



# FEDERAL HOUSING FINANCE AGENCY

## Office of the Director

May 19, 2020

Asian American Real Estate Association  
Americans for Financial Reform Education Fund  
Center for Community Progress Center for Responsible Lending Center for NYC Neighborhoods  
Community Legal Services of Philadelphia Consumer Action  
Consumer Federation of America Consumer Reports  
Empire Justice Center Grounded Solutions Network Mountain Lake Consulting, (Hon. David H. Stevens, CEO)  
Mountain State Justice NAACP  
National Association of Hispanic Real Estate Professionals National Association of Real Estate Brokers National CAPACD  
National Consumer Law Center (on behalf of its low-income clients)  
National Community Reinvestment Coalition (NCRC)  
National Community Stabilization Trust  
National Fair Housing Alliance  
National Housing Law Project  
National Housing Resource Center  
New Jersey Citizen Action  
Northwest Side Housing Center  
Prosperity Now  
Turner Center for Housing Innovation, UC Berkeley  
The Leadership Conference on Civil and Human Rights  
UnidosUS

Dear Stakeholders:

Thank you for your letter dated April 17, 2020, concerning servicer liquidity issues as a result of the COVID-19 national emergency.

Starting before and continuing after the President declared the pandemic a national emergency on March 13, 2020, the Federal Housing Finance Agency (FHFA) has taken action to support the market and provide relief to renters and borrowers with a mortgage backed by Fannie Mae or Freddie Mac (the Enterprises). These actions offer peace of mind to Americans who should not have to worry about losing their homes during this crisis, they set standards for other market participants, and they help keep the mortgage market functioning properly in this time of stress.

For families facing foreclosure before this crisis began, FHFA directed the Enterprises to suspend all foreclosures and evictions for at least 60 days. FHFA recently extended this foreclosure and eviction moratorium through at least June 30. For homeowners struggling to pay

their mortgage because of a COVID-related financial hardship, FHFA made forbearance for up to 12 months. Over the several weeks since that announcement, FHFA has continued to engage with consumer groups, stakeholders, and government counterparts in order to ensure our policies are appropriately responsive to the challenges facing borrowers, renters, and all market participants. For instance, FHFA recently announced a new payment deferral option that provides borrowers who can return to making normal monthly payments the option to repay what was missed during forbearance when they sell or refinance their home.

To support renters facing a COVID-related financial hardship, FHFA made forbearance available to multifamily property owners on the condition that they suspend evictions of tenants for the non-payment of rent during the forbearance period. Also, FHFA directed the Enterprises to develop publicly available lookup tools that enable tenants to determine whether they live in a multifamily property covered by the eviction moratorium. After the President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020, FHFA worked with the Enterprises to align their forbearance and eviction moratorium programs with the new law.

FHFA has also taken several steps to clarify confusion and dispel misinformation in the marketplace. FHFA released a statement reiterating that no lump sum is required at the end of a borrower's forbearance plan for Enterprise-backed mortgages and directed the Enterprises to revise their servicer scripts to give borrowers accurate and complete information about their forbearance options. The Consumer Financial Protection Bureau (CFPB) and FHFA instituted the Borrower Protection Program, a new joint initiative that facilitates information sharing and strengthens our collective effort to help homeowners navigate forbearance. And, recently, FHFA collaborated with CFPB, the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, and the U.S. Department of Veterans Affairs to launch a new online portal that provides homeowners and renters the most up-to-date and accurate housing assistance information during this COVID-19 national emergency. As the primary consumer-facing agency on finance issues, CFPB hosts this single Federal resource for consumers, available at [cfpb.gov/housing](https://cfpb.gov/housing).

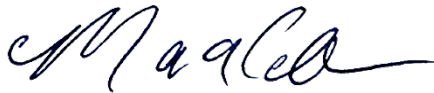
In addition to protecting borrowers and renters, FHFA is focused on ensuring that the mortgage market continues to function properly both during and after this pandemic. To respond to the shutdown of county governments across the country and to reinforce social-distancing practices, FHFA authorized several flexibilities around appraisals, employment verification, and loan closings for Enterprise customers, which the Agency recently extended until at least June 30, 2020.

FHFA has also taken several actions to support the liquidity of the housing finance system. To provide much-needed clarity and stability to the market, FHFA instituted a four-month limit on mortgage servicer advance obligations for loans in forbearance. This new policy enables servicers to know the duration of their advance obligations on loans for which borrowers have not made their monthly payment. To reduce liquidity demands on the Enterprises, FHFA instructed them to keep mortgages that have received COVID-related forbearance in MBS pools for at least the duration of the forbearance plan. To support the continued functioning of the mortgage market for current and future borrowers, FHFA temporarily enabled the Enterprises to

purchase certain single-family mortgages in forbearance that meet their criteria. The Enterprises have never been able to buy loans in forbearance during a crisis; FHFA's policy created a new option for the first time that will help originators continue lending during this time of market stress. Finally, FHFA approved the Federal Home Loan Banks to accept Paycheck Protection Program loans as collateral when making loans to their members.

Thank you for writing to share your perspective on liquidity challenges facing servicers. It is critical for FHFA to receive input from a range of stakeholders. FHFA and the Enterprises will continue to monitor data as well as new and evolving challenges facing borrowers, renters, lenders, servicers, and investors as a result of the COVID-19 national emergency, and we will update our policies accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Ma Cal", with a stylized flourish at the end.

Mark A. Calabria