



## Adverse Market Fee About to be History

It is nice to end the week with good news, so here it is: The Federal Housing Finance Agency (FHFA) just announced it is **eliminating the Adverse Market Refinance Fee** that the GSEs Fannie Mae and Freddie Mac have been charging. The change **becomes effective for loan deliveries on and after August 1, 2021.**

The 50-basis point fee was designed to cover losses projected as a result of the COVID-19 pandemic. However, the agency says the success of policies it and the GSEs put into effect in response to the crisis were effective enough to warrant an early conclusion of the Fee. FHFA's expectation is that those lenders who were charging borrowers the fee will pass cost savings back to them.

"The COVID-19 pandemic financially exacerbated America's affordable housing crisis. Eliminating the Adverse Market Refinance Fee **will help families take advantage of the low-rate environment to save more money,**" said Acting Director Sandra L. Thompson. "Today's action furthers FHFA's priority of supporting affordable housing while simultaneously protecting the safety and soundness of the Enterprises."

As weekly reports from both the Mortgage Bankers Association (MBA) and Black Knight have shown, the number loans in forbearance have been dropping steadily. The reduction has been most rapid among loans serviced for the GSEs. FHFA said that there were approximately 2 percent of the GSEs' loans in forbearance in April, down from a high of approximately 5 percent in May of 2020.

MBA's President and CEO Bob Broeksmit issued the following statement following the FHFA announcement.

"MBA applauds Acting Director Sandra Thompson's decision to eliminate the Adverse Market Refinance Fee. We have called on FHFA to rescind this policy and appreciate that they have reviewed the data and been responsive to our request. With less than 2 percent of GSE loans in forbearance and continued home price appreciation resulting in significant borrower equity, **there is no need for the fee.**"



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