

CHAPTER V

SERVICING PERFORMING LOANS; CHANGE IN SERVICER AND HOLDER OF THE NOTE REPORTING REQUIREMENTS

A. General Servicing Requirements

1. Servicing Roles and Responsibilities

a. Definitions

b. Standard

i. Laws Applicable to Servicing

ii. Section 184 Loan Terms; Compliance with More Restrictive and Stringent Requirements

iii. Nondiscrimination Policy

c. Responsibility for Servicing Actions; Transfer of Servicing Rights; Sale of Section 184 Guaranteed Loans

i. Holders and Servicers

ii. Responsibility During Transfer of Servicing Rights

a) Definitions

b) Standard

c) Required Documentation

iii. Responsibility When Section 184 Guaranteed Loans are Sold

a) Definitions

b) Standard

c) Required Documentation

2. Registration with Mortgage Electronic Registration System, Inc.

a. Definition

b. Standard

3. Providing Information to ONAP

4. Communication with Borrowers and Authorized Third Parties

a. Definition

b. Standard

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B. Borrower Payment and Insurance Coverage Administration

1. Borrower Payment Administration

a. Receipt of Payments

i. Definition

ii. Standard

b. Application of Payments

c. Return of Partial Payments for Less than Amount Due

i. Definition

ii. Standard

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d. Application of Partial Prepayments

i. Definition

ii. Standard

- e. **Application of Prepayments**
 - i. **Definitions**
 - ii. **Standard**
 - iii. **Prepayment Procedures**
 - a) **Payoff Disclosure Requirements**
 - b) **Trustee's Fee for Satisfaction**
 - c) **Recording Fees for Satisfaction**
- 2. **Insurance Coverage Administration**
 - a. **Hazard Insurance**
 - i. **Payment of Renewal Premium**
 - ii. **Fee for Change in Hazard Insurance Policy**
 - b. **Flood Insurance**
 - i. **Standard**
 - ii. **Required Documentation**
 - c. **Hazard or Flood Insurance Proceeds**
 - i. **Insurance Claims**
 - ii. **Loss Settlement Amounts for Borrower Expenses and Personal Property**
 - iii. **Insurance Proceeds for Home Damage**
 - a) **Definition**
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 - iv. **Application of Insurance Proceeds to Unpaid Principal Balance**
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 - a) **Personal Property and Personal Liability Insurance**
 - b) **Life or Disability or Optional Coverage Income Policies**

C. Servicing Fees and Escrow

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 - b. **Standard**
 - i. **Reasonable and Customary Fees and Charges**
 - ii. **Prohibited Fees and Charges**
 - c. **Required Documentation**
- 2. **Escrow Account**
 - a. **Definition**
 - b. **Escrowing of Funds**
 - i. **Standard**
 - ii. **Interest on Escrows**
 - iii. **Items to be Escrowed**
 - iv. **Escrow Prohibitions**
 - v. **Required Documentation**
 - c. **Escrow Analysis**
 - d. **Processing Payments from Escrow Accounts**
 - i. **Escrow Account Payments**
 - ii. **Timeliness of Payments from Escrow Accounts**
 - a) **Standard**

- b) Required Documentation
 - iii. Payment of Insurance Premiums
 - a) Long-Term Policies
 - (1) Definition
 - (2) Standard
 - (3) Collecting Funds for Renewal Premiums
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 - e. Use of Escrow Funds

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- 1. Annual Loan Guarantee Fee
 - a. Definition
 - b. Standard
 - c. Collection of Annual Loan Guarantee Fee
 - d. Remittance of Annual Loan Guarantee Fee; Refund on Overpayments
 - e. Annual Loan Guarantee Fee Reports
- 2. Annual Loan Guarantee Fee Cancellation
 - a. Conditions of Annual LG Fee Cancellation
 - i. 78 percent Loan-To-Value; Annual Disclosure
 - ii. Section 184 Guaranteed Loan is Paid in Full
 - iii. Foreclosure Completes
 - iv. Third-Party Transfer; Lease-in-Lieu; Deed-in-Lieu
 - v. Assignment Claim
 - b. Processing Annual LG Fee Cancellation
 - c. Failure of Servicer to Cease Collecting Annual Loan Guarantee Fee
- 3. Loan Guarantee Certificate Termination
 - a. Definition
 - b. Standard
 - c. Effective Date of Termination
 - i. Standard
 - ii. Required Documentation
 - iii. Annual Loan Guarantee Fee Due Through the Month Prior to the Month of Termination
 - d. Escrow Balance To Be Returned to Borrower

E. Post-endorsement Amendments to Section 184 Guaranteed Loan

- 1. Modifying a Performing Section 184 Loan
 - a. Definition
 - b. Modification Requiring ONAP Approval
 - c. Request to ONAP
 - d. Required Documentation
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- a. Definition**
- b. Request Process**
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- e. Fees**

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- b. Payoff Disclosure**
 - i. Definition**
 - ii. Standard**
 - iii. Required Documentation**
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 - i. Definition**
 - ii. Standard**
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- d. Statement of Income Tax Purposes**
 - i. Definition**
 - ii. Standard**
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2. Record Retention

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- b. Standard**
- c. Record Reconciliation**
- d. Electronic Storage**