

STATE OF NEBRASKA



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Governor

DEPARTMENT OF BANKING AND FINANCE

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FOR IMMEDIATE RELEASE

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AMERIQUEST TO PAY \$325 MILLION AND REFORM ITS LENDING PRACTICES TO RESOLVE STATES' INVESTIGATION

The Nebraska Department of Banking and Finance (NDBF) and the Nebraska Attorney General's Office announced today that Ameriquest Mortgage Company, the nation's largest sub-prime lender, has agreed to pay \$295 million in restitution to consumers nationwide and make sweeping reforms of practices that States alleged amounted to predatory lending. Ameriquest also will pay a total of \$30 million to the 49 States and the District of Columbia that participated in the settlement to cover the costs of the three year investigation, as well as for consumer education and enforcement.

"We believe that Ameriquest engaged in unfair and deceptive practices that harmed Nebraskans between January 1, 1999 and December 31, 2005," NDBF Director John Munn said. "This landmark agreement will change Ameriquest's practices. Ameriquest closed its only Nebraska office in Omaha in November 2005, although it is currently licensed to do business in the State. Additionally, Ameriquest's website states that it does not currently offer loans in Nebraska."

Law enforcement officials and regulators initiated their investigation after receiving hundreds of complaints from Ameriquest customers across the country. Nebraskans filed 31 complaints against Ameriquest and its affiliates, including ACC Capital Holding Corporation, Town & Country Credit Corporation, and AMC Mortgage Services, Inc. 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 misstate income or employment to obtain loans.

Nebraska Attorney General Jon Bruning said the \$325 million payment ranks as the second-largest state or federal consumer protection settlement in history, after the \$484 million predatory lending agreement reached in 2002 between the States and Household Finance Corporation.

"Our view was that Ameriquest employees deceived consumers as part of high-pressure tactics to sell mortgage refinances," Bruning said. "We believe these high-pressure sales tactics were used to reach desired sales levels and high monthly individual sales quotas, and were induced by a commission structure based on unfair practices."

Consumers do not need to take any action at this point to pursue recoveries – they will be contacted by the Nebraska Attorney General’s Office in the months ahead as specific recovery terms and plans are determined. The Attorney General’s Office and NDBF estimate that Nebraska consumers will share approximately \$1.661 million.

Each signing state will file the settlement, along with consumer protection lawsuits resolved by the settlement, in their respective state courts within 45 days. The courts must approve the settlement before it becomes final.

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