



RESIDENTIAL LOAN ADMINISTRATION COMMITTEE UPDATE

❖ *CFPB Mortgage Servicing Examination Update Summary* ❖

Changes to Examination Procedures

Module 1 – Servicing and Loan Ownership Transfers

Mortgage Servicing Transfers Added to the Introduction. Procedures 9

- 1 Examiners must check for compliance with guidance in CFPB Bulletin 2020-02 regarding the handling of information and documents during mortgage servicing transfers. Additionally, examiners should (i.e., are now expected) to interview consumers who submit complaints regarding the loan transfer process.

Module 2 – Payment Processing, Account Maintenance, and Optional Products

Fee Practices Added Numbers 4, 5, and 6. Procedures 12

- 2 Examiners must determine whether servicers charge fees for making payments, including whether those fees are disclosed, how prominently those disclosures are made, whether alternative payments with lower fees are presented, and whether the servicer accepts referral fees from third-party payment processors. Examiners must also determine practices around re-trying failed electronic fund transfers. Finally, examiners must determine whether the servicer charges fees for activities required by the investor exceed the expenses incurred to carry out the activity.

Credit Arrangements and Regulation B Added Numbers 21 and 22. Procedures 15

- 3 Examiners must determine whether the servicers procedure for maintaining or changing credit arrangements and adverse action notifications are compliant with Regulation B and any ECOA anti-discrimination requirements.

TILA/Regulation Z Added Numbers 23. Procedures 16

- 4 Examiners must assess compliance with Regulation Z limitations on modifying a home equity plan.

Module 4 – Maintenance of Escrow Accounts and Insurance Products

Escrow Accounts Added Numbers 8. Procedures 19

- 5 Examiners must determine whether the servicer accurately represents the reason(s) consumers are ineligible to cancel private mortgage insurance

Module 5 – Consumer Reporting

FCRA/ Regulation V Furnisher Requirements Added Number 1. Procedures 21

- 6 Examiners must determine compliance with CFPB Circular 2022-07 (November 10, 2022) regarding investigations of disputed information.

Module 7 – Collections and Accounts in Bankruptcy

Loss Mitigation Communication Expanded on Number 4. Procedures 23

- 7 Examiner must ensure that collections staff transfer borrowers to loss mitigation staff to discuss *forbearances, loan modifications (including streamlined modifications)*, and *other* loss mitigation modification

Module 8 – Loss Mitigation, Early Intervention, and Continuity of Contact

Loss Mitigation Application Expanded on Number 10, Added Number 11. Procedures 26

Examiners must determine whether servicers provide clear information on loss mitigation options (including forbearance and streamlined modifications) and whether information is provided on servicer's participation in homeowner assistance programs.

Loss Mitigation Application Added New Number 12. Procedures 27

Examiners must determine whether servicer send loss mitigation offer letters with response deadlines that had already passed or were about to pass by the time the consumer received the letters

Loss Mitigation Appeals Added Number 16. Procedures 26

Examiners must determine whether servicers send loss mitigation denial notices with appeal deadlines that are less than fourteen days from the day the consumer received the notice.

Loss Mitigation Payments Expanded on Number 17. Procedures 27

Examiners must determine whether the payment due dates on consumer communications align with the due dates in the servicer’s system.

Forbearance Added Number 25. Procedures 27

Examiners must determine whether a servicer accurately represents the payment amount required for consumers to accept deferral offers or other permanent loss mitigation options at the end of forbearance periods.

Module 9 – Foreclosures

Foreclosure Representations Added Numbers 8, 9, and 10. Procedures 31

Examiners must determine whether the servicer has initiated started foreclosure proceedings after representing to the consumer they would not, whether the servicer represents to consumers they will begin foreclosure proceedings before the servicer intends to initiate the proceedings, and whether the servicer-initiated foreclosure proceedings when the prior servicer waived charges that cause the consumer’s default.

Glossary

Right to Forbearance Added to the definition of forbearance, “Borrowers with federally backed mortgages who affirm they are experiencing a financial hardship during the COVID-19 national emergency have the right to request and obtain forbearance for up to 180 days and to request and obtain an extension for another 180 days (for a total of 360 days) under the CARES Act.”

HAMP Definition Removed

Streamlined Modification Added a new definition, explicitly stating “A loan modification that servicers may offer to borrowers who meet certain requirements without requiring borrowers to submit complete financial or hardship documentation. A Flex Modification, available on government-sponsored enterprise loans, is an example.”

List of New Bulletins, Advisory Opinions, and Rule Changes Incorporated

- 1 [CFPB Bulletin 2017-01: Phone Pay Fees \(July 31, 2017\)](#)
- 2 [CFPB Bulletin 2020-02: Compliance Bulletin and Policy Guidance: Handling of Information and Documents During Mortgage Servicing Transfers \(April 24, 2020\)](#)
- 3 [CFPB Bulletin 2021-02: Compliance Bulletin and Policy Guidance: Supervision and Enforcement Priorities Regarding Housing Insecurity \(March 31, 2021\)](#)
- 4 [CFPB Advisory Opinion: Equal Credit Opportunity \(Regulation B\); Revocations or Unfavorable Changes to the Terms of Existing Credit Arrangements \(May 18, 2022\)](#)
- 5 [CFPB Circular 2022-07: Reasonable Investigation of Consumer Reporting Disputes \(November 10, 2022\)](#)
- 6 [CFPB Interim Final Rule, Treatment of Certain COVID-19 Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act \(RESPA\), Regulation X \(June 23, 2020\)](#)
- 7 [CFPB Final Rule, Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act \(RESPA\), Regulation X \(June 25, 2021\)](#)