



# TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

## Residential Mortgage Loan Servicing Best Practices

The Texas Department of Savings and Mortgage Lending expects regulated residential mortgage loan servicers to have adequate policies and procedures to make certain that there is compliance with federal and state servicing statutes. The Department has compiled a list of servicing best practices to be used as a reference.

- **Consumer Complaint Information:** Provide the required complaint disclosure information pursuant to Texas Finance Code Chapter 158.101 for new customers. Additionally, existing customers as of 9/1/2011 should also receive a complaint disclosure form. Providing the disclosure to existing customers can be accomplished by using statement stuffers or adding the complaint information to the monthly billing statement.
- **Foreclosure Process:** Servicers should ensure that the foreclosure governance processes are fully developed and sufficient to manage and control foreclosures, including but not limited to :
  - Adequate policies and procedures covering the entire foreclosure process
  - Monitor foreclosure activities of law firms or third party vendors
  - Have a sufficient audit trail to support information used in affidavits
  - Require individuals signing the affidavits to personally check documents for accuracy and have a procedure by which this can be confirmed.
  - Conduct internal audits to ensure compliance with legal requirements and policy and procedures.
  - Adequate staffing to match the volume of foreclosures
- **Dual Track Processing:** To avoid possible confusion servicers should consider suspending foreclosure proceedings when possible, while working with borrowers to modify their mortgage.
- **Loss Mitigation:** Servicers should be in direct contact with defaulted borrowers to assess the reason for default and discuss possible alternatives to foreclosure, including loan modifications, short sales or a deed-in lieu.

This best practices outlined above are for informational purposes only. It is not intended as legal advice. Reliance on this material for any other purpose should include attorney consultation