



## United States Senate

June 15, 2020

The Honorable Jerome H. Powell  
Chairman  
Board of Governors of the Federal Reserve  
System  
Washington, D.C. 20551

The Honorable Brian P. Brooks  
Acting Comptroller  
Office of the Comptroller of the  
Currency  
Washington, D.C. 20219

The Honorable Jelena McWilliams  
Chairman  
Federal Deposit Insurance Corporation  
Washington, D.C. 20429

The Honorable Kathleen Kraninger  
Director  
Consumer Financial Protection Bureau  
Washington, D.C. 20552

Dear Chairman Powell, Acting Comptroller Brooks, Chairman McWilliams, and Director Kraninger:

In response to a recent Department of Housing and Urban Development Office of Inspector General report, I write to express my concern that some mortgage lenders and servicers are providing consumers with confusing or incomplete information regarding critical coronavirus-related relief provided through the *CARES Act* (Public Law 116-136) and by federal agencies. I urge your agencies to issue guidance to mortgage servicers requiring uniform and comprehensive consumer disclosures that clearly explain all federal mortgage forbearance options available during the coronavirus pandemic. Further, I ask that you encourage servicers to extend forbearance relief options, such as those provided in the *CARES Act* and by federal agencies, to borrowers with privately-backed mortgages.

In April, the Department of Housing and Urban Development Office of Inspector General issued a report that found that banks and servicers are providing incomplete, inconsistent, and unclear information about relief options for borrowers with federally-backed mortgages. Recent reporting from the *Los Angeles Times* indicates that many servicers' websites still fail to clearly explain that homeowners with federally-backed mortgages are entitled to up to 12 months of forbearance, or that the majority of borrowers have options other than lump sum repayment following forbearance, such as moving missed payments to the back end of their loans.

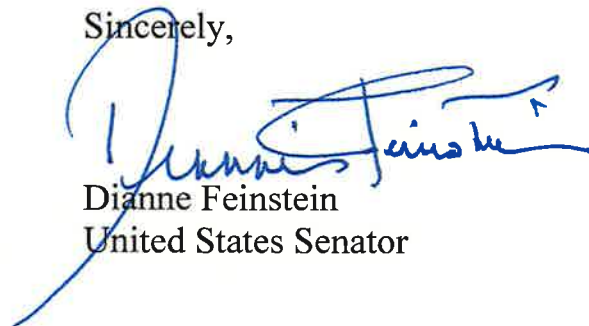
As you are aware, borrowers with privately-backed mortgages are not eligible for the same forbearance relief options provided in the *CARES Act*. My office has heard from numerous California constituents with privately-backed mortgages who are experiencing confusion and uncertainty around relief options available to them during the pandemic. In some cases, private lenders have granted temporary forbearance, but borrowers fear they will face potentially bankrupting lump sum payments following their forbearance periods.

I recognize that several regulators have taken important initial steps to provide consumers and servicers with guidance regarding mortgage relief enacted in the *CARES Act* and established by federal agencies. For example, on June 4, 2020, the Consumer Financial Protection Bureau and the Conference of State Bank Supervisors issued joint guidance to mortgage servicers that warned that misleading borrowers of their rights under the *CARES Act* could be a legal violation. In addition, Fannie Mae developed a script for servicers to use when discussing coronavirus forbearance options with borrowers. While this guidance is helpful, it does not require standardized communication with borrowers, and it lacks clear guidelines for how homeowners should be informed of their options for relief.

As Americans impacted by the coronavirus pandemic struggle to get back on their feet financially, it is important that Congress and the administration do everything within our power to aid in their recovery. Regulators have both the ability and the responsibility to ensure mortgage lenders provide American consumers with clear and consistent information about available relief options so they can make informed financial decisions. Without clear guidance for all mortgage borrowers and an extension of relief to privately-backed mortgage borrowers, many could unnecessarily fall into delinquency, default, and foreclosure, causing harm to American families and hampering our nation's economic recovery.

Thank you for your attention to this matter, and I look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dianne Feinstein", is written over a printed name and title. The signature is stylized and fluid.

Dianne Feinstein  
United States Senator

DF/hm/rw