

Often, lenders violate the very laws Congress created to govern the mortgage loan industry. TILA (Truth in Lending Act) and RESPA (Real Estate Settlement Procedures Act) are two of the strongest laws which protect consumers, and allow for motions and counterclaims against the banks as a plaintiff or as a counter-plaintiff in the foreclosure process.

TILA provides that when a loan is based upon a consumer's principal dwelling, that the consumer has a right to rescind the loan whenever the consumer protections in the law are violated. These include:

- The bank's failure to tender to the consumer copies of the "Right to Rescind" notice at the closing;
- The bank fails to properly disclose the interest rates and interest payments the consumer will pay over the life of the loan;
- The bank fails to properly disclose any finances charges built into the loan.

RESPA prohibits kickbacks and referral fees paid to persons who worked to steer the borrower into a fee-inflated loan. The law also prohibits unearned fees from being collected in a consumer mortgage transaction, and proscribes procedures for contesting improper bank collection efforts.