FOR IMMEDIATE RELEASE

Contact: David I. Ginsburg, President
Name of Company: Loantech LLC
Phone: 301.762.7700
Website: www.loantech.com
E-mail: david@loantech.com

Gaithersburg, MD – June 1, 2010

## SOFTWARE UNCOVERS DESIGN FLAW IN GOVERNMENT-MANDATED NEW MORTGAGE DISCLOSURE

### *HUD-1 Settlement Statement Omits Key Data;*
### *Borrowers Receive Inaccurate Mortgage Cost Disclosures*

Users of new mortgage audit software from Loantech LLC are finding a serious flaw in the design of the federal government's key mortgage disclosure. As a result, mortgage borrowers obtaining adjustable rate mortgages are receiving incorrect cost information contained in a disclosure that is required by federal law.

Loantech LLC, a leading mortgage audit software firm announced today that users of its proprietary forensic mortgage audit software have uncovered not only lender violations in over one-third of mortgage disclosure files reviewed, but also a serious flaw in the design of the federal government's new HUD-1 Settlement Statement. The HUD-1 is considered the most important disclosure and is provided to all mortgage borrowers.

The new HUD-1 disclosure erroneously presumes maximum rate changes allowed at the first change date and at subsequent periods are equal, when in fact they can be quite different. For example, the initial rate cap might be five percent while the subsequent rate cap is one percent. This results in borrowers being provided incorrect loan information at the time of settlement.

-- More --

David I. Ginsburg, president of Loantech, noted, "This defect is certainly ironic considering the government's concern about mortgage borrowers being provided comprehensive and accurate loan information in the new HUD-1 Settlement document. This form is unquestionably a very important mortgage disclosure … and it is wrong", he added.

 "Our users were surprised to find this key federal disclosure is misstating possible future rate change scenarios." Ginsburg noted.

The Forensic Mortgage Auditor™ software from Loantech enables borrowers or their financial advisors or lawyers to uncover violations of federal lending statutes such as Truth-in-Lending, RESPA and Regulation Z by analyzing information contained in mortgage disclosures provided to borrowers at the time of closing. Borrowers use these disclosures to compare the costs of loan programs offered by one or more lenders. The professional version of Loantech's software provides attorneys with an analysis of foreclosure defense and extended rescission rights.

"Our users are typically lawyers, accountants and mortgage relief firms," said Ginsburg. "Not only are they uncovering violations of federal statutes in over one-third of loans reviewed, but they alerted us to the fact that for adjustable rate loans, there are key omissions in this key federally mandated mortgage disclosure," he added.

"We created a new professional version for attorneys and sophisticated financial services professionals who are helping homeowners stave off foreclosure by uncovering violations of federal law regulating mortgage transactions such as RESPA, TILA, Regulation Z and HOEPA," Ginsburg added.  Attorneys typically use forensic mortgage audit software to uncover irregularities or illegalities and violations can sometimes help persuade lenders to listen to borrowers' lawyers when negotiating for a restructuring or modification of the loan.

-- More --

The forensic software uncovers various violations such as incorrect calculations of the annual percentage rate, amount financed or rescission dates or not providing required disclosures. These violations of federal law can subject the lender to penalties or require them to restructure or modify the terms of the loan.

# # #

*Loantech LLC (www.loantech.com) was established in 1983 and the Gaithersburg, Maryland-based firm is a leading provider of mortgage audit software and services. For further information contact David I. Ginsburg at 301.762.7700 or david@loantech.com.*