

COMPLAINT TRENDS FOR THE MORTGAGE INDUSTRY

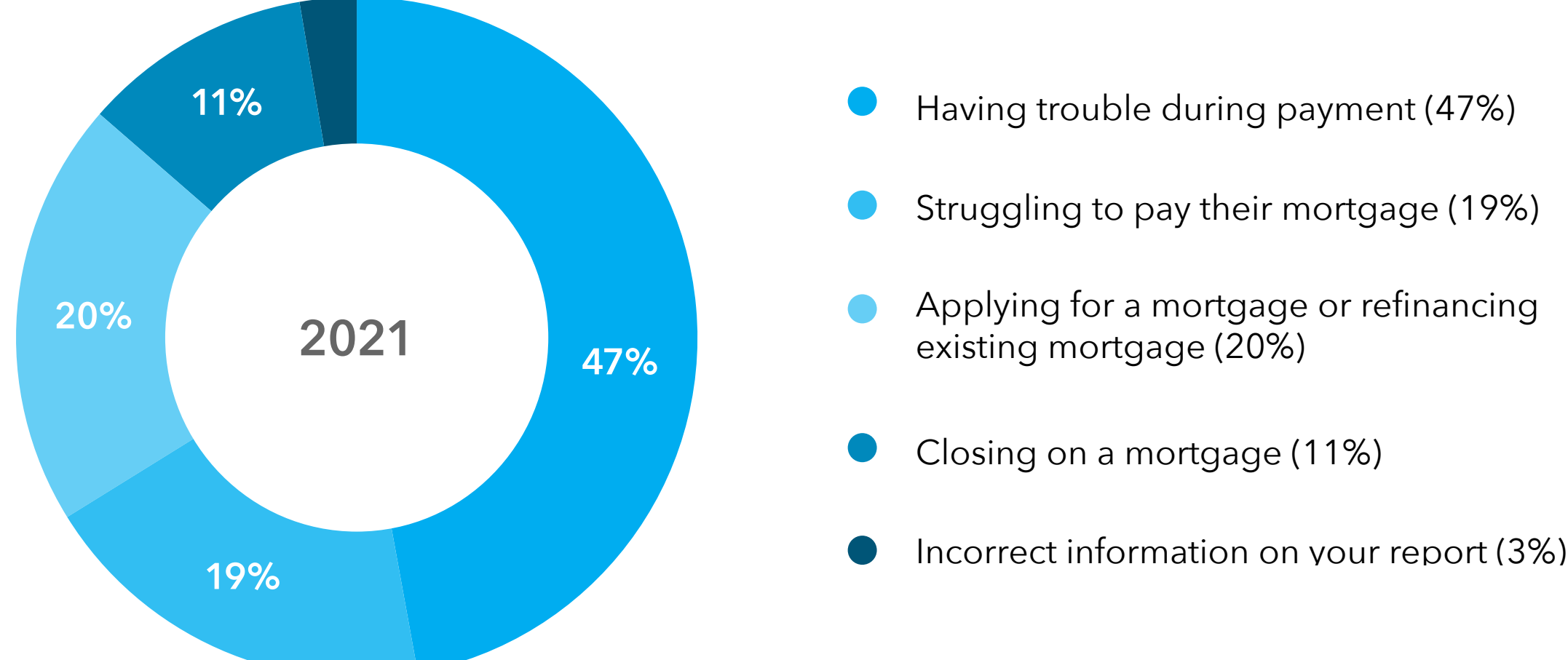


Mortgage Forbearance

One of the key provisions in the CARES Act was providing forbearance for federally-backed mortgage loans, and regulators encouraged the public to reach out directly to their lenders and servicers to request assistance. With the surge of unemployment claims over the past year and a half, mortgage servicers reported an increase of requests to their call centers from borrowers who are impacted by the pandemic.

Many of these conversations likely qualified as verbal loss mitigation applications. Since many organizations' call centers were not prepared for this huge increase in call volume, many consumers likely struggled to get the forbearance they needed, leading to more complaints being submitted to regulators.

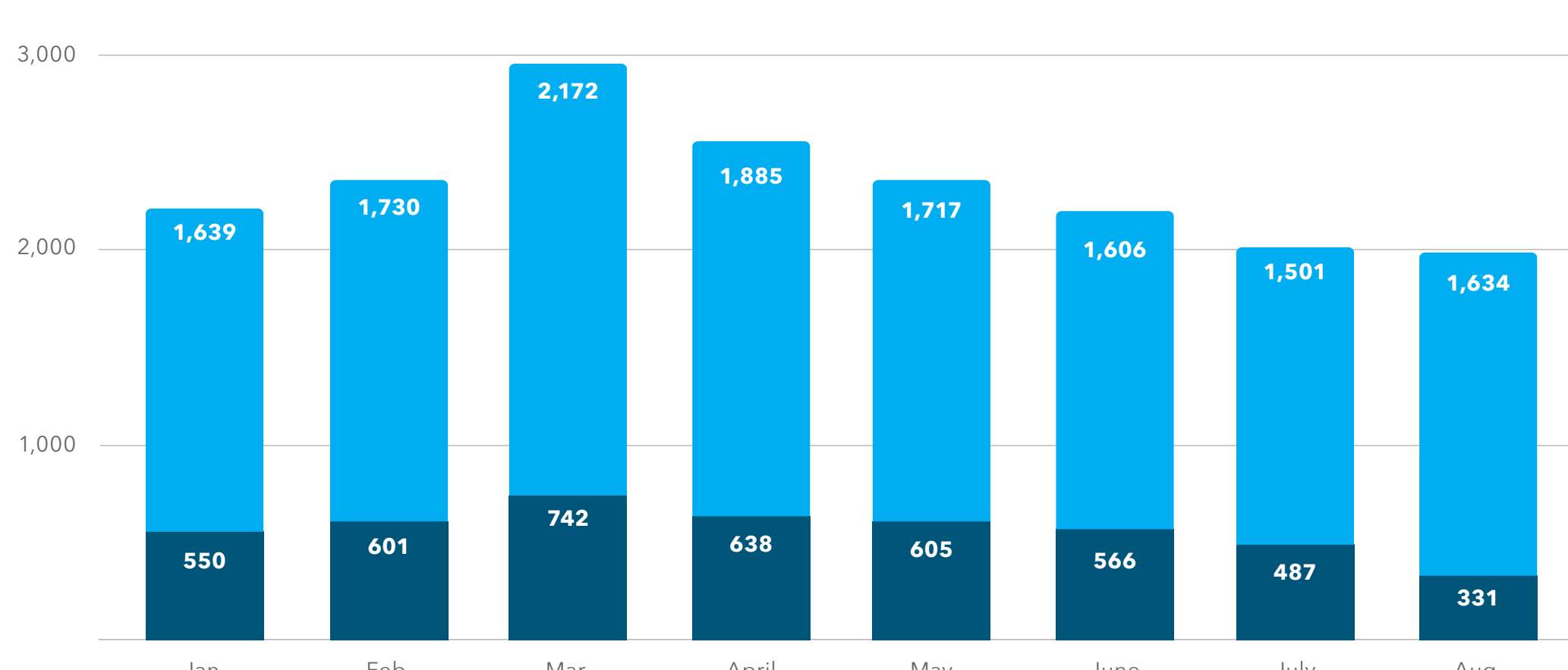
CFPB Top COVID-19 Mortgage Issues



Not surprisingly, most of the complaints (66%) regarding COVID-19 and mortgages are:

- Having trouble during payment (47%)
- Struggling to pay their mortgage (19%)

Mortgage (COVID) and Other Mortgage Complaints



March 2021 had the highest number of COVID-19 related mortgage complaints. While these complaints have been trending downwards, [experts](#) expect a sharp increase in forbearance exits over the next month as many borrowers reach the 18-month mark and see their forbearance plans end.

The CFPB has continued to impress upon servicers the importance of being prepared to provide every opportunity that they possibly can to help homeowners avoid foreclosure. On August 31st, the CFPB 2021 [Mortgage Servicing COVID-19 Proposed Rule](#) went into effect which will help those exiting forbearance to stay in their homes.

Risk Signal 2021

Mortgage Servicing COVID-19 Final Rule

The CFPB's final rule establishes temporary procedural safeguards to help ensure that borrowers have an opportunity to be reviewed for loss mitigation before the servicer can make the first notice or filing required for foreclosure on certain mortgages. The rule temporarily permits mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship.

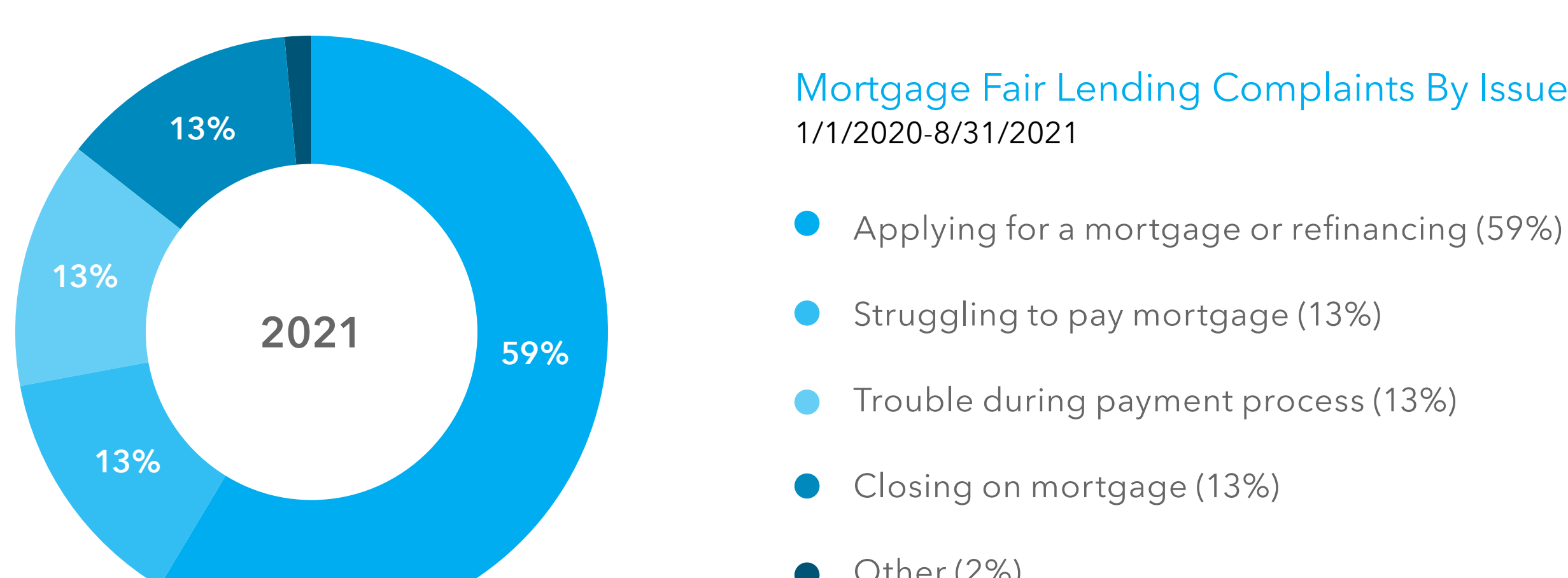
What this means for you:

Mortgage servicers must be vigilant in complying with this new rule to help consumers facing hardships due to COVID-19. [🔗](#)

Fair Lending

As of January 2020, there are
2,652 complaints
in the CFPB's database across all products

With narratives that include at least one keyword related to discrimination, bias, or fair lending issues across all financial services products (keywords include variations of discrimination, bias, ethnicity, sexual orientation, gender).



Not surprisingly, a majority of fair lending complaints around mortgages pertain to issues applying for a mortgage loan or refinancing an existing loan.

Supervision and Enforcement

The Bureau's Fair Lending Supervision program assesses compliance with Federal fair lending consumer financial laws and regulations at banks and nonbanks over which the Bureau has supervisory authority.

In 2020, the CFPB:

- Initiated **13 fair lending examinations**/targeted reviews
- Issued several fair lending-related **Matters Requiring Attention**, directing entities to take corrective actions that will be monitored by the Bureau through follow-up supervisory events.
- Issued **Supervisory Recommendations** relating to weak or nonexistent fair lending policies and procedures, risk assessments, and fair lending training.

The CFPB is required to file a report to Congress annually describing the administration of its functions under Equal Credit Opportunity Act (ECOA), summarizing public enforcement actions taken by other agencies with administrative enforcement responsibilities under ECOA, and providing an assessment of the extent to which compliance with ECOA has been achieved.

The CFPB and the Department of Housing and Urban Development (HUD) are required to report annually to Congress on Home Mortgage Disclosure Act (HMDA) requirements.

In 2020, the Federal Banking Agencies and the CFPB reported 81 institutions with violations of ECOA and/or Regulation B.

Risk Signal 2021

A Quote from Acting Director Uejio

“I am going to elevate and expand existing investigations and exams and add new ones to ensure we have a healthy docket intended to address racial equity. This of course means that fair lending enforcement is a top priority and will be emphasized accordingly.”

What this means for you:

The CFPB has expressed its strong commitment to fair lending and racial equity and plans to take action against those that are treating consumers unfairly. [🔗](#)

Are you monitoring all the channels where consumers engage with your brand?

Learn how PerformLine can help you scale your oversight and increase compliance coverage in an ever-changing mortgage regulatory landscape.

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