

Savvy Homeowners Are Turning the Table on Lenders

WASHINGTON, D.C., Nov. 18 (SEND2PRESS NEWSWIRE) – National Loan Audits (www.nationalloanaudits.com) announced today that since only a fraction of distressed homeowners needing a loan modification are getting the help they need, borrowers should obtain a Forensic Loan Document Audit to determine if their lender complied with all federal and state regulations when preparing their loan documents.

The Truth in Lending Act (TILA) applies to loans secured by your primary residence and any violation of this statute, regardless of how minor or seemingly insignificant, can have major consequences for the lender. Hence a borrower seeking a loan modification can gain immense leverage if TILA violations are discovered during a forensic loan document audit.

Even a \$35 miscalculation on the lender's part could be an actionable offense under the TILA, allowing you to rescind the loan and receive a refund of all closing costs and interest payments made since its consummation. Damages could easily exceed \$50,000 for a borrower with a \$250,000 mortgage. So the threat of a costly lawsuit is usually enough to persuade the lender to come to the negotiating table and find a way to help you work through your financial difficulties as opposed to pursuing foreclosure.

In a forensic loan review, a mortgage auditor scours your loan documents looking for errors in the Truth-in-Lending statement the lender provided on the day you signed your closing documents. The lender's annual percentage rate, disclosed to you so you could have compared loan costs is checked for accuracy. The mortgage auditor also looks for excessive or undisclosed closing costs and missing or deficient state and federal disclosures in addition to signs of fraud and misrepresentation by the loan officer or broker who prepared and submitted your loan application package.

If the truth-in-lending statement doesn't match the HUD-1 settlement statement you received at closing or if the annual percentage rate (APR) is off by just an eighth of a percentage point, you might have cause for legal action against the current holder of the note, even if your loan was funded by a different lender and subsequently sold. To avoid getting caught in a costly lawsuit most lenders will eagerly negotiate a loan modification as opposed to fighting an expensive legal battle.

Typically, forensic loan audits are only ordered by national banks and institutional mortgage investors prior to purchasing large pools of loans to determine what kind of legal liability they may be facing. But National Loan Audits, based in Rockville, Maryland, a Washington, D.C. suburb, is now offering comprehensive Loan Document Reviews to consumers as part of its efforts to help distressed homeowners facing foreclosure.

Dean Mostofi, the founder of National Loan Audits, a Forensic Mortgage

Document Auditing and Loan Modification company, says the chances are excellent that, somewhere in a borrower's tall stack of loan documents, they will find a violation.

He adds that well over 80% of the loan audits performed by his firm have revealed major Truth-in-Lending violations, which greatly increase your bargaining power when negotiating a loan modification with your lender.

"With over 60 pages of loan documents, there's bound to be a mistake in there somewhere," says Mostofi, "Maybe some pages were left blank or perhaps some of the language is misleading, or maybe there is a mathematical or technical error."

Mistakes by mortgage brokers and lenders were prevalent during the housing boom, when there was a rush to approve the application of anyone with a pulse. Now that the boom has gone bust, borrowers can use these errors to fight back and keep their homes. "Forensic mortgage document reviews have put a big spotlight on how the average home buyer was abused during the mortgage craze," added Mostofi.

National Loan Audits also performs loan document reviews for attorneys representing borrowers who are in foreclosure. "Because of the level of experience and expertise required to perform a quality audit, it is more practical for law firms to send their audits to us as opposed to doing them in house," Mostofi noted.

The average audit takes 7 days to complete and costs \$495.00.

For more information, visit: www.nationalloanaudits.com.

Editorial Note: as with all personal information, always ask for a complete disclosure of how any personal and financial information is kept secure, and how it will be used, including a privacy statement from the service provider. Legal advice can only be provided by a licensed attorney.

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