



Implementation Pointers for the New RESPA and TILA Servicing Rules

Mary-Ann Boaz, CRCM
Cynthia Boehmer, JD
September 13, 2017

- Today's presentation slides can be downloaded at www.wolfandco.com/webinars/2017
- This presentation will last about 1 hour
- Our audience will be muted, so please communicate with me by using the “chat box” located on the webinar’s control panel
- We will have time for Q & A at the end of the presentation. Submit your questions by using the “questions box” located on the webinar’s control panel

- Established in 1911
- Offer Audit, Tax, and Risk Management services to over 250 financial institutions
- Offices located in:
 - Boston, Massachusetts
 - Springfield, Massachusetts
 - Albany, New York
 - Livingston, NJ
- Over 200 professionals



As a leading regional firm founded in 1911, we provide our clients with specialized industry expertise and responsive service.

- Over 60 Risk Management Professionals:
 - IT Assurance Services Group
 - Internal Audit Services Group
 - Regulatory Compliance Services Group
 - WolfPAC® Solutions Group
- Provide services to over 250 financial institutions:
 - Approximately 90 FIs with assets > \$1B
 - Approximately 25 publicly traded FIs
 - Constant regulatory review of our deliverables
- Provide Risk Management Services in 27 states and 2 U.S. territories

Mary-Ann Boaz, CRCM

Regulatory Compliance Supervisor

Phone: 617-261-8175

Email: mboaz@wolfandco.com

Cynthia Boehmer, JD

WolfPAC Compliance Consultant

Phone: 617-933-3340

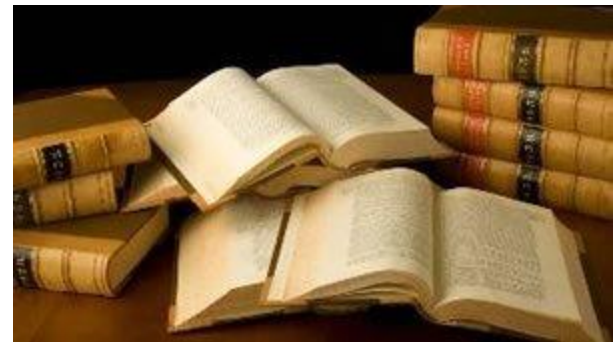
Email: cboehmer@wolfandco.com

- 2016 Amended Mortgage Servicing Rules
 - Rules Effective October 19, 2017
 - Definition of Delinquency
 - Request for Information
 - Force-place insurance
 - Early Intervention
 - Loss mitigation
 - Prompt Payment Crediting
 - Small Servicer
 - Rules Effective April 19, 2018
 - Successors in Interest
 - Periodic Statements (borrowers in bankruptcy)
- Questions



- Amends the 2013 Mortgage Servicing Rules that went into effect in January 2014
- Lack of clear guidance and gaps
- Dual Effective Dates:
 - April 19, 2018 for Successors in Interest Rules and Periodic Payments for Borrowers in Bankruptcy
 - October 19, 2017 remaining rules

- Expanded Scope
- Maintenance of policies and procedures to ensure correct identification
- Request reasonable documentation
- Scope limitation
 - Small Servicer exclusion



- A period of time during which the borrower and the borrower's mortgage loan obligation are delinquent (includes grace period)
- Beginning Date:
 - Date periodic payment covering principal, interest and escrow is due and unpaid
- End Date:
 - The date the payment is made to cover amount owed
- Applicable
 - Subpart C of RESPA which includes continuity of contact, loss mitigation and referral to foreclosures
 - TILA – periodic statements





- Fannie Mae or Freddie Mac as trustee
- Must provide the name of the trust and the contact information when:
 - Fannie Mae or Freddie Mac is not the owner of the trust
 - Borrower expressly requests the name of the trust or pool and Fannie Mae or Freddie Mac is the owner

Name of trust not required if:

- Borrower did not request name or number of trust
- Fannie Mae or Freddie Mac is the owner or trustee

- Address insufficient insurance coverage
- Initial and Reminder Notices amended
- Allow borrower's mortgage number to be added to notices



- Live Contact
 - No later than the 36th day of delinquency
 - Additional attempt no later than 36 days after each payment due
 - Advise of loss mitigation options
- Written Notification
 - Required by 45th day of delinquency
 - Not more than once during any 180-day period
 - Model clauses in regulation



- Borrowers in bankruptcy or Fair Debt Collection Practices Act (FDCPA) cease communication
 - Exemption from live contact remains
 - Revised written notification requirements
 - Not required if no loss mitigation options available
 - If loss mitigations options available, written notification only required **once**
 - Cannot contain a request for payment
- Resume live contact and written notification when bankruptcy case dismissed, closed or reaffirmation of personal liability

- Required to review for loss mitigation more than once during the life of the loan
- Written Notification within 5 business days of complete application
- Incomplete Applications
 - 30 days reasonable time to require return of missing documents/information
 - Offer short-term loss mitigation options
 - Payment forbearance
 - Short-term repayment plans
 - Cease foreclosure activity



- Information held by third-party
 - Cannot deny if missing information required by third-party
 - Application is considered complete
 - Due diligence to obtain missing information
- What if information never received?
 - Must wait at least 30 days to deny application
 - Provide written notification that required information not received, what information was required and that an evaluation will occur if missing information received.

- Modify existing exception to the 120-day prohibition on foreclosure filing to allow joining of foreclosure action of a superior lien holder
- If first notice or filing for foreclosure occurred and loss mitigation application received, no further foreclosure activity to take place



- If loss mitigation application pending, must comply with loss mitigation requirements
- Exceptions:
 - Transferee has 10 days from date of transfer to send acknowledgement notice
 - Will have 30 days from date of transfer to evaluate loss mitigation package or begin process of obtaining information held by a third-party



- Temporary loss mitigation program
 - Credited according to loan contract and credited as a partial payment

- Permanent loan modification
 - Credited in accordance with permanent loan modification agreement



- Accelerated loans, temporary loss mitigation or permanent loan modification (effective October 19, 2017)
 - Statement must reflect accurate payment owned under these scenarios
- Charged-off loans (effective October 19, 2017)
 - Exempt if no further charges on the account and a previous statement included information on the effect of a charged-off loan
- Borrowers in bankruptcy (effective April 19, 2018)
 - Modified periodic statement required with content dependent on type of bankruptcy filed

- Must service 5,000 or fewer loans for all of which they are creditor or assignees.
- New Rule - Excluded from loan limit even if the non-affiliate is not a creditor or assignee:
 - certain seller-financed transactions
 - mortgage loans voluntarily serviced for a non-affiliate

- WolfPAC Regulatory Compliance module will be updated to reflect the new requirements on October 2nd
- Determine if you wish to make updates right away or wait
 - If you decide to wait, there will be blank fields in the report
- Switch regulation status back to Open or In Progress and have the users revisit them
- Determine the overall impact this has on the monitoring and audit plan
- Report the results as necessary within the organization

- Review Policy and Procedures
- Adopt new technologies or upgrade existing systems
- Communication and training for staff



Mary-Ann Boaz, CRCM

Regulatory Compliance Supervisor

Phone: 617-261-8175

Email: mboaz@wolfandco.com

Cynthia Boehmer, JD

WolfPAC Compliance Consultant

Phone: 617-933-3340

Email: cboehmer@wolfandco.com

www.wolfandco.com

www.wolfpacsolutions.com