

The What and When of RESPA's Error Notices

When there are diverse regulations and policies relating to complaints and requests for information from customers, it can be difficult to keep track of timing and requirements. For training purposes, we have laid out RESPA's basic requirements for timing, investigation and response.

Categories of covered errors:

- ✓ Failure to accept a payment that conforms to the servicer's written requirements.
- ✓ Failure to apply an accepted payment to principal, interest, escrow, or other charges.
- ✓ Failure to credit a payment to a borrower's mortgage loan account as of the date of receipt.
- ✓ Failure to pay taxes, insurance premiums, or other charges in a timely manner or to refund an escrow account balance.
- ✓ Imposition of a fee or charge that the servicer lacks a reasonable basis to impose upon the borrower.
- ✓ Failure to provide an accurate payoff balance amount upon a borrower's request.
- ✓ Failure to provide accurate information to a borrower regarding loss mitigation options and foreclosure.
- ✓ Failure to transfer accurately and timely information relating to the servicing of a borrower's mortgage loan account to a transferee servicer.
- ✓ Making the first notice or filing required by applicable law for any judicial or non-judicial foreclosure process in violation of § 1024.41(f) or (j).
- ✓ Moving for foreclosure judgment or order of sale, or conducting a foreclosure sale in violation of § 1024.41(g) or (j).
- ✓ Any other error relating to the servicing of a borrower's mortgage loan.

Timing:

Acknowledge in writing	All complaints and requests for information	5 business days
Investigate and resolve	All errors except payoff balance and foreclosure-related issues.	30 business days
Investigate and resolve	Failure to provide an accurate payoff balance amount	7 business days
Investigate and resolve	Complaints related to imminent foreclosure	Prior to the date of a foreclosure sale or within 30 business days, whichever is earlier.

Investigation

- Immediately assign the complaint to a person who will investigate and respond to the borrower.
- Begin investigation and send written acknowledgment to borrower within 5 business days.
- If the error can be resolved within 5 business days, the resolution can be sent instead of the acknowledgment of receipt.
- Examine the entire transaction alleged to be an error and develop documentation of events relating to it.
- If additional information is needed, the servicer:
 - May request information from borrower – but not as a condition of investigating.
 - May not determine, without conducting a reasonable investigation, that no error occurred because the borrower failed to provide any requested information.
- Resolve the complaint and notify the borrower how the complaint was resolved, including the reasons.
 - Post the appropriate credit to the borrower's account.
 - Include detailed explanation to borrower if the investigation does not find that an error occurred.