

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

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David Uejio
Acting Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20522

Jelena McWilliams
Chair
Federal Deposit Insurance Corporation
3701 Fairfax Dr.
Arlington, VA 22203

Michael Hsu
Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Jerome Powell
Chair
Board of Governors of the Federal Reserve
System
1850 K Street, NW
Washington, DC 20006

Todd M. Harper
Chair
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Melanie Hall
Chair
Conference of State Bank Supervisors
1129 20th St NW
Washington, DC 20036

Acting Director Uejio, Chairman Powell, Chair McWilliams, Chairman Harper, Acting Comptroller Hsu, and Chair Hall:

On June 28, 2021, the Consumer Financial Protection Bureau (CFPB) issued a final rule under the Real Estate Settlement Procedures Act (RESPA) to provide mortgage servicing protections for borrowers affected by the COVID-19 emergency.¹ This rule will go into effect on August 31, 2021. This rule came on the heels of an important announcement from the Biden Administration, including the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), and the Department of Agriculture (USDA), as well as the Federal Housing Finance Agency (FHFA), to extend the federal foreclosure moratorium until July 31, 2021.² Since federal foreclosure protections ended on Saturday, July 31, robust supervision and enforcement is necessary to ensure that protections are fully realized for those who need them the most, including Black and Latinx homeowners who have been disproportionately affected by the ongoing pandemic and its concurrent economic downturn. Therefore, I call on your agencies to immediately update your Joint Statement on Supervisory and Enforcement Practices Regarding the Mortgage Servicing Rules in Response to the COVID-19 Emergency and the CARES Act from April 3, 2020³ and take other steps to provide vigorous oversight and encourage mortgage servicers to work with borrowers to avoid unnecessary foreclosures.

¹ <https://www.federalregister.gov/documents/2021/06/30/2021-13964/protections-for-borrowers-affected-by-the-covid-19-emergency-under-the-real-estate-settlement>

² <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=408053>

³ https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_mortgage-servicing-rules-covid-19.pdf

Providing clear guidance to mortgage servicers and enhancing supervision and enforcement during this period is critical to safeguarding homeowners from unnecessary foreclosures, especially before the CFPB rule goes into effect on August 31, as well as before critical housing counseling funds and Homeowner Assistance Funds provided through the American Rescue Plan Act have reached communities and stabilized households.

As was outlined in a letter to you by the National Consumer Law Center and other consumer advocates:

In addition to preventing efforts to fast-track foreclosure initiation before the effective date of the final RESPA rule, the Bureau and agencies should make clear to servicers that they will be subject to supervisory and enforcement actions if they fail to engage in reasonable diligence and early intervention efforts as required by Reg. X. This will make it more likely that the maximum possible number of borrowers can obtain assistance and avoid an unnecessary foreclosure.⁴

Increased and effective oversight will also be important to prevent a disproportionate impact of foreclosures on lower income homeowners and homeowners of color who stand to gain the most from these protections and assistance. I strongly encourage your agencies to enhance your monitoring efforts and encourage servicers to do all they can to work with borrowers to prevent any needless and costly foreclosures.

As you continue this work, I request that you provide a detailed written response within three weeks of receiving this letter that describes your agency's supervisory and enforcement approach to mortgage servicing, including a detailed list of actions your agency is taking to prevent unnecessary foreclosures. For the CFPB, FDIC, Federal Reserve, NCUA, and OCC, I request that your agencies also provide monthly updates to Committee staff over the next six months on mortgage servicing practices of your regulated entities, the number and type of mortgage loan modifications successfully provided by your regulated entities, and foreclosure trends your agencies observe. I request that each update include detailed information identifying which demographics are most impacted by the expiration of foreclosure protections and the effect your actions have in preventing unnecessary foreclosures.

Thank you for your timely attention to this request. I look forward to continue working with you to ensure a fair and just mortgage servicing system for all homeowners.

Sincerely,



MAXINE WATERS
Chairwoman

cc: The Honorable Patrick McHenry, Ranking Member

⁴ https://www.nclc.org/images/pdf/foreclosure_mortgage/mortgage_servicing/Mortgage_Servicer_Supervision_ltr.pdf