

Update: Fannie Mae and Freddie Mac Delays Implementation of New Adverse Market Refinance Fee

Last week we informed you of a new directive from Fannie Mae and Freddie Mac (collectively the “GSEs”) to charge an adverse market fee on refinance loans delivered to the GSEs on or after September 1, 2020. In response to the controversial announcement, the Mortgage Bankers Association’s grassroots advocacy arm, the Mortgage Action Alliance, issued a “Call to Action” and, in response, over 85,000 messages were delivered to Congressional leadership in opposition of the new fee. We are pleased to report that yesterday afternoon, the Federal Housing Finance Agency (“FHFA”) directed the GSEs to delay the implementation of the fee. The new effective date for the imposition of the Adverse Market Refinance Fee (“AMRF”) is now December 1, 2020.

Read FHFA’s decision to amend the AMRF:

<https://www.fhfa.gov/Media/PublicAffairs/Pages/Adverse-Market-Refinance-Fee-Implementation-Now-December-1.aspx>

You can also read last week’s client memo regarding the GSEs’ announcement of the AMRF here:

<https://www.mortgagelaw.com/memos/Client-Memo%20-%20Fannie%20Mae%20and%20Freddie%20Mac%20Announce%20New%20Adverse%20Market%20Refinance%20Fee.asp>

In addition to the delayed implementation date, FHFA also announced that Fannie Mae and Freddie Mac will exempt from the payment of the fee refinance loans with a balance of less than \$125,000, almost half of which are lower-income borrowers. The affordable refinance products, Home Ready and Home Possible, are also exempt from the AMRF. The revised guidelines reflect FHFA’s desire to minimize the impact of the new fee on borrowers with modest incomes who would most benefit from refinancing their mortgages at the current historically-low rates.

The extension of the effective date should allow lenders to close refinance locked loans in their pipelines and honor rate lock commitments without the need to address the unanticipated fee.

Yesterday’s announcement is a victory for the mortgage industry and the consumers we serve.