

February 18, 2021

David Uejio
Acting Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Re: Racial Justice Priorities for the Consumer Financial Protection Bureau

Dear Acting Director Uejio,

We applaud your commitment to ensuring that the Consumer Financial Protection Bureau provides swift relief to consumers suffering economic hardship due to the COVID-19 pandemic and centering racial equity as a core tenet of the Bureau's work. The Bureau can and should take immediate and significant measures to promote racial equity. We write today to highlight actions the Bureau can take to address long-standing systemic discrimination in credit markets and the harsh economic fallout from the COVID-19 pandemic on communities of color.

By every metric, we expect the economic fallout from the COVID-19 pandemic to be particularly severe for communities of color. Workers of color make up a disproportionate share of workers in the industries where layoffs, pay cuts or a reduction in work hours occurred early in the pandemic. Even past the historical peak in April, the unemployment rate for workers of color remains stubbornly high. With more layoffs expected, many workers will find it difficult to find decent paying jobs to blunt the financial impact of this pandemic. Economic losses for Black and Latinx workers, especially women, are expected to continue well after the pandemic is under control.

We are particularly concerned that the loss of household income in the near and long term will lead to an epidemic of mortgage defaults, foreclosures, evictions and aggressive debt collection. Already high levels of eviction filings have affected consumers' rental records and creditworthiness. With respect to homeowners, the U.S. Census Bureau's Household Pulse Survey reports that 24.4% of Black borrowers, 19.9% of Hispanic borrowers, and 14.2% of Asian borrowers are not current on their mortgage payments, compared to 8% of white borrowers.¹ Analysis from the National Women's Law Center consistently shows that Asian, Black, and Latina women are more likely to be behind on mortgage payments than white, non-Hispanic men.² Another wave of foreclosures would be devastating to the Black and Latinx communities who suffered the highest rates of foreclosure during the Great Recession.

¹ U.S. Census Bureau, Household Pulse Survey, Week 21, Housing Table 1a.

² See National Women's Law Center, Analysis of U.S. Census Bureau COVID-19 Household Pulse Surveys at <https://nwlc.org/resources/nwlc-analysis-of-u-s-census-bureau-covid-19-household-pulse-surveys/>.

Even before the pandemic, homeownership was in peril. The Black homeownership rate sank to 40.6% at the end of 2019, a rate not seen since the 1960s.

The loss of a home is not just devastating for families, but also represents a significant loss of wealth for Black and Latinx households. Home equity represents 57% of the net worth of Black households and 67% of the net worth of Hispanic households, compared to 41% of net worth of white households.³ Wealth loss due to foreclosure is no longer available to pass down to future generations, or to use as a buffer to withstand the financial impact of the pandemic.

The Bureau must use its resources to protect individuals from discrimination in the credit markets and financial harm by addressing long-standing as well as emergent issues.

Protect homeowners and renters impacted by the COVID-19 pandemic and promote sustainable homeownership. Comprehensive and quick action is necessary to keep consumers housed and to preserve and promote homeownership in communities of color.

- Convene a working group with other agencies focused on sustainable homeownership in communities of color.
- Protect homeowners affected by the COVID-19 pandemic from foreclosure by providing a 120-day period after the end of payment forbearance for [loss mitigation review](#) and by working with the other financial regulatory agencies to confirm industry standards regarding forbearance availability and post-forbearance options.
- Rescind the April 2020 joint statement on mortgage servicing, and strengthen supervision of the industry and enforcement of mortgage servicing rules during the pandemic including through examination of the role of artificial intelligence and other emerging technology.
- Review mortgage servicer scripts for communicating with borrowers regarding COVID-19-related relief options, including post-forbearance options, to ensure that borrowers still facing hardship are not steered to deferral rather than a review for a loan modification, which may provide greater payment relief.
- Work with the Federal Trade Commission to protect the income and assets tenants need to pay rent and basic living expenses.
- Facilitate the use and design of effective Special Purpose Credit Programs, particularly in the mortgage context.
- Promote the use of Special Purpose Credit Programs designed to address disparities experienced by protected classes due to the COVID-19 pandemic.

Support LEP populations with information in their language. No population faces greater challenges in obtaining information about consumer financial products and, especially during the pandemic, available

³ Michael Neal, Alanna McCargo, *How Economic Crisis and Sudden Disasters Increase Racial Disparities in Homeownership*, Urban Institute, June 2020.

payment relief than limited English Proficient (LEP) borrowers. These challenges have particularly egregious consequences for mortgage borrowers.

- Launch an aggressive, government-funded outreach campaign, including paid advertisements in the top LEP languages, to get the word out about the options available for mortgage borrowers and how borrowers can obtain them.
- Collaborate with housing counseling organizations and other trusted partners to disseminate information, and utilize multiple media channels, including social media, targeted print media, radio and television.
- Translate key mortgage servicing documents into the top LEP languages and make them available as templates for servicers. These should include the early intervention notice, which should reference Coronavirus relief options, a forbearance offer letter, and other key notices mandated under the Bureau's servicing rules.
- Issue guidance reminding mortgage servicers of their obligation under the Equal Credit Opportunity Act (ECOA) to ensure that their servicing practices do not cause an unjustified disparate impact on borrowers based on national origin, race or ethnicity. Servicers should ensure that their outreach regarding mortgage relief, including paid ads, direct mailings, emails, and websites, are multilingual to the extent practicable. This should include linking to or embedding material that has been translated by the CFPB as well as the Federal Housing Finance Agency and the Enterprises. The Bureau also should promote the use of Language Access Plans by mortgage lenders and servicers, as well as other creditors and collectors.
- Require credit bureaus to provide free credit reports in the top LEP languages to enable consumers who are struggling financially, and who have obtained forbearances or other accommodations from creditors, to ensure the information is reported accurately, and to dispute the information that is incorrect.

Enforce fair lending laws. All consumers deserve nondiscriminatory access to credit and protection from abusive practices.

- Restore the power and authority of the Office of Fair Lending to challenge and dismantle discriminatory practices.
- Update CFPB Bulletin 2012-04 on fair lending to reaffirm the application of the disparate impact doctrine in supervision and enforcement of the ECOA and Regulation B.
- Closely monitor new and emerging technology, including artificially intelligent models used in marketing, credit underwriting and pricing to ensure they do not violate fair lending laws.
- Strengthen the Home Mortgage Disclosure Act by reverting to the 2015 rule's reporting thresholds and by halting efforts underway to further eliminate other data required by that rule, including disaggregated race and ethnicity data, and in particular data on Asian-American and Pacific Islander consumers.

- Accelerate rulemaking regarding the collection and reporting of small business lending data to monitor pandemic-related assistance to minority- and women-owned small businesses.

Promote additional racial justice issues.

- Most people need a vehicle to maintain employment and to get to COVID testing or vaccination sites. The Bureau should issue emergency guidance or rules on debt collection to ensure that consumers who became delinquent on auto loans have a chance to cure or catch up on missed payments. In addition, the Bureau should ensure that voluntary accommodations offered by creditors to some consumers are offered in a fair and non-discriminatory manner.
- Increase supervision of companies focused on the servicing and collection of federal student loans so consumers can fully benefit from forbearances.
- Ensure aggressive supervision and enforcement with penalties and restitution to consumers harmed by debt collectors, mortgage servicers, payday lenders, and other entities.
- Engage consumer, civil rights, grassroots, and community-based organizations in regulatory efforts, and in the dissemination of COVID-19 related information.

We welcome the opportunity to work with you to advance the Bureau's mission of protecting economically vulnerable consumers. If you have any questions regarding the issues outlined above, please contact Odette Williamson, Staff Attorney, National Consumer Law Center, at owilliamson@nclc.org, Jorge Soto, Associate Vice President of Policy & Advocacy, National Fair Housing Alliance, at JSoto@nationalfairhousing.org, and Lisa Cylar Barrett, Director of Policy, NAACP Legal Defense and Educational Fund, Inc., at lcylarbarrett@naacpldf.org. Thank you for your time and work on behalf of vulnerable consumers.

Sincerely,

National Organizations

Americans for Financial Reform Education Fund

Better Markets

Center for Community Progress

Color of Change

Consumer Action

Consumer Federation of America

The Leadership Conference on Civil and Human Rights

NAACP Legal Defense and Educational Fund, Inc. (LDF)

National Action Network, (NAN)

National Alliance for Safe Housing

National Association of Consumer Advocates

National Association for Latino Community Asset Builders

National CAPACD- National Coalition for Asian Pacific American Community Development

National Coalition for the Homeless

National Community Reinvestment Coalition (NCRC)

National Consumer Law Center (on behalf of its low-income clients)

National Council of Asian Pacific Americans (NCAPA)

National Disability Rights Network (NDRN)

National Fair Housing Alliance (NFHA)

National Housing Resource Center

National Urban League

National Women's Law Center

Public Justice

Prosperity Now

State and Local Organizations

Alaska PIRG

Bet Tzedek Legal Services

California Reinvestment Coalition

Center for NYC Neighborhoods

Center for Responsible Lending

Community Legal Services of Philadelphia

Empire Justice Center

Foreclosure Prevention Legal Aid Clinic, University of Puerto Rico

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Greater Boston Legal Services, on behalf of its low-income clients

Instituto de Educación Práctica- Puerto Rico Bar Association

Jacksonville Area Legal Aid, Inc.

Legal Aid Justice Center

Legal Aid Society of Southwest Ohio, LLC

Legal Action Chicago

Massachusetts Communities Action Network

Michigan Poverty Law Program

Philadelphia Unemployment Project

Public Counsel

Vermont Legal Aid, Inc.