

What if we could stop some foreclosure nightmares? We could, but it would take an Act of Congress!

We know the importance of reviewing our credit reports on a regular basis, but what is often overlooked is the importance of reviewing our monthly loan statements.

In a nutshell, if you are paying a mortgage, student or auto loan without the benefit of a monthly statement, you could be headed for trouble without knowing it. It's important to understand what can happen when payments are made without verifying how, or if they are being applied correctly. Without the aid of a monthly statement, borrowers are essentially operating on blind faith and trusting that accounting errors, or even fraud, won't happen to them.

Could some foreclosures be averted if the homeowner had a simple tool? Yes. That simple tool is a monthly statement that tracks your payments. The statement includes a breakdown of principal, interest, escrow payments or any additional principal payments, and alerts the borrower if any funds have been misapplied before they run into trouble.

Robert J. Wright founder of msfraud.org agrees, "many foreclosures could have been avoided had borrowers been aware of accounting errors and fraud going on with their loan servicing." Wright is one of countless consumers who claim he was falsely accused of being in arrears on his mortgage, and then unlawfully foreclosed on.

According to Wright, "Homeowners have been forced into bankruptcy or Forbearance Agreements and even lost their homes simply because they were unaware of fraudulent manipulation of their payments, or unaware their payments were not accounted for properly by their mortgage servicing company."

I agree. Devastating scenarios such as this are being played out across the country...

Many times, mortgages and/or the servicing rights are sold or transferred without notifying the borrower. Uninformed of the transfer, naturally the borrower continues sending their payments to the wrong entity, unaware their mortgage has now fallen into default and is incurring hefty penalties and late fees, and accruing additional interest charges. Eventually, the borrower receives a notice of default from the new company, demanding thousands of dollars be paid immediately or they will foreclose on the home.

The borrower assumes they only need to provide proof that all payments were made and the world will be right again. That assumption would be dead wrong.

Every action has a reaction. Just as in the game of dominos, when that first domino falls, it's not long before the entire stack comes crashing down.

The borrower quickly finds they are in trouble with a capital T. There is a Goliath that continues to demand they are owed money and they want it now. With the threat and fear of foreclosure looming over their heads, the homeowner sets out to refinance, but that road out of their nightmare is closed.

They soon discover the accounting errors on their loan block them from refinancing because their credit has now been destroyed due to the so-called "bad payment history" that crept into their credit reports. Their credit card interest rates soon spike, making their once affordable payments -unaffordable. Because their credit score has plummeted, soon they find their insurance premiums have risen drastically as well.

Next, they realize they're now be in need of legal assistance. Without having done anything wrong, they find themselves in over their heads and scrounging for money to pay attorney fees, higher credit card payments and insurance premiums along with the hefty fees and penalties that must be paid to stave off foreclosure. Sounds crazy -but it's true.

{mospagebreak title=Page 2}Without the ability to track loan payments, payments made on time can be erroneously applied as late and you are none the wiser. When that happens, interest on late payments and other bogus charges are applied and the loan balance increases. There are cases where late fees and other penalties unjustly added to the account, raised the balance on the mortgage above the original loan amount.

A practical and common sense measure such as a monthly statement can assist borrowers and lenders in detecting errors or fraud before it becomes a catastrophic problem. The longer problems go undetected, the longer it takes to untangle the mess when they're discovered. Many borrowers have indicated that had they known there was a problem brewing, they could have rectified it and wouldn't have lost their home.

You may find these scenarios difficult to believe, just as I did, until making additional principal payments on my own

mortgage, without having access to a monthly statement, became the forward motion that caused my first Domino to take a tumble. Mine was a game of epic proportions that involved two lawsuits dealing with corporate indifference, negligence, mismanaged payments, erroneous late fees, unlawful demands for payment and false credit reporting. These chain of events consumed my life for more than a decade, and amazingly, it could have been entirely avoided had I received a monthly statement.

Homes are usually our biggest asset, and carry with it our largest debt. We often carry that debt for 15 to 30 years. Without a check and balance system, how do we know if payments are in fact being applied accurately? The truth is - we don't.

Borrower complaints continue to prove that being kept in the dark only serves to exacerbate mortgage servicing errors, negligence and fraud. If your mortgage ends up in the hands of an unscrupulous mortgage servicing company, wouldn't you want a tool designed to verify and track your payments? Sounds simple enough, but needless to say, I think it will (literally) take an Act of Congress for us to get them.

I can't help but contemplate how many foreclosures might have been averted if only borrowers had access to their payment history in the form of a simply monthly statement alerting them to potential problems before they grew out of control. Emmy Award winning Director, Danny Schechter who recently released the film *In Debt We Trust, America Before the Bubble Bursts* put it best when he plainly stated, "... Practical efforts are needed to empower the public with information necessary to avoid the traps of debt."

What could be more practical than supplying a borrower with a monthly breakdown that illustrates how and if payments are applied? Information is not only practical -Information is power. Without empowering borrowers with payment history information, fraud not only goes undetected, but undeterred.

Will monthly statements stop fraud or fix the foreclosure crises?

Not the least bit! But it will provide us with the power we need to be warned of any problems brewing -before it's too late to do anything about it.

Fraud running deep within the mortgage servicing industry is something victims have been trying to expose for years. If mainstream media and the government would aggressively investigate homeowner claims, they would then begin uncovering the real truth behind this growing foreclosure crisis.

For more information on mortgage servicing fraud, visit msfraud.org and their active forum read the many articles compiled there from various sources. If you believe monthly statements would help deter fraud and minimize costly and compounded errors that end up harming our economy and destroying innocent homeowners, write your congressional representatives, read the comments on the petition board and sign it.

By Denise Richardson

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