

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

February 22, 2013

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

CFPB Issues Guidance on Potential Risks Related to Mortgage Servicing Transfers

On February 11, 2013, the Consumer Financial Protection Bureau (CFPB) issued [CFPB Bulletin 2013-01](#) to advise mortgage servicers of the potential risk to consumers that may arise in connection with the transfer of mortgage servicing. As noted in its [press release](#), the CFPB's concern in this area is heightened due to the number and size of recent servicing transfers.

The guidance summarizes a number of federal laws and their applicability to mortgage servicers, including the Real Estate Settlement Procedures Act (RESPA), the Fair Credit Reporting Act (FCRA), the Fair Debt Collection Practices Act (FDCPA), and prohibitions on unfair, deceptive, or abusive acts or practices (UDAAP). In addition, the CFPB highlighted a number of concerns that have arisen from complaints and their supervisory work. In particular, the bulletin focuses on service interruptions when loans are transferred during the loss mitigation process. As a result, the Bureau is making these and other servicing transfer related issues a focus of their supervisory activities in the mortgage servicing area. As described in the bulletin, CFPB supervised institutions that engage in significant servicing transfers should expect that the CFPB will, in appropriate cases, require them to prepare and submit informational plans describing how they will be managing the related risks to consumers. Lastly, the bulletin reminds institutions of the recently finalized mortgage servicing rules that go into effect on January 10, 2014, and the policies and procedures that are required to be maintained by covered institutions.

While the guidance is generally directed at CFPB supervised institutions, the information pertaining to federal laws applicable to mortgage servicers applies more broadly and affects all mortgage servicers. As a result, bank management is encouraged to reference the guidance to ensure their institutions are complying with the rules discussed in the bulletin.

Resource

Additional information on CFPB rules and related guidance can be found on the CFPB's website at <http://www.consumerfinance.gov/>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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