CFPB and State Regulators Provide Additional Guidance to Assist Borrowers Impacted by the COVID-19 Pandemic

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WASHINGTON, D.C. – The Consumer Financial Protection Bureau and the Conference of State Bank Supervisors issued joint guidance to mortgage servicers to assist in complying with the Coronavirus Aid, Relief and Economic Security (CARES) Act provisions granting a right to forbearance to consumers impacted by the COVID-19 pandemic.

Servicers of federally backed mortgages, such as Fannie Mae or Freddie Mac, Department of Housing and Urban Development, Department of Veterans Affairs, or Department of Agriculture loans, must grant forbearance to borrowers with pandemic-related hardships that may last as long as two consecutive 180-day periods. Furthermore, additional interest, fees, or penalties beyond the amounts scheduled or calculated should be waived with no negative impact to the borrower’s mortgage contract during the forbearance.

Mortgage servicers could violate the CARES Act or other applicable law and potentially cause consumer harm if they were to require documentation from borrowers to prove financial hardship, if they did not grant the forbearance once properly requested, or if they steered borrowers away from forbearance or misled them.

Last month, the Bureau and CSBS released a consumer guide to their relief options, which be accessed here: csbs.org/mortgage-relief-coronavirus.

To read the guidance click here: csbs.org/cares-act-forbearance-foreclosure [PDF].

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The Consumer Financial Protection Bureau is a 21st-century agency that helps consumer finance markets work by regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations, by making rules more effective, by consistently enforcing federal consumer financial law, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and are the primary supervisor of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.

202.296.2840
newsroom@csbs.org
1129 20th Street, N.W., 9th Floor, Washington, DC 20036