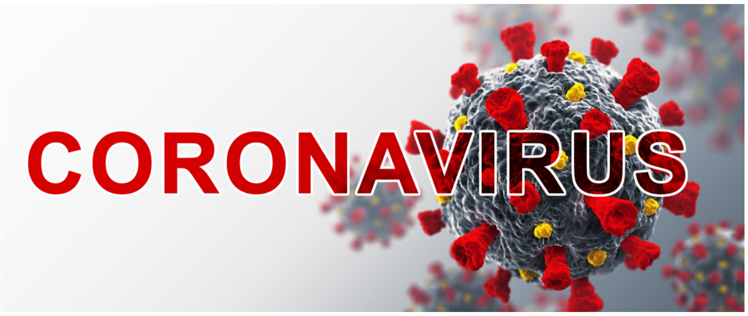
MAY 1, 2020 COVID-19 PANDEMIC REGULATORY UPDATES FOR FINANCIAL INSTITUTIONS



cfpb Consumer Financial Protection Bureau

CFPB Issues Relief from TRID, Reg Z Waiting Periods

The Consumer Financial Protection Bureau issued an interpretive rule clarifying that, due to the COVID-19 emergency, consumers have a greater ability to exercise their rights to modify or waive certain required waiting periods under the TILA-RESPA integrated disclosures and Regulation Z rescission rules. This action is intended to help consumers obtain access to mortgages quickly during the coronavirus pandemic. The interpretive rule takes effect upon publication in the Federal Register.

Borrowers who affirm, via a brief signed statement, that their financial situation due to the coronavirus pandemic necessitates a faster closing before the end of the TRID or Reg Z rescission waiting periods would be permitted to waive those waiting periods, the CFPB said. The rule also states that the pandemic is a "changed circumstance" for purposes of TRID's fee disclosure tolerance provisions, which allows creditors to use revised estimates reflecting changes in settlement charges when determining good faith compliance.

Along with the interpretive rule, the CFPB also issued a set of FAQs addressing when creditors must provide appraisals or other written valuations to mortgage applicants in order to expedite access to credit for consumers affected by the pandemic.

READ THE RULE
READ THE FAQs

CFPB Issues Guidance on Residential Mortgage Transfers

The Consumer Financial Protection Bureau issued guidance for transferring mortgage servicing rights to a servicer or sub-servicer. "As consumers do not have a choice with respect to the transfer of servicing, compliance with regulatory requirements is especially important in risk mitigation and consumer harm," the CFPB said.

To help facilitate compliance with the servicing rules, the bureau highlighted several practices for servicers to consider, including: developing a servicing transfer plan; engaging in quality control work after transfer of preliminary data; determining servicing responsibilities for legacy accounts; conducting a post-transfer review to determine the effectiveness of the transfer plan; tracking consumer complaints and loss mitigation performance metrics; and identifying loans in default, active foreclosure

and bankruptcy and any forbearance agreements entered in with the borrower.

While the guidance was in development prior to the outbreak of the coronavirus, the CFPB acknowledged that servicers may be experiencing difficulties related to the pandemic. The bureau noted that, with respect to servicing transfers that are requested or required by a federal regulator or by the security issuer of government loans, it would be "sensitive to good-faith efforts demonstrably designed to transfer the servicing without adverse impact to consumers."

READ GUIDANCE

Federal Reserve to Suspend Six-Withdrawal Limit on Transfers from Savings Accounts

The Federal Reserve announced on Friday that it would provide relief from the six-per-month limit on transfers or withdrawals from savings accounts under Regulation D, effective immediately. This action is intended to grant more flexibility to consumers to access their savings deposits at a time when many are facing financial hardships due to the coronavirus pandemic.

The Fed noted that its recent action reducing all reserve requirement ratios to zero has eliminated the need to distinguish between reservable "transaction accounts" and non-reservable "savings deposits." The Fed also made corresponding updates to the Call Report to reflect these changes.

READ THE INTERIM FINAL RULE

EEOC Issues Additional Q&A on Testing Employees Prior to Returning to Work

As businesses begin preparing for the eventual reopening of their workplaces, the Equal Employment Opportunity Commission issued an FAQ clarifying that employers may take steps to determine if employees entering the workplace have COVID-19, including administering COVID-19 testing to employees before they enter the workplace.

The EEOC also stated that employers should ensure that the tests are accurate and reliable. The EEOC reiterated that employers should still require to the greatest extent possible that employees observe infection control practices (such as social distancing, regular hand washing and other measures) in the workplace to prevent transmission of COVID-19.

READ THE FAQ

COVID-19 and OCC's Visitation and Examination Authority

The Office of the Comptroller of the Currency has reminded national banks, federal savings associations, and federal branches and agencies of foreign banks that it has exclusive visitation authority over them. Unless otherwise authorized by federal law, this authority generally precludes state and local officials from conducting examinations, requiring the production of banks' books or records, or exercising other visitation authority with respect to banks. If a bank receives a request from a state or local official seeking information that constitutes an attempt to exercise visitation over the bank, the bank is not required to provide this information. The bank, however, should contact its OCC examiner-in-charge as soon as possible.

The OCC's reminder was issued because government has taken many actions in response to the economic disruption caused by the spread of COVID-19, including establishing and implementing financial support programs. While the OCC recognizes that a wide range of stakeholders, including state and local officials, have an interest in the successful implementation of these programs, but they do not, except as specifically authorized under federal law, have authority to examine a national bank.

READ BULLETIN

FHFA Provides Options for Repayment for Borrowers Exiting Forbearance

In response to recent concerns raised about the repayment terms for mortgages backed by Fannie Mae or Freddie Mac that are in now forbearance due to the coronavirus pandemic, FHFA Director Mark Calabria confirmed that borrowers will not be required to repay their missed payments in a lump sum at the end of the forbearance period.

Fannie and Freddie also issued their own statement detailing relief options for borrowers to make up their missed payments once their financial hardship has been resolved. These options include setting up a repayment plan, modifying the loan so that missed payments are added to the end of the mortgage, or modifying the loan to reduce the borrower's monthly payment. The GSEs noted that they would reach out to borrowers about 30 days before the scheduled end date of the forbearance period to discuss these options and determine if additional forbearance is needed.

Calabria noted that while this only applied to loans backed by Fannie or Freddie, "I encourage all mortgage lenders to adopt a similar approach." FHFA also recently announced a partnership with the CFPB, the Borrower Protection Plan, to ensure that homeowners receive accurate information about forbearance options.

READ FHFA'S STATEMENT
READ FANNIE MAE'S STATEMENT
READ FREDDIE MAC'S STATEMENT

Mortgage Bankers Association Reports Mortgage Loans in Forbearance Increases to Nearly 7%

(Mortgage Bankers Association)

The Mortgage Bankers Association's latest Forbearance and Call Volume Survey showed loans now in forbearance increased from 5.95% of servicers' portfolio volume in the prior week to 6.99% as of April 19.

Mortgages backed by Ginnie Mae once again showed the sharpest growth (1.47%) from the prior week and had the largest overall share of loans in forbearance by investor type (9.73%).

Loans in forbearance for depository servicers rose to 7.87%, while loans in forbearance for independent mortgage bank servicers increased to 6.52%.

"Over 26 million Americans have filed for unemployment over the last month, leading to nearly 7 percent – 3.5 million – of all mortgage borrowers asking to be put into forbearance plans," said Mike Fratantoni, MBA Senior Vice President and Chief Economist. "For FHA and VA borrowers, the share of loans in forbearance is even higher, at 10 percent."

Fratantoni noted forbearance requests fell relative to the prior week but remain nearly 100 times greater than the early March baseline. "While the pace of job losses has slowed from the astronomical heights of just a few weeks ago, millions of people continue to file for unemployment," he said. "We expect forbearance requests will pick up again as we approach May payment due dates. The combination of stimulus payments, expanded unemployment insurance benefits, further fiscal and monetary actions, and states reopening will hopefully begin to stabilize forbearance requests and the overall economy."

Key Report Findings for Week of April 13-19

	Week of April 13-19	Week of April 6-12
Total Loans in Forbearance	6.99%	5.95%
Ginnie Mae Loans	9.73%	8.26%
Fannie and Freddie Loans	5.46%	4.64%
Other (Private, Portfolio Loans)	7.52%	6.43%
Forbearance Requests as % of portfolio	1.14%	1.79%
Weekly Servicer Call Center Volume:		
Number of Calls as % of servicing portfolio	10.0%	8.8%
Hold Times	5.0 minutes	5.0 minutes
Abandonment Rate	9.9%	9.7%
Average Call Length	7.7 minutes	7.6 minutes

Report findings based on nearly 77% of first-mortgage servicing market (38.3 million loans).