

Congress of the United States
Washington, D.C. 20515

April 15, 2020

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Chair Powell and Secretary Mnuchin:

We are writing regarding the strain that the COVID-19 pandemic has placed on our entire economy, including the housing market.

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the health and economic impacts of the COVID-19 pandemic. This legislation recognized that this pandemic will affect not just our healthcare system but the broader economy and the economic well-being of millions of individuals and families.

Title IV of the CARES Act gave the Treasury and the Federal Reserve significant authority to establish funding facilities that will meet the short-term financing needs of qualified businesses, states, and localities that have been particularly hard hit by the effects of this pandemic. To date, the Federal Reserve and Treasury have established or announced that they will establish funding facilities to support corporate debt, asset-backed securities, small and mid-sized businesses, and states and localities.

Other markets remain vulnerable to the economic effects of this pandemic. The Financial Stability Oversight Council (FSOC), at Secretary Mnuchin's direction, has formed a task force to examine the liquidity issues facing nonbank mortgage servicers. While the FSOC was monitoring nonbank mortgage servicers before this pandemic, the needs of these servicers may be great during this economic event. Mortgage servicers are expected to face increased strain as millions of homeowners and renters lose jobs, are furloughed, or see reduced hours, all of which will keep them from making mortgage and rent payments, as a result of this public health crisis.

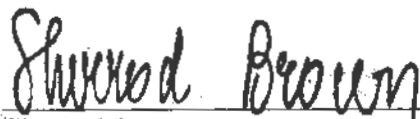
We do not yet know the full economic impact of this pandemic. But we must not allow the pandemic to destabilize critical markets, including our housing market. It is imperative that the Treasury and the Federal Reserve use the authority Congress granted under Title IV of the CARES Act to prepare to meet the needs of vulnerable markets. This includes the housing market, and the needs of nonbank mortgage servicers, which may experience liquidity shortfalls during this time of unprecedented stress. While Ginnie Mae has announced a programmatic change that will help meet the liquidity needs of its servicers, Ginnie Mae single-family loans are unlikely to be the only segment of the market that has a liquidity shortfall and the Ginnie Mae changes may be insufficient to address all of the liquidity challenges.

The government must be prepared to respond quickly to prevent a liquidity shortfall in the single-family and multifamily mortgage markets, and to ensure that consumers are equitably

served by that response. Any liquidity provided must be used to stabilize the market at a time when many families may fall behind on payments and facilitate relief to individual homeowners and renters throughout the market through forbearance, loss mitigation, and protection from displacement, rather than immediate defaults and evictions. 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.

Thank you for your prompt attention to this issue.

Sincerely,



Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing,
and Urban Affairs



Maxine Waters
Chairwoman
House Committee on Financial
Services