



July 23, 2020

Comment Intake
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

RE: Docket No. CFPB-2020-0022; Treatment of Certain COVID-19 Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act (RESPA) (Regulation X)

To Whom It May Concern:

The Housing Policy Council¹ (“HPC”) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (“Bureau”) interim final rule (“IFR”) to temporarily permit mortgage servicers to offer certain loss mitigation options based on the evaluation of an incomplete loss mitigation application under Regulation X.

HPC commends the Bureau’s quick action to address concerns that certain streamlined post-forbearance accommodations offered by the government agencies and government-sponsored enterprises (GSEs) are available on terms that could be misconstrued to circumvent the Regulation X application collection and evaluation requirements. HPC is supportive of the IFR with certain key modifications. Also, in the short-term, we recommend that the Bureau modify this exemption to apply to borrowers facing a hardship due to a natural or declared disaster and emergency, as those borrowers need the same streamlined process for relief. However, over the longer term, as HPC has recommended previously and discussed in more detail below, the Bureau should develop a new section in Regulation X that sets forth a distinct and appropriate set of requirements, including borrower contact and notification standards, for consumers facing a hardship due to a declared natural disaster or emergency.

1. Loss Mitigation Options that Capitalize Arrearages

The IFR establishes a new exception from the anti-evasion provision for loss mitigation options that allow a borrower to delay payoff until the mortgage is refinanced, reaches maturity, or the property is sold, so long as the total postponed payment amount does not accrue interest (12 CFR § 1024.41(c)(2)(v)(A)(2)). As the Bureau recognizes, many deferral

¹ The Housing Policy Council (HPC) is a trade association whose members are among the nation’s leading mortgage originators, servicers, insurers & data/settlement service providers. Founded in 2003, HPC advocates for a competitive marketplace that embraces accountability, transparency and consistency. Our interest is in the safety and soundness of this system, equitable regulatory treatment of all market participants and the reliance on lending practices that create sustainable home ownership opportunities leading to long-term wealth and community building for families.

options and partial claim programs fulfill this standard, including those offered by the GSEs and FHA. However, we are concerned that streamlined loan modification programs that permit the missed payments to be capitalized into the outstanding interest-bearing loan balance will not meet this criteria, as there will be interest charged on the total new loan balance. This discrepancy is especially relevant for USDA and VA mortgages, where deferral programs are not available or are to be offered only after streamlined modifications are considered. USDA has the Cap and Extend Modification above its partial claim program (the Mortgage Recovery Advance in its special recovery assistance hierarchy. Additionally, currently VA only provides for modifications. The criteria prohibiting interest accrual on the delayed payments would disqualify these loss mitigation options from the exception. This is also true for other streamlined modification programs with similar criteria and features. We do not believe the Bureau intended to exclude these programs that have been specifically designed for borrowers facing hardship due to COVID-19 (as the government agencies and GSEs re-purposed natural disaster loss mitigation options for this emergency situation). Some borrowers will not qualify for payment deferral options or such options may otherwise not be available, and in those instances, these streamlined modification programs will be the path for consumers to receive relief.

To ensure such important streamlined modification programs remain easily available to COVID-19 impacted borrowers seeking a long-term solution, we ask the Bureau to modify the criteria under 1024.41(c)(2)(v)(A)(2). Specifically, we suggest that this provision be amended as follows:

“Any amounts that the borrower may delay paying as described in paragraph (c)(2)(v)(A)(1) of this section do not accrue interest, **unless capitalized into the outstanding loan amount;**”

Such modification will ensure that more consumers affected by COVID-19 are provided long-term solutions in a streamlined manner.

2. Acceptance as Trigger for Exception

We are concerned that the language under which a servicer need not comply with certain provisions will lead to confusion and inconsistency. Under § 1024.41(c)(2)(v)(B), “once the borrower *accepts* an offer made pursuant to paragraph (c)(2)(v)(A) of this section, the servicer is not required to comply with paragraph (b)(1) or (2) of this section...” We are concerned that, as drafted, the “acceptance” mandate creates ambiguity regarding procedures a servicer must follow after extending the offer of a loss mitigation option under (c)(2)(v) to validate that the borrower has accepted it. For example, a servicer may assume the need to comply with 41(b)(1) and (2) while it awaits the borrower’s signature. We do not believe that such a result is the Bureau’s intent, as the Bureau recognizes that “in the context of a loss mitigation offer under new § 1024.41(c)(2)(v)(A), the protections under § 1024.41(b)(1) and (2)

introduce undue burdens for both servicers and borrowers attempting to navigate the unusual challenges caused by the COVID-19 emergency.”²

To avoid this contravening result, we suggest that the exemption determination under § 1024.41(c)(2)(v)(B) be the consumer’s rejection of the loss mitigation offer, rather than acceptance. Such condition would be similar to other exceptions under § 1024.41(c)(2). In parallel, under § 1024.41(c)(2)(iii), a servicer must promptly provide a written notice after offering the loss mitigation option, unless the borrower has rejected the offer. We recommend that the same condition apply under § 1024.41(c)(2)(v)(B). Once a servicer offers a loss mitigation option pursuant to § 1024.41(c)(2)(v)(A), unless the borrower rejects the offer, the servicer is not required to comply with paragraph (b)(1) or (2) of this section. If a borrower rejects such offer, the time period for the servicer to send the 5-day notice under (b)(2) and comply with (b)(1) would begin. Accordingly, we suggest the following modifications to § 1024.41(c)(2)(v)(B):

“(B) ~~Once the borrower accepts~~ **Unless the borrower rejects** an offer made pursuant to paragraph (c)(2)(v)(A) of this section, the servicer is not required to comply with paragraph (b)(1) or (2) of this section with regard to any loss mitigation application the borrower submitted prior to the servicer’s offer of the loss mitigation option described in paragraph (c)(2)(v)(A) of this section. **If the borrower rejects an offer made pursuant to paragraph (c)(2)(v)(A), paragraphs (b)(1) and (2) would apply.**”

3. Modification to Permissible Fees under § 1024.41(c)(2)(v)(A)(2)

Paragraph § 1024.41(c)(2)(v)(A)(2) requires the servicer to waive all existing late charges, penalties, stop payment fees, or similar charges promptly upon the borrower’s acceptance of the loss mitigation option. We are concerned that this requirement does not properly recognize the distinction between the waiving of all such fees and charges during a payment forbearance and the existing fees and penalties that some borrowers accrue prior to forbearance. Some borrowers entered a COVID-19 related forbearance already seriously delinquent with associated late fees and penalties. We believe the regulation is intended to focus on the dismissal of any payments, fees and charges under the short-term forbearance rather than any pre-existing charges and fees. Therefore, we propose the following modification to this provision of paragraph § 1024.41(c)(2)(v)(A)(2):

“waives all existing late charges, penalties, stop payment fees, or similar charges **accrued during the forbearance** promptly upon the borrower’s acceptance of the loss mitigation option.”

² Treatment of Certain COVID-10 Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act (RESPA) (Regulation X), 85 Fed. Reg. 39055, 39062 (June 30, 2020).

4. A More Permanent and Comprehensive Solution is Needed.

We acknowledge that with this IFR, the Bureau is responding to an immediate need and appreciate that the Bureau is also asking for comment on whether the measures offered in this regulatory amendment should be made permanent and applied to borrowers affected by natural disasters. While this IFR is helpful for a segment of borrowers affected by COVID-19, we urge the Bureau to consider additional and alternative steps that diverge from this IFR approach to ensure that Regulation X better assists borrowers facing hardship due to natural or declared disasters or emergencies.

That said, in the short-term, we recommend that the Bureau modify this exemption to apply to borrowers facing a hardship due to a natural or declared disaster and emergency as an interim measure, until a more comprehensive and appropriate set of rules can be developed. Given that it is currently hurricane season and fire season, our concern is that these borrowers too may face unique hardships, possibly in addition to a COVID-19 hardship, and need more assistance from their servicer. We ask the Bureau to provide for streamlined regulatory processes for these borrowers, as it has done for borrowers impacted by COVID-19 in this IFR. Such an approach would align with the disaster payment deferral option developed by Fannie Mae and Freddie Mac.

Over the longer-term, however, a more relevant set of rules makes sense; we ask that the Bureau engage in a new rulemaking to establish a new set of loss mitigation procedures (“Disaster-Related Contact”) designed to address the unique circumstances and payment relief and repayment programs available to borrowers impacted by natural or declared disasters or emergencies.

The experiences of borrowers and servicers during the COVID-19 emergency, as well as previous natural disasters and emergencies, has proven that certain aspects of Regulation X lead to borrower confusion and unnecessary delay when servicers seek to provide borrowers with short-term payment relief as well as the permanent loss mitigation repayment programs that are available to resolve the missed payments. With COVID-19 emergency assistance, borrowers need only attest, orally or otherwise, to a hardship. For natural disasters, as well, the eligibility for short-term assistance has been similarly streamlined, with little to no documentation. In both cases, the types of resolution programs that enable a borrower to move efficiently from payment forbearance into a permanent solution require minimal, if any, documentation and the types of communications to these customers should be appropriate for their circumstances. In the absence of this type of change, the current multi-step Regulation X requirements create borrower confusion, providing information that conflicts with the relief being offered (and often already received). Further, the number of notification and contact requirements that are out of synch with the actual short-term relief process also cause delays and redirect critical staffing resources to impractical, unnecessary communications efforts. For example, the requirement under 12 CFR § 1024.41(b)(2) to send an acknowledgement notice

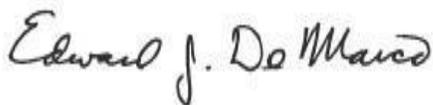
within 5 days of receipt of a loss mitigation application still must be sent even if the borrower has been offered or is in a short-term forbearance program.³ Similarly, under 12 CFR § 1024.39(b), the written notice provided to borrowers no later than the 45th day of delinquency must still be sent if a borrower is in a short-term forbearance that is not designed to bring the borrower current.

While we appreciate the Bureau (and other financial services regulators) guidance and regulatory relief for the COVID-19 emergency, including this IFR, a more effective and permanent approach would be for the Bureau to establish separate processes and procedures under Reg X, designed to ensure that borrowers affected by a disaster or emergency receive appropriate and relevant communications from their servicers to access immediate relief.

As detailed in the attached letter and table, if certain conditions are met, the Disaster-Related Contact provisions would apply rather than the early intervention requirements of 12 C.F.R. § 1024.39 and the loss mitigation procedures of 12 C.F.R. § 1024.41. Instead, the borrower would receive important information at critical times – at the beginning of the short-term payment relief and prior to the end of that relief. Additionally, during or at the end of the short-term relief, the borrower may be provided the option of a pre-approved long-term loss mitigation option that would not require an application or documentation or the option to submit a full loss mitigation application for evaluation under 12 C.F.R. § 1024.41. Finally, it is important to note that while the borrower is in this short-term payment relief accommodation, the servicer would be prohibited from proceeding with a foreclosure action.

Again, thank you for the opportunity to comment on this interim final rule that provides an important exception under Regulation X for COVID-19 related loss mitigation options. We also look forward to working with the Bureau on other ways that Regulation X can be modified to ensure customers are provided the assistance and information they need. Please contact Meg Burns, Executive Vice President, at 202-589-1926 with any questions.

Yours truly,



Edward J. DeMarco
President
Housing Policy Council

³ 12 CFR pt 1024, Supp. I, Comment 41(c)(2)(iii)-2.



April 28, 2020

The Honorable Kathleen L. Kraninger
Director
Consumer Financial Protection Bureau (CFPB)
1700 G Street, NW
Washington, DC 20552

RE: Reg X – Disaster-Related Contact

Director Kraninger:

The Housing Policy Council (HPC) is writing to propose that the Consumer Financial Protection Bureau (CFPB) consider adding a new section to Regulation X that would establish a distinct set of relevant processes for servicers to assist mortgage borrowers affected by federally declared disasters and emergencies.

The experiences of borrowers and servicers during the COVID-19 emergency, as well as previous natural disasters and emergencies, has proven that certain aspects of Regulation X lead to borrower confusion and unnecessary delays when servicers seek to provide borrowers with short-term payment relief. The existing Regulation X requirements mandate multiple communications with financially distressed borrowers who need information on available assistance programs, including how to apply, how to submit the necessary documentation, and expected timeframes.

In contrast, borrower access to short-term payment relief in connection with a natural disaster is much simpler, and does not require an application process and evaluation of documents to qualify, like a traditional loan modification. With COVID-19 emergency assistance, borrowers need only attest, orally or otherwise, to a hardship. For natural disasters, as well, the eligibility for short-term assistance has been similarly streamlined, with little to no documentation. Under the circumstances, the current multi-step Regulation X requirements create borrower confusion, providing information that conflicts with the relief being offered (and often already received). Further, the number of notification and contact requirements that are out of synch with the actual short-term relief process also cause delays and redirect critical staffing resources to impractical, unnecessary communications efforts.

We appreciate that the CFPB and other financial services regulators have issued temporary COVID-19 guidance and Frequently Asked Questions (FAQs), emphasizing the

importance of “good faith efforts” to comply with the Reg X is helpful, and we commend the CFPB and other regulators for being responsive to the industry.

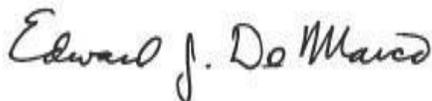
However, a more effective and permanent approach would be for the CFPB to establish separate processes and procedures under Reg X, designed to ensure that borrowers affected by a disaster or emergency receive appropriate and relevant communications from their servicers to access immediate relief.

Our proposal (“Disaster-Related Contact”) would be a new section in the regulations that would permit servicers to use an optional, alternative approach to contact borrowers, efficiently provide emergency assistance, and communicate relevant information throughout the relief period. By making it optional, Reg X would provide flexibility to allow servicers to develop new, streamlined processes to assist affected borrowers, or to maintain existing processes, and conform them in accordance with supervisory guidance, if they are unable to develop new processes.

As detailed in the attached table, if certain conditions are met, the Disaster-Related Contact provisions would apply rather than the early intervention requirements of 12 C.F.R. § 1024.39 and the loss mitigation procedures of 12 C.F.R. § 1024.41. Instead, the borrower would receive important information at critical times – at the beginning of the short-term payment relief and prior to the end of that relief. Additionally, during or at the end of the short-term relief, the borrower may be provided the option of a pre-approved long-term loss mitigation option that would not require an application or documentation or the option to submit a full loss mitigation application for evaluation under 12 C.F.R. § 1024.41. Finally, it is important to note that while the borrower is in this short-term payment relief accommodation, the servicer would be prohibited from proceeding with a foreclosure action.

The attached table provides details on our Disaster-Related Contact proposal and compares it to the existing requirements under Regulation X, as well as the regulators’ supervisory guidance and FAQs related to the COVID-19 emergency and the CARES Act. We welcome the opportunity to discuss this with you and your staff. Please do not hesitate to call Meg Burns, SVP for Mortgage Policy, at 202-589-1926.

Yours truly,

A handwritten signature in black ink that reads "Edward J. DeMarco". The signature is written in a cursive style with a large initial "E".

Edward J. DeMarco
President
Housing Policy Council

Comparison of Early Intervention/Loss Mitigation Reg X Requirements, COVID-19 Supervisory Guidance, and Proposed Disaster-Related Contact Requirements (updated June 2, 2020)

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
<p>Scope/Purpose/Applicability</p> <p>Early intervention requirements (1024.39) apply to delinquent borrowers (in general, live contact no later than 36th day of delinquency and again no later than 36th day after each payment is due as long as delinquent, and written notice no later than 45th day of delinquency).</p> <p>Loss mitigation requirements (1024.41) apply if a servicer receives a loss mitigation application. If a servicer receives a loss mitigation application 45 days or more before a foreclosure sale, a servicer must review to determine whether it is complete, provide acknowledgment notice, evaluate the borrower for all loss mitigation options available (if complete app), and provide written notice of the servicer’s determination of which loss</p>	<p>Agencies recognize the serious impact of COVID-19 emergency may have on consumers and the operations of servicers. The agencies recognize that there is a potential for consumer confusion about how to seek help or how to respond to some of the options that servicers may be offering at this time.</p> <p>To ensure that servicers have the capacity to offer short-term options and continue their work to assist struggling consumers without further straining their operational capacity or potentially confusing consumers in these programs, the agencies are issuing this joint statement to inform servicers of the agencies’ flexible supervisory and enforcement approach during this emergency regarding certain consumer communications required by the mortgage servicing rules.</p>	<p>If a servicer may grant or has granted a borrower affected by a natural or declared disaster or emergency “short-term payment relief” (as defined below) based on a representation by the borrower that the servicer does not confirm through independent due diligence, this separate procedure regarding borrower contact (“Disaster-Related Contact”) would apply, at the option of the servicer.</p> <p>Moreover, this Disaster-Related Contact procedure would apply regardless of whether the borrower is delinquent when the servicer grants the borrower short-term payment relief.</p> <p>A natural or declared disaster or emergency is a federal Major Disaster Declaration or Emergency Declaration.</p>	<p>Reg X loss mitigation rules establish procedures that servicers must follow to evaluate borrowers that apply for loss mitigation. Often during a natural or declared disaster or emergency, such processes, while intended to ensure a borrower’s application is properly evaluated, often lead to unnecessary delays and borrower confusion. The existing requirements also do not easily conform to the typical short-term hardship that borrowers experience due to a natural or declared disaster or emergency. Separate processes and procedures are needed to ensure that borrowers are receiving accurate information about the actual emergency assistance available, are in contact with their mortgage servicer, and know what to expect over the course of their temporary hardship and how to</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
mitigation options, if any, it will offer to the borrower.			resolve/conclude their reliance on special assistance
<p>Early Intervention/ Live Contact with Delinquent Borrowers (1024.39(a))</p> <p>A servicer must establish or make good faith efforts to establish live contact with a delinquent borrower no later than the 36th day of a borrower’s delinquency and again no later than 36 days after each payment due date so long as the borrower remains delinquent. Promptly after establishing live contact with a borrower, the servicer must inform the borrower about the availability of loss mitigation options, if appropriate.</p> <p>If the servicer has established and is maintaining ongoing contact with the borrower under the loss mitigation procedures under 1024.41 (defined to include contact during the borrower’s completion of a loss mitigation application, the servicer’s evaluation of a</p>	<p>The Agencies do not intend to take supervisory or enforcement action against servicers for delays in establishing or making good faith efforts to establish live contact with delinquent borrowers, provided that servicers are making good faith efforts to establish live contact within a reasonable time.</p> <p>If a servicer has established and is maintaining ongoing contact with a borrower under the loss mitigation procedures in 1024.41(c)(2)(iii) related to offering a borrower a short-term payment forbearance program or short-term repayment plan based on the evaluation of an incomplete application, the servicer does not need to comply with the live contact requirements.</p>	<p>If a borrower is eligible for a short-term payment relief accommodation or is already receiving such an accommodation, there would be no live contact requirement. Instead, contact between a servicer and borrower may include, but not be limited to, telephonic, written, or electronic communications and inbound and outbound contact options are permissible.</p> <p>A short-term payment relief accommodation is defined as a short-term (a period of no more than six months) accommodation that provides for a monthly payment amount less than the currently scheduled monthly payment (e.g., forbearance program or repayment plan). Servicers can offer multiple successive short-term payment relief accommodations.</p>	<p>If a borrower is already in contact with the servicer regarding assistance or receiving assistance, there is no need for additional contact at this stage.</p> <p>This aligns with the Supervisory Guidance (if a servicer is following 41(c)(2)(iii) (short term program or plan based on incomplete loss mit app), the servicer does not need to comply with the live contact requirements).</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
<p>complete loss mit app, or after the servicer has provided a notice stating that the borrower is not eligible for any options pursuant to the rule), the servicer complies with 1024.39(a) and need not otherwise establish or make good faith efforts to establish live contact.</p> <p>Live contact requirements do not apply when a borrower is performing as agreed under a loss mitigation option designed to bring the borrower current on a previously missed payment. (Borrower is not considered delinquent).</p>			
<p>Early Intervention/ Written Notice to Delinquent Borrowers (1024.39(b))</p> <p>A servicer must provide to a delinquent borrower a written notice with certain information no later than the 45th day of the borrower’s delinquency and again no later than 45 days after each payment due date so long as the borrower</p>	<p>The Agencies do not intend to take supervisory or enforcement action against servicers for delays in sending the written early intervention notice to delinquent borrowers, provided that servicers are making good faith efforts to provide this notice within a reasonable time.</p>	<p>If a borrower is in contact with the servicer about a short-term payment relief accommodation or is already receiving a short-term payment relief accommodation, there would be no early intervention written notice requirement. This would be true even if the accommodation is not designed to bring the borrower current.</p>	<p>If a borrower is already in contact with the servicer regarding assistance or receiving assistance, there is no need for additional contact at this stage.</p> <p>Sending such notice likely would create borrower confusion.</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
<p>remains delinquent. A servicer is not required to provide the written notice more than once during any 180-day period.</p> <p>Written notice requirements do not apply when a borrower is performing as agreed under a loss mitigation option designed to bring the borrower current on a previously missed payment. (Borrower is not considered delinquent).</p> <p>Notice can be tailored to provide additional information that the servicer determines would be helpful.</p>		<p>Contact between a servicer and borrower may include, but not be limited to, telephonic, written, or electronic communications.</p>	
<p>Reasonable Diligence and Review of Loss Mitigation Application (1024.41(b)(1) and (2))</p> <p>A servicer must exercise reasonable diligence in obtaining documents and information to complete a loss mitigation application.</p> <p>Servicers may suspend reasonable diligence efforts to</p>	<p>The CARES Act requires borrowers to make a request to the servicer for a forbearance and affirm that they are experiencing a financial hardship during the COVID-19 emergency. This request and affirmation constitute an incomplete loss mitigation application.</p>	<p>A borrower requesting a short-term payment relief accommodation is not submitting a loss mitigation application. Therefore, the application review requirements of § 1024.41 would not apply.</p> <p>Similarly, if during, or at the end of, the short-term payment relief accommodation, a servicer determines that a borrower qualifies for a pre-</p>	<p>This avoids the customer confusion on being asked to submit a complete loss mitigation application and provides the borrower time to recover from the disaster/emergency by providing a short-term payment relief accommodation.</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
<p>complete a borrower’s loss mitigation application while the borrower is performing under a short-term forbearance program until near the end of the program, unless the borrower requests additional assistance.</p> <p>If a servicer receives a loss mitigation application 45 days or more before a foreclosure sale, a servicer must promptly upon receipt, review the loss mitigation application to determine if the loss mitigation application is complete.</p>	<p>Reminder of ability to suspend reasonable diligence efforts during short-term forbearance.</p>	<p>approved loss mitigation option, <i>without documentation from the borrower</i>, and the borrower agrees to a pre-approved loss mitigation option, the borrower would not need to submit a loss mitigation application and § 1024.41 would not apply.</p> <p>The requirements of § 1024.41 would only apply if, at any time, the borrower chooses to submit a loss mitigation application for evaluation of possible loss mitigation options.</p>	
<p>Acknowledgment of Receipt of Loss Mitigation Application (1024.41(b)(2))</p> <p>Servicer provides acknowledgment notice within 5 days of receipt of the application, stating whether the application is complete or incomplete.</p> <p>Must be sent even if the borrower has been offered or is in a short-term forbearance program or repayment plan</p>	<p>Agencies do not plan to cite servicers for failing to provide the acknowledgment notice within 5 days of receipt of an incomplete application (whether the servicer receives the incomplete application before or during the forbearance or repayment plan period), provided the servicer sends the acknowledgment notice before the end of the forbearance period, for a short-term forbearance program (or the end</p>	<p>A borrower requesting a short-term payment relief accommodation is not submitting a loss mitigation application. Therefore, § 1024.41 would not apply and there would be no requirement to send an acknowledgment notice.</p> <p>The requirements of § 1024.41 would only apply if, at any time, the borrower chooses to submit a complete loss mitigation</p>	<p>Receipt of an acknowledgment notice causes borrower confusion. It does not assist the borrower in seeking relief and does not provide the borrower with useful information.</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
based on an incomplete loan application. (Comment 41(c)(2)(iii)-2).	of the repayment period, for a short-term repayment plan).	application for evaluation of possible loss mitigation options.	
<p>Communications Related to Short-Term Loss Mitigation based on Incomplete Loan Application: Written Notice (1024.41(c))</p> <p>Servicer must provide written notice stating: (1) the specific payment terms; (2) the duration of the program or plan; (3) that the servicer offered the program or plan based on an evaluation of an incomplete application; (4) that other loss mitigation options may be available; and (5) that the borrower has the option to submit a complete loss mitigation application to receive an evaluation for all available options regardless of whether the borrower accepts the short-term program or plan. Additional language may be included.</p>	Reminder of these requirements and that both of these communications can be tailored to individual borrowers’ circumstances.	<p>Written Notice of Short-Term Payment Relief Accommodation: Within 10 days (excluding legal public holidays, Saturdays, and Sundays) of offering a short-term accommodation, unless the borrower has rejected the offer, the servicer provides the borrower an electronic or written notice, which may be included in the periodic statement, with details of the short-term payment relief accommodation. This confirmation notice shall state: (i) the amount of each payment due during the accommodation (if that payment amount may change, state that it may change); (ii) the date by which the borrower must make each payment; (iii) whether the mortgage loan will be current at the end of the accommodation if the borrower complies with the accommodation; (iv) that the servicer will contact the borrower prior</p>	<p>This is in line with existing Reg X requirements related to communications to borrowers in short-term loss mitigation programs or plans based on incomplete loan applications. This provides communication at the critical times (the beginning of the program/plan and the end) with key information tailored to the borrower’s situation.</p> <p>The notice also would include contact information for dedicated personnel, which is meant to align with the requirements of § 1024.40.</p>

Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
		<p>to the end of the accommodation with next steps and options; (v) that the borrower has the option to submit a complete loss mitigation application to receive an evaluation for all available options regardless of whether the borrower accepts the short-term program or plan; and (vi) contact information of personnel assigned to the borrower to respond to the borrower’s inquiries, and, as applicable, assist the borrower with available loss mitigation options.</p>	

<p>Communications Related to Short-Term Loss Mitigation based on Incomplete Loan Application: Near End of Plan Communication (1024.41(c))</p> <p>If the borrower remains delinquent near the end of the forbearance program or repayment plan, the servicer must contact the borrower prior to the end of the forbearance period to determine if the borrower wishes to complete the loss mitigation application and proceed with a full loss mitigation evaluation. This contact could be orally or be included as a note on a consumer's regular periodic statement. Additional language may be included.</p>		<p>Contact Prior to the End of Accommodation: Prior to the end of a short-term accommodation, the servicer contacts (or attempts to contact) the borrower with information regarding next steps and options. This contact may be orally or in writing, and the information may be included in the periodic statement.</p> <p>If a servicer determines that a borrower qualifies for a pre-approved loss mitigation option, <i>without documentation from the borrower</i>, and the borrower agrees to a pre-approved loss mitigation option, the borrower would not need to submit a loss mitigation application and § 1024.41 would not apply.</p> <p>The borrower may choose to submit a complete loss mitigation application for an evaluation for all available</p>	<p>This is in line with existing Reg X requirements related to communications to borrowers in short-term loss mitigation programs or plans based on incomplete loan applications. This provides communication at the critical times (the beginning of the program/plan and the end) with key information tailored to the borrower's situation.</p>
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Existing Reg X Requirement	Supervisory Guidance Related to COVID-19/CARES Act	Proposed Disaster-Related Contact Requirement	Rationale
		<p>options, and, at that time, § 1024.41 would apply.</p> <p>If a borrower completes the short-term accommodation and does not either accept the pre-approved loss mitigation option (if applicable) or submit a loss mitigation application, Reg X and investor-directed requirements would apply.</p>	
<p>Prohibition on Foreclosure Referrals and Sales</p> <p>§ 1024.41(f) prohibition on foreclosure referral and § 1024.41(g) prohibition on foreclosure sale.</p>	<p>N/A</p>	<p>A servicer shall not make a foreclosure referral, move for foreclosure judgment or order of sale, or conduct a foreclosure sale while the borrower is in a short-term payment relief accommodation.</p>	<p>This parallels the existing requirements under § 1024.41(f) and (g).</p>
<p>Escrow Analysis</p> <p>§ 1024.17(i) requires servicers to submit an annual escrow account statement to the borrower within 30 days of the completion of the escrow account computation year. The servicer must conduct an escrow account analysis before submitting the statement.</p>	<p>The Agencies do not intend to cite in an examination or bring an enforcement action against mortgage servicers for delays in sending the annual escrow statement, provided that servicers are making good faith efforts to provide these statements within a reasonable time.</p> <p>The FAQs restated the exemption available under § 1024.17(i)(2).</p>	<p>A servicer may delay the performance of the escrow analysis under § 1024.17(i) after a reasonable period of time from the conclusion of the short-term payment relief accommodation.</p> <p>The existing exemption for sending the annual statement (1024.17(i)(2)) would continue to apply.</p>	<p>While the existing regulation states the analysis must still be performed, our proposal would provide flexibility on when the analysis is conducted. This would help ensure the analysis is accurate and useful given the short-term payment accommodation.</p>

<p>§ 1024.17(i)(2) provides an exemption from sending the statement if a borrower is more than 30 days overdue, but the analysis must still be performed. If the servicer does not issue the annual statement pursuant to this exemption and the loan subsequently is reinstated or otherwise becomes current, the servicer must provide a history of the account since the last annual statement (which may be longer than 1 year) within 90 days of the date the account became current.</p>			
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