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October 9, 2012

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Submitted electronically to <http://www.regulations.gov>

Re: Mortgage Servicing Proposals:
Truth in Lending Act – Docket No. CFPB-2012-0033 (RIN 3170-AA14) and
Real Estate Settlement Procedures Act – Docket No. CFPB-2012-0034 (RIN 3170 AA14)

Dear Consumer Financial Protection Bureau:

I am writing on behalf of the National Council of La Raza (NCLR)—the largest national Hispanic civil rights and advocacy organization in the United States—to submit comments regarding the Consumer Financial Protection Bureau's (CFPB) proposed rules on mortgage servicing.

NCLR is deeply concerned about the disproportionate number of Latinos and other communities of color that are losing their homes to foreclosure. Since the beginning of the financial crisis in September 2008, American families have experienced close to 3.8 million completed foreclosures around the country. Experts estimated, in 2010, that 17% of Latino and 11% of African American homeowners were at imminent risk of foreclosure compared to 7% for White homeowners. Today, this disproportionate impact experienced by Latino and other communities of color has not changed due to the high concentration of Latinos and other homeowners of color in states such as California, Florida, Michigan, Texas and Georgia that made up 48.9 percent of all foreclosures in August 2012. Many of these foreclosures could have been avoided. Addressing shortfalls in Mortgage Servicing Standards will help mitigate unnecessary foreclosures, which are imposing profound and damaging costs on households, neighborhoods and our economy as a whole.

NCLR appreciates the CFPB's responsiveness in addressing the needs of the mortgage market and incorporating the needs of homeowners in calling for uniform servicing standards. Service standards are an area of the mortgage market that has the most meaningful interaction with homeowners and can play a decisive factor in a families' ability to keep their home during today's housing crisis and beyond.

At the onset of the foreclosure crisis, consumer advocates called for a foreclosure moratorium, systemic loan modifications, and for banks to make major investments to handle the millions of homeowners seeking loan modifications. To date, banks have not made the major investments needed to increase and train staff, upgrade their technology, and make mortgage servicing more

efficient. The issues that housing counselors and homeowners faced back in 2008 are still occurring now in 2012: mortgage servicers losing client documents, not responding to counselors and homeowners in a timely manner, proceeding to foreclosure while homeowners are in the loan modification process (dual track) and mortgage servicers making errors in calculating a homeowner's income and the net present value. At this point NCLR has signed on to the comment letters of American for Financial Reform (AFR), National Housing Resource Center and California Reinvestment Coalition that tackle these issues in great detail.

Nevertheless, NCLR would like to reiterate our concern that the proposed regulation fails to properly address dual tracking, a practice that has resulted in many families losing their homes unnecessarily. The proposal allows each servicer to require a borrower to submit a complete loan modification application by as far as 90 days in advance of a foreclosure sale to receive protections under the loss mitigation rules. A deadline this far out is unrealistic in many non-judicial foreclosure states like California, where Latinos have a considerable presence. In these states, foreclosures can be completed in as little as 110 days and borrowers may not know of a foreclosure sale date until 20 days before the sale. Early deadlines are inconsistent with the National Mortgage Settlement. The mortgage settlement proposed the elimination of dual track, which in practice seems to continue. Based on a national survey by the National Housing Resource Center of 285 housing counseling nationwide, 73 percent of those housing counselors that answered the survey rated fair or poor the performance of servicers to comply with "dual – track rules". Furthermore, the housing counselors have observed that there is a propensity of servicers to go through dual track when the servicer did not own the mortgage loan. For example, in the National Housing Resource Center survey, a housing counselor from Duluth, MN stated "Servicers take the position that the dual track rule only applies to mortgages that are both owned and serviced by the same company and do not apply to them for Fannie/Freddie/FHA or investor-owned mortgages."

Furthermore, as part of our comments, we want to add the voices of NCLR's Homeownership Network (NHN) that has provided housing counseling to more than 65,000 families a year, hosted more than 40 home rescue fairs across the country, and trained thousands of counselors to provide foreclosure prevention counseling through the NCLR Homeownership Network Learning Alliance (NHNLA). These efforts have helped save thousands of families from foreclosure; however hundreds of thousands more are falling through the cracks because of the lack of strong mortgage servicing rules and enforcement. To allow the voice of the NHN to be heard and subsequently those that serve on the frontlines of the housing crisis, we would like to respectfully submit this video link that shows the real impact of dual tracking: <http://youtu.be/bNW27Hqg3Ko>.

The Bureau must have strong provisions to prevent foreclosures from proceeding while the homeowner is being evaluated for an appropriate loss mitigation resolution. Bureau rules should stop the dual track problems by preventing the initiation of any foreclosure proceedings if the homeowner is being evaluated for loss mitigation. If foreclosure proceedings have already started, the foreclosure should be halted until all evaluations including appeals are completed. A homeowner losing their home unnecessarily because of dual tracking should be unacceptable to

the Bureau. If the Bureau is unable to add these provisions to the proposed rules on mortgage servicing, we ask that the loss mitigation regulation be withdrawn to be rewritten after more input from community groups, housing counselors, and others representing homeowners, and that the error resolution regulation is amended to include an essential catch-all provision, as the law requires.

Should you have any questions regarding the contents of this letter, please contact me at jbowdler@nclr.org or (202) 776-1748.

Sincerely,

Janis Bowdler