

For Immediate Release

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Housing Policy Council Cites Market Disruptions from Mortgage Servicing Liquidity Risk

HPC President says uncertainty is detrimental to servicers and borrowers

Washington, D.C. – Ed DeMarco, president of the Housing Policy Council (HPC), released a detailed statement today describing the challenges of funding the CARES Act’s mortgage forbearance program and urging federal agencies to quickly announce liquidity support for nonbank mortgage servicers.

“Growing market uncertainty is creating market volatility,” DeMarco said. “HPC supports quick government action to affirm its support of financially sound nonbank mortgage servicers’ liquidity needs in an effort to reassure markets, ease building systemic risk, and ensure continued mortgage origination activity.”

Below are key points in DeMarco’s call-to-action:

- Mortgage servicers face unprecedented impacts to their liquidity due to COVID-19. In providing mortgage payment forbearance to borrowers, certain nonbank servicers may require temporary liquidity support to meet significant and prolonged forbearance.
- Uncertainty surrounding the depth and duration of job loss resulting from the pandemic is reducing credit access for both nonbank servicer advances and new lending. Recent liquidity support for Ginnie Mae advance obligations has helped but a similar vehicle using Federal Reserve authority would deliver similar support for GSE-backed mortgages.
- New loan originations are being jeopardized by government rules precluding the delivery of new loans where the borrower has requested a CARES Act forbearance on a loan originated to government or GSE program rules.
- Quick action will help address liquidity needs to support borrower forbearance and credit availability while also reducing systemic risk, thereby avoiding further harm to consumers, nonbank servicers, and the mortgage market.

“We are asking the federal government to make it clear that it will stand behind the liquidity needs of financially sound nonbank mortgage servicers as they fulfill their obligations under the Congressionally mandated mortgage forbearance program. Such clarity will immediately calm markets by removing a critical uncertainty. It will also prevent the needless loss of private capital that continued uncertainty causes,” DeMarco said.

The [Housing Policy Council’s](#) full statement can be found [here](#).

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