



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-28-2012
June 21, 2012

Interagency Guidance on Mortgage Servicing Practices Concerning Military Homeowners with Permanent Change of Station Orders

Summary: The FDIC is issuing this Financial Institution Letter (FIL) to communicate Interagency Guidance (Guidance) issued jointly with the Consumer Financial Protection Bureau, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the National Credit Union Administration (the Agencies) to address unique circumstances involving some military homeowners after they receive Permanent Change of Station (PCS) orders. The Guidance highlights concerns about practices that have the potential to mislead or otherwise cause harm to homeowners with PCS orders, and reminds mortgage servicers to ensure that appropriate risk management policies, procedures, and training are in place.

Statement of Applicability to Institutions Under \$1 Billion in Total Assets: The Guidance applies to mortgage servicing activities of all FDIC-supervised institutions related to military homeowners, including through the use of third parties.

Distribution:

FDIC-Supervised Institutions

Suggested Routing:

Chief Executive Officer
Chief Compliance Officer
Chief Loan Officer

Related Topics:

Servicemembers Civil Relief Act
FDIC Guidance for Managing Third-Party Risk

Attachment:

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Note:

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Highlights:

- PCS orders to move to a new duty station present unique challenges for military homeowners, particularly in cases where their homes have declined in value.
- The Agencies have concerns about the following types of practices which have the potential to mislead or otherwise cause harm to military homeowners receiving PCS orders:
 - ◇ Failing to clearly and timely communicate available assistance options, provide a reasonable means to learn the status of requests, and providing timely decisions on requests for assistance with reasons for any denial;
 - ◇ Asking homeowners with PCS orders to waive legal rights in order to be evaluated for assistance; and
 - ◇ Advising homeowners to skip payments to create the appearance of financial difficulty to qualify for assistance for which they would not otherwise qualify.
- Financial institutions that engage in residential mortgage servicing should maintain appropriate policies, procedures, and training commensurate with the institution's customer base and the size and complexity of its operations, to ensure that their employees respond appropriately to requests for assistance from military homeowners receiving PCS orders.

