KNOW YOUR RIGHTS

Your mortgage servicer must comply with federal rules

Your mortgage servicer is the company that collects your monthly mortgage payments. This may not be the same as the bank or financial institution you went to for your mortgage.

Your servicer is required to give you correct information, without delays.

Billing information in writing

Servicers have to give you a written mortgage statement each billing cycle showing detailed information, as it applies to your situation. There are exceptions:

- If you have a "coupon book" that shows your mortgage payments, the coupons take the place of billing statements.
- If your lender is categorized as a "small servicer," which includes some state housing finance agencies that make a small number of low-interest loans to low- and middle-income borrowers, the lender is not required to give you a written statement.

Here's what your statement must show:

- **Current payment amount**–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
- **Payment history**–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; and 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
- **Missed or late payments**–If you fall behind more than 45 days on your payments, the mortgage servicer sends you a notice of delinquency. This can be on your statement or a separate notice. It shows 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 or loss mitigation programs that you've agreed to (if applicable), information about housing counseling, and a notice whether the servicer has started the foreclosure process.
- **Other 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; and how to contact a housing counselor for help

Payments 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.

The servicer must tell you about this on your 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.

Quick responses when you ask about paying off your loan

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

You may be allowed to make extra payments on your mortgage's principal that can help you repay your loan more quickly and with less interest. Check whether your loan allows extra payments and, if so, make sure they are applied to the loan's principal rather than interest. Even $100 more per month may reduce the loan term by several years.

Notification about force-placed insurance

If you fail to keep your home insured, your lender usually has the right to buy "force-placed insurance" and charge you for it, to cover the lender's interest in your home. 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, and the servicer is not permitted to overcharge you.

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, and then send proof to the servicer that you have insurance.

Process for resolving errors and information requests

If your servicer doesn't properly apply a payment, charges improper fees, fails to pay taxes and insurance premium or other charges on time, or fails to refund money in an escrow account within 20 days of you paying off your mortgage in full, you should send your servicer a written notice of error.

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 website. Take care to mail your request to the correct address. If your servicer has set up an address to use for written notices of error and information requests, you must use that address. Your servicer is not allowed to charge a fee or require a payment for responding to you.

When you write to your mortgage servicer to ask for information or to tell them about an error, the servicer generally has five days (excluding weekends and holidays) to acknowledge your letter.

The servicer has extra time to respond to errors or requests for information in a few situations:

- **Errors related to foreclosure**—For errors related to foreclosure notice, judgment, or sale, 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.

- **Request for owner's information**—If you are asking to know about the owner or assigned owner of a mortgage loan (for example, if you are looking for the owner's identity, address, or contact information) the servicer must send a response not later than 10 days after they receive your request (excluding legal public holidays and weekends).
- **Errors in payoff balance**—If you believe the servicer has made an error or failed to tell you the accurate amount to pay off your mortgage in full, the servicer must send a response no later than seven days after they receive your written notice of the error (excluding legal public holidays and weekends).

Then, the servicer has 30 business days to resolve the issue—which means they have to respond to information requests, resolve any alleged errors, or explain to you why they believe no error was made. For some errors and information requests, the servicer can extend the time period an additional 15 days if you are notified in advance and given the reasons for the extension.

Your credit report has protections from errors. If you report an error to your servicer related to a mortgage payment, your servicer is not allowed to send negative information to a credit reporting company regarding that payment for 60 days after receiving your notice of the error.

Prompt customer service

Mortgage servicers have to set up their business so they can find correct information about your loan. They need to be ready to tell you how to submit complaints and requests for information and must respond promptly and correctly to your complaints and requests for information. They must pass along correct information about your account when the servicer transfers the servicing of your loan to another company. If you are having difficulties paying your loan, they must properly evaluate your application for relief. And, they must keep records for at least one year after you pay off your loan, or after the loan is transferred to a new servicer.

About us

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

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