

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