

FHFA Backtracks on Critical Language Access Question on Mortgage Application

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Washington, D.C.- Advocates at the National Consumer Law Center decried the decision announced yesterday by the Federal Housing Finance Agency (FHFA) to remove a question about the mortgage applicant's language preference from the Uniform Residential Loan Application (URLA), the form used widely across the mortgage market. FHFA had announced in late 2017 that it would include the question, after careful consideration and review of over 200 public comments on the subject. FHFA now plans to remove the question from the URLA and instead create a different, optional form that will contain questions about language preference and whether the applicant received housing counseling.

Limited English proficient (LEP) consumers have lower rates of homeownership and difficulty accessing the loss mitigation options necessary to avoid foreclosure due to language barriers. This in turn has made less proficient English speakers more susceptible to fraudulent scams.

"Removing the language preference question from a form that is mandatory for Fannie Mae and Freddie Mac and universally used in the home loan application process and putting it instead into a form that is optional and unknown will undercut the goals FHFA is required to advance under its statutory duty to serve underserved communities," **said Sarah Mancini, an attorney with the National Consumer Law Center.** "Individuals with limited English proficiency will never enjoy full and equal access to the mortgage market until lenders decide to work with them in their preferred language. The first step to increasing in-language service is asking about language preference." "The inclusion of this question on the required form was a simple yet high impact measure that would have served as a gateway to expand access to homeownership for limited-English consumers. NCLC joined the statement of the Americans for Financial Reform (AFR) Language Access Task Force denouncing FHFA's decision to block the implementation of the language access question.

Related Materials

Group letter to the Federal Housing Finance Agency (FHFA) supporting recent language access progress made at the agency, April 18, 2019

Letter to FHFA regarding URLA and Language Access Implementation, Feb. 16, 2018

Issue brief: The CFPB and Other Federal Agencies Should Adopt Strong Language Access Protections for Homeowners and Other Consumers, May 2016

Comments on the Federal Housing Finance Agency's Request for Input on Improving Language Access in Mortgage Origination and Servicing Submitted by Americans for Financial Reform's Language Access Task, July 31, 2017 and Supplemental Comments, September 1, 2017