

Director Richard Cordray  
Bureau of Consumer Financial Protection  
1700 G St. N.W.  
Washington, D.C. 20552

## **Best Practices Recommendations for the Handling of Imminent Mortgage Complaints**

November 10, 2016

Dear Director Cordray:

The undersigned consumer, civil rights, community, housing, legal services and fair lending organizations appreciate the additions to the CFPB's Supervisory mortgage servicing exam manual clearly outlining mortgage servicers' obligations to maintain a reasonable process to evaluate, escalate and resolve imminent mortgage complaints at risk of foreclosure.

We welcome your recent remarks to the mortgage industry stating that all loss mitigation options "extend[ed] to consumers who are facing foreclosure should be accessible, affordable, sustainable, and transparent". Your clear and decisive statements made it plain to servicers what their responsibilities are.

While mortgage servicers' escalation processes may vary somewhat we would like to suggest a set of best practices that CFPB examiners can turn to, to help evaluate whether mortgage servicers are adequately addressing the imminent mortgage problems brought to them.

Based on advocates' extensive experience escalating chronic and imminent mortgage complaints we would recommend the following practices:

We urge all servicers to employ a phone hotline to efficiently address the most pressing of mortgage problems. Escalation phone lines are used currently by many successful escalation plans and have been suggested as an excellent tool by the CFPB.

1- We recommend two separate channels for servicers to address complaints that require immediate attention. One, an escalation telephone line available for the general public (including TTY/TDD) and a second, separate line dedicated for borrowers' advocates.

2- Escalation lines should be staffed by designated personnel who can access information pertaining to the escalated case and who have the *authority* to make an alternative decision.

3- Deadlines should be established for escalated cases. Servicers should acknowledge receipt of an escalated complaint within 24 hours (via email, fax or

phone) and should supply a response to the complaint within three business days from the date of the complaint. For complex issues that cannot be addressed within three business days, the servicer should have no more than 10 business days (from the date of the complaint) to respond, but must notify the homeowner within three business days that more time is needed to resolve the issue.

4- Servicers should direct the foreclosure law firms that represent them to provide written authorizations to borrowers' legal representatives to allow borrowers' attorneys direct access to servicer escalation protocols for efficient loss mitigation communication and resolution between the servicer and the borrower's representative.

5- A freeze should be placed on any motions for judgment of foreclosure or foreclosure sale activity during the entire period in which a complaint is receiving escalated attention. (This should include any procedures to comply with or monitor implementation of any such freeze.) The freeze should remain in effect until a determination on the escalation is made by the servicer. Written notice of both the foreclosure freeze and any lifting of the freeze should occur prior to any resumption of further foreclosure activity. A freeze should only be lifted after a homeowner has been given a minimum of five business days notice.

6- An appeals process should be available when needed.

We hope that you will consider sharing these escalation recommendations with servicers for them to guide their mortgage complaint resolution practices.

Thank you for your latest guidance on improving outcomes for struggling homeowners. We are confident that the CFPB's essential escalation expectations will help prevent families from unnecessarily losing their homes to foreclosure.

Sincerely,

Americans for Financial Reform  
Center for NYC Neighborhoods  
Connecticut Fair Housing  
Consumer Action  
Empire Justice Center  
Legal Services NYC  
MFY Legal Services Inc.  
NAACP  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its low income clients)  
National Fair Housing Alliance  
National Housing Resource Center  
Other98  
Reinvestment Partners

U.S.PIRG  
Woodstock Institute