



MMBA Urges FHFA, Fannie Mae and Freddie Mac to Make Changes to Support Homeowners and Lenders During COVID-19

Recommendations include policy changes for appraisals, purchase commitments and additional liquidity

FOR IMMEDIATE RELEASE

CONTACT: Deborah Sousa – Executive Director
617-570-9114
dsousa@massmba.com

April 14, 2020 – Boston, MA – The Massachusetts Mortgage Bankers Association (MMBA), the largest mortgage association in New England, is urging the Federal Housing Authority (FHFA), Fannie Mae and Freddie Mac to make three important changes to policies impacting consumers seeking mortgage refinances or forbearances, including changing in-home appraisal requirements, honoring purchase commitments and providing liquidity.

“The mission of Fannie Mae and Freddie Mac should be more than just words on their website,” said Debbie Sousa, Executive Director of the MMBA. “The FHFA, Fannie Mae and Freddie Mac need to take responsibility and help consumers, mortgage lenders and servicers through this unprecedented COVID-19 emergency.”

Expand the use of a desktop appraisal or an exterior-only appraisal for all refinances and/or allow appraisers to use technology for obtaining interior inspections in alternative ways. MMBA lenders estimate that 80% of their pipelines require full appraisals and do not fall within the “temporary flexibility” [guidelines](#) the FHFA announced on March 23 and the actual guidelines from [Fannie Mae](#) and [Freddie Mac](#). What lenders and appraisers were hoping for – loosening the requirement so that appraisers do not have to enter homes to complete an appraisal assignment – is not an option for most of the loans in their pipelines. The MMBA’s position is that appraisers and homeowners should not be forced to have in-person contact in order to refinance when technology and/or exterior-only appraisals are viable options. The FHFA, Fannie Mae and Freddie Mac have the opportunity and the moral obligation to allow appraisers and lenders flexibility. **There is state of the art technology available to appraisers that allow for obtaining interior inspections in alternative ways, and the GSEs should allow these options.**

Honor purchase commitments for mortgages for consumers experiencing COVID-19 financial distress after loan closing who have applied for a forbearance. GSE’s have an obligation to both consumers and lenders to purchase the loans that meet secondary market guidelines that have been rate locked and committed to purchase. Somewhere along the post-closing process, even after the loan has been sold, if a borrower has a change of circumstances due to COVID-19, Fannie Mae and Freddie Mac will refuse to purchase a loan if a borrower has applied for a forbearance. The CARES Act, FHFA, HUD, the Massachusetts Division of Banks and pending state legislation all announced and put into place some type of relief for consumers that have experienced financial distress due to COVID-19. The only agencies not doing their part are the GSEs. **Lenders that originate these mortgages need Fannie Mae, Freddie Mac and the FHFA to stand by their commitment and purchase loans for consumers.**

Support the Federal Reserve using its authority under Section 13(3) of the Federal Reserve Act to provide liquidity for the residential and commercial mortgage servicing sector. There is a broad-based coalition of organizations representing housing and financial services, including several affordable housing



advocates, who released a [statement](#) calling on the Treasury, the FHFA and the Fed to work now to stand up a liquidity facility to help mortgage servicers provide the widespread forbearance called for by the GSEs, the FHA and the CARES Act. The scale of this forbearance program could not have been foreseen by mortgage servicers, or fully anticipated by regulators. While some servicers will not need assistance, many others will require temporary support to deliver forbearance at the scale and for the duration required. **The MMBA urges the Federal Reserve to provide liquidity for the residential and commercial mortgage servicing sector to avoid the severe liquidity shortage that will likely befall the housing finance system during the pandemic.**

The MMBA advocates changes to these three policies for the welfare of its members, its third-party partners such as appraisers and attorneys, as well as for the consumers it serves. Protecting consumers from needless risk of exposure to COVID-19 as well as honoring their loan commitments is our greatest priority. It's vital that the GSEs share this priority and take action on these policies.

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About the MMBA

The Massachusetts Mortgage Bankers Association (MMBA) is the Commonwealth's trade association representing the real estate finance industry. Founded in 1974, the MMBA is the largest mortgage association in New England and is one of the most successful in the country. The association works to ensure the continued strength of the Commonwealth's residential real estate markets; to expand homeownership prospects through affordability; and to extend access to affordable housing. The MMBA promotes fair and ethical lending practices and promotes excellence and integrity among real estate finance professionals through a wide range of educational programs, advocacy and industry-wide publication. Its membership of approximately 225 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, insurance companies, appraisers, etc. and others in the mortgage lending field. For additional information, visit www.massmba.com.