

APRIL 01, 2026

Warren Calls out Trump's CFPB For Failing to Take Action on Zombie Mortgages

“The CFPB’s decision under your leadership to abandon Americans losing their homes to zombie mortgages is just the latest example of the CFPB’s dereliction of its duty to protect consumers.”

Text of Letter (PDF)

Washington, D.C. – U.S. Senator Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, sent a letter to Russell Vought, Acting Director of the Consumer Financial Protection Bureau (CFPB), requesting information related to second mortgages that were extinguished under the terms of the National Mortgage Settlement (the Settlement or NMS). The Ranking Member expressed concern that banks are attempting to foreclose on families based on second mortgages that many homeowners believed were cancelled – and that the Trump CFPB is failing to adequately supervise the mortgage market and prevent Americans from losing their homes based on these “zombie” mortgages.

“I am concerned that banks may have received credit for extinguishing mortgages under the terms of the Settlement and then turned around and sold those same loans to debt collectors, particularly given recent reporting that debt collectors are attempting to foreclose on thousands of Americans based on second ‘zombie’

mortgages that many of these homeowners believed were cancelled. Prior to your leadership, the CFPB under President Biden had conducted extensive work on zombie mortgages and may have records germane to my investigation,” **wrote the Senator.**

“(R)ecent reporting indicates that some of these second mortgages may not have been extinguished after all. There have been numerous reported cases of homeowners who had stopped receiving statements on their second mortgage, received tax documents saying their second mortgage was cancelled, or had the loans removed from their credit reports—and then learned that the second mortgage was still active,” **wrote the Senator.** “Now, Americans who thought they were doing everything right learned, in many cases years later, that debt collectors seeking to exploit the increase in their home valuations were going to foreclose on their homes.”

The Senator concluded: “The CFPB’s decision under your leadership to abandon Americans losing their homes to zombie mortgages is just the latest example of the CFPB’s dereliction of its duty to protect consumers. I have written to highlight that since you’ve been asleep at the wheel: consumers are struggling under excessive credit card interest rates, auto repossession rates are reaching levels not seen since the great recession, borrowers are increasingly relying on short-term loans to cover everyday expenses like groceries, and millions of Americans are dealing with often-inaccurate medical debt appearing on their credit reports and unfairly limiting their access to affordable credit. And yet, you have failed to engage in any substantive manner and instead appear to have spent 2025 laser focused on trying to shut down the agency.”

The Senator requests that information be provided no later than April 13, 2026.

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