

# NCLC Statement re: CFPB Final Mortgage Servicing Rules

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**(WASHINGTON)** “Today, by finalizing revised mortgage servicing rules, the CFPB has taken an important step toward improving protections for distressed borrowers,” said John Rao, staff attorney at the National Consumer Law Center. “Many homeowners will find it easier to save their homes from foreclosure because of these new rules.”

The CFPB’s revised rules make progress on several key issues affecting homeowners facing financial hardship. “We applaud the protections provided to widows, heirs, and homeowners going through divorce, as these homeowners often face additional hurdles in trying to keep their homes after a family loss or separation,” said Rao.

Homeowners whose loans are transferred to another company for servicing also will benefit from the new rules. “These homeowners often have trouble obtaining assistance from the new servicer. Even worse, some servicers refuse to honor modification agreements made before a servicing transfer. We are pleased that the CFPB has recognized that homeowners should not lose protections under the rules simply because a new company has taken over servicing their loan,” said Rao.

Homeowners in bankruptcy were denied the right to receive monthly mortgage statements and other information from their servicers under the initial servicing rule. “We appreciate that the CFPB revisited this issue and the revised rule ensures that borrowers in bankruptcy or those who have gone through bankruptcy will now receive essential information about their mortgage accounts,” said Rao.

Under the current rule, a borrower may be evaluated for foreclosure avoidance options only once during the life of the loan. “We are disappointed that the CFPB adopted a limited exception to this rule that will help few borrowers,” noted Rao.

While the revised rule is detailed and will require close analysis, some problems faced by homeowners were not in the rule and still need attention. “Homeowners should be protected once they submit basic information with their requests for assistance, rather than facing foreclosure and skyrocketing fees while they repeatedly are asked to provide the same documents in order to ‘complete’ their applications,” said Rao. “Homeowners with limited English proficiency also continue to face significant hurdles in communicating with their mortgage companies and understanding their loan documents. We hope the CFPB will take on these issues to enhance fair and efficient access to the mortgage market,” said Rao.

*For more information on NCLC’s extensive body of work on foreclosures and mortgage servicing issues, please visit: <https://www.nclc.org/issues/foreclosures-and-mortgages.html>*

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