

Consumer Financial Protection Bureau Issues No-Action Letter to Facilitate Housing Counseling Services for Prospective Home Buyers

JAN 10, 2020

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) granted a no-action letter (NAL) to Bank of America, N.A. regarding the bank's funding arrangements with housing counseling agencies (HCAs) certified by the U.S. Department of Housing and Urban Development (HUD). NALs provide increased regulatory certainty through a statement that the Bureau will not bring a supervisory or enforcement action against a company for providing a product or service under certain facts and circumstances. The Bureau issued a revised NAL Policy in September 2019, which improved on the Bureau's 2016 NAL Policy by having, among other things, a more streamlined review process focusing on the consumer benefits and risks of the product or service in question.

In September 2019, the Bureau issued its first NAL under the revised policy in response to a request by HUD on behalf of more than 1,600 housing counseling agencies that participate in HUD's housing counseling program. The NAL was issued after HUD brought concerns to the Bureau about HCAs and mortgage lenders not entering into agreements that would fund counseling services due to uncertainty about the application of the Real Estate Settlement Procedures Act. The NAL is intended to facilitate HCAs entering into such agreements with lenders and will enhance the ability of housing counseling agencies to obtain funding from additional sources. At that time, the Bureau also issued a template that could serve as the basis for no-action letters by mortgage lenders.

Basing its application on the template the Bureau approved in response to HUD's request, Bank of America applied for a NAL to facilitate funding arrangements with HCAs.

The more than 1,600 HUD-certified HCAs serve more than one million households annually. They offer pre-purchase homeownership counseling to potential borrowers looking to purchase their first home. With the information, potential borrowers may be better able to make informed choices based on their financial circumstances to achieve safe and sustainable homeownership.

A copy of Bank of America's NAL application can be found here: https://files.consumerfinance.gov/f/documents/cfpb_bank-of-america_no-action-letter-request.pdf

A copy of the NAL issued to Bank of America can be found here: https://files.consumerfinance.gov/f/documents/cfpb_bank-of-america_no-action-letter.pdf

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