Financial Services Industry and Consumer Groups Call on Financial Regulators to Establish a Liquidity Facility

Leading Builders of America
Local Initiatives Support Corporation
Mortgage Bankers Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Association of REALTORS
National Council of State Housing Agencies
National Housing Conference
National Multifamily Housing Council
The Real Estate Roundtable
Structured Finance Association
Up for Growth Action

WASHINGTON, D.C. (April 3, 2020) A broad coalition of organizations representing financial industry and consumer advocates, today released a statement calling on government regulators to provide a source of liquidity to those mortgage servicers that may need additional capacity to support homeowners and renters impacted by COVID-19.

"Congress recently enacted the CARES Act to provide relief to families impacted by the global health pandemic caused by the COVID-19 virus. In addition to providing support for unemployed workers and small businesses, Congress codified forbearance actions closely aligned with those announced by the Federal Housing Finance Agency (FHFA) and taken by Fannie Mae and Freddie Mac in March to ensure that both homeowners and renters can maintain a roof over their heads during the crisis.

"Policymakers rightly chose to respond, but made mortgage servicers responsible for delivering these government-mandated benefits, and the industry is prepared to supply that relief. The established forbearance framework is appropriate, as it gets help to the most people as quickly as possible. But the scale of this forbearance program could not have been foreseen by mortgage servicers, or fully anticipated by regulators.

"It is therefore incumbent upon the government to provide the final piece of the puzzle – a liquidity facility for single-family and multifamily servicers – to ensure that the entire industry can deliver much-needed economic relief to consumers through this unprecedented forbearance plan. While some servicers will not need assistance, many others will require temporary support to deliver forbearance at the scale and for the duration required.

"Recent statements by leaders in Congress have echoed this position. Senator Mike Crapo (R-ID), Chairman of the Senate Committee on Banking, Housing, and Urban Affairs, urged the Treasury Department and the Federal Reserve to prioritize facilities that stabilize key markets, such as the mortgage servicing market.[1] Similarly, Representative Maxine Waters (D-CA), Chairwoman of the House Committee on Financial Services, clarified that "Congress expects the Fed[eral Reserve] will act promptly to establish and implement this facility."[2] These comments clearly illustrate that it is the intent and design of Congress that regulators establish a liquidity facility to support the delivery of extended mortgage forbearance to borrowers by mortgage servicers.

“Ginnie Mae’s recent announcement that it intends to establish a liquidity facility for single- and multifamily mortgage forbearance is appreciated and follows congressional intent. However, it will not address servicing advances associated with loans backing Fannie Mae, Freddie Mac, or private-label securities, nor will it address advances of taxes and insurance on loans backing Ginnie Mae securities.

“Any further delay could lead to greater uncertainty and volatility in the market. The undersigned organizations strongly urge the Treasury Department, the Federal Reserve, and FHFA to establish a strong, reliable source of liquidity for mortgage forbearance – and to do so quickly.”