

Forensic Loan Audit



A Forensic Loan Audit identifies infractions and violations committed by your lender and/or broker when they originally funded your loan. To a large extent, these violations are the **LEVERAGE** used to argue your case against your lender. Generally, the more violations, and the higher their severity, the better chance you have of obtaining a loan modification with long term positive results. A Forensic Loan Audit is the **FIRST STEP** in obtaining a home loan modification if you are not behind in your mortgage payments, facing default or foreclosure. It's critical when commencing any type of litigation when fighting foreclosure. You should obtain a Forensic Loan audit to determine what laws were broken, if any, by your lender. **BEFORE YOU EVEN CONSIDER FILING A LAW SUIT WITH YOUR LENDER, A Forensic Loan Audit** will provide the information and leverage necessary for a successful outcome. Lenders will want to settle with a loan modification rather than face costly litigation.

Many loans funded during the "boom" years of 2002-2006 were performed with legal violations. Although only a fraction of the loans were funded with blatant disregard for the law, the majority of loans have significant violations resulting from carelessness, greed or just innocent oversight by the lender. However, no matter why these violations were performed by the lender, these violations carry **EXTREMELY** stiff financial penalties for the lender, and can result in **SERIOUS** legal consequences to the lender, such as forcing the lender to refund all interest paid to date back to the borrower.

Loans with illegal terms or conditions are not enforceable. Foreclosures resulting from illegal loans are also not enforceable. The foreclosure process is **STOPPED** when litigation on a questionable loan begins. Mortgage payments are **NOT** required during the foreclosure or

litigation process, although depositing the mortgage payment into a separate bank account is often considered a gesture of good will.

Lenders will choose the most rational and fiscally sensible response when presented with the legal facts. When facing their legal options: modifying your loan, foreclosing your home, paying some high-priced attorneys to litigate, or risk stiff federal fines and penalties, many lenders will choose Loan Modification as the most financially sensible option.

The main types of violations are as follows.

- Good Faith Guideline Violations
- Borrower approved for loan they are not able to repay
- Truth In Lending Violations
- Real Estate Procedures Acts Violations
- No Net Benefit to Borrower

If there is one of these types of violations in the loan audit, there is a very high chance a loan modification can go through and even result in the repayment of interest back to the borrower/homeowner.

Understand that in order to take the high road position, YOU MUST KNOW WHAT VIOLATIONS WERE PERFORMED BY THE LENDER.

Most of our success has come from the following types of Mortgages:

- Interest Only
- Adjustable Rate
- Loans Originated between 2001-2008
- *Stated Income loans*

Documents we need to complete the forensic loan audit:

1. Good Faith Estimate
2. 1003
3. Note
4. Final Truth In Lending
5. Final HUD 1 or 1A