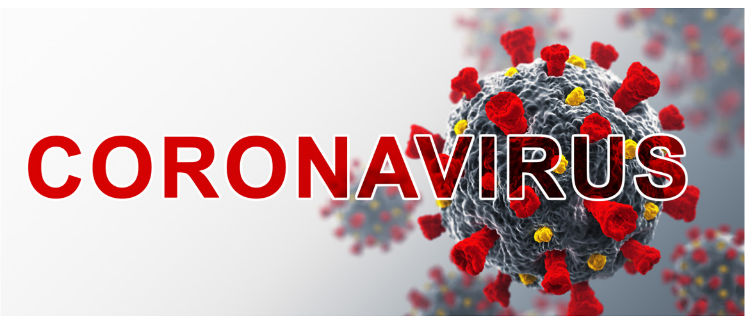

# THE U.S. FINANCIAL REGULATORS CONTINUE TO RISE TO THE OCCASION IN ANNOUNCING INITIATIVES TO ASSIST FINANCIAL INSTITUTIONS FOCUS ON OPERATIONAL CHALLENGES DUE TO THE IMPACT OF COVID-19.




Regulators have continued to explore ways to assist financial institutions and their borrowers navigate the COVID-19 crisis. Included below are the latest initiatives:

### Mortgage Payment Forbearance and Servicer Responsibilities

While regulators have announced certain programs encouraging lenders/servicers assist borrowers with mortgage payment forbearance, servicers potentially face liquidity pressures in satisfying property tax, property insurance premium payments, and ultimate pass through of principal payments deadlines to mortgage backed securities investors. April 1 will provide the industry a better indication of the volume of borrowers who might need payment forbearance when certain mortgages become delinquent. Additionally, April 20 is another date to watch, when Ginnie Mae mortgage backed securities issuers are required to make payment on behalf of homeowners. While the regulators have certainly been proactive for mortgagors, additional liquidity facilities are needed for mortgage servicers in satisfying loan administration and capital market demands. The U.S. Government is reviewing requests from bank and non-bank mortgage servicers for additional liquidity assistance.

Lenders and servicers are reminded that RESPA requires escrowed property insurance to be paid timely unless the lender is unable to disburse funds, which "unable to disburse" funds means that lenders or servicers do not know where to send premiums due to borrower changing carriers and or insurance cancellations. Force-placed insurance would only be appropriate in these cases.

### Federal Reserve Board Suspends Examination Schedule

The Federal Reserve will "temporarily reduce" its bank examination activities to focus on responding to the immediate challenges posed by the coronavirus. All regular examination activity will be suspended until at least the last week in April at institutions with less than $100 billion in total consolidated assets, the Fed said, "except where the examination work is critical to safety and soundness or consumer protection, or is required to address an urgent or immediate need."

The FED will also grant institutions an additional 90 days to remediate existing supervisory findings, except under specific circumstances where "more timely remediation would aid the firm in addressing a heightened risk or help consumers."

During this protracted period of uncertainty, bank supervisors will be directed to increase their focus on monitoring bank activity, specifically bank operations, capital, liquidity, asset quality and the effects of the virus on consumers. For large banks, supervisors also monitor operational resiliency and the risks to overall financial stability, the Fed said.

[READ THE STATEMENT]

## New York Bank Regulator Orders Emergency Relief on Mortgages, Card Fees

New York's Department of Financial Services issued an emergency regulation requiring state-regulated financial institutions to offer consumer relief on mortgage payments and certain fees if they demonstrate financial hardship resulting from the coronavirus pandemic.

The regulation requires financial institutions to give mortgage borrowers forbearance of at least 90 days if they apply for assistance due to job loss or other issues brought on by the economic fallout from the pandemic.  It also requires those financial institutions to waive ATM fees and late payment fees on credit cards for the same reason.

The regulation will be in place for 30 days but can be renewed if the governor extends the executive order.

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Fannie Mae Freddie Mac We make home possible

## Fannie Mae and Freddie Mac Update Servicing Requirements and Relief Related to COVID-19

Fannie Mae and Freddie Mac updated their servicing requirements and relief related to the COVID-19 crisis including among other things the following:

*Property Inspection and Preservation:* The Enterprises are granting temporary flexibility regarding property inspection and preservation requirements.  With regard to inspections, the relief relates to property inspection for delinquent loans and property inspection related to hazard insurance loss repairs.  If servicers are unable to complete a property inspection or property preservation activity in accordance with the Servicing Guide, it must document their efforts and the reason for any exception in the mortgage loan file.

*Mortgage Insurance Cancellation:* For borrower requests to cancel mortgage insurance that requires a new valuation of the property through a broker price opinion or appraisal, Fannie and Freddie acknowledge that servicers may not be able to obtain the valuation.  They instruct servicers to advise the borrower that the servicer is unable to approve the request until the valuation can be obtained, and all other requirements are satisfied.

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## Federal Agencies Encourage Banks, Savings Associations and Credit Unions to Offer Responsible Small-Dollar Loans

The agencies encourage financial institutions to offer responsible small-dollar loans to consumers and small businesses to meet temporary cash-flow imbalances, unexpected expenses, or income short-falls during the current COVID-19 emergency.

The agencies indicated that banks are well suited to meet the credit needs of consumers and small businesses.  They encourage small-dollar loans in a manner that is consistent with safe-and-and sound banking practices, provides fair treatment of consumers, and complies with applicable statues and regulations, including consumer protection laws.

The agencies are working and issuing future join guidance and lending principles to facilitate the ability of financial institutions to offer responsible small-dollar loans.

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## Regulator Grant Extensions for Certain Required Filings

FFIEC

The Federal Financial Institutions Examination Council announced a 30-day extension for institutions for the Call Report due March 31. Banks anticipating a delayed filing should notify their primary regulator in advance.

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The Federal Reserve also issued its own statement confirming it would not take action against banks with $5 billion or less in assets for submitting the March 31 FR Y-9C or FR Y-11 after the official filing deadline, provided the forms are submitted within 30 days of the original filing deadline. Institutions should contact their reserve bank if they anticipate a late filing.

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The Securities Exchange Commission also announced temporary relief for companies affected by the coronavirus pandemic to file required Exchange Act report. The SEC will grant 45-day grace period to file forms 10-K and 10-Q that were due on or before July 1, 2020. Registrants may file Form 12b-25 and use the grace period provided by Rule 12b-25 if they are unable to meet the extended due date.


In order to take the temporary relief, companies must file a Form 8-K or 6-K by the original report deadline that includes a summary of why the relief is needed for each report that is delayed.

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cfpb Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau announced providing flexibility and postponing some data collections from industry on Bureau-related rules to allow companies to focus on responding to consumers in need and making changes to its supervisory activities to account for operational challenges at regulated entities. Also, the Bureau will work with financial institutions in scheduling examinations and other supervisory activities to minimize disruption and burden.

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