Board of Governors of the Federal Reserve System

WHAT YOU NEED TO KNOW: New Rules for Mortgage Transfers

New Federal Reserve rules help mortgage borrowers by notifying them when their loans get transferred to another company.

Background

Before the new rules, if your loan was sold or transferred from your current lender to a new lender, the new lender did not have to tell you that it acquired your loan. The new rules will ensure you know who owns your loan.

Why the new rules are important

The Federal Reserve's new rules ensure that you know who owns your loan and who can handle certain issues, including payment disputes and loan modifications.

How the new rules work

The new rules require the company that acquires your loan to send you a notice within thirty days of acquiring it. Among other things, the notice must disclose:

- the new owner's identity, address, and telephone number;
- the date the loan was transferred; and
- contact information that you can use to reach an agent or other party, if any, authorized to act on behalf of the owner.

New loan owners are required to send you these notices for:

- any loan you have taken out on your principal dwelling (so loans on a vacation or business properties would not be covered), including loans to purchase or refinance your home; and
- home equity loans, also known as second mortgage loans, and home equity lines of credit (HELOCs).

Even with a new loan owner, the company that "services" or handles your loan might not change and you might continue to send your mortgage payments to the same address. If that loan servicer changes, you will receive a separate notice.

Useful terms...

home equity line of credit (HELOC)
A loan that uses your property as collateral to guarantee repayment and is structured as a revolving line of credit, similar to a credit card: the lender agrees to lend a maximum amount of money within an agreed period of time, and the borrower can use the entire credit line, or borrow specific amounts from time to time. The interest rate on a HELOC is generally variable, although some lenders offer fixed rate HELOCs.

home equity (or second mortgage) loan
A loan that uses your property as collateral to guarantee repayment and allows you to receive the full amount at once and to repay it over a fixed period of time.

mortgage loan
A loan that uses your property as collateral to guarantee repayment.

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