



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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California DFPI Continues to Expand Consumer Protection Efforts during the COVID-19 Pandemic

SACRAMENTO – More than a year into the COVID-19 pandemic, the California Department of Financial Protection and Innovation (DFPI) continues to expand efforts to protect consumers from financial impacts of the lethal virus that has ravaged the state’s economy and killed more than 53,000 Californians.

The DFPI is aggressively exercising its new authority to regulate a large group of newly covered financial services, including debt collectors, credit reporting and credit repair agencies, debt relief agencies and others. It has taken actions to collect data on a number of new industries, including debt relief and earned wage access providers, and has filed a cease-and-desist order against a student loan debt relief company charging borrowers exorbitant fees for the false promise of getting their student debt wiped.

In addition, the department has stepped up measures to expose and track emerging scams, field and respond to a large increase in consumer complaints and inquiries, connect struggling consumers with available resources, and to work with licensees to ensure compliance with state and federal laws enacted to protect homeowners from foreclosures.

“Homeowners who have lost their jobs during this economic downturn shouldn’t also fear losing their homes,” said DFPI Commissioner Manuel P. Alvarez. “Our staff is working tirelessly to help Californians navigate foreclosure protection rights, track and investigate harmful consumer trends, and keep a standing list of community resources that connect callers to food banks, medical assistance and more. I am proud of our work, and grateful to industry partners who have worked collaboratively with us on behalf of consumers.”

The DFPI’s expanded initiatives include:

- For licensees engaged in mortgage loan servicing, DFPI exams now include verification of compliance with recently enacted state and federal laws protecting homeowners from coronavirus-related foreclosures. All mortgage loan servicers licensed by the DFPI undergo routine regulatory examinations to ascertain compliance with applicable state and federal laws.

The applicable laws include provisions allowing for forbearance of mortgage payments, post-forbearance options forbidding the requirement of lump sum payments, and the extension of the

California Homeowner Bill of Rights to tenant occupied principal residences. California's legislation, AB 3088, offers protection to both federally backed and non-federally backed mortgage loans.

The California Homeowner Bill of Rights was enacted in 2013 to provide protections for residential borrowers faced with the challenge of increasing residential foreclosures in California and to ensure borrowers are provided with available loss mitigation options. The DFPI is taking the necessary actions to ensure mortgage loan servicers comply with the required homeowner protections and reminded licensees in a bulletin last month of those laws.

- The DFPI continues to experience and respond to a more than 40 percent increase in consumer complaints, calls and inquiries since the onset of COVID-19 in the state. Pandemic-related concerns about mortgages, student loans, personal loans, questionable investments, and apparent fraudulent schemes prompted many of the additional inquiries and complaints. The DFPI is tracking all COVID-19 related complaints and reporting harmful emerging consumer trends to the enforcement division for investigation. The DFPI consumer office also works with homeowners and licensees to resolve any issues holding up forbearance. In the process, the consumer office advises consumers of their rights and options during these troubling times.
- The DFPI has posted and circulated consumer alerts warning of scams involving federal stimulus payments, fake default notices and private placement offerings. To aid consumers, the DFPI maintains a COVID-19 page that serves as a bulletin board for relief programs, consumer advisories, and includes a Q&A on financial relief efforts.
- The DFPI has launched an investigation of lender efforts to evade the state's new, stricter interest rate caps at a time when consumers need credit more than ever. "Although complaints are relatively low because the industry has been on its best behavior," Commissioner Alvarez stressed, "the DFPI will not tolerate excessive charges to consumers during these difficult times."

Any homeowner concerned that their mortgage loan servicer is not complying with COVID-related mortgage relief laws should contact the DFPI to file a complaint. Consumers can reach the DFPI at (866) 275-2677 or Ask.DFPI@dfpi.ca.gov.

In addition to regulating mortgage lenders and servicers, the DFPI licenses and regulates financial products and services, including state-chartered banks and credit unions, commodities and investment advisers, money transmitters, the offer and sale of securities and franchises, broker-dealers, nonbank installment lenders, payday lenders, student-lending servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, debt collectors, rent-to-own contractors, credit repair and consumer credit reporting agencies, debt-relief companies, and more.

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