



March 26, 2020

Bob Broeksmit, CEO
Mortgage Bankers Association
1919 M Street NW, 5th Floor
Washington, DC 20036

Re: Immediate hardship relief for mortgage borrowers

Dear Mr. Broeksmit:

As Americans across the country feel the impacts of the coronavirus on their lives and livelihoods, hundreds of thousands of people, now out of work, are facing deep financial hardship. We write today to ask your members to adopt universal, simple programs to provide immediate relief to borrowers. Earlier this week, CR's CEO Marta Tellado sent a letter to Congress urging that the COVID-19 response put people first.¹ We write today to ask the same of your members' organizations.

Housing costs are the single biggest monthly expense for many Americans. There are only a few days left for borrowers to find money to make their mortgage payment on April 1. For many, this may be an impossible task. In the past weeks, millions of Americans have seen their incomes fall to zero, with little or no hope of getting a new job in the near-term. Borrowers need relief now.

We recognize that there is a great deal of effort going into crafting responses to the COVID-19 crisis. For example, state and federal financial regulators have provided direction to financial institutions with the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus.² We also recognize that the Mortgage Bankers Association is already in conversation with a number of consumer organizations in determining how your members might implement programs. We write today to add our voice to the call for seamless, immediate hardship relief for borrowers.

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<https://advocacy.consumerreports.org/wp-content/uploads/2020/03/CR-Coronavirus-policy-one-pager.pdf>

² <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20200322a1.pdf>

As a part of these efforts, we urge your members to do the following immediately so that borrowers may have relief by April 1, 2020:

- **Make hardship relief universally available and seamlessly accessible.** The option to defer payment should happen without any action by borrowers or any required proof of hardship. Borrowers who are not facing hardship may continue to pay, with their mortgage payments credited as normal.
- **Provide borrowers with simple methods of extending relief periods.** We are still in the early stages of the COVID-19 pandemic, but are already seeing deep economic impacts, the duration of which is impossible to determine at this time.
- **Plan for what happens after the crisis.** Lenders must have staff and processes in place to assist borrowers after the immediate crisis passes so that borrowers may make informed decisions about their options and avoid additional problems down the road.
- **Do not report hardship relief as negative information to the credit reporting agencies.** Fannie Mae has suspended negative credit bureau reporting of missed payments for borrowers under a forbearance plan as a result of hardships attributable to the national emergency.³ All financial institutions should do the same. They should report the AW natural disaster code for at least 6 months after the end of the pandemic.

There are a number of facts that support keeping programs simple. Given the various social distancing orders, your member institutions may find it nearly impossible to position staff to meet borrower demands for relief in a timely fashion. Similarly, many borrowers may find that social distancing leaves them without a ready means of contacting their lender or loan servicer. Even if contact is relatively simple, borrowers may have no way of providing documentation of hardship to lenders or servicers. At this moment of national emergency, programs that borrowers have to opt-into are bound to have mixed results. For example, people with federal student loans are reporting great difficulty in getting servicers to extend them relief for 60 days.⁴ Simple, easy-to-access programs with protections available to all without undue effort will provide not only immediate financial relief, but also eliminate undue stress in this time of great uncertainty.

Nobody should face unnecessary financial hardship due to this emergency. Individuals facing hardship need maximum flexibility to cover expenses, and after the emergency passes, they must have a clear, manageable path back to repayment.

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<https://www.fanniemae.com/portal/media/corporate-news/2020/covid-homeowner-assistance-options-7000.html>

4

<https://protectborrowers.org/when-the-student-loan-system-fails-payment-relief-becomes-just-another-empty-promise/>

Your members have the power to implement easily accessible programs that ensure borrowers can stay in their homes without the added stress of wondering how to make the mortgage. We urge you to act today.

Thank you for your consideration.

Sincerely,

Anna Laitin
Director, Financial Policy

Christina Tetreault
Senior Policy Counsel