



Attorney General Jon Bruning

NEWS RELEASE

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Bruning, Munn File Action Against Alleged Predatory Lender

(Lincoln, NE) Attorney General Jon Bruning and John Munn, Director of the Nebraska Department of Banking and Finance (NDBF), today announced the State is suing Omaha-based Advantage Mortgage Service, Inc., a mortgage brokerage firm, and its principal owners and operators for predatory lending practices. The NDBF is also instituting license revocation proceedings.

“Advantage Mortgage preyed on Nebraskans who dreamed of providing better lives for their families,” Bruning said. “Instead, those families face a very real threat of losing their homes. We will not tolerate predatory lending in this state.”

Munn stated that this investigation and the ensuing legal action should alert Nebraskans to the importance of dealing with reputable lenders. “Loan applicants must feel comfortable shopping for a loan and seeking assistance so that they know what they are signing and understand the terms of their proposed loan,” Munn said.

Advantage Mortgage originates and refinances loans for private individuals, often targeting those with adjustable rate mortgages whose interest rates are rising dramatically. After the company originates the loans, a third-party lender actually secures them. Advantage Mortgage collects fees from both the consumer and the third-party lender for originating the loans.

NDBF investigation found Advantage Mortgage engaged in unfair and deceptive business practices in the origination and refinancing of home mortgage loans on behalf of its customers. Based on the Department’s investigation, the complaint alleges that Advantage Mortgage employed tactics such as falsifying closing documents, forging borrowers’ signatures on loan documents, and charging hidden and excessive brokerage fees to borrowers. The complaint also alleges that Advantage Mortgage loan officers made false representations to consumers concerning the length, duration and cost of refinancing their mortgages and that Advantage Mortgage failed to disclose material facts to its customers before it refinanced their loans. Bruning and Munn allege that the company presented a deceptive promotional spreadsheet to borrowers to demonstrate the “savings” consumers would see upon enrollment in Advantage’s programs. Instead, consumers were subjected to higher interest rates and paid as much or more per month to reduce their debt.

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The State further alleges that Advantage Mortgage knowingly and illegally employed an individual convicted of felony financial crimes as one of its loan officers. The State claims that Advantage Mortgage authorized the loan officer to arrange over \$11 million in mortgage loans between January 2004 and January 2006 and unjustly profited from the loan officer's fraudulent behavior. The Department's investigation discovered that, on at least one occasion, the suspect loan officer is believed to have forged a customer's signature on a check and deposited the funds into his own personal account.

Advantage Mortgage is headquartered in Omaha, with branch offices located in Lincoln and Council Bluffs, Iowa. The civil complaint, filed in Lancaster County District Court yesterday, alleges that Advantage Mortgage and its owners and operators violated Nebraska's Mortgage Bankers Registration and Licensing Act, Consumer Protection Act and Uniform Deceptive Trade Practices Act. The corporation was served with the lawsuit today. Advantage Mortgage is subject to fines in the amount of \$2,000 per violation under Nebraska's consumer protection laws, not including damages and injunctive orders.

Assistant Attorneys General Jeff Gaertig and Abigail Stempson are handling the case, along with Nebraska Department of Banking and Finance attorney Mike Cameron.

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The complaint document filed against the company can be found at the NDBF Website at www.ndbf.org. An audio clip about the complaint is posted on the Attorney General's Web site at www.ago.state.ne.us.