Congress of the United States
Washington, DC 20515

December 20, 2020

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Kraninger:

We write regarding a recent article in the *Orlando Sentinel* about a Florida couple experiencing financial hardship due to the COVID-19 pandemic who entered into a mortgage forbearance agreement to defer payments for three months.[1] When the couple resumed on-time payments, they noticed a dramatic drop in their credit score. This occurred even though the couple had received assurances that the forbearance agreement would not adversely affect their credit.

This discrete case raises broader concerns. There are over four million Americans who have entered into similar mortgage forbearance agreements, including two million Americans who have resumed making payments. Like the Florida couple, these homeowners could be subject to credit score reductions that, on their face, appear to violate federal law.

The CARES Act, enacted in March, includes provisions to assist homeowners who are having difficulty making loan payments during the pandemic and to ensure homeowners who exercise their right to defer payments are not penalized by financial institutions.

- Section 4022 provides that borrowers with federally backed mortgages can request and receive forbearance from their mortgage servicer for up to 360 days due to a financial hardship caused directly or indirectly by COVID-19. The servicer is not permitted to charge fees, penalties, or interest beyond what would have accrued if the borrower made payments as scheduled.

- Section 4021 protects the credit histories of homeowners with forbearance agreements by requiring mortgage servicers to report the outstanding loan as current to the credit bureaus, so long as the account was current at the time of the request.

These provisions should have prevented outcomes like the one described by the *Orlando Sentinel*. The fact that they did not leads us to question whether Congress's clear intent in crafting Section 4021 and 4022 is being fully and fairly implemented. We therefore respectfully request that you provide written responses to the following questions:

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[1] See https://www.orlandosentinel.com/business/real-estate/os-bz-cares-act-credit-reporting-coronavirus-20201214-lqavxdodobdwff5npgkowbbwv4-story.html.

1. What specific steps is the CFPB taking to enforce the CARES Act provision that protects the credit scores of homeowners who enter into forbearance agreements?

2. Has the CFPB received complaints from homeowners who have entered or exited forbearance agreements and seen their credit scores adversely affected?

    a. If so, approximately how many complaints have been filed and what has been the response by the CFPB?

    b. Has the CFPB identified any notable trends among homeowners experiencing credit concerns?

3. Has the CFPB prioritized supervisory exams to proactively ensure that credit bureaus and mortgage issuers are adhering to the relevant CARES Act consumer protection provisions?

    a. Have any credit bureaus or mortgage servicers identified challenges or impediments to implementing the provisions of the CARES Act?

    b. Has the CFPB observed patterns of compliance or non-compliance among financial institutions based on the type of institution, geography, or other categories?

4. Given that many homeowners who are having trouble paying their federally backed mortgages may not realize that the CARES Act gives them a right to mortgage forbearance, what steps is the CFPB taking to educate homeowners regarding CARES Act consumer rights?

Sincerely,

Stephanie Murphy
Member of Congress

Mario Diaz-Balart
Member of Congress