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SAMPLE

## Section 3 Requirements

### 3.1 Applications and Origination of Mortgage Loans

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#### 3.1.1 Special information booklet at time of loan application

The lender must provide a copy of the special information booklet entitled “Your Home Loan Toolkit” to a person from whom the lender receives, or for whom the lender prepares, a written application for a federally related mortgage loan. When two or more persons apply together for a loan, the lender is in compliance if the lender provides a copy of the booklet to one of the persons applying.

The lender must provide the special information booklet by delivering it or placing it in the mail to the [borrower](#) not later than three [business days](#) after the application is received or prepared.

The special information booklet does not have to be provided for the following transactions:

- Refinances
- Close-end subordinate lien loans
- Reverse mortgages
- Any other federally related mortgage loan whose purpose is not the purchase of a 1-to 4-family residential property

In the case of a federally related mortgage loan involving an open-ended credit plan, a lender or mortgage broker that provides the borrower with a copy of the brochure entitled “When Your Home is On the Line: What You Should Know About Home Equity Lines of Credit,” or any successor brochure issued by the Consumer Financial Protection Bureau (CFPB), is deemed to be in compliance with this section.

#### 3.1.2 Good Faith Estimate

In a closed-end reverse mortgage transaction, not later than three business days after a lender receives an application, or information sufficient to complete an application, the lender must provide the borrower with a [Good Faith Estimate \(GFE\)](#).

The estimate of the charges and terms for all settlement services must be available for at least 10 business days from when the GFE is provided, but it may remain available longer, if the lender extends the period of availability.

### 3.6.6.5 Fee Limitations

All charges that a servicer assesses on a borrower related to force-placed insurance must be bona fide and reasonable, except for charges subject to state regulation and charges authorized by the Flood Disaster Protection Act of 1973. A bona fide and reasonable charge is one that is reasonably related to the servicer's cost of providing the service and is not otherwise prohibited by law.

### 3.6.7 Policies and Procedures

Servicers must maintain policies and procedures reasonably designed to achieve certain servicing-related objectives and are subject to requirements regarding record retention and the ability to create servicing files.

Servicers may determine the specific policies and procedures they will adopt and the methods for implementing them considering the size, nature, and scope of the servicers' operations, including, for example, the volume and aggregate unpaid principal balance of mortgage loans serviced, the credit quality (including the default risk) of the mortgage loans serviced, and the servicer's history of consumer complaints.

At a minimum, servicers must maintain policies and procedures that are reasonably designed to accomplish all the following:

- Access and provide timely and accurate information, including all the following:
  - Disclosures,
  - Investigate and timely resolve complaints
  - Provide accurate and timely information and documents in response to information requests
  - Provide owner and assignees of mortgage loans upon request
  - Submit accurate and timely documents and filings for foreclosure processes
  - Identify, confirm, and facilitate communication with successors in interests
- Properly evaluate loss mitigation applications, including all the following:
  - Provide accurate information regarding loss mitigation options available
  - Identify specifically all loss mitigation options available to a borrower from the owner or assignee of the borrower's mortgage loan
  - Provide complete access to borrower records to the assigned loss mitigation personnel
  - Identify documents required to complete the loss mitigation application and communicate these items promptly with the borrower
  - Promptly identify and obtain documents or information not in the borrower's control necessary to determine which loss mitigation options, if any, to offer the borrower
- Facilitate oversight of, and compliance by, service providers

## Section 5 Servicing Compliance

### 5.1 Escrow Administration

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#### 5.1.1 Timely Escrow Payments

[Sample Client] must pay escrow disbursements by the disbursement date. In calculating the disbursement date, [Sample Client] must use a date on or before the deadline to avoid a penalty and may make annual lump sum payments to take advantage of a discount.

#### 5.1.1 Annual Escrow Account Analysis

[Sample Client] must conduct an escrow account analysis before submitting an annual escrow account statement to the borrower.

#### Escrow Surplus

If the escrow account analysis discloses a surplus and the borrower’s mortgage payment is current at the time of the escrow account analysis, [Sample Client] must within 30 calendar days from the date of the analysis take the following appropriate action:

- If the surplus is greater than or equal to \$50, refund the surplus to the borrower.
- If the surplus is less than \$50, refund such amount to the borrower or credit such amount against the next year’s escrow payments.

#### Escrow Shortage

If the shortage amount is...	May take one of the following actions...
Less than one month’s escrow payment	<ul style="list-style-type: none"> <li>• Allow the shortage to exist and do nothing to change it</li> <li>• Require the borrower to repay the shortage amount within 30 calendar days</li> <li>• Require the borrower to repay the shortage amount in equal monthly payments over at least a 12-month period</li> </ul>
More than or equal to one month’s escrow payment	<ul style="list-style-type: none"> <li>• Allow the shortage to exist and do nothing to change it</li> </ul>