



# 2021 Foreclosure Prevention and Mortgage Lending Priorities: Consumer Financial Protection Bureau November 2020

Strong communities and markets need responsible lending rules that give borrowers, especially low-income and Black and Latinx borrowers, a fair shake at the dream of owning and keeping a home. The CFPB should take decisive action to combat pervasive harm from the pandemic, expand opportunity in communities of color, and grow equity in the mortgage markets.

## DAY ONE PRIORITIES

- **Convene a cross-Administration working group on sustainable homeownership in communities of color.**
- **Announce that the CFPB will protect COVID-affected homeowners from foreclosure after mortgage forbearance by issuing an Interim Final Rule under Regulation X specifying that the 120-day pre-foreclosure period runs from the end of a COVID-related forbearance or foreclosure moratorium. ([HEROES Act](#) and [NCLC CARES Act testimony](#)).**
- **Require mortgage companies to make forbearance automatic for homeowners who are 60 days late on their mortgages during the COVID-19 emergency in order to lower the risk of foreclosure from a prolonged, unaddressed delinquency. ([HEROES Act](#) and [NCLC CARES Act testimony](#)).**
- **Announce the initiation of a rulemaking to withdraw the CFPB’s “Seasoned Qualified Mortgage” rule ([NCLC group comments](#)) and review the CFPB’s General QM rulemaking to ensure that it requires an individualized assessment of a borrower’s ability to repay. ([NCLC group comments](#)).**

## ADDITIONAL PRIORITIES BY TOPIC

1. **Prevent a COVID-19 tsunami of foreclosures, likely to be centered in Black and Latinx communities, and promote an inclusive recovery.**
  - A. End the CFPB and bank regulators’ weakened approach to mortgage servicer supervision and enforcement during the pandemic ([NCLC press release](#)) and issue joint CFPB and bank agency guidance establishing foreclosure moratorium, forbearance and post-forbearance standards for private loans except where prohibited by investor guidelines.
  - B. Require notice to homeowners within 45 days of delinquency, including in-language notice for borrowers with limited English proficiency (LEP), of COVID forbearance and repayment assistance.
  - C. Create an *Office of the Homeowner Advocate* to provide individual homeowners with a direct means of obtaining assistance to prevent foreclosures.
  - D. Ensure transparency and accountability in the Borrower Protection Program operated by the CFPB and FHFA by making the data publicly available. ([NCLC CARES Act testimony](#)).

E. Require borrower protections in mortgage servicing transfers, including mandatory and publicly available standard data and transfer plans and a dispute process that prevents borrowers from facing default because the new servicer did not get accurate information from the previous servicer. ([NCLC press release](#)).

**2. Strengthen racial and economic justice in the mortgage market, including through language access, broader market access and better data collection and reporting.**

A. Clarify the duty of mortgage lenders and servicers to provide language access for borrowers with limited English proficiency, including through collection and transfer of language preference ([H.R. 4783](#)), provision of translated documents, and oral interpretation. ([Coalition comments to FHFA](#) and [Supplemental comments to FHFA](#)).

B. Reverse the CFPB's rollback of Home Mortgage Disclosure Act (HMDA) reporting.

C. Preserve disparate impact standards and vigorously enforce fair lending laws, including in new uses of data and algorithms.

**3. Promote affordable, sustainable mortgage lending, particularly for borrowers of color.**

A. Establish robust CFPB consumer protection rules for Property Assessed Clean Energy (PACE) loans ([NCLC/NHLP comments](#) and [Coalition comments](#)). Government-backed loans should not be made on properties with PACE liens until such consumer protection rules are in place.

B. Green home financing programs must align with consumer protection and ensure that loans remain keyed to a borrower's ability to repay and the fair market value of the property. Additional measures to promote energy efficiency in the residential market can include expansion of weatherization, low-rate loans and rebates, subsidies from utilities, and updating of efficiency standards.

C. Prohibit predatory rent-to-own housing abuses. ([S. 571](#)).

D. Issue, along with the housing and banking regulators, stronger guidance to the consumer credit industry on the transition away from LIBOR, the index for interest rates on more than 2.8 million adjustable rate and reverse mortgages, including a deadline for the transition, to avoid market uncertainty, consumer harm, and the potential for billions of dollars in related costs. ([Coalition comments to CFPB](#)).

E. Preserve incentives for mortgage lenders to accurately disclose mortgage terms.

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