



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

November 14, 2016

TO THE INDIVIDUAL OR INSTITUTION ADDRESSED:

Re: Emergency Adoption of Part 419 of the Superintendent's Regulations (Servicing Mortgage Loans: Business Conduct Rules)

The Superintendent has adopted the attached new Part 419 of the Superintendent's Regulations on an emergency basis. Emergency regulations on the same subject were previously adopted on a number of occasions, starting in July 2010. The most recent emergency adoption was effective August 18, 2016. The new emergency regulation is effective immediately.

The regulation implements certain provisions of the Mortgage Lending Reform Law, which was enacted in August, 2008 (Chapter 472 of the Laws of 2008). That law, among other things, amended Article 12-D of the Banking Law to create a framework for regulating the servicing of mortgage loans.

The Mortgage Lending Reform Law requires that entities be registered with the Superintendent in order to engage in the business of servicing mortgage loans in this state. The new law further requires mortgage loan servicers to engage in the business of servicing mortgage loans in conformity with the rules and regulations promulgated by the Superintendent.

Part 418 of the Superintendent's Regulations, initially adopted on an emergency basis on July 1, 2009, dealt with standards and procedures for mortgage loans servicer registration and financial responsibility standards for mortgage loan servicers.

Part 419 addresses the business practices of mortgage loan servicers and establishes certain consumer protections for homeowners whose residential mortgage loans are being serviced. These regulations provide standards and procedures for servicers to follow in their course of dealings with borrowers, including the handling of borrower complaints and inquiries, payment of taxes and insurance premiums, crediting of borrower payments, provision of annual statements of the borrower's account, authorized fees, late charges and handling of loan delinquencies and loss mitigation. Part 419 also identifies certain business practices that are prohibited and imposes certain reporting and record-keeping requirements to enable the Superintendent to determine the servicer's compliance with applicable laws, its financial condition and the status of its servicing portfolio.

All entities that perform mortgage loan servicing with respect to New York mortgages, including entities that are exempt from the Part 418 registration requirements as well as mortgage bankers and mortgage brokers, must notify the Superintendent that they do so, and are required to comply with the Part 419 conduct of business and consumer protection rules.

The Department circulated a draft of Part 419 and received comments from and met with industry and consumer groups. The current Part 419 reflects the input received.

These regulations will improve accountability and the quality of service in the mortgage loan industry and will help promote alternatives to foreclosure in the state.

A section of the Department of Financial Services website (www.dfs.ny.gov) provides information about the new regulatory framework for mortgage loan servicers.

It is expected that a proposal to adopt permanent regulations in substantially similar form will be issued for public comment in the near future.

The Notice of Emergency Adoption is expected to be published in the November 30, 2016 issue of the State Register.

Comments should be sent to the undersigned at the Department of Financial Services, One State Street, New York, NY 10004 or by email at hadas.jacobi@dfs.ny.gov.

Very truly yours,

Hadas A. Jacobi, Esq.
Senior Attorney
Department of Financial Services