



OFFICE OF THE ATTORNEY GENERAL

Catherine Cortez Masto, *Attorney General*

555 E. Washington Avenue, Suite 3900
Las Vegas, Nevada 89101
Telephone - (702) 486-3420
Fax - (702) 486-3283
Web - <http://ag.state.nv.us>

FOR IMMEDIATE RELEASE
December 17, 2010

Edie Cartwright
775.684.1189

NEVADA ATTORNEY GENERAL SUES BANK OF AMERICA FOR DECEIVING NEVADA HOMEOWNERS

Las Vegas: Attorney General Catherine Cortez Masto announced today that her office is filing a lawsuit against Bank of America Corporation, N.A., BAC Home Loans Servicing, LP, Recon Trust Company ("Bank of America") for engaging in deceptive trade practices against Nevada homeowners.

The lawsuit, filed in the Eighth Judicial District of the State of Nevada, was triggered by consumer complaints and follows an extensive investigation into Bank of America's alleged deceptive practices involving its residential mortgage servicing, particularly its loan modification and foreclosure practices.

The Complaint alleges that Bank of America is:

- 1) Misleading consumers by promising to act upon requests for mortgage modifications within a specific period of time;
- 2) Misleading consumers with false assurances that their homes would not be foreclosed while their requests for modifications were pending, but sending foreclosure notices, scheduling auction dates, and even selling consumers' homes while they waited for decisions;
- 3) Misrepresenting to consumers that they must be in default on their mortgages to be eligible for modifications when, in fact, current borrowers are eligible for assistance;
- 4) Making false promises to consumers that their modifications would be made permanent if they successfully completed trial modification periods, but then failing to convert these modifications;
- 5) Misleading consumers with inaccurate and deceptive reasons for denying their requests for modifications;

- 6) Falsely notifying consumers or credit reporting agencies that consumers are in default when they are not;
- 7) Misleading consumers with offers of modifications on one set of terms, but then providing them with agreements on different sets of terms, or misrepresenting that consumers have been approved for modifications.

Because of Bank of America's false promises, many Nevada consumers continued to make mortgage payments they could not afford, running through their savings, their retirement funds or their children's education funds. Additionally, due to Bank of America's misleading assurances, consumers deferred short-sales and passed on other attempts to mitigate their losses. And they waited anxiously, month after month, calling Bank of America and submitting their paperwork again and again, not knowing whether or when they would lose their homes. Whatever the consumers' particular circumstances, they all suffered the stress and frustration of being misled by Bank of America while trying to take responsible action to modify their mortgages so they could continue to make their payments and remain in their homes.

"We are holding Bank of America accountable for misleading and deceiving consumers," said Attorney General Masto. "Nevadans who were trying desperately to save their homes were unable to get truthful information in order to make critical life decisions."

Bank of America's misconduct in misrepresenting its mortgage modification program was confirmed in interviews with consumers, former employees and other third parties and through review of relevant documents. Former employees describe an environment in which Bank of America failed to staff its modification functions with employees who had the necessary training, skills and experience. According to employees, the modification process was chaotic, understaffed and not oriented to customers. Employees were even reprimanded for spending too much time with individual consumers.

"Consumers turn to their banking or lending institutions for answers when faced with a life changing decision such as saving their home," said Attorney General Masto. "Bank of America's callous disregard for providing timely, correct information to people in their time of need is truly egregious.

Nevada homeowners who are in or are facing foreclosure are advised to seek assistance as soon as possible. Homeowners can find information concerning a HUD-approved counseling agency by calling HUD's interactive voice system at 800.569.4287 or by visiting <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm> Additional information on foreclosure resources can be found at www.fightfraud.nv.gov

Nevada consumers can file a complaint with the Nevada Attorney General's Office about Bank of America can send a letter with copies of any supporting documentation to the Nevada Office of the Attorney General, Consumer Response Unit, 100 N. Carson St., Carson City, NV 89701. Please visit <http://ag.state.nv.us/org/bcp/lawsuits.htm> or call the Nevada Attorney General's hotline at 702-486-3132 for additional information.