COMMISSIONER OF FINANCIAL REGULATION

INDUSTRY ADVISORY

March 24, 2020

GUIDANCE TO MORTGAGE SERVICERS: BORROWERS IMPACTED BY THE COVID-19 HEALTH EMERGENCY

In response to the current health crisis, Governor Larry Hogan has declared a state of emergency, as well as a catastrophic health emergency, in the State of Maryland. Shopping malls, gyms, movie theaters, and entertainment venues have been ordered closed; restaurants and taverns have been ordered closed except for carryout service; public gatherings have been limited to ten people or less, and non-essential businesses have been ordered to close to the public. Additionally, many essential businesses that have remained open have reduced their hours of operation during the emergency. Further restrictions may be necessary to protect the public, and the full extent of the economic impact of this emergency is uncertain.

The Federal Housing Administration, the U.S. Department of Veterans Affairs, the U.S. Department of Agriculture, and the Federal Housing Finance Agency have issued guidance for the servicing of mortgage loans subject to their respective authorities, offering relief programs such as payment forbearance for as long as 12 months and a freeze on foreclosures and evictions.

The Commissioner of Financial Regulation strongly urges all Maryland-licensed mortgage servicers to take steps immediately to mitigate the impact of this crisis on their customers during these unprecedented times. At a minimum, mortgage servicers should take reasonable steps in an attempt to offer assistance to all Maryland borrowers who have suffered a loss of income due to this emergency or have otherwise experienced impacts that could affect their ability to pay their mortgages. Steps that servicers should consider taking immediately could include:

- Waiving late fees as well as online and telephone payment fees;
- Forgoing the reporting of payment information during the health emergency or reporting payment information to credit reporting agencies in a manner that minimizes the impact of delinquent payment on a borrowers' credit histories;;
- Offering forbearance or other options, when permitted under investor guidelines, to allow borrowers to defer payments (such deferral programs should take into account the ability of the borrower to meet payment obligations when the forbearance period ends with a goal towards preserving homeownership – such as extending the loan term to accommodate the missed payments) ;
- Extending trial modification periods and ensuring that late payments resulting from COVID-19-related interruptions to income do not prevent borrowers from obtaining permanent modifications;

- Taking steps to ensure that borrowers are able to timely make inquires and manage their accounts, and, if there is a reduction in the servicer's staff, ensuring that borrowers are provided with alternatives for managing accounts, making inquiries, and making payments;
- Reaching out to borrowers proactively to provide information on available assistance;
- Ensuring that all borrower-facing staff are fully informed regarding any assistance available and are proactive in informing borrowers of such.

The Commissioner reminds servicers that all foreclosures of residential property and the evictions in Maryland have been stayed in accordance with an order issued March 18, 2020, by the Chief Judge of the Maryland Court of Appeals.

It is the Commissioner's hope that all licensed mortgage servicers will consider the impact of their activities on the citizens and communities of Maryland.

Please visit our website at labor.maryland.gov/finance for additional COVID-19 related resources.

Maryland
DEPARTMENT OF LABOR

Office of the Commissioner of Financial Regulation
Maryland Department of Labor