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Temporary Policy Allowing Purchase of Qualified Loans in Forbearance Extended

United States: Federal Housing Finance Agency (FHFA)

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News Release

Temporary Policy Allowing Purchase of Qualified Loans in Forbearance Extended

November 30, 2020 is new expiration date

FOR IMMEDIATE RELEASE

10/21/2020

Washington, D.C. – To support homeowners and mortgage lenders, the Federal Housing Finance Agency (FHFA) has approved an extension of the current temporary policy that allows for the purchase of certain single-family mortgages in forbearance that meet specific eligibility criteria as set by Fannie Mae and Freddie Mac (the Enterprises). The policy is extended for loans originated through November 30, 2020.

Earlier this year, FHFA and the Consumer Financial Protection Bureau (CFPB) announced the Borrower Protection Program to ensure that borrowers are protected during the coronavirus national emergency and to facilitate related information sharing. To ensure that borrowers are qualifying for mortgages they can afford, FHFA will continue sharing aggregated data with the CFPB on loans that enter forbearance before delivery to the Enterprises. The data sharing will allow FHFA to fulfill its obligation under the so-called "Qualified Mortgage Patch" to ensure that loans sold to the Enterprises are complying with the intent of Dodd-Frank's ability to repay provisions.

During the COVID-19 pandemic, some borrowers sought payment forbearance shortly after closing on their single-family loan, but before the lender could deliver the mortgage loan to the Enterprises. Normally, mortgage loans in either forbearance or delinquency are ineligible for delivery under Enterprise requirements. In April, FHFA **announced a temporary policy** of allowing certain single-family mortgages in forbearance to be delivered. Today's extension continues this policy for loans originated through November 30, 2020. Eligible loans will continue to be priced to mitigate the heightened risk of loss to the Enterprises from said loans. These prudential measures also ensure fulfillment of the Enterprises' charter requirements to only purchase loans that meet the purchase standards imposed by private, institutional mortgage investors.

FHFA will continue to monitor the coronavirus' impact on renters, borrowers, and the mortgage market and update policies as needed. To better understand the protections and assistance the government is offering, please visit the joint Department of Housing and Urban Development, FHFA, and CFPB website at cfpb.gov/housing .

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.6 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at www.FHFA.gov, on Twitter, [@FHFA](https://twitter.com/FHFA) , [YouTube](https://www.youtube.com/channel/UC8vK1m1p1p1p1p1p1p1p1p1) , [Facebook](https://www.facebook.com/FHFA), and [LinkedIn](https://www.linkedin.com/company/fhfa) .

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