

# Consumer Bureau Mortgage Origination Guidance Overlooks Urgently Needed Consumer Protections

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Washington — Yesterday, the Consumer Financial Protection Bureau (CFPB) released guidance on mortgage originations. While the guidance does no harm to consumers, it also fails to address the real and pressing problems homeowners face as a result of the COVID-19 crisis.

“The CFPB is continuing its one-sided approach to the crisis,” **said National Consumer Law Center attorney Andrew Pizor.** “The CFPB notes that it received a number of questions from creditors, industry representatives, and state regulators. Shockingly absent is any mention of questions or concerns of consumers or any consultation with groups representing them. Unsurprisingly, then, the CFPB has failed to address the real problems homeowners are facing because of the crisis, including the widely reported misrepresentation by mortgage servicers as to the terms of CARES Act forbearances.”

The core interpretive rule released by the CFPB restates long-standing statutory requirements regarding homeowners’ ability, in a personal financial emergency, to shorten the Truth-in-Lending Act’s three-day cooling-off period. The rule is a commonsense application of the statutory requirements to the current crisis. It similarly clarifies that COVID-19 is “an extraordinary event” that would allow lenders to adjust the price disclosures they give borrowers about the cost of their mortgages. Some additional guidance makes clear that borrowers can agree not to get copies of the appraisal used in making the loan until closing, instead of before closing.

“While these all seem unobjectionable and obvious interpretations of existing law, it seems unlikely that these statements will have any measurable impact on consumers’ ability to access credit quickly, the CFPB’s stated objective,” **Pizor said.** “Notably, the CFPB doesn’t even claim to be doing anything to ensure that the terms of credit are affordable and sustainable—a specific statutory mandate for the CFPB—or that mortgage servicers are complying with federal law, both more important than ever during the current pandemic. We need the CFPB to step up and do its job to protect consumers.”