



CONSUMER ALERT

FOR IMMEDIATE RELEASE

January 2015

MORTGAGE SERVICING RULES FOR HOMEOWNERS KNOW YOUR RIGHTS

Rules governing mortgages on a federal and state level encompass many aspects of the mortgage process from purchasing a home, to refinancing and obtaining a line of credit.

In January 2014, federal mortgage servicing laws were enhanced to enable homeowners to better understand the terms of their mortgage, easily review their mortgage statements, and aid them in rectifying mortgage errors quickly and efficiently. Knowing your rights and remedies as a homeowner will prevent late fees, undetected errors, or incorrect payment applications on your mortgage loan.

Your mortgage servicer is obligated, in part, to apply your payment in a timely manner, and provide notifications of changes in your interest rate. You as a homeowner are duty-bound to review your statement each month and be armed with the 'know-how' to handle mortgage problems if they arise. These are some of the most important changes implemented to help homeowners take control of their mortgage.

KNOW YOUR RIGHTS

Check for delays.

With few exceptions, your servicer must credit your mortgage payment as of the day they receive it. Check your statement to see if your payment was credited on time. If it was not – notify your servicer immediately.

Fix mistakes quickly.

The mortgage rules require servicers to investigate and fix – in a timely manner – mistakes that you report. Take the time to write a certified letter to your servicer if you find an error on your statement.

Be aware of interest rate resets.

If you have an adjustable rate mortgage (ARM) or an ARM line of credit – your mortgage servicer is required to notify you of an estimate of your new payment seven or eight months *before* the interest rate resets for the first time.

If you have an ARM that has already reset – and is due to reset again - your mortgage servicer is required to notify you two to three months in advance of the next reset.

Borrowers who fall behind now have more options to take control

Mortgage servicers will now have to call or contact most borrowers by the time they are 36 days late on their mortgage.

Mortgage servicers, with limited exceptions, cannot initiate a foreclosure until a borrower is more than 120 days delinquent.

Mortgage servicers can no longer start a foreclosure while they are also working with a homeowner who has submitted a complete application for help.

“When it comes to your mortgage, stay in the driver’s seat” advises Department of Finance Director Gavin Gee, “being uninformed about your mortgage loan is a recipe for disaster.” The Department’s website provides links to the CFPB’s ‘Mortgage Checklist’ so that homeowners can review their rights under the mortgage rules. Also on the website is a link to the CFPB’s sample letter template and guide. The template and guide are to assist homeowners who detect errors and must submit a written error notification to their servicer.

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