

Who Services Your Loan?

Traditionally, the mortgage lender will service your mortgage for the life of your loan on behalf of the investor. However, a third party (not the lender who originated the loan) may be the one to handle the servicing.

Servicing involves collecting and processing the monthly payments. This includes the principal and interest, as well as the premiums that are maintained in escrow accounts for things such as taxes and insurance. It is the responsibility of the servicer to make sure payments are made out of the escrow accounts on time. Then, at the start of each year, the servicer informs the borrower of how much money was applied toward principal, interest, taxes and insurance. The servicer also forwards the proceeds to investors and acts as the investor's representative if any problems should arise with the loan.



As the borrower, it is important that you keep records of all contact with your mortgage servicer, because your loan can be sold to a different company at anytime. If your mortgage is sold, the new servicer and the original servicer must notify you in writing, and you must be informed of any changes in the terms of your homeowner's insurance due to the sale. Upon your written notification, you also should be given details on the date the new mortgage takes effect, as well as the name, address and phone number of the new servicer. Your new loan company must honor any terms and conditions of your original contract other than those directly related to servicing the loan.

After your loan changes hands, carefully monitor your mortgage statements. Watch for mistakes and keep all documents related to your mortgage and payments in case there is a dispute.

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A composite image featuring a real estate sign that says "FOR SALE" in front of a house. Overlaid on the bottom right of the sign is a small portrait of Eric Giat, a man in a suit and tie.