



## News Release

# FHFA Addresses Servicer Liquidity Concerns, Announces Four Month Advance Obligation Limit for Loans in Forbearance

## Agency also clarifies that loans under forbearance will remain in MBS Pools

FOR IMMEDIATE RELEASE

4/21/2020

**Washington, D.C.** – Today, the Federal Housing Finance Agency (FHFA) announced the alignment of Fannie Mae's and Freddie Mac's (the Enterprises) policies regarding servicer obligations to advance scheduled monthly principal and interest payments for single-family mortgage loans. Once a servicer has advanced four months of missed payments on a loan, it will have no further obligation to advance scheduled payments. This applies to all Enterprise servicers regardless of type or size.

"The four-month servicer advance obligation limit for loans in forbearance provides stability and clarity to the \$5 trillion Enterprise-backed housing finance market," said FHFA Director Mark Calabria. "Mortgage servicers can now plan for exactly how long they will need to advance principal and interest payments on loans for which borrowers have not made their monthly payment."

When a mortgage loan is in a Mortgage-Backed Security (MBS), Fannie Mae servicers with a scheduled payment remittance are responsible for advancing the principal and interest payment regardless of borrower payments. Freddie Mac servicers, who are generally responsible for advancing scheduled interest, are only obligated to advance four months of missed borrower interest payments. Today's instruction establishes a four-month advance obligation limit for Fannie Mae scheduled servicing for loans and servicers which is consistent with the current policy at Freddie Mac.

FHFA is also instructing the Enterprises to maintain loans in COVID-19 payment forbearance plans in Mortgage Backed Security (MBS) pools for at least the duration of the forbearance plan.

Mortgage loans that are delinquent for more than four months, historically were purchased out of MBS pools by the Enterprises. Today's action clarifies that mortgage loans with COVID-19 payment forbearance shall be treated like a natural disaster event and will remain in the MBS pool. This change reduces the potential liquidity demands on the Enterprises resulting from loans in COVID-19 forbearance and delinquent loans.

FHFA and the Enterprises will continue to monitor the impact of the coronavirus national emergency on the housing finance market and update our policies as necessary.

Today's actions are the latest FHFA has taken to support homeowners and the housing finance system. To see the actions FHFA has taken to help Americans impacted by the coronavirus remain in their homes please visit FHFA's

## [Webpage on Coronavirus Actions.](#)

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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 \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at [www.FHFA.gov](http://www.FHFA.gov), on Twitter, [@FHFA](#), [YouTube](#), [Facebook](#), and [LinkedIn](#).

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