



Alerts

CFPB Announces Final Mortgage Servicing Rule to Help Borrowers Affected by the COVID-19 Pandemic Avoid Foreclosure

June 29, 2021

Consumer Financial Services Alert

In anticipation of the expiration of federal COVID-19 pandemic foreclosure protections, the Consumer Financial Protection Bureau has issued a final rule amending its federal mortgage servicing regulations. Among other changes, effective from August 31, 2021 through December 31, 2021, a borrower must be given an opportunity by the mortgage servicer to explore all available loss mitigation options *before* a foreclosure proceeding can be commenced on a borrower's principal residence. The final rule also gives servicers greater flexibility to offer borrowers COVID-19-related streamlined loan modifications, creates new, temporary early intervention requirements for live contact, and clarifies how to exercise reasonable diligence with respect to incomplete loss mitigation applications related to COVID-19.

The new rule will not preclude commencement of foreclosures prior to January 1, 2022 if:

- The mortgage servicer has satisfied the loss mitigation procedures outlined in the rule;
- The borrower has been unresponsive to servicer outreach for more than 90 days;
- The property is abandoned;
- The borrower was more than 120 days delinquent prior to March 1, 2020; or
- Where the applicable statute of limitations will expire before January 1, 2022.

[Read the Final Rule](#)

[Read the Executive Summary of the Final Rule](#)

Stay tuned for additional implementation guidance from our Financial Services team.

Attorneys

Lauren Campisi

Brian S. McGrath

Service Areas

Consumer Financial Services

Mortgage Servicing and
Lender Litigation