STATE OF NORTH CAROLINA	A Film	ED IN TH	IE GENERAL COURT OF JUSTICE
COUNTY OF WAKE	2012 SEP 2 i	AM 11: 06	SUPERIOR COURT DIVISION
	WARE COU		FILE NO.:
STATE OF NORTH CAROLINA ROY COOPER, Attorney Genera	•	)	
Plaintiff,		)	
v.		)	COMPLAINT
THE COMMUNITY MORTGAG ASSISTANCE PROGRAM, and KOY LYNN CHIU.		)	
Defendants.		) )	

### I. <u>INTRODUCTION</u>

Plaintiff State of North Carolina, by and through its Attorney General, brings this action against defendants The Community Mortgage Assistance Program and Koy L. Chiu, pursuant to North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, et seq., and the Unfair and Deceptive Practices Act, N.C. Gen. Stat. § 75-1.1, seeking preliminary and permanent injunctive relief, consumer refunds, statutory civil penalties, costs, and other appropriate relief.

### II. PARTIES

- 1. Plaintiff is the State of North Carolina ("the State"), acting on relation of Attorney General Roy Cooper, pursuant to authority granted in Chapters 14, 75, and 114 of the General Statutes.
- 2. Defendant The Community Mortgage Assistance Program ("CMAP") was incorporated as a North Carolina non-profit corporation on October 5, 2010, and its previous

business address was 2015 Ayrsley Town Blvd., Suite 201, Charlotte, North Carolina.

Defendant Chiu was an incorporator of CMAP and is CMAP's registered agent. Upon information and belief, CMAP is not operated for charitable, educational or other permissible non-profit purposes. Upon information and belief, the net earnings of CMAP inure primarily, if not exclusively, to the personal benefit of defendant Chiu.

3. Defendant Chiu is a resident of Mecklenburg County, North Carolina. At all times relevant hereto, Chiu directed, managed, and is responsible for, the illegal acts of The Community Mortgage Assistance Program in North Carolina.

#### III. FACTUAL ALLEGATIONS

- 4. Since at least 2010, the defendants have purported to offer mortgage loan modification and foreclosure prevention services to financially distressed homeowners who are having difficulty making their mortgage loan payments, and who may be faced with foreclosure of their homes.
- 5. The defendants represent that they act as an intermediary between homeowners and homeowners' mortgage lenders or servicers to renegotiate or modify the terms of homeowners' mortgage loans. The defendants represent that they will negotiate with a homeowner's mortgage lender or servicer to obtain favorable concessions from the lender or servicer, including a lower interest rate and a reduced monthly mortgage payment. The defendants further represent that, through their services, the defendants will save homeowners' homes from foreclosure. The defendants' website, <a href="https://www.thecmap.com">www.thecmap.com</a>, states:

FACING FORECLOSURE? HAVE A SALE DATE & WANT TO KEEP YOUR HOME? GET PREQUALIFIED FOR ASSISTANCE AT NO COST.

Our organization has a very high success rate in qualifying loans for the Federal Governments "Making Home Affordable Program".... We are

saving homes all over the Country! We have a HIGH success rate! .... Our legal team negotiates with your current lender WE KNOW what it takes to get you APPROVED by YOUR LENDER!

A copy of the defendants' website homepage is attached hereto as Exhibit 1.

6. The defendants represent that they have specialized expertise in negotiating with homeowners' mortgage lenders or servicers that purportedly enables the defendants to obtain favorable loan modifications for their customers. In promotional materials the defendants distribute to prospective customers, the defendants state that they have a "98% success rate assisting homeowners." Specifically, in a form titled "Housing Counseling Orientation," the defendants state:

We have been offering Housing Counseling for approx. 3 years and currently have a 98% success rate assisting homeowners. One reason for our great success is we take everyone's situation very seriously; you must be preapproved for our assistance. This allows us to determine whether or not we can help you....

Defendant Chiu's name and toll-free telephone number is listed at the bottom of the "Housing Counseling Orientation" sheet, where defendant Chiu is described as a "Certified Housing Counselor" and a "Community Activist." A copy of the defendants' "Housing Counseling Orientation" sheet, which is on the defendants' website at <a href="www.thecmap.com">www.thecmap.com</a>, is attached hereto as Exhibit 2.

7. In their promotional materials and forms, the defendants represent that CMAP has a "legal team" that will examine homeowners' mortgage loan documents to identify legal violations by lenders, which will purportedly be used by the defendants as leverage in negotiating with homeowners' lenders to obtain more favorable loan terms, including a reduction of the loan principal, a reduced interest rate, and lower monthly payments. Defendants' website states:

#### CUSTOM ANALYSIS FOR EACH CLIENT...

We understand that not all financial situations are the same. That is why we offer comprehensive, personalized service. Our **legal experts** understand the importance of providing a service that is tailored to meet your individual financial needs.

The process is simple. We review your existing loan to determine whether the information and calculations provided meet the requirements of the applicable federal and state statutes.

We look to the lender, broker, and agent who sold you your original loan. Our in depth investigation will conclude whether the loan you were sold was the loan you actually received. We determine whether there was predatory lending (violation of federal law which gives rise to the right to rescind or cancel). This allows you to obtain a new loan with a smaller principle balance.

WE HELP by looking at each individual's full financial situation and mitigating a solution with the bank.

### GET a LOWER PAYMENT, GET a FIXED RATE, and GET BACK ON TRACK!

(Emphasis added.) A copy of the above page on defendants' website is attached hereto as Exhibit 3.

- 8. Upon information and belief, defendant Chiu is not an attorney and has no legal expertise; CMAP does not employ attorneys or other individuals with any legal expertise; CMAP has no "legal team" that identifies federal or state law violations in homeowners' loan documents, or conducts negotiations with homeowners' lenders or servicers; and all of these representations by the defendants are false.
- 9. The defendants advertise their services through various means, including holding "free" seminars for distressed homeowners at CMAP's office which tout CMAP's services. The defendants have advertised these "seminars" by posting or handing out flyers in certain

neighborhoods. Upon information and belief, the defendants have targeted Charlotte neighborhoods with increased foreclosure rates. Defendant Chiu also has promoted CMAP's services in appearances on the Charlotte-area gospel radio station WPZS Praise 100.9. In these appearances and in their promotional materials, the defendants regularly represent that CMAP is a "faith based organization," which the defendants contend is "the key to [CMAP's] 98% success rate." Through these radio appearances and promotional materials, the defendants have expressly targeted homeowners with religious convictions, and have sought to assure homeowners that, because of their purported "faith based" orientation, the defendants will adhere to high ethical standards.

- 10. The defendants' representations that they have a "98% success rate" in assisting homeowners in obtaining loan modifications or other beneficial concessions from homeowners' mortgage lenders or servicers is misleading and false. In many instances, the defendants have failed to obtain favorable loan modifications for homeowners or to render any beneficial services for homeowners.
- 11. Upon information and belief, defendant Chiu is not certified as a "housing counselor" by any nationally recognized housing counseling organization, and this representation by the defendants is false.
- 12. When a homeowner contacts the defendants in response to the defendants' advertising, the defendants typically arrange a meeting with the homeowner to discuss the homeowner's mortgage situation.
- 13. When the defendants meet with homeowners, the defendants typically assure the homeowner that the defendants can assist the homeowner in obtaining a favorable loan modification, regardless of the homeowner's particular mortgage situation, and that the

defendants can prevent foreclosure on the homeowner's home. Contrary to the defendants' representations, the defendants do not engage in any meaningful "prequalification" or screening of prospective customers to determine whether or not the homeowners may be viable candidates for loan modification. Instead, upon information and belief, the defendants accept virtually all customers, regardless of the homeowner's particular situation, so long as the homeowner is able to pay the defendants' fee.

14. In some instances, the defendants have instructed homeowners to stop making payments to their mortgage lenders or servicers. In addition, in all instances, the defendants instruct homeowners to refrain from any contact with their mortgage lender or servicer, instead instructing the homeowner that the defendants will "handle" all discussions or negotiations with the homeowner's lender or servicer. Specifically, the defendants' "Housing Counseling Orientation" sheet instructs homeowners:

Please allow our office 2 weeks to contact your lending institution, submit third party authorization and have the legal team assess your situation. Once we have authorization on your account you <u>must not</u> discuss any financial information with your lender as this may jeopardize the results.

("Housing Couseling Orientation," attached as Exhibit 2.) (Emphasis in original.) In reliance on these assurances and instructions, many of the defendants' customers cease all communications with their mortgage lenders or servicers, and some stop making their mortgage payments.

15. The defendants charge homeowners substantial fees for the defendants' purported loan modification services; the defendants' typical fee is \$1500.00. In almost all instances, the defendants require that customers pay all or most of the defendants' fee in advance, before the defendants will begin the performance of any purported loan modification services on the homeowner's behalf.

- 16. After meeting with a homeowner to discuss the homeowner's particular mortgage loan situation, in most instances, the defendants continually represent that they are "working on" customers' loan modifications, thereby leading customers to believe that the defendants are actively working to modify their mortgage and prevent foreclosure on their homes.
- 17. In many instances, the defendants fail to obtain favorable loan modifications for homeowners, placing homeowners in greater danger of foreclosure. As a result of the defendants' failure to obtain loan modifications, many consumers lose much-needed monies that could have been used to pay their mortgage lenders or to provide for their families in a time of financial distress. Further, as a result of the defendants' misleading representations that they are "handling everything" and that customers should not be concerned about delays, homeowners lose critical time and forego options that could have been used to actually and more effectively address their foreclosure situation. Legitimate and meaningful loan modification and foreclosure assistance counseling is available at no cost from HUD-certified non-profit agencies throughout North Carolina, and nationally.
- 18. The Consumer Protection Division of the North Carolina Attorney General's Office has issued two cease and desist letters to the defendants, dated April 11, 2011 and March 20, 2012. In its letters, the Division demanded that the defendants cease their loan modification activities and provide refunds to North Carolina consumers who filed complaints with the Division regarding the defendants' practices. Defendant Chiu responded to the Division's April 11, 2011 letter, claiming that the defendants operated from the State of New York, did not conduct business from North Carolina, and did not charge advance fees. After receiving additional consumer complaints, the Division issued a second demand letter on March 20, 2012, which was sent by registered mail to defendant Chiu's home address in Charlotte, North

Carolina. Defendant Chiu signed a receipt acknowledging delivery. However, defendants failed to respond to the letter, and defendants have failed to provide refunds to consumers. The Division's demand letters, and defendant Chiu's initial response are attached hereto as Exhibit 4.

- 19. Defendant Chiu appears to have previously lived in New York. However, the defendants have operated from North Carolina, CMAP has been incorporated as a North Carolina corporation since late 2010, and the defendants have targeted and collected illegal advance fees from North Carolina consumers for mortgage loan modification services.
- 20. In addition to mortgage loan modification services, on their website, the defendants advertise other services, including "Debt Consolidation and Credit Repair Preparation" services, and "Debt Settlement & Relief to avoid bankruptsy [sic]."

  Notwithstanding these claims, defendant Chiu has filed for personal bankruptcy twice in the past four years. Specifically, defendant Chiu has filed two bankruptcy petitions with the U.S.

  Bankruptcy Court for the Western District of North Carolina. The most recent petition was filed by defendant Chiu on February 1, 2012 (Chapter 7 bankruptcy), and a previous petition was filed by defendant Chiu on November 13, 2008 (Chapter 13 bankruptcy).
- 21. In further support of the allegations set forth in its Complaint, the State has contemporaneously filed the affidavits of consumer victims Kris Aubry, Teri Noel, and Marie Spann, which illustrate the defendants' practices.
- 22. Mrs. Spann is a resident of Charlotte, North Carolina. Mrs. Spann is disabled, and Mr. Spann works in construction. Mr. Spann was laid off in October 2010. In the fall of 2010, while doing yardwork for others to try to make ends meet, Mr. Spann saw a flyer about defendant CMAP. At that time, the Spanns had a 30-year mortgage with Ocwen Finance at an interest rate of 7.5%. With Mr. Spann unemployed, the Spanns were having difficulty making

their mortgage payments, so they contacted CMAP and met with defendant Chiu. Defendant Chiu assured them that she could obtain a loan modification for them and get their interest rate reduced to 2% because she knew "all the tricks of the trade." Defendant Chiu told the Spanns that the defendants' fee was \$1500.00, and that the fee would have to be paid before the defendants would begin work on a loan modification. Because of their financial situation, the Spanns could not pay the entire fee at once, so they paid the defendants \$250.00 a month for six months for a total of \$1500.00. During this time frame, defendant Chiu assured the Spanns that they "just needed to be patient," and they would receive a loan modification. However, despite the defendants' assurances, the Spanns request for a loan modification was ultimately denied by Ocwen. After the denial, the Spanns repeatedly requested a refund of their money, but they found that it became increasingly difficult to reach the defendants, and they never received a refund.

#### IV. CLAIMS FOR RELIEF

### COUNT I – VIOLATION OF NORTH CAROLINA DEBT ADJUSTING LAW: N.C. GENERAL STATUTE § 14-423, et seq.

- 23. Plaintiff incorporates herein by reference paragraphs one through twenty-two above.
- 24. The defendants are engaged in the unlawful business of "debt adjusting," which is prohibited by Article 56 of Chapter 14 of the General Statutes. Debt adjusting specifically includes the loan modification and foreclosure assistance services as offered by the defendants.
- 25. N.C. Gen. Stat. § 14-423(2) prohibits the practice of "debt adjusting" which includes the business of "debt settlement" and "foreclosure assistance," where the debt adjuster collects an advance fee for its services. Specifically, the statute defines "debt adjusting" as follows:

... Debt adjusting also includes the business or practice of **debt** settlement or foreclosure assistance whereby any person holds himself or herself out as acting for consideration as an intermediary between a debtor and the debtor's creditors for the purpose of reducing, settling, or altering the terms of the payment of any debt of the debtor . . . and receives a fee or other consideration for reducing, settling, or altering the terms of the payment of the debt in advance of the debt settlement having been completed or in advance of all the services agreed to having been rendered in full.

N.C. Gen. Stat. § 14-423(2) (emphasis added).

- 26. The activity of debt adjusting is prohibited by N.C. Gen. Stat. § 14-424, which provides that "[i]f any person shall engage in, or offer to or attempt to engage in the business or practice of debt adjusting, or if any person shall hereafter act, offer to act, or attempt to act as a debt adjuster, he shall be guilty of a Class 2 misdemeanor."
- 27. The defendants are engaged in "debt adjusting" services prohibited by North Carolina law, in that:
  - a. The defendants hold themselves out as acting as an intermediary between consumers and their mortgage lenders or servicers for the purpose of negotiating, reducing, or altering the terms of consumers' mortgage loans;
  - b. The defendants are also engaged in the business or practice of "foreclosure assistance," as the defendants hold themselves out as acting as an intermediary between consumers and their mortgage lenders or servicers for the purpose of obtaining mortgage loan modifications to prevent foreclosure and the loss of homeowners' homes; and
  - c. The defendants receive a fee or other consideration for their services,
    which the defendants charge and collect, at least in part and sometimes in

its entirety, in advance of all the debt adjusting services agreed to having been rendered in full.

28. Pursuant to N.C. Gen. Stat. § 14-425, the Attorney General, in an action brought in the name of the State, may seek to enjoin as an unfair and deceptive trade practice, the continuation of any debt adjusting business or the offering of any debt adjusting services. The Attorney General also may seek the return to consumers of all monies paid to the debt adjuster, civil penalties under N.C. Gen. Stat. § 75-15.2, and attorneys' fees under N.C. Gen. Stat. § 75-16.1.

## COUNT II— VIOLATION OF THE NORTH CAROLINA UNFAIR AND DECEPTIVE TRADE PRACTICES ACT: N.C. GENERAL STATUTE § 75-1.1, et seq.

- 29. Plaintiff incorporates herein by reference paragraphs one through twenty-eight above.
- 30. In connection with the solicitation, promotion, offering for sale, or rendering of their loan modification and foreclosure assistance services, the defendants have engaged in a pattern of unfair and deceptive acts or practices in violation of N.C. Gen. Stat. § 75-1.1. Such unfair and deceptive acts and practices include, but are not limited to, the following:
  - a. Holding themselves out as having special expertise in negotiating with mortgage lenders to obtain loan modifications, and as having special relationships with mortgage lenders, when the defendants have no such special expertise or special relationships, or such expertise and relationships are minimal;

- b. Representing that the defendants have a "98% success rate" or higher in assisting homeowners in obtaining loan modifications, when such representations are false;
- c. Making misleading and deceptive representations to consumers that the defendants can and will prevent foreclosures on consumers' homes by obtaining loan modifications;
- d. Collecting money from financially distressed consumers for loan modification and foreclosure assistance services, but, in many instances, failing to render any meaningful or beneficial services on behalf of consumers;
- e. Representing that the defendants can review consumers' mortgage loans to identify legal violations and perform other legal services when the defendants do not have any expertise in mortgage lending law and are not licensed to practice law;
- f. Inflicting substantial harm on financially distressed consumers by causing consumers to lose critical time and money in addressing their mortgage loan or foreclosure situations;
- g. Interfering with consumers' contractual obligations to, and relationships with, their mortgage lenders by advising consumers to cease making payments on their mortgage loans and to cease communicating with their mortgage lenders or loan servicers;

- h. Failing and refusing to provide refunds to consumers when the defendants have collected unlawful fees and have failed to perform any useful services for consumers; and
- i. Taking unfair economic advantage of a class of vulnerable, financially stressed consumers.
- 31. In connection with the advertising, marketing, promotion, solicitation, offering for sale or sale of their loan modification and foreclosure assistance services, the defendants have engaged in violations of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, et seq., as alleged above, which pursuant to N.C. Gen. Stat. § 14-425, constitute violations of N.C. Gen. Stat. § 75-1.1.

#### PRAYER FOR RELIEF

WHEREFORE, the State of North Carolina prays the Court for the following relief:

- A. That the defendants, their chairpersons, members, officers, agents, and employees, be preliminarily and permanently enjoined from:
  - (1) Advertising or soliciting, entering into contracts with, or collecting money from consumers for the performance of loan modification services, foreclosure assistance services, or any other debt relief services;
  - (2) Engaging in unfair or deceptive trade practices in the offering or conduct of their loan modification services, foreclosure assistance services, or any other debt relief services; and
  - (3) Disposing of any customer or business records and spending or transferring any funds obtained from consumers for loan modification services, foreclosure assistance services, or any other debt relief services.

- B. That defendants be ordered to refund all sums collected from North Carolina consumers resulting from defendants' violations of the Debt Adjusting Act, pursuant to N.C. Gen. Stat. § 14-425, and resulting from defendants' violation of N.C. Gen. Stat. § 75-1.1;
- C. That the defendants' existing agreements with consumers be cancelled pursuant to N.C. Gen. Stat. §§ 75-1.1 and 75-15.1;
- D. That the defendants be ordered to pay appropriate civil penalties pursuant to N.C. Gen. Stat. § 75-15.2;
  - E. That the State be awarded costs of this action and reasonable attorneys' fees; and
  - F. That the Court award such other and further relief as may be just and proper.

This the 2/5+ day of September, 2012.

STATE OF NORTH CAROLINA ex rel. ROY COOPER, ATTORNEY GENERAL

By:

Philip A. Lehman

N.C. Bar No. 6721

M. Lynne Weaver

N.C. Bar No. 19397

Assistant Attorneys General

North Carolina Department of Justice

P.O. Box 629

Raleigh, NC 27602

Tel: 919-716-6000

Fax: 919-716-6050

E-mail: plehman@ncdoj.gov lweaver@ncdoj.gov

### STATE OF NORTH CAROLINA

#### COUNTY OF WAKE

### **VERIFICATION**

David C. Evers, being first duly sworn, deposes and states:

That he is a Consumer Specialist with the North Carolina Department of Justice and that he is authorized to make this Verification; that he assisted in the Department of Justice's investigation of the named defendants; that he has read the foregoing Complaint, and that upon his information and belief, the matters and things alleged therein are true.

David C Evers

Date

Sworn and subscribed before me

this the 1944 day of

Votary Public

My Commission Expires: **O** 

The Community Mortgage Assistance Program

### ATTENTION HOMEOWNERS: KNOWLEDGE IS POWER!!!! STOP YOUR FORECLOSURE TODAY!

### FACING FORECLOSURE?

HAVE A SALE DATE & WANT TO KEEP YOUR HOME? WE ARE IS NOW OFFERING A TRAINING COURSE TO HOMEOWNERS WHO ARE IN JEOPARDY OF LOSING THEIR HOMES!

This course offers information that is crucial to a successful outcome when seeking mortgage assitance. You will get STEP by STEP instructions to learn what is needed to win in this FORECLOSURE WAR! Learn the secrets your lender does not want you to know! TIRED OF MODIFICATION SCAMS?! KNOWLEDGE IS POWER! SAVE YOUR HOME TODAY! This is the 1st time this course is being held in the Charlotte & surrounding area. Seating is limited so sign up today!

CALL (888) 815-2445 or CLICK HERE FOR MORE INFORMATION AND THE APPLICATION TO JOIN US!





### DON'T HAVE TIME TO TRAIN & DO IT YOURSELF?!

### WE STILL OFFER OUR RENOUNED MODIFICATION SERVICES GET PREQUALIFIED FOR ASSISTANCE AT NO COST.

Our Organization has a very high success rate in qualifying loans for the Federal Governments "Making Home Affordable Program". If your lender is participating we will get you into a payment you can afford! The Participating lenders are required by the Government to give 2% Interest rates for 1st 5yrs and 5%(Market Rate) for balance of loan. CALL OR FILL OUT A WEB APPLICATION NOW TO SEE IF YOU QUALIFY! Get FREE LEGAL CONSULTATION and the HELP you NEED. We are saving homes all over the Country! We have a HIGH success rate! YOU MUST BE PREQUALIFIED FOR OUR PROGRAM! Our legal team negotiates with your current lender WE KNOW what it takes to get you APPROVED by YOUR LENDER!

FREE LEGAL CONSULTATION IS AVAILABLE TO YOU TODAY!





# THE COMMUNITY MORTGAGE ASSISTANCE PROGRAM

### HOUSING COUNSELING ORIENTATION

The Community Mortgage Assistance Program would like to thank you for trusting our organization to handle your very serious and important situation regarding mortgage relief. Our organization prides itself in handling cases with professionalism and integrity.

If you have completed the initial Housing Counseling Session and all necessary documents required have been sent into our office your file will be reviewed by our legal team. This process will allow us to determine what options are suitable for your specific situation. You must keep in mind everyone's situation is unique and may not yield the same results. If your situation is an emergency situation where you are facing a sale date on your property your case will be expedited.

Please allow our office 2 weeks to contact your lending institution, submit third party authorization and have the legal team assess your situation. Once we have authorization on your account you <u>must not</u> discuss any financial information with your lender as this may jeopardize the results.

Keep in mind that we are a faith based organization. We have been offering Housing Counseling for approx. 3 years and currently have a 98% success rate assisting homeowners. One reason for our great success rate is we take everyone's situation very seriously; you must be preapproved for our assistance. This allows us to determine whether or not we can help you. This process can be very short or it can be a lengthy one. This is your life that you have trusted us with and we will do everything possible to make sure you receive the best assistance available. This is your first step to taking back control of your life.

If you can remember to put God first and remember to have faith that HE can "DO ALL THINGS", this process won't trouble you in the least. The key to our 98% success rate is to trust God that he will bring our clients out victorious in every situation. As your process begins and throughout your process you must pray and thank God in advance for your victory. We are just the vessel that God has chosen to use, to bring you through a trying situation.

God bless you,

Koy Chiu Certified Housing Counselor Community Activist (888) 815-2445



### The Community Mortgage Assistance Program

### Forms and Applications CUSTOM ANALYSIS FOR EACH CLIENT...

We understand that not all financial situations are the same. That is why we offer comprehensive, personalized service. Our legal experts understand the importance of providing a service that is tailored to meet your individual financial needs.

The process is simple. We review your existing loan to determine whether the information and calculations provided meet the requirements of the applicable federal and state statutes.

We look to the lender, broker, and agent who sold you your original loan. Our in depth investigation will conclude whether the loan you were sold was the loan you actually received. We determine whether there was predatory lending (violation of federal law which gives rise to the right to rescind or cancel). This allows you to obtain a new loan with a smaller principle balance.

#### **BANKS DON'T WANT YOUR HOME...**

The government is mandating banks to modify a percent of their mortgages to help people during this trying time. Banks cannot afford to waste the time, money, or legal action in taking over a home. Many homes are viewed as upside down (mortgage is more than the home is worth). What banks do not want is the home owner to stop paying the mortgage! WE HELP by looking at each individual's full financial situation and mitigating a solution with the bank.

GET a LOWER PAYMENT, GET a FIXED RATE, and GET BACK ON TRACK!

# DOCUMENTATION CHECKLIST

PLEASE SUBMIT ALL OF DOCUMENTS LISTED BELOW

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Date of Birth*:	
Social Security	
Number*:	
Address*:	
	<u> </u>
Home Phone*:	
Cell Phone*:	
Work Phone:	
Co-Borrower's Name:	
Co-Borrower's Date	
of Birth:	
Co-Borrower's Social	
Security Number:	
Co-Borrower's Address:	<b>*</b>
Co-Borrower's Home	72
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Phone:	
Phone: Co-Borrowerr's Cell	
Co-Borrower's Cell Phone: Co-Borrower's Work	
Co-Borrowerr's Cell Phone: Co-Borrower's Work Phone:	
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Domowarie Name\*:





### State of North Carolina

ROY COOPER ATTORNEY GENERAL

Department of Justice 9001 Mail Service Center Raleigh, NC 27699-9001

April 11, 2011

CONSUMER PROTECTION
Toll Free In NC
(877) 566-7226
Outside of NC
(919) 716-6000

Fax: (919) 716-6050

Koy Chiu
The Community Mortgage Assistance Program
2015 Ayrsley Town Blvd.
Suite 202
Charlotte, NC 28273

Re:

File No. 1104601

Offering of Loan Modification and Debt Settlement Services

Dear Ms. Chiu:

We have received information from the North Carolina Commissioner of Banks that you may be offering illegal loan modification and debt settlement services to North Carolina consumers.

We have serious concerns regarding the services The Community Mortgage Assistance Program ("CMAP") is providing to North Carolina consumers. According to its website, CMAP purports to be a non-profit organization which, for payment of an advance fee, will assist homeowners in obtaining a loan modification from their mortgage lender. We understand the fee for this service is a flat fee of \$1,500 or equal to one month's mortgage payment. Upon full payment of the fee, clients of CMAP must then sign a release authorization giving CMAP the exclusive right to negotiate a loan modification with their mortgage lender.

You should be aware that North Carolina's debt adjusting law prohibits the collection of any upfront fee for debt settlement or "foreclosure assistance" services. Specifically, North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423(a)(2), defines illegal "debt adjusting" to include:

"the business or practice of debt settlement or foreclosure assistance whereby any person holds himself or herself out as acting for consideration as an intermediary between a debtor and the debtor's creditors for the purpose of reducing, settling, or altering the terms of the payment of any debt of the debtor, whether or not the person distributes the debtor's funds or property among the creditors, and receives a fee or other consideration for reducing, settling, or altering the terms of the payment of the debt in advance of the debt settlement having been completed or in advance of all the services agreed to having been rendered in full."



The Community Mortgage Assistance Program April 11, 2011 Page 2

Accordingly, under the law, any entity that provides foreclosure assistance, loan modification, or debt settlement services and collects an advance fee from any consumer prior to the services being fully performed, is engaged in illegal debt adjusting. The violation of the statute constitutes a violation of North Carolina's unfair and deceptive trade practices statute, N.C. Gen. Stat. § 75-1.1, and also constitutes a criminal misdemeanor.

Finally, we see on your website several references made to CMAP's "legal team", "legal experts", or "legal expertise" which imply you may be providing legal services or advice to the public. The North Carolina General Statutes prohibit individuals or entities other than North Carolina licensed attorneys at law from providing or offering to provide legal services in North Carolina to other persons, firms, or corporation. Under the law, a business may not offer legal services or the services of a lawyer to its customers even if those services are performed by a licensed North Carolina attorney. (N.C. Gen. Stat. § 84-38)

Based on the information we have received, there is good cause to believe that your organization is operating in violation of North Carolina law. You are requested to immediately cease and desist from offering or providing foreclosure assistance, loan modification, and debt settlement services and to cease and desist from the collection of any advance fees for such services. The North Carolina Attorney General has enforcement authority to seek injunctions, recover refunds for consumers, and to obtain civil penalties against anyone violating the Debt Adjusting Act.

We request that you respond to us within ten (10) days stating your intentions to comply with North Carolina law; and stating whether or not you have contracted with any consumers for the performance of foreclosure assistance, loan modification, or debt settlement services, and, if so, the number of consumers you have contracted with to provide such services. When submitting your response, please refer to File No. 1104601.

Sincerely,

David C. Evers

Investigator

M. Lynne Weaver

Assistant Attorney General

MoSignne Weaver

CONSUMER PROTECTION DIVISION

# noissimsnayT XA7

		Comments:
	byoue;	2509-114-616 xes
	Company:	Phone:
	From:	сошрапу:
	Date:	Attention: David I Sas S
•		Mumber of pages including cover sheet

1730 Hempstead TPKE Elmont N.Y 11003 Phone: 516-326-4969 Email: Impress0111@officemax.com I UBBERZ ORIGINAL E DOCUMENT SERVICES April 21, 2011

Re: file No. 110461)1

Dear Mr. David Evers,

How are you? My name is Koy Chiu, I am writing you in response to a letter that was forwarded to me from an old office in Charlotte NC. I was seeking to open a Non-profit organization in Charlotte NC but it is going to take a little longer than I anticipate. I am very sorry for any inconvenience that I may have caused your Office in regard to The Community Mortgage Assistance Program and its website. I would like to address the letter I received from your office and give an explanation.

First I would like to start by stating that I was unaware the website indicated there were "upfront fees". The website was designed in New York and for New York. The verbiage regarding payment was incorrect, we do not charge nor have we ever charged any upfront fees. It has since been changed to reflect there are "No upfront fees".

We are New York Company and do not operate nor conduct any business from the State of North Carolina.

Sorry for any inconvenience,

God bless you,

The Community Mortgage Assistance Program ATT: Koy Chiu – Office Manager 13104 Laurelton Parkway Rosedale, NY 1, 422



### FILE

### State of North Carolina

ROY COOPER ATTORNEY GENERAL Department of Justice 9001 Mail Service Center Raleigh, NC 27699-9001 March 20, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

CONSUMER PROTECTION

Toll Free In NC
(877) 566-7226

Outside of NC
(919) 716-6000

Fax: (919) 716-6050

Ms. Koy Chiu The Community Mortgage Assistance Program 12937 Silvaire Farm Road Charlotte, NC 28278

The Community Mortgage Assistance Program 11709 Fruehauf Drive Suite 212 Charlotte, NC 28273

Re:

File No. 1104601

Offering or Providing Illegal Loan Modification

Services to North Carolina Consumers

Dear Ms. Chiu:

We have serious concerns that you have continued to offer and provide illegal loan modification services to North Carolina consumers in violation of the law.

In our letter to you, dated April 11, 2011, a copy of which is enclosed, you were advised that North Carolina's debt adjusting law prohibits the collection of any upfront fee for debt settlement or "foreclosure assistance" services. Under the law, any entity that provides foreclosure assistance, loan modification, or debt settlement services and collects an advance fee from any consumer prior to the services being fully performed, is engaged in illegal debt adjusting.

On April 21, 2011, we received your response to our notice to cease and desist from offering illegal loan modification services to North Carolina consumers. In your response you stated The Community Mortgage Assistance Program ("CMAP") is a New York Company and you do not operate or conduct any business from the State of North Carolina. You also stated that CMAP does not charge, nor has it ever charged, and upfront fees for its services.

Koy Chiu The Community Mortgage Assistance Program March 16, 2012

Since the date of your response, we have received consumer complaints, and other information, which indicate you have continued to operate in violation of the law. The consumers, which we have identified on the enclosed spreadsheet, claim they have paid you an advance fee of approximately \$1,500 each for loan modification services. Further, they claim to have met with you for loan modification assistance, but received no beneficial service other than your submission of a modification proposal to their lender. To date, we have not received your response, nor any refunds to the consumers.

We request that you respond to us within ten (10) days stating your intentions to comply with North Carolina law. In your response, please provide us with a description of your loan modification and foreclosure-related services and the fees charged for such services. We also request that you provide refunds to the consumers shown on the enclosed spreadsheet in the amounts indicated. Your refund checks should be sent in care of our office for disbursement to the consumers.

Please be advised that failure to respond to our office will result in a formal investigation of your company.

Sincerely,

David C. Evers

Investigator

Philip A. Lehman

Assistant Attorney General

CONSUMER PROTECTION DIVISION

Enclosure '

UNITED STATES POSTAL SERVICE

PS Form 3811, February 2004

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STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
ATTN: Consumer Protection
9001 Mail Service Center
Raleigh, NC 27699-9001
MAR 2 2 2012

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  ■ Print your name and address on the reverse so that we can return the card to you.  ■ Attach this card to the back of the malipiece, or on the front if space permits.  1. Article addressed to:  1. Article addressed to:  1. Community Motorian Community Community Motorian Community	A. Signature  X		
Charlotte NC 28278	3. Service Type  Certified Mail		
,2. Article Number (Transfer from service label) 7005 c	.570 0002 0984 0887		

Domestic Return Receipt