



# LOAN AUDIT EXPERTS™

## RAPID REPORT™

**Prepared for:**

Borrower

123 Main Street

Anytown, US 10000



# Contents

Document Review.....	5
Summary of Findings.....	..6
Compliance Review .....	8
Compliance Details .....	11
Loan Details.....	17
Truth In Lending Act.....	22
Real Estate Settlement Procedures Act.....	37
Glossary.....	41

## Document Review

1. Residential Loan Application (1003)
2. Interest Only Fixed Rate Note
3. HUD-1 Settlement Statement
4. Federal Truth-In-Lending Disclosure Statement

## Summary of Findings

**This loan failed the TILA finance charge test. (12 CFR § 226.18(d)(1))**

The finance charge is \$692,885.56. The disclosed finance charge of \$643,543.27 is not considered accurate because it is understated by more than \$100.

**This loan failed the TILA APR test. (12 CFR § 226.22(a)(2),(4))**

The annual percentage rate (APR) is 9.169%. The disclosed APR of 8.537% is not considered accurate because it is more than 1/8 of 1 percentage point above or below the APR as determined in accordance with the actuarial method.

**This loan failed the initial TIL disclosure date test due to one of the following: (12 CFR §226.17(b)), (12 CFR §226.19(a))**

The application date of the loan is on or after July 30, 2009, and:

The loan is a mortgage transaction subject to the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) that is secured by the consumer's dwelling; and

The creditor's initial TIL disclosure date is either:

Later than the third business day (counting days on which the creditor's offices are open to the public for carrying on substantially all of its business functions) after the creditor receives the consumer's written application; or

Later than the seventh business day (counting all calendar days except Sunday and specified legal public holidays) before consummation of the transaction.

Or, the application date of the loan is before July 30, 2009, and:

The loan is a "residential mortgage transaction" subject to the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.); and

The initial TIL disclosure date is on or after consummation or three business days after the creditor receives the consumer's written application, whichever is earlier.

Calculations take into account a submitted preference that this test treat the creditor's office as being open to the public on Saturdays for carrying on substantially all of its business functions, as described in §226.2(a)(6) and as it relates to §226.19(a)(1)(i) (early disclosures three business days after application).

**This loan failed the Good Faith Estimate disclosure date test. (24 CFR §3500.7)**

The loan has a Good Faith Estimate disclosure date that is not within three business days after the application date, or is after the closing date.

The lender shall provide all applicants for a federally related mortgage loan with a good faith estimate of the amount of or range of charges for the specific settlement services the borrower is likely to incur in connection with the settlement. The lender shall provide the good faith estimate required under this section either by delivering the good faith estimate or by placing it in the mail to the loan applicant, not later than three business days after the application is received or prepared. Calculations take into account a submitted preference that this test treat the creditor's office as being open to the public on Saturdays for carrying on substantially all of its business functions, as described in 24 CFR §3500.2.

# Compliance Review

## Federal HOEPA (Sections 32, 35)

	Result	Loan Data	Comparison Data	Variance
HOEPA Higher-Priced Mortgage Loan:	N/A			
HOEPA Higher-Priced Mortgage Loan Prepayment Term Test:	N/A			
HOEPA Higher-Priced Mortgage Loan Document Type Test:	N/A			
HOEPA High Cost Mortgage APR Threshold Test:	N/A			
HOEPA High Cost Mortgage Points and Fees Threshold Test:	N/A			
HOEPA High Cost Mortgage:	NO			
HOEPA High Cost Mortgage Timing of Disclosure Test:	N/A			
HOEPA High Cost Mortgage Balloon Payment Test:	N/A			
HOEPA High Cost Mortgage Negative Amortization Test:	N/A			
HOEPA High Cost Mortgage Prepayment Term Test:	N/A			
HOEPA High Cost Mortgage Document Type Test:	NOT TESTED			

## Federal TILA

	Result	Loan Data	Comparison Data	Variance
TILA Finance Charge Test:	FAIL	\$643,543.27	\$692,885.56	- \$49,342.29
TILA Foreclosure Rescission Finance Charge Test:	N/A			
TILA APR Test:	FAIL	8.537%	9.169%	-0.632%
TILA Right of Rescission Test:	N/A			
Initial TIL Disclosure Date Test:	FAIL			

## Federal RESPA

	Result	Loan Data	Comparison Data	Variance
RESPA GFE Disclosure Date Test:	FAIL			
RESPA "Your Credit or Charge" (802) Disallowed Credit and Charge Test:	N/A			

## Standard & Poor's

	Result	Loan Data	Comparison Data	Variance
S&P High Cost Loan:	NO			
S&P Covered Loan:	NO			
S&P Home Loan:	NO			

# Compliance Details

## Federal HOEPA (Sections 32, 35)

<p><b>The HOEPA higher-priced mortgage loan threshold is not applicable to this loan for one of the following reasons: (12 CFR §226.35(a)(3) as enacted in 2008)</b></p> <ul style="list-style-type: none"> <li>➤ The loan has an application date before the effective date of October 1, 2009; or</li> <li>➤ The loan is a transaction to finance the initial construction of a dwelling; or</li> <li>➤ The loan is a temporary or "bridge" loan with a term of 12 months or less, such as a loan to purchase a new dwelling where the consumer plans to sell a current dwelling within 12 months.</li> </ul>	<b>N/A</b>
<p><b>The HOEPA higher-priced mortgage loan prepayment term test is not applicable to this loan. (12 CFR §226.35(a)(3), (b)(2) as enacted in 2008)</b> The loan is not a higher-priced mortgage loan.</p>	<b>N/A</b>
<p><b>The HOEPA higher-priced mortgage loan document type test is not applicable to this loan. (12 CFR §226.35(a) as enacted in 2008)</b> The loan is not a higher-priced mortgage loan.</p>	<b>N/A</b>
<p><b>The HOEPA high cost mortgage APR threshold test is not applicable to this loan. (12 CFR §226.32(a)(1)(i) as enacted in 1995, 12 CFR §226.2 as enacted in 1995)</b> The loan is a residential mortgage transaction.</p>	<b>N/A</b>
<p><b>The HOEPA high cost mortgage points and fees threshold test is not applicable to this loan. (12 CFR §226.32(a)(1)(i) as enacted in 1995, 12 CFR §226.2 as enacted in 1995)</b> The loan is a residential mortgage transaction.</p>	<b>N/A</b>
<p><b>High Cost Mortgage (12 CFR §226.32(a)(1)(i), (ii) as enacted in 1995, and amended in 2001) (12 CFR §226.2 as enacted in 1995)</b> The loan is not a high cost mortgage due to one of the following findings:</p> <p style="padding-left: 40px;">The loan passed both the high cost mortgage APR threshold test and the high cost mortgage points and fees threshold test; or The loan is a residential mortgage transaction.</p>	<b>NO</b>
<p><b>The timing of disclosure test is not applicable to this loan due to one or more of the following findings: (12 CFR §226.31(c) as enacted in 1995) (12 CFR §226.32(a) as enacted in 1995)</b></p> <p style="padding-left: 40px;">Pre-close audits do not pertain to the consummation of a loan. The loan is not a high cost mortgage.</p>	<b>N/A</b>
<p><b>The balloon payment test is not applicable to this loan. (12 CFR §226.32(a) as enacted in 1995)</b> The loan is not a high cost mortgage.</p>	<b>N/A</b>
<p><b>The negative amortization test is not applicable to this loan. (12 CFR §226.32(a) as enacted in 1995)</b> The loan is not a high cost mortgage.</p>	<b>N/A</b>
<p><b>The prepayment term test is not applicable to this loan. (12 CFR §226.32(a) as enacted in 1995)</b> The loan is not a high cost mortgage.</p>	<b>N/A</b>

# Loan Details

## Client

Audit ID:	409RR00000	User Name:	0000	Client Name:	Borrower
-----------	------------	------------	------	--------------	----------

## Lender

Lender Name:	Chase	:	
Lender Loan Number:	0000000001	:	
Originator Name:	Encore Credit Corporation	:	
MIN:	10001426000014253	:	

## Borrower

First Name:	Borrower	Last Name:	Borrower
Total Income:	\$N/A month	DTI Ratio:	N/A %

## Property

Address:				
Number	Street Name	Type (St, Ave, etc.)	Direction	Unit #
123	Main	Street		
City	County	State	Zip	
Anytown	US	US	10000	
Type:	Detached SFD	Number of Units:	1	
Occupancy:	Primary Residence			

## Loan Information

Loan Amount: (exclude PMI, MIP, Funding Fee financed)	\$360,000.00	Loan Amount: (with Finance Charge)	\$360,000.00
Program Type:	ARM	Interest Rate:	7.990 %
Loan Purpose:	Purchase	Undiscounted Rate:	%
Purpose of Refinance:		Disclosed APR:	8.537 %
Refinancing Portfolio Loan:		Disclosed Finance Charge:	\$643,543.27
LTV Ratio:	80.000 %	Irregular Payment Transaction:	No
CLTV Ratio:	80.000 %	Maturity Term:	360 months
Loan Type:	Conventional	Amortization Term:	360 months

# Truth In Lending Act

## CONSUMER PROTECTION

### CONSUMER CREDIT PROTECTION ACT

#### § 1. Short title of entire Act

*[Codified to 15 U.S.C. 1601 note]*

*[Source: Section 1 of title I of the Act of May 29, 1968 (Pub. L. No. 90--321; 82 Stat. 146), effective May 29, 1968]*

### TITLE I—CONSUMER CREDIT COST DISCLOSURE

Chapter	Section
1.	GENERAL PROVISIONS 101
2.	CREDIT TRANSACTIONS 121
3.	CREDIT ADVERTISING 141
4.	CREDIT BILLING 161
5.	CONSUMER LEASES 181

#### CHAPTER 1—GENERAL PROVISIONS

Sec.

101. Short title.
102. Findings and declaration of purpose.
103. Definitions and rules of construction.
104. Exempted transactions.
105. Regulations.
106. Determination of finance charge.
107. Determination of annual percentage rate.
108. Administrative enforcement.
109. Views of other agencies.
110. [Repealed.]
111. Effect on other laws.
112. Criminal liability for willful and knowing violation.
113. Effect on governmental agencies.
114. Reports by Board and Attorney General.
115. [Repealed.]

#### § 101. Short title

This title may be cited as the Truth in Lending Act.

*[Codified to 15 U.S.C. 1601 note]*

# RESPA – Real Estate Settlement Procedures Act

## Introduction

The **Real Estate Settlement Procedures Act (RESPA)** is a consumer protection statute, first passed in 1974. The purposes of RESPA are

1. to help consumers become better shoppers for settlement services and
2. to eliminate kickbacks and referral fees that unnecessarily increase the costs of certain settlement services.

## Details about RESPA

Corresponding with the above purposes:

1. RESPA requires that borrowers receive disclosures at various times. Some disclosures spell out the costs associated with the settlement, outline lender servicing and escrow account practices and describe business relationships between settlement service providers.
2. RESPA also prohibits certain practices that increase the cost of settlement services. **Section 8** of RESPA prohibits a person from giving or accepting any thing of value for referrals of settlement service business related to a federally related mortgage loan. It also prohibits a person from giving or accepting any part of a charge for services that are not performed. **Section 9** of RESPA prohibits home sellers from requiring home buyers to purchase title insurance from a particular company.

## RESPA in general

RESPA covers loans secured with a mortgage placed on a one-to-four family residential property. These include most purchase loans, assumptions, refinances, property improvement loans, and equity lines of credit. HUD's Office of RESPA and Interstate Land Sales is responsible for enforcing RESPA.

## RESPA required disclosures:

### At the time of loan application

When borrowers apply for a mortgage loan, mortgage brokers and/or lenders must give the borrowers:

- a Special Information Booklet, which contains consumer information regarding various real estate settlement services. (Required for purchase transactions only) and
- a Good Faith Estimate (GFE) of settlement costs, which lists the charges the buyer is likely to pay at settlement. This is only an estimate and the actual charges may differ. If a lender requires the borrower to use a particular settlement provider, then the lender must disclose this requirement on the GFE.
- a Mortgage Servicing Disclosure Statement, which discloses to the borrower whether the lender intends to service the loan or transfer it to another lender. It also provides information about complaint resolution.

**If the borrowers don't get these documents at the time of application**, the lender must mail them within three business days of receiving the loan application.

**If the lender turns down the loan within three days**, however, then RESPA does not require the lender to provide these documents.

The RESPA statute does **not** provide an explicit penalty for the failure to provide the Special Information Booklet, Good Faith Estimate or Mortgage Servicing Statement. However, bank regulators may choose to

## Glossary

Banks will often shower you with confusing terms and legal language. It's important that you be an informed consumer. Listed below are commonly used terms that you should be familiar with when dealing with your lender.

### **Acceleration Clause**

A provision that allows the lender to demand the entire balance of the mortgage loan when the borrower fails to make some installment payments.

### **Affidavit**

A written statement, usually given while under oath or in the presence of a notary.

### **Amortization Schedule**

(Payment Schedule, Monthly Schedule) The dollar figures in the Payment Schedule represent principal, interest, plus Private Mortgage Insurance (if applicable) over the life of the loan. These figures will not reflect taxes, insurance, escrows, or any temporary buy down payment contributed by the seller.

### **Amortize**

Loan payment by equal periodic payment calculated to pay off the debt at the end of a fixed period, including accrued interest on the outstanding balance.

### **Amount Financed**

The loan amount applied for less the prepaid finance charges (found on the Good Faith Estimate). For example, if the borrower's note is for \$100,000 and the Prepaid Finance Charges total \$5,000, the amount financed would be \$95,000. The Amount Financed is the figure on which the Annual Percentage Rate is based.

### **APR (Annual Percentage Rate)**

This is not the Note rate for which the borrower applied. The Annual Percentage Rate (APR) is the cost of the loan in percentage terms, taking into account various loan charges of which interest is only one. Other charges used to calculate the Annual Percentage Rate are Private Mortgage Insurance or FHA Mortgage Insurance Premium (when applicable) and Prepaid Finance Charges (loan discount, origination fees, prepaid interest, and other credit costs). The APR is calculated by spreading these charges over the life of the loan, which results in a rate higher than the interest rate shown on your Mortgage/Deed of Trust Note. If interest were the only Finance Charge, the interest rate and Annual Percentage Rate would be the same.