

Zombie second mortgages: When collectors come for long forgotten home loans

English [Español](#) (cfpb.gov/about-us/blog/que-hacer-cuando-los-cobradores-lleguen-a-cobrar)

APR 26, 2023

If you were contacted by a debt collector for a mortgage that you haven't heard about in years, then you might have a "[zombie mortgage](#) (cfpb.gov/askcfpb/2133)."

The Consumer Financial Protection Bureau has received a concerning number of consumer complaints and has heard from advocates about what are sometimes referred to as zombie second mortgages. Homeowners may think that a mortgage debt was forgiven or was satisfied long ago by loan modifications or bankruptcy proceedings. Then years later, debt collectors reach out threatening foreclosure and demanding the homeowner pay the outstanding balance of the mortgage, along with years of interest and fees.

Here is one consumer's story:

"We obtained a second mortgage with [company] when we purchased our home in 2005. Two years later in 2007 property values started to decline and mortgage companies started to go out of business which led to losing my job of 10 years. They were extremely difficult times for my family financially and emotionally. We started to fall behind with our bills and our mortgages. I was able to modify my first mortgage lender. I continued to fall deeply behind with our second mortgage with [company]. We tried to modify the second mortgage several times after we fell behind but [company] would not work with us and gave us the run around. Through the years I tried again to modify not knowing who can assist us. We did not receive phone calls from [company] for a few years. Not until a year ago or so when property values started to increase, we have aggressively been receiving letters requesting large amounts of money to bring the loan current, money that we do not have."

Zombie second mortgages tend to particularly affect older borrowers, lower-income borrowers, and borrowers in communities of color.

The CFPB is taking action

Today, the CFPB is taking steps to protect consumers from illegal activity related to zombie debt and zombie mortgage foreclosure.

- At 1:00 p.m. ET, the CFPB will be hosting a field hearing in Brooklyn, New York to hear from advocates, experts, and members of the public about the impact of zombie second mortgages. Follow along with the conversation at #CFPBLive. [Watch the field hearing](https://cfpb.gov/about-us/events/archive-past-events/field-hearing-on-zombie-second-mortgages-director-chopra-brooklyn-new-york/) (cfpb.gov/about-us/events/archive-past-events/field-hearing-on-zombie-second-mortgages-director-chopra-brooklyn-new-york/)
- The CFPB has issued guidance making it clear that it may be illegal for debt collectors subject to the Fair Debt Collection Practices Act to use or threaten to use judicial processes, such as foreclosure, to collect a debt after a state's statute of limitations expires. [Read more about today's guidance.](https://cfpb.gov/about-us/newsroom/cfpb-issues-guidance-to-protect-homeowners-from-illegal-collection-tactics-on-zombie-mortgages/) (cfpb.gov/about-us/newsroom/cfpb-issues-guidance-to-protect-homeowners-from-illegal-collection-tactics-on-zombie-mortgages/)

Want to know more?

The CFPB has resources to help you learn more about zombie second mortgages, understand your rights when dealing with debt collectors, and take

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What's a zombie second mortgage?

Learn more about zombie second mortgages and where they come from

[Read more on Ask CFPB \(cfpb.gov/askcfpb/2133\)](https://cfpb.gov/askcfpb/2133)

Steps to protect your home

Learn what you can do if a debt collector has reached out to you about a zombie second mortgage

[Read more on Ask CFPB \(cfpb.gov/askcfpb/2134\)](https://cfpb.gov/askcfpb/2134)

Submit a complaint

If you have a problem with debt collection that you aren't able to resolve, you can submit a complaint with the CFPB.

[Submit \(cfpb.gov/\)](https://cfpb.gov/)

FURTHER READING

Blog

[Ensuring consumers receive critical lending protections \(cfpb.gov/about-us/blog/ensuring-consumers-receive-critical-lending-protections/\)](https://cfpb.gov/about-us/blog/ensuring-consumers-receive-critical-lending-protections/)

JUL 12, 2023

[Office of Research blog: How are mortgages with a COVID-related forbearance performing in 2023? \(cfpb.gov/about-us/blog/office-of-research-blog-how-are-mortgages-with-covid-related-forbearance-performing-in-2023/\)](https://cfpb.gov/about-us/blog/office-of-research-blog-how-are-mortgages-with-covid-related-forbearance-performing-in-2023/)

JUN 28, 2023

[Protecting consumers' right to challenge discrimination \(cfpb.gov/about-us/blog/protecting-consumers-right-to-challenge-discrimination/\)](https://cfpb.gov/about-us/blog/protecting-consumers-right-to-challenge-discrimination/)

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Newsroom

[Statement of CFPB Director Rohit Chopra on Mortgage Market Activity and Trends \(cfpb.gov/about-us/newsroom/statement-of-cfpb-director-rohit-chopra-on-mortgage-market-activity-and-trends/\)](https://cfpb.gov/about-us/newsroom/statement-of-cfpb-director-rohit-chopra-on-mortgage-market-activity-and-trends/)

SEP 27, 2023

[CFPB Mortgage Report Finds Jumps in Closing Costs and Denials for Insufficient Income, Growing Proportion of Cash-Out Refinances \(cfpb.gov/about-us/newsroom/cfpb-mortgage-report-finds-jumps-in-closing-costs-and-denials-for-insufficient-income-growing-proportion-of-cash-out-refinances/\)](https://cfpb.gov/about-us/newsroom/cfpb-mortgage-report-finds-jumps-in-closing-costs-and-denials-for-insufficient-income-growing-proportion-of-cash-out-refinances/)

SEP 27, 2023

[Prepared Remarks of CFPB Director Rohit Chopra at the Better Markets Conference on the 15th Anniversary of the Collapse of Lehman Brothers and the Onset of the Global Financial Crisis \(cfpb.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-at-the-better-markets-conference-on-the-anniversary-of-the-collapse-of-lehman-brothers-and-the-onset-of-the-global-financial-crisis/\)](https://cfpb.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-at-the-better-markets-conference-on-the-anniversary-of-the-collapse-of-lehman-brothers-and-the-onset-of-the-global-financial-crisis/)

SEP 13, 2023

[View more \(cfpb.gov/activity-log/?topics=foreclosure&topics=mortgages\)](https://cfpb.gov/activity-log/?topics=foreclosure&topics=mortgages)