

Crapo Statement at Housing Oversight Hearing

June 9, 2020

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hybrid hearing entitled, “Oversight of Housing Regulators.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, we welcome the federal housing regulators, The Honorable Benjamin S. Carson, Secretary of Housing and Urban Development, and The Honorable Mark A. Calabria, Director, Federal Housing Finance Agency.

“Welcome back to you both. Today we will receive testimony on your agencies’ recent activities, operations and ongoing efforts to promote access to quality, affordable housing while also ensuring the safety and soundness of the housing finance market.

“Your agencies’ missions have never been more critical.

“The disruption of COVID-19 on the U.S. economy has hit homeowners and the housing market especially hard.

“We have already seen a huge number of mortgage borrowers enter forbearance, while many landlords are struggling to make ends meet, and countless renters are unsure whether they will be able to make their next payment.

“In March, HUD and FHFA acted swiftly to prohibit foreclosures and evictions for millions of residential borrowers facing financial hardship due to the pandemic.

“Soon after, Congress passed the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, codifying and extending these protections and providing financial relief to renters.

“Title IV of the CARES Act contains three Housing provisions: Section 4022 imposes a 60-day eviction and foreclosure moratorium for single-family borrowers with a federally-backed mortgage loan. It also allows struggling homeowners up to 1-year of loan forbearance.

“Section 4023 extends similar relief to federally-backed multifamily borrowers who are current on their mortgage payments. They can request up to 90-days forbearance so long as they do not evict a tenant or charge late fees solely for nonpayment of rent during the pandemic.

“Section 4024 imposes a 120-day moratorium on evictions, fees and penalties for tenants who live in multifamily units that participate in a federal assistance program or have a government-backed mortgage.

“Title XII of the CARES Act provides \$12.4 billion of emergency supplemental appropriations for HUD programs and activities, to further soften the economic blow of the pandemic across the many communities HUD serves.

“In addition to implementing the CARES Act, HUD and FHFA have taken important actions to further protect borrowers and mortgage servicers during pandemic.

“Both agencies have extended the eviction and foreclosure moratorium for qualifying homeowners through at least the end of June.

“The agencies have also taken steps to ensure borrowers are not facing large, looming debt payments. Director Calabria recently reiterated that borrowers in forbearance with a Fannie Mae- or Freddie Mac-backed mortgage will not owe a lump sum at the end of forbearance.

“FHFA has further announced a new payment deferral option which allows borrowers, who are able to return to making their normal monthly mortgage payment, the ability to repay their missed payments at the time the home is sold, refinanced, or at maturity.

“HUD has similarly implemented the National Emergency Partial Claim, which allows eligible FHA borrowers in forbearance to reinstate their loans by authorizing servicers to advance funds on their behalf. Like FHFA, repayment of any missed monthly payments is deferred until the back end of the loan.

“In recognizing the undue burden the pandemic has placed on the mortgage servicing industry, HUD and FHFA have acted quickly to address the liquidity gap. HUD has expanded issuer assistance to include the Pass-Through Assistance Program (PTAP), which allows servicers to apply for assistance in meeting principal and interest payments, and FHFA has announced that no mortgage servicer will be responsible for advancing more than four months of missed principal & interest payments on a loan.

“While America is taking steps to return to work and relax stay-at-home orders, the recovery is only just beginning. I thank our witnesses for their swift and prudent actions to date, and for their continued commitment and collaboration at this time.

“This Committee is also focused on working with HUD and FHFA to identify and tailor overly burdensome regulations in an effort to create conditions that will lead to a forceful economic recovery.

“Secretary Carson, I applaud you for spearheading the ongoing efforts to identify and eliminate regulatory barriers to affordable housing production in this country. This will play a big part in bringing about a stronger, quicker economic rebound.

“Finally, the pandemic has underscored the need for a stable, well-capitalized housing market in times of stress.

“FHFA has recently taken a crucial step toward safety and soundness in proposing a thorough, thoughtful regulatory capital framework for Fannie Mae and Freddie Mac.

“As Americans face financial uncertainty, it is long past time to make the hard decisions and address this last unfinished business of the 2008 financial crisis.

“Director Calabria, thank you for your considerable efforts here, and I look forward to our continued work together on this topic.

“Thank you once again to our witnesses for joining us here today.”

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