

~~i. Requests for information that seek documents relating to substantially all aspects of mortgage origination, mortgage servicing, mortgage sale or securitization, and foreclosure, including, for example, requests for all mortgage loan file documents, recorded mortgage instruments, servicing information and documents, and sale or securitization information and documents;~~

~~ii. Requests for information that substitute for discovery in a judicial action, such as information requests in the form of a discovery request that purports to require a servicer to respond to each numbered paragraph;~~

~~iii. Requests for information that are not reasonably understandable or are included with voluminous tangential discussion or assertions of errors;~~

~~iv. Requests for information that purport to require servicers to provide information in specific formats, such as in a transcript, letter form in a columnar format, or spreadsheet, when such information is not ordinarily stored in such format; or~~

~~v. Requests for information that are not reasonably likely to assist a mortgage loan borrower with the mortgage loan borrower's account, including, for example, a request for copies of the front and back all physical payment instruments (such as checks, drafts, or wire transfer confirmations) that show payments made by the borrower to the servicer and payments made by a servicer to an owner or assignee of a mortgage loan.~~

#### *Section 1024.37—Force-Placed Insurance*

##### *37(b) Basis for obtaining force-placed insurance.*

1. *Borrowers with escrow.* A servicer has a reasonable basis to believe that a borrower with an escrow account established for hazard insurance has failed to maintain hazard insurance if, for example, by a reasonable time prior to the expiration date of the borrower's hazard insurance (*e.g.*, 30 days before the expiration date), the servicer has not received a renewal bill. The receipt by a servicer of a notice of cancellation or non-renewal from the borrower's insurance company before payment is due on the borrower's hazard insurance premium also provides a servicer with a reasonable basis to believe that the borrower has failed to maintain hazard insurance.

2. *Borrowers without escrow.* A servicer has a reasonable basis to believe the borrower without an escrow account established for hazard insurance has failed to maintain hazard insurance if, for example, a servicer receives a notice of cancellation or non-renewal from the borrower's insurance company.

##### *37(c) Requirements for charging borrower for force-placed insurance.*

###### *37(c)(1) In general.*

1. The notice period begins on the day that the servicer delivers or mails the notice to the borrower and expires 45 days later. The servicer may charge a borrower for force-placed insurance beginning on the 46th day if the servicer has fulfilled the requirements of § 1024.37(c) and (d). If not prohibited by State or other applicable law, the servicer may retroactively charge a borrower for force-placed insurance obtained during the 45-day notice period.

###### *Paragraph 37(c)(1)(iii).*

1. *Examples of continuous insurance coverage.* A borrower's prior hazard insurance might have expired on January 2. But so long as a borrower's current hazard insurance takes effect January 3, then the borrower has hazard insurance in place continuously. When there is a grace period, § 1024.37(c)(1)(iii) requires the servicer to take the grace period into account when determining whether the borrower has hazard insurance in place continuously. For example, a borrower's prior hazard insurance might have an expiration date of June 1, but a grace period extends the effectiveness of the borrower's prior hazard insurance to June 10. Accordingly, so long as the borrower obtains hazard insurance, effective June 11, then the borrower has hazard insurance in place continuously.

*Paragraph 37(c)(2)(v).*

1. *Identifying of type hazard insurance.* If a borrower has purchased a homeowner's insurance policy and a separate hazard insurance policy to insure loss against hazards not covered under his or her homeowner's insurance policy, the servicer must disclose whether it is the borrower's homeowner's insurance policy or the separate hazard insurance policy for which it lacks evidence of coverage to comply with § 1024.37(c)(2)(v).

*Paragraph 37(c)(2)(ix)*

1. *Good faith estimate of the cost of force-placed insurance.* The good faith estimate of the cost of the force-placed insurance the servicer may obtain should be consistent with the best information reasonably available to the servicer at the time the disclosure is provided. Differences between the amount of the estimated cost disclosed under § 1024.37(c)(2)(ix) and the actual cost later assessed to the borrower do not necessarily constitute a lack of good faith, so long as the estimated cost was based on the best information reasonably available to the servicer at the time the disclosure was provided. For example, a mortgage investor's requirements may provide that the amount of coverage for force-placed insurance depends the borrower's delinquency status (the number of days the borrower's mortgage payment is past due). The amount of coverage affects the cost of force-placed insurance. A servicer that provides an estimate of the cost of force-placed insurance based on the borrower's delinquency status at the time the disclosure is made complies with § 1024.37(c)(2)(ix).

*37(d) Reminder notice.*

*37(d)(1) In general.*

1. When a servicer is required to deliver or place in the mail the written notice pursuant to § 1024.37(d)(1), the content of the reminder notice will be different depending on the insurance information the servicer has received from the borrower. For example, on June 1, the servicer places in the mail the written notice required pursuant to § 1024.37(c)(1)(i) to Borrower A. The servicer does not receive any insurance information from Borrower A. The servicer must deliver to Borrower A or place in the mail one written notice, with the content set forth in § 1024.37(d)(2)(i), 15 days before the servicer charges Borrower A for force-placed insurance. Take the example above, except that Borrower A provides the servicer with insurance information on June 18. But the servicer cannot verify that Borrower A has hazard insurance in place continuously based on the information Borrower A provided (*e.g.*, the servicer cannot verify that Borrower A had coverage between June 10 and June 15). The servicer must either deliver to Borrower A or place in the mail one reminder notice, with the content set forth in

§ 1024.37(d)(2)(ii), 15 days before charging Borrower A for force-placed insurance it obtains for the period between June 10 and June 15.

*37(d)(4) Updating notice with borrower information.*

1. *Reasonable time.* A servicer may have to prepare the written notice required pursuant to § 1024.37(d)(1) in advance of delivering or placing the notice in the mail. If the notice has already been put into production, the servicer is not required to update the notice with insurance information received from the borrower after production has started so long the notice was put into production within a reasonable time prior to the servicer delivering or placing the notice in the mail. For purposes of § 1024.37(d)(4), five days is a reasonable time.

*37(e) Renewal or replacing force-placed insurance.*

*37(e)(1)(iii) Charging before end of notice period.*

1. *Example illustrating charging before end of notice period.* On January 2, the servicer sends the notice required by § 1024.37(e)(1)(i). On January 12, the existing force-placed insurance the servicer had obtained on the borrower's property expires and the servicer replaces the expired force-placed insurance policy with a new force-placed insurance policy effective January 13. On February 5, the servicer receives verification that the borrower obtained hazard insurance effective January 31. The servicer may charge the borrower for force-placed insurance from January 13 to January 30, as early as February 5.

*Paragraph 37(e)(2)(vii).*

1. *Good faith estimate of the cost of force-placed insurance.* The good faith requirement set forth in § 1024.37(e)(2)(vii) is the same good faith requirement set forth in § 1024.37(c)(2)(ix). See commentary to § 1024.37(c)(2)(ix) regarding the good faith requirement.

*37(g) Cancellation of force-placed insurance.*

1. *Example of providing a refund and removing charges.* Assume that a servicer obtains force-placed insurance, effective January 1, and the premium charge and related fees are paid by the borrower in monthly installments, due on the first of each month. After the borrower paid the April installment, the servicer receives insurance information from the borrower, and verifies that the borrower had obtained hazard insurance and that the insurance had been in place since March 15. To comply with § 1024.37(g), within 15 days of receiving such verification, the servicer must: (1) Cancel the force-placed insurance; (2) provide a refund for force-placed insurance premium charges and related fees paid by the borrower for the period between March 15 and April 30; and (3) remove from the borrower's account any force-placed insurance premium charges and related fees for the period after March 15 that the servicer has assessed to the borrower but the borrower has not yet paid.

~~*Section 1024.38 Reasonable Information Management Policies and Procedures*~~

~~*38(a) In general.*~~

~~1. *Policies and procedures.* A servicer may determine the specific methods by which it will implement information management policies and procedures that are reasonably designed to achieve the objectives set forth in § 1024.38(b) and are reasonably designed to ensure compliance with the standard requirements in § 1024.38(c). Servicers have flexibility to do so in~~