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Have a mortgage? What you can expect under federal rules

Consumer Financial Protection Bureau

You've got support when you look for information or help.

As you manage your mortgage payments, you rely on getting accurate and prompt information from your mortgage servicer. Federal rules for mortgage servicers support you. The rules help you understand how your payments work, give you tools if you have problems making your payments, and give you protections from wrongful actions taken by servicers.

Your mortgage servicer is the company that collects your monthly mortgage payments. Your mortgage servicer also works with you if you have trouble making your payments.

You'll receive billing information in writing.

Servicers have to give you a written mortgage statement each billing cycle showing the following information, as it applies to your situation:

Current bill

- What you owe
- How much money is applied to principal, interest, and escrow
- Late payment fees and the date you need to pay the amount to avoid the fee
- Payment options, if your mortgage loan has multiple payment options, and an explanation of whether the principal balance will increase, decrease, or stay the same under each option

Past payments

- How your total payments have been applied, since your last statement and since the beginning of the year
- Transaction activity, with the amount and date of charges or credits that affect your current bill
- Information on partial payments (that is, payments you made that were less than the full amount owed) and what must be done for the money to be applied to your loan balance

Other account information

- The principal amount you currently owe on your loan
- The interest rate, and if you have an interest rate that could change, the next date it is scheduled to change
- The penalty for paying off your loan early, if there is one
- General contact information for your servicer
- The special mailing address, if there is one, for written requests for information about your loan or for reporting an error your servicer has made
- How to contact a housing counselor for help

If you're more than 45 days behind on your payments: Notice of delinquency

- The date you became delinquent
- Your account history for the past six months
- How much to pay to bring your account current
- Possible risks and costs, such as foreclosure, if you don't bring your payments up to date
- Information about any foreclosure avoidance options that you've agreed to, if applicable
- Information about housing counseling
- A notice whether the servicer has started the foreclosure process

Your servicer doesn't have to send a monthly statement if it has already sent you a book of coupons to send in with your payments. The coupon book must also contain certain information about your account and about how to contact the servicer. If you are 45 days behind on your payments, the servicer must send you a written notice that includes all the information listed under "notice of delinquency" above.

There are exceptions if your lender is a small servicer. Small servicers are exempt from this rule and many other requirements. Small servicers (together with related companies) can service no more than 5,000 mortgages each year, where they and their related companies are the lender.

Or, they can be Housing Finance Agencies—government agencies that offer a specified number of mortgages with low rates for low- and middle-income homeowners.

Your payments will be credited promptly.

Servicers have to apply your full payments to your account as of the day they come in. If you pay only part of what you owe, the servicer may hold your partial payment(s) in a special account. And the servicer must tell you about this on your monthly statement. When that special account collects enough money to make a full payment of principal, interest, and any applicable escrow, the servicer has to credit that payment to your account.

You'll get a quick response when you ask about paying off your loan.

If you write to ask how much it will cost to pay off your mortgage, the servicer generally has seven business days after receiving your request to answer you.

You can't be charged for insurance you don't need, or overcharged for force-placed insurance.

If you fail to keep your home insured, your lender usually has the right to buy and charge you for insurance to cover the lender's interest in your home. This insurance is called "force-placed insurance."

Force-placed insurance is usually more expensive than a policy you buy, and it generally protects only the lender, not you. The insurance cost varies. The servicer can't overcharge you. It is allowed to charge you only the amount permitted by state insurance regulations or an amount that is reasonably related to the costs of providing the insurance.

The servicer must warn you at least 45 days before it charges you for a force-placed insurance policy. The notification tells you what kind of insurance you need. You might use the time to shop for a better or lower-cost policy.

If you choose to buy your own policy, the notification also tells you to how to prove to the servicer that you have insurance. The servicer has to remind you—at least 30 days after sending the first notification and at least 15 days before it charges you for force-placed insurance—if you still haven't provided proof to the servicer that you have the insurance you need.

If you provide proof of your own insurance after you've been billed for force-placed insurance, the servicer has to cancel its force-placed insurance. You'll receive a refund of the premiums and fees paid while your own policy was in effect.

You might have an escrow account from which the servicer pays your insurance bill. In that case, the servicer generally must continue your existing insurance policy if possible, rather than buy force-placed insurance.

Your complaints and information requests will be resolved quickly.

If your servicer doesn't properly apply a payment or charges improper fees, you should send your servicer a complaint in writing. When you write to your mortgage servicer to ask for information or to complain about certain errors, the servicer generally has seven days (excluding weekends and holidays) to acknowledge your letter.

Then, the servicer has 30 to 45 business days to resolve the complaint—which means they have to respond to information requests, resolve any alleged errors, or explain to you why they believe no error was made.

Examples of errors include when the servicer:

- Does not apply your payment correctly
- Charges improper fees
- Gives you inaccurate information about foreclosure and loss mitigation options
- Starts a foreclosure process or foreclosure sale in violation of the loss mitigation rules
- Makes any error relating to the servicing of your mortgage loan

If the error is related to foreclosure, the servicer generally has to respond before the date of the foreclosure sale. There's an exception: If the servicer receives a complaint within seven days of the sale, the servicer just has to make a good-faith effort to respond to it.

Many servicers have set up specific addresses for information requests and errors, so that your request is received by specially trained employees. This address appears on your monthly periodic statement or coupon book and on the servicer's Web site. Take care to mail your request to the correct address.

Your servicer has to follow good customer service policies.

Mortgage servicers have to set up their business so they can:

- Access correct information about your loan
- Tell you how to submit complaints and requests for information
- Respond promptly and correctly to your complaints and requests for information
- Pass along correct information about your account when the servicer transfers the servicing of your loan to another company
- Properly evaluate an application for relief if you are having difficulties paying your loan
- Keep records for at least one year after you pay off your loan, or after the loan is transferred to a new servicer

If you have an adjustable-rate mortgage, you'll have at least two months' warning when your payments are about to change.

If you take out an adjustable-rate mortgage, the servicer must notify you about the first interest rate adjustment well in advance. You'll get the first notice at least seven months before you owe a payment at the adjusted interest rate. The advance notification needs to show:

- An estimate of the new interest rate and payment amount
- Alternatives available to you
- How to contact a HUD-approved mortgage counselor

For the first interest rate adjustment, and for any adjustments that come later that give you a different payment amount, your servicer must send you another notice, at least 60 days in advance, telling you what your new payment will be.

You can get help if you're having trouble paying your mortgage.

Your servicer must tell you about the help that's available to you, and must consider you for that help, if you are having trouble paying your mortgage. You'll have to complete specified steps at the right times.

A good first step is to get expert advice in a face-to-face or telephone meeting with a HUD-approved housing counselor. Housing counselors talk to homeowners like you full-time. There is little or no cost to you. You can find a HUD-approved housing counseling agency near you, by visiting consumerfinance.gov or calling **888-995-HOPE (4673).**

You'll be contacted when you're having trouble making your payments.

When you don't pay your mortgage, your mortgage servicer must try to contact you to talk about the situation no later than 36 days after your payment was due.

The servicer has to tell you in writing about mortgage workout options that may be available no later than 45 days after you are late on the payment.

The mortgage servicer has to assign personnel to help you once you're 45 days late on your mortgage, and sooner if you've asked for help.

You can apply for help, so do it promptly.

If you're having trouble paying your mortgage, you can apply for help from your servicer. The first step is to tell your servicer you are interested in a foreclosure prevention option, such as a loan workout or short sale.

Before 45 days have passed after your first missed payment, your servicer is required to mail you information about how to apply for mortgage assistance (sometimes called a loss mitigation application). You'll probably be asked for income documents and other financial information along with the application. Fill out the application completely and return it with the documents as soon as you can.

Once you have submitted an application, the servicer has five days to review it. The servicer will either confirm your application is complete or give you a list of additional information and documents it needs. Plus, the servicer will give you a date by which you should return the information and documents. When you submit the additional information and documents to the servicer by that date, you can get the most protection available to you under federal rules, even if the servicer asks for more documents later on.

But, you need to act fast. Once you're 120 days behind on your payments, the servicer can start the foreclosure process if you haven't submitted a complete application.

You'll find out your options.

The servicer uses your loss mitigation application to put together your foreclosure prevention options. The servicer must evaluate you for all the foreclosure prevention options available to you, as long as your complete application is received at least 37 days before your scheduled foreclosure sale. However, that doesn't mean the servicer or the owner of your loan has to offer any specific foreclosure prevention (or loss mitigation) options.

Loss mitigation options could include:

- Temporarily suspending or reducing your payments (a forbearance)
- Permanently changing your loan terms to an amount you can afford (a modification)
- Allowing you to leave your home without repaying the full amount you owe, through a short sale or other foreclosure alternative

Within 30 days after you submit a complete application, the servicer generally has to tell you in writing what foreclosure prevention options you are eligible for. They also have to tell you what options they considered but did not offer, and why.

If you submit your complete mortgage assistance application at least 90 days prior to a scheduled foreclosure sale, you're entitled to 14 days to accept or reject the foreclosure prevention offer. If you submit the complete application at least 37 days prior to a scheduled foreclosure sale, you're entitled to seven days to accept or reject the offer.

You can seek review of the mortgage servicer's decision about your loan modification request.

If a servicer denies you a loan modification, on a trial or permanent basis, you can ask for a review of this decision—as long as you sent in a complete mortgage assistance application at least 90 days before your foreclosure sale. Your appeal needs to be submitted within 14 days after the servicer's determination of which other loss mitigation options, if any, it will offer. The servicer has to assign the review to someone who was not involved in the initial decision and must give you a response in writing within 30 days of your request.

If the servicer decides not to change the offer after the review, or makes you a new offer, you're entitled to 14 days to accept that offer.

You may have protections against foreclosure.

A servicer may not start a foreclosure if you're less than 120 days behind on your payments. If you send in a complete application after the 120-day mark, and foreclosure has started, you may still have protections.

If you're more than 120 days late on your payments, your loan is already in foreclosure, and you've sent in a complete application more than 37 days before the sale, then your servicer can't start foreclosure until:

- The servicer decides you don't qualify for any workout.
- You reject the workout options the servicer offers you.
- You make a workout agreement and then don't do what you promised to do in the workout agreement (like making timely payments).

You have to respond quickly to the options your servicer offers. If your foreclosure date is close, you may get only seven days to say yes to a loan workout.

Where to find out more

Information about these and other rules is available at http://consumerfinance.gov/regulations.

You can get more mortgage facts and help at http://consumerfinance.gov/mortgage. Looking for a new mortgage? Take a look at the booklet, *Shopping for a mortgage? What you can expect under federal rules*, posted on that page.

If you have a problem with your mortgage, you can also submit a complaint with the CFPB:

Online: www.consumerfinance.gov/complaint

By telephone: (we provide services in more than 180 languages)

8 a.m. to 8 p.m. ET, Monday–Friday:
(855) 411-CFPB (2372)
Español (855) 411-CFPB (2372)
TTY/TDD (855) 729-CFPB (2372)

By mail: Consumer Financial Protection Bureau
P.O. Box 4503
Iowa City, Iowa 52244

By fax: (855) 237-2392