

November 28, 2022

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

RE: Comment on Request for Information Regarding Mortgage Refinances and Forbearances, 87 Fed. Reg. 58487, Docket No. CFPB-2022-0059

Dear Director Chopra:

On behalf of the clients and communities that we represent, we write to urge the Bureau to:

- 1) update the mortgage servicing regulations in Regulation X to incorporate the lessons learned from the pandemic; and
- 2) promote streamlined refinancing when it truly benefits homeowners to provide access to lower payments when interest rates are lower.

Overall, the Bureau's policies should reduce unnecessary foreclosures, stabilize neighborhoods, and reduce the racial wealth gap.

Borrowers who have faced financial hardship have benefited from the new "streamlined" loss mitigation products developed in response to the COVID-19 pandemic by the Government Sponsored Enterprises (GSEs), FHA, VA, USDA, and some private investors, and we applaud the Bureau for adjusting Regulation X to allow those servicing options to work. To build on this success, we strongly encourage the Bureau to engage in rulemaking to establish a more coherent framework for Regulation X, with consistent rules for the various exemptions that have been put in place since the 2013 inception of the rule. While we believe the existing provisions in 12 C.F.R. § 1024.41(c)(2)(v) and (vi) allow offering streamlined loss mitigation options to homeowners without a COVID hardship if the option has been made available to those with COVID hardships, Bureau guidance affirming that this is permissible would provide market continuity and access before a comprehensive revised mortgage servicing rule can be finalized.

For borrowers who are current on their mortgage and looking to improve their financial situation, streamlined refinances with reduced paperwork can help borrowers save money on interest and reduce the size of their monthly payments. As the Bureau noted in its September 2022 Request for Information (RFI), Black and Hispanic borrowers did not refinance as often as White borrowers when low interest rates were available. Making streamlined refinancing more easily available should help these communities lower their loan payments when market interest rates decrease; however, the Bureau should impose specific protections to ensure that the refinancing provides a true benefit to the borrower.

Specifically, we ask the Bureau to:

- Conduct a new rulemaking for Regulation X to update the structure of the rule to explicitly permit servicers to offer streamlined loss mitigation options, with consistent requirements for notice and procedural protections for homeowners;
- Specifically address the need for streamlined loss mitigation options in areas impacted by natural disasters and allow for automatic, short-term forbearance for borrowers in disaster areas once those borrowers become 60 days past due;
- Publicly reaffirm in written guidance that the existing Regulation X provisions allow for streamlined offers to borrowers who have not experienced a COVID-related hardship, as long as the option is also made available to borrowers experiencing a COVID-related hardship; and
- Allow for increased access to streamlined refinancing products as long as consumer protections are in place to ensure that the refinancing benefits the borrower and fair lending laws are followed.

We look forward to further engaging with the Bureau through our individual comments, and we appreciate the opportunity to work with you to build upon the progress made during the COVID national emergency.

Sincerely,

Americans for Financial Reform Education Fund  
Atlanta Legal Aid Society, Inc. (GA)  
California Reinvestment Coalition  
Center for Community Progress  
Center for Responsible Lending  
Community Legal Services of Philadelphia (PA)  
Connecticut Fair Housing Center  
Consumer Action  
Greater Boston Legal Services, on behalf of its low-income clients (MA)  
Jacksonville Area Legal Aid (FL)  
Legal Aid Society of Southwest Ohio, LLC  
Michigan Poverty Law Program  
Mountain State Justice, Inc. (WV)  
National Association of Consumer Advocates  
National Community Stabilization Trust  
National Consumer Law Center (on behalf of its low-income clients)  
National Fair Housing Alliance  
National Housing Resource Center

NHS Brooklyn CDC, Inc. (NY)  
North Carolina Justice Center  
Prosperity Now  
Unidos US