Consumer agency: Set mortgage rules

Associated Press

WASHINGTON — The government's consumer lending watchdog proposed new rules Friday aimed at protecting homeowners from unexpected costs and shoddy service by companies that collect their monthly mortgage payments.

Mortgage servicing companies would be required to provide clear monthly billing statements, warn borrowers before interest rate increases and actively help them avoid foreclosure under the proposal by the Consumer Financial Protection Bureau. The rules also require companies to credit people's payments promptly, swiftly correct errors and keep better internal records.

"The major failures in this industry demonstrate that all servicers need to meet basic standards of good customer service," CFPB Director Richard Cordray said. He said the proposal reflects "two basic, common-sense standards: no surprises and no runarounds."

The proposal is open for public comment until Oct. 9. The agency will finalize the rules in January 2013.