



# FEDERAL HOUSING FINANCE AGENCY

## Office of the Director

September 29, 2021

Charlie Oppler  
National Association of Realtors  
500 New Jersey Avenue, NW  
Washington, DC 20001

Dear Mr. Oppler:

Thank you for your letter dated July 22, 2021, on a number of topics, including forbearance options, provisions added to the Preferred Stock Purchase Agreements (PSPA) with Fannie Mae and Freddie Mac (the Enterprises) on January 14, 2021, and the 2020 Enterprise Regulatory Capital Framework rule. I also enjoyed meeting with you on July 14, 2021, to hear your thoughts on these and other housing finance issues.

Last summer, the Enterprises introduced the COVID-19 Payment Deferral, and more recently, made refinements to COVID-19 Flex Modification to ensure that borrowers needing additional payment relief have the opportunity for meaningful payment reduction. For example, the changes to COVID-19 Flex Modification, announced on June 30, 2021, will allow interest rate reductions to eligible borrowers regardless of their current loan-to-value ratio and will enable a majority of these borrowers the opportunity to receive payment reductions of greater than 20 percent.

Regarding the PSAs, on September 14, 2021, the Federal Housing Finance Agency (FHFA) and the U.S. Department of the Treasury (Treasury) suspended some of the PSPA provisions announced in January. The suspension will provide FHFA time to review the extent to which requirements under the new provisions are redundant or inconsistent with existing FHFA standards, policies, and directives that mandate sustainable lending standards.

FHFA will consult with Treasury on the scope of the review and on any recommended revisions to the PSPA requirements. The suspended provisions include limits on the Enterprises' cash windows (loans acquired for cash consideration), multifamily lending, loans with higher risk characteristics, and second homes and investment properties.

On September 15, 2021, FHFA announced proposed amendments to the Enterprise Regulatory Capital Framework. The proposed requirements would provide the Enterprises with the necessary incentives to support sustainable lending initiatives by transferring a significant

amount of credit risk away from the taxpayers to private investors that are better positioned to take this risk.

The Enterprises will continue to build capital under the continuing provisions of the PSPAs. FHFA also continues to direct the Enterprises to operate in a safe and sound manner consistent with their statutory mission, and to foster resilient housing finance markets given prevailing housing market conditions, which include elevated demand relative to available inventory.

In addition, your letter called attention to NAR's efforts to address historic and ongoing inequities in housing and your support for policies that affirmatively further fair housing. These are also significant priorities for FHFA. We have undertaken a number of initiatives in recent months to help identify and address barriers to sustainable housing opportunities, including sharing demographic and fair lending data on our website, partnering with the Department of Housing and Urban Development to advance Fair Housing and Fair Lending enforcement, and instructing the Enterprises to develop Equitable Housing Finance Plans by the end of the year.

Thank you for sharing your thoughts on a range of important housing finance issues.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Thompson". The signature is fluid and cursive, with the first letter of the first name being a large, stylized 'S'.

Sandra L. Thompson

