

November 28, 2022

Mr. Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, DC 20552

RE: Request for Information Regarding Mortgage Refinances and Forbearances [87 FR 58487, Docket No. CFPB-2022-0059]

Dear Mr. Chopra:

Thank you for the opportunity to provide comment in response to the Request for Information Regarding the Mortgage Refinances and Forbearances. NeighborWorks applauds the CFPB for seeking out opportunities to facilitate beneficial refinances and targeted and streamlined refinances. Please note that these comments have not been submitted to or approved by NeighborWorks America's board and do not necessarily represent the views of its board members, either collectively or as individuals. These comments have been formed based on the ongoing work of NeighborWorks America with our network of nearly 250 local and regional nonprofit affiliated NeighborWorks organizations.

For nearly 45 years, the Neighborhood Reinvestment Corp. (d/b/a NeighborWorks America), a Congressionally-chartered, national, nonpartisan nonprofit, has created opportunities for people to improve their lives and strengthen their communities by providing access to homeownership and safe, affordable rental housing. The NeighborWorks network provides a full range of homeownership preservation services, including assisting struggling homeowners by providing post-purchase education, foreclosure mitigation counseling, assistance with refinancing, rehab loan financing, and reverse mortgage financing.

In the wake of the late 2000s foreclosure crisis, Congress charged NeighborWorks with creating and administering ten rounds of the [National Foreclosure Mitigation Counseling Program \(NFMC\)](#), which served over 2.1 million borrowers before concluding in 2018. Although the Great Recession is behind us, ongoing affordability challenges, which were exacerbated by the COVID-19 pandemic, have ensured that foreclosure counseling continues to be an important component of network organizations' housing counseling programs. In FY 2021, Congress again called on NeighborWorks to administer a large grant program to support families in danger of losing their homes. With \$100 million

appropriated through the American Rescue Plan Act in 2021, NeighborWorks is currently administering the [Housing Stability Counseling Program](#), which provides counseling services to both homeowners and renters facing eviction or foreclosure as a result of the COVID-19 pandemic.

The collective experience of NeighborWorks America and the network, as described above, provides the basis for our recommendations to leverage existing housing counseling and mission-oriented lender capacity to better serve low-income and distressed borrowers.

The world of housing finance is extremely complex and is not well designed to safeguard and promote borrower interests. However, for over 50 years HUD-approved housing counseling agencies have been educating consumers and assisting them to make informed housing decisions. In each of these most recent economic crises, housing counselors have played a pivotal role in helping families achieve and sustain housing stability. NeighborWorks notes that the RFI, however, makes no mention of housing counseling and homebuyer education programs, and the critical roles they can play in guiding consumer behavior and facilitating relationships with financial institutions.

As the RFI suggests, consumers' behavior is largely dependent on their knowledge and relationships with financial institutions. While new products may help some borrowers to access beneficial refinances, these products face the same awareness, familiarity, and trust gaps as traditional products. Streamlined refi products like Fannie Mae's RefiNow can be important tools to encourage beneficial refinancing, but these products are no longer options for borrowers once they've missed a payment. Measures that buy time, like the automatic forbearance policies enacted during the pandemic, were very successful in creating an opening for borrowers to seek assistance. While such large-scale policies may not be practicable in the future, NeighborWorks encourages the CFPB to explore more targeted policies that could provide similar benefits. The CFPB should also consider ways to incentivize consumers to participate in homebuyer education and better incorporate housing counseling into the mortgage servicing landscape.

NeighborWorks would support a requirement that servicers affirmatively notify borrowers of their options and inform them about housing counseling resources, either periodically or upon events that raise a flag on the account. The earlier in the process that these interventions are introduced, the more likely they are to be effective. For example, if a struggling borrower receives assistance from a housing counselor shortly after the hardship begins, they may be able to enter into forbearance prior to missing multiple payments and doing serious harm to their credit profile. With their credit score still intact, this borrower would be much more likely to qualify to refinance their mortgage and maintain their housing stability. Because the potential benefits are so great, NeighborWorks recommends the CFPB consider under what circumstances automatic referrals to housing counselors should be required.

Given the importance of housing counselors, NeighborWorks encourages the CFPB to explore opportunities to support the housing counseling field, either through direct funding to grow the field or through marketing and public information efforts, industry-wide language accessibility support to better serve families for whom English is not a primary language, investing in the delivery systems that support housing counseling, and partnering with NeighborWorks and others to assist with the continued professionalization of the housing counseling field. NeighborWorks is the leading provider of HUD housing counselor certification training. In response to new, more comprehensive housing counselor certification requirements instituted by HUD in 2021, the [NeighborWorks Center for Homeownership Education and Counseling \(NCHEC\)](#) revamped its existing training offerings and developed nine additional courses dedicated to preparing counselors for HUD certification. NCHEC classes instruct counselors on [post-purchase education methods](#) that can prevent delinquencies and prepare borrowers to evaluate the pros and cons of refinancing. The CFPB could partner to make these courses even more accessible to additional counselors.

In addition to investing in continuing to grow and strengthen the housing counseling sector, the CFPB can uplift messages about the importance of unbiased, arms-length pre- and post-purchase homebuyer education. The CFPB has many channels for communication which can be leveraged to amplify efforts of national campaigns like [Stop Home Scams](#), which has been a successful tool to educate consumers about the availability of resources, as well as how to identify and avoid predatory actors. The CFPB can also use its easy-to-read consumer resources and informational videos to further support counselors and consumers working to utilize refinancing as a tool to stabilize affordable homeownership.

In conclusion, NeighborWorks is pleased that the CFPB is interested in promoting beneficial refinances and streamlining access to loss mitigation measures, and we look forward to finding additional ways to partner to leverage the capacity of our nation's housing counseling system to better serve consumers. Thank you for this opportunity to contribute to this process.

Sincerely,



Kirsten T. Johnson-Obey
Senior Vice President, Public Policy and Legislative Affairs
NeighborWorks America