Congress Should Establish Credit Facility for Mortgage Servicers and Reestablish TAG

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Washington, D.C. – Conference of State Bank Supervisors President and CEO John W. Ryan today sent a letter to the chairs and ranking members of the Senate Banking Committee and House Financial Services Committee urging the creation of a credit facility to support nonbank mortgage servicers and asking for the reestablishment of the Transaction Account Guarantee (TAG) program for at least two years.

Statement by John W. Ryan:

“The CARES Act provides many provisions that help consumers, but the unprecedented nature of our current national challenge requires more action from Congress. As the state officials with both consumer protection and financial oversight responsibilities, we recognize two specific and urgent needs that will help consumers.

“Mortgage servicers could face servicing advance obligations that far exceed those ever experienced or anticipated due to the sharp rise in unemployment and stay at home requirements. We ask that Congress create a credit facility, administered by the Federal Reserve, as a backstop to ensure servicers can finance the mortgage forbearance promised to customers by the federal government.

“While the CARES Act authorizes the FDIC to reestablish the TAG program, one has yet to be established. We urge Congress to act now to reestablish the TAG program to bring stability and ensure liquidity of banks, particularly smaller banks.”

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The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and are the
primary supervisor of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.