



APRIL 9, 2020 COVID-19 PANDEMIC REGULATORY UPDATES FOR FINANCIAL INSTITUTIONS



Federal and State Agencies Issue Joint Statement Encouraging "Flexibility" with COVID-Impacted Homeowners

Federal and state regulatory agencies issued a statement conceding the need for regulatory flexibility as mortgage servicers work with struggling homeowners affected by the coronavirus pandemic.

The statement clarifies that agencies "do not intend to take supervisory or enforcement action against mortgage servicers for delays in sending certain early intervention and loss mitigation notices and taking certain actions relating to loss mitigation set out in the mortgage servicing rules, provided that servicers are making good faith efforts to provide these notices and take these actions within a reasonable time."

The guidance also reminds servicers that there is existing flexibility in the rules with respect to the content of certain notices. Also, to assist servicers experiencing high call volumes from consumers seeking help, the policy statement also confirms that the agencies "do not intend to take supervisory or enforcement action against mortgage servicers for delays in sending annual escrow statements, provided that servicers are making good faith efforts to provide these statements within a reasonable time."

Under the CARES Act, borrowers in a federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 pandemic, can request forbearance by making a request to their mortgage servicer and affirming that they are experiencing a financial hardship during the COVID-19 pandemic. In response, servicers must provide CARES Act forbearance, that allows borrowers to defer their mortgage payments for up to 180 days and possibly longer.

[READ STATEMENT](#)

[READ CFPB'S FAQs](#)



U.S. Small Business
Administration

SBA Publishes Form and Includes Faith-Based Organizations in the Paycheck Protection Program

The Small Business Administration published Form 3506, which non-SBA lenders must submit in order to receive delegated authority to issue 7(a) loans under the Paycheck Protection Program. Banks not already certified as SBA

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7(a) lenders have been waiting for this form to begin accepting PPP loan applications. Completed forms can be submitted to delegatedauthority@sba.gov.

The SBA issued an FAQ confirming that faith-based organizations (including churches, mosques, synagogues and other houses of worship) may apply for PPP loans. Meanwhile, the Treasury Department issued its own FAQ documentation on the PPP, which will be updates as needed, along with guidance on application affiliation rules under the program.

[DOWNLOAD SBA FORM 3506](#)

[READ SBA FAITH-BASED FAQ](#)

[READ TREASURY FAQ](#)

[READ AFFILIATION RULES](#)



FinCEN Clarifies Beneficial Ownership Expectations for PPP Loans

Financial Crimes Enforcement Network issued statement regarding banks' Bank Secrecy Act obligations during the pandemic, including beneficial ownership requirements for banks issuing loans under the PPP. FinCEN clarified that banks will not be required to reverify beneficial ownership information for PPP loans made to existing customers "unless otherwise

indicated by the institution's risk-based approach to BSA compliance."

In addition, recognizing the operational challenges many banks are facing due to COVID-19, FinCEN also said it would temporarily suspend a February 2020 ruling on currency transaction reporting involving sole proprietorships and entities operating under a "doing business as" name until further notice. Banks that have not made necessary changes to comply with the 2020 ruling should continue reporting these transactions based on prior practices.

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Ginnie Mae Approves Private Market Servicer Liquidity Facility

Ginnie Mae announced it approved inclusion of a servicing advance financing facility under its Acknowledgment Agreement program where it has permitted a Note Securitization structure, developed in 2016 allowing for securitization of servicing cash flows through a trust.

As a result of the current transaction, servicers will be able to access financing for servicing advances through the NS trust. Separate financing for servicing advances under the government-insured mortgage lending has been much more difficult for the private market to supply than for conventional loans.

"Owning and servicing mortgage servicing rights is a capital-intensive proposition, and the more avenues that exist for private capital to flow into the system on attractive terms, the easier it becomes to fulfill our mission of bringing global capital into the US housing market, while minimizing risk to the taxpayer," said Ginnie Mae Principal Executive Vice President Seth Appleton.