

**HB 2188/SL 2008-227**  
**Earlier Notification of Mortgage Servicer Fee**

This legislation does two things. First, it made technical corrections to provisions enacted last year providing new protections for consumers in loan servicing. Second, the law banned subprime yield-spread premiums (YSPs). YSPs are compensation paid to a broker for increasing the interest rate on a loan or for getting the borrower to agree to accept unfavorable terms. YSPs provided the incentive for brokers to aggressively market the kinds of loans that created the problems in today's mortgage market.

The technical changes to existing law include:

Servicers must mail statements explaining fees "within" 30 days after assessing the fee, instead of "at least" 30 days after.

Servicers don't have to mail the fee statement if the homeowner

- Requested the service,
- Paid for the service at the time it was provided, and
- The fee is not charged to the homeowner's loan account.

Ten-day notification of "abnormal" payment disposition is not necessary when the payment disposition follows a bankruptcy plan or a written agreement with the servicer such as loss mitigation, loan modification or biweekly payment plan.

**Effective date:** October 1, 2008.