



**Attorneys At Law**

8584 Katy Freeway, Suite 420

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

**Partners**

Gregory S. Graham <sup>1</sup>

Shawn P. Black <sup>2</sup>

Ryan Black <sup>3</sup>

**Senior Lawyers**

David F. Dulock

Diane M. Gleason

Daniel S. Engle <sup>4</sup>

Margaret A. Noles

**Associates**

Nick Stevens

Sydney Davis

Brandon Pieratt

Ambria Wilmore

**Of Counsel**

David M. Tritter

Calvin C. Mann, Jr.

Thomas E. Black, Jr. <sup>5</sup>

**Retired Partner(s)**

Calvin C. Mann, Jr.

Thomas E. Black, Jr. <sup>5</sup>

<sup>1</sup> Also Licensed in Georgia

<sup>2</sup> Also Licensed in Kentucky and New York

<sup>3</sup> Also Licensed in District of Columbia

<sup>4</sup> Also Licensed in New York

<sup>5</sup> Also Licensed in New York and Washington

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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** FHFA Eliminates Adverse Market Refinance Fee

In a July 16, 2021 News Release, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac will eliminate the Adverse Market Refinance Fee effective August 1, 2021. See FHFA News Release below:

**News Release**

**FHFA Eliminates Adverse Market Refinance Fee**

**Allows certain borrowers to save more money when refinancing**

FOR IMMEDIATE RELEASE

7/16/2021

**Washington, D.C.** – Today, to help families reduce their housing costs, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (the Enterprises) will eliminate the Adverse Market Refinance Fee for loan deliveries effective August 1, 2021.

To allow families to save more money, lenders will no longer be required to pay the Enterprises a 50-basis point fee when they deliver refinanced mortgages. The fee was designed to cover losses projected as a result of the COVID-19 pandemic. The success of FHFA and the Enterprises' COVID-19 policies reduced the impact of the pandemic and were effective enough to warrant an early conclusion of the Adverse Market Refinance Fee. FHFA's expectation is that those lenders who were charging borrowers the fee will pass cost savings back to borrowers.

"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."

The vast majority of Enterprise borrowers have successfully exited COVID-19 forbearance. In April, approximately 2 percent of single-family mortgages guaranteed by the Enterprises remained in forbearance, down from a high of approximately 5 percent in May 2020. FHFA will continue to monitor the housing finance system, making policy adjustment in coordination with the Enterprises as necessary.

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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 \$7.2 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at [www.FHFA.gov](http://www.FHFA.gov).

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