PRESS RELEASES

CSBS letter: Borrower Protections Under Sec. 4022 of the CARES Act

December 9, 2020
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The Honorable Dr. Ben Carson
Secretary of Housing and Urban Development
U.S. Department of Housing and Urban Development
451 7th Street S.W.,
Washington, DC 20410

The Honorable Dr. Mark A. Calabria
FHFA Director
Constitution Center
400 7th Street, SW
Washington, D.C. 20219

The Honorable Dana Wade, Assistant Secretary for Housing
Federal Housing Commissioner
Federal Housing Administration
451 7th St., SW
Washington, DC 20410

The Honorable Robert Wilkie
Secretary of Veterans Affairs
U.S. Department of Veterans Affairs
810 Vermont Ave NW
Washington, DC 20571

The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington DC 20250

Re: State regulator concerns for borrower protections under Sec. 4022 of the CARES Act

Dear Sirs and Madam,

On behalf of the Conference of State Bank Supervisors (CSBS), I write to you to highlight the urgent need for action by the U.S. Department of Housing and Urban Development (HUD), the Federal Housing Finance Agency (FHFA), the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), and the U.S. Department of Agriculture (USDA), (together referred to as the Federal housing agencies) to protect consumers and ensure the orderly functioning of the housing finance market. State regulators request that prior to yearend the Federal housing agencies come to consensus on the appropriate covered period for Sec. 4022 of the CARES Act and publicly communicate that consensus to avoid any further confusion.

The spread of coronavirus disease 2019 (COVID-19) is a national emergency that has resulted in significant disruptions in economic activity and unprecedented volatility in the financial markets. Congress and the Federal housing agencies responded quickly and decisively by instituting special mortgage payment forbearance and foreclosure moratoriums for distressed borrowers affected by COVID-19 under the CARES Act, Sec. 4022. As you know, however, Congress did not assert a precise date for the "covered period" of Sec. 4022. We are concerned that many have interpreted an end to the forbearance provisions in the act to be as soon as yearend 2020. The states feel a responsibility to communicate clearly with consumers about the covered period for the forbearance benefit. If the ability to request forbearance under Sec. 4022 is coming to an end, we need to be prepared for working through an expected spike in the need for state consumer support services.

State regulators respectfully request that the Federal housing agencies come to consensus prior to year-end on the appropriate covered period for Sec. 4022, and publicly communicate that consensus to avoid any further confusion. Such undertaking will provide uniformity and prevent industry self-determination of the appropriate covered period while providing consumers with a clear understanding of the availability of this important benefit.

Time is of the essence in this request for the protection of consumers and to ensure the orderly functioning of the housing finance market.

Sincerely,

John Ryan
President & CEO