

Scott Leshner
Administrator



Mary Fallin
Governor

Ruben Tornini
Deputy Administrator

Todd Lamb
Lt. Governor

**STATE OF OKLAHOMA
DEPARTMENT OF CONSUMER CREDIT**

April 17, 2014

**Re: Official declaratory ruling
Oklahoma Secure and Fair Enforcement for Mortgage Licensing Act, 59 O.S. §§
2095-2095.24
Mortgage servicing**

The question has arisen as to what constitutes the “servicing” of a residential mortgage loan in connection with the definition of a mortgage lender under Oklahoma Secure and Fair Enforcement for Mortgage Licensing Act (the Act). A mortgage lender is defined by the Act as:

An entity that takes an application for a residential mortgage loan, makes a residential mortgage loan *or services (emphasis added)* a residential mortgage loan and is an approved or authorized: mortgagee with direct endorsement underwriting authority granted by the United States Department of Housing and Urban Development, seller or servicer of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or issuer for the Government National Mortgage Association.

59 O.S. § 2095.2(13).

The term “services” or “servicing” is not defined by the Act or the administrative rules regarding the Act. However, servicing generally encompasses the administration of a residential mortgage loan following the closing of such a loan. Servicing typically includes, but may not be limited to, the collection of monthly mortgage payments, the administration of escrow accounts, the processing of borrower inquiries and requests and default management.

An entity that performs any of the activities described above is engaged in the servicing of residential mortgage loans. An entity that merely holds the servicing rights to residential mortgage loans is not engaged in the servicing of residential mortgage loans.

Examples

Example one

ABC Financial collects monthly residential mortgage loan payments from borrowers, administers the escrow accounts of borrowers, processes borrower inquiries and requests and performs default management. ABC Financial is engaged in the servicing of residential mortgage loans.

Scott Leshner
Administrator

Ruben Tornini
Deputy Administrator



Mary Fallin
Governor

Todd Lamb
Lt. Governor

**STATE OF OKLAHOMA
DEPARTMENT OF CONSUMER CREDIT**

Example two

ABC Financial holds the servicing rights to residential mortgage loans. ABC Financial contracts with XYZ Mortgage Company to conduct all servicing responsibilities for ABC Financial. XYZ Mortgage Company collects payments from borrowers, administers the escrow accounts of borrowers, processes borrower inquiries and requests and performs default management.

ABC Financial is not engaged in the servicing of residential mortgage loans. XYZ Mortgage Company is engaged in the servicing of residential mortgage loans.


Scott Leshner
Administrator