



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • ACTING COMMISSIONER **CHRISTOPHER S. SHULTZ**

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DFPI Moves to Protect California Homeowners with Mandatory Reporting Requirements for Mortgage Servicers

With homeowners facing the possibility of foreclosure, state financial regulator launches review of mortgage servicers while educating consumers on their options

SACRAMENTO – As some pandemic foreclosure protections end, the Department of Financial Protection and Innovation (DFPI) is working to avoid a repeat of the 2008 foreclosure crisis by making sure that licensees servicing residential mortgages comply with state and federal laws protecting homeowners from COVID-19-related financial insecurity and inform eligible consumers about mortgage relief funds.

To help protect vulnerable homeowners, the DFPI will require licensees handling residential mortgages – either directly or through sub-servicers – to provide information about the actions they are taking to help homeowners avoid foreclosure, including:

- A process for screening borrowers for potential eligibility for state and federal foreclosure aid
- Procedures and plans for compliance with loss mitigation requirements
- An assessment of the magnitude of foreclosure risk among the loans they service

“No California homeowner should have to worry about foreclosure on top of the anxiety and burden of a global pandemic,” said Acting Commissioner Christopher S. Shultz. “COVID-related income or job loss has created financial insecurity for millions of Americans, and it is important that every California homeowner in forbearance is offered every protection available. This mandatory survey will allow DFPI to troubleshoot issues early and makes our expectations for compliance crystal clear.

The DFPI wants to ensure that licensees tell consumers about assistance that is or will soon be available to delinquent mortgage borrowers and document their good faith efforts toward screening borrowers for applicable loan modifications, mortgage relief funds and other protections, including the upcoming federal Homeowner Assistance Fund. Licensees are strongly encouraged to participate in the Homeowner Assistance Fund and other available mortgage relief initiatives to ensure more Californians have access to the various forms of assistance being offered.

In April, the DFPI issued a notice to mortgage servicer licensees, reminding them of requirements under the COVID-19 Small Landlord and Homeowner Relief Act of 2020. DFPI encouraged mortgage lenders and servicers to work with affected customers and communities to avoid foreclosures in this guidance. The Department noted in its guidance to licensees that “mortgage servicers may offer customers payment accommodations, such as payment deferrals or due date extensions, loan modifications to modify the rate and term of the mortgage, or loss mitigation options described in HUD/FHA’s updated guidance.”

The DFPI also has launched a multi-pronged education and communications campaign as part of its efforts to protect homeowners from foreclosure. California homeowners can visit www.HousingisKey.com or the DFPI’s newly created [foreclosure protection resource page](#). Consumers can also follow us on [Twitter](#), [Facebook](#), or [LinkedIn](#) for an easy-to-understand overview of foreclosure and mortgage relief protection and resources.

Today, the Department launched a 4-week social media campaign to educate consumers, including information about the California Homeowner Bill of Rights, the availability of HUD-certified housing counselors, foreclosure options, and more. DFPI staff are also developing a script to help call center employees prepare to field questions from distressed homeowners.

The DFPI has been coordinating these efforts with the Department of Real Estate (DRE), CalHFA, the Department of Fair Employment and Housing (DFEH), the State Bar of California (CalBar), and the DFPI’s parent agency the Business, Consumer Services and Housing Agency (BCSH). Other departments have conducted targeted examinations of mortgage servicers, staff trainings to bring employees up to speed on state and federal protections and updated consumer-facing resources so homeowners can spot scams and fraud that cropped up during the 2008 housing crisis.

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

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