



# Forensic Professionals Group USA, Inc.

Serving all 50 States - Mortgage Analysis as a Credible Defense Against Foreclosure

<http://fpg-usa.com>

[info@fpg-usa.com](mailto:info@fpg-usa.com)

786-329-5588

## Lender Compliance Analysis Findings Report

TILA - RESPA - HOEPA - UDAP Violation Report

To verify authenticity of this report, go to:

<https://secure.fpg-usa.com/confirmation/?confirm=954252650225>

**Issuance Confirmation: 954252650225**

The following Report is the result of a series of regulatory examinations conducted online at <http://www.fpg-usa.com> using our patent pending Lender Compliance Analysis<sup>SM</sup> system (the "LCA System") for borrowers Doe, John/Doe Jane on their 1st - Refinance - ARM loan # 1234567890 with Predatory Lender. The mortgage analysis was performed on 10/10/2009 10:38:45.

This Report specifies the regulatory code violations and remedies in a form suitable for 1) entering into evidence in court with a request for judicial notice, and 2) suitable for submission to a lender's legal department in the process of a loan modification negotiation.

In addition to this Report, we suggest you explore the benefit of FPG-USA's Forensic Lender Discovery<sup>SM</sup> ("FLD") which examines a loan for "toxicity", flaws in the mortgage which undermine claims by lenders in foreclosure. Detailed information can be found at [www.fpg-usa.com](http://www.fpg-usa.com).

Reports are provided in a format conducive to an attorney filing them in courts, with the lender's legal department, or any other party in the process of claiming legal rights or negotiating based upon the findings. This Report is issued with the understanding that FPG-USA is not engaged in nor providing or rendering legal advice or any other professional services to consumers outside of mortgage analysis services.

If this Report shows rescission (cancellation) as a remedy, for a nominal fee you may order a customized, violations noted, financial calculations performed, ready to address, sign and mail Rescission Package. Attorneys may want to submit the report (and Rescission Package if applicable) into evidence in court in accordance with their rules of evidence and civil procedure, and request judicial notice. Should the Judge or opposing side, under the rules of evidence, desire to interview, question, get an opinion, or otherwise speak to a qualifying mortgage analysis expert on issues pertaining to the report, regulations or any other pertinent matter, FPG-USA provides this service for a nominal fee via a conference call scenario.

The LCA System examines for violations under the following Acts: The Truth in Lending Act ("TILA") 15 U.S.C. §§ 1601-1666j, as amended; the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), as amended; and TILA's implementing Regulation Z, 12 C.F.R. 226, as amended, and the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. 2601 et seq., as amended and 24 C.F.R. Part 3500 Title 24: Housing and Urban Development as amended. Unfair and Deceptive Acts and Practices examination findings are State specific and are presented in the form of alerts which may be further investigated by an attorney. All 50 states, D.C., & Puerto Rico have UDAP laws.

In providing this Report, FPG-USA assumes no responsibility except to report based upon the information entered, documentation provided, and the government agency regulations examined in the process. Certification of input based on loan documents is available by FPG-USA qualified staff, for a nominal additional fee as necessary.

Erroneous information, input errors, or reliance on unreliable documentation and any other act that could serve to undermine the credibility of the input entered into the system can result in material differences between the LCA System findings and the specified loan's actual compliance with the applicable government agency regulatory requirements. This Report is provided under the terms of our User Agreement as found on the FPG-USA website [www.fpg-usa.com](http://www.fpg-usa.com).

Our attorney clients may take advantage of our Library which includes resources on strategy, case law, guidance on pleading claims, sources of law, federal acts and more. Use your login.

FPG-USA provides forensic lender compliance analysis, research and discovery based upon established government rules and regulations. FPG-USA does not provide legal, accounting, mortgage or other advice whatsoever and nothing issued or received should be construed as such. Use of FPG-USA services and issuances is provided based upon acknowledgement and agreement of the FPG-USA Terms and Conditions as published on the FPG-USA website [www.fpg-usa.com](http://www.fpg-usa.com).

## Documents Used to Perform the Examination

Disclosures (Other)  
 Final HUD-1 or 1-A Settlement Statement ("Hud-1")  
 Life of Loan Transaction History  
 Mortgage or Deed of Trust  
 Mortgage Broker Agreement  
 Note (Adjustable or Fixed) ("Note")  
 Note Riders  
 Right to Cancel (Rescind) Notice (All pages and copies) ("Right To Cancel")  
 Truth In Lending Disclosure ("TIL")  
 Written acknowledgment of receiving rescission notice

Parties			
FPG-USA #:	954252650225	Performed by:	Kahn, Richard M
Issuance Date:	2009-10-10 10:38:45	Court:	State Court
Borrower:	John Doe	Plaintiff is:	Lender
Co-Borrower:	Jane Doe	Defendant is:	Borrower
Property Address:	123 Main Street, Jacksonville, FL Doe	Loan #:	1234567890
Case No:	00-000000	Lender:	Predatory Lender
Loan Type:	First - Refinance - ARM	Servicer:	Default loan servicing
Borrower's Attorney:	Able Attorney	Lender's Attorney:	Plaintiffs Atty
Borrower's Firm:		Lender's Firm:	
Is this loan in or facing foreclosure: Yes			

LCA Act Assessed	Results	Potential Remedies
RESPA	2 Violation(s)	Can be basis for Unfair and Deceptive Practices and Acts (UDAP) claim in State court; Civil and Statutory Damages; Closing Cost Reimbursement - Attorney and Court Fees.
TILA	1 Alert(s)	Extended Right of Recission to 3 years; Civil, Actual and Statutory Damages; Closing Cost Reimbursement - Attorney and Court Fees.
TILA	4 Violation(s)	Extended Right of Recission to 3 years; Civil, Actual and Statutory Damages; Closing Cost Reimbursement - Attorney and Court Fees.
UDAP	9 Alert(s)	Can be basis for Unfair and Deceptive Practices and Acts (UDAP) claim in State court; Civil and Statutory Damages; Closing Cost Reimbursement - Attorney and Court Fees.
UDAP	2 Violation(s)	Can be basis for Unfair and Deceptive Practices and Acts (UDAP) claim in State court; Civil and Statutory Damages; Closing Cost Reimbursement - Attorney and Court Fees.

This Space Intentionally Left Blank

## Findings Summary

Act	Examination	Finding
HOEPA	APR Tolerance Examination	Compliant
HOEPA	Points and Fees Tolerance Examination	Compliant
RESPA	Loan Coverage Examination	Applicable
RESPA	Special Information Booklet Examination	Not Applicable
RESPA	Good Faith Estimate (GFE) Examination	Violation
RESPA	Hud-1/1a Uniform Settlement Statement Examination	Compliant
RESPA	Hud-1/1a Prohibition of Fees Examination	Compliant
RESPA	Title Company Examination	Compliant
RESPA	Mortgage Servicing Transfer Notice Examination	Compliant
RESPA	Qualified Written Request Examination	Violation
TILA	Loan Coverage Examination	Applicable
TILA	TIL Disclosure Issuance Examination	Compliant
TILA	Negative Amortization Disclosure Examination	Violation
TILA	Consumer Handbook on Adjustable Rate Mortgage Disclosure Examination	Compliant
TILA	Rescission Notice Delivery Examination	Violation
TILA	Rescission Receipt Acknowledged Examination	Alert
TILA	Rescission Notice Made Conspicuously Examination	Compliant
TILA	Payment Period Disclosure Examination	Compliant
TILA	ARM Payment Schedule Start Rate Deception Examination	Violation
TILA	Finance Charge Tolerance and Violation Examination	Violation
TILA	Extended Right of Rescission Examination	Applicable
TILA	One Year For Affirmative Claims Examination	Not Applicable
TILA	In Foreclosure Affirmative Claims Examination	Applicable
TILA	APR Tolerance Examination	Compliant
UDAP	Loan Proceeds Test Examination	Alert
UDAP	Property taxes due paid at closing Examination	Alert
UDAP	Home Improvement Paid at Closing Examination	Alert
UDAP	Existing loan payoff Examination	Compliant
UDAP	Deceptive Mortgage Broker Fee Examination	Alert
UDAP	Payment Posting Examination	Alert
UDAP	Excessive settlement charges Examination	Alert
UDAP	Blatant Forgery Examination	Alert
UDAP	Equity Stripping Examination	Alert
UDAP	Bait and Switch Examination	Alert
UDAP	Forced placed insurance Examination	Alert
UDAP	Income Exaggeration Examination	Violation
UDAP	Mandatory Arbitration Clause Examination	Violation
UDAP	Foreign Language Deception Examination	Compliant

For examination integrity FPG-USA maintains permanent internal records of all answers used in each examination series for both

This Space Intentionally Left Blank

## Violation Summary

### RESPA - Good Faith Estimate (GFE) Examination

#### Violation

**Body of Response:** Lender has committed a RESPA violation: Good Faith Estimates (GFE) of Amount/Range of Settlement Costs Violation (24 C.F.R. 3500.7)

Lender must provide, in a clear and concise form, a good faith estimate of the amount of, or range of, settlement charges the borrower is likely to pay. The GFE must include all charges that will be listed in section L of the HUD-1 Settlement Statement. It must be provided no later than three business days after receipt of the written application. If the application is denied before the end of the three-business-day period, the bank is not required to provide the GFE. Itemization of costs should include: Real estate agent, mortgage broker and closing attorney fees, appraisal, tax and recordation, points and loan origination fees, and any other fees borrower will pay at or prior to closing.

The GFE may disclose either an estimate of the dollar amount or a range of dollar amounts for each settlement service. The estimate of the amount or range for each charge must: Bear a reasonable relationship to the borrower's ultimate cost for each settlement charge. Be based upon experience in the locality in which the property involved is located.

Remedy: RESPA provides no remedy for failure of GFE and HUD-1 disclosure requirements. Can be basis for Unfair and Deceptive Practices and Acts (UDAP) claim in State court. May provide for treble (3x) damages and punitive damages and attorneys fees.

### RESPA - Qualified Written Request Examination

#### Violation

**Body of Response:** RESPA - Qualified Written Request violation under 24 CFR § 3500.21(e)

RESPA provides for State Laws to not be affected by lenders who do not comply. 24 CFR § 3500.21(e). In other words, in addition to the remedies of borrowers under RESPA "of an amount equal to the sum of any actual damages sustained by the individual as the result of the failure and, when there is a pattern or practice of noncompliance with the requirements of this section, any additional damages in an amount not to exceed \$1,000" and "class actions not exceeding the lesser of \$500,000 or 1% of the lender's net worth" (24 CFR § 3500.21(f)(i-ii)), borrowers may also have State law claims under their State's Unfair and Deceptive Acts and Practices consumer protection laws if they prohibit this practice and provide remedies to the borrower in this circumstance. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs.

### TILA - Negative Amortization Disclosure Examination

#### Violation

**Body of Response:** Lender has failed to provide a material disclosure requirer under TILA: Negative Amortization Disclosure: An explanation of negative amortization. Reg Z. § 226.19 (b)(2)(viii)

Certain variable-rate transactions. 45a If the annual percentage rate may increase after consummation in a transaction secured by the consumer's principal dwelling with a term greater than one year, the following disclosures must be provided at the time an application form is provided or before the consumer pays a non-refundable fee, whichever is earlier: (Reg. Z § 226.19(b)(2); an explanation of negative amortization. Reg Z. § 226.19 (b)(2)(viii) (viii)).

"When negative amortization is possible under the terms of a nontraditional mortgage product, consumers should be apprised of the potential for increasing principal balances and decreasing home equity, as well as other potential adverse consequences of negative amortization. For example, product descriptions should disclose the effect of negative amortization on loan balances and home equity, and could describe the potential consequences to the consumer of making minimum payments that cause the loan to negatively amortize. (One possible consequence is that it could be more difficult to refinance the loan or to obtain cash upon a sale of the home)." (Final Interagency Guidance on Nontraditional Mortgage Product Risks issued on September 28, 2006 - Consumer Protection Issues - Negative Amortization Pg 20)

A creditor may provide separate program disclosure forms for each ARM program it offers or a single disclosure form that describes multiple programs. A disclosure form may consist of more than one page. " FRB Official Staff Commentary {{4-28-00 p.6958.03}} Paragraph [226.]19(b)(2)

Remedies: If material disclosures (U.S.C. § 1602(u); Reg. Z § 226.18 num 48) are not delivered, the right to rescind shall expire three years after consummation (Reg. Z § 226.23 (a)(3)). Violation of the requirements entitles consumers to actual damages (U.S.C. § 1640(a)(1)),

statutory damages (U.S.C. § 1640(a)(2)(A)(iii)), attorneys fees (U.S.C. § 1640(a)(3)). Jurisdiction is any court.(U.S.C. § 1640(e)). While a consumer not in default or foreclosure must have the creditor's liability determined by judgment of a court of competent jurisdiction, consumers in default may assert violations as a defense to collection actions (including foreclosure) to collect amounts owed (U.S.C. § 1640(h)). Civil actions for liability against creditors for inaccurate disclosure liability may be maintained against any assignee if the disclosure was incomplete or inaccurate. (U.S.C. § 1641(a)(1))

<b>TILA - Rescission Notice Delivery Examination</b>
--

<b>Violation</b>
------------------

**Body of Response:** Lender has violated a TILA material disclosure requirement: Failure to deliver a proper 3-day notice of right to rescind triggers an extended right of rescission. 12 C.F.R. 226.23(a)(3)

For purposes of rescission on a closed end (Reg. Z § 226.23) or open end (Reg. Z § 226.15) mortgage, each natural person in whose principal dwelling a security interest is or will be retained or acquired (Reg. Z § 226.2(a)(11); § 226.15(a)) must receive two copies of the notice of the right to rescind in (Reg. Z § 226.15(b)) clear, conspicuous written disclosure form that the consumer may keep (Reg. Z § 226.17(a)(1)) (Reg. Z §§ 226.17(d), 226.23(a)(1)). 15 U.S.C. § 1635(f);

**Suggested Cases for Attorney Review (SCARs):** SCARs: Stanley v. Household Finance Corp. III (In re James B. Stanley), 315 B.R. 602 (Bankr. D. Kan. 2004)(plaintiff/borrower entitled to, inter alia, void his mortgage and costs when lender failed to provide two right to rescind notices and failed to provide clear and conspicuous disclosures).

<b>TILA - Rescission Receipt Acknowledged Examination</b>
---

<b>Alert</b>
--------------

**Body of Response:** Alert! Lender claims delivery of material documents that borrower claims were not supplied. Rebuttable presumption of delivery of required disclosures. USC § 1635 (c)

Notwithstanding any rule of evidence, written acknowledgment of receipt of any disclosures required under this sub chapter by a person to whom information, forms, and a statement is required to be given pursuant to this section does no more than create a rebuttable presumption of delivery thereof. USC § 1635 (c)

Most creditors closing or underwriting files will have a signed acknowledgment that the consumer received 2 copies of the TIL notice of right to cancel. Under TIL 15 U.S.C. 1635(c) this creates a rebuttable presumption of receipt: "Notwithstanding any rule of evidence, written acknowledgment of receipt of any disclosures required under this sub chapter by a person to whom information, forms, and a statement is required to be given pursuant to this section does no more than create a rebuttable presumption of delivery thereof." Once the consumer's affidavit or interrogatory answer or deposition states that the consumer did not receive the 2 notices, this rebuts the presumption of receipt in the acknowledgment and presents a question of fact for trial.

The critical issue is what did each consumer receive not what is in the creditor's underwriting or closing file. Make sure that the TIL Right to Rescind form is correctly filled out and the loan closed on the date it purports to have closed. If the 4 The disclosures are interrelated. If one multiplies the monthly payment amounts by the number of payments, and adds the sums, this equals the total of payments. Adding the finance charge to the amount financed equals the total of payments. The annual percentage rate is the percent of these figures, based on 360 monthly payments, using either the American or actuarial method. If the lender directs the consumer to deliver the notice of right to cancel form to a post office box, this should extend the right to rescind.

**Suggested Cases for Attorney Review (SCARs):** SCARs: Cintron v. Bankers Trust Company, 682 So.2d 616 (Fla. 2nd DCA 1996).

<b>TILA - ARM Payment Schedule Start Rate Deception Examination</b>
---

<b>Violation</b>
------------------

**Body of Response:** There is a deceptive recast violation in the payment schedule on this loan. Failure to make clear, conspicuous, and accurate material disclosures triggers an extended right of rescission. 12 C.F.R. 226.23(a)(3). Material disclosures include the: (1) annual percentage rate, (2) finance charge, (3) amount financed, (4) total payments, (5) or payment schedule. 12 C.F.R. 226.23(a)(3) n.48.

The Federal Reserve Board (FRB) which implements TILA has issued interagency guidelines that "institutions should avoid promoting payment patterns that are structurally unlikely to occur". (Final Interagency Guidance on Nontraditional Mortgage Product Risks issued on September 28, 2006 - Practices to Avoid Pgs 20-21). Material payment schedule disclosure requirements on closed end credit plans are further enumerated under Reg. Z § 226.18 Content of disclosures. (g) Payment schedule. The number, amounts, and timing of payments

scheduled to repay the obligation. (2) In a transaction in which a series of payments varies because a finance charge is applied to the unpaid principal balance, the creditor may comply with this paragraph by disclosing the following information: (i) The dollar amounts of the largest and smallest payments in the series. (ii) A reference to the variations in the other payments in the series.

This violation is a basis for an extended right of rescission to three years from the loan closing date. 15 U.S.C. § 1635; Reg. Z, 12 C.F.R. § 226.23; Reg. Z, 12 C.F.R. §226.32(d)(1-8); 15 U.S.C. § 1639(j); 12 C.F.R. 226.23(a)(3) n.48, as well as enhanced damages as per §1640(a)(4) in addition to all the regular TILA monetary damage remedies (i.e. civil, actual and statutory damages, attorney and court fees). Borrowers with loans originated more than three years ago cannot rescind but can still raise a HOEPA claim and deduct all payments made in the nature of defensive recoupment. 15 U.S.C. § 1635; Reg. Z, 12 C.F.R. § 226.23. Civil actions for liability against creditors for inaccurate disclosure liability may be maintained against any assignee if the disclosure was incomplete or inaccurate. (U.S.C. § 1641(a)(1))

**TILA - Finance Charge Tolerance and Violation Examination**

**Violation**

**Body of Response:** Lender has violated statutory TILA Finance Charge "tolerances".Reg. Z § 226.18(d)(1)(i)); Reg. Z § 226.4(h); Reg. Z § 226.23(g)(1); Reg. Z § 226.23(g)(1)

For damage award purposes this is the greater of a) \$100 (Reg. Z § 226.18(d)(1)(i)), or \$200 if the loan originated before 09/30/1995 (TIL Comptroller's Handbook Pg 108 n. 5); For rescission purposes Reg. Z § 226.4(h), the tolerances for accuracy must be understated by no more than 1/2 of 1 percent of the face amount of the note or \$100, whichever is greater Reg. Z § 226.23(g)(1); or understated by no more than 1 percent of the face amount of the note or \$100, whichever is greater on refinancing of a residential mortgage transaction with a new creditor if there is no new advance and no consolidation of existing loans. Reg. Z § 226.23(g)(1)

This violation is a basis for an extended right of rescission to three years from the loan closing date. 15 U.S.C. § 1635; Reg. Z, 12 C.F.R. § 226.23; 12 C.F.R. 226.23(a)(3) n.48, in addition to all the regular TILA monetary damage remedies (i.e. civil, actual and statutory damages, attorney and court fees). Borrowers with loans originated more than three years ago cannot rescind but can still raise a HOEPA claim and deduct all payments made in the nature of defensive recoupment. 15 U.S.C. § 1635; Reg. Z, 12 C.F.R. § 226.23. Civil actions for liability against creditors for inaccurate disclosure liability may be maintained against any assignee if the disclosure was incomplete or inaccurate. (U.S.C. § 1641(a)(1))

**UDAP - Loan Proceeds Test Examination**

**Alert**

**Body of Response:** A borrower who does not receive all the cash to borrower amounts may be a victim of Unfair and Deceptive Acts and Practices. All 50 states and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Property taxes due paid at closing Examination**

**Alert**

**Body of Response:** A borrower who has paid a tax on a closing statement where the tax has actually not been paid may be a victim of Unfair and Deceptive Acts and Practices. All 50 states and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Home Improvement Paid at Closing Examination**

**Alert**

**Body of Response:** Borrowers can fall prey to predatory lending home improvement scams with mortgage lenders issuing payments directly to a home improvement contractor without ensuring that the work has been properly completed according to the terms of the contract, or issuing checks payable solely to the contractor, thereby bypassing the homeowner. In these loans, oftentimes the contractor is a form of mortgage broker referring loans to these lenders. The lenders can deny responsibility from problematic contracting work. Some contractors even begin the work immediately, before the 3 day right of rescission (cancellation) which is illegal and serves to deceive the borrower. Borrowers that find themselves in this predicament may be the victim of Unfair and Deceptive Acts and Practices. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Deceptive Mortgage Broker Fee Examination**

## Alert

**Body of Response:** A borrower who refinances a loan with the same lender and is paying a separate mortgage broker's fee or a yield spread premium or par plus or any other fee to a mortgage broker begs the question; Why is a mortgage broker needed for a refinance with the same lender? Borrowers in this situation may have remedies under their state's Unfair and Deceptive Acts and Practices regulations. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

## UDAP - Payment Posting Examination

### Alert

**Body of Response:** Borrowers can fall victim to predatory lending practices when daily interest is charged on the outstanding principal balance of a loan in addition to being charged a late fee when a borrower pays before the grace period expires. Lenders who deduct a late payment shortfall from the next incoming payment causing that payment to also be in a shortfall, can accumulate interest fees deceptively in excess of a simple "late charge". They also charge excessive late fees and may charge them more than once. Borrowers finding themselves in this predicament may be a victim of Unfair and Deceptive Acts and Practices. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

## UDAP - Excessive settlement charges Examination

### Alert

**Body of Response:** Title charges vary from state to state. In general the title insurance company keeps a portion of the charges, for example 30% as a premium to cover loss, and the title insurance company keeps the balance. For example, a \$2,000 title insurance fee would have \$600 going to the insurer and \$1,400 going to the title company. Fees vary and the insurance commission of different states may handle charges differently. Title search fees usually operate on a similar premise. Total up all of the title charges. If you believe they are excessive or duplicative, check with your attorney, you may have remedies under your state's Unfair and Deceptive Acts and Practices regulations. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

## UDAP - Blatant Forgery Examination

### Alert

**Body of Response:** A borrower(s) whose closing documents contain blatant forgery to the untrained eye of their signature(s) on closing documents may be victims of deceptive or fraudulent closing practices and have remedies under their state's Unfair and Deceptive Acts and Practices regulations. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

## UDAP - Equity Stripping Examination

### Alert

**Body of Response:** A borrower(s) who takes a loan where there are no tangible benefits from the new loan may be the victim of the unfair or deceptive practices called "equity stripping" and may have remedies under their state's Unfair and Deceptive Acts and Practices regulations. Equity stripping also involves borrowers obtaining loans secured by their principal residence for the primary purpose of generating fees related to the financing, especially when the financial institution does not reasonably believe that the person will be able to make the full scheduled payments to repay the loan. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

## UDAP - Bait and Switch Examination

### Alert

**Body of Response:** A borrower(s) who receives worse terms on a mortgage at the last minute before closing may be the victim of "bait and switch" and have remedies under their state's Unfair and Deceptive Acts and Practices regulations. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Forced placed insurance Examination**

**Alert**

**Body of Response:** Lenders require all homeowners to maintain homeowner insurance with the lender named as the beneficiary (may be joint loss payee arrangement along with the borrower) in case of loss. Predatory lenders have been known to force borrowers to maintain more expensive coverage through an affiliate or other company that includes extra premiums to which the lender is the main beneficiary. Some lenders automatically place this insurance even though borrowers maintain their own current policies. Borrowers finding themselves in this predicament may be a victim of Unfair and Deceptive Acts and Practices. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Income Exaggeration Examination**

**Violation**

**Body of Response:** A borrower who has had their income intentionally exxagerated in order to qualify for a loan is a victim of Unfair and Deceptive Acts and Practices. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**UDAP - Mandatory Arbitration Clause Examination**

**Violation**

**Body of Response:** As of 11/2004 Fannie Mae NO longer invests or accepts delivery of residential mortgage loan products that contain mandatory arbitration clauses. (Fannie Mae Announcement 04-06). There is a limited exception: permitting the use of mandatory arbitration provisions in mortgages that contain a waiver provision. The waiver provision shall provide that if the loan is sold or an interest in the mortgage loan is transferred to Fannie Mae, the mandatory arbitration clause becomes null and void. "While Fannie Mae does not believe arbitration provisions are inherently abusive, we believe that mandatory arbitration can be used in an abusive fashion," Fannie Mae stated. "Therefore, mortgage loans that are subject to mandatory arbitration are ineligible for sale to, or securitization by, Fannie Mae."

Borrowers that find themselves in this predicament may be the victim of Unfair and Deceptive Acts and Practices. All 50 states, the District of Columbia and Puerto Rico have their own state specific UDAP laws. Violations include loan closing practices. Borrower may be entitled to treble (3x) damages, punitive damages, attorney fees and court costs. Deceptive and Unfair Trade Practices Act, Fla. Stat. §§ 501.201 through 501.213

**End of Report**

**For Assistance Please Contact FPG-USA.**

**User Input**

FPG-USA Loan Number:	11006
Borrower First:	John
Borrower Middle Initial:	
Borrower Last:	Doe
Co-Borrower First:	Jane
Co-Borrower Middle Initial:	
Co-Borrower Last:	Doe
Property Street Address:	123 Main Street
Property Street Address2:	
Property State:	FL
Property City:	Jacksonville
Property Zip:	12345
Lender's Name:	Predatory Lender
Lender's Loan Number:	1234567890
Servicing Lender's Name (may be same as lender):	Default loan servicing
Servicing Lender's Loan Number (may be same as lender number):	1234567890
Is this a loan on a primary residence?:	Yes
Is this a first or second loan?:	1st
Was this loan made at the time of purchase of the property?:	Refinance
If this was a Refi, was it with the same lender?:	Yes
Loan type (Fixed / Arm / HELOC):	ARM
If the loan type is a HELOC, was this an increase in the credit line?:	Not Applicable
Is borrower the plaintiff or the defendant? (Not Applicable):	Defendant
Is this loan in or facing Foreclosure:	Yes
Borrower's Law Firm:	Foreclosure Defenders
Borrower's Attorney:	Able Attorney
Borrower's Attorney Street Address:	1 Lawyers Lane
Borrower's Attorney Street Address:	
Borrower's Attorney City:	Jacksonville
Borrower's Attorney State:	FL
Borrower's Attorney Zip:	12345
Borrower's Attorney Phone:	123-456-7890
Borrower's Attorney Fax:	123-456-7890
Borrower's Attorney Email:	rkahn@fpg-usa.com
Lender's Law Firm:	Foreclosure Mill
Lender's Attorney:	Plaintiffs Atty
Lender's Attorney Street Address:	1 Foreclosure Mill Lane
Lender's Attorney Street Address1:	
Lender's Attorney City:	Jacksonville
Lender's Attorney State:	FL
Lender's Attorney Zip:	12345
Lender's Attorney File Number:	000000
Court Name:	State Court
Court State:	FL
Case Number:	00-000000
LIREports:	No
LILDYes:	Yes
Loan Information Confirmed by:	27-Richard Kahn
Loan Information Confirmation date:	2009-10-10 10:33:09

This Space Intentionally Left Blank

## Documents Used to Perform the Examination

Disclosures (Other)  
 Final HUD-1 or 1-A Settlement Statement ("Hud-1")  
 Life of Loan Transaction History  
 Mortgage or Deed of Trust  
 Mortgage Broker Agreement  
 Note (Adjustable or Fixed) ("Note")  
 Note Riders  
 Right to Cancel (Rescind) Notice (All pages and copies) ("Right To Cancel")  
 Truth In Lending Disclosure ("TIL")  
 Written acknowledgment of receiving rescission notice

### Additional Required Loan Information

Initial Loan Amount:	\$300,000.00
Number of payments made by borrower:	30
Dollar amount of all monthly payments made:	31060.00
Fully Indexed Note Rate:	8.00%
Mortgage Term in Years:	30
Date Loan Closed:	04/30/2007
Cash out to Borrower in dollars: This also includes additional amounts you may have received to be applied to debt repayment, taxes, etc.:	\$2,000.00
Start Rate:	1.50%
Initial Minimum Monthly Payment Amount: Will apply on ARMs with lower start rates.:	\$1,035.36
Recast Rate:	110.00%

### Values from TRUTH IN LENDING DISCLOSURE

Annual Percentage Rate:	8.07%
Finance Charge:	\$492,464.40
Amount Financed:	\$298,000.00
Total of Payments:	\$792,464.40

### Payment Schedule from Truth in Lending Disclosure

Count	Number of Payments	Amount of Payments	When Due
1	12	1,035.36	Monthly
2	12	1,113.01	Monthly
3	12	1,196.49	Monthly
4	12	1,286.23	Monthly
5	12	1,382.69	Monthly
6	300	2,777.86	Monthly

This Space Intentionally Left Blank

### Values from HUD 1/1A

Finance Charge Item Name	Hud-1 Line Item #	Fee Amount
Document Prep Fee to Lender	801	\$250.00
Flood certification fee to Lender	801	\$25.00
Mortgage broker fee	803	\$4,500.00
Other transaction fees to Lender	804	\$1,325.00
Processing fee to Lender	805	\$900.00
Processing fee to Mortgage Broker	806	\$250.00
Underwriting fee to Lender	807	\$250.00
Excess of bona fide appraisal fee paid to lender	808	\$300.00
Excess of bona fide credit report fee paid to lender	809	\$35.00
SubTotal		\$7,835.00

Title Co Item	Hud-1 Line Item #	Fee Amount
Abstract or Title Search	1100	\$200.00
Courier / Fed Ex / Copy Fees	1101	\$50.00
Document Preparation	1102	\$100.00
Electronic Storage	1103	\$50.00
Lender\'s Coverage	1104	\$2,700.00
Settlement or Closing Fee	1105	\$250.00
Title Examination	1106	\$100.00
SubTotal		\$3,450.00

This Space Intentionally Left Blank