

FREQUENTLY ASKED QUESTIONS ON MORTGAGE LOANS

FAQ's on Mortgage Loans

What do I do if I believe my lender is requiring too much money to be held in my escrow account?

If you believe your lender is requiring too much money in your escrow account, you should write a “qualified written request” to your lender and ask for an explanation. If you do not get a satisfactory answer from the lender, you may wish to file a complaint with State or Federal institution regulators or with HUD (the U.S. Department of Housing and urban Development).

My lender is supposed to pay my hazard insurance, but I received a notice from the insurance company that it was not paid and my insurance is going to be cancelled. What should I do?

You should contact your lender immediately and send a copy of the bill. Some lenders list a special address and/or FAX number for insurance and tax bills. Keep checking with the insurance company and lender to make certain the bill is paid. You may wish to pay the insurance company directly to avoid cancellation of your policy and then seek a refund from your lender. Keep copies of all your correspondence and payments.

I got a notice from the county that my lender did not pay my taxes on time and the county is assessing a penalty. Do I have to pay this bill?

Send the bill to the lender. The lender should pay the penalty for failing to pay the taxes on time as long as you were current in your mortgage payments. If the lender refuses, you may wish to file a complaint.

I have a question about a payment out of my escrow account. I have contacted the lender several times, but have not gotten a response. How can I get my lender to answer my question?

You should make a “qualified written request” to the lender. Federal law requires that the lender acknowledge your complaint within 20 business days and try to resolve your complaint within 60 business days. If you don't get a response from your lender, you may want to complain to State or Federal financial institution regulators.

If I decide to file a complaint against my lender, where should I send it?

Director, Interstate Land Sales, RESPA Division Office of Consumer and Regulatory Affairs, US Department of Housing and Urban Development, Room 9146, 451 7th Street, SW, Washington, DC 20410.

When can I stop paying my private mortgage insurance?

The PMI Act will enable homeowners with new loans originated after July 29, 1999 and who meet specified requirements to have their PMI cancelled. If your loan was issued before July 29, 1999, CONTACT YOUR MORTGAGE LENDER FOR FURTHER INFORMATION ON CANCELLATION OF PMI. The law provides 2 situations in which borrower-paid PMI may be cancelled – it can be automatic or by request.

- Automatic. In general, when the homeowner's equity position reaches 22 percent of the original value of the property, the mortgage provider must automatically cancel the PMI. The borrower must be current in making payments for automatic cancellation to apply. Different requirements exist for "high risk mortgage loans", as defined by government-sponsored entities (i.e., Fannie Mae and Freddie Mac).
- By Request. Homeowners can request cancellation of the PMI when their equity position reaches 20 percent of the original value of the property if they meet certain criteria.

PMI ENFORCEMENT AGENCIES

Office of Thrift Supervision
 Division Of Consumer and Civil Rights
 1700 G Street, NW
 Washington, DC 20552
 Toll free: 1-800-842-6929

Comptroller of the Currency Compliance
 Management
 250 E Street, SW
 Mail Stop 309
 Washington, DC 20219
 Toll free: 1-800-613-6743

National Credit Union Administration
 1175 Duke Street
 Alexandria, VA 22314-3428
 (703) 518-6330

The Federal Reserve Board
 Division of Consumer and Community Affairs
 20th and C Streets, NW
 Mail Stop 801
 Washington, DC 20551
 (202) 452-3693

CONSUMER DO'S

- Do keep making your mortgage payment on time, even if you have sent a complaint to your lender.
- Do forward any tax or insurance bills you receive immediately to your lender (if the lender is supposed to pay the bill).
- Do check your annual escrow account statement for mistakes.
- Do make a "qualified written request" when asking your lender for information or making a complaint.

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