A foreclosure is active on this loan. The steps in this report are time-sensitive.

Account period · Nov 2020 to Jun 2024

PREPARED FOR

Karen Whitfield

Gilbert, Arizona · Reference HA-1185

ORIGINAL BALANCE	RATE	STRUCTURE
$455,000	12.000% Fixed	Interest-only · Balloon
SIGNED	**MONTHLY PAYMENT**	**PURPOSE**
Nov 6, 2020	$4,550	Refinance · Primary home



FINDINGS PRESENT

Four of the five forensic checks returned findings.

YOU PAID	APPLIED TO YOUR LOAN	YOU OWE, IF APPLIED	SERVICER STATES
$111,152	$0	$84,498	$86,450

The loan is interest-only at 12%, so each $4,550 payment is one month of interest. These amounts are unpaid interest, not a payoff: the $455,000 principal has not amortized and remains owed in full. The servicer's $86,450 is $1,952 above the $84,498.

HOW TO READ THIS Each finding states what the records show, the **rule it touches**, and the words to send your servicer, with the dollar figure beside it. Open any **View detail** panel for the supporting record behind a finding. The reconstruction, the math, and the letter to send follow.

RECORDS EXAMINED

Each finding traces to the records below

Promissory Note Rate, interest-only term, and balloon. **Findings 1, 5**	**Closing Disclosure** Fees and prepaid finance charges. **Finding 5**	**Truth in Lending Disclosure** Disclosed APR, finance charge, total. **Finding 5**
Loan Payment History Every payment and how it posted. **Findings 1, 2, 3**	**Escrow Account Statements** Amounts due, disbursed, advanced. **Finding 2**	**Default & Foreclosure Record** Stated past due and the action. **Findings 3, 4**

NOV 6, 2020	FROM MID-2021	BY JUN 2024	2024
Loan signed. A $27,300 escrow advance is recorded the same day.	**Late charges begin.** $227.50 is assessed in 37 months.	**Stated past due reaches $86,450**, with $0 of payments applied.	**Foreclosure active**, relying on the $86,450 figure.

1 Audit Results

Five forensic checks

We reconstructed the account across the life of the loan and tested it against the loan terms and the servicing rules. Four of the five checks returned findings.

1	**Payment application** Were payments applied as the loan requires?	$111,152 NOT APPLIED
2	**Fee reconciliation** Does every fee and advance have a basis?	$35,718 WITHOUT BASIS
3	**Balance trajectory** How was the stated balance built?	$86,450 UNVERIFIED
4	**Servicer compliance** Is the default amount supported by the records?	NOT SUPPORTED
5	**Disclosure & TILA** Was the APR disclosed accurately?	UNDERSTATED 1.427%

2 The Findings, in Detail

What the records show · the rule · what to do

1 PAYMENTS $111,152 in payments was posted to an escrow advance, not to the loan

Seven payments totaling $111,152 were received between November 2020 and November 2023. The servicer's ledger posts each one to an escrow advance line. The amount applied to principal or interest reads zero for each.

The rule. A servicer must apply a payment to the principal, interest, and escrow the loan calls for, and credit it as of the date received.
RESPA · 12 CFR § 1024.35(b)(2) and (b)(3)

"Reapply each payment to the amounts due as of the date received, and send me a corrected payment history."

SOURCE · Loan Payment History (servicer), the transactions dated as listed.

RECEIVED, NOT APPLIED

$111,152

across 7 payments

The loan is interest-only at 12%, so each scheduled payment of **$4,550** equals one month of interest. The servicer's ledger shows every payment below posted to the escrow advance line, with **$0** applied to principal or interest.

Nov 6, 2020	$27,300 received · posted to escrow advance · $0 applied
Sep 1, 2021	$13,650 received · posted to escrow advance · $0 applied
Mar 6, 2022	$4,500 received · posted to escrow advance · $0 applied
Mar 24, 2022	$23,478 received · posted to escrow advance · $0 applied
Jul 14, 2022	$19,474 received · posted to escrow advance · $0 applied
Mar 17, 2023	$18,200 received · posted to escrow advance · $0 applied
Nov 20, 2023	$4,550 received · posted to escrow advance · $0 applied

Applied correctly, $111,152 covers about 24 months of interest. The ledger applied none of it. This list is the record to send with your dispute and to your attorney.

2 FEES $35,718 in charges has no documented basis

The ledger records a $27,300 escrow advance on November 6, 2020. Over the period reviewed, the escrow account shows no amount due, no disbursement, and a zero balance. Separately, a $227.50 late charge was assessed in 37 months, and the records show no credit reversing them.

The rule. A servicer may not impose a fee or charge it has no reasonable basis to collect.
RESPA · 12 CFR § 1024.35(b)(5)

"Reverse the $27,300 advance and the late charges, or provide the basis for each."

SOURCE · Loan Payment History and Escrow Account Statements (servicer).

CHARGES WITHOUT A BASIS

$35,718

advance + 37 late fees

Escrow advance. $27,300 recorded on day one. Across the period: escrow due $0, disbursed $0, balance $0. A residual of $1,952 from the advance was carried unresolved for more than 40 months.

Late charges. $227.50 assessed in 37 separate months, for a total of $8,417.50. Several fell in months when payments of $23,478 and $19,474 were received. The records show none credited back.

Total without a documented basis: $27,300 + $8,417.50 = $35,717.50.

3 BALANCE The $86,450 is stated without crediting the $111,152 you paid

The servicer states $86,450 past due. Its records do not show how the $111,152 you paid was applied to arrive there. A correct accounting of the interest leaves $84,498 unpaid, with the $1,952 residual carried in the escrow advance on top. You are entitled to see, line by line, how the figure was built.

The rule. An inaccurate statement of the amount owed is a covered error, and the borrower is entitled to the records behind any figure the servicer acts on.
RESPA · 12 CFR § 1024.35(b)(11) and § 1024.36

"Send me the line-by-line basis for the $86,450, or correct it."

SOURCE · Loan Payment History and the stated past-due figure in the default record.

STATED PAST DUE, PAYMENTS NOT SHOWN

$86,450

no crediting of your payments

4 FORECLOSURE The default amount relied on for foreclosure is not supported by the records

The foreclosure relies on the $86,450 default figure. That figure depends on the unapplied payments in Finding 1 and the charges in Finding 2. Under RESPA, once an error is disputed in writing, the servicer must correct or explain it before relying on the disputed figures. Under state law, the foreclosing party must prove the amount in default.

The rule. A servicer must correct or explain a disputed error before relying on it, and the foreclosing party must prove the amount in default under state law.

RESPA · 12 CFR § 1024.35 · plus state foreclosure requirements

"The default amount is disputed and unreconciled. Please do not proceed until the account is corrected."

SOURCE · Default and Foreclosure Record, read against the Loan Payment History.

DEFAULT FIGURE RELIED ON

$86,450

not supported by records

5 DISCLOSURE The disclosed APR understates the true APR beyond the legal tolerance

The disclosures show an APR of 12.000%. Recalculated with all finance charges counted, the APR is 13.4268%, an understatement of 1.427%. The difference reflects $31,149.12 in prepaid finance charges not disclosed as finance charges, including a $30,763.45 broker fee. The Regulation Z tolerance for a disclosed APR is 0.125%.

The rule. The APR and finance charge must be disclosed accurately. An understatement beyond the tolerance may support a right of rescission, which an attorney can assert.

TILA · 15 U.S.C. § 1638 and § 1635 · Reg Z · 12 CFR §§ 1026.4, 1026.18, 1026.22, 1026.23

"I reserve all rights under the Truth in Lending Act regarding the disclosed APR. My attorney will be in touch."

SOURCE · Truth in Lending Disclosure and Closing Disclosure signed Nov 6, 2020.

TRUE APR VS 12% DISCLOSED

13.43%

tolerance is 0.125%

3 Payment Application Detail

Posted by the servicer vs interest due

The loan is interest-only at 12%, so each month of interest is $4,550. Each payment below is shown as the servicer posted it, and as the number of months of interest it would have cleared if applied to the amount due.

DATE	PAYMENT	POSTED BY THE SERVICER	INTEREST IT SHOULD HAVE CLEARED
Nov 6, 2020	**$27,300**	Escrow advance · $0 applied	6 months at $4,550
Sep 1, 2021	**$13,650**	Escrow advance · $0 applied	3 months at $4,550
Mar 6, 2022	**$4,500**	Escrow advance · $0 applied	1 month, less $50
Mar 24, 2022	**$23,478**	Escrow advance · $0 applied	5 months, plus $728
Jul 14, 2022	**$19,474**	Escrow advance · $0 applied	4 months, plus $1,274

DATE	PAYMENT	POSTED BY THE SERVICER	INTEREST IT SHOULD HAVE CLEARED
Mar 17, 2023	**$18,200**	Escrow advance · $0 applied	4 months at $4,550
Nov 20, 2023	**$4,550**	Escrow advance · $0 applied	1 month at $4,550
Total	**$111,152**	**$0 applied to the loan**	**About 24 months, plus $1,952**

Interest accrued. Over the 43 months reviewed, interest accrued at $4,550 per month, for $195,650 in total.

Payments received. $111,152, which equals about 24 months of interest at $4,550 each.

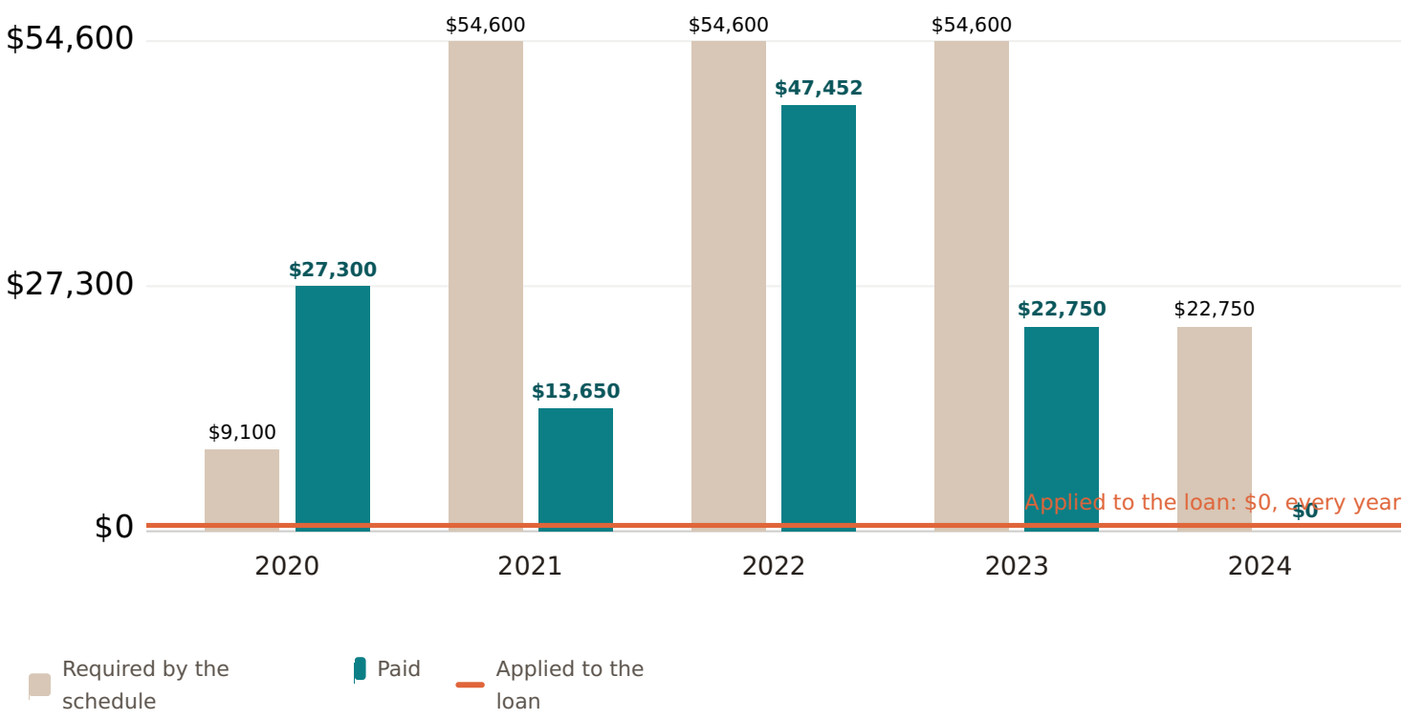
Applied to the loan. The ledger applied $0 of it to principal or interest. Each payment was posted to the escrow advance line.

With the payments applied to interest as due, the interest that would remain is far below the $86,450 the servicer states as past due. The gap between the two is what the dispute asks the servicer to correct.

4 The Reconstruction

Required · paid · applied, by year

Each year of the loan: what the schedule required, what was paid, and what the ledger applied to the loan. The applied figure is zero in every year. From 2021 onward, payments received were below the scheduled amount.



$111,152 in payments should have been applied to the interest owed, at $4,550 per month. The ledger shows $0 was applied, in every year of the loan.

DATE	PAYMENT	POSTED BY SERVICER	INTEREST IT SHOULD HAVE CLEARED	APPLIED TO LOAN
Nov 6, 2020	**$27,300**	Escrow advance	6 months	**$0**
Sep 1, 2021	**$13,650**	Escrow advance	3 months	**$0**

DATE	PAYMENT	POSTED BY SERVICER	INTEREST IT SHOULD HAVE CLEARED	APPLIED TO LOAN
Mar 6, 2022	**$4,500**	Escrow advance	1 month, less $50	**$0**
Mar 24, 2022	**$23,478**	Escrow advance	5 months, plus $728	**$0**
Jul 14, 2022	**$19,474**	Escrow advance	4 months, plus $1,274	**$0**
Mar 17, 2023	**$18,200**	Escrow advance	4 months	**$0**
Nov 20, 2023	**$4,550**	Escrow advance	1 month	**$0**
Total	**$111,152**	**Escrow advance**	**About 24 months, plus $1,952**	**$0**

Reconciliation to the claimed past due

Interest accrued, 43 months at $4,550	$195,650
Payments you made	$111,152
Applied to your loan	**$0**
Owed, if your payments were applied	$84,498
Servicer's stated past due	$86,450
Residual difference, carried in the escrow advance	$1,952

The figure to note is the $0 applied, not the $1,952 residual. The amount owed is about $84,498. None of the $111,152 paid was applied to it, $8,417.50 in late charges was assessed, and the foreclosure relies on this accounting. The full payment rebuild, with the escrow and late-charge sub-ledgers, is delivered as a file in your documentation package.

5 Disclosure Verification

The APR, recalculated under TILA

APR DISCLOSED

12.000%

on the closing documents

APR RECALCULATED

13.4268%

with all finance charges counted

BEYOND TOLERANCE

+1.427%

the tolerance is 0.125%

METRIC	DISCLOSED	RECALCULATED	DIFFERENCE
APR	**12.000%**	**13.4268%**	**+1.427%**
Finance charge	$382,200.00	$408,799.12	$26,599.12 under
Amount financed	$455,000.00	$423,850.88	$31,149.12 over
Total of payments	$873,610.00	$832,650.00	$40,960.00 over

The $31,149.12 difference is made up of prepaid finance charges not disclosed as finance charges:

$30,763.45	Broker fee
$385.67	Doc preparation, wire, e-record, and settlement fees

Counted as finance charges, these raise the APR from 12.000% to 13.4268%, an understatement of 1.427%, which is more than eleven times the 0.125% tolerance.

6 Summary of Figures

Three amounts at issue

PAYMENTS NOT APPLIED

$111,152

Received and posted to an escrow advance rather than to principal or interest.

CHARGES WITHOUT A BASIS

$35,718

A $27,300 advance with no escrow behind it, plus $8,417.50 in late charges.

DEFAULT STATED

$86,450

The figure relied on for foreclosure, stated without crediting the $111,152 you paid.

7 The Foreclosure Requirements

Each requirement, against the records

REQUIREMENTS

What a valid foreclosure requires, and what the records show

A foreclosure relies on the amount in default, the charges within it, and the original disclosures. Each requirement below is paired with what the records reviewed show.

1 **An accurate amount in default.** The ledger does not credit the $111,152 in payments received. — **12 CFR § 1024.35**

2 **Charges with a documented basis.** $35,718 in charges have none in the records. — **§ 1024.35(b)(5)**

3 **Correction of disputed figures before they are relied on.** A Notice of Error triggers this duty under RESPA. — 12 CFR § 1024.35

4 **An accurately disclosed APR.** The disclosed APR is understated by 1.427%, beyond the 0.125% tolerance. — 15 U.S.C. § 1635

On the records reviewed, the amount in default is unreconciled, $35,718 in charges lack a documented basis, and the APR is understated beyond the tolerance. These are forensic findings for an attorney to assert. They are not legal determinations.

8 Potential Claims and Remedies

What the findings support

The findings touch the remedies below. They are listed so a borrower and attorney can evaluate them. They are not legal advice or a prediction of any outcome.

RESPA error resolution and damages

The servicing errors in Findings 1, 2, and 3 are disputable through the RESPA error-resolution process, which can compel correction. Where a servicer violates it, the statute may provide for actual damages and additional statutory damages.

Findings 1, 2, 3 — **12 U.S.C. § 2605(f)**

Challenge to the foreclosure default amount

The default figure relied on in Finding 4 is unreconciled. An attorney can contest the amount in default within the foreclosure itself.

Finding 4 — **12 CFR § 1024.35 · state law**

Truth in Lending rescission as a defense

The APR understatement in Finding 5 may support an extended right of rescission, raised as a defense to the foreclosure.

Finding 5 — **15 U.S.C. § 1635**

Truth in Lending disclosure damages

A material disclosure understatement may support statutory damages under TILA, separate from rescission.

Finding 5 — **15 U.S.C. § 1640**

Reversal of unauthorized charges

The $35,718 in charges without a documented basis in Finding 2 can be demanded reversed.

Finding 2 — **12 CFR § 1024.35(b)(5)**

This list maps findings to the remedies they touch. Which to pursue, and how, is a decision for a licensed attorney.

START HERE

Three steps, in order.

1 Send the letter below to your servicer

It is a **Notice of Error and Qualified Written Request**. It lists the disputed items and the records to produce, and it starts the response clock: the servicer must acknowledge within five business days and respond within thirty. Send it by certified mail and keep the receipt.

2 File a complaint with the CFPB

Submit a complaint to the Consumer Financial Protection Bureau and attach this report. It creates a regulatory record alongside the letter.

3 Take this to a foreclosure-defense attorney

Bring this report, the payment ledger, and the disclosure findings. Because a foreclosure is active, this is the most time-sensitive step.

DRAFT TEMPLATE · FOR ATTORNEY REVIEW BEFORE SENDING

Notice of Error, Qualified Written Request, and Request for Information

Submitted under RESPA, 12 U.S.C. § 2605, and Regulation X, 12 CFR §§ 1024.35 and 1024.36

To: [Servicer name and address] · Borrower: Karen Whitfield · Loan/Account: [number] · Property: [address] · Date: [date]

Errors asserted

1. **Failure to apply payments to the amounts due** (12 CFR § 1024.35(b)(2)). Seven payments totaling $111,152 were posted to an escrow advance rather than to principal or interest: Nov 6, 2020 ($27,300); Sep 1, 2021 ($13,650); Mar 6, 2022 ($4,500); Mar 24, 2022 ($23,478); Jul 14, 2022 ($19,474); Mar 17, 2023 ($18,200); Nov 20, 2023 ($4,550). Please reapply each as of the date received.
2. **Failure to credit payments as of the date received** (12 CFR § 1024.35(b)(3)).
3. **Imposition of fees without a basis** (12 CFR § 1024.35(b)(5)). A $27,300 escrow advance was recorded with no escrow due or disbursed, and $8,417.50 in late charges were assessed. Please reverse these or provide the basis for each.
4. **Inaccurate amount stated as owed** (12 CFR § 1024.35(b)(11)). The $86,450 stated as past due does not reconcile to the payment record. Please correct it or provide the line-by-line basis.

Information requested (12 CFR § 1024.36)

- The complete life-of-loan payment history.
- The complete escrow account history, including amounts due, disbursed, and advanced.
- Each fee and charge assessed, with the date and the contractual or legal basis.
- The figures and method supporting the $86,450 stated as past due.

Reservation of rights

The borrower reserves all rights under the Truth in Lending Act, including any right of rescission, regarding the disclosed annual percentage rate.

Response requested

Please acknowledge receipt within five business days and respond within thirty business days, as required. The borrower requests that no foreclosure action proceed while this Notice of Error is pending.

This is a draft template built from the findings in this report. Homera is not a law firm, and this is not legal advice. Have an attorney review and adapt it before sending.

HOW THIS REPORT WAS BUILT

30 yrs	1,606	300,000+	1,095
forensic mortgage analysis	disputes examined	documents reviewed	cases into the courtroom

The Homera Audit reconstructs a loan and its servicing from the source records, the note, the payment history, the escrow analyses, and the servicer's ledger, and measures what the servicer did against what the loan and the rules require. The methodology was built over three decades of forensic mortgage casework by a Certified Fraud Examiner (CFE, MAFF) and is delivered through Homera.

Your rights, in plain terms

Terms used in this report and in the letter.

RESPA	The Real Estate Settlement Procedures Act, the federal law that governs how a loan is serviced.
Notice of Error	A written notice that puts a servicer on a legal clock to investigate and correct a servicing error.
Escrow advance	Money a servicer records as paid on the borrower's behalf for taxes or insurance.
TILA	The Truth in Lending Act, which requires lenders to disclose the cost of credit, the APR and finance charge.
Finance charge	The total dollar cost of credit, including fees that count as prepaid finance charges.
Past due	The scheduled payments you are behind. Here, about $84,498 of interest if your payments are applied.
Payoff	The amount to close the loan entirely: principal plus accrued interest and lawful fees. Larger than the past due.
Balloon payment	A single payment of the full principal due at the end of the interest-only term.
Regulation X	The rules under RESPA, including how payments and fees must be handled.
Qualified Written Request	A written request for information and correction under RESPA, with acknowledgment and response deadlines.
Misapplication	When a payment is not applied to the amounts the loan requires. A covered error under Regulation X.
Rescission	A TILA right to unwind a loan when disclosures were materially inaccurate.
APR tolerance	The legal margin of error for a disclosed APR, 0.125%.
Reinstatement	The amount to bring the loan current and stop a foreclosure: the past due plus lawful fees.
Principal balance	The amount borrowed that is still owed. On an interest-only loan it does not amortize, so it remains $455,000.

This is a sample report. The borrower name, location, and reference number are fictional, for illustration. The loan figures, dates, and seven payments are drawn from one real, anonymized forensic case, with originator, broker, title, and servicer identities removed. Findings are forensic confirmation flags pending discovery, not legal determinations. The statutes cited are the rules these findings touch, provided so a borrower and attorney can act, and are not legal advice. Homera is not a law firm and provides forensic insight, not legal or financial advice.

Homera Audit
joinhomera.com