

COVID-19 Crisis: Advocates Urge FHFA to Help Ensure Fair Treatment for All Borrowers, Especially Limited English Proficient Borrowers

FOR IMMEDIATE RELEASE: APRIL 9, 2020

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Washington, D.C. - The National Consumer Law Center, Americans for Financial Reform Education Fund, the National Fair Housing Alliance and 33 other consumer, civil rights, and housing counseling groups sent a letter today calling on the Federal Housing Finance Authority (FHFA) to step up its efforts to translate key mortgage notices needed by borrowers hit hard by the COVID-19 pandemic.

“Unless FHFA translates its forbearance applications into languages other than English, many who need it most - but are not proficient in English - will not get the help they need,” **said Sarah Mancini, an attorney with the National Consumer Law Center.** “Limited English proficient (LEP) borrowers will face foreclosure at higher rates if they are not able to obtain information about home-saving options in their preferred language.”

Fannie Mae and Freddie Mac have directed the servicers of their mortgage loans to offer borrowers suffering from the health or financial impacts of the virus forbearances of up to 180 days, which can be extended for up to another 180 days. However, this crucial relief is not automatic; borrowers must contact their servicers to request this help. Borrowers must be aware of the relief available and the steps they must take to receive it.

“Immigrant communities and families of color are already being severely hurt by the virus and facing challenges in understanding their options,” **said Linda Jun, senior policy counsel with Americans for Financial Reform Education Fund.** “FHFA must act now to ensure that LEP borrowers can access much-needed mortgage relief.”

In the letter, the groups urge FHFA to take the following actions:

- Create a model notice to be sent by servicers and translate it into the top 5 languages spoken by LEP individuals in the United States, explaining forbearance options and letting borrowers know how they may be able to access in-language assistance through a housing counselor;
- Translate consumer outreach materials and model solicitation letters and evaluation notices that can be used by servicers;
- Coordinate outreach to LEP communities among government agencies and housing counseling agencies; and
- Ensure that the process of obtaining a Covid-19 forbearance is streamlined and accessible to

all borrowers.

“We are already seeing big disparities in the way this virus is affecting different communities, and we must ensure fair and equitable treatment for everyone who needs help to save their homes,” **said Debby Goldberg, vice president for housing policy at the National Fair Housing Alliance.** “During the last mortgage crisis, borrowers who are not proficient in English were overlooked and many who were eligible for relief lost their homes because they didn’t know what options were available and how to access them. In this – perhaps even bigger – crisis, there is an urgent need to make sure servicers can provide borrowers critical information in-language so they have accurate, consistent and timely information about their mortgages.”

Related Links

NCLC’s Covid-19 & Consumer Protections, including a list of all effective foreclosure moratoriums

AFR Issue Brief: Fair Treatment of Homeowners with Limited English Proficiency (May 26, 2016)

Consumer Action: Spanish Language Coronavirus Resources (March 23, 2020)

New CFPB Mortgage Guidance Does More for Servicers than Consumers

FOR IMMEDIATE RELEASE: April 6, 2020

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Millions of Families Could Lose Homes from Job Loss Due to COVID-19

Washington, D.C. – Late last Friday, the Consumer Financial Protection Bureau (CFPB) issued a one-sided policy guidance providing enormous flexibility to mortgage servicers while failing to ensure that distressed consumers can get access to crucial information and foreclosure-avoidance procedures. Although styled as a response to the pandemic, the CFPB, joined by six other banking regulators, in its guidance (here and here) told servicers that the Bureau would not supervise for nor enforce violations of most of its foreclosure prevention rules “until further notice,” regardless of whether the servicer’s actions are related in any way to responding to the COVID-19 emergency. “The CFPB lifted deadlines for mortgage servicers to act without providing similar flexibility for homeowners struggling to avoid foreclosure and is allowing lenders to start foreclosure before homeowners even receive required notices,” **said Alys Cohen, staff attorney at the National Consumer Law Center.**

The CFPB’s foreclosure prevention rules were adopted in the wake of our nation’s 2008 financial crisis when an estimated nine million families lost their homes to foreclosure. The rules are designed to ensure that all borrowers struggling to make their mortgage payments have a fair shot at an honest and transparent evaluation for an affordable loan modification. Servicers must take common-sense steps, such as telling the borrower in a timely way whether the servicer needs more documents to complete the evaluation and describing the terms of any loss mitigation option offered

to the borrower. The CFPB's rules were designed to ensure that millions of families would not again face foreclosure without having a chance to save their homes.

"Right when it is most important to help people save their homes, the CFPB has turned its back on consumers and on the lessons of the last great financial crisis," **said Cohen**. "With 10 million jobless claims filed in the last two weeks, now is not the time to provide a free pass on common-sense rules that give homeowners a chance at avoiding foreclosure. The CFPB's actions leave homeowners facing job loss or illness due to the COVID-19 emergency without clear access to foreclosure-avoidance reviews while providing mortgage servicers with fewer incentives to assist struggling homeowners. Nothing in the CFPB's actions encourages servicers to avert unnecessary foreclosures."

The CFPB's asymmetrical announcement offers great leeway for servicers without ensuring reasonable consumer protections. While some narrow flexibility is needed to address servicer backlogs and to minimize homeowner hardships and confusion, the Bureau's actions go much further. The CFPB announced that, "until further notice," it would not expect servicers to adhere to timelines or requirements for providing complete information to struggling borrowers so long as some unspecified "good faith efforts" were made by the servicer in an undefined "reasonable time." For example, for homeowners who receive a forbearance under the federal CARES Act, servicers are excused from providing information describing the terms of the borrower's arrangement with the servicer. Instead, servicers are encouraged to use form letters, which the CFPB will deem timely so long as they are sent "before the end of the forbearance period." There is no requirement that the letters be received by the borrower *before* the end of the forbearance period or that they be provided in time for a borrower to complete a loss mitigation application *before* the servicer begins foreclosure. **As a result, homeowners may receive forbearances without receiving written notice of when it will end or what comes next and people may find themselves in foreclosure before being notified about how to obtain further assistance.**

Moreover, the CFPB's announcement loosens rules for servicers whether or not the situation relates to COVID-19, without providing similar flexibility to homeowners, even where the hardship is virus-related. The CFPB does not expect servicers to reach out to and contact borrowers who are behind in their payments within the first 45 days of delinquency, the window in which early intervention is most successful in preserving homeownership, even where a borrower has not reached out and the servicer is preparing to initiate foreclosure. Nevertheless, the CFPB left the time limits for borrowers to respond to a servicer's loss mitigation offer or appeal a denial at 14 days, even though borrowers are also surely struggling to meet the challenges of the pandemic, including stay-at-home orders that may cut them off from fax machines, printers, or photocopiers.

NCLC advocates call on the CFPB to take steps to protect consumers, including:

- Require servicers to resume reasonable diligence and provide information about what is needed to complete the loss mitigation application in time for the borrower to complete an application and be evaluated for loss mitigation before the end of the forbearance period.
- Require servicers not to initiate any foreclosure proceedings or charge borrowers any fees related to starting a foreclosure, such as appraisal fees, property inspection fees, or attorney fees, until a minimum of 30 days after the servicer has resumed reasonable diligence, in order to minimize harm to borrowers.
- Require notices to borrowers about a forbearance or other loss mitigation to be specific to the borrower's circumstances, including what loss mitigation options may be available at the end of the forbearance.
- Encourage or require servicers to offer homeowners flexibility on timelines.
- Clarify that the CFPB will supervise and enforce for violations of fair lending laws and unfair,

abusive or deceptive practices to minimize the risks that servicers will use these relaxed standards to abuse consumers.

“The CFPB’s actions set this country up for another foreclosure crisis,” **said Cohen**. “Instead of protecting consumers and reducing systemic risk, as it was set up to do, the CFPB instead is encouraging servicers to repeat their failures from the 2008 Great Recession and foreclose on families.”

National Consumer Law Center Advocate Slams Trump Administration Credit Reporting Guidance for Giving Relief to Creditors and Credit Bureaus But Not Consumers During COVID-19 Pandemic

FOR IMMEDIATE RELEASE: APRIL 1, 2020

National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org)

Boston - Today, the Consumer Financial Protection Bureau issued a policy guidance outlining the “responsibilities” of credit bureaus and furnishers (i.e., creditors and debt collectors) during the COVID-19 pandemic.

The following is a statement in response from Chi Chi Wu, staff attorney at the National Consumer Law Center:

“The Consumer Financial Protection Bureau (CFPB) utterly failed in its job to protect consumers with this guidance, simply telling the credit bureaus and furnishers that they must comply with the newly enacted CARES Act and even getting wrong the meaningless protection for consumers in that Act. Contrary to what the CFPB says, the CARES Act only helps a consumer avoid negative information on their credit report *if they are not already behind in their payment when the creditor grants them relief*.

“Instead of protecting consumers whose credit reports are being battered through no fault of their own, the CFPB is more concerned about relaxing deadlines for creditors, debt collectors and credit bureaus to fix problems when consumers dispute errors in their creditor reports. I don’t even know if the CFPB has the legal authority to do given that without engaging in formal rulemaking, and even the Bureau acknowledges that the guidance is non-binding.”

“The CFPB’s guidance does not provide one iota of assistance to consumers who are unable to reach their creditors because of long phone hold times, who are too overwhelmed by job losses or dealing with COVID-19 personally or helping afflicted family, or whose creditors are heartless enough to deny them relief. Instead, the CFPB provides a helping hand to creditors, debt collectors and credit bureaus, even though the latter are the number one source of complaints to the CFPB’s own

Complaint Database. This is shameful beyond belief at a time when so many families and individuals are suffering, and it will make it much more difficult for them to recover financially for many years to come.”

U.S. Treasury Must Protect Stimulus Payments From Garnishment by Debt Collectors

FOR IMMEDIATE RELEASE: APRIL 1, 2020

National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org)

Washington, D.C. – The U.S. Department of the Treasury must act immediately to ensure that the stimulus payments about to go out to millions of Americans are available for food and necessities and are not grabbed by debt collectors, according to advocates at the National Consumer Law Center.

“People nationwide have suffered a dramatic loss of income and desperately need the stimulus payments that Congress just authorized for food, rent, utilities and health care. But if Treasury does not take immediate steps to protect the stimulus payments, debt collectors could grab the money out of the bank accounts of the families who most need the funds for their basic survival,” **said Lauren Saunders, associate director of the National Consumer Law Center.**

“The Treasury Department has a simple mechanism to protect stimulus payments from debt collectors: It can code them as exempt federal benefits in the same way that it protects Social Security and other federal benefits. Treating stimulus payments as federal benefits will allow banks to use their systems already in place to preserve the money for necessities, not debt collectors,” **said Margot Saunders, senior counsel at the National Consumer Law Center.**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides for payments to individuals up to \$1,200 so that people can pay for food, rent, utilities, medicine, and other basic necessities. The CARES Act protects stimulus checks from being reduced to pay certain debts owed to federal and state governments but does not specifically address garnishment or bank offsets for other debts. Instead, it gives Treasury the authority to issue rules and guidance to carry out the purposes of the stimulus payments.

Coding the payments as federal benefits will serve these important purposes:

- The payments will be available for food, medicine, utilities, and rent as Congress intended and will not be seized by debt collectors, depriving recipients of the ability to pay for essentials.
- Banks already have systems in place that will automatically protect the payments so there is no need to develop additional procedures.
- Banks will not have to deal with irate customers when desperately needed funds disappear.
- State governments and courts will not have to issue emergency orders to protect these payments, or handle disputes about them, putting banks in the middle.

- People can provide direct deposit information to the Treasury Department without fear of losing their funds so they can receive their payments quickly and safely. Otherwise, consumer advocates, legal services offices, credit counselors, and others will be forced to counsel struggling families to avoid direct deposit and wait for a paper check.
- The Treasury Department will have far fewer requests for paper checks to deliver stimulus payments.

“Clearly the purpose of the individual payments authorized by the CARES Act is to give individuals critically needed funds for necessities, not to line the pockets of debt collectors and debt buyers,” **Lauren Saunders added.**

COVID-19 Crisis: Advocates Call for U.S. Governors to Take Immediate Action to Ensure Residents are Protected from Utility Shut Offs

FOR IMMEDIATE RELEASE: March 27, 2020

National Consumer Law Center Contacts: Jan Kruse (jkruse@nclc.org)

Boston – Advocates at the National Consumer Law Center (NCLC) called on governors across the nation to take immediate action pursuant to their authority granted under each state’s emergency management act to ensure utility customers remain connected to essential electric, gas, water, sewer, and telecommunications networks, both during and after the coronavirus emergency. State executive action is needed for several reasons.

First, the federal stimulus bill passed by the U.S. Senate includes **no** prohibition on critical utility service shut offs. While more than 20 state public utility commissions have acted to halt utility shut offs, other states have relied on voluntary commitments from utilities that are unenforceable and subject to change. Essential electric, gas, water, sewer, phone and broadband internet services are needed to comply with directives to stay at home while sick, engage in frequent hand-washing, work from home, participate in online education, consult with health care providers remotely, monitor the condition of vulnerable family and friends, and follow other public health recommendations.

Second, thousands of customers across the country served by unregulated municipal utilities and electric cooperatives remain unprotected from utility shut offs.

Third, no state has issued specific guidance on the many needed changes to utility credit and collections practices to protect utility customers whose incomes have been devastated by the economic shutdown, and who face an uncertain financial cliff when emergency orders are lifted.

“Governors across the country must invoke their authority under their state’s emergency management statute to protect utility ratepayers *now*,” **said National Consumer Law Center attorney Karen Lusson.** “Customers of *both* regulated and unregulated utilities deserve legal

protection from utility shut offs due to inability to pay. Without specific guidance from governors, millions of customers remain vulnerable to disconnections. Likewise, absent specific direction from governors, utility customers in every state will be subject to a patchwork of credit and collections practices that fail to take into account a customer's finances and the impact of the COVID-19 emergency. And that's in addition to the households across the United States that remain without utility service because of an inability to afford monthly utility bills *before* the coronavirus pandemic."

NCLC advocates recommend that states take the following actions to ensure that consumers stay connected to essential utility networks:

- **Issue an emergency declaration through gubernatorial action banning all regulated and unregulated utility service shut offs**, including electric, gas, water/sewer, and telecommunications services, due to inability to pay;
- **Order all regulated and unregulated utilities to reconnect customers who were previously disconnected due to inability to pay**;
- **Ban all in-person marketing and sales of alternative energy supply and distributed energy products** during the emergency declaration;
- **Encourage low-income households to apply for the federal Lifeline phone and broadband program** for free or discounted voice and data service; and
- **Adjust state Low Income Home Energy Assistance Program (LIHEAP) application deadlines**, enrollment access, and eligibility certification processes.

Governors also must act now to address the financial cliff that is coming once emergency orders are lifted. Action is needed to ensure that utility arrearages incurred during the crisis do not trigger disconnections by requiring all utility service providers, both regulated and unregulated, to adopt more flexible credit and collections practices than currently required by state regulations and unregulated utility policies. NCLC advocates recommend protections should:

- **Eliminate any customer deposit requirements**;
- **Eliminate down payment requirements on deferred payment arrangements (DPAs)**;
- **Allow flexible, reasonable DPAs** that are based on the customer's ability to pay;
- **Eliminate any requirement that disconnected customers pay the full arrearage** in order to reconnect, thereby permitting reconnection upon issuance of an affordable DPA;
- **Eliminate minimum balance requirements for prepaid** utility service customers;
- **Require utilities to write off debt for consumers who certify that they are eligible for LIHEAP but are unable to receive LIHEAP due to insufficient LIHEAP funds**; and
- **Prohibit utilities from imposing late fees and engaging in negative credit reporting**,

NCLC Related Resources

- Coronavirus Crisis: How States Can Help Consumers Maintain Essential Utility Services, March 2020
 - COVID-19 Pandemic Requires Federal, State, and Municipal Action to Stop Involuntary Utility, Water, and Telecommunications Shut-offs, March 2020
-

Civil Rights and Consumer Groups Condemn “Emergency” Regulatory Guidance that Allows Banks to Make Payday Loans

FOR IMMEDIATE RELEASE: March 26, 2020

National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org)

Banks should not embrace this terrible idea, especially as they are borrowing for free

Washington, D.C. - Today, under the cover of a national crisis, the Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Federal Reserve Board (FRB), and the National Credit Union Administration issued small dollar bank lending guidance that lacks the consumer protections needed to ensure loans do not trap borrowers in a cycle of debt. The guidance does not warn against unaffordable, high interest rates and says that balloon payments may be appropriate - paving the way for loans with characteristics of debt trap payday loans. Several civil rights and consumer groups forcefully condemned this action.

“This crisis will last longer than two weeks, and balloon-payment bank payday loans just leave a hole in the next paycheck when a family’s financial situation will only be worse,” **said National Consumer Law Center Lauren Saunders.** “Banks should not revive the so-called ‘deposit advance product’ payday loans they were making in 2013, which the CFPB found trapped consumers in debt.”

The National Consumer Law Center, The Leadership Conference on Civil and Human Rights, NAACP, Center for Responsible Lending, Americans for Financial Reform, and Consumer Federation of America issued the following statement:

“This is the worst possible time for banks to make predatory payday loans. Government regulators have opened the door for banks to exploit people, rather than to help them.

“Essential consumer protection measures are absent from this guidance. By saying nothing about the harm of high-interest loans, regulators are allowing banks to charge exorbitant prices when people in need can least afford it. They have also lent credibility to single balloon-payment structured loans, which have been shown to trap people in a cycle of repeat reborrowing and crushing debt.

“Banks should not take the bait of this terrible idea. Especially at a time when banks are receiving 0% interest loans from the federal government, bank loans should be fair and affordable - at annual rates no higher than 36% for small loans and lower for larger loans. We will be monitoring whether banks offer loans that help or loans that hurt.

“Around the time of the last recession, a handful of banks issued ‘deposit advances’ that put borrowers in an average of 19 loans a year at over 200% annual interest. These bank payday loans disproportionately harmed the financially vulnerable and badly damaged banks’ reputations. Since 2013 when regulatory guidance warned against this form of credit, banks have mostly stayed away.

We trust that they will continue to do so as they do not want to repeat mistakes of the past.”

Senate COVID-19 Stimulus Bill is a Start but Falls Far Short for Families, Students, and the Nation’s Most Vulnerable

FOR IMMEDIATE RELEASE: March 26, 2020

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Washington, D.C. – Late yesterday, the U.S. Senate passed a \$2 trillion stimulus bill to assist businesses and families in the wake of the COVID-19 crisis. The package includes some helpful aid but it falls short in several critical consumer protection areas.

“While the Senate package contains some first steps to relieve the economic crisis, many families will continue to struggle and will be unable to meet basic needs without further action,” said **National Consumer Law Center Associate Director Lauren Saunders**. “The enhanced unemployment benefits, stimulus payments, and temporary relief for some mortgage and student loan borrowers are welcome, but many people are left out. The bill fails to provide the widespread relief critically needed to stop foreclosures, evictions, utility shut-offs, bank account garnishments, car repossessions, harsh enforcement of government fines and fees, relief for student loan borrowers, and debt collection activities in general. The bill won’t stop severe consequences for American families who are struggling with debt, have little to no savings, are being crushed by the economic fallout, and have rent, mortgages, student loans, utilities, and other bills to pay on April 1 and in the weeks to come,” **Saunders explained**.

The bill also lacks protection against predatory lenders who will exploit the crisis, such as the temporary interest rate cap protections proposed by Senators Van Hollen and Brown, **Saunders noted**.

Some positive elements of the package include increased unemployment compensation, additional support for civil legal aid programs, funding to help low-income families with heating bills, some bankruptcy protections, and assistance for small businesses, along with some — but inadequate — relief for homeowners and student loan borrowers.

Mortgage Relief for Homeowners Provides Little Help

“Congress has missed a crucial chance to provide fair, workable protections for the housing market, although the package includes the already-announced policies of a brief foreclosure moratorium and payment forbearance for homeowners with government-backed loans,” **said National Consumer Law Center staff attorney Alys Cohen**. “Given the severity of this crisis, homeowners will need a foreclosure halt beyond two months. And the burden remains on borrowers to contact their mortgage companies for assistance even though experience makes clear that homeowners will face clogged phone lines and widespread servicer errors, resulting in limited access to payment relief and unnecessary foreclosures. One-third of the nation’s home mortgages — all those not backed by the government — remain without any mandated relief.”

Student Loan Borrowers Left High and Dry

The Senate picked winners and losers by giving certain federal student loan borrowers a short break from making payments, from interest accrual and from involuntary collection, but withholding that help from others. “Why did the Senate fail to protect the estimated 9 million borrowers with other types of federal loans?” **asked Persis Yu, director of the National Consumer Law Center’s Student Loan Borrower Assistance Project.** “Lawmakers missed an opportunity to both alleviate historic, inequitable student debt burdens through debt cancellation, and ensure that borrowers can make ends meet now and then recover along with the economy.”

No Aid for Families Lacking Broadband

“Millions of low-income individuals lack broadband internet, but the Senate hung up on families by not including additional funding for the emergency Lifeline broadband program. Lifeline can help keep elders and people with disabilities or suppressed immune systems connected with their doctors without leaving their homes, and broadband is essential for children and young adults to continue with their studies,” **said National Consumer Law Center attorney Olivia Wein.** “There is a direct public health benefit when households have broadband and can stay at home and remain connected remotely through online schooling, telehealth, and online access to benefits and services.”

Weak Credit Reporting Provision Will Have Long-Term Consequences

The Senate bill’s provision regarding credit reporting is entirely insufficient, weaker than the current industry standard for disaster victims, with little to actually protect consumers’ credit records from the devastating economic effects of this crisis. “Tens of millions of consumers will have their credit reports trashed and their scores nosedive because of mass unemployment and loss of income, impeding their ability to get affordable credit, jobs, housing, and to generally recover when this crisis is over,” **said National Consumer Law Center attorney Chi Chi Wu.** “This bill’s credit reporting provision is meaningless.”

States Can Help to Fill Gaps

State and local governments also have a role to play in helping families recover from the crisis. NCLC’s COVID-19 digital resources includes recommendations for what actions states can take to help consumers regarding mortgages, debt collection, utilities, and other topics.

Related Resources

- National Consumer Law Center and Americans for Financial Reform Education Fund’s COVID-19 Crisis: Consumer Financial Protection Policy Recommendations, March 2020
- NCLC: Major Consumer Protections Announced in Response to COVID-19
- NCLC’s *Surviving Debt: Expert Advice For Getting Out of Financial Trouble* (online version) is free during this unprecedented crisis. The print version is also available to purchase with bulk discounts at NCLC’s Digital Library bookstore.

Advocates: HUD Must Do Much More to Protect Older Reverse Mortgage Borrowers in

the Coronavirus Epidemic

FOR IMMEDIATE RELEASE: March 24, 2020

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Washington, D.C. – The National Consumer Law Center, Americans for Financial Reform Education Fund, and 40 other groups sent a letter today to the U.S. Department of Housing and Urban Development (HUD) seeking stronger protections for reverse mortgage borrowers in response to the COVID-19 pandemic. The agency has announced a 60-day halt on foreclosures of all FHA-insured mortgages, but this timeframe falls short in light of projections of the long-term impact of this crisis.

“HUD’s 60-day foreclosure moratorium was a crucial first step, but does anyone really believe older homeowners will have recovered from this crisis within 60 days?,” **said National Consumer Law Center attorney Sarah Mancini.** “Further action is needed to ensure that this older population, which is most vulnerable to the virus, will maintain stable housing and not end up facing unnecessary foreclosures.”

In commenting on HUD’s March 18, 2020 Mortgagee Letter announcing a limited 60-day moratorium of foreclosures, the groups urged HUD to take the following additional steps:

- Clarify that non-borrowing spouses have an additional 60 days for the submission of their loan through the Mortgagee Optional Election (MOE). This program allows non-borrowing spouses to avoid foreclosure when the reverse mortgage borrower has died. In September 2019 HUD had announced a March 21, 2020 deadline;
- Direct servicers not to pay property taxes on behalf of reverse mortgage borrowers if the taxing authority has provided an extension or tax foreclosure moratorium, and allow an extra six months for borrowers to pay back the funds when servicers do advance property tax payments;
- Expand access to loss mitigation for qualified homeowners by extending all deadlines related to acceptance of loss mitigation options, including the return of any loss mitigation agreements, and by allowing for new repayment plans when borrowers default during the national emergency; and
- Extend the 60-day foreclosure and eviction moratorium announced by HUD on March 18, 2020 to at least six months.

“Older Americans with reverse mortgage loans need these common-sense protections during a particularly frightening time,” **said Linda Jun, senior policy counsel with Americans for Financial Reform Education Fund.** “We urge HUD to take action quickly to provide this clarity and stability to reverse mortgage borrowers and lenders.”

NCLC Related Links

Covid-19 & Consumer Protections, including a list of all effective foreclosure moratoria.

Issue Brief: Recommendations to Improve Servicing and Reduce Foreclosures of Federal Reverse Mortgages (March 2020)

Testimony of NCLC attorney Sarah Mancini on reverse mortgages before the House Financial Services Committee, Subcommittee on Housing, Community Development, and Insurance (Sept. 25,

Advocates Praise Senators for Bold Student Loan Principles

FOR IMMEDIATE RELEASE: March 19, 2020

National Consumer Law Center Contact: Jan Kruse at jkruse@nclc.org

Boston - Today, U.S. Senators Schumer, Murray, Brown, and Warren introduced a proposal outlining their plan to protect the financial interests of millions of student loan borrowers during the COVID-19 pandemic by cancelling borrowers' student loan payments and protecting defaulted borrowers from the government's draconian collection powers.

The proposal would:

- Immediately cancel monthly student loan payments and authorize the U.S. Department of Education to make payments on behalf of federal student loan borrowers.
- Stop all garnishment of wages, tax refunds, and Social Security benefits.
- Stop all interest capitalization (including from interest accrued prior to President Trump's March 13th announcement).
- Codify the President's waiver of interest on federal student loans held by the Department, and extend this waiver to Federal Family Education Loan (FFEL) loans.
- Ensure that each federal student loan borrower receives a minimum of \$10,000 in student loan relief over the course of the national emergency.

Statement by Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance Project:

"We applaud Senators Schumer, Murray, Brown, and Warren for keeping at the forefront the needs of those student loan borrowers hit hardest by this current crisis. The COVID-19 pandemic is wreaking financial havoc on millions of student loan borrowers, and low-income borrowers and borrowers of color are getting hit the hardest.

"While social distancing and self-quarantine measures are critical for slowing the spread of the virus, they pose a great hardship for many people who need to work to cover their basic necessities. Lost income and insufficient paid leave will hurt people who work in the gig economy, are hourly workers, experience layoffs, or have childcare crises and coverage concerns (especially as schools

and daycares close). Borrowers should not need to worry about their student loan payments at a time when they should be focused on the health and safety of their families and communities.

“As the situation worsens, we also need to ensure that low-income and vulnerable populations are protected as much as possible from the economic fall out. Distressingly, even in this public health crisis, the government is continuing to seize wages, Social Security benefits, and tax refunds from the most vulnerable borrowers. Without these protections, any other relief provided by the government during the crisis could also be seized to pay a defaulted student loan. The bold measures proposed by Senators Schumer, Murray, Brown, and Warren are necessary to shield borrowers from the government’s draconian collection powers and to ensure that Americans devastated by the financial crisis are able to dig out from this crisis in the months ahead. Congress should take immediate action and cancel all student loan payments now.”

NCLC Resources

- Blog: Repaying Student Loans Amid COVID-19 Outbreak, March 12, 2020
- Brief: Congress Must Provide Relief to Defaulted Student Loan Borrowers; Recommendations for Higher Education Act Reauthorization, March 2020
- Report: Voices of Despair: Student Borrowers Trapped in Poverty When Government Seizes Their Earned Income Tax Credit Report and Press Release (2018)
- Report: Pushed into Poverty: How Student Loan Collections Threaten the Financial Security of Older Americans and Press Release (2017)

Advocates Applaud Halt to Foreclosures and Bills to Stabilize Homeownership and Protect Credit Reports but Highlight Need for Further Relief During Pandemic

FOR IMMEDIATE RELEASE: March 19, 2020

National Consumer Law Center contact: Jan Kruse (jkruse@nclc.org)

Boston – National Consumer Law Center advocates praised recent measures taken by the federal government to help homeowners remain in their homes and to protect their credit scores but said more needs to be done. The foreclosure relief announced yesterday in response to the COVID-19 pandemic by the Federal Housing Administration (FHA) and the Federal Housing Finance Administration (FHFA), which oversees Fannie Mae and Freddie Mac, will apply to the majority of single family mortgages in the nation and impose a 60-day halt on foreclosures and post-foreclosure

evictions.

“We welcome these important first steps toward preventing homeowners from losing their homes during this pandemic, however the agencies should ensure that their policies provide accessible and fair procedures for payment relief,” **said National Consumer Law Center attorney Alys Cohen.** “States also have a role and should also halt foreclosures and evictions. And the private-label mortgage market should follow with a moratorium and also ensure that homeowners are offered affordable payment options in the aftermath of the pandemic. Throughout this process, mortgage companies need to ensure access for homeowners whose primary language is not English.”

Homeowners can check whether their loan is backed by Fannie Mae or Freddie Mac by using the agencies’ loan look up tools and can confirm whether their loan is FHA-insured by reviewing their loan documents and mortgage statements. Homeowners should also contact their mortgage company to explore their options.

National Consumer Law Center advocates also applaud new bills in the Senate to further reduce the harm caused by the pandemic. New legislation introduced yesterday by Senator Sherrod Brown of Ohio (S. 3509) provides homeowners a six-month foreclosure moratorium while also allowing homeowners to obtain a payment halt and affordable options to subsequently bring their loans current. Additionally, Senator Brown and Senator Brian Schatz of Hawaii cosponsored a bill that was introduced on March 17 to protect the credit reports of Americans during the financial crisis.

“By recognizing the need to stop negative credit reporting for at least four months and by providing further relief to consumers experiencing hardship, The Disaster Protection For Workers’ Credit Act (S. 3508) is critical to protecting the millions of consumers who are facing increasing job losses and other economic perils from this pandemic. This bill prevents the financial catastrophe families are or will soon experience from ruining their credit records and their ability to financially recover once the crisis is over,” **said National Consumer Law Center attorney Chi Chi Wu.**

Free Covid-19 Resources

NCLC has created a new webpage dedicated to Covid-19 and Consumer Protections. The page is continually updated to help families to navigate their finances during these turbulent times and for advocates to keep track of the latest consumer protection policy measures and pending legislation. As part of NCLC’s effort to assist consumers and advocates, **we have made the digital edition of *Surviving Debt: Expert Advice For Getting Out of Financial Trouble* free to all** during this unprecedented crisis. Access *Surviving Debt* for free here. The print version is also available to purchase with bulk discounts at NCLC’s Digital Library bookstore.