

July 28, 2020

Majority Leader Mitch McConnell
United States Senate
Washington, DC 20510

Minority Leader Chuck Schumer
United States Senate
Washington, DC 20510

Chairman Mike Crapo
Senate Committee on Banking, Housing and Urban Development
Washington, DC 20510

Ranking Member Sherrod Brown
Senate Committee on Banking, Housing and Urban Development
Washington, DC 20510

Re: Support for mortgage provisions of the HEROES Act

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Crapo, and Ranking Member Brown,

The undersigned consumer, civil rights, community, housing, labor, and other public interest organizations write to urge you to include mortgage protections in the next recovery package or other upcoming COVID-19 legislation. As a guide, Senators should refer to the provisions outlined in Sections 110202 and 110203 of the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, S.3620, a bill to establish a Housing Assistance Fund at the Department of the Treasury, and H.R. 6794, the Promoting Access to Credit for Homebuyers Act.

Over the past four months, we have seen the economic fallout from the COVID-19 pandemic wreak havoc on the lives of millions of people across the United States. Unemployment has exceeded levels from the Great Recession of a decade ago and many families are struggling to put food on the table and pay their bills. Due to underlying health and socioeconomic disparities, low- and moderate-income families and communities of color, especially Black, Latinx, and Native American communities, have been particularly hard hit by illness, unemployment, and economic instability. Women of color face intersecting inequities from health and economic disparities based on race and sex. Unfortunately, COVID-19 has continued to spread across the country, suggesting that its devastating impact on the American economy and household finances will continue.

For many Americans, their home is their greatest asset and largest financial investment. But more than that, home is the place that provides families with safety and security in times of crisis. Especially now, when staying home is the best protection against contracting or infecting others with COVID-19, it is critical that Congress enact common-sense mortgage protections that will

make it possible for American homeowners to keep their homes and provide them with the stability they need to rebuild. A healthy housing market also requires access to safe and affordable mortgage credit, which not only supports the economic recovery but ensures that the benefits of recovery are broadly shared. While the CARES Act provided important protections for homeowners with government-backed mortgages, these protections need to be expanded to the entire market and refined to provide more comprehensive assistance, especially when borrowers must repay deferred payment amounts. Homeowners who have obtained a forbearance should not be forced into foreclosure before they can make affordable repayment arrangements.

The next recovery package must prevent unnecessary foreclosures by providing homeowners with the relief they need to withstand the economic distress caused by the COVID-19 pandemic and preserve long-term homeownership. Congress should expand on the CARES Act by:

- Providing temporary payment relief to homeowners facing a financial hardship due to COVID-19 that interferes with the ability to make mortgage payments, regardless of whether the loan is federally-backed;
- Placing a temporary moratorium on foreclosures and similar actions while a homeowner is in forbearance or seeking post-forbearance repayment arrangements;
- Requiring that all homeowners, regardless of mortgage loan type, be offered an opportunity to resume regular payments, or obtain a more affordable payment where needed, after a temporary payment halt and before any foreclosure begins;
- Requiring that homeowners who are at least 60 days late on their mortgage payments be provided an automatic forbearance;
- Ensuring that all homeowners receive notice of their options if they are facing a COVID-19 hardship, including in-language communications for borrowers with limited English proficiency and information about housing counseling;
- Enacting policies that encourage the mortgage industry to offer broad access to safe and affordable credit; and
- Establishing a mortgage assistance fund to help homeowners who need emergency financial assistance to stay in their homes.

Although federal housing regulators and some mortgage servicers provide some of this assistance, not all borrowers are entitled to the same relief under current programs, and the CARES Act only covers government-backed mortgages. Company policies are inconsistent, limited, and subject to change, leaving borrowers confused about their options and placing them at risk of losing their homes. The FHFA OIG recently found that, even in the portion of the market covered by the CARES Act, a significant number of homeowners are not aware of the option of forbearance, and the preponderance of mortgage servicer websites contain incomplete, unclear, or limited information about borrower forbearance and repayment options.¹ Extending the CARES Act to the entire market and strengthening its provisions would provide transparency, accountability, and uniformity and could be accompanied by a safe harbor to prevent mortgage servicers from facing contractual liability. Such an extension to the whole market does not raise

¹ FHFA Office of Inspector General, *Oversight by Fannie Mae and Freddie Mac of Compliance with Forbearance Requirements Under the CARES Act and Implementing Guidance by Mortgage Servicers* (July 27, 2020), available at <https://www.fhfa.gov/sites/default/files/OIG-2020-004.pdf>.

constitutional issues, as the amounts due are not cancelled but simply delayed, consistent with standards that are widely recognized as prudent loss mitigation practices in the industry.

We urge you to include these mortgage provisions in the next COVID-19 relief legislation. They will provide homeowners the temporary relief they need to get back on their feet and successfully rebuild their lives. Extending mortgage protections will allow more homeowners to save their homes, resulting in more stable communities and a faster economic recovery. Rental assistance is also critical to prevent widescale evictions. We ask that you include mortgage and rental assistance in the next package to allow all families to maintain stable housing as the COVID-19 pandemic continues to affect many communities across the United States.

Thank you for your consideration. If you have any questions, please contact Linda Jun at linda@ourfinancialsecurity.org.

Sincerely,

Americans for Financial Reform
Affordable Homeownership Foundation, Inc.
Affordable Housing Alliance of Central Ohio
Alaska PIRG
California Reinvestment Coalition
Center for Community Progress
Center for NYC Neighborhoods
Center for Responsible Lending
Central Islip Civic Council, Inc.
Community Legal Services of Philadelphia
Connecticut Fair Housing Center
Consumer Action
Consumer Federation of America
Convencion Bautista Hispana de Texas
CWA Local 1081
Empire Justice Center
Habitat for Humanity of Northern Saratoga, Warren and Washington Counties
Habitat for Humanity-MidOhio
Housing Action Illinois
Housing and Family Services of Greater New York, Inc.
Housing Choice Partners
Kentucky Habitat for Humanity, Inc.
Miami Valley Fair Housing Center, Inc.
Mountain State Justice
NAACP
NAACP Legal Defense and Educational Fund, Inc. (LDF)
National Alliance for Safe Housing
National Association for Latino Community Asset Builders
National Association of Consumer Advocates
National Coalition for Asian Pacific American Community Development

National Community Reinvestment Coalition (NCRC)
National Community Stabilization Trust
National Consumer Law Center (on behalf of its low-income clients)
National Fair Housing Alliance
National Housing Law Project
National Housing Resource Center
National Urban League
National Women's Law Center
New Economics for Women
North Carolina Council of Churches
North Carolina Justice Center
Philadelphia Unemployment Project
Prosperity Now
Public Justice Center
Public Law Center
SC Appleseed Legal Justice Center
Tennessee Citizen Action
The Elevated Studio
The Leadership Conference on Civil and Human Rights
UnidosUS
Woodstock Institute
Working In Neighborhoods