

Minutes of the Financial Stability Oversight Council

May 14, 2020

PRESENT:

Steven T. Mnuchin, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council (Council)
Jerome H. Powell, Chairman, Board of Governors of the Federal Reserve System (Federal Reserve)
Jelena McWilliams, Chairman, Federal Deposit Insurance Corporation (FDIC)
Jay Clayton, Chairman, Securities and Exchange Commission (SEC)
Heath P. Tarbert, Chairman, Commodity Futures Trading Commission (CFTC)
Kathleen Kraninger, Director, Consumer Financial Protection Bureau (CFPB)
Mark Calabria, Director, Federal Housing Finance Agency (FHFA)
Joseph Otting, Comptroller of the Currency, Office of the Comptroller of the Currency (OCC)
Rodney Hood, Chairman, National Credit Union Administration (NCUA)
Thomas E. Workman, Independent Member with Insurance Expertise
Dino Falaschetti, Director, Office of Financial Research (OFR), Department of the Treasury (non-voting member)
Steven Seitz, Director, Federal Insurance Office (FIO), Department of the Treasury (non-voting member)
Charles G. Cooper, Commissioner, Texas Department of Banking (non-voting member)
Eric Cioppa, Superintendent, Maine Bureau of Insurance (non-voting member)
Melanie Lubin, Securities Commissioner, Maryland Office of the Attorney General, Securities Division (non-voting member)

GUESTS:

Department of the Treasury (Treasury)

Justin Muzinich, Deputy Secretary of the Treasury
Brent McIntosh, Under Secretary for International Affairs
Brian Callanan, General Counsel
Bimal Patel, Assistant Secretary for Financial Institutions
Howard Adler, Deputy Assistant Secretary for the Council
Eric Froman, Assistant General Counsel (Banking and Finance)
Stephen Ledbetter, Director of Policy, Office of the Financial Stability Oversight Council, and Executive Director of the Council

Board of Governors of the Federal Reserve System

Randal Quarles, Vice Chairman for Supervision
Andreas Lehnert, Director, Division of Financial Stability

Federal Deposit Insurance Corporation

Travis Hill, Deputy to the Chairman for Policy

Securities and Exchange Commission

Jeffrey Dinwoodie, Chief Counsel/Senior Policy Advisor for Market and Activities-Based Risk

Commodity Futures Trading Commission

Jaime Klima, Chief of Staff and Chief Operating Officer

Consumer Financial Protection Bureau

Thomas Pahl, Policy Associate Director

Federal Housing Finance Agency

Sandra Thompson, Deputy Director, Division of Housing Mission and Goals

John Roscoe, Chief of Staff, Office of the Director

Comptroller of the Currency

Brian Brooks, Senior Deputy Comptroller of the Currency and Chief Operating Officer

National Credit Union Administration

Andrew Leventis, Chief Economist

Office of the Independent Member with Insurance Expertise

Charles Klingman, Senior Policy Advisor

Federal Reserve Bank of New York

John Williams, President and Chief Executive Officer

Sandra Lee, Senior Vice President

Office of Financial Research

Alexander Pollock, Principal Deputy Director for Research and Analysis

Federal Insurance Office

Bruce Saul, Senior Insurance Regulatory Policy Analyst

Texas Department of Banking

Michael Townsley, Policy Counsel, Conference of State Bank Supervisors (CSBS)

Maine Bureau of Insurance

Mark Sagat, Assistant Director, Financial Policy and Legislation, National Association of
Insurance Commissioners

Maryland Office of the Attorney General, Securities Division

Vincente Martinez, General Counsel, North American Securities Administrators Association

PRESENTERS:

Update on Nonbank Mortgage Liquidity Task Force

- *Brian Montgomery, Federal Housing Commissioner, Federal Housing Administration, Department of Housing and Urban Development*
- *Seth Appleton, Principal Executive Vice President, Government National Mortgage Association, and Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development*

Executive Session

The Chairperson called the executive session of the meeting of the Council to order at approximately 2:03 P.M. The Council convened by conference call.

The Chairperson began by outlining the meeting agenda, which had previously been distributed to the members together with other materials. The agenda for the executive session of the meeting included (1) an update on the Council's Nonbank Mortgage Liquidity Task Force, (2) COVID-19, and (3) a vote on the minutes of the Council's meeting on March 26, 2020.

1. Update on Nonbank Mortgage Liquidity Task Force

The Chairperson introduced the first agenda item, an update on the Council's Nonbank Mortgage Liquidity Task Force. He introduced Brian Montgomery, the Federal Housing Commissioner at the Federal Housing Administration (FHA) within the Department of Housing and Urban Development, and Seth Appleton, Principal Executive Vice President of the Government National Mortgage Association (Ginnie Mae) and Assistant Secretary for Policy Development and Research at the Department of Housing and Urban Development.

Mr. Appleton began by describing actions Ginnie Mae had taken with respect to mortgage forbearance. He described data regarding the volume of delinquent payments and new reporting requirements to track loans in forbearance. He noted potential risks from an increase in required advances arising from forbearance relief, and actions Ginnie Mae was taking to address those risks. He also described further steps that Ginnie Mae may take, including coordination among relevant regulators.

Mr. Montgomery then provided an update regarding actions by FHA. He described the markets for FHA-backed mortgages and securitizations of those mortgages. He noted that tightening credit markets had affected FHA borrowers, and he described uncertainties related to potential market developments. He also noted that FHA received input regularly from market participants. Finally, he described steps FHA is taking to monitor mortgage markets.

Mark Calabria, Director of the FHFA, then described market developments related to servicing advances and warehouse lending. He noted that nonbank mortgage servicers' liquidity had increased since March 2020, and he described the FHFA's efforts to monitor mortgage servicer liquidity. He also described developments related to forbearance rates. He noted that the FHFA

had announced that once a servicer had advanced four months of missed payments on a loan, the servicer would have no further obligation to advance scheduled payments. He also noted that the FHFA had recently announced an extension of eviction moratoriums.

Members of the Council then had a discussion, including regarding agencies' actions to share information and monitor mortgage markets.

2. COVID-19

The Chairperson then introduced the next agenda item, Coronavirus Disease 2019 (COVID-19). He noted the continued sense of urgency to respond to the COVID-19 outbreak. He stated that Treasury was working with the Federal Reserve in the establishment of 11 facilities under section 13(3) of the Federal Reserve Act, and with the Small Business Administration in the implementation of the Payroll Protection Program. He also cited Treasury's payments to state, local, and tribal governments under the Coronavirus Aid, Relief, and Economic Security Act.

Council members then provided updates regarding their agencies' efforts to respond to the COVID-19 outbreak. Council members described market developments, including in securities and commodity markets. It was noted that capital markets were functioning well, but that Council member agencies continued to monitor areas of volatility. Council members also noted potential exposures of banks, and described a number of rulemakings, guidance, and other actions they had taken related to banking institutions. Council members also described developments in the mortgage market; issues related to mortgage forbearance and debt collection; and impacts of COVID-19 on insurers. In addition, Council members highlighted ongoing coordination among regulators to monitor and respond to recent developments.

3. Resolution Approving the Minutes of the Meeting Held on March 26, 2020

BE IT RESOLVED, by the Financial Stability Oversight Council (the "Council"), that the minutes attached hereto of the meeting held on March 26, 2020 of the Council are hereby approved.

The Chairperson asked for a motion to approve the resolution, which was made and seconded. The Council approved the resolution by unanimous vote.

The Chairperson adjourned the meeting at approximately 2:57 P.M.