



Mortgage Servicing FAQs

The questions and answers below pertain to compliance with Regulation X and Regulation Z, effective April 19, 2018.

Bankruptcy Periodic Statements

NOTE: For certain borrowers in bankruptcy, servicers are exempt from sending periodic statements. For other borrowers in bankruptcy, servicers are not exempt from sending periodic statements, but instead are required to send modified periodic statements. Additionally, in certain circumstances, a servicer may be required to resume sending unmodified periodic statements after a borrower's bankruptcy case has completed. To determine if a servicer is required to send modified periodic statements to a borrower in bankruptcy, please review Regulation Z, § 1026.41(e) and (f).

QUESTION 1:

Are payments that came from a trustee included in the transaction activity on the modified periodic statement?

ANSWER (UPDATED 3/20/2018):

Yes. Regulation Z, § 1026.41(f)(3)(iv) requires servicers to disclose in the transaction activity on the modified periodic statement all payments the servicer has received since the last statement. These payments include all pre-petition payments, post-petition payments, and payments of post-petition fees and charges, as well as all post-petition fees and charges the servicer has imposed since the last statement.

This is a Compliance Aid issued by the Consumer Financial Protection Bureau. The Bureau published a Policy Statement on Compliance Aids, available at <https://www.consumerfinance.gov/rules-policy/final-rules/policy-statement-compliance-aids/>, that explains the Bureau's approach to Compliance Aids.

There can be a delay between when a trustee receives a payment from a borrower and when the trustee remits that payment to a servicer. Because the transaction activity need include only those payments that a servicer has received, it would not need to include payments a borrower has sent to a trustee but that the servicer has not yet received from the trustee. Additionally, the trustee may allocate payments differently than the servicer, which also may cause the periodic statement to disclose transaction activity that is different than the trustee's records. For this reason, § 1026.41(f)(3)(vi)(C) and (D) require disclosures explaining that the periodic statement may not match the trustee's records when a borrower makes payments to a trustee.

For general information about the modifications to the periodic statement when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

QUESTION 2:

Does a servicer receive a safe harbor under the Bankruptcy Code by sending periodic statements in compliance with the Bureau's rules?

ANSWER (UPDATED 3/20/2018):

A servicer does not receive a safe harbor under the Bankruptcy Code by sending periodic statements to a borrower in bankruptcy in compliance with Regulation Z, § 1026.41(e) and (f). The Bureau does not have authority to create safe harbors under the Bankruptcy Code. However, in crafting the final rule, the Bureau examined bankruptcy case law and engaged in significant outreach with servicers, bankruptcy attorneys, bankruptcy trustees, and consumer advocates regarding when sending a periodic statement would be permissible under the Bankruptcy Code.

Based on this research and outreach, the Bureau does not believe that a servicer is likely to violate the automatic stay by providing a periodic statement in circumstances required by § 1026.41(a) and (e) that contains the information required by § 1026.41(c) and (d) as modified for bankruptcy by § 1026.41(f). Nor does the Bureau believe that an automatic stay violation is likely when a servicer properly uses one of the sample forms in appendices H-30(E) or H-30(F). The Bureau has tailored § 1026.41(e)(5) to avoid requiring a servicer to send a periodic statement in circumstances when case law suggests that doing so would violate the automatic stay.

For general information about the modifications to the periodic statement when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

QUESTION 3:

If a borrower in bankruptcy is represented by counsel, to whom should the periodic statement be sent?

ANSWER (UPDATED 3/20/2018):

In general, the periodic statement should be sent to the borrower. However, if bankruptcy law or other law prevents the servicer from communicating directly with the borrower, the periodic statement may be sent to borrower's counsel.

Bankruptcy Coupon Books

NOTE: For certain borrowers in bankruptcy, servicers are exempt from sending coupon books. For other borrowers in bankruptcy, servicers that send coupon books in accordance with Regulation Z, § 1026.41(e)(3) are required to send modified coupon books. Additionally, in certain circumstances, a servicer may be required to resume sending unmodified coupon books after a borrower's bankruptcy case has completed. To determine if a servicer is required to send modified coupon books to a borrower in bankruptcy, please review Regulation Z, § 1026.41(e) and (f).

QUESTION 1:

Does a servicer have to send a new coupon book immediately upon learning that a borrower enters bankruptcy, or can a servicer continue to send coupon books on its normal schedule (e.g., annually)?

ANSWER (UPDATED 3/20/2018):

A servicer is not required to change its schedule for sending coupon books due to a borrower's bankruptcy filing. For example, a servicer who ordinarily provides a borrower with a 12-month coupon book in January of each year may continue to send 12-month coupon books in January of each year for the duration of a borrower's bankruptcy case.

A servicer must provide a new coupon book after one of the events listed in § 1026.41(e)(5)(iv)(A) occurs only to the extent the servicer has not previously provided the consumer with a coupon book that covers the upcoming billing cycle.

For general information about the modifications to the coupon book when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

QUESTION 2:

For borrowers in chapter 12 or chapter 13 bankruptcy that are more than 45 days delinquent, does the disclosure statement required due to the delinquency require sending a new coupon book?

ANSWER (UPDATED 3/20/2018):

A servicer is not required to change its schedule for sending coupon books due to a borrower in chapter 12 or chapter 13 bankruptcy becoming more than 45 days delinquent on post-petition payments. For example, a servicer who ordinarily provides a borrower with a 12-month coupon book in January of each year may continue to send 12-month coupon books in January of each year for the duration of a borrower's chapter 12 or chapter 13 bankruptcy case.

A servicer must provide a new coupon book after one of the events listed in § 1026.41(e)(5)(iv)(A) occurs only to the extent the servicer has not previously provided the consumer with a coupon book that covers the upcoming billing cycle.

For general information about the modifications to the coupon book when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

QUESTION 3:

For borrowers in chapter 12 or chapter 13 bankruptcy, does the coupon book itself need to contain the disclosure statement that is required if the borrower is more than 45 days delinquent on post-petition payments?

ANSWER (UPDATED 3/20/2018):

Yes, but only if the borrower is 45 days delinquent on post-petition payments when the servicer is providing a new coupon book to the borrower. Regulation Z, § 1026.41(f)(5) requires that a coupon book provided under § 1026.41(e)(3) must include, among other things, the disclosure

described in § 1026.41(f)(3)(vi)(E). That provision requires that, if a borrower is more than 45 days delinquent on post-petition payments, the servicer must provide a statement that the servicer has not received all the payments that became due since the consumer filed for bankruptcy.

The servicer may include these disclosures anywhere in the coupon book provided to the borrower or on a separate page enclosed with the coupon book.

For general information about the modifications to the coupon book when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

Bankruptcy Reaffirmation

QUESTION 1:

Can a borrower's reaffirmation of personal liability for the mortgage loan affect whether a servicer is exempt from the periodic statement requirements?

ANSWER (UPDATED 3/20/2018):

Yes. Regulation Z, § 1026.41(e)(5)(ii) provides that the bankruptcy exemption for providing periodic statements and coupon books ceases to apply if the borrower reaffirms personal liability for the loan. For purposes of the modified periodic statement requirements in § 1026.41(f), Comment 41(f)-6 explains that a consumer who has reaffirmed personal liability for the loan is not considered a debtor in bankruptcy.

Regulation Z, Comment 41(e)(5)(ii)-2 explains that, upon a consumer's reaffirmation, the servicer must provide a periodic statement or coupon book but without the bankruptcy-specific modifications described in § 1026.41(f).

For general information about the exemption and modifications to the periodic statement or coupon book when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#).

Bankruptcy Successors in Interest

QUESTION 1:

Do servicers have a responsibility to know if a confirmed successor in interest is in bankruptcy for purposes of complying with the early intervention and periodic statement requirements?

ANSWER (UPDATED 3/20/2018):

Yes. Under Regulation X, § 1024.30(d) and Regulation Z, § 1026.2(a)(11), confirmed successors in interest are considered “borrowers” for purposes of the early intervention requirements and “consumers” for purposes of the periodic statement provisions. Because confirmed successors in interest are considered to be “borrowers” and “consumers” for the relevant parts of Regulation X and Regulation Z, servicers need to know whether confirmed successors in interest are in bankruptcy and may want to include them in any normal checks they utilize to identify borrowers in bankruptcy.

QUESTION 2:

Do the modifications to the periodic statement required for borrowers in bankruptcy apply if the borrower is a confirmed successor in interest in bankruptcy?

ANSWER (UPDATED 3/20/2018):

Yes. Under Regulation Z, § 1026.2(a)(11), confirmed successors in interest are borrowers for purposes of the periodic statement provisions, and so the periodic statement modification requirements for borrowers in bankruptcy in § 1026.41(f) would apply to the periodic statements supplied to that confirmed successor in interest in bankruptcy.

For general information about the modifications to the periodic statement or coupon book when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#).

Bankruptcy Provisions Effective Date

QUESTION 1:

How does a servicer comply with the new bankruptcy periodic statement rules under Regulation Z, § 1026.41(e)(5) and (f) if a borrower became a debtor in bankruptcy prior to April 19, 2018, and a statement is required starting on or after April 19, 2018?

ANSWER (UPDATED 3/20/2018):

The servicer must send modified periodic statements as required under Regulation Z, § 1026.41(f) on or after April 19, 2018 unless, as of April 19, 2018, any exemption applies. Section 1026.41(e)(5) includes new provisions that exempt a servicer from providing a statement to a borrower in bankruptcy. These new requirements and exemption provisions apply to a mortgage loan as of April 19, 2018, irrespective of whether the borrower became a debtor in bankruptcy before or after April 19, 2018. Note that a servicer may begin providing periodic statements to borrowers in bankruptcy prior to April 19, 2018, but as of that date, the servicer must comply with all of the new requirements under the rule. For more information on early compliance, see the [Bureau's June 27, 2017 Policy Guidance](#).

For general information about the modifications to the periodic statement when a borrower is in bankruptcy, see section 5.10 of the [Mortgage Servicing Small Entity Compliance Guide](#) and Regulation Z, § 1026.41(f).

Escrow Accounts: General

QUESTION 1:

What is an escrow account under Regulation X?

ANSWER (UPDATED 6/2/2021):

Regulation X provides that an escrow account is any account established or controlled by a servicer on behalf of a borrower to pay taxes, insurance premiums, or other charges with respect to a federally related mortgage loan, including those charges that the servicer and borrower agreed to have the servicer collect and pay. 12 CFR § 1024.17(b).

QUESTION 2:

What is an escrow account computation year under Regulation X?

ANSWER (UPDATED 6/2/2021):

Regulation X provides that an escrow account computation year is a 12-month period that the servicer establishes for the escrow account, beginning with the borrower's initial payment date, and includes each 12-month period thereafter, unless the servicer issues a short year statement. 12 CFR § 1024.17(b).

For more information on short year statements, see [Escrow Accounts: General Question 8](#).

QUESTION 3:

When does the servicer send the annual escrow statement?

ANSWER (UPDATED 6/2/2021):

The servicer sends the borrower the annual escrow account statement within 30 days of the completion of the escrow account computation year. 12 CFR § 1024.17(i). The servicer must conduct an escrow account analysis before sending the annual escrow account statement to the borrower. 12 CFR § 1024.17(i).

QUESTION 4:

What charges may the servicer require a borrower to deposit into an escrow account?

ANSWER (UPDATED 6/2/2021):

The servicer may impose charges at settlement or upon creation of the escrow account. For example, upon creation of the escrow account, the servicer may charge the borrower an amount sufficient to pay the charges for the mortgaged property, such as taxes and insurance, that are attributable to the period from the date payment(s) for those charges were last paid until the initial payment date of the mortgage. 12 CFR § 1024.17(c)(1)(i).

The servicer may also impose charges during the life of the escrow account. During the life of the escrow account, the servicer may collect from the borrower a monthly sum equal to one-twelfth of the total annual escrow payments that the servicer reasonably anticipates paying from the account. 12 CFR § 1024.17(c)(1)(ii). In addition, the servicer may add an amount to maintain a cushion no greater than one-sixth of the estimated total annual payments from the account upon creation or during future escrow account analyses. 12 CFR § 1024.17(c)(1)(ii).

QUESTION 5:

What is a disbursement date?

ANSWER (UPDATED 6/2/2021):

A disbursement date is the date the servicer pays an escrow item from the escrow account. 12 CFR § 1024.17(b).

QUESTION 6:

What information must be included in an initial escrow statement?

ANSWER (UPDATED 6/2/2021):

The initial escrow statement is the first disclosure statement that the servicer delivers to the borrower concerning the borrower's escrow account. 12 CFR § 1024.17(b).

It must include:

- The amount of the monthly mortgage payment;

- The portion of the monthly payment going into the escrow account;
- Itemized anticipated disbursements to be paid from the escrow account;
- Anticipated disbursement dates;
- The amount the servicer elects as a cushion; and
- Trial running balance for the account.

12 CFR § 1024.17 (g)(1)(i).

QUESTION 7:

What information must be included in an annual escrow statement?

ANSWER (UPDATED 6/2/2021):

The annual escrow statement must include an account history that reflects the activity in the escrow account during the prior escrow account computation year and a projection of the activity in the account for the next escrow account computation year. 12 CFR § 1024.17(i). The servicer must send it to the borrower within 30 calendar days of the end of the escrow account computation year, after the servicer conducts an escrow account analysis.

12 CFR § 1024.17(i). It must include:

- The amount of the current monthly mortgage payment and the portion of it going into the escrow account;
- The amount of the past year's monthly mortgage payment and the portion of it that went into the escrow account;
- The total amount paid into the escrow account during the past escrow account computation year;
- The total amount paid out of the escrow account during the past account computation year for taxes, insurance premiums, and other charges (as separately identified);
- The balance in the escrow account at the end of the account computation year;
- An explanation of how any surplus is being handled;
- An explanation of how any shortage or deficiency is to be paid by the borrower; and

- If applicable, the reason(s) why the estimated low monthly balance was not reached as indicated by noting differences between the most recent account history and last year's projection.

12 CFR § 1024.17(i)(1)(i)-(viii).

QUESTION 8:

What is a short year statement?

ANSWER (UPDATED 6/2/2021):

A servicer may issue a short year statement to change one escrow account computation year to another. 12 CFR § 1024.17(i)(4).

For example, if the servicer transfers servicing to another servicer, then the old servicer must submit a short year statement to the borrower within 60 days of the effective date of the transfer.

12 CFR § 1024.17(i)(4)(ii).

Another example is when the borrower pays off the mortgage loan during the escrow account computation year, then the servicer must submit the short year statement within 60 days after the servicer receives the payoff funds. 12 CFR § 1024.17(i)(4)(iii).

Escrow Accounts: Escrow Account Analysis

QUESTION 1:

What is an escrow account analysis?

ANSWER (UPDATED 6/2/2021):

An escrow account analysis is the accounting a servicer conducts in the form of a trial running balance for an escrow account to:

- Determine the appropriate target balances;
- Compute the borrower's monthly payments for the next escrow account computation year and any deposits needed to establish or maintain the account; and
- Determine whether a shortage, surplus, or deficiency exists.

12 CFR § 1024.17(b).

QUESTION 2:

When does a servicer conduct an escrow account analysis?

ANSWER (UPDATED 6/2/2021):

A servicer may conduct an escrow account analysis at any time, but Regulation X requires that the servicer conduct an escrow account analysis before the servicer establishes an escrow account and at the completion of the escrow account computation year in order to provide the borrower with an annual escrow account statement no later than 30 days prior to the end of the escrow computation year. 12 CFR § 1024.17 (c)(2), (c)(3) and (i).

Escrow Accounts: Deficiencies, Shortages, and Surpluses

QUESTION 1:

What is a deficiency?

ANSWER (UPDATED 6/2/2021):

A deficiency is the amount of a negative balance in an escrow account. 12 CFR § 1024.17(b).

For more information on deficiencies, see [Escrow Accounts: Deficiencies, Shortages, and Surpluses Questions 7, 8, and 9](#).

QUESTION 2:

What is a shortage?

ANSWER (UPDATED 6/2/2021):

A shortage is an amount by which a current escrow account balance falls short of the target balance at the time of escrow analysis. 12 CFR § 1024.17(b).

For more information on shortages, see [Escrow Accounts: Deficiencies, Shortages, and Surpluses Questions 4, 5, and 6](#).

QUESTION 3:

What is a surplus?

ANSWER (UPDATED 6/2/2021):

A surplus is an amount by which the current escrow account balance exceeds the target balance at the time of escrow analysis. 12 CFR § 1024.17(b).

QUESTION 4:

What can the servicer do if the escrow account analysis shows a shortage?

ANSWER (UPDATED 6/2/2021):

It depends on the amount of the shortage. If the shortage is less than one month's escrow payment, then the servicer:

- May allow a shortage to exist and do nothing to change it,
- May require the borrower to repay the shortage amount within 30 days, or
- May require the borrower to repay the shortage amount in equal monthly payments over at least a 12-month period.

If the shortage is equal to or more than one month's escrow account payment, then the servicer:

- May allow a shortage to exist and do nothing to change it, or
- May require the borrower to repay the shortage in equal monthly payments over at least a 12-month period.

12 CFR § 1024.17(f)(3).

The specified repayment options in Regulation X are exclusive. Therefore, a servicer cannot include in the annual escrow statement any options for repayment of shortages that are not specified in Regulation X, such as a lump sum payment option for a shortage that is equal to or more than one month's escrow payment.

QUESTION 5:

If there is a shortage that is equal to or more than one month's escrow account payment, can the servicer accept an unsolicited lump sum payment from the borrower to resolve the shortage?

ANSWER (UPDATED 6/2/2021):

Yes, if there is a shortage that is equal to or more than one month's escrow account payment, the servicer may accept an unsolicited lump sum repayment to resolve the shortage. However, the servicer cannot require or provide the option of a lump sum payment on the annual escrow account statement. The annual escrow statement, which reflects the escrow account analysis, may indicate that a shortage can exist or that the borrower can repay the shortage in equal monthly payments over at least a 12-month period. 12 CFR § 1024.17(f)(3).

Also, Regulation X does not govern whether borrowers can voluntarily make payments to the servicer for the purpose of satisfying an escrow account shortage. Hence, the acceptance of a voluntary, unsolicited payment made by the borrower to the servicer to satisfy an escrow account shortage is not a violation of Regulation X.

QUESTION 6:

Can a servicer communicate to the borrower that the borrower may voluntarily provide a lump sum payment to satisfy an escrow shortage if they choose to?

ANSWER (UPDATED 6/2/2021):

Yes, provided that the communication is not in the annual escrow account statement itself and does not appear to indicate that a lump sum payment is something that the servicer requires but rather is an entirely voluntary option. The specified repayment options in Regulation X are exclusive. Therefore, servicers cannot include in the annual escrow statement any options for repayment of shortages that are not specified in Regulation X, such as a lump sum payment option. 12 CFR § 1024.17(f)(3); 12 CFR § 1024.17(i)(vii).

Regulation X does not, however, prohibit a servicer from including other statements or materials in the same envelope as the annual escrow statement or in an entirely separate communication that provides general information regarding the operation of a borrower's escrow account or additional guidance on ways in which a borrower may manage or make voluntary payments into their escrow account. 12 CFR § 1024.17(i)(3).

Regulation X does not govern whether borrowers can voluntarily make payments in any amount into the escrow account at any time. Hence, informing the consumer that voluntary payment of any amount to the servicer to satisfy the escrow account shortage is not a violation of Regulation X as long as such information is not included on the annual escrow account statement and does not appear to indicate that a lump sum payment is something that the servicer requires, but that it is an entirely voluntary option.

QUESTION 7:

What can the servicer do if the escrow account analysis shows a deficiency?

ANSWER (UPDATED 6/2/2021):

If the escrow account analysis shows a deficiency, the servicer may require the borrower to pay additional monthly deposits to the account to eliminate the deficiency. How much the servicer may require depends on the amount of the deficiency.

If the deficiency is less than one month's escrow account payment, then the servicer:

- May allow the deficiency to exist and do nothing to change it;
- May require the borrower to repay the deficiency within 30 days; or
- May require the borrower to repay the deficiency in 2 or more equal monthly payments

12 CFR § 1024.17(f)(4)(i).

If the deficiency is greater than or equal to one month's escrow payment, then the servicer:

- May allow the deficiency to exist and do nothing to change it; or
- May require the borrower to repay the deficiency in two or more equal monthly payments.

12 CFR § 1024.17(f)(4)(ii).

These provisions regarding deficiencies apply if the borrower is current at the time of the escrow account analysis, which means that the servicer receives the borrower's payments within 30 days of the payment due date. 12 CFR § 1024.17(f)(4)(iii).

If the servicer does not receive the borrower's payment within 30 days of the payment due date, then the servicer may recover the deficiency pursuant to the terms of the loan documents. 12 CFR § 1024.17(f)(4)(iii).

QUESTION 8:

If there is a deficiency that is equal to or more than one month's escrow account payment, can the servicer accept a voluntary, unsolicited lump sum payment from the borrower to resolve the deficiency?

ANSWER (UPDATED 6/2/2021):

Yes, if there is a deficiency that is equal to or more than one month's escrow account payment, the servicer may accept an unsolicited lump sum payment to resolve the deficiency. However, the servicer cannot require or provide the option of a lump sum payment on the annual escrow account statement. The annual escrow statement may only reflect that the servicer is allowing a deficiency to exist or that the servicer is requiring the borrower to repay the deficiency in two or more equal monthly payments. 12 CFR § 1024.17(f)(4)(ii).

Regulation X does not govern whether borrowers can voluntarily make payments to the servicer for the purpose of satisfying an escrow account deficiency. Hence, a voluntary, unsolicited payment to the servicer to satisfy an escrow account deficiency equal to or more than one month's escrow account payment by the consumer is not a violation of Regulation X as long as such information is not included on the annual escrow account statement and does not appear to indicate that a lump sum payment is something that the servicer requires, but that it is an entirely voluntary option for the borrower.

QUESTION 9:

Can a servicer communicate to the borrower that the borrower may voluntarily provide a lump sum payment to satisfy an escrow deficiency if they choose to?

ANSWER (UPDATED 6/2/2021):

Yes, provided that the communication is not in the annual escrow account statement itself and does not appear to indicate that a lump sum payment is something that the servicer requires but rather is an entirely voluntary option. The specified repayment options in Regulation X are exclusive. Therefore, servicers cannot include in the annual escrow statement any options for repayment of deficiencies that are not specified in Regulation X, such as a lump sum payment

option that is greater than or equal to one month's escrow payment. 12 CFR § 1024.17(f)(4)(i) and (ii); 12 CFR § 1024.17(i)(vii).

Regulation X does not, however, prohibit a servicer from including other statements or materials in the same envelope as the annual escrow statement or in an entirely separate communication that provides general information regarding the operation of a borrower's escrow account or additional guidance on ways in which a borrower may manage or make voluntary payments into their escrow account. 12 CFR § 1024.17(i)(3).

Regulation X does not govern whether borrowers can voluntarily make payments in any amount into the escrow account at any time. Hence, informing the consumer that voluntary payment of any amount to the servicer to satisfy the escrow account deficiency is not a violation of Regulation X as long as such information is not included on the annual escrow account statement and does not appear to indicate that a lump sum payment is something that the servicer requires, but that it is an entirely voluntary option.

QUESTION 10:

If a charge will terminate during the escrow account computation year and disbursements related to that charge will no longer need to be made, how does the servicer factor this into the escrow account analysis?

ANSWER (UPDATED 6/2/2021):

For the escrow account analysis, the servicer estimates the amount of items to be disbursed. If the servicer knows the charge for an escrow item in the next computation year, then the servicer must use that amount in estimating disbursement amounts. 12 CFR § 1024.17(c)(7). Thus, if the servicer knows that a charge will terminate in the next computation year, it must use that information for the escrow account analysis and adjust the charges to the borrower, as applicable.

For example, if a borrower is current at the time of the escrow analysis and the servicer's system reflects that charges for private mortgage insurance (PMI) will terminate during the next computation year pursuant to the Homeowners Protection Act, then the servicer must consider the PMI termination date for the escrow account analysis and adjust the charges to the borrower, as applicable. However, if the borrower is not current at the time of the escrow account analysis and the servicer's system reflects that the charges for PMI will not terminate during the next computation year, then the servicer must also consider the extension of the termination date and adjust the charges to the borrower, as applicable.

QUESTION 11:

What can a servicer do if, during the course of the escrow account computation year, the amount of costs to be paid from the escrow account will decrease or increase beyond the amounts anticipated from the escrow account analysis that was conducted before the annual escrow account statement was prepared?

ANSWER (UPDATED 6/2/2021):

A servicer can conduct another escrow account analysis to confirm whether the change will result in a surplus, shortage, or deficiency. The servicer can then provide a short year escrow account statement to reset the escrow account computation year and inform the consumer what actions the servicer will take to address the surplus, shortage, or deficiency.

12 CFR § 1024.17(c)(3), (f) and (i)(4).

Escrow Accounts: Public Guidance Documents

QUESTION 1:

What are escrow disclosure Public Guidance Documents?

ANSWER (UPDATED 6/2/2021):

Under Regulation X, “Public Guidance Documents” are *Federal Register* documents adopted or published, that the Bureau may amend in the future. 12 CFR § 1024.2(b). These documents may also be provided by the Bureau in response to written requests for such documents. The Public Guidance Documents that reference escrows disclosures are referred to as Escrow Disclosure Public Guidance Documents.

For example, § 1024.17(h)(1) references Public Guidance Documents for initial escrow account statements which are published in the *Federal Register* under the titles “Initial Escrow Account Disclosure Statement—Format” and “Initial Escrow Account Disclosure Statement—Example.”

QUESTION 2:

Where can I find the Escrow Disclosure Public Guidance Documents? Do these documents differ from HUD's Escrow Disclosure Public Guidance Documents?

ANSWER (UPDATED 6/2/2021):

The Escrow Disclosure Public Guidance Documents can be found on the Bureau's [Mortgage servicing webpage](#) and the [RESPA webpage](#) under the "additional materials" section. The Bureau has maintained HUD's definition of Public Guidance Documents in Regulation X since assuming authority for RESPA and its implementing regulation, Regulation X, in 2011. The Bureau has not issued any new escrow disclosure Public Guidance Documents under RESPA or any other statements about the HUD Public Guidance Documents.

The Bureau maintains a list of escrow disclosure appendices that were removed from the CFR and converted into Public Guidance Documents by HUD's 1996 Streamlining Final Rule.

[61 FR 13232 \(Mar. 26, 1996\)](#). Public Guidance Documents are not "rules, regulations, or interpretations" of the Bureau for purposes of RESPA section 19(b). 12 CFR § 1024.4(a)(2)

Examples of escrows disclosure appendices in Public Guidance Documents include:

- [HUD's 1994 Final Escrow Accounting Rule – 59 FR 53890 \(Oct. 26, 1994\)](#).
- [HUD's February 1995 Final Escrow Accounting Rule](#) including appendices with revised escrow disclosure formats and examples – 60 FR 8812 (Feb. 15, 1995).
- [HUD's May 1995 Final Escrow Accounting Rule](#) titled "Correcting Amendment and Clarifications" which includes several revised escrow formats and a revision of an example – 60 FR 24734 (May 9, 1995).
- [HUD's March 1996 RESPA Streamlining Final Rule](#) – 61 FR 13232 (Mar. 26, 1996). This removes the escrow disclosure format and examples from the CFR as appendices to Regulation X and designates them "public guidance documents."
- [HUD's January 1998 Final Escrow Accounting Rule](#) – 63 FR 3214 (Jan. 21, 1998). This adds a new public guidance document concerning a notice for voluntary escrow account payments.