

January 16, 2021

Joe Biden
President-Elect
Wilmington, DE

Dear President-Elect Biden,

We appreciate your leadership on COVID relief and Thursday's announcement of a comprehensive effort to provide an emergency legislative package. The proposal includes many crucial priorities to heal our nation from the COVID-19 pandemic, both medical and economic, including additional rental assistance. We write, however, to ask you to expand the proposal's relief for homeowners as we face a coming potential foreclosure crisis in the coming year.

The proposed COVID relief package recognizes the significant challenges faced by homeowners, noting that more than 10 million homeowners are behind on payments and that homeowners of color are facing increased risk of home loss that will further exacerbate the racial wealth gap. Notably, according to [Black Knight](#), 2.19 million borrowers were 90+ days delinquent on their mortgage payment, representing almost 5% of mortgage borrowers and a 264.57% increase year-to-date. Also according to [Black Knight](#), more than 50% of all forbearance plans are set to permanently expire by the end of May 2021. Of the 2.8 million borrowers in active forbearance as of the end of December, 700,000 were private-label loans with no assured pathway to bringing the loan current at the conclusion of forbearance. ([National Mortgage News](#).) This number includes subprime mortgages in private securities pools, which include disproportionate numbers of [borrowers of color](#).

The American Rescue Plan proposal seeks to prevent "untold economic hardship for homeowners" by extending the foreclosure moratoria and continuing applications for forbearance on federally-backed mortgages. It also calls for funding for legal assistance for COVID-affected households.

While homeowners do need an extension of the foreclosure moratoria and the availability and length of forbearance on government-backed loans, these are measures the federal housing agencies can and should implement through immediate administrative action. However, additional action from Congress is urgently needed to address the acute needs of homeowners facing COVID hardships, especially low-income homeowners and homeowners of color. Without this additional action, the Biden-Harris administration's COVID relief package will further exacerbate the racial disparities associated with the pandemic and economic crisis.

First and foremost, we ask for your support in establishing a Housing Assistance Fund to provide funds to state housing finance agencies to help the most vulnerable homeowners with COVID hardships bring their mortgage loans current through targeted assistance. Direct financial assistance for homeowners was a critical tool for responding to the 2008 foreclosure crisis through the Hardest Hit Fund and the Housing Assistance Fund would serve as a comparable backstop to existing programs available to homeowners. This is especially needed for homeowners who cannot qualify for a modification on a government-backed loan without

modest financial assistance and for those in private loans that may not have formal deferral or loan modification options. The funds also could be used for ongoing mortgage payment assistance for unemployed or underemployed homeowners who are unable to get or extend a forbearance. In addition, the funds could be used to prevent foreclosures due to past-due property taxes and homeowner association fees and to pay utility bills to avoid a shut off.

Creating a Housing Assistance Fund is an important step for racial equity at a time when, according to the [Household Pulse Survey](#) of the U.S. Census Bureau, 24.7% of Black borrowers and 19.8% of Hispanic borrowers are not current on their mortgage payments, compared to 8% of white borrowers. The COVID-19 pandemic and ensuing economic crisis are particularly devastating communities of color, many of which have not yet recovered from the 2008 Great Recession. Black and Latino families suffered substantially higher rates of foreclosure during the Great Recession, which saw the loss of \$1 trillion in communities devastated by foreclosures. Therefore, relief in the Housing Assistance Fund must be structured to ensure it will reach the families hardest hit by COVID-19, a group who are disproportionately Black and brown.

Moreover, 80% of those surveyed in a [national poll](#) stated that it was important for the government to provide assistance to help people cover their housing costs during COVID-19. Delaying action now would result in many avoidable foreclosures and represent a tragic repetition of the delays in program development in response to the 2008 Great Recession. The time to enact a Housing Assistance Fund is now.

Second, funding for HUD-approved housing counseling agencies should be provided along with the proposed funding for legal assistance, as they both play essential roles in helping homeowners avoid foreclosure. HUD-approved housing counseling agencies play a [critical role](#) in ensuring homeowners get the individualized help and relief they need to stay in their homes, including through effective communication with their servicer and addressing credit and financial challenges as a result of the pandemic.

In addition, we ask for your support for the following crucial legislative measures to help prevent the coming tsunami of foreclosures that likely will be concentrated in low-income communities and communities of color:

- Extend mortgage forbearance availability to the entire mortgage market, including the one-third of the market not covered by government-backed loans;
- Ensure the availability of forbearance beyond 12 months, as many homeowners who obtained forbearance last March will soon be facing the end of forbearance while the acute period of the COVID crisis may continue for several more months;
- Provide that all homeowners exiting mortgage forbearance can obtain a repayment arrangement before foreclosure begins or restarts by providing a 120-day pre-foreclosure cushion at the end of COVID forbearances and requiring mortgage servicers to exercise reasonable diligence in helping homeowners complete any needed applications; and

- Prevent homeowners from being required to repay missed mortgage payments with a lump sum, and require mortgage servicers to offer eligible homeowners all repayment options for which they are eligible.

We appreciate your incoming Administration's support for struggling homeowners and look forward to working with you to prevent a wave of foreclosures in already-struggling communities.

Sincerely,

National Organizations:

Americans for Financial Reform
Center for Community Progress
Center for Responsible Lending
Consumer Action
Consumer Credit and Budget Counseling, Inc d/b/a National Foundation for Debt Management
Consumer Federation of America
Credit Card Management Services, Inc.
Habitat for Humanity International
HomeFree-USA
Leadership Conference on Civil and Human Rights
National Community Reinvestment Coalition (NCRC)
National Community Stabilization Trust
National Consumer Law Center (on behalf of its low-income clients)
National Disaster Interfaith Network
National Fair Housing Alliance
National Housing Law Project
National Housing Resource Center
National NeighborWorks Association
National Organization for Women
National Women's Law Center
Prosperity Now
Public Counsel
The Elevated Studio
UnidosUS

State Organizations (alphabetical by state):

Fair Housing Center of Northern Alabama
Mission Possible Community Services, Inc. (AL)
Comite de Bien Estar (AZ)
Family Housing Resources (AZ)
Housing Solutions of Northern Arizona, Inc.
Southwest Fair Housing Council (AZ)

Arkansas Community Institute
Arkansas Community Organizations
California Reinvestment Coalition
Community Housing Council (CA)
Fair Housing Advocates of Northern California
Greater Napa Valley Fair Housing Center
New Economics for Women (CA)
Project Sentinel (CA)
Haven Neighborhood Services (CA)
Connecticut Fair Housing Center
NCALL (DE) Fair Housing Center of the Greater Palm Beaches (FL)
Housing and Neighborhood Development Services of Central Florida, Inc. (HANDS)
Housing Opportunities Project for Excellence (FL)
Jacksonville Area Legal Aid, Inc.
St Johns Housing Partnership (FL)
St. Petersburg Neighborhood Housing Services, Inc dba Neighborhood Home Solutions (FL)
GS Community Ventures (GA)
Metro Fair Housing Services, Inc. (GA)
Savannah-Chatham County Fair Housing Council, Inc.
New Georgia Project
Hale Mahaolu (HI)
Hawaiian Community Assets, Inc.
Intermountain Fair Housing Council, Inc. (ID)
AGORA Community Services (IL)
Center for Changing Lives (IL)
Chicago Area Fair Housing Alliance
Housing Action Illinois
Housing Choice Partners (IL)
Lake County Housing Authority (IL)
Northwest Side Housing Center (IL)
Open Communities (IL)
ReBirth of Greater Roseland (IL)
SILC of Illinois
South Suburban Housing Center (IL)
Housing Action Illinois
Habitat for Humanity of Lafayette (IN)
HomesteadCS (IN)
Coasap (IA)
Louisiana Fair Housing Action Center
Maryland Consumer Rights Coalition
Public Justice Center (MD)
Massachusetts Affordable Housing Alliance
Massachusetts Communities Action Network
Massachusetts Fair Housing Center, Inc.
Abayomi Community Development Corporation (MI)
Housing Education and Economic Development (MS)

Voice of Calvary Ministries (MS)
The Housing Partnership (MO)
Montana Fair Housing, Inc.
National Affordable Housing Network (MT)
Housing Partnership for Morris County, Inc. (NJ)
Albany County Rural Housing Alliance, Inc.
American Debt Resources, Inc (NY)
Belmont Housing Resources for WNY, Inc. (NY)
Brooklyn Legal Services Corp. A
Brooklyn Neighborhood Services
Center for NYC Neighborhoods, Inc.
Chhaya Community Development Corporation (NY)
Civic association of Cypress Hills (NY)
CNY Fair Housing, Inc.
Cypress Hills Local Development Corporation (NY)
Empire Justice Center
Fair Housing Justice Center Inc (NY)
Fifth Avenue Committee (NY)
Friends of the North Country, Inc. (NY)
Habitat for Humanity of Tompkins and Cortland Counties (NY)
Housing and Family Services of Greater New York, Inc
LASRC (NY)
Legal Aid Society of Rockland County, Inc. (NY)
Long Island Housing Services, Inc. (NY)
Neighborhood Housing Services of Queens Cdc (NY)
Neighborhood Restore HDFC (NY)
Neighbors Helping Neighbors (NY)
New York Disaster Interfaith Services
New York Mortgage Coalition
New York State Council of Churches
NHS Brooklyn, CDC, Inc
Northfield Community LDC (NY)
Northfield Community of Staten Island, Inc. (NY)
Rockaway Development & Revitalization Corporation (NY)
Strycker's Bay Neighborhood Council (NY)
Supportive Housing Network of NY
The Bronx Neighborhood Housing Services (NY)
The Housing Council at PathStone (NY)
Troy Rehabilitation and Improvement Program, Inc.
Westchester Residential Opportunities, Inc. (NY)
Coalition for Community Advancement: Progress for East New York
Hudson River Housing, Inc. (NY)
Queens Volunteer Lawyers Project, Inc.(NY)
The Legal Project (NY)
Charlotte Center for Legal Advocacy
Community Link Programs of Travelers Aid Society of Central Carolinas Inc (NC)

OnTrack Financial Education & Counseling (NC)
Reinvestment Partners (NC)
Fair Housing Advocates Association (OH)
Legal Aid Society of Southwest Ohio
DevNW (OR)
Proud Ground (OR)
Affordable Housing Centers of Pennsylvania
Community Legal Services of Philadelphia
Fair Housing Rights Center in Southeastern PA
Nueva Esperanza, Inc. (PA)
Pennsylvania Council of Churches
Philadelphia Unemployment Project
Southwest Community Development Corporation (PA)
Foreclosure Prevention Legal Aid Clinic, University of Puerto Rico Law School
Instituto de Educación Practica-PR Bar Association
Residential Resources, Inc. (TN)
Greater Houston Fair Housing Center, Inc.
North Texas Fair Housing Center
Rockland Housing Action Coalition, Inc. (TX)
Texas Appleseed
Piedmont Housing Alliance (VA)
Virginia Organizing
Fair Housing Center of Washington
Metropolitan Milwaukee Fair Housing Council

cc:

Brian Deese, Incoming Director, National Economic Council
Bharat Ramamurti, Incoming Deputy Director, National Economic Council
Susan Rice, Incoming Director, Domestic Policy Council