



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Office of Consumer Protection

DCCA News Release

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HAWAII CONSUMERS TO SHARE IN \$325 MILLION SETTLEMENT WITH AMERIQUEST MORTGAGE COMPANY

HONOLULU – The Department of Commerce and Consumer Affairs' (DCCA) Office of Consumer Protection (OCP) today announced a \$325 million dollar settlement involving nation's largest sub-prime lender, Ameriquest Mortgage Company.

Ameriquest has agreed to pay \$295 million to consumers and make sweeping reforms for alleged predatory lending practices. Ameriquest also will pay a total of \$30 million to 49 states and the District of Columbia that are participating in the settlement agreement for costs of the investigation and consumer education and enforcement.

"We believe Ameriquest engaged in a series of unfair and deceptive practices by using high pressure sales tactics to boost commissions," said OCP Executive Director Stephen Levins. "This landmark settlement sets standards we expect other mortgage lenders to follow."

In addition to the approximately \$1.5 million in restitution that Hawaii consumers will be entitled to receive, the State is expected to receive \$310,000 from the settlement agreement for costs associated with the investigation, consumer education and enforcement. Under the settlement distribution plan, Hawaii Ameriquest customers who obtained mortgages from January 1, 1999, through December 31, 2005 will be sent forms to process their claim. Hawaii Ameriquest customers took out more than 3,000 loans during that period (1/1/1999 – 12/31/2005).

Hawaii borrowers do not need to take any action at this point to pursue recoveries – they will be contacted as specific recovery terms and plans are determined.

“As the department continues its efforts to protect Hawaii consumers, we are pleased with the outcome of this landmark settlement,” said DCCA Director Mark Recktenwald. “We are happy to report that borrowers who may have been misled by Ameriquest’s questionable practices will see the money they deserve back in their pocketbooks.”

The settlement with the states includes ACC Capital Holding Corporation (the holding company), and its subsidiaries Ameriquest Mortgage Company, Town & Country Credit Corporation, and AMC Mortgage Services, Inc., formerly known as Bedford Home Loans. The company is based in Orange, California, near Los Angeles.

Under the agreement, Ameriquest is required to:

- Provide the same interest rates and discount points for similarly situated consumers.
- Not pay sales personnel incentives to include prepayment penalties or any other fees or charges in the mortgages.
- Provide full disclosure regarding interest rates, discount points, prepayment penalties, and other loan or refinancing terms.
- Overhaul its appraisal practices by removing branch offices and sales personnel from the appraiser selection process, instituting an automated system to select appraisers from panels created in each state, limiting the company’s ability to get second opinions on appraisals, and prohibiting Ameriquest employees from influencing appraisals.
- Not encourage prospective borrowers to falsify income sources or income levels.
- Provide accurate, good faith estimates.
- Limit prepayment penalty periods on variable rate mortgages.
- Not engage in refinancing solicitations during the first 24 months of a loan, unless the borrower is considering refinancing.
- Use independent loan closers.
- Adopt policies to protect whistle-blowers and facilitate reporting of improper conduct.

Law enforcement officials and regulators initiated their investigation after receiving hundreds of complaints from Ameriquest customers across the country. The ensuing investigation uncovered consumer protection problems in the areas governed by the settlement.

The alleged improper practices included: inadequate disclosure of prepayment penalties, discount points and other loan terms; unsolicited refinancing offers that did not adequately disclose prepayment penalties; improperly influenced and inflated appraisals; and encouraging borrowers to lie about income or employment to obtain loans.

Today's announcement culminates about two years of investigation, and a year of settlement negotiations. The \$325 million payment ranks as the second-largest state or federal consumer protection settlement in history. In 2002, a \$484 million predatory lending agreement was reached between most states, including Hawaii, and Household Finance Corporation.

Hawaii Ameriquest customers may contact the State's Office of Consumer Protection at 587-3222 on Oahu with questions regarding the settlement.

Neighbor Island residents may call the following numbers:

Kauai:	274-3141, followed by 7-3222 and the # sign
Maui:	984-2400, followed by 7-3222 and the # sign
Hawaii:	974-4000, followed by 7-3222 and the # sign
Lanai & Molokai:	1-800-468-4644 (toll free)

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