

Mortgage Servicing Rules-Effective 1/10/14

- 1) The new rules dramatically increase the responsibilities of servicers in the following areas:
 - i. comprehensive periodic statements to the consumer;
 - ii. interest rate adjustment notices;
 - iii. prompt payment crediting and payoff statements;
 - iv. force-placed insurance;
 - v. error resolution and information requests;
 - vi. general servicing policies, procedures and requirements;
 - vii. early intervention with delinquent consumers;
 - viii. continuity of contact with delinquent consumers;
 - ix. loss mitigation procedures

- 2) A “Small Servicer” is exempt from the much of the more challenging parts requirements of this new rule. A small servicer (together any affiliates) is a lender that services 5,000 or fewer mortgage loans and the lender owns all of the loans.

- 3) If the lender services loans it does not own or did not originate, the lender does not qualify as a small servicer.

- 4) This rule applies to closed-end consumer loan secured by a dwelling.

- 5) Small servicers are exempt from the following parts of the CFPB rule:
 - i. Periodic statement provisions;

- ii. Certain parts of the force-place insurance rules;
- iii. General servicing, procedures and requirements provisions;
- iv. Early intervention provisions;
- v. Continuity of contact provisions;
- vi. Some of the loss mitigation provisions

6) Small servicers must comply with the following parts of the CFPB rule:

- i. ARM disclosure provisions;
- ii. Prompt crediting and payoff statement provisions;
- iii. Force-placed insurance provisions;
- iv. Error resolution and information request provisions;
- v. Some of the loss mitigation provisions