



## **NFHA Oct. 18, 2017 Webinar Presentation:**

### ***Amendments to the CFPB Mortgage Servicing Regulations Effective Oct. 19, 2017***

#### ***Questions and Answers***

##### **Force-Placed Insurance**

**Q.** Does the force-placed insurance regulation apply to reverse mortgages?

**A.** Yes. A servicer is permitted to force-place hazard insurance on a reverse mortgage. The regulation applies only to closed-end mortgages as indicated on the webinar handout *CFPB Chart Servicing Rules Coverage and Exemptions*.

##### **Hazard Insurance**

**Q.** A servicer is permitted to force-place hazard insurance if the borrower's hazard insurance coverage is insufficient. Please explain how "insufficient" hazard insurance is determined.

**A.** Neither RESPA nor the CFPB regulations define "insufficient" for purposes of hazard insurance. At loan origination, the borrower is informed of the amount of hazard insurance required by the lender. Therefore, a borrower is required to maintain hazard insurance in the amount determined in the mortgage loan agreement.

If your client wants an explanation and/or disputes a Servicer's assertion that a borrower's hazard insurance is insufficient, you or the borrower can send a Request for Information and/or Notice of Error. In the RFI, request an explanation of the Servicer's determination of the amount of hazard insurance that the Servicer believes is required. You must send the RFI/NOE to the Servicer's designated address for such correspondence.

As an example, see the Fannie Mae Guideline for determining adequacy of hazard insurance after loan origination at this link.

<https://www.fanniemae.com/content/guide/servicing/f/1/02.html>