

National Consumer Law Center Attorney Alys Cohen to Testify at U.S. House Hearing on Thursday, July 16: Mortgage Servicers' Implementation of the CARES Act

FOR IMMEDIATE RELEASE: JULY 15, 2020

National Consumer Law Center contacts: Jan Kruse (jkruse@nclc.org) or Alys Cohen (acohen@nclc.org)

Full testimony is available at: <https://bit.ly/oversight-svcrs-cares>

Washington, D.C. – On Thursday, July 16 at 12pm ET, National Consumer Law Center attorney Alys Cohen will testify virtually at the U.S. House Financial Services Oversight Subcommittee hearing: Protecting Homeowners During the Pandemic: Oversight of Mortgage Servicers' Implementation of the CARES Act.

Cohen's testimony will focus on how pre-existing inequalities are exacerbated by the COVID-19 crisis, and Black and Latinx homeownership is imperiled. A policy brief released today by the National Consumer Law Center **finds that 17% of Black homeowners and 8% of Latinx homeowners reported missing their May 2020 mortgage payment compared to 4% of white homeowners**, according to the U.S. Census Bureau.

"The pandemic has amplified the raw inequality in our nation's housing and mortgage finance systems," **said National Consumer Law Center attorney Alys Cohen.** "We must renew efforts to protect and expand Black and Latinx homeownership, as these communities had not yet recovered from the Great Recession when the pandemic began and have been hit hardest by COVID-19."

Congress and the federal regulators must expand on their initial steps to protect homeowners by extending protections of the CARES Act, increasing transparency around who benefits from housing relief programs, and requiring the mortgage servicing industry to meet the needs of homeowners facing COVID-19 hardships, especially those in Black and Latinx communities who are at greatest risk of foreclosure.

To prevent a flood of avoidable foreclosures and bankruptcies and to promote fairness, Cohen's testimony will identify some key actions that must be taken quickly, including:

- **Data collection and reporting:** The Consumer Financial Protection Bureau should collect loan-level data and provide aggregate reporting to the public at no cost at least every quarter regarding market-wide mortgage performance, including demographic data, property location, and forbearance statistics, to better monitor developments and to identify disparate impacts.
- **Dedicated data and policy analysis:** The federal regulators and the Government Sponsored Enterprises (including Fannie Mae, Freddie Mac, FHA) should analyze demographic and locality data to understand the impact of housing policies on the lives of Black and Latinx homeowners and communities, and low-income homeowners nationwide, and develop policies accordingly.
- **Targeted intervention:** Congress should fund targeted interventions, including legal services, housing counseling, and cash assistance to cover past-due debt in communities

identified by the data analysis as likely to be the hardest hit by foreclosure.

- **CARES Act Expansion:** Congress should expand CARES Act protections to promote foreclosure prevention and preserve neighborhoods. The protections should apply to the private market, not just to federally backed mortgage loans, and should include automatic forbearances for delinquent borrowers, automatic and affordable repayment options, a stay of any foreclosure steps until after the homeowner has been offered all available loss mitigation options, and notice of borrower options, including communications for for limited English proficient borrowers.

Cohen's testimony will be presented on behalf of the National Consumer Law Center's low-income clients and 20 other national and local housing and civil legal-aid organizations across the nation.

Read the full testimony at: <https://bit.ly/oversight-svcrs-cares>.

NCLC policy brief: A Looming Crisis: Black Communities at Greatest Risk of COVID-19 Foreclosure, July 2020