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Housing Policy Council Joins Mortgage Industry Leaders to Propose Homeowners Assistance Plan for Borrowers Impacted by COVID-19

Washington, D.C. – Today, the Housing Policy Council (HPC), in collaboration with a number of trade associations representing banks, servicers and mortgage bond investors submitted to federal agencies a set of recommended actions to provide mortgage payment forbearance and longer-term loan modifications to American borrowers affected by COVID-19. Trade groups and industry leaders have aligned on the policy recommendations and are engaging with federal agencies to discuss and refine the ideas. Of note, the temporary relief and assistance program presents options for consumers to resume making mortgage payments after the forbearance period.

“We know many people have had their income disrupted and as leaders in the industry, we all hope this disruption is temporary as we fight off the coronavirus,” **said Ed DeMarco, president of the Housing Policy Council.** “We want to give borrowers who *need* help, regardless of what type of loan, access to a simple, temporary payment deferment. I am pleased that so many people in the housing finance industry are working together to make sure needed assistance is in place for Americans experiencing economic challenges due to this national health emergency. We are all in this together.”

The proposed program, modeled after natural disaster policies, offers a simple and streamlined set of options that minimize administrative burden for both customers and servicers facing constraints associated with broad-based social distancing and/or mandatory work-from-home policies.

Highlights of the plan are included below:

- Homeowners affected by illness, quarantine, or who have experienced a reduction or elimination of income due to the national response to the pandemic may request assistance from their mortgage servicer.
- Customer contact with the servicer would include the use of online web-based portals, emails, or other electronic means, rather than solely by telephone, to address staffing constraints caused by the broad-based shut-down.
- Servicers would provide an initial 90-day payment forbearance, with potential to extend up to 12 months.
- Payment forbearance protections include no negative credit reporting, and no collection calls or letters, and no late fees.
- Payment forbearance is available to all affected borrowers, including those delinquent prior to the March 13 declaration date.
- The proposal ensures broad access nationwide, given the scope of affected population and constrained resources at financial institutions.

- Among the policy recommendations is elimination or streamlining of documentation requirements, in recognition of the limited ability to compile and/or contact third-parties for access to documents in this widespread event.
- The program is a deferral of mortgage payments, not a forgiveness. In most cases, missed payments would be made at the end of the life of the loan and there would be no interest accrued on the deferred amount.
- The approach is intended to provide customers with as much certainty as possible, by providing clarity regarding the mortgage payment “end-state,” for both short- and long-term forbearance.

The program is intended for those who are currently facing an income disruption as a direct result of the coronavirus. Homeowners capable of making their mortgage payment should continue to do so in order not to place undue demands on very tight human and financial resources needed for this program.

Additionally, HPC and its industry partners are continuing to work on solutions for those with pending mortgage applications, as workplace disruptions are also complicating the loan closure process. HPC believes it is critical that the process for new mortgage applications continue, including refinance in the face of the low rate environment.

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About HPC

The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers, mortgage and title insurers, and technology and data companies. HPC advocates for the mortgage and housing marketplace interests of its members in legislative, regulatory, and judicial forums. The association’s interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth-building for families.

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