Another week, another concerning round of economic data. We talk about the new jobless claims, what community bankers are seeing on the ground, and how state regulators are working to help bankers and their customers. There’s plenty of new announcements and initiatives ongoing to help mortgage servicers. But will it be enough to keep the industry afloat? And CSBS has put together some resources for consumers trying to navigate this trying time.

It’s Thursday, April 9, this is Matt Longacre, and here’s the latest as of 1 PM Eastern:

**Headline Economic News Today**

The U.S. Department of Labor announced today that weekly initial jobless claims were at 6.6 million. With last week being revised up to 6.9 million, and the 3.3 million jobless claims before that, the three-week total in initial jobless claims now represents roughly 1 in 10 of all Americans in the workforce.

As with previous weeks, CSBS will publish a blog looking at how those numbers will likely impact unemployment on a state-by-state basis.

Another way of measuring the performance of a local economy is to listen community bankers, or the people who provide the financing for businesses and consumers. The Community Bank Sentiment Index attempts to capture the outlook of local economies based on the view of those community bankers. The Index is presented in a single number, where 100 means a neutral sentiment, and below 100 would be a negative sentiment. In Quarter 1 2020, the Sentiment Index number was 91, a 34 point drop from Quarter 4 2019.
CSBS Senior Economist Tom Siems explains…

State regulators are keenly aware of the challenges facing these community banks in helping their customers. CSBS Senior Executive Vice President Mike Stevens gives some insight…

We have included charts, interactives, and more to see what Community Bankers think in the show notes.

**News This Week in Mortgage Servicing**

Ginnie Mae announced late last week that it will implement a pass-through assistance program where it will advance principal and interest payments to investors on behalf of servicers who are short on cash.

The $2 trillion CARES Act requires servicers to give forbearance to mortgage borrowers for up to 180-days. However, servicers (the companies who take the borrowers payments and distribute them to investors, state governments and insurance companies) are still on the hook for paying investors, even if the borrower does not pay. With a large surge in unemployment, servicers may not have enough cash to pay investors.

Congress required mortgage companies to give forbearance on borrower payments during the crisis but failed to include a lending program for mortgage servicers to help them cover the resulting cash crunch in its recent emergency funding package, H.R. 748 (116). The industry is now pushing the Trump administration and the Federal Reserve to set up such a program.

State regulators and the industry are still concerned that the steps by Ginnie Mae will not be enough. CSBS wrote a letter to Treasury and the Federal Reserve asking for an emergency lending facility to be created for mortgage servicers.
A separate type of regulatory relief will come to mortgage servicers, however. The Federal agencies announced this week that banks and others won’t be punished for missing some communications deadlines for mortgage servicing. Typically, mortgage servicers have five days to send notices to consumers confirming that they have been granted a request to modify a mortgage. Given that the CARES Act allows forbearance on federally-backed mortgages for 180 days, and given the surge in unemployment, many servicers are overwhelmed with requests and calls. The updated guidance only requires servicers to send notice before the 180-day forbearance period is over.

**An Advisory for Consumers**

State regulators have warned consumers about a surge in scams related to the COVID-19 pandemic. Scammers have posed as medical authorities offering prevention or treatment for COVID-19, as charities offering assistance to those affected by the virus, as debt counselors or attorneys, and even as mortgage or student loan servicers.

Agencies and consumer advocates are collecting information on these common scams and how to spot early warning signs. You can learn how to better protect yourself by visiting the CSBS COVID-19 Consumer Resources page linked in the show notes, which details the most common types of scams, provides information on government relief to consumers, and links to useful resources for those economically impacted by the virus.

CSBS also knows that the current moratoria on evictions and foreclosures and the various mortgage forbearance programs may be confusing. So, we have produced a helpful chart to show how long forbearance and moratoria will last based on federal loan type. You can find details in the show notes.

In addition to CSBS resources, you can check the irs.gov homepage to learn more about the upcoming economic relief checks and see if you need to take any action to receive it.
Also, if you are struggling to make on-time payments on your mortgage, the CFPB has provided a helpful video to explain how to take advantage of mortgage forbearance, or the ability to pause or delay payments on your mortgage during the pandemic.

As you navigate this difficult financial time, put your trust in state and federal regulators – in your home state, at the CFPB, at the IRS, and at other federal agencies – to provide you accurate and timely information. Be wary of imposters of these agencies, and make sure you are on a legitimate government website when entering information.

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.

Soundcloud iFrame Link
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Podcast Length
7:07

Tags

- COVID-19