## Federal Regulatory Compliance

[EIC note: The number of loans with violations listed in the tables below are subjective. When significant numbers exist, the EIC may wish to use an example list of loans.]

[EIC note: Identify each state in which the violation was found.]

### Finding ##: RESPA Disclosures not provided within three days:

A lender shall provide all applicants for a federally related mortgage loan with a loan estimate (LE) of the amount of or range of charges for the specific settlement services the borrower is likely to incur in connection with the settlement within three days from the date of the loan application. § 1024.7(a) and § 1026.19(a).

Additionally, United States Code requires that “each person who makes a federally related mortgage loan shall disclose to each person who applies for the loan, at the time of application for the loan, whether the servicing of the loan may be assigned, sold or transferred to any other person at any other time while the loan is outstanding”.

§ 1024.33(a)

The examiners identified four loans listed in Table XX, where the files did not contain adequate evidence to show that LE’s or Servicing Disclosures were provided to borrowers within three days from the date of the loan application. This represents XX percent of the loan file review sample (optional language).

The compliance analysis software identified XX loans (XX percent of loans submitted) where disclosures were not provided to borrowers within three days from the date of the loan application.

 **Table XX – Loans Reviewed violating § 1024.7(a), § 1024.21 (b) and § 1026.19(a)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **State** | **Borrower Initials** | **Loan Number** | **Settlement Date** | **Application Date** | **Date Disclosures Prepared** | **Date Disclosures Signed** |
| 1 |  |  | xxxxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx |
| 2 |  |  | xxxxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx |
| 3 |  |  | xxxxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx |
| 4 |  |  | xxxxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx | xx/xx/xxxx |

**[EIC Note: Use this section if appropriate. If matters have not been discussed with management, do not include.] ABC’s Initial Response and Proposed Corrective Action:**

*This finding was discussed with ABC Mortgage (if significant you can include the individuals name and title) during the examination and the company indicated that they will immediately implement procedures and controls to ensure that disclosures are provided timely. ABC Mortgage will also provide an explanation of the finding in their response to the ROE.*

**Recommendation**: ABC Mortgage should review all loans to determine whether LE’s or Servicing Disclosures were provided to borrowers within three days from the date of the loan application. A list of any loans not in compliance with these RESPA requirements should be attached to the ROE response.

## State Regulatory Compliance - Alabama

### Finding ##: Payoff Statement Fees

Regulation 155-2-2-10(5) of the Alabama Consumer Credit Act requires a licensee to provide pay-off information in writing to the borrower without charge.

The examiners identified three loans (Table XX) where ABC collected pay-off statement fees. This practice was confirmed by the Licensee’s response to question 64 on the Servicing Information Request. This is a prohibited act in violation of Regulation155-2-2-10(5).

 **Table XX – Loans reviewed violating Regulation 155-2-2-10(5):**

|  | **Borrower Initials** | **Loan Number** | **Pay-Off Fee Charged** | **Date Charged** | **Refund Due** |
| --- | --- | --- | --- | --- | --- |
| 1 |  | xxxxxxx | $xx.xx | mm/dd/yyyy | $xx.xx |
| 2 |  | xxxxxxx | $xx.xx | mm/dd/yyyy | $xx.xx |
| 3 |  | xxxxxxx | $xx.xx | mm/dd/yyyy | $xx.xx |

**Alabama’s Recommendation**: ABC should review all Alabama accounts, with a payoff request, to determine if a fee was charged for the payoff statement and make the appropriate refunds. A list of refunds made should be attached to the response to the ROE.

***Finding ##: Records to be Maintained***

Regulation 155-2-2-.10 of the Alabama Consumer Credit Act requires licensees to maintain adequate files containing all information necessary to verify compliance with the Act**.** The examiners identified two loans that were missing the documentation listed below in Table XX.

 **Table XX – Loans reviewed violating Regulation 155-2-2-10:**

|  | **Borrower Initials** | **Loan Number** | **Document Missing** |
| --- | --- | --- | --- |
| 1 |  | xxxxxxx | **Initial Application (1003)** |
| 2 |  | xxxxxxx | **Loan Estimate** |

**Alabama’s Recommendation:** ABC should maintain all records as required under the Alabama Consumer Credit Act.