



DOB connects
a program by the Division of Banks

Compliance Strong Series

COVID-19 Mortgage Modifications: Observations and Considerations

Date: April 9, 2020
Time: 1:00 p.m.

Mayte Rivera, Deputy Commissioner
Consumer Protection and Outreach Unit
Division of Banks

Marla Snyder, Vice President of Compliance & Risk
Management; CRCM; CAFP; CERP

Marla Snyder, Vice-President Consumer Compliance and Risk Management

Marla has over 40 years in banking, the past 18 years spent in Operations and Compliance. She is a Certified Regulatory Compliance Manager, a Certified Anti-Money Laundering and Fraud Professional, and a Certified Enterprise Risk Management Professional. Marla is also an adjunct faculty member of New England Institute of Business and Finance at Cambridge College. She teaches in the Masters of Business Ethics and Compliance program.

Mayte Rivera, Deputy Commissioner

Mayte joined the Massachusetts Division of Banks in 2007 as Director of Community Development. In 2008 she was promoted to Deputy Commissioner of the Consumer Protection and Outreach Unit of the Depository Institution Supervision Division. As Deputy Commissioner she has oversight and policy supervision of Consumer Protection and CRA compliance matters. In 2017, she received the FFIEC (Federal Financial Institutions Examination Council) Award of Excellence for her significant contributions in the development of the revised Consumer Compliance Rating System.

The opinions expressed in this presentation are intended for informational purposes, and are not formal or binding opinions of the Division of Bank.

Excerpts from State and Federal Guidance

- **Consumer Options:**
 - Offering payment accommodations...allowing borrowers to defer or skip some payments or extending the payment due date, which would avoid delinquencies and negative credit bureau reporting caused by COVID-19-related disruptions.
 - Postponing foreclosures for 60 days.
 - Forbearing mortgage payments for 60 or more days from their due dates.
 - Offering borrowers an additional 60-day grace period to complete trial loan modifications, and ensuring that late payments during the COVID-19 pandemic do not affect their ability to obtain permanent loan modifications.
 - The agencies view loan modification programs as positive actions that can mitigate adverse affects on borrowers due to COVID-19. *Joint Statement by Federal agencies*
- **Not Criticized by Regulators:**
 - The Division emphasizes that reasonable and prudent efforts by your institutions during this outbreak to assist these borrowers given these unusual and extreme circumstances are consistent with safe and sound banking practices as well as in the public interest, and will not be subject to examiner criticism.

Modifications: Key Pointers

- Institutions need to be prudent with criteria, consistent with safety and soundness practices.
- Agreements, including but not limited to:
 - Specific modification term period; treatment of interest (i.e. capitalization of interest); current outstanding balance and expected outstanding balance after modification term; treatment of capitalized interest.
 - Payment delinquency or default provision.
 - Balloon payment options, which keeps same maturity date or
 - Extending term of the loan. Create a new amortization schedule. New Maturity Date.

Resources



- <https://www.mass.gov/info-details/covid-19-resources-for-the-financial-industry>
- https://www.hud.gov/program_offices/housing/sfh/nsc/q_aho0121
- <https://guide.freddiemac.com/app/guide/bulletin/2020-4>
- [GSE PAYMENT DEFERRAL AGREEMENT \(002\).pdf](#)
- [GSE COVID19 GUIDANCE \(002\).pdf](#)
- [MGL Chapter 183, Section 63A](#)

If you have consumer protection
compliance questions,
please email
Deputy Commissioner,
Mayte Rivera, at
mayte.rivera@mass.gov