



GOVERNMENT OF PUERTO RICO

Office of the Commissioner of Financial Institutions

CIRCULAR LETTER CIF NUMBER CC-18-02

**TO: ALL MORTGAGE INSTITUTIONS AND COMMERCIAL BANKS IN PUERTO RICO,
INCLUDING THE MORTGAGE SERVICERS**

**FROM: GEORGE R. JOYNER
COMMISSIONER**

DATE: MARCH 13, 2018

Re: REQUIREMENT OF MONTHLY REPORTS

Section I. Authority

This Circular Letter is issued under the provisions of Act No. 4 of October 11, 1985, as amended, known as the "Law of the Office of the Commissioner of Financial Institutions" (hereinafter Act No. 4) and the special laws that govern each financial institution that is regulated and supervised by this Office, such as the institutions that operate under Act No. 55 of May 12, 1933, as amended, known as the "Puerto Rico Banks Act" (hereinafter, Act No. 55), those that operate under Act No. 247 of December 30, 2010, as amended, known as the "Law to Regulate the Mortgage Loan Business in Puerto Rico" (hereinafter, Act No. 247 -2010) and those that offer or provide service to reverse mortgage loans under Act No. 164 of July 29, 2011 (hereinafter, Act No. 164-2011), as amended, known as the "Reverse Mortgage Consumer Protection Law".

Section II. Purpose

Act No. 4 provides that the Office of the Commissioner of Financial Institutions (hereinafter, the "OCFI") shall have the primary responsibility to supervise financial institutions that operate or do business in Puerto Rico. This Circular Letter is issued with the purpose of establishing the rules for the requirement of monthly reports to be submitted to the OCFI by the entities that originate and administer reverse mortgage loans.

Although under the aforementioned provisions, mortgage institutions render certain reports to this Office regarding reverse mortgage loans, it has become necessary to collect additional detailed information about them, so it is essential that the OCFI issues this Circular Letter in order that the private entities, the various governmental entities responsible for the establishment and implementation of public policy on housing, the analysts of that market and the public in general, have it available.

Section III. Rule

- A. In accordance with the aforementioned provisions, the OCFI issues this Circular Letter, as a matter of public policy, to all financial institutions with licenses issued under Act No. 55 and Act No. 247-2010, subject to compliance with this new Circular Letter, so they will be obliged to submit the information required by this Circular Letter in Excel format via email. This includes the entities that originate and provide mortgage management services ("Mortgage



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Servicers") in and out of Puerto Rico with a license issued by the OCFI for this purpose for Home Equity Conversion Mortgages (HECM) and other Reverse Mortgages ("reverse mortgages") for borrowers and on properties located in Puerto Rico.

B. The financial institutions will submit the requested reports in Excel format, as applicable. The Reports are attached to this Circular Letter and will be filed through the following address: www.analisisfinanciero@ocif.pr.gov. The reporting institution may not make changes to the format provided in the Appendices.

C. **Originators:**

1. Pursuant to the aforementioned provisions, it is ordered that all financial institutions with licenses issued under Act No. 55 and Act No. 247-2010, which originate reverse mortgage loans, that on or before March 31, 2018 submit a **summary report for each of the years** from 2010 to 2016 with the information that is broken down below.

2. In addition, **on or before March 31, 2018**, they will submit a **detailed monthly report by loan** for the months of year 2017 and January and February of 2018.

3. **As of March 2018**, the mortgage institutions will render the monthly reports with the detailed information no later than the 15th day of the next month following the service rendered. For example, that of the March activity must be filed on or before April 15th.

4. The reports will contain the following information:

- a. Entity name.
- b. Name of the person preparing the report and contact information.
- c. Date on which the report is prepared.
- d. Total number of loan applications received.
- e. Amount of approved loan applications.
- f. Number of loan applications closed.
- g. Number of rejected loan applications.
- h. Number and amount in dollars of the total number of referrals for investigation and to other agencies, due to financial exploitation of the elderly, fraud or others.
- i. Number and amount in dollars of the total number of applications rejected, by type of loan.





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- j. Number and amount in dollars of total applications closed, by type of loan.
- k. Number and amount in dollars of the total of the closed balance, by type of loan.
- l. Number and amount in dollars of the total disbursement, by type of loan.
- m. Average interest rate, by type of loan namely FHA, Fannie Mae or Jumbo, for single purpose, private or HECM Standard, HECM Saver and HECM Proprietary.
- n. Average of original "Loan to Value", by type.
- o. Average of closed loans, by type.
- p. Average disbursement at closing, by type.
- q. Average of original reserve retained at closing.
- r. Average of annual Hazard insurance cost, by type.
- s. Average property taxes (CRIM), by type.
- t. Minimum interest rate at closing, by type.
- u. Maximum interest rate at closing, by type.
- v. Payment options, amount and number of loans under each of them, for example, single payment, fixed term, occupation, line of credit, and monthly payments and line of credit.
- w. Total amount of the type of loan granted under FHA, Fannie Mae or Jumbo, for sole purpose, private or HECM Standard, HECM Saver and HECM Proprietary.

D. Servicers:

1. Pursuant to the aforementioned provisions, it is ordered that all financial institutions with licenses issued under Act No. 55 and Act No. 247-2010, which provide mortgage management services ("Mortgage Servicers") in and outside of Puerto Rico with a license issued by the OCFI for this purpose in reverse mortgage loans, that **on or before March 31, 2018**, submit a **summary report for each of the years** from 2010 to 2016 with the information that is broken down in section D (4).
2. In addition, **on or before March 31, 2018**, they will submit a **detailed monthly report by loan** for the months of year 2017 and January and February of 2018 with the information that is broken down in section D (4).





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3. **As of March 2018**, the mortgage institutions will render the monthly reports with the detailed information no later than the 15th day of the next month following the service rendered. For example, that of the March activity must be filed on or before April 15th.

4. The reports will contain the following information:

- a. Entity name.
- b. Name of the person preparing the report and contact information.
- c. Date on which the report is prepared.
- d. Total number and amount of active loans.
- e. Total amount and amount of delinquent loans at 30 days.
- f. Total number and amount of delinquency loans at 60 days.
- g. Total number and amount of delinquency loans at 90 days.
- h. Total number and amount of delinquency loans at 120 days or more.
- i. Total number and amount of executions, by type.
- j. Total number and amount of executions before local courts.
- k. Total number and amount of executions before the Federal Court.
- l. Average amount of the original value of the property, by type of loan.
- m. Average of the original "Loan to Value", by type of loan.
- n. Average of current Loan to Value based on the original value of the property, by type of loan.
- o. Average of the original balance of the loan.
- p. Number and amount of balances pending disbursement.
- q. Average annual cost of insurance "Hazard".
- r. Annual average of the cost of property taxes (CRIM).
- s. Number and amount of loans in execution process.
- t. Number and amount of loans in process of execution in the Courts of the Government of Puerto Rico.
- u. Number and amount of loans in process of execution in the Federal Court.
- v. Reasons for execution, such as failure to pay Hazard insurance, CRIM taxes, death, abandonment of residence or others.

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- w. Loans granted in which the owner voluntarily surrenders the property because he could not occupy it as a permanent residence.

5. In addition, from January 2017 to February 2018, the institutions will complete a monthly report or "Loan ledger" as attached, for each loan to which service is provided. Said report shall be filed **on or before March 31, 2018**. As of March 2018, the institutions shall submit the monthly reports with the detailed information contained in section D (5) no later than the 15th of the month following the correspond service. For example, that of the March activity must be filed on or before April 15th. This report includes the following information:

- a. Entity name.
- b. Name of the person preparing the report and contact information.
- c. Date on which the report is prepared.
- d. Loan number.
- e. Loan closing date.
- f. Date of commencement of the "servicing".
- g. Date of termination of "servicing".
- h. Amount of the loan.
- i. Municipality where the residence is located.
- j. Current balance of the loan.
- k. Name of the institution that originated the loan.
- l. Name of the current holder ("Holder") of the loan.
- m. Type of loan (for example FHA, Fannie Mae or Jumbo, for single purpose, private or HECM Standard, HECM Saver and HECM Proprietary).
- n. Current cost of Hazard insurance.
- o. Current cost of property taxes (CRIM).
- p. 30-day delinquency for non-payment of Hazard insurance or CRIM taxes, or others.
- q. 60-days delinquency for non-payment of Hazard insurance or CRIM taxes, or others.
- r. 90-day delinquency for non-payment of Hazard insurance or CRIM taxes, or others.
- s. 120 days or more delinquency for non-payment of insurance or Hazard CRIM, or others.
- t. Reserve balance.





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- u. Age of the borrower at the time of closing.
- v. Actual age of borrower.
- w. Date of death, if any.
- x. Interest rate.
- y. Status of the loan as an asset, in delinquency, in loss mitigation, in foreclosure or terminated.
- z. Occupancy status for each loan.
- aa. Type of disbursement option or payment that was chosen for each loan. For example, single outlay, fixed term, occupation, line of credit, and monthly payments and line of credit.
- bb. Current balance pending disbursement.
- cc. Amount of the original appraisal.
- dd. Current valuation.
- ee. Original "Loan to Value".
- ff. Current "Loan to Value" based on the original appraisal.
- gg. Current "Loan to Value" based on the current valuation.
- hh. Date of last contact with the client.
- ii. Type of contact with the client.

Section IV. Penalties

The financial institutions that file the reports after the aforementioned dates, will be exposed to the OCFI imposing an administrative fine of up to a maximum of \$ 5,000.00, in accordance with the provisions of Act No. 4. Failing to file the reports may be cause for the revocation of the license prior to holding hearings, in accordance with the provisions of Act No. 4 and Act No. 38-2017, as amended, known as the Uniform Administrative Procedures Act of the Government of Puerto Rico.

Section V. Validity

The provisions of this Circular Letter shall take effect immediately, from the date of its approval.

Appendices



