

## CFS Bites of the Month - 2025 Annual Review - Mortgage

January 14, 2026 | [Joseph \("Jed"\) E. Mayk](#), [Eric L. Johnson](#), [Justin B. Hosie](#) and [Kristen Yarows](#)

In this article, we share a timeline of monthly "bites" for the past year applicable to Mortgage.

### CFPB Issues Report on Mortgage Issues

On December 17, 2024, the CFPB [issued](#) a report on the most common problems homeowners encountered with mortgage servicing companies after the divorce or death of an original borrower. Consumer complaints to the CFPB highlighted significant challenges with servicers' handling of requests to get information and assume the existing loan terms with certain loans. The CFPB identified the following four areas of concern based on consumer complaints: (1) Pressure from servicers to take out higher-interest loans even though federal mortgage guidelines allow them to maintain existing loan terms; (2) Repeated delays for servicers to process consumer's requests and servicers repeatedly requesting the same documentation or failing to respond to inquiries; (3) Servicers denying requests to remove the original borrower from the mortgage, such as what a divorce decree may require, even when the successor homeowner has been making all payments on the mortgage for years; and (4) Domestic violence survivors reported that servicers continue sending account information to their abusers and require their abusers' consent for account changes, creating potential safety threats. The Report also included examples of consumer complaints to the CFPB organized by these themes. Finally, the CFPB outlined steps that "investors" can do to reduce the risk of harm to successor homeowners.

### CFPB Finalizes Rule Applying Mortgage Protections to PACE Loans

On December 17, 2024, the CFPB [announced](#) its final rule applying Truth in Lending mortgage protections to Property Assessed Clean Energy financing transactions, known as PACE transactions. These transactions allow consumers to finance upgrades to their real property through an assessment on their real property and are often marketed to homeowners through door-to-door sales. The transactions are secured by a lien on the consumer's real property. According to CFPB research, PACE consumers are typically eligible for other forms of financing, often at cheaper costs. The CFPB claimed that PACE consumers were more likely to fall behind on their first mortgage than people who chose not to finance home improvements with PACE. The CFPB also claimed that the rule would ensure that PACE consumers have the right to receive standard mortgage disclosures, which allow them to compare the cost of the PACE transaction with other forms of financing. The rule amended the commentary to Regulation Z to narrow the exclusion of tax liens and tax assessments from being considered credit, and classifies PACE transactions as credit for purposes of the Truth in Lending Act.

### CFPB Sues Real Estate Brokerage over Alleged Kickbacks

On December 23, 2024, the CFPB announced that it sued a real estate brokerage over alleged kickbacks, claiming the brokerage violated the Real Estate Settlement Procedures Act ("RESPA"). In this action, the CFPB sued an individual, his real estate brokerage firm, and the individual real estate brokerage companies in 40 states and DC where it does business. According to the CFPB, the brokerage pressured real estate brokers and agents not to share information with their clients concerning products not offered by the brokerage, such as the availability of down payment assistance programs. The CFPB also alleged that the brokerage violated RESPA by providing kickbacks in exchange for referrals and requiring brokers and agents to steer consumers to the brokerage. The CFPB also alleged that the named individual offered gift cards to the agents who made the most referrals to favored partners. The CFPB filed the lawsuit in the U.S. District Court for the Eastern District of Michigan. The lawsuit sought to bring the defendants into compliance with the law, consumer redress, and the imposition of civil money penalties.

### **CFPB Sues Financing Company over Manufactured Home Loans**

On January 6, 2025, the CFPB announced a lawsuit against a financing company over manufactured home loans. In the lawsuit, the CFPB claimed that starting in 2014, a non-bank manufactured-home-financing company made loans without making a reasonable, good faith determination of the consumer's ability to repay. The lawsuit claimed that the company manipulated lending standards when borrowers did not have sufficient income or assets, fabricated unrealistic estimates of living expenses, and in some cases, violated its own lending policies. The CFPB filed the lawsuit in the U.S. District Court for the Eastern District of Tennessee. The lawsuit sought to stop conduct which the CFPB claimed was unlawful, to provide redress, and impose a civil money penalty.

### **CFPB Publishes Report on Mortgage Cash-Out Refinances**

On January 24, 2025, the CFPB published a report on mortgage cash-out refinances, noting that most borrowers cited paying off other bills and debts as the most common reason for such transactions. The CFPB report reviewed how cash-out refinance mortgage borrowers between 2014 and 2021 used their funds and how other credit outcomes changed before and after the refinance event. The CFPB report indicates that cash-out borrowers had sharp improvements in their debt load and credit scores at the time of refinancing, with large drops in credit card and auto balances. Credit card balances and use rates trended back toward pre-refinance levels in the year following the refinance, but did not increase to the pre-refinance level. Similarly, credit scores decreased in the year following the refinancing but remained above pre-refinance levels. Each year, from 2014 to 2019, more than 50% of cash-out borrowers responding to the survey selected "paying off other bills or debts" as the most common reason for cash-out refinancing. The study found that cash-out borrowers often have different debt profiles than other homeowners. Credit card balances were approximately \$4,000 higher among cash-out borrowers, while mean student loan balances were approximately \$4,000 lower. The CFPB noted that paying non-mortgage debts with mortgage debt can increase the risk of foreclosure.

### **CFPB Takes Action Against Mortgage Lender for Discrimination**

On January 17, 2025, the CFPB filed a complaint and proposed consent order to resolve allegations that a mortgage lender violated the ECOA and Regulation B. The CFPB alleged that from 2019 through 2021, the mortgage lender engaged in unlawful discrimination against applicants and prospective applicants by redlining majority-Black and Hispanic areas. The CFPB alleged that the company's activity

would discourage a reasonable person from applying for credit based on race, color, and national origin. According to the CFPB, the mortgage lender located its offices in majority-white neighborhoods and avoided marketing to majority-Black and Hispanic neighborhoods. The CFPB alleged that these actions resulted in disproportionately low numbers of mortgage loan applications and mortgage loan originations from majority-Black and Hispanic neighborhoods in Chicago and Boston compared to other lenders. The proposed order, if approved by the court, would require the company to pay a \$1.5 civil money penalty and prohibit the company from acting as a non-depository residential mortgage lender for 5 years.

### **CFPB Seeks to Vacate Settlement with Mortgage Lender**

On March 26, 2025, the CFPB and a mortgage lender jointly moved to vacate the Stipulated Final Judgment and Order previously entered against the company. The CFPB sued the mortgage lender in 2020, alleging that the company discouraged potential applicants on a radio program because of their race and the racial composition of the neighborhood where they lived or sought to live. In July 2024, the 7th Circuit held that the Equal Credit Opportunity Act prohibited not only outright discrimination against applicants for credit, but also the discrimination of *prospective* applicants for credit. Following that holding, the company settled with the CFPB for a \$105,000 penalty, paid to the CFPB's civil penalty fund. In the release the CFPB's Senior Advisor called the case a "flagrant misuse of government resources to destroy a small business that did nothing wrong" and said, we "are righting this wrong and protecting the First Amendment." The CFPB wrote in its press release that "after a thorough review" it is seeking to make the company "whole by returning the six-figure penalty they were forced to pay."

### **CFPB Publishes HMDA Data on Mortgage Lending**

On March 31, 2025, the CFPB announced that the Home Mortgage Disclosure Act's ("HMDA") Modified Loan Application Register data for 2024 are now available on the Federal Financial Institutions Examination Council's platform. It has data for approximately 4,898 filers. The published data contains loan-level information filed by financial institutions and modified to protect consumer privacy. The HMDA requires many financial institutions to maintain, report, and publicly disclose loan-level information about mortgages. The CFPB's 2015 HMDA rule made the data for each HMDA filer available electronically. Previously, users could only obtain the HMDA data by making requests to specific institutions for their annual data. The CFPB also shared its Beginner's Guide to Accessing and Using HMDA Data that provides useful background on HMDA and tips for understanding and analyzing the data.

### **Judge Blocks CFPB's Effort to Undo Redlining Settlement**

On June 12, 2025, a federal judge blocked the CFPB's attempt to reverse a \$105,000 settlement with a mortgage broker. The judge ruled that allowing the CFPB to unwind the consent order "would erode public confidence in the finality of judgments" and open "a Pandora's box." The CFPB's investigation started under President Trump's first term, and after a lengthy court battle including an appeal to the 7<sup>th</sup> Circuit, the CFPB and the mortgage broker settled the case in late 2024. Earlier this year, the CFPB sought to void its own settlement with the mortgage broker. The judge noted that the investigation and initiation of the lawsuit occurred under the prior Trump administration and said, now "current CFPB leadership under the second Trump administration, in an act of legal hara-kiri that would make a samurai blush, falls on the proverbial sword and attests that the lawsuit lacked a legal or factual basis." The judge also agreed with Amici that granting the motion to unwind the settlement would set a

precedent suggesting that a new administration could seek to vacate or otherwise nullify the voluntary resolution of a case between a prior administration.

### **CFPB Ends Order with Bank over Mortgage Data**

On June 5, 2025, the CFPB terminated another consent order early. The CFPB terminated its consent order with a large bank over allegations that the bank submitted false mortgage data. The bank settled the case with the CFPB in November 2023, and the consent order had a five-year monitoring term. The consent order included a requirement that the bank pay a \$12 million fine. On the CFPB's website where it previously shared the consent order, it provided a notice saying that the Bank has fulfilled its obligations under the order, including paying the civil money penalty. The CFPB terminated the consent order three years early.

### **CFPB Drops Four Consent Orders**

On September 22, 2025, media outlets reported that the CFPB dropped consent orders with a technology company, two banks, and a mortgage company, implemented under the prior administration. The technology company had already paid a \$25 million civil money penalty, and the bank paid a \$15 million penalty. The CFPB originally alleged that the technology company and another company violated consumer protection laws by allegedly mishandling credit card transaction disputes and misled consumers about whether some transactions were interest-free. The CFPB originally alleged that one of the banks blocked out-of-work consumers from accessing unemployment benefits during the pandemic. Both consent orders had required 5 years of compliance and cooperation. The other bank allegedly reported inaccurate data about its mortgage transactions for 2011 in violation of HMDA. The CFPB also dropped its consent order with a mortgage servicer that allegedly accepted payments for mortgage business referrals and improperly used credit reports for marketing purposes. All companies had compliance and monitoring requirements under their consent orders that they are no longer obligated to fulfill.

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