Warning to Borrowers Facing Foreclosure: In my opinion, a securitization audit or chain of title audit will not help mortgagors who defaulted on their loan win a foreclosure battle in court and such audit services are therefore virtually worthless. Numerous pundit and court opinions, cited below, support this warning. You might agree with me after you finish reading this article and following its links to other text.

First, understand the concept of securitization and chain of title audits from this article of denunciation I wrote years ago:

https://livingliesthetruth.com/2015/06/04/how-a-securitization-audit-wastes-foreclosure-victim-money/

Furthermore, see how and why securitization trust beneficiaries can ratify violations of the securitization trust pooling and servicing agreement, and that the borrower has no standing to dispute or enforce such violations. Pay particular attention to the explanation by Storm Bradford in this article:


CFLA is a major purveyor of such audit services and conducts training courses to teach others to perform and sell the audits. CFLA aggressively promotes its loan audit, securitization audit, and chain of title audit services to home loan borrowers (mortgagors) who have defaulted on their loans and feel desperate to prevent foreclosure. CFLA gives such desperate borrowers false hope that the borrowers can use their audits and expert witness testimony to avert foreclosure, even though borrowers breached the terms of their loan contracts and really ought to lose their homes to foreclosure. A mortgagor in foreclosure who purchases a loan-related audit from CFLA or any other company has little to no chance of averting foreclosure because of information contained in the audit. The following statements by experts show why.

Florida Foreclosure Defense Attorney Matthew Weidner warned the public against securitization audits in his blog:
MORTGAGE LOAN SECURITIZATION AUDITS ARE A CRIME!

VIOLATIONS.””A person who violates any provision of this section commits an unfair and deceptive trade practice as defined in part II of this chapter. Violators are subject to the penalties and remedies provided in part II of this chapter, including a monetary penalty not to exceed $15,000 per violation.

Just this week I had another client in my office who almost lost their home because they had given thousands of dollars to a loan audit/securitization “expert” who told the to ignore the lawsuit that was filed against them. They did not respond to the lawsuit and the bank was prepared to set a sale. The judge did not have to let my new client defend the case, but the judge recognized that this old, immigrant family had indeed been the victim of a widespread and rampant fraud so the judge allowed them to defend their case and their home is safe...for now. Good call by the judge. Fair. Balanced. So now, I’m going to bust my hump to make sure this client fills out all their paperwork and gets the modification done. Here’s the thing….with their income, they could have had the modification done months ago….if only the scammer had not sold them up the river.

I get variations of the loan audit scam in my office nearly every single day. Hapless consumers are either directly approached by companies or they respond directly to any one of the hundreds of websites that have sprung up everywhere. Here’s the rap: The company or expert will audit their loan, show them how the bank committed fraud or their documents are bad or whatever and the homeowner can use that information to get a free house....for a small upfront fee of several thousand dollars…and maybe a small monthly fee if the mark can swing it.

ANY REPRESENTATIONS LIKE THIS ARE A VIOLATION OF STATE AND FEDERAL LAW!

The Federal Trade Commission (FTC) has warned mortgagors that forensic loan audits are a scam:

“there is no evidence that forensic loan audits will help you get a loan modification or any other foreclosure relief, even if they’re conducted by a licensed, legitimate and trained auditor, mortgage professional or lawyer.”

California’s Department of Real Estate warned borrowers against forensic loan audits.

This alert and warning is issued to call to your attention the often overblown and exaggerated “sales pitch(es)” regarding the supposed value of questionable Forensic Loan Audits. It is critical to note that a loan audit (audit report) has absolutely no value as a stand-alone document.

Whether they call themselves Forensic Loan Auditors, Certified Forensic Loan Auditors (there are no such certifications in the State of California), Mortgage Loan Auditors, Forensic Attorney-Backed Foreclosure Prevention Auditors, or some other official, important or lofty sounding title(s), there are thousands of individuals and companies that have popped up and appeared all over the State of California. Most of these individuals and companies are unlicensed, and some were previously engaged in illegal foreclosure rescue and loan modification scams.
The DRE has seen a wide variety of claims and sales pitches, where impressive sounding loan review services are offered with the goal of taking your money. Quite simply, the bad players market hope – and all too often, it is false hope.

A Georgia US District Court in Demilio v US Bank issued a scathing indictment of Demilio’s effort to subvert a foreclosure with a CFLA securitization audit.

Having reviewed the Complaint and all appropriate exhibits, the Court finds that Plaintiff has failed to set forth sufficient facts to show he is entitled to relief on any of his asserted claims. In fact, rather than alleging any material facts in his pleading, Plaintiff attempts to "lodge" “[t]he facts and statements made in the securitization audit attached herein.” Frankly, the Court is astonished by Plaintiff’s audacity. Instead of providing the “short and plain statement” of facts required by the Federal Rules of Civil Procedure, Plaintiff requires the Court to scour a poorly-copied, 45-page “Certified Forensic Loan Audit” in an attempt to discern the basic facts of his case. This alone would be sufficient for dismissal. However, the Court is equally concerned by Plaintiff’s attempt to incorporate such an “audit,” which is more than likely the product of “charlatans who prey upon people in economically dire situation,” rather than a legitimate recitation of Plaintiff’s factual allegations. As one bankruptcy judge bluntly explained, “[the Court] is quite confident there is no such thing as a ‘Certified Forensic Loan Audit’ or a ‘certified forensic auditor.’” In fact, the Federal Trade Commission has issued a “Consumer Alert” regarding such “Forensic Loan Audits.” The Court will not, in good conscience, consider any facts recited by such a questionable authority.

16 In re Norwood, 2010 WL 4642447, at *2.

17 Id.

18 Id. at *2 n.2; see (Mar. 2010), http://www.consumer.ftc.gov/articles/0130-forensic-loan-audits. The State of California Department of Real Estate issued a similar alert entitled Fraud Warning Regarding Forensic Loan Audits (Feb. 2010), http://www.dre.ca.gov/Consumers/ConsumerAlerts.html.

19 See, e.g., Fidel, 2011 WL 2436134, at *1 (disregarding a “Securitization Audit and Forensic Audit” attached as exhibits to plaintiff’s complaint); accord Hewett v. Shapiro & Ingle, No. 1:11CV278, 2012 WL 1230740, at *4, n.4 (M.D.N.C. Apr. 12, 2012) (discussing various “audits” and noting that such documents “confirm the empty gimmickery of these types of claims.”).

State and federal courts across the land have denounced securitization and chain of title audits, and have uniformly ruled against those who relied on "CFLA" audits to save their homes from foreclosure. The end of this report lists 27 court opinions which borrowers should read BEFORE deciding to spend money on a CFLA loan/securitization/chain-of-title audit. None of the judges in those case ruled in favor of the borrower. The Leadbeater v JP Morgan opinion provides this comment in footnote 9:

“Judge Madeline Cox Arleo has previously cautioned that she has "concern over the dubios nature of such reports [prepared by Certified Forensic Loan
Auditors, LLC."


Blogger and mortgage pundit Martin Andelman wrote this about one of CFLA's attorney-instructors:

**Patricia Rodriguez, Attorney at Law** – Patricia is another of CFLA's instructors. She also has been very active representing homeowners. Going back to June of 2012, Westlaw shows her handling 20 cases, (and you can find a list of her cases at that link).

None were any sort of win for the homeowners… in one she was sanctioned by the court and the 19 others were dismissed, many with prejudice or without leave to amend… the three quiet title cases were all dismissed. She also filed a mass joinder lawsuit that was also dismissed. But it's McGough v. Wells Fargo Bank, 2012 WL 6019108 (U.S. DC N.D. Ca. 12/3/12), that deserves to be highlighted because in this case, Ms. Rodriguez ended up being sanctioned by the court for violating Rule 11 of the Federal Rules of Civil Procedure, and ordered to attend 20 hours of continuing legal education. Here’s what the court said about Ms. Rodriguez…

*The Court is disheartened by counsel's failure in this case, even in responding to the present motion, to recognize that she has erred. If she had approached her practice with a measure of common sense, Counsel might have reconsidered her position…*

*And on a very basic level, the Court wishes to remind counsel that if an ordinary person cannot understand what she is saying in her pleadings—a neighbor, friend, or family member—then it is very likely that the Court and opposing counsel will not be able to either. The kind of garbled pleading that counsel has three times submitted to this Court imposes a burden that all involved would like to avoid in the future.*

Accordingly, the Court hereby orders counsel, Patricia Rodriguez, to attend a minimum of twenty (20) hours of MCLE-accredited legal education courses, apart from any compliance hours regularly required by the California Bar Association. These hours shall include a minimum of eight hours in complaint-drafting or other legal writing, eight hours addressing the substantive law of foreclosure, if indeed it is an area in which Ms. Rodriguez wishes to continue practicing, and two hours of legal ethics training.
And remember that Patricia is a CFLA Instructor, training lawyers and others around the country in how to represent homeowners in quiet title cases and how to use CFLA’s securitization audits in foreclosure defense.

Look, I understand that foreclosure defense has been incredibly difficult even for the most dedicated and experienced attorneys. So losing is not necessarily a bad thing all by itself. But the way CFLA markets the company’s instructors, experts and seminars as leading the industry is at least misleading.

Andelman wrote a monumental expose of CFLA at this web page, exhaustively detailing numerous reasons to doubt the validity of CFLA audit services and technical competence of its instructors. See it here:


Apparently, CFLA owner Andrew Lehman threatened to sue Andelman for exposing CFLA. Andelman ended his article with this challenging rebuke:

And Andrew, don’t bother sending me another letter telling me how powerful you are, and how you’re going to sue me for whatever you think you can sue me for… I’ve got an idea of how big and powerful you are… and yet, I still wrote this… so that should clear up any questions you might have as to the nature of my response to such threats. On the other hand, if you want to present any facts that would show me that what you’re doing is actually doing some good, you’ll find me both open and a very reasonable person with whom to converse. I don’t need much, by the way. How about a couple of cases where homeowners were awarded quiet title when they still owed on their mortgages? Or, how about even one such case? How about any sort of favorable outcome based on the use of your products and services… or based on your experts testifying. Anything, Andrew… can I see anything at all?

Mortgagors facing foreclosure might wonder why they cannot find more consumer complaints against CFLA at sites like RipoffReport.com. Upon visiting that site a search for CFLA under its full name will reveal multiple pages of advertising showing CFLA to be a model company, but no complaints at all. The reason: CFLA's principal has apparently paid the principal of RipoffReport to remove all complaints against CFLA from the site and replace them with advertisements making CFLA seem honorable. It seems apparent to me that CFLA and its minions have earned so much money selling useless services to troubled mortgagors that CFLA can afford to pay bribes or issue threats to get webmasters to remove complaints and to get angry customers to retract their complaints. The court opinions that follow prove foreclosure victims cannot rely upon CFLA securitization, chain-of-title, and loan audit services. Why? Because the borrowers who tried to rely on them lost in court. Caveat emptor (let the buyer beware)...)
Court Opinions Showing Borrowers LOSE by Relying on CFLA Audits

Google Scholar search for “Certified Forensic Loan Audit” and “Certified Forensic Loan Auditors” produced 27 results 2019-03-04

1. **DEMILIO v. CITIZENS HOME LOANS, INC.** Dist. Court, MD Georgia, 2013
4. **BARRIONUEVO v. CHASE BANK, NA** Dist. Court, ND California, 2013
5. **JP Morgan Chase Bank, NA v. Galloway** NM: Court of Appeals, 2018
7. **MANTOVANI v. WELLS FARGO BANK, NA** Dist. Court, D. New Jersey, 2018
8. **GILARMO v. US BANK NA AS TRUSTEE FOR CSAB MORTGAGE BACKED TRUST 2006-1** Court of Appeals, 3rd Circuit, 2016
9. **Sarkar v. WORLD SAVINGS FSB** Dist. Court, ND California, 2014
10. **VIERA LOPEZ v. BAYVIEW LOAN SERVICING, LLC** Dist. Court, SD New York, 2017
11. **IM v. BAYVIEW LOAN SERVICING LLC** Dist. Court, SD New York, 2018
12. **Dumas v. JPMorgan Chase Bank, NA** Cal: Court of Appeal, 3rd Appellate Dist., 2014
13. **McGough v. WELLS FARGO BANK, NA** Dist. Court, ND California, 2012
14. **Hernandez v. RESIDENTIAL CREDIT SOLUTIONS, INC.** Dist. Court, ND California, 2016
15. **English v. RYLAND MORTGAGE COMPANY** Dist. Court, D. Maryland, 2016
16. **Cox v. NATIONSTAR MORTGAGE LLC** Dist. Court, SD New York, 2016
17. **LEADBEATER v. JP MORGAN CHASE, NA** Dist. Court, D. New Jersey, 2017
18. **Hylton v. JP Morgan Chase Bank, NA** Dist. Court, SD New York, 2018
19. **Sanders v. SUTTON FUNDING, LLC** Dist. Court, SD California, 2014
20. **Sylvester v. INTERBAY FUNDING LLC** Dist. Court, SD New York, 2017
22. **Avila v. MORTGAGE ELECTRONIC REGISTRATION SYSTEM, INC.** Dist. Court, SD Texas, 2012
23. **Williams v. Ward** Md: Court of Special Appeals, 2016
24. **Stephens v. BANK OF AMERICA HOME LOANS, INC.** Dist. Court, North Carolina, 2017
25. **Baker v. CitiMORTGAGE, INC.** Dist. Court, Minnesota, 2018
26. **GONSALVES-CARVALHAL v. AURORA BANK** Dist. Court, ED New York, 2014
27. **Kennedy v. WORLD SAVINGS BANK, FSB** Dist. Court, ND California, 2015

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