

March 24, 2020

FHFA Authorizes Fannie Mae and Freddie Mac to Support Additional Liquidity in the Secondary Mortgage Market

Regulator Authorizes Action by the Enterprises in Light of the COVID-19 National Emergency

On March 23, 2020, the Federal Housing Finance Agency (FHFA) authorized Fannie Mae and Freddie Mac (together, the Enterprises) to enter into certain additional transactions to help support immediate needs for liquidity in the secondary mortgage market in light of COVID-19 related market liquidity issues. These transactions, called dollar roll transactions, provide mortgage-backed securities investors with short-term financing of their positions, thereby providing liquidity to these investors. The FHFA announced that eligible collateral is limited to agency mortgage-backed securities. In addition, all such dollar roll transactions must be executed through an auction or similar mechanism to ensure fair market pricing.

The FHFA's announcement follows actions suspending foreclosures and evictions for at least 60 days and offering forbearance for borrowers facing hardship due to the COVID-19 national emergency. These actions are designed to assist the Enterprises in providing market liquidity during the COVID-19 national emergency. The FHFA noted that it and the Enterprises are monitoring the effect on the housing finance market of the COVID-19 national emergency and will continue to take action when necessary.

The FHFA regulates Fannie Mae, Freddie Mac and the eleven Federal Home Loan Banks. According to the FHFA, these Enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.

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For additional updates, please see the [FHFA's Webpage on Coronavirus Actions](#).

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