COVID-19 Financial System Update - April 17

Soundcloud link

Transcript

First it was their regulators, then it was the industry themselves, and now it is members of Congress: there's increasing agreement that something needs to be done to help mortgage servicers while a record number of unemployed are seeking mortgage forbearance. America is now at 22 million unemployment claims in four weeks. We talk about the new jobless claims and how community banks play a role in understanding the economy. And, a reminder to consumers to watch out for common scams as they receive their stimulus checks.

It’s Friday, April 17, this is Matt Longacre, and here’s the latest as of 11 a.m. Eastern:

Headline Economic News Today

The U.S. Department of Labor announced today that weekly initial jobless claims were at 5.2 million. With revisions to previous weeks’ numbers, the total jobless claims for the past four weeks now tops 22 million.

Community bankers voiced their concerns about the future of the economy in the most recent Community Bank Sentiment Index. The Index is presented in a single number, where 100 means a neutral sentiment, and below 100 would be a negative sentiment. In Q1 2020, the Sentiment Index number was 91, a 34 point drop from Q4 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
We have included charts, interactives and more in the show notes to show what community bankers are thinking.

**More News in Mortgage Servicing**

State regulators say mortgage servicers need a credit facility. The industry has been saying it, too. And now, after March mortgage servicer funds go to investors as many unemployed are getting forbearance on their loans, members of Congress are chiming in too.

Late last week, more than 20 Republican House members sent a letter to Treasury requesting it create a credit facility for mortgage servicers. This letter followed a similar letter sent to the Financial Stability Oversight Council by a bipartisan group of senators last Wednesday. And now, this week, House Financial Services Committee Chair Rep. Maxine Waters, D-CA, and Senate Banking Committee Ranking Member Sherrod Brown, D-OH, sent a letter to Mnuchin and Federal Reserve Chair Jerome Powell, pressuring them to help mortgage servicers.

“We urge you to use your existing authorities to ensure that the housing market, including nonbank servicers, have sufficient liquidity to stabilize the housing market and continue to serve and protect homeowners and renters for the duration of this crisis,” Waters and Brown wrote in the letter.

This push by several different members of Congress comes on the heels of state regulators, the supervisors of mortgage servicers, who asked Treasury and the Federal Reserve to do exactly this. CSBS President and CEO John Ryan repeated his call for a credit facility this week, saying in a statement:

“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.

**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. 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 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.

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6:59

Tags

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