

Proposed Rulemaking by CFPB on Mortgage Servicing

Posted by **Gracie Nelson** on July 12, 2024



During GoWest's recent Spring Hike the Hill visit in May, we learned about potential rulemaking from CFPB members regarding Mortgage Servicing. We have remained vigilant in anticipation of this rule, providing updates on previous developments and predicting rulemaking based on CFPB data since 2021. Yesterday, the CFPB proposed rulemaking on **Mortgage Servicing**, specifically aimed at amending Regulation X and Regulation Z. These amendments follow the forbearance programs implemented during the Covid-19 Pandemic. To access our previous analysis of Covid-19 forbearance programs and mortgage servicing, click [here](#).

Key Aspects of the Proposed Mortgage Servicing Rule

Streamlined Loss Mitigation Procedures and Foreclosure Procedural Safeguards: The CFPB is proposing to streamline Regulation X's loss mitigation procedures using foreclosure procedural safeguards instead of requiring complete loss mitigation applications. This allows servicers more flexibility, not requiring a complete application to determine options and allowing sequential review. The review cycle starts with a request for assistance and continues until the loan is current or specific safeguards are met. During this cycle, foreclosure cannot proceed, and certain fees will not accrue. Required loss mitigation notices would also be removed.

Early Intervention Changes: Servicers will need to enhance early intervention notices by including additional information such as the mortgage loan owner's name, descriptions of available loss mitigation options, and a website link for more options. They also suggest exempting servicers from some early intervention requirements during borrower forbearance periods, adding new live contact and written notice obligations as forbearances near their end, and specifying when early intervention requirements resume after forbearance ends.

Loss Mitigation Determination Notices and Appeals: Servicers will need to provide comprehensive loss mitigation determination notices and appeal rights to borrowers for all types of options, not just loan modifications. This includes both offers and denials. The notices would include key borrower-provided inputs used in decisions, a list of available options with instructions for review, and clarification that borrowers can use error procedures for determinations.

Credit Reporting: Though there are currently no regulatory changes proposed, the CFPB is seeking comments on potential approaches to ensure servicers provide accurate and consistent credit reporting information for borrowers in loss mitigation review.

Language Access: The CFPB is proposing new requirements to enhance language access for borrowers with limited English proficiency. Under the proposed rule, mortgage servicers would be required to provide Spanish-language translations of certain written communications to all borrowers. Additionally, servicers would need to offer certain written and oral communications in multiple languages upon request, accompanied by brief statements notifying borrowers of these translation and interpretation services.

Looking Forward

The proposed amendments to Mortgage Servicing regulations represent a significant step towards enhancing consumer protections and operational efficiency within the housing finance sector. By streamlining loss mitigation procedures, enhancing early intervention measures, and improving language access, the proposal aims to prevent foreclosures, mitigate financial hardships, and empower borrowers. These changes not only benefit borrowers by safeguarding their homes and financial stability but also support servicers in navigating complex regulatory landscapes more effectively.

As the rulemaking process progresses, continued feedback and refinement will be crucial to ensuring the final regulations strike a balance between protecting consumer rights and maintaining a robust mortgage servicing framework. GoWest will develop comments before the deadline on September 9th, keeping you informed through updates and seeking your feedback along the way.

If you have questions regarding the rule proposal or inquiries regarding our advocacy process, please reach out to Gracie Nelson at gnelson@gowest.org.

CFPB Update: The FFIEC Publishes HMDA Dataset Snapshot and Resources

Posted by [Gracie Nelson](#) on July 11, 2024



Today, the Federal Financial Institutions Examination Council (FFIEC) published the **Snapshot National Loan-Level Dataset** which contains the National Home Mortgage Disclosure Act (HMDA) datasets as of May 1, 2024.

The snapshot highlights key findings and metrics pulled from the raw data published earlier this year. Credit unions should look at the snapshot and how they compare against the highlighted results:

- The share of mortgages originated by non-depository, independent mortgage companies accounted for 68.8 percent of first lien, one- to four-family, site-built, owner-occupied home-purchase loans in 2023, up from 60.2 percent in 2022.
- In terms of borrower race and ethnicity, the share of closed-end home purchase loans for first lien, one- to four-family, site-built, owner-occupied properties made to Black or African American borrowers rose slightly from 8.1 percent in 2022 to 8.2 percent in 2023. The share made to Hispanic-White borrowers increased from 9.1 percent to 9.9 percent, and the share made to Asian borrowers increased slightly from 7.6 percent to 7.7 percent.
- In 2023, Black or African American and Hispanic-White applicants experienced denial rates for first lien, one- to four-family, site-built, owner-occupied conventional, closed-end home purchase loans of 16.6 percent and 12.0 percent respectively. Denial rates for Asian and non-Hispanic-White applicants were 9.0 percent and 5.8 percent respectively.

In addition to the snapshot datasets, the FFIEC published a variety of other interactive annual data products such as:

Aggregate and Disclosure Reports which provide summary information on individual institutions and geographies.

HMDA Data Browser which allows users to create custom tables, create interactive maps, and download datasets.

Modified Loan/Application Registers which provide loan-level data for individual institutions as modified to protect applicant and borrower privacy as well as the combined file for all filers.

If you have questions or inquiries regarding the snapshot or how your institution compares, please reach out to John Trull at jtrull@gowest.org or Gracie Nelson at gnelson@gowest.org.

*Posted in **Advocacy on the Move**, **Regulatory Advocacy***

CFPB Extends Compliance Dates for Small-Business Lending Rule

*Posted by **Gracie Nelson** on July 2, 2024*



Introduction

On June 25th the Consumer Financial Protection Bureau (CFPB) announced a significant extension of compliance deadlines for its small-business data collection rule. This **interim rule** provides lenders with more time to prepare amidst legal and regulatory changes.

While the extension primarily impacts the timeline and implementation phases for the small-business lending rules, it also allows for a coordinated approach in preparing for compliance with

comprehensive data collection requirements outlined in the 1071 rules, which specifically mandate the collection and reporting of data on small business lending.

Detailed Impacts and What to Expect

Timeline Adjustment: The extension of 290 days for compliance deadlines allows lenders more time to prepare and implement systems for data collection under the 1071 rules:

- Lenders originating 2,500 or more small-business loans annually must commence data collection by July 18, 2025.
- Lenders originating at least 500 loans annually have until January 16, 2026, to commence data collection.
- Lenders originating a minimum of 100 loans annually must commence data collection by October 18, 2026.

Beta Testing and Preparation: The CFPB is beta testing phase for the data submission platform, scheduled to begin in August, aligns with the revised timeline. This phase will allow lenders to test their systems and processes for compliance with both the small-business lending rules and the specific requirements of the 1071 rules.

Compliance: During the initial phase of data collection, which includes the extended deadlines, the CFPB has indicated a lenient approach to penalties for reporting errors.

Conclusion

The CFPB's extension of compliance deadlines for small-business lending rules marks a pivotal step in accommodating financial institutions in the shifting regulatory landscape. This extension provides crucial additional time for lenders to align with the comprehensive data collection requirements mandated by the 1071 rules and to maintain important member protections. The association weighed in on this rule while it was in development and asked for a tiered implementation which was included in the final rule. GoWest also had a member participate on the SBREFA Panel in the early stages of the development of this rule.

Posted in [Advocacy on the Move](#), [Regulatory Advocacy](#)

Your Input Needed as FHFA Begins Rulemaking on FHLB Modernization

Posted by [Ryan Fitzgerald](#) on June 27, 2024



FHLBank System at 100

Focusing on the Future



The Federal Housing Finance Agency (FHFA) appears to be initiating the start of surrounding its previously announced plans to modernize the Federal Home Loan Bank (FHLB) system as it prepares to turn 100 years old at the end of this decade. The FHFA rolled out an official Request for Information (RFI) to solicit public comment on what they are calling an effort to understand “the mission of the Federal Home Loan Bank System,” as the FHFA considers next steps for related rulemakings.

As previously reported by the GoWest Advocacy team, the FHFA completed a yearlong review at the end of 2023, resulting in the *FHLB at 100* report, which you can view [here](#). The report was based on a number of interactions, inputs and data gathering completed by the FHFA, including listening sessions, roundtables, and written comments the Administration received between 2022 and the end of 2023 including direct input and a **comment letter** from the GoWest Credit Union Association.

GoWest continues to take a proactive approach to the FHFA’s review and any plans to modernize the FHLBank System in order to ensure the interest of GoWest credit unions are protected, and that the liquidity and stability currently offered by the FHLBanks is not eroded or dramatically altered by any proposed changes. GoWest credit unions who are FHLB members joined the advocacy team in participating in listening sessions with leaders of the FHLBanks of Des Moines and San Francisco. We also continue to work closely with key members of Congress, Senator Cynthia Lummis (R-WY) and Rep. Juan Ciscomani (R-AZ-6), to ensure we take an active role in protecting key features of the system in the event Congress considers changes to the system, because of the report or other stakeholder input.

We will be discussing the rollout of the RFI at the upcoming Regulatory Advocacy Subcommittee. Moreover, we will continue to work with credit unions and members of the FHLBank system to review suggestions and proposals and deploy targeted advocacy to safeguard the interests of GoWest members and the integrity of the system at large.

Additional Background:

As previously mentioned, the *FHLB at 100* report calls for a number of proposed changes, both at the Administration level, via the proposed rulemaking process, while also outlining proposed statutory changes that must be taken up by Congress. At this juncture, the FHFA is seeking comments to initiate some of the proposed rulemaking that was suggested in the report; however, it is important to understand and reiterate that when Congress makes laws it usually establishes the purpose, mission and focus of an agency or program, known as legislative or Congressional intent. In looking at the report and this recent RFI, the FHFA may be seeking to alter or recalibrate Congressional intent for the FHLB, which is not the role of the Executive Branch, thus raising concerns of the FHLBanks, financial institutions and Congressional leaders.

While GoWest supports certain aspects of the *FHLB at 100* report recommendations, such as the expansion of eligible collateral, the reform of the Affordable Housing Program (AHP), and the curtailment of market-distorting advances by the nation's largest banks, we also have concerns, especially based on this initial RFI announcement. Some initial concerns include the recommendation that an FHLB member should maintain a certain level of mortgage assets and that they may attempt to tier the system based on meeting certain incentives for those borrowers who meet specific objectives regarding asset purchases or committing to certain aspect of the AHP outlined by the FHFA.

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