



Charles A. Richman
Acting Chairman

Marge DellaVecchia
Executive Director

BULLETIN RESPA and NJHMFA

“A Servicing Transfer Statement is required if the loan servicer sells or assigns the servicing rights to a borrower's loan to another loan servicer. Generally, the loan servicer must notify the borrower 15 days before the effective date of the loan transfer. As long as the borrower makes a timely payment to the old servicer within 60 days of the loan transfer, the borrower cannot be penalized. The notice must include the name and address of the new servicer, toll-free telephone numbers, and the date the new servicer will begin accepting payments.”

This is the language used by RESPA to set a standard for the “transfer of servicing statement” that is given to the borrower of a property at the time of closing or 15 days before the transfer date of the mortgage. The Agency would like to clarify its interpretation of this statement as it relates to our purchase of **loans effective February 1, 2010 and future purchases**.

Namely, that should a payment be due within “30” days of our purchase of a mortgage loan, that payment will be deducted from the purchase and the loan purchased at a reduced principal balance.

For example:

Your closing took place on October 10, (with a 1st payment due December 1,) and the purchase of this loan was not until November 1, we will purchase this loan after the December balance. This will give you ample notification time (15 day minimum) to advise the borrower to make the January 1, installment to the Agency's sub-servicer. **IT SHOULD BE NOTED THAT THE CORRESPONDING T&I PAYMENT WILL BE DEDUCTED FROM THE PURCHASE AT THE SAME TIME. THEREFORE, A LOAN HISTORY WILL STILL BE REQUIRED.**

This action will eliminate your need to forward payments to us after our purchase and remove further confusion for the borrower as to which payment is sent properly.

The Agency will also require that any T&I disbursements due within that 30 day timeframe be paid by the originator, i.e. FHA and Private Mortgage Insurance premiums. This amount will be adjusted as part of the T&I at the time of purchase by the Agency.

Lastly, there have been questions regarding the issuance of a FIRST PAYMENT LETTER that itemizes the monthly installment to the mortgagor. This is a requirement of our Purchase process. Therefore, if you are currently not giving this type of notice to the borrower, effective with this Bulletin, we want to make it clear that this is MANDATORY for purchase.

Your questions and concerns should be directed to Maria Collazo, Purchasing Supervisor (609-278-7561) or Michael Shelton, Administrator of Servicing (609-278-7446).

Thank you for your cooperation.

MLS