



**Maine
Association
of Mortgage
Professionals**

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RE: CARES Act Unintended Adverse Impact on Mortgage Markets

Dear Senator Collins,

On behalf of the Maine Association of Mortgage Professionals (MAMP), I want to express our appreciation for your support of the CARES Act. This brings much needed assistance to Maine workers, businesses and charitable organizations in these suddenly troubled times. We do, however, want to bring your attention to an unintended circumstance which threatens the mortgage markets which serve thousands of Maine homeowners who have mortgage loans financed by Fannie Mae, Freddie Mac, VA, FHA and Rural Development.

The CARES Act contains a section allowing mortgage borrowers forbearance on their mortgage payments for up to six months. This assistance will be needed by many homeowners to stave off the prospect of losing their homes. A technicality of the mortgage servicing process, however, requires most servicers of loans that go into forbearance to step in the shoes of the borrower and make their mortgage payments for up to six months. Forbearance under these terms is estimated by some industry experts to cost as much as \$100 billion over the next several months (see attached letter).

This cost, or anything close to it, quite frankly, presents an existential threat to a major portion of the lenders in the home financing industry. A secondary result will be further disruption of the flow of mortgage funds into our economy at a time when this financing is most needed. Inevitably mortgage rates will also rise needlessly. In fact, for many lenders and consumers, these rates already have risen.

The situation is so immediate and serious that seven Senators, on a bi-partisan basis, have just written to Treasury Secretary Steven Mnuchin in his capacity as Chair of the Financial Stability Oversight Council to request that he take immediate steps to relieve this dire situation.

Section 4003 of the CARES Act includes an appropriation of \$455 billion for use to insure economic stabilization. As stated in the letter from the Senators: "Congress made these resources available to the Federal Reserve in order to address the types of liquidity challenges we expect mortgage servicers to encounter in the coming days and weeks."

We hope you will review the attached letter from your fellow member of Congress and join in requesting a prompt resolution to this looming crisis.

Please be aware that the Mortgage Bankers Association of America (MBA) and the National Association of Realtors (NAR) have joined many other leading housing and lending related groups in highlighting this issue for immediate attention.

Thank for your consideration.

Lori S. Michaud
President

Attachment: Letter to Secretary Mnuchin from Sen. Warner, Sen. Menendez, Sen. Kaine, Sen. Scott, Sen. Rounds, Sen. Tillis, and Sen. Moran