
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Announces Short Sale Assistance for Military Homeowners with Fannie Mae or Freddie Mac Loans

Washington, DC – Federal Housing Finance Agency (FHFA) Acting Director Edward J. DeMarco today announced changes to short sale policies that will make it easier for military homeowners with Fannie Mae and Freddie Mac loans to honor their financial commitments when they are required to move as part of their duty.

At a news conference with Consumer Financial Protection Bureau (CFPB) Director Richard Cordray, CFPB Assistant Director of Servicemember Affairs Holly Petraeus, and Deputy Assistant Secretary of Defense for Military Community and Family Policy Robert L. Gordon III, DeMarco announced that military homeowners who receive Permanent Change of Station (PCS) orders will be eligible to sell their homes in a short sale even if they are current on their mortgage. PCS orders often require quick moves and can create hardship for military homeowners who are underwater on their mortgages and therefore cannot sell their home without taking a loss. Previously, many service members felt their only option was either to maintain financial obligations on two residences or to default on their mortgage.

"It is in everyone's interest for the men and women serving in our armed forces to focus on the important job they are doing defending our country, rather than worry about the maintenance and leasing of a property in another jurisdiction," said DeMarco. "These Fannie Mae and Freddie Mac policy changes, in combination with related guidance last fall, should now provide military homeowners with access to the immediate and automatic full range of foreclosure alternatives."

DeMarco commended the CFPB and the prudential regulators – the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, and the Office of the Comptroller of the Currency – for issuing a new interagency guidance that reinforces for mortgage servicers the importance of treating military homeowners with PCS fairly.

Under the new policy Fannie Mae and Freddie Mac will not pursue a deficiency judgment or any cash contribution or promissory note from members of the military with a change in duty station for any property purchased on or before June 30, 2012. Service members must have a Fannie Mae or Freddie Mac loan to be eligible.

Last year [Fannie Mae](#) and [Freddie Mac](#) issued guidance to mortgage servicers confirming PCS orders as a qualifying hardship for forbearance and loan modifications.

Service members can check [Fannie Mae](#) or [Freddie Mac](#) websites to see if their loans are held by them or they can call hotlines for military homeowners at 1-877-MIL-4566 or 1-800-FREDDIE.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.

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FACT SHEET:

FHFA SHORT SALE ASSISTANCE FOR MILITARY HOMEOWNERS WITH FANNIE MAE AND FREDDIE MAC LOANS

OVERVIEW

The Federal Housing Finance Agency is announcing changes to short sale policies that will make it easier for military homeowners with Fannie Mae and Freddie Mac mortgages to honor their financial commitments when they are issued a Permanent Change of Station (PCS) order.

Currently, military homeowners with PCS orders are required to move to a new duty station under short, strict timelines. However, service members still remain bound to their financial obligations, including their mortgages. If their homes have declined in value, they may be unable to sell the home and obtain sufficient funds to pay off the mortgage debt obligating them to continue making monthly payments after relocating to a new duty station.

Changes to Fannie Mae and Freddie Mac short sale policies for military homeowners will alleviate some of the issues faced when a member of the armed forces receives a PCS order including the burden of having to sell their home in a difficult housing market. These changes dovetail with guidance issued by Fannie Mae and Freddie Mac to servicers last year establishing PCS orders as a qualifying hardship for forbearance and loan modifications.

DETAILS

Service members with PCS orders will be:

- eligible for a short sale immediately, even when they are current on their existing mortgage (the PCS order is treated as a hardship to deem them eligible);
- exempt from deficiency judgments from Fannie Mae and Freddie Mac when receiving permission for a short sale; and
- relieved of any request or requirement for a cash contribution or promissory note so long as the property was purchased on or before June 30, 2012, (to apply

personal assets to cover the shortfall after outstanding unpaid principal balance and sales price).

ELIGIBILITY REQUIREMENTS

- The person must be in the military and have a PCS order.
- The existing mortgage must be owned or guaranteed by Fannie Mae or Freddie Mac.
- The service member can be current or delinquent on their mortgage to apply for a short sale.
- The property must have been purchased on or before June 30, 2012.

EFFECTIVE DATE

FHFA will issue guidance by September 30, 2012, and it will be effective 60 days later.

IS YOUR MORTGAGE OWNED OR GUARANTEED BY FANNIE MAE OR FREDDIE MAC?

Homeowners can determine if they have a Fannie Mae or Freddie Mac loan by going to:

- www.FannieMae.com/loanlookup or calling 800-7Fannie (8 a.m. to 8 p.m. EST)
- www.FreddieMac.com/corporate/ or 800-Freddie (8 a.m. to 8 p.m. EST)

RESOURCES

- www.KnowYourOptions.com/Military or call 877-MIL-4566 (Fannie Mae)
- www.FreddieMac.com/avoidforeclosure or call 800-Freddie (8 a.m. to 8 p.m. EST)

WHAT IS A SHORT SALE?

A short sale, also known as a preforeclosure sale, is when you sell your home for less than the balance remaining on your mortgage. If your mortgage company agrees to a short sale, you can sell your home and pay off all (or a portion of) your mortgage balance with the proceeds.