

ComplySight Mortgage Servicing Rules - Anticipated Revisions



Compliance Factor Description

Area Name : Loans Item Name : Mortgage Servicing

Factors List :

Factors Name	Factors Description
Covered Transactions	The credit union properly identifies transactions covered under the mortgage servicing rules which includes closed end consumer credit transactions that are secured by a dwelling and which the credit union services.
Policy, Procedure and Requirements	<p>The credit union has policies and procedures reasonably designed to achieve the following objectives:</p> <ul style="list-style-type: none">1) Accessing and providing timely and accurate information;2) Properly evaluating loss mitigation applications;3) Facilitating oversight of, and compliance by, service providers;4) Facilitating transfer of information during servicing transfers;5) Informing borrowers of the written error resolution and information request procedures;6) Setting standards for record retention and service file creation;7) Promptly communicating with any potential or confirmed successors in interest for a property securing a mortgage loan when a notice of death or transfer of property is received;

- 8) Promptly determining documentation needed to verify the identity of the potential successor in interest and their ownership interest in the property;
- 9) Promptly notifying the potential successor in interest of the required documentation or information, including how to submit a written request for information regarding those documents, required for confirmation; and
- 10) Promptly notifying, after receipt of documentation, that the person is or is not a confirmed as successor in interest or determining additional documentation that may be required, including what those documents are. (4/2018)

Servicing File	<ol style="list-style-type: none">1) The credit union maintains the following file documents and data:<ol style="list-style-type: none">a. A schedule of all transactions credited or debited to the mortgage loan account, including escrow and suspense accounts;b. A copy of the security instrument that establishes the lien securing the mortgage loan;c. Any notes credit union employees create that reflect communications with the borrower about the mortgage loan account;d. A report of the data fields the credit union's electronic system creates related to the borrower's mortgage loan account, such as the terms of the borrower's mortgage loan, the occurrence of automated or manual collection calls, loss mitigation evaluation information, owner or assignee information, or any credit reporting history; ande. Copies of documents and information borrowers submit as part of loss mitigation or error resolution requests.2) The credit union compiles the required servicing information into a servicing file within 5 days of loan consummation.3) If a borrower makes a written request for their servicing file, the credit union gives a copy of the information contained in their servicing file, subject to the procedures and limitations set forth in the information request provisions of the Mortgage Servicing Rules.
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Periodic Statements	<p>1) The credit union provides periodic statements to borrowers with closed end consumer credit transactions that the credit union services under the Mortgage Servicing Rule; with the exception of:</p> <ul style="list-style-type: none">a. Open-end lines of credit and home-equity lines of credit (separate periodic statement requirements apply – 1026.7);b. Reverse mortgages;c. Timeshare loans;d. Fixed rate loans with coupon books that meet certain requirements;e. Borrowers in bankruptcy (in certain circumstances);f. Borrowers with a charged-off loan (provided certain notice is provided) (10/2017) andg. Loans serviced by small servicers <p>2) The credit union sends a billing statement to borrowers each billing cycle, in compliance with the following:</p> <ul style="list-style-type: none">a. The billing cycle corresponds to the frequency of payments. If a loan requires the borrower to make monthly payments, that borrower will have a monthly billing cycle. Likewise, if a borrower makes quarterly payments (4 payments a year), that borrower will have a quarterly billing cycle.b. The credit union is not required to send statements more frequently than once a month.c. The statement is delivered, emailed, or placed in the mail within 4 days of the close of the courtesy period of the previous billing cycle. <p>3) The credit union does not send billing statements when:</p> <ul style="list-style-type: none">a. The loan is transferred to another servicer;b. The loan is fully paid or paid off through a refinance or sale of the house;c. The borrower files for bankruptcy (in certain circumstances); ord. The loan is discharged in a foreclosure sale. <p>4) The credit union provides the information required by the Mortgage Servicing Rules in a clear and conspicuous manner and groups the information as required and in a substantially similar manner to Appendix H-30 of Regulation Z. The information that the credit union includes on the billing statement includes:</p> <ul style="list-style-type: none">a. Amount due ;b. Explanation of the amount due;c. Past payment breakdown;d. Transaction activity;
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- e. Partial payment information;
 - f. Contact information;
 - g. Account information; and
 - h. Delinquency information (including the length of delinquency). (10/2017)
 - i. The credit union may at its own discretion include a tear-off coupon or the use of legal-size paper; however this is not required by the rules.

5) If the credit union does not provide a periodic statement or coupon book for charged-off mortgage loans it complies with the following:

- a. The loan was charged off in accordance with loan loss provisions and no additional fees or interest will be charged; and
- b. Within 30 days of charge-off or the most recent periodic statement, the notice is provided clearly and conspicuously labeled "Suspension of Statements & Notice of Charge Off – Retain This Copy for Your Records" including an explanation that:
 - i. The mortgage loan has been charged off and no additional fees or interest will be charged;
 - ii. Periodic statements will no longer be provided for each billing cycle;
 - iii. The lien remains in place and the borrower remains liable for the mortgage loan obligation and any obligations arising from or related to the property (which may include property taxes);
 - iv. The borrower may be required to pay the balance on the account in the future, for example, upon sale of the property;
 - v. The balance on the account is not being canceled or forgiven; and
 - vi. The loan may be purchased, assigned or transferred. (10/2017)

Coupon Books	<p>1) The credit union provides borrowers with a coupon book for their covered mortgage transaction in accordance with the Mortgage Servicing Rules. The credit union complies with the following requirements:</p> <ul style="list-style-type: none">a. The borrower has a fixed-rate loan. (The credit union will send periodic statements to all borrowers who have ARMs);b. The coupon book includes the information required to be printed on the coupons and in the coupon book;c. The credit union provides requested information to borrowers upon request; andd. The credit union provides specific required information to borrowers who are 45 days or more delinquent. <p>2) The coupon book includes the following information on each coupon::</p> <ul style="list-style-type: none">a. The payment due date;
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- b. The amount of any late payment fee and the date on which the credit union will charge a late fee if payment is not received;
 - c. The amount due (shown more prominently than other disclosures on the page).

3) The credit union includes the following information on the coupon book (does not have to be on each coupon):

- a. The outstanding principal balance at the beginning of the time period covered by the coupon book;
- b. The current interest rate;
- c. The date after which the interest rate may next change;
- d. The existence of any prepayment penalty;
- e. HUD's toll-free telephone number ((800) 569-4287) to access contact information for homeownership counselors or counseling organizations and the website address for either the CFPB's information page on homeownership counselors (<http://www.consumerfinance.gov/mortgagehelp/>) or HUD's list of homeownership counselors and counseling organizations (<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>);
- f. Contact information (toll free number) on where the borrower can get more information about their loan;

4) The credit union makes available upon request to the borrower by telephone, in writing, in person, or electronically, if the borrower consents, the following information:

a. An explanation of the amount due including:

- i. The periodic payment amount (including a breakdown showing how the credit union will apply the payment to principal, interest, and escrow);
- ii. The total fees or charges the credit union imposed since the last statement; and
- iii. Any payment amount past due.

b. A breakdown of past payments, including:

- i. The total of all payments the credit union received since the previous statement, including a breakdown showing the amount, if any, the credit union applied to principal, interest, escrow, fees and charges, and the amount, if any, the credit union sent to a suspense or unapplied funds account.
- ii. The total of all payments the credit union received since the beginning of the calendar year, including a breakdown showing the amount, if any, the credit union applied to principal, interest, escrow, fees and charges, and the amount, if any, the credit union is currently holding in a suspense or unapplied funds account.

c. A list of the transaction activity that occurred since the last statement, including:

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- i. The date;
 - ii. Brief description; and
 - iii. The amount of each transaction on the list.
- d. If a partial payment that was placed in a suspense or unapplied funds account was included, information explaining what must be done to have the funds applied.
 - e. If the borrower is more than 45 days delinquent, the credit union provides the delinquency information required for a periodic statement to the borrower, in writing, for any billing cycle during which the borrower is delinquent.

**Modified Periodic
Statements and Coupon
Books (Bankruptcy)
(4/2018)**

- 1) The credit union does not send periodic statements or coupon books to a borrower in bankruptcy when:
 - a. Any borrower on the mortgage loan is a debtor in bankruptcy or discharged personal liability for the mortgage loan through bankruptcy pursuant to chapters 7, 11, 12 or 13; and
 - b. One of the following conditions also applies to a borrower on the mortgage loan:
 - i. The borrower opts-out by sending a written request that the credit union cease providing a periodic statement or coupon book.
 - ii. The most recent filed bankruptcy plan provides that the borrower will surrender the dwelling securing the mortgage loan, provides for the avoidance of the lien securing the mortgage loan, or otherwise does not provide for, as applicable, the payment of pre-bankruptcy arrearage or the maintenance of payments due under the mortgage loan.
 - iii. A court enters an order in the bankruptcy case providing for the avoidance of the lien securing the mortgage loan, lifting the automatic stay with regard to the dwelling securing the mortgage loan, or requiring the credit union to cease providing a periodic statement or coupon book; or
 - iv. The borrower files with the court overseeing the case a statement of intention identifying an intent to surrender the dwelling securing the mortgage loan and a borrower has not made any partial or periodic payment on the loan after the commencement of the bankruptcy case.

The credit union ceases to qualify for this exemption if the borrower reaffirms personal liability for the loan, or the borrower requests in writing that the servicer provide a periodic statement or coupon book (unless a court enters an order in the bankruptcy case requiring the servicer to cease providing a periodic statement or coupon book).

- 2) For those borrowers that are not exempt from the periodic statement or coupon book requirements, the credit union makes the following modifications for Chapter 11 bankruptcies:

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- a. Includes a statement identifying the borrower's status as a debtor in bankruptcy or the discharged status of the mortgage loan, and a statement that the periodic statement is for informational purposes only.
 - b. Omits the amount of any late payment fee and the date on which that fee will be imposed if payment has not been received.
 - c. Omits the length of the delinquency.
 - d. Omits the notification of the possible risks, such as foreclosure, and expenses that may be incurred if delinquency is not cured.
 - e. Omits a notice of whether the credit union has made the first notice of filing required by applicable law for any judicial or non-judicial foreclosure processes.
 - f. Revises the "Amount due" on periodic statements or coupon books to not be more prominent.

3) For those borrowers that are not exempt from the periodic statement or coupon book requirements, the credit union makes the following modifications for Chapter 12 and 13 bankruptcies:

- a. All of the requirements for Chapter 11 bankruptcies with the exception of the "Amount due" which must be limited to the date and amount of the post-petition payments due and any post-petition fees charged. Explanation of amount due information is limited to the monthly post-petition payment amount, including a breakdown showing how much, if any, will be applied to principal, interest and escrow, the total sum of any post-petition fees or charges imposed since the last statement, and post-petition payment amount past due.
- b. Omits an account history showing, for the past six months or the period since the last time the account was current (whichever is shorter), the amount remaining past due from each billing cycle, or if any such payment was fully paid, the date on which it was credited as fully paid.
- c. Omits the notice indicating any loss mitigation program to which the borrower has agreed.
- d. Omits the total payment amount needed to bring the account current.
- e. Omits the reference to the homeownership counselor information (website to access or the CFPB list of counselors and organizations).
- f. Transaction activity must include all payments the credit union has received since the last payment, including all post-petition and pre-petition payments and payments of post-petition fees and charges and all post-petition fees and charges the credit union has imposed since the last statement.
- g. If applicable, the credit union must disclose, grouped in close proximity and located on the first page of the statement (or separate page enclosed with the periodic statement or separate letter):
 - i. The total of all pre-petition payments received since the last statement;
 - ii. The total of all pre-petition payments received since the beginning of the borrower's bankruptcy case; and
 - iii. The current balance of the borrower's pre-petition arrearage.

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- h. Include a statement that the amount due includes only post-petition payments and does not include other payments that may be due under the terms of the borrower's bankruptcy plan.
 - i. If the borrower's bankruptcy plan requires the borrower to make the post-petition mortgage payments directly to a bankruptcy trustee, includes a statement that the borrower should send the payment to the trustee and not the credit union.
 - j. Includes a statement that encourages the borrower to contact their attorney or trustee with questions regarding the application of payments.
 - k. If the borrower is more than 45 days delinquent on post-petition payments, includes a statement that the credit union has not received all the payments that became due since the borrower filed for bankruptcy.

4) On the coupon book, the credit union includes the same disclosures listed above for a borrower in bankruptcy.

Interest Rate Adjustment Notices 1) The credit union makes disclosures in connection with the initial reset of an adjustable-rate mortgage (ARM) and each time an interest rate adjustment results in a payment change. This requirement includes exceptions when:

- a. ARMs have a term of 1 year or less
- b. The ongoing interest rate adjustment disclosure is not required the first time the ARM adjusts if the first payment at the adjusted level is due within 210 days after consummation and the newly disclosed interest rate in the notice at consummation was not an estimate.
- c. The ongoing interest rate adjustment notice also is not required if the credit union is acting as a debt collector under the FDCPA to whom the borrower has sent a written cease communication request; however, the credit union will still provide the initial interest rate adjustment notice.
- d. The credit union has provided the confirmed successor in interest, who is not liable on the mortgage loan, with the optional written notice and acknowledgement form under 1024.32(c). The credit union is not required to provide these notices until the confirmed successor in interest either assumes the mortgage loan under state law or has provided the credit union with an executed acknowledgement form that has not yet been revoked. (4/2018)

2) The credit union provides the information required by the Mortgage Servicing Rules in a clear and conspicuous manner and groups the information as required and in a substantially similar manner to the model and sample forms in Appendix H-4 of Regulation Z. The information that the credit union includes on the Notification of Interest Rate Adjustment includes:

- a. Date of the disclosure;
- b. An explanation that under the terms of the loan, the interest rate may change;
- c. The effective date of the adjustment and future adjustments;

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- d. The current and new rates;
 - e. The current and new payments and the date the first payment is due;
 - f. Payment allocation and other information for interest only or negatively amortizing loans;
 - g. An explanation of how the rate is determined;
 - h. Any limits on the interest rate or payment increases;
 - i. An explanation of how the new payment is determined;
 - j. The circumstances under which a prepayment penalty may be imposed;
 - k. The credit union's telephone number;
 - l. Alternatives to paying the new rate; and
 - m. Housing counseling information, which includes:
 - i. The website to access either the CFPB list or the HUD list of homeownership counselors and counseling organizations;
 - ii. The HUD toll-free number to access the HUD list of homeownership counselors and counseling organizations ((800) 569-4287); and
 - iii. The CFPB website to access contact information for state housing finance authorities.
- 3) The credit union sends the initial interest rate adjustment disclosure at least 210 days, but no more than 240 days, before the first payment at the adjusted level is due.
- a. If the first payment at the adjusted level is due within the first 210 days after consummation, the credit union provides the disclosures at consummation.
 - b. For the initial interest rate notice, if the new interest rate (or the new payment calculated from the new interest rate) is not known as of the date of the disclosure, the credit union uses an estimate and labels it as such. This estimate is based on the index as reported within 15 business days prior to the date of the disclosure.
 - i. The initial interest rate adjustment disclosure is a separate document, but may be on the same document as other information and may be sent in the same envelope with other disclosures, such as the periodic statement.
 - ii. The credit union ends the ongoing interest rate adjustment notice disclosing an interest rate adjustment causing a payment change at least 60 days, but no more than 120 days, before the first payment at the adjusted level is due. The ongoing interest rate adjustment disclosure is segregated from other information but may be on the same document as other information and may be sent in the same envelope with other disclosures, such as the periodic statement.
 - iii. Special timing requirements apply to frequently-adjusting ARMs, ARMs with short look-back periods, and ARMs adjusting soon after consummation.
 - iv. If an ARM has regularly scheduled interest rate adjustments occurring every 60 days or more frequently, the credit union will provide the disclosures at least 25 days, but no more than 120 days, before the first payment at the adjusted level is due.

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- v. If an ARM was originated prior to January 10, 2015, and the adjusted interest rate and payment are calculated based on an index figure available less than 45 days prior to the adjustment date, the credit union will provide the disclosures at least 25 days, but no more than 120 days, before the first payment at the adjusted level is due.
 - vi. If the first adjustment to an ARM occurs within 60 days of consummation and the notice the credit union provided at consummation contained an estimated adjusted interest rate, the credit union will provide the disclosure as soon as practicable, but not less than 25 days before the first payment at the adjusted level is due.

Prompt Payment Crediting	<p>1) The credit union's payment requirements are reasonable and do not make it difficult for most borrowers to make conforming payments.</p> <p>2) The credit union credits a periodic payment to the borrower's loan account as of the day of receipt, except when a delay in crediting does not result in any charge to the borrower, or in the reporting of negative information to a consumer reporting agency.</p> <p>a. In cases where the credit union specified in advance and in writing, requirements for the borrower to follow when making payments and then accepts a payment that does not conform to the requirements, the credit union may wait up to 5 days after receipt to credit the payment.</p> <p>b. If the credit union receives a borrower's partial loan payment (a partial payment is a loan payment that does not cover the essential components of a periodic payment (principal, interest, and escrow if applicable)) the credit union has the option of:</p> <ul style="list-style-type: none">c. Crediting the partial payment upon receipt;d. Returning the partial payment to the borrower; ore. Holding the payment in a suspense or unapplied funds account. <p>i. If the borrower's payment is applied to a suspense account the credit union will disclose on the borrower's periodic statement the total amount of funds being held in the suspense or unapplied funds account; and</p> <p>ii. When sufficient funds are accumulated to cover a periodic payment, the credit union will credit them as a periodic payment.</p>
Payoff Statements	<p>1) If a borrower makes a written request for a payoff statement, the credit union provides the statement within 7 business days.</p> <p>2) If the credit union is not able to provide the statement within 7 business days because the loan is in bankruptcy or foreclosure, the loan is a reverse mortgage or shared appreciation mortgage, or because of natural disasters or other similar circumstances, the payoff statement will be provided within a reasonable time.</p>

Delinquent Loan Accounts 1) The credit union will at a minimum, establish or make good faith efforts to establish live contact with borrowers by the 36th day of delinquency and again no later than 36 days after each payment due date, as long as the borrower remains delinquent. Promptly after establishing live contact with a borrower, the credit union informs the borrower about the availability of loss mitigation options (if appropriate). **(10/2017)**

- a. The credit union will provide loss mitigation information orally, in writing, or through electronic communication, promptly after live contact is established.
- b. The credit union will provide delinquent borrowers with access to personnel who can assist them with loss mitigation options. The credit union will assign personnel to delinquent borrowers, no later than the 45th day of delinquency.
- c. Delinquent borrowers assigned personnel will be able to provide borrowers with information about:
 - i. The specific loss mitigation options made available to them by the credit union;
 - ii. How to submit a complete loss mitigation application, get it evaluated and, if applicable, how to appeal an application that is denied;
 - iii. The status of a borrower's submitted loss mitigation application;
 - iv. The circumstances under which the credit union may make a referral to foreclosure;
 - v. Loss mitigation deadlines set by the credit union and the provisions of the Mortgage Servicing Rules;
 - vi. Retrieve complete records of payment history and written information the borrower has provided to the credit union, and if applicable, to prior servicers, in connection with a loss mitigation application; and
 - vi. How to submit a written notice of error or information request.
- 2) The credit union will provide the borrower with written information about any available loss mitigation options by the 45th day of delinquency and again no later than 45 days after each payment due date, as long as the borrower remains delinquent. The credit union is not required to provide the written notice, however, more than once during any 180 day period. The credit union will provide the information required by the Mortgage Servicing Rules in a clear and conspicuous manner and group the information as required and in a substantially similar manner to the model clauses in MS-4 of Regulation X.
- 3) The information that the credit union includes on the Loss Mitigation Notice includes:
 - a. A statement encouraging the borrower to contact the credit union;
 - b. The telephone number for the personnel assigned to the borrower;
 - c. The credit union's mailing address;
 - d. If applicable, a statement providing a brief description of examples of loss mitigation options that may be available;
 - e. If applicable, either application instructions or a statement informing the borrower how to obtain more information about loss mitigation options from the credit union;
 - f. The website to access either the CFPB list or the HUD list of homeownership counselors or counseling organizations, and the

HUD toll-free telephone number to access homeownership counselors or counseling organizations; and
g. The credit union may also include additional information that is determined to be helpful, or which may be required by applicable law or the owner or assignee of the mortgage loan.

4) For borrowers in bankruptcy, the credit union is exempt from the live contact and written notice (written notice – only if no loss mitigation options are available) early intervention requirements on a mortgage loan when either of the conditions are met:

- a. Any borrower on a mortgage loan is a debtor in bankruptcy; or
- b. The credit union is a debt collector under the Fair Debt Collection Practices Act (FDCPA) with respect to that mortgage loan, and any borrower on the loan has provided notification under the rule.

5) If there are loss mitigation option available and either of those two conditions (above) are met, the credit union complies with the modified written notice requirements for the mortgage loan (if both requirements are met, the servicer is exempt from the written notice requirements). The credit union modifies the written notice by in addition to the requirements outlined in #3 above, also:

- a. Removes any request for payment; and
- b. Does not provide the written notice more than once during a single bankruptcy case.

6) If the credit union was previously exempt from the live contact and written notice requirements, the credit union resumes compliance with the requirements after the next payment due date that follows the earlies of the following events:

- a. The bankruptcy case is dismissed;
- b. The bankruptcy case is closed;
- c. The borrower reaffirms personal liability for the mortgage loan;

7) For a mortgage loan for which the borrower has discharged personal liability, the credit union is not required to resume compliance with the live contact requirements and must resume compliance with the written notice requirements if the borrower has made any partial or periodic payment on the mortgage loan after the commencement of the borrower's bankruptcy case. **(10/2017)**

Loss Mitigation	<p>1) When the credit union receives a loss mitigation application 45 days or more before a foreclosure sale is scheduled (or at any time when no foreclosure sale has been scheduled), the credit union promptly reviews the application to determine if it is complete and:</p> <ul style="list-style-type: none">a. Acknowledges receipt of the application within 5 days after receipt;b. Informs the borrower whether the application is complete or incomplete;c. Informs the borrower of any documents or information necessary to complete the application;d. Provides a reasonable date by which the borrower should submit the missing information or documents needed to complete the application; ande. Includes a statement that the borrower should consider contacting servicers of any other mortgage loans secured by the same property to discuss available loss mitigation options. <p>2) When the credit union receives a complete loss mitigation application 37 days or more before a foreclosure sale is scheduled, within 30 days of receiving the complete loss mitigation application, the credit union will:</p> <ul style="list-style-type: none">a. Evaluate the borrower for all loss mitigation options available to the borrower;b. Provide the borrower with a notice in writing stating the servicer's determination of which loss mitigation options (if any) it will offer to the borrower and the amount of time the borrower has to accept or reject an offer of a loss mitigation program.c. If applicable, notification that the borrower has the right to appeal the denial of any loan modification option as well as the amount of time the borrower has to file such an appeal and any requirements for the appeal process. <p>3) If the credit union has already provided the above notice to the borrower, or if the application received was not complete or facially complete more than 37 days before a foreclosure sale, the credit union does not need to send the notice below. Otherwise, the notice of complete application is required to be sent within 5 days after receiving the borrower's complete loss mitigation application. The credit union also provides notice that includes the following information:</p> <ul style="list-style-type: none">a. That the loss mitigation application is complete;b. The date the credit union received the complete application;c. The credit union expects to complete its evaluation within 30 days of the date it received the complete application;d. That the borrower is entitled to certain foreclosure protections because the credit union has received the complete application, and, as applicable, either (1) the credit union has not made the first noticed or filing required by applicable law for any judicial or non-judicial foreclosure process, or (2) if the credit union has made the first notice or filing required by applicable law for any judicial or non-judicial foreclosure process, that the credit union has begun the foreclosure process, and that the credit union cannot conduct a foreclosure sale before evaluating the borrower's complete application.
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- e. That the borrower may be entitled to additional protections under State or Federal law.
 - 4) The credit union does not evade the requirement to evaluate a complete loss mitigation application for all loss mitigation options available to the borrower by offering a loss mitigation option based on an evaluation of nay information provided by a borrower in connection with an incomplete loss mitigation application.
 - 5) If the credit union erroneously notifies the borrower that a loss mitigation application is complete and then determines that additional information is needed to determine a members eligibility the credit union will:
 - a. Promptly request whatever corrected documents or information are needed;
 - b. Give the borrower a reasonable amount of time to provide the documents and information requested;
 - c. Not make the first notice or filing for a foreclosure process or otherwise refer the borrower to foreclosure until the borrower has had a reasonable amount of time to provide the documents or information;
 - d. If the borrower provides the corrected documents or information to the credit union in a reasonable amount of time, the application is complete as of that date for the purpose of evaluation and must be evaluated within 30 days of receiving the requested documents or information.
 - 6) If the credit union receives a complete loss mitigation application more than 37 days before a scheduled foreclosure sale (or at a time when no foreclosure sale is scheduled), the credit union will evaluate it within 30 days for all available loss mitigation options and provide the borrower a notice in writing stating the determination of which loss mitigation options, if any, the credit union will offer to the borrower.
 - a. If the borrower submits a complete loss mitigation application 90 days or more before a scheduled foreclosure sale (or at a time when no foreclosure sale is scheduled), the borrower has at least 14 days to accept or reject a loss mitigation offer.
 - b. If the borrower submits a complete loss mitigation application less than 90 days but more than 37 days before a scheduled foreclosure sale, the borrower has at least 7 days or more to accept or reject a loss mitigation offer.
 - 7) If the credit union denies a complete loss mitigation application more than 37 days before a scheduled foreclosure sale (or at a time when no foreclosure sale is scheduled), the credit union will send the borrower a notice that states:
 - a. The specific reasons for your decision for each trial or permanent loan modification option denied; and
 - b. If the credit union based the denial on a net present value calculation, notice must include the specific inputs used in the net present value calculation.
 - 8) If a borrower appeals the credit union's loss mitigation decision the credit union must:

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- a. Provide an independent evaluation of the loss mitigation application;
 - b. Within 30 days of a borrower making an appeal, the credit union must notify the borrower of the decision to offer or reject the loan modification option that is the subject of the appeal.
 - c. The credit union will give the borrower at least 14 days to accept or reject an offer of a loss mitigation option resulting from the credit union's independent evaluation.

**Information not in the
Borrower's Control
(10/2017)**

- 1) If the credit union requires documents or information not in the borrower's control to determine which loss mitigation options it will offer the borrower, the credit union exercises reasonable diligence in obtaining such documents or information, including at a minimum and without limitation, requesting such documents or information from the appropriate party.
- 2) The credit union does not deny a complete loss mitigation application solely because it lacks required documents or information in the borrowers control unless:
 - a. The credit union has exercised reasonable diligence to obtain required documents or information from a party other than the borrower or credit union, but the credit union has been unable to obtain such documents or information for a significant period of time following the 30 day period required for complete loss mitigation evaluation.
 - b. The credit union is unable to determine which loss mitigation options (if any) it will offer the borrower without such documents or information.
- 3) If the credit union is unable to make a determination with the required 30-day period as to which loss mitigation options (if any) will be offered to the borrower because it lacks the required documents or information from a third-party, the credit union with that 30-day period or promptly thereafter, provide the borrower with a written notice that includes:
 - a. That the credit union has not received the required documents or information needed to determine which loss mitigation options may be available;
 - b. The specific documents or information that the credit union lacks;
 - c. That the credit union has requested the documents or information; and
 - d. That the credit union will complete its evaluation of the borrower for all available loss mitigation options promptly upon receiving the documents or information.

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- Foreclosure**
- 1) The credit union does not make the first notice or filing for any judicial or non-judicial foreclosure process until the borrower is more than 120 days delinquent, the foreclosure is based on a borrower's violation of a due-on-sale clause, or the credit union is joining the foreclosure action of a superior or subordinate lienholder. (10/2017)
 - 2) If a borrower has submitted a complete loss mitigation application before the credit union begins the foreclosure process or after the credit union has made the first notice or filing for the foreclosure process, but more than 37 days before a scheduled foreclosure sale (or at a time when no sale has been scheduled), the credit union does not begin the foreclosure process until one of the following occurs:
 - a. The credit union sends the borrower a notice that the borrower is not eligible for any loss mitigation option, and the borrower has exhausted the appeal process. This can happen when the appeal process is not applicable, the borrower has not requested an appeal within the applicable time period, or the borrower's appeal has been denied;
 - b. The borrower rejects all loss mitigation options offered by the credit union; or
 - c. The borrower fails to perform under an agreement on a loss mitigation option.
 - 3) The prohibition on moving for judgment or order of sale does not prevent the credit union from proceeding with the foreclosure process, including any publication, arbitration, or mediation requirements, in cases where the credit union receives a complete and timely loss mitigation application after it files the first notice or files for a foreclosure proceeding--so long as the steps the credit union takes in the foreclosure process does not cause or directly result in the issuance of a foreclosure judgment or order of sale, or the conduct of a foreclosure sale, in violation of the loss mitigation provisions of the servicing rule.
 - 4) The credit union will promptly instruct foreclosure counsel not to proceed with filing for foreclosure judgment or order of sale or to conduct a foreclosure sale if the credit union receives a complete loss mitigation application within the deadlines specified in the rule.

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- Forced Placed Insurance**
- 1) The credit union follows the limitation guidelines from the Mortgage Servicing Rule when force placing insurance on a borrower's property, including:
 - a. The credit union has a reasonable basis to believe that a borrower has failed to maintain required and sufficient (10/2017) hazard insurance before charging for force-placed insurance.
 - b. The credit union sends 2 notices to the borrower and has not received in response to these notices, evidence that the borrower has had in place, continuously, required hazard insurance before the credit union charges for force-placed insurance.
 - c. The credit union notifies the borrower and has not received in response to the notice evidence that the borrower has purchased required hazard insurance before the credit union charges the borrower for renewing force-placed insurance.

d. The credit union cancels force-placed insurance within 15 days of receiving evidence that the borrower has required hazard insurance in place and refunds the borrower any fees or charges for periods of overlapping coverage.

e. Force-placed insurance charges that the credit union imposes on a borrower, beyond those subject to state regulation as insurance charges, are bona fide and reasonable.

2) The credit union has a reasonable basis to believe a borrower has failed to maintain sufficient and required hazard insurance to charge for force-placed insurance. As part of having a reasonable basis, the credit union sends the following two notices:

- a. The first notice is sent at least 45 days before the credit union charges the borrower for force-placed insurance.
- b. If the credit union does not receive evidence that the borrower has had hazard insurance that complies with the loan contract's requirements continuously in place, the credit union delivers or places in the mail to the borrower a written reminder notice at least 30 days after sending the first notice.

3) The credit union provides the information required by the Mortgage Servicing Rules in a clear and conspicuous manner and groups the information as required in a substantially similar manner to the model and sample forms in Appendix MS-3 of Regulation X. The information that the credit union includes in the Force Placed Insurance Notifications includes:

a. First Notice.

- i. The date of notice;
- ii. The credit union's name and mailing address;
- iii. The borrower's name and mailing address;
- iv. A statement that requests the borrower to provide hazard insurance information for the borrower's property and identifies the property address;
- v. A statement that the hazard insurance is expiring, has expired, or provides insufficient coverage, as applicable;
- vi. A statement that the credit union does not have evidence that the borrower has hazard insurance coverage past the expiration date or evidence that the borrower has hazard insurance that provides sufficient coverage, as applicable.
- vii. A statement (if applicable) that identifies the type of hazard insurance for which the servicer lacks evidence of coverage. (10/2017)
- viii. A statement that hazard insurance is required and the credit union will purchase such insurance at the borrower's expense;
- ix. A statement requesting the borrower promptly provide the credit union with insurance information;
- x. A description of the requested insurance information, and how the borrower may provide the information;
- xi. A statement that the insurance the credit union will purchase may cost significantly more and not provide as much coverage as hazard insurance purchased by the borrower;
- xii. The credit union's telephone number; and

xiii. If applicable, a statement advising the borrower to review additional information provided in the same transmittal.

b. Second Notice.

- i. The date of notice;
- ii. A statement that this is the second and final notice;
- iii. The credit union's name and mailing address;
- iv. The borrower's name and mailing address;
- v. A statement that requests the borrower provide hazard insurance information for the borrower's property and identifies the property address;
- vi. A statement that the hazard insurance is expiring, has expired, or provides insufficient coverage, as applicable;
- vii. A statement that the credit union does not have evidence that the borrower has hazard insurance coverage past the expiration date or evidence that the borrower has hazard insurance that provides sufficient coverage, as applicable;
- viii. A statement (if applicable) that identifies the type of hazard insurance for which the servicer lacks evidence of coverage **(10/2017)**;
- ix. A statement that hazard insurance is required and the credit union will purchase such insurance at the borrower's expense;
- x. A statement requesting the borrower promptly provide the credit union with insurance information;
- xi. A description of the requested insurance information, and how the borrower may provide the information;
- xii. A statement that the insurance the credit union will purchase may cost significantly more and not provide as much coverage as hazard insurance purchased by the borrower;
- xiii. The credit union's telephone number;
- xiv. If applicable, a statement advising the borrower to review additional information provided in the same transmittal;
- xv. The cost of the force-placed insurance, stated as an annual premium (or if the credit union does not know the cost, a reasonable estimate); and
- xvi. If applicable, a statement that the credit union has received the hazard insurance information by the borrower, a statement that requests the borrower provide the information that is missing and that the borrower will be charged for insurance the credit union purchased or purchases for the period of time during which the credit union is unable to verify hazard insurance coverage.

c. Renewal Notice.

- i. The date of notice;
- ii. The credit union's name and mailing address;
- iii. The borrower's name and mailing address;

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- iv. A statement that requests the borrower to provide hazard insurance information for the borrower's property and identifies the property address;
 - v. A statement that the hazard insurance is expiring, has expired, or provides insufficient coverage, as applicable;
 - vi. A statement that the credit union previously purchased insurance, charged to the borrower because the credit union did not have evidence that the borrower had required hazard insurance on the property;
 - vii. A statement that the insurance the credit union purchased previously has expired or is expiring, and because hazard insurance is required the credit union intends to maintain insurance by renewing or replacing the insurance it previously purchased;
 - viii. A statement requesting the borrower provide the credit union with insurance information, if purchased;
 - ix. A description of the requested insurance information, and how the borrower may provide the information;
 - x. A statement that the insurance the credit union will purchase may cost significantly more and not provide as much coverage as hazard insurance purchased by the borrower;
 - xi. The credit union's telephone number;
 - xii. If applicable, a statement advising the borrower to review additional information provided in the same transmittal; and
 - xiii. The cost of the force-placed insurance, stated as an annual premium (or if the credit union does not know the cost, a reasonable estimate).

4) If the credit union does not receive evidence that the borrower has had in place required hazard insurance continuously after providing the first and second notice, the credit union can assess a force-placed insurance fee 15 days or more after sending the second notice.

5) If a borrower has an escrow account for payment of hazard insurance, the credit union may not obtain force-placed insurance unless it is unable to maintain the borrower's existing hazard insurance coverage.

- a. The credit union will advance funds through the escrow account to maintain coverage;
- b. The credit union will add this cost to the escrow balance or otherwise seek reimbursement from the borrower for the funds advanced.

6) Before each anniversary of the purchase of force-placed insurance on a borrower's property, the credit union will deliver or place in the mail to the borrower a written notice explaining the renewal and requesting evidence that the borrower has purchased hazard insurance on the property. The credit union will only provide this written renewal notice once a year.

7) If the borrower sends evidence of having hazard insurance coverage in place that complies with the loan contract's requirements, within 15 days the credit union:

- a. Cancels any force-placed insurance purchased for the borrower;
- b. Refunds to the borrower all force-placed insurance premium charges and related fees for any period of overlapping

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- insurance coverage; and
 - c. Removes from the borrower's account all force-placed insurance charges and related fees for the overlapping period.
- 8) The credit union may reject evidence of hazard insurance coverage submitted by the borrower if:
- a. Neither the borrower's insurance provider nor insurance agent provides confirmation of the information the borrower submitted; or
 - b. The terms and conditions of the borrower's hazard insurance policy do not comply with the requirements of the borrower's loan contract.

Error Resolution & Information Requests	<p>1) The credit union has procedures in place to comply with the error resolution requirements and requests for information in the Mortgage Servicing Rules. Including responding to:</p> <ul style="list-style-type: none">a. Any written notice a borrower provides the credit union with any qualified request that asserts an error or requests information relating to the servicing of a mortgage loan or for any written notice that asserts an error or request for information and includes:<ul style="list-style-type: none">i. The name of the borrower;ii. Information that enables the credit union to identify the borrower's mortgage loan account; andiii. The error the borrower believes has occurred or the information the borrower is requesting with respect to the mortgage loan. <p>2) The credit union's procedures address the treatment of duplicative notice of errors or information requests by determining if the asserted error or information request is substantially the same as one the borrower previously asserted, and if the credit union has already complied with the requirements to respond to the earlier notice of error or request, the new notice of error or request does not trigger the error resolution or information request procedures. However, the credit union's procedures also properly address situations where a resubmitted notice of error contains new and material information to support the asserted error, which would not qualify as an exception for duplicative notices of error.</p> <p>3) The credit union may set up an address for borrowers to use to submit their notices of errors and requests for information:</p> <ul style="list-style-type: none">a. As long as the credit union provides borrowers with a written notice of the address;
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- b. The notice includes a statement that the borrower must use the established address to assert an error or request information;
 - c. Before the credit union changes the designated address, the credit union will send a written notice to the borrowers; and
 - d. The credit union will post the designated address on any websites it maintains that contain the credit union's contact address.

4) When the credit union receives a written notice of error or request for information, the credit union:

- a. Within 5 days (excluding legal public holidays, Saturdays and Sundays) provides the borrower a written response acknowledging receipt of the notice of error or request for information.
- b. Within 30 to 45 days, corrects the error and provides the borrower written notification of the correction, or conducts an investigation and provides the borrower written notification that no error occurred (within 7 days if a notice of error asserts a failure to provide an accurate payoff balance amount and within 10 days for information requests for the identity of and address or other contact information for the owner or assignee of a mortgage loan).
- c. Within 30 to 45 days, provides the information or conducts a reasonable search for the requested information and provides the borrower with a written notification explaining why the information is not available (within 30 days or the date prior to a foreclosure sale, whichever is earlier, for a notice of error for improper first foreclosure notice or filing, moving to foreclosure judgement or order of sale or conducted a foreclosure sale in violation of the loss mitigation procedures).

5) The credit union does not charge a fee for an error resolution or information request.

Record Retention	The credit union retains records that document actions with respect to a borrower's mortgage loan account until one year after the date the credit union discharges the mortgage or transfers the servicing.
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The credit union retains (if applicable) the Escrow Closing Notice and the Mortgage Servicing Transfer Notice, containing the partial payment policy for two years after the date disclosures are required to be made or action is required to be taken (1026.25).

Mortgage Servicing Transfer Notice	<p>1) The credit union, when purchasing the servicing rights of a covered mortgage mails or delivers the required disclosures on or before the 30th calendar day following the date of transfer.</p> <p>2) The disclosure identifies the mortgage loan that was sold, assigned or otherwise transferred, in addition to the below:</p> <ol style="list-style-type: none">a. The name, address, and telephone number of the credit union;b. The date of the transfer;c. The name, address and telephone number of an agent or party authorized to receive notice of the right to rescind and resolve issues concerning the borrower's payments on the loan;d. Where transfer of ownership of the loan to the credit union is or may be recorded in public records (or has not);e. Partial payment policy, indicating how the credit union will treat periodic payments that are less than the full amount due and a statement that if the loan is sold, a new "lender" (using that term) may have a different policy. <p>3) If the credit union acquires the servicing of a mortgage loan where there is a loss mitigation application pending, the credit union complies with the requirements in the mortgage servicing rules, including compliance with the applicable time periods for notifications. (10/2017)</p>
Escrow Closing Notice	<p>1) When the borrower requests cancellation of the Escrow account, the credit union sends the Escrow Closing Notice. The borrower receives the notice no later than three business days before the escrow account is closed. If the escrow account is closed for any other reason, the credit union provides the borrower with the Escrow Closing Notice no later than 30 business days before the borrower's escrow account is closed.</p> <p>2) The credit union's disclosure includes, under the heading "Escrow Closing Notice" the following information, clearly and conspicuously:</p> <ol style="list-style-type: none">a. The date the borrower will no longer have the escrow account;b. A statement that the escrow account may also be called an impound or trust account;c. The reason why the escrow account will be closed;d. A statement that without an escrow account, the borrower must pay all property costs such as taxes and homeowner's insurance directly and possibly in one or two large payments a year;e. Table titled "Cost to you" that contains an itemization of the amount of any fee the credit union or servicer imposes in connection with the closure of the account, labeled "Escrow Closing Fee" and a statement that the fee is for closing the account. <p>3) The credit union's disclosure includes, under the heading "In the future:"</p>

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- a. A statement of the consequences if the borrower fails to pay property costs, including actions that a state or local government may take and the actions the credit union may take, such as adding amounts to the loan balance, adding an escrow account to the loan or purchasing insurance on the borrower's behalf that may be more expensive and provide fewer benefits than a policy that the borrower could obtain directly;
 - b. Telephone number that the borrower can use to request additional information about the cancellation;
 - c. A statement of whether the credit union offers the option of keeping the escrow account open and a telephone number they can use to request this service;
 - d. A statement of whether there is a cut-off date by which the borrower can request that the account be kept open.

4) The credit union uses a minimum of 10 point font, with content grouped together on the front side of a one-page document, separate from all other materials, with headings, content order and format substantially similar to model form H-29 in appendix H of Regulation Z.

5) The credit union is not required to provide this notice if it has provided the confirmed successor in interest, who is not liable on the mortgage loan, with the optional written notice and acknowledgement form under 1024.32(c), until the confirmed successor in interest either assumes the mortgage loan under state law or has provided the credit union with an executed acknowledgement form that has not yet been revoked. **(April 19, 2018)**

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- Successor in Interest – Written Request (4/2018)**
- 1) When the credit union receives a written request from a person that indicates they may be a successor in interest and it indicates the name of the borrower that the person received an ownership interest from and information that enables the credit union to identify the mortgage loan, the credit union promptly responds by providing a description of the documents that the credit union needs to confirm the person's identity and ownership interest in the property with contact information, including a telephone number for further assistance.
 - 2) Once the credit union identifies a confirmed successor in interest, the credit union's procedures ensure that the following disclosures and information are provided:

- a. Escrow accounts, payments and account balances;
- b. Mortgage servicing transfers and mortgage transfers;
- c. Error resolution;
- d. Information requests;
- e. Force-placed insurance;
- f. Early intervention;
- g. Loss mitigation;
- h. Post-consummation events;
- i. Payoff statements; and

j. Periodic statements.

3) However, if the credit union has provided the confirmed successor in interest who is not liable on the mortgage loan with the optional written notice and acknowledgement form under 1024.32(c), the credit union is not required (and their procedures reflect) to provide the written disclosures required for the below or comply with the live contact requirements under the rules until the confirmed successor in interest either assumes the mortgage loan under state law or has provided the credit union with an executed acknowledgement form that has not yet been revoked:

- a. Escrow accounts (1024.17);
- b. Mortgage servicing transfers (1024.33);
- c. Timely escrow payments and treatment of escrow account balances (1024.34);
- d. Force-placed insurance (1024.37);
- e. Early intervention requirements for certain borrowers (1024.39);
- f. Rate adjustments with corresponding change in payment (1026.20(c));
- g. Initial rate adjustments (1026.20(d));
- h. Escrow account cancellation notice for certain mortgage transactions (1026.20(e));
- i. Mortgage transfer disclosure (1026.39(b)); and
- j. Periodic statements (1026.41).