

## KEY DOCUMENTS TO LOOK AT IN MORTGAGE ABUSE CASES<sup>1</sup>

Document	Purpose
* TILA Disclosure: The “Federal Box”	Disclosure of important price, payment, and term information.
*HOEPA Notice, if applicable (required for high cost loans)	Warning notice about losing the home; APR; monthly payment; maximum payment if a variable rate loan; total amount borrowed after 10/1/02.
* TILA Notice of Right to Cancel (two copies per borrower)	Notice of right to cancel and effect of cancellation; date by which to cancel. <b>IF LOAN IS LESS THAN 3 BUSINESS DAYS OLD, BORROWER SHOULD BE ADVISED OF RIGHT TO CANCEL.</b> Should cancel by certified mail using given notice or other written instrument within required time period.
*Good Faith Estimate of Closing Costs; Booklet	Estimates every charge associated with the loan; booklet explains the costs.
*HUD-1 Settlement Statement	Itemizes all actual charges imposed on the borrower.
*Loan Note	Essential terms under which the loan is to be repaid, including; interest rate, payment terms and due dates, balloon payments, variable rate disclosures and maximum interest rate cap, prepayment penalties, late fees, etc...
*Mortgage or Deed of Trust	Creates the lender’s security interest in the property; specifies lender’s and borrower’s rights and responsibilities regarding the property; lists borrower’s rights to notice of default, acceleration and foreclosure.
*Door-to-door solicitation notice of right to cancel, if applicable.	Notifies buyer of right to cancel within 3 days and how to effectively cancel.
*Home Improvement Contractor Disclosures	Terms of contract between consumer and contractor, itemizing work to be performed; deadlines; whether borrower will pay cash or finance the deal, etc.
*Loan Application(s)	Contains income, asset, debt information about the borrower. Also shows the amount of loan, interest rate, term, and type

<sup>1</sup> Courtesy of the National Consumer Law Center (NCLC).

	of loan for which borrower applied. Usually a standard form is used. There are really two applications. One is the handwritten one filled in by the broker or lender. At closing, the borrower is asked to sign a nicely typed version. Sometimes the information on these differ.
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**ADDITIONAL KEY DOCUMENTS IN FORECLOSURE RESCUE SCAM CASES**

*Purchase Agreements and/or Purchase Sale Buy-Back Agreements.	Terms of agreement between buyer and seller. May be a standard form or informal written contract.
*Lease Agreements	Contains terms of the “seller’s” continued use of the property. Frequently a standard form lease but may be informal.
*Deed	Transfers the ownership interest in the property from “seller” to “buyer.”
*Notices to Vacate and/or Unlawful Detainer Summons & Complaint	Indicative of “buyer’s” effort to terminate “seller’s” interest in the property. <b>PERSON RECEIVING THIS NOTICE MUST OBTAIN IMMEDIATE ASSISTANCE FOR EVICTION DEFENSE IN ADDITION TO REFERRAL ON PREDATORY LENDING.</b>

**OTHER IMPORTANT DOCUMENTS**

*Notice of Default	Formal notice from mortgage note holder/servicer to borrower stating that borrower has failed to make scheduled payments. Frequently preceded by informal request to pay delinquent amounts. Unless arrearage and associated costs are paid, note holder/servicer can publish Notice of Trustee Sale three months after filing of Notice of Default. Civil Code §2924. <b>PERSON RECEIVING THIS NOTICE SHOULD BE REFERRED IMMEDIATELY TO HUD-CERTIFIED AGENCY FOR POST-PURCHASE COUNSELING.</b>
*Notice of Trustee’s Sale/Notice of Foreclosure Sale	Formal notice from mortgage note holder/servicer stating that property will be sold by bank to pay delinquent amounts. Contains date of foreclosure sale, no sooner than 20 days from publication of notice. Civil Code §2924f(b). Borrower has up

	until 5 days before foreclosure sale to pay off arrearage and costs and stop foreclosure. Civil Code §2903. <b>PERSON RECEIVING THIS NOTICE SHOULD BE REFERRED IMMEDIATELY TO HUD-CERTIFIED AGENCY FOR POST-PURCHASE COUNSELING.</b>
*Monthly Servicing Statements	Monthly statements sent by note holder/servicer to borrower.
*Any Documents in language of Borrower (where Borrower's primary language is not English)	
*Appraisal Reports	Contains evaluation of the property's value or condition.
*Credit Report	
*Realtor Listing Agreement	Written agreement between realtor and seller of property.
*Mortgage Broker Agreement	Written agreement between borrower and broker who arranged borrower's loan.
*Business Cards, Mailers and Advertisements	