



Housing Regulators, GSEs Announce Programs to Assist Borrowers

By: Dallin Merrill

On Wednesday March 18, Federal housing regulatory agencies —along with Fannie Mae and Freddie Mac (GSEs)— announced measures intended to provide relief for borrowers, homeowners, and renters faced with financial difficulty stemming from the COVID-19 outbreak and the resulting quarantine measures in effect. These policies are targeted at borrowers affected by job loss, a reduction in work hours, illness, or other issues. Under GSE disaster relief guidelines for single-family mortgages:

- Homeowners who are adversely impacted by this national emergency may request mortgage assistance by contacting their mortgage servicer
- Foreclosure proceedings and evictions of borrowers are suspended for 60 days
- Homeowners impacted by this national emergency are eligible for a forbearance plan to reduce or suspend their mortgage payments for up to 12 months
- Credit bureau reporting of past due payments of borrowers in a forbearance plan as a result of hardships attributable to this national emergency is suspended
- Homeowners in a forbearance plan will not incur late fees
- After forbearance, a servicer must work with the borrower on a permanent plan to help maintain or reduce monthly payment amounts as necessary, including a loan modification.

On Monday, March 23, the FHFA further authorized the GSEs to enter into additional dollar roll transactions. Dollar roll transactions provide investors of mortgage-backed securities with short-term financing of their positions, providing liquidity to these investors. Eligible collateral is limited to Agency mortgage-backed securities and the transactions must be undertaken via an auction or similar mechanism to ensure that they occur at a fair market price.

FHFA further directed GSEs to provide flexible alternatives to satisfy appraisal requirements and employment verification requirements through May 17, 2020, during which time the GSEs will leverage appraisal alternatives. Additionally, in the event lenders cannot obtain verbal verification of the borrower's employment before loan closing, the GSEs will allow email verification, a recent year-to-date paystub, or a bank statement showing a recent payroll deposit.

The Federal Agencies and GSEs also noted that they are monitoring the situation, and will update policies as needed.

Link to FHFA announcements:

https://www.fhfa.gov/Homeownersbuyer/MortgageAssistance/Pages/Coronavirus-Assistance-Information.aspx?utm_medium=email&utm_source=govdelivery

Link to HUD announcements: <https://www.hud.gov/coronavirus>

Link to Fannie Mae announcements: <https://www.fanniemae.com/portal/covid-19.html>

Link to Freddie Mac announcements: <http://www.freddiemac.com/about/covid-19.html>