Mortgage problems tend to have a snowballing effect if not resolved quickly. Small issues grow into big problems that can eventually lead to foreclosure—always act sooner rather than later.

If you are having trouble resolving mortgage-related problems on your own, try a nonprofit housing counselor or attorney. The Department of Housing and Urban Development (HUD) certifies housing counseling agencies and you can locate such an agency by calling HUD at 800-569-4287 (TDD 800-877-8339) or by going to www.hud.gov [1]. If a housing counselor cannot help, the counselor may refer you to a local attorney or legal services program. Do not wait too long to get assistance. An experienced advocate in your corner may help you fix the trouble before it grows. NCLC’s Mortgage Servicing and Loan Modifications (2019) is a comprehensive legal treatise setting out homeowner rights concerning mortgage payments, available at www.nclc.org/bookstore [2].

Your Mortgage Servicer Plays the Key Role. To resolve an issue with your mortgage, do not contact the lender owning your mortgage loan. Always contact your mortgage servicer who has been hired by whoever owns your mortgage loan. The servicer receives your mortgage payments, applies them to your mortgage balance, and deals with other day-to-day activities on your account. If you have any questions about your mortgage—always contact your mortgage servicer.

Occasionally the owner of your mortgage, the servicer, and the original lender are the same entity, but more often they are three different companies. For example, Acme Mortgage Company may have given you a loan, and then sold your loan to Best Bank that has hired ABC Servicing Company as its mortgage servicer.

You may have several different servicers during the life of your loan. Your servicer changes if the owner of your mortgage loan decides to hire a new servicer, or if the owner sells your loan to someone who uses a different servicer. Whenever your mortgage loan is sold to a new owner, you will get notice of the contact information for both the new owner and your new servicer. You also can request in writing that the servicer tell you the name and contact information for the owner of your mortgage loan.

Your Rights When Your Servicer Changes. Federal law requires that you get notice whenever your servicer changes, including the effective date of transfer and the new servicer’s contact information, including a toll-free number to call with questions. You also get notice as to the date when you should start sending payments to the new servicer instead of the old one.

You can keep sending on-time payments to the old servicer for up to 60 days after that date, and the new servicer must treat it as a timely payment, and cannot charge a late fee, claim your account is in default, or report the payment as late on your credit report. This applies even if the old servicer does not forward the payment in a timely way to the new servicer.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/1602

Links