

# Mortgage Audit: Find Out What Your Lender Doesn't Want You To Know

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The #1 goal of the mortgage audit is to determine whether there were violations of federal and state law. If these violations are found, then the client's file has added legal strength during the loan modification process.

**Forensic Loan Document Audit** A complete loan document and disclosure audit by underwriting, fraud, and compliance mortgage professionals include a review to find violations in the following areas:

- Truth in Lending (TILA)
- Real Estate Settlement & Procedures Act (RESPA)
- State violations

## Definition of Predatory Lending - Violations

**What is Predatory Lending?** Predatory Lending are abusive practices used in the mortgage industry that strip borrowers of home equity and threaten families with bankruptcy and foreclosure. Predatory Lending can be broken down into three categories:

- **Mortgage Origination**
- **Mortgage Servicing**
- **Mortgage Collection and Foreclosure**

**Mortgage Origination** is the process by which you obtain your home loan from a mortgage broker or bank. **Predatory Lending Practices in Mortgage Origination include:**

- Excessive Points
- Charging fees not allowed or for services not delivered
- Charging more than once for the same service
- Providing a low teaser rate that adjusts to a rate you cannot afford

- Successively refinancing your loan or “flipping”
- Steering you into a loan that is more profitable to the mortgage originator
- Changing the loan terms at closing or “bait and switch”
- Closing in a location where you cannot adequately review the documents
- Serving alcohol prior to closing (I love this one, it really does happen)
- Coaching you to put minimum income or assets on your loan so that you will qualify for a certain amount
- Securing an inflated appraisal
- Receiving a kickback in money or favors from a particular escrow, title, appraiser, or other service provider
- Promising they will refinance your mortgage before your payment resets to a higher amount
- Having you sign blank documents
- Forging documents and signature
- Changing documents after you have signed them
- Loans with prepayment penalties or balloon payments

**Predatory Lending Practices in Mortgage Servicing include:**

- Not applying payments on time
- Applying payments to “Suspense”
- “Jamming” illegal or improper fees
- Creating an escrow or impounds account not allowed by the documents
- Force placing insurance when you have adequate coverage
- Improperly reporting negative credit history
- Failing to provide you a detailed loan history

- Refusing to return your calls or letters

**Mortgage Collection & Foreclosure** is the process lenders use when you pay off your loan or when your house is repossessed for non-payment. **Predatory Lending Practices in Mortgage Collection & Foreclosure include:**

- Producing a payoff statement that includes improper charges & fees
- Foreclosing in the name of an entity that is not the true owner of the mortgage
- Failing to provide Default Loan Servicing required by all Fannie Mae mortgages
- Failing to follow due process in foreclosure
- Fraud on the court
- Failing to provide copies of all documents and assignments
- Refusing to adequately communicate with you

**Loan Audit Report** A complete loan audit report will be produced and will detail all of the violations that were found. This is a document that will be reviewed with the client. The report points out the following items:

- Any and all applicable federal law violations
- Outline of hidden fees and/or commission earned by your broker or lender
- A complete assessment which can be utilized by the attorney during the loan modification process.

**A thorough forensic mortgage audit will arm you with the knowledge to get the best, most aggressive loan modification from your lender, not what your lender offers and says is best for you.**