COVID-19 Financial System Update, March 25

Good afternoon, and welcome to the COVID-19 Financial System Update.

During the ongoing pandemic, news is happening at a rapid pace, and you may miss something important. So, we will be sharing the most recent financial stories, regulations, guidance and more surrounding the pandemic. Each news item shared here will be available in a single link, available in shownotes of today’s podcast and from the homepage of CSBS.org.

So, let’s get to it. It’s March 25, and here are the news updates as of 2 p.m. Eastern Time:

**Headline News Today**

Congress plans to pass a sweeping rescue package with a total cost of around $2 trillion. The CARES Act contains provisions to extend and enhance unemployment benefits, send checks to every American earning less than a certain amount and provide aid to hospitals and several key industries.

While all the details of the bill are not yet available, the CARES Act includes certain provisions supported by state regulators, including reestablishing the Temporary Account Guaranty, or TAG, program, supporting homeowners and mortgage market liquidity by authorizing a credit facility for nonbank mortgage servicers as they implement forbearance programs, assuring banks that work with borrowers to modify loans due to COVID-19 are not classified as Troubled Debt Restructurings (or TDRs) and delaying implementation of the new Current Expected Credit Losses accounting
standard. A comment letter by CSBS is available in the shornotes.

State regulators plan to continue working with Congress to ensure state and federal regulators are required to share critical supervisory information with each other. Many financial services companies, particularly nonbanks, have both state and federal regulators. These agencies must keep each other apprised of these companies’ condition during the COVID-19 crisis.

**In Other State Financial System Updates…**

Today, **CSBS and state regulators** asked the Federal Reserve and U.S. Treasury to create a liquidity facility to support mortgage servicers. From CSBS President & CEO John Ryan: “While I applaud actions taken to allow distressed borrowers to stay in their homes during the disruption caused by COVID-19 pandemic, more is needed. I urge the Federal Reserve, in consultation with the Treasury Department, to establish a credit facility that supports mortgage servicers and, ultimately, their customers.

State regulators across the nation are hard at work providing guidance to their consumers, bankers, and licensees. CSBS has developed a [single glossary](#) of all guidance provided by every state, available on the COVID-19 Homepage and in the shornotes. CSBS has also launched a consumer resource homepage. More on that shortly.

As of March 15, all 50 U.S. states, Washington, D.C., the American Samoa and Puerto Rico have [declared](#) a state of emergency. All states of emergency are still ongoing.

**In State-Federal News…**

Earlier this week, CSBS and the federal agencies issued a [press release](#) encouraging financial institutions to work with borrowers impacted by the COVID-19 epidemic.

**In Federal News…**
The **Federal Reserve**, in addition to the measures announced on Monday, **will make changes to its supervisory approach** in the coming months. In particular, the Fed will focus on helping financial institutions of all sizes understand the current risk environment, will temporarily reduce its examination activities (especially at the smallest banks), will still ask large banks to submit their capital plans by April 6 to help ensure large firms are managing their capital properly during the crisis and will allow additional time for firms to resolve non-critical existing supervisory findings.

A summary of previous news this week:

- The Federal Reserve announced Monday they will buy as many U.S. government bonds and mortgage-backed securities as necessary needed to support smooth market function. The Fed is also launching three emergency lending facilities, two of which will buy corporate debt and one that will lend to banks against collateral. Finally, the Fed will start up a program to support lending to small- and medium-sized businesses.

- Fannie Mae and Freddie Mac announced Monday they will provide multifamily building owners mortgage forbearance on the condition they suspend all evictions for tenants struggling to pay rent due to COVID-19.

- The Department of Homeland Security issued a [memo](#) late last week clarifying sectors, industries and workers that qualify as “Critical Infrastructure,” including details on financial workers.

- The Treasury department issued a [memo](#) supporting the DHS designation.

**And now, Some Tools and Resources of Value to You…**

**For Everyone:** The CSBS data analytics continues to maintain a [county-level map of Coronavirus spread](#). The map is updated each hour, pulling data from state health sites, and is available on the CSBS COVID-19 page.
For Consumers: CSBS has developed a COVID-19 Consumer Resources Page. CSBS Consumer Protection staff have produced a summary of ways for consumers to protect themselves, common types of scams and warning signs, current government assistance programs related to COVID-19 and additional resources.

For Banks: CSBS provides a Troubled Debt Restructuring, or TDR, Job Aid. The Job Aid helps financial institutions determine if a renegotiation of a debt with a customer counts as a TDR. CSBS staff are looking at ways to update this resource given recent news.

For Nonbanks: state regulators continue to develop guidance for each state on how licensees should operate during the COVID-19 Pandemic. All guidance is available in a single document COVID-19 Page.

Story Spotlight: Your Money's Safer in the Bank

As all eyes are on regulators and the government to navigate this crisis, state and federal regulators are using every public medium possible to tell consumers “we’ve got your back.”

This week, Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, sat down with CBS news to discuss the impacts of the crisis. Kashkari explains in simple terms the damage COVID-19 has wrought on the economy and how the Federal Reserve is tackling the challenge. It’s an accessible interview that most anybody can understand. And he finishes it with one important message to consumers…

That’s all for today.
If your state or federal agency is taking action, if you’ve got a consumer resource, or if you’ve got financial news, please share it with us. You can send your news and activity to newsroom@csbs.org, and we will go through responses to share the most relevant news of the day.

Thank you. Please stay tuned, and bear with us as we work to bring all the news to you in the coming weeks.

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Podcast Length
7:08

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